

111TH CONGRESS  
1ST SESSION

# S. 2081

To amend the Internal Revenue Code of 1986 to accelerate locomotive fuel savings nationwide and provide incentives for owners of high polluting locomotives to replace such locomotives with newly built or newly remanufactured fuel efficient and less polluting locomotives.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2009

Mr. SPECTER (for himself and Mr. CASEY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to accelerate locomotive fuel savings nationwide and provide incentives for owners of high polluting locomotives to replace such locomotives with newly built or newly remanufactured fuel efficient and less polluting locomotives.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Locomotive Fleet In-  
5 vestment Act of 2009”.

1 **SEC. 2. CREDIT FOR LOCOMOTIVE PROPERTY.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-  
3 chapter A of chapter 1 of the Internal Revenue Code of  
4 1986 (relating to business-related credits) is amended by  
5 adding at the end the following new section:

6 **“SEC. 45R. LOCOMOTIVE PROPERTY CREDIT.**

7 “(a) GENERAL RULE.—For purposes of section 38,  
8 the locomotive property credit determined under this sec-  
9 tion for the taxable year is an amount equal to 30 percent  
10 of the cost of the qualified locomotive property placed in  
11 service by the taxpayer during the taxable year.

12 “(b) QUALIFIED LOCOMOTIVE PROPERTY.—For pur-  
13 poses of this section, the term ‘qualified locomotive prop-  
14 erty’ means any newly built or newly remanufactured die-  
15 sel line-haul, passenger, or switch locomotive (whether or  
16 not owned by a railroad)—

17 “(1) which is acquired by the taxpayer after  
18 December 31, 2009,

19 “(2) the original use of which commences with  
20 the taxpayer, and

21 “(3) meets the applicable standards under title  
22 II of the Clean Air Act (42 U.S.C. 7401 et seq.) for  
23 emissions from locomotives or locomotive engines, as  
24 in effect on December 31, 2009.

25 “(c) SPECIAL RULES.—

1           “(1) COORDINATION WITH OTHER CREDITS.—  
2           The cost of any property taken into account in de-  
3           terminating the credit under subsection (a) may not be  
4           taken into account in determining a credit under any  
5           other provision of this title.

6           “(2) BASIS ADJUSTMENT.—If a credit is al-  
7           lowed under this section with respect to any quali-  
8           fied locomotive property, the basis of such property  
9           shall be reduced by the amount of the credit so al-  
10          lowed.

11          “(3) RECAPTURE.—The benefit of any credit  
12          allowable under subsection (a) shall, under regula-  
13          tions prescribed by the Secretary, be recaptured with  
14          respect to any qualified locomotive property that is  
15          sold or otherwise disposed of by the taxpayer during  
16          the 5-year period beginning on the date on which  
17          such property is originally placed in service. The  
18          preceding sentence shall not apply to locomotive  
19          property that is sold by and subsequently leased  
20          back to the taxpayer.

21          “(d) TERMINATION.—This section shall not apply to  
22          any property placed in service after December 31, 2013.”.

23          (b) CREDIT ALLOWED AS BUSINESS CREDIT.—Sec-  
24          tion 38(b) of such Code is amended by striking “plus”  
25          at the end of paragraph (34), by striking the period at

1 the end of paragraph (35) and inserting “, plus”, and by  
2 adding at the end the following new paragraph:

3 “(36) the locomotive property credit determined  
4 under section 45R(a).”.

5 (c) COORDINATION WITH SECTION 55.—Section  
6 38(c)(4)(B) of such Code is amended by redesignating  
7 clauses (vi), (vii), and (viii) as clauses (vii), (viii), and (ix),  
8 respectively, and by inserting after clause (v) the following  
9 new clause:

10 “(vi) the credit determined under sec-  
11 tion 45R(a).”.

12 (d) CONFORMING AMENDMENT.—Subsection (a) of  
13 section 1016 of such Code is amended by striking “and”  
14 at the end of paragraph (36), by striking the period at  
15 the end of paragraph (37) and inserting “, and”, and by  
16 adding at the end the following new paragraph:

17 “(38) to the extent provided in section  
18 45R(c)(2).”.

19 (e) CLERICAL AMENDMENT.—The table of sections  
20 for subpart D of part IV of subchapter A of chapter 1  
21 of such Code is amended by inserting after the item relat-  
22 ing to section 45Q the following new item:

“Sec. 45R. Locomotive property credit.”.

1       (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2009.

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