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114TH CONGRESS
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H. R. 740

To amend the Internal Revenue Code of 1986 to provide a business credit relating to the use of clean-fuel and fuel efficient vehicles by businesses within areas designated as nonattainment areas under the Clean Air Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2015

Mr. SERRANO introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to provide a business credit relating to the use of clean-fuel and fuel efficient vehicles by businesses within areas designated as nonattainment areas under the Clean Air Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Clean Vehicles Incentive Act of 2015".

SEC. 2. CLEAN-FUEL CREDIT WITH RESPECT TO BUSINESSES LOCATED IN NONATTAINMENT AREAS.

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

"SEC. 45S. CLEAN-FUEL CREDIT WITH RESPECT TO BUSINESSES LOCATED IN NONATTAINMENT AREAS.

"(a) IN GENERAL.—For purposes of section 38, in the case of an eligible business the clean-fuel credit determined under this section for the taxable year is the sum of—

"(1) the clean-fuel property credit, plus

"(2) the clean-burning fuel use credit.

"(b) CLEAN-FUEL PROPERTY CREDIT.—

"(1) IN GENERAL.—The clean-fuel property credit is the sum of—

"(A) qualified vehicle property costs, plus

"(B) qualified refueling property costs.

"(2) QUALIFIED VEHICLE PROPERTY COSTS.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'qualified vehicle property costs' means the amount paid or incurred by the eligible business for qualified clean-fuel ve-

hicle property which is placed in service during the taxable year by the eligible business and substantially all of the use of which is in a non-attainment area.

"(B) LIMITATION.—The amount which may be taken into account under subparagraph (A) with respect to any motor vehicle shall not exceed—

"(i) $8,000, in the case of a motor vehicle with a gross vehicle weight rating of not more than 8,500 pounds,

"(ii) $20,000, in the case of a motor vehicle with a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

"(iii) $40,000, in the case of a motor vehicle with a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

"(iv) $80,000, in the case of a motor vehicle with a gross vehicle weight rating of more than 26,000 pounds.

"(C) QUALIFIED CLEAN-FUEL VEHICLE PROPERTY.—The term 'qualified clean-fuel vehicle property' shall have the meaning given to

such term by section 179A(c) (without regard to paragraphs (1)(A) and (3) thereof), except that such term does not include property that is a motor vehicle propelled by a fuel that is not a clean-burning fuel.

"(3) QUALIFIED REFUELING PROPERTY COSTS.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'qualified refueling property costs' means amounts paid or incurred by the eligible business for qualified clean-fuel vehicle refueling property (as defined by section 179A(d)) which is placed in service in a non-attainment area during the taxable year by the eligible business.

"(B) LIMITATION.—

"(i) IN GENERAL.—The aggregate cost which may be taken into account under subparagraph (A) with respect to qualified clean-fuel vehicle refueling property placed in service by the eligible business during the taxable year at a location shall not exceed the lesser of—

"(I) $150,000, or

"(II) the cost of such property reduced by the amount described in clause (ii).

"(ii) REDUCTION FOR AMOUNTS PREVIOUSLY TAKEN INTO ACCOUNT.—For purposes of clause (i)(II), the amount described in this clause is the sum of—

"(I) the aggregate amount taken into account under paragraph (1)(B) for all preceding taxable years, and

"(II) the aggregate amount taken into account under section 179A(a)(1)(B) by the taxpayer (or any related person or predecessor) with respect to property placed in service at such location for all preceding taxable years.

"(iii) SPECIAL RULES.—For purposes of this subparagraph, the provisions of subparagraphs (B) and (C) of section 179A(b)(2) shall apply.

"(c) CLEAN-BURNING FUEL USE CREDIT.—

"(1) IN GENERAL.—For purposes of subsection (a), the clean-burning fuel use credit is the amount equal to 50 cents for each gasoline gallon equivalent

of clean-burning fuel used by an eligible business during the taxable year to propel qualified clean-fuel vehicle property.

"(2) CLEAN-BURNING FUEL.—For purposes of paragraph (1), the term 'clean-burning fuel' has the meaning given to such term by section 179A, except that such term includes compressed natural gas and biodiesel (as defined by section 40A(d)(1)).

"(3) GASOLINE GALLON EQUIVALENT.—For purposes of paragraph (1), the term 'gasoline gallon equivalent' means, with respect to any clean burning fuel, the amount (determined by the Secretary) of such fuel having a Btu content of 114,000.

"(d) OTHER DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE BUSINESS.—The term 'eligible business' means—

"(A) a qualified business entity or a qualified proprietorship (as such terms are defined by section 1397C, determined by substituting 'nonattainment area' for 'empowerment zone' and 'enterprise zone' each place it appears), and

"(B) a trade or business located outside of a nonattainment area, but only with respect to

qualified clean-fuel vehicle property used substantially within a nonattainment area.

"(2) NONATTAINMENT AREA.—The term 'nonattainment area' shall have the meaning given to such term by section 171 of the Clean Air Act (42 U.S.C. 7501).

"(e) DENIAL OF DOUBLE BENEFIT.—Except as provided in section 30B(d)(4), no credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowed under any other provision of this chapter.

"(f) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit under any credit allowable under subsection (a) with respect to any property substantially all of the use of which is not in a nonattainment area.".

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Subsection (b) of section 38 of such Code (relating to current year business credit) is amended by striking "plus" at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting ", plus", and by adding at the end thereof the following new paragraph:

"(37) the clean-fuel credit determined under section 45S.".

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C of such Code (relating to certain expenses for which credits are allowable) is amended by adding at the end thereof the following new subsection:

''(i) ZONE CLEAN FUELS EXPENSES.—No deduction shall be allowed for that portion of expenses for clean-burning fuel otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45S.''.

(d) CREDIT ALLOWED AGAINST REGULAR AND MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) of such Code (relating to specified credits) is amended by striking ''and'' at the end of clause (viii), by striking the period at the end of clause (ix) and inserting '', and'', and by inserting after clause (ix) the following:

''(x) the credit determined under section 45S.''.

(e) DEDUCTION FOR CERTAIN UNUSED BUSINESS CREDITS.—Subsection (c) of section 196 of such Code is amended by striking ''and'' at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting '', and'', and by adding after paragraph (14) the following new paragraph:

''(15) the clean fuels credit determined under section 45S.''.

(f) CONFORMING AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 45R the following new item:

"Sec. 45S. Clean-fuel credit with respect to businesses located in nonattainment areas.".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2014.

SEC. 3. CREDIT FOR HYBRID VEHICLES PLACED IN SERVICE IN NONATTAINMENT AREAS.

(a) IN GENERAL.—Subsection (d) of section 30B of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(4) VEHICLES PLACED IN SERVICE IN NONATTAINMENT AREA AFTER 2014.—

"(A) IN GENERAL.—No amount shall be allowed as a credit determined under this subsection for any taxable year beginning after 2014 with respect to a new qualified hybrid motor vehicle unless such vehicle is placed in service by an eligible business and substantially all of the use of which is in a nonattainment area.

"(B) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the ben-

efit under any credit allowable under subsection (a) by reason of subparagraph (A) with respect to any property substantially all of the use of which is not in a nonattainment area.

"(C) PHASEOUT NOT TO APPLY.—For purposes of this subsection, subsection (f) shall not apply.

"(D) DEFINITIONS.—For purposes of this subsection, the terms 'eligible business' and 'nonattainment area' have the meanings given such terms by section 45S(d).".

(b) EXTENSION OF CREDIT FOR HYBRID VEHICLES PLACED IN SERVICE IN NONATTAINMENT AREAS.—Paragraph (3) of section 30(k) of such Code is amended to read as follows:

"(3) in the case of a new qualified hybrid motor vehicle (as described in subsection (d)(2)(B))—

"(A) December 31, 2009, and before January 1, 2015, or

"(B) December 31, 2014, and before January 1, 2020.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2014.

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