

115TH CONGRESS
2D SESSION

H. R. 5959

To promote national security and jobs through the use of natural gas to fuel heavy-duty trucks and fleet vehicles.

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2018

Mr. MULLIN (for himself and Mr. LARSON of Connecticut) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Oversight and Government Reform, Energy and Commerce, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote national security and jobs through the use of natural gas to fuel heavy-duty trucks and fleet vehicles.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Natural Gas Parity Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Extension of alternative fuels credit.

- Sec. 3. Partial exclusion from excise tax imposed on heavy trucks sold at retail for alternative fuel trucks.
- Sec. 4. Credit for new qualified natural gas motor vehicles.
- Sec. 5. Extension and increase of alternative fuel vehicle refueling property credit.
- Sec. 6. Liquefied natural gas equivalent for purposes of Inland Waterways Trust Fund financing rate.
- Sec. 7. Federal acquisition of alternative fueled vehicles.
- Sec. 8. Research, development, and demonstration of natural gas vehicles.
- Sec. 9. Clean Cities program deployment grants.
- Sec. 10. Diesel emissions reduction settlement amounts.
- Sec. 11. Sense of Congress on the Smartway Program.
- Sec. 12. Sense of Congress on infrastructure and public works projects.

1 **SEC. 2. EXTENSION OF ALTERNATIVE FUELS CREDIT.**

2 (a) IN GENERAL.—Section 6426(d)(5) of the Inter-
3 nal Revenue Code of 1986 is amended by striking “De-
4 cember 31, 2017” and inserting “December 31, 2022”.

5 (b) OUTLAY PAYMENT OF ALTERNATIVE FUELS
6 CREDIT.—Section 6427(e)(6)(C) of such Code is amended
7 by striking “December 31, 2017” and inserting “Decem-
8 ber 31, 2022”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to fuels sold or used after Decem-
11 ber 31, 2017.

12 **SEC. 3. PARTIAL EXCLUSION FROM EXCISE TAX IMPOSED**
13 **ON HEAVY TRUCKS SOLD AT RETAIL FOR AL-**
14 **TERNATIVE FUEL TRUCKS.**

15 (a) IN GENERAL.—Section 4051(a) of the Internal
16 Revenue Code of 1986 is amended by redesignating para-
17 graph (5) as paragraph (6) and by inserting after para-
18 graph (4) the following new paragraph:

1 “(5) PARTIAL EXCLUSION FOR ALTERNATIVE
2 FUEL TRUCKS.—

3 “(A) IN GENERAL.—In the case of any
4 automobile truck chassis, automobile truck
5 body, or tractor subject to tax under paragraph
6 (1) which is fueled wholly or partially by an al-
7 ternative fuel, the rate of tax shall be reduced
8 by 35 percent.

9 “(B) ALTERNATIVE FUEL.—For purposes
10 of subparagraph (A), the term ‘alternative fuel’
11 means compressed natural gas, liquefied natural
12 gas, liquefied petroleum gas, renewable natural
13 gas, hydrogen, and any liquid at least 85 per-
14 cent of the volume of which consists of meth-
15 anol.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 subsection (a) shall apply to sales after the date of the
18 enactment of this Act.

19 **SEC. 4. CREDIT FOR NEW QUALIFIED NATURAL GAS MOTOR**
20 **VEHICLES.**

21 (a) NATURAL GAS MOTOR VEHICLE CREDIT.—Sub-
22 part B of part IV of subchapter A of chapter 1 of the
23 Internal Revenue Code of 1986 is amended by adding at
24 the end the following new section:

1 **“SEC. 30E. NEW QUALIFIED NATURAL GAS MOTOR VEHI-**
2 **CLES.**

3 “(a) ALLOWANCE OF CREDIT.—There shall be al-
4 lowed as a credit against the tax imposed by this chapter
5 for the taxable year an amount equal to the credit amount
6 determined under subsection (b) with respect to each new
7 qualified natural gas motor vehicle placed in service by
8 the taxpayer during the taxable year.

9 “(b) PER VEHICLE DOLLAR LIMITATION.—

10 “(1) IN GENERAL.—The amount determined
11 under this subsection with respect to any new quali-
12 fied natural gas motor vehicle is—

13 “(A) \$7,500, in the case of a new qualified
14 natural gas motor vehicle which has a gross ve-
15 hicle weight rating of less than 14,000 pounds,

16 “(B) \$15,000, in the case of a new quali-
17 fied natural gas motor vehicle which has a gross
18 vehicle weight rating of at least 14,000 pounds
19 and not greater than 26,000 pounds, and

20 “(C) \$25,000, in the case of a new quali-
21 fied natural gas motor vehicle which has a gross
22 vehicle weight rating of more than 26,000
23 pounds.

24 “(2) REDUCED CREDIT FOR CERTAIN PAR-
25 Tially Fueled Natural Gas Vehicles.—In the
26 case of any vehicle which—

1 “(A) is not fueled wholly by specified nat-
2 ural gas, and

3 “(B) is not equipped with a dual-fuel com-
4 pression engine that is engineered and designed
5 to only operate on 90 percent or more specified
6 natural gas,

7 paragraph (1) shall be applied by substituting for
8 the dollar amount which is otherwise applicable for
9 such vehicle an amount equal to 50 percent of such
10 otherwise applicable amount.

11 “(c) APPLICATION WITH OTHER CREDITS.—

12 “(1) BUSINESS CREDIT TREATED AS PART OF
13 GENERAL BUSINESS CREDIT.—So much of the credit
14 which would be allowed under subsection (a) for any
15 taxable year (determined without regard to this sub-
16 section) that is attributable to property of a char-
17 acter subject to an allowance for depreciation shall
18 be treated as a credit listed in section 38(b) for such
19 taxable year (and not allowed under subsection (a)).

20 “(2) PERSONAL CREDIT.—For purposes of this
21 title, the credit allowed under subsection (a) for any
22 taxable year (determined after application of para-
23 graph (1)) shall be treated as a credit allowable
24 under subpart A for such taxable year.

1 “(d) NEW QUALIFIED NATURAL GAS MOTOR VEHI-
2 CLE.—For purposes of this section—

3 “(1) IN GENERAL.—The term ‘new qualified
4 natural gas motor vehicle’ means a motor vehicle—

5 “(A) the original use of which commences
6 with the taxpayer,

7 “(B) which is acquired for use or lease by
8 the taxpayer and not for resale,

9 “(C) which is made by a manufacturer,

10 “(D) which is treated as a motor vehicle
11 for purposes of title II of the Clean Air Act,

12 “(E) which is fueled wholly or partially by
13 specified natural gas, and

14 “(F) in the case of a motor vehicle which
15 is not fueled wholly by specified natural gas,
16 has a driving range on specified natural gas
17 of—

18 “(i) in the case of a motor vehicle
19 which has a gross vehicle weight rating of
20 less than 8,500 pounds, at least 150 miles,
21 and

22 “(ii) in any other case, at least 200
23 miles.

24 “(2) APPLICATION TO AFTER-MARKET CON-
25 VERTED VEHICLES.—The requirement of paragraph

1 (1)(A) shall be treated as satisfied with respect to
2 a motor vehicle if—

3 “(A) such vehicle was originally manufac-
4 tured and certified to operate on gasoline or
5 diesel fuel,

6 “(B) such vehicle has been modified to
7 have the capability to operate on specified nat-
8 ural gas, and

9 “(C) the original use of such vehicle after
10 such modification commences with the taxpayer.

11 “(3) MOTOR VEHICLE; MANUFACTURER.—The
12 terms ‘motor vehicle’ and ‘manufacturer’ have the
13 meaning given such terms under paragraphs (2) and
14 (3) of section 30D(d), respectively.

15 “(4) SPECIFIED NATURAL GAS.—The term
16 ‘specified natural gas’ means compressed natural
17 gas, liquefied natural gas, and renewable natural
18 gas.

19 “(e) LIMITATION ON NUMBER OF NEW QUALIFIED
20 NATURAL GAS MOTOR VEHICLES ELIGIBLE FOR CRED-
21 IT.—

22 “(1) IN GENERAL.—In the case of a new quali-
23 fied natural gas motor vehicle sold during the phase-
24 out period with respect to such vehicle, only the ap-

1 plicable percentage of the credit otherwise allowable
2 under subsection (a) shall be allowed.

3 “(2) PHASEOUT PERIOD.—For purposes of this
4 subsection, the phaseout period is—

5 “(A) in the case of a new qualified natural
6 gas motor vehicle described in subsection
7 (b)(1)(A), the period beginning with the second
8 calendar quarter following the calendar quarter
9 which includes the first date on which the num-
10 ber of new qualified natural gas motor vehicles
11 described in subsection (b)(1)(A), manufactured
12 by the manufacturer of such vehicle, and sold
13 for use in the United States after December 31,
14 2018, is at least 200,000, and

15 “(B) in the case of a new qualified natural
16 gas motor vehicle described in subparagraph
17 (B) or (C) of subsection (b)(1), the period be-
18 ginning with the second calendar quarter fol-
19 lowing the calendar quarter which includes the
20 first date on which the combined number of
21 new qualified natural gas motor vehicles de-
22 scribed in subparagraph (B) or (C) of sub-
23 section (b)(1), manufactured by the manufac-
24 turer of such vehicle, and sold for use in the

1 United States after December 31, 2018, is at
2 least 100,000.

3 “(3) APPLICABLE PERCENTAGE.—For purposes
4 of paragraph (1), the applicable percentage is—

5 “(A) 50 percent for the first 2 calendar
6 quarters of the phaseout period,

7 “(B) 25 percent for the 3d and 4th cal-
8 endar quarters of the phaseout period, and

9 “(C) 0 percent for each calendar quarter
10 thereafter.

11 “(4) CONTROLLED GROUPS.—Rules similar to
12 the rules of section 30B(f)(4) shall apply for pur-
13 poses of this subsection.

14 “(f) APPLICATION OF CERTAIN RULES.—Rules simi-
15 lar to the rules of section 30D(f) shall apply for purposes
16 of this section.”.

17 (b) CREDIT MADE PART OF GENERAL BUSINESS
18 CREDIT.—Section 38(b) of such Code is amended by strik-
19 ing “plus” at the end of paragraph (31), by striking the
20 period at the end of paragraph (32) and inserting “plus”,
21 and by adding at the end the following new paragraph:

22 “(33) the portion of the new qualified natural
23 gas motor vehicle credit to which section 30E(e)(1)
24 applies.”.

25 (c) CONFORMING AMENDMENTS.—

1 (1) Section 1016(a) of such Code is amended
2 by striking “and” at the end of paragraph (37), by
3 striking the period at the end of paragraph (38) and
4 inserting “, and”, and by adding at the end the fol-
5 lowing new paragraph:

6 “(39) to the extent provided in section
7 30E(f).”.

8 (2) Section 6501(m) of such Code is amended
9 by inserting “30E(f),” after “30D(e)(4),”.

10 (3) The table of sections for subpart B of part
11 IV of subchapter A of chapter 1 of such Code is
12 amended by adding at the end the following new
13 item:

“Sec. 30E. New qualified natural gas motor vehicles.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2017.

17 **SEC. 5. EXTENSION AND INCREASE OF ALTERNATIVE FUEL**
18 **VEHICLE REFUELING PROPERTY CREDIT.**

19 (a) EXTENSION OF CREDIT.—Section 30C(g) of the
20 Internal Revenue Code of 1986 is amended by striking
21 “December 31, 2017” and inserting “December 31,
22 2022”.

23 (b) MODIFICATION OF DOLLAR LIMITATION.—Sec-
24 tion 30C(b)(1) of such Code is amended by striking
25 “\$30,000” and inserting “\$100,000”.

1 (c) EFFECTIVE DATES.—

2 (1) EXTENSION OF CREDIT.—The amendment
3 made by subsection (a) shall apply to property
4 placed in service after December 31, 2017.

5 (2) MODIFICATION OF DOLLAR LIMITATION.—

6 The amendment made by subsection (b) shall apply
7 to taxable years beginning after December 31, 2017.

8 **SEC. 6. LIQUEFIED NATURAL GAS EQUIVALENT FOR PUR-**
9 **POSES OF INLAND WATERWAYS TRUST FUND**
10 **FINANCING RATE.**

11 (a) IN GENERAL.—Section 4042(b)(2)(A) of the In-
12 ternal Revenue Code of 1986 is amended to read as fol-
13 lows:

14 “(A) The Inland Waterways Trust Fund
15 financing rate is 29 cents per gallon (per en-
16 ergy equivalent of a gallon of diesel, in the case
17 of liquefied natural gas).”.

18 (b) ENERGY EQUIVALENT OF A GALLON OF DIE-
19 SEL.—Section 4042(b) of the Internal Revenue Code of
20 1986 is amended by adding at the end the following:

21 “(5) ENERGY EQUIVALENT OF A GALLON OF
22 DIESEL WITH RESPECT TO LIQUEFIED NATURAL
23 GAS.—For purposes of paragraph (2)(A), the term
24 ‘energy equivalent of a gallon of diesel’ means 6.06
25 pounds of liquefied natural gas.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to any sale or use of fuel after
3 December 31, 2018.

4 **SEC. 7. FEDERAL ACQUISITION OF ALTERNATIVE FUELED**
5 **VEHICLES.**

6 (a) ACQUISITION OF NATURAL GAS VEHICLES BY
7 GENERAL SERVICES ADMINISTRATION.—

8 (1) IN GENERAL.—Not later than 180 days
9 after the date of the enactment of this Act, in order
10 to increase the acquisition of natural gas vehicles,
11 the Administrator of General Services shall—

12 (A) review statutory requirements and reg-
13 ulations for impediments against the acquisition
14 of natural gas vehicles; and

15 (B) work with third-party vendors to de-
16 velop regulations and adopt procedures that will
17 make the acquisition of natural gas vehicles
18 easier for Federal agencies, including extending
19 acquisition cycles and lease periods for
20 aftermarket converted vehicles and allowing
21 third-party vendors to offer natural gas vehicles
22 on a regional basis.

23 (2) REPORTS.—

24 (A) INITIAL REPORT.—Not later than one
25 year after the date of the enactment of this Act,

1 the Administrator of General Services shall sub-
2 mit to Congress an initial report on—

3 (i) the results of the review conducted
4 under paragraph (1)(A); and

5 (ii) the regulations developed and pro-
6 cedures adopted under paragraph (1)(B).

7 (B) FINAL REPORT.—Not later than one
8 year after the submission of the initial report
9 under subparagraph (A), the Administrator of
10 General Services shall submit to Congress a
11 final report on the impact of the regulations de-
12 veloped and procedures adopted under para-
13 graph (1)(B) on the acquisition of natural gas
14 vehicles.

15 (3) MINIMUM ACQUISITION REQUIREMENT.—
16 Notwithstanding any other provision of law, of the
17 total number of motor vehicles acquired by the Ad-
18 ministrator of General Services, at least 25 percent
19 in fiscal year 2022 and each fiscal year thereafter
20 shall be natural gas vehicles.

21 (4) DEFINITIONS.—In this subsection:

22 (A) AFTERMARKET CONVERTED VEHI-
23 CLE.—The term “aftermarket converted vehi-
24 cle” means a motor vehicle that—

1 (i) originally was manufactured and
2 certified to operate on gasoline or diesel
3 fuel; and

4 (ii) has been modified to have the ca-
5 pability of operating on an alternative fuel
6 (as defined in section 301 of the Energy
7 Policy Act of 1992 (42 U.S.C. 13211)).

8 (B) FEDERAL AGENCY.—The term “Fed-
9 eral agency” has the meaning given the term
10 “Executive agency” in section 105 of title 5,
11 United States Code.

12 (C) NATURAL GAS VEHICLE.—The term
13 “natural gas vehicle” means a motor vehicle
14 that has the capability of operating on natural
15 gas, including renewable natural gas.

16 (D) THIRD-PARTY VENDOR.—The term
17 “third-party vendor” means any private entity
18 that is in the business of arranging the lease or
19 procurement of motor vehicles for other busi-
20 nesses, or for the Federal Government.

21 (b) MINIMUM FEDERAL FLEET REQUIREMENT RE-
22 LATING TO ACQUISITION OF MEDIUM AND HEAVY DUTY
23 MOTOR VEHICLES.—Subsection (b) of section 303 of the
24 Energy Policy Act of 1992 (42 U.S.C. 13212) is amended
25 to read as follows:

1 “(b) PERCENTAGE REQUIREMENTS.—

2 “(1) LIGHT DUTY MOTOR VEHICLES.—Of the
3 total number of light duty motor vehicles acquired
4 by a Federal fleet, at least the following percentages
5 shall be alternative fueled vehicles:

6 “(A) 25 percent in fiscal year 1996.

7 “(B) 33 percent in fiscal year 1997.

8 “(C) 50 percent in fiscal year 1998.

9 “(D) 75 percent in fiscal year 1999 and
10 each fiscal year thereafter.

11 “(2) MEDIUM DUTY PASSENGER VEHICLES AND
12 HEAVY DUTY MOTOR VEHICLES.—Of the total num-
13 ber of medium duty passenger vehicles and heavy
14 duty motor vehicles acquired by a Federal fleet, at
15 least the following percentages shall be alternative
16 fueled vehicles:

17 “(A) 25 percent in fiscal year 2020.

18 “(B) 33 percent in fiscal year 2021.

19 “(C) 50 percent in fiscal year 2022.

20 “(D) 75 percent in fiscal year 2023 and
21 each fiscal year thereafter.

22 “(3) EXCEPTION.—With respect to paragraph
23 (1) or (2), as the case may be, the Secretary, in con-
24 sultation with the Administrator of General Services,
25 where appropriate, may permit a Federal fleet to ac-

1 quire a smaller percentage than is required in such
2 paragraph, so long as the aggregate percentage ac-
3 quired by all Federal fleets is at least equal to the
4 required percentage.

5 “(4) DEFINITIONS.—In this subsection:

6 “(A) FEDERAL FLEET.—The term ‘Fed-
7 eral fleet’ means 20 or more light duty motor
8 vehicles, medium duty passenger vehicles, or
9 heavy duty motor vehicles, located in a metro-
10 politan statistical area or consolidated metro-
11 politan statistical area, as established by the
12 Bureau of the Census, with a 1980 population
13 of more than 250,000, that are centrally fueled
14 or capable of being centrally fueled and are
15 owned, operated, leased, or otherwise controlled
16 by or assigned to any Federal executive depart-
17 ment, military department, Government cor-
18 poration, independent establishment, or execu-
19 tive agency, the United States Postal Service,
20 the Congress, the courts of the United States,
21 or the Executive Office of the President. Such
22 term does not include—

23 “(i) motor vehicles held for lease or
24 rental to the general public;

1 “(ii) motor vehicles used for motor ve-
2 hicle manufacturer product evaluations or
3 tests;

4 “(iii) law enforcement vehicles;

5 “(iv) emergency vehicles;

6 “(v) motor vehicles acquired and used
7 for military purposes that the Secretary of
8 Defense has certified to the Secretary must
9 be exempt for national security reasons; or

10 “(vi) nonroad vehicles, including farm
11 and construction vehicles.

12 “(B) MEDIUM DUTY PASSENGER VEHI-
13 CLE.—The term ‘medium duty passenger vehi-
14 cle’ has the meaning given that term in sub-
15 section (f)(1).

16 “(C) HEAVY DUTY MOTOR VEHICLE.—The
17 term ‘heavy duty motor vehicle’ means a motor
18 vehicle with a gross vehicle weight rating equal
19 to or in excess of 8,501 pounds, but does not
20 include any medium duty passenger vehicle.”.

21 **SEC. 8. RESEARCH, DEVELOPMENT, AND DEMONSTRATION**
22 **OF NATURAL GAS VEHICLES.**

23 There are authorized to be appropriated to the Sec-
24 retary of Energy \$25,000,000 for fiscal year 2019 through
25 2023 for research, development, and demonstration activi-

1 ties with respect to natural gas vehicles, including ad-
2 vanced efficiency for natural gas vehicle engines, continu-
3 ation of ARPA–E Methane Opportunities for Vehicular
4 Energy projects, and development of low nitrogen oxide
5 or advanced high pressure direct injection engines.

6 **SEC. 9. CLEAN CITIES PROGRAM DEPLOYMENT GRANTS.**

7 There is authorized to be appropriated to the Sec-
8 retary of Energy \$50,000,000 for fiscal year 2019 for nat-
9 ural gas vehicle deployment grants under the Clean Cities
10 program.

11 **SEC. 10. DIESEL EMISSIONS REDUCTION SETTLEMENT**
12 **AMOUNTS.**

13 At least 50 percent of amounts provided for under
14 a settlement agreement regarding alleged violations of en-
15 vironmental law in which a defendant agrees to perform
16 a diesel emissions reduction Supplemental Environmental
17 Project under subtitle G of title VII of the Energy Policy
18 Act of 2005 (42 U.S.C. 16131 et seq.) shall be used for
19 alternative fuel vehicle deployment grants.

20 **SEC. 11. SENSE OF CONGRESS ON THE SMARTWAY PRO-**
21 **GRAM.**

22 It is the sense of the Congress that—

23 (1) the Smartway Program of the Environ-
24 mental Protection Agency should include recognition
25 of the energy security, fuel efficiency and environ-

1 mental benefits of using domestic natural gas, in-
2 cluding renewable natural gas;

3 (2) the Environmental Protection Agency
4 should incorporate incentives that reward businesses
5 that deploy natural gas trucks; and

6 (3) such incentives should specifically quantify
7 and reward users for the full fuel cycle emission re-
8 ductions associated with using renewable natural
9 gas.

10 **SEC. 12. SENSE OF CONGRESS ON INFRASTRUCTURE AND**
11 **PUBLIC WORKS PROJECTS.**

12 It is the sense of the Congress that—

13 (1) any future infrastructure and public works
14 legislation should include incentives that encourage
15 the greater use of domestic natural gas;

16 (2) the increased use of abundant, low-cost do-
17 mestic natural gas provides numerous economic and
18 environmental benefits that could be further encour-
19 aged by rewarding projects and programs that pave
20 the way for expanded use of natural gas such as up-
21 grading or extending natural gas pipelines, expand-
22 ing access to natural gas in areas underserved by
23 natural gas, and linking natural gas supplies to ex-
24 isting or new manufacturing hubs, airports, port fa-

1 cilities and other industrial or commercial centers;
2 and

3 (3) such legislation should encourage businesses
4 to use natural gas to fuel motor vehicles and
5 nonroad equipment by providing a point scoring sys-
6 tem that rewards businesses with not less than a 10
7 percent and no more than a 20 percent advantage
8 for using natural gas to fuel a majority of their vehi-
9 cles used to carryout infrastructure development or
10 public works projects.

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