109TH CONGRESS
2D SESSION

S. 2829

To reduce the addiction of the United States to oil, to ensure near-term energy affordability and empower American families, to accelerate clean fuels and electricity, to provide government leadership for clean and secure energy, to secure a reliable, affordable, and sustainable energy future, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 17, 2006

Ms. CANTWELL (for herself, Mr. REID, Mr. DURBIN, Ms. MIKULSKI, Mr. DODD, Mr. MENENDEZ, Mr. CARPER, Mr. DAYTON, Mr. KERRY, Mr. REED, Mr. BINGAMAN, Mrs. FEINSTEIN, Mr. HARKIN, Mr. SALAZAR, Mr. SCHUMER, Mr. DORGAN, Mrs. CLINTON, Mr. LEAHY, Mr. JOHNSON, Mrs. BOXER, Mr. LIEBERMAN, Mr. BYRD, Ms. STABENOW, Mr. LEVIN, and Mr. BIDEN) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To reduce the addiction of the United States to oil, to ensure near-term energy affordability and empower American families, to accelerate clean fuels and electricity, to provide government leadership for clean and secure energy, to secure a reliable, affordable, and sustainable energy future, and for other purposes.

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 ''Clean Energy Development for a Growing Economy Act
4 of 2006'' or the ''Clean EDGE Act of 2006''.

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

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.

TITLE I—REDUCING OUR ADDICTION TO OIL

Subtitle A—Reducing Oil Consumption by 2020

Sec. 101. Setting a national oil savings goal.

Subtitle B—Biofuels Infrastructure

Sec. 111. Modification of alternative fuel vehicle refueling property credit.
Sec. 112. Alternative fuel-related standards.
Sec. 113. Accelerating conversion to alternative fuels infrastructure.
Sec. 114. Low- interest loan program for farmer-owned retail delivery of alternative fuels.
Sec. 115. Extension of biodiesel income and excise tax credits.
Sec. 116. Small ethanol producer credit expanded for producers of sucrose and cellulosic ethanol.
Sec. 117. Incentives to produce transportation fuels from cellulosic biomass.
Sec. 118. Alternative fuels investment by major oil companies and vehicle manufacturers.

Subtitle C—Flexible Fuel Vehicle Market Penetration

Sec. 121. Credit for production of qualified flexible fuel vehicles.
Sec. 122. Ensuring availability of flexible fuel vehicles.
Sec. 123. Increasing consumer awareness of flexible fuel vehicles.

Subtitle D—25 by '25 Renewable Energy and Fuels Vision

Sec. 131. Presidential authority to increase renewable fuel content of motor fuels and clean energy sources.

Subtitle E—Nationwide Media Campaign to Encourage Energy Efficiency and Conservation

Sec. 141. Nationwide media campaign to encourage energy efficiency and conservation.

Subtitle F—Increasing Transit Use and Alternative Transportation Modes

Sec. 151. Transit-Oriented Development Corridors.
Sec. 152. Increasing transit utilization incentives.
Sec. 153. Extension of transportation fringe benefit to bicycle commuters.

TITLE II—ENSURING NEAR-TERM ENERGY AFFORDABILITY AND EMPOWERING AMERICAN FAMILIES

Subtitle A—Making Gas Price Gouging a Federal Crime

Sec. 201. Unfair or deceptive acts or practices in commerce related to gasoline and petroleum distillates.
Sec. 202. Enforcement under Federal Trade Commission Act.
Sec. 203. Enforcement at retail level by State Attorneys General.
Sec. 204. Penalties.
Sec. 205. Effect on other laws.

Subtitle B—Strengthening Anti-Trust Enforcement in the Oil and Gas Industry

Sec. 211. Prohibition on unilateral withholding.
Sec. 212. Modification of merger standard in Clayton Act.
Sec. 213. Study by the Government Accountability Office.
Sec. 214. Joint Federal and State task force.

Subtitle C—Improving Oversight of Oil and Gas Market Speculation

Sec. 221. Short title.
Sec. 222. Reporting and recordkeeping for positions involving energy commodities.

Subtitle D—Low Income Energy Price Relief

Sec. 231. Adjustment of standard utility allowance under the food stamp program for high energy costs.
Sec. 232. Public housing energy cost assistance.
Sec. 233. Refundable tax credit for low-income residential energy cost assistance.

Subtitle E—Small Business and Agricultural Producers Energy Emergency Relief Program

Sec. 241. Energy emergency disaster relief loans to small business and agricultural producers.

Subtitle F—Public Access to Federal Alternative Refueling Stations

Sec. 251. Access to Federal alternative refueling stations.

Subtitle G—Measures to Empower Drivers to Realize Improved Fuel Economy

Sec. 261. Improved labeling on new vehicle window stickers.
Sec. 262. Tire efficiency labeling program.
Sec. 263. New vehicle options to empower drivers to reduce fuel use.
Sec. 264. Idling reduction tax credit.

Subtitle H—Providing Consumers With Additional Advanced Technology Vehicle Purchase Incentives

Sec. 271. Expansion and extension of alternative motor vehicle credit.
Sec. 272. Plug-in hybrid motor vehicle tax credit.

Subtitle I—Tax Incentives for Fuel Efficient Private Fleets

Sec. 281. Tax credit for fuel-efficient fleets.

TITLE III— ACCELERATING CLEAN FUELS AND ELECTRICITY

Subtitle A—Guaranteeing a Minimum Level of Renewable Electricity Generation

Sec. 301. Renewable portfolio standard.

Subtitle B—Facilitating Home Energy Generation Through Net Metering and Interconnection Standards

Sec. 311. Net metering.

Subtitle C—Long Term Extensions and Expansions for Clean Energy Incentives

Sec. 321. Extension of production tax credit for electricity produced from certain renewable resources.
Sec. 322. Extension and modification of investment tax credit with respect to solar energy property and qualified fuel cell property.
Sec. 323. Credit for wind energy systems.
Sec. 324. Expansion of resources to wave, current, tidal, and ocean thermal energy.
Sec. 325. Extension and expansion of credit to holders of clean renewable energy bonds.
Sec. 326. Extension of credit for business installation of qualified fuel cells and stationary microturbine power plants.
Sec. 327. Extension of business solar investment tax credit.
Sec. 328. Extension of full credit for qualified electric vehicles.

Subtitle D—Long-Term Extensions and Expansions for Energy Efficiency and Conservation Incentives

Sec. 331. Extension of energy efficient commercial buildings deduction.
Sec. 332. Extension and expansion of new energy efficient home credit.
Sec. 333. Extension of nonbusiness energy property credit.
Sec. 334. Extension and modification of residential energy efficient property credit.
Sec. 335. Energy credit for combined heat and power system property.
Sec. 336. Three-year applicable recovery period for depreciation of qualified energy management.
Sec. 337. Three-year applicable recovery period for depreciation of qualified water submetering devices.

Subtitle E—Utilizing America's Abundant Coal Supplies Cleanly

Sec. 341. Clean energy coal bonds.
Sec. 342. Extension and expansion of qualifying advanced coal project credit.
Sec. 343. Expansion of qualifying gasification project credit.
Sec. 344. Coal-to-liquid and biomass transportation fuels.

TITLE IV—REAL GOVERNMENT LEADERSHIP FOR CLEAN AND SECURE ENERGY

Subtitle A—Federal Biofuels and Efficient Vehicle Use Leadership

Sec. 401. Federal agency ethanol-blended gasoline and biodiesel purchasing requirement.
Sec. 402. Use of the existing flexible fuel vehicle fleet of the Federal government.
Sec. 403. Standards for executive agency automobiles.
Sec. 404. Federal fleet conservation requirements.

Subtitle B—Federal Clean and Efficient Energy Leadership

Sec. 411. Federal leadership on clean energy purchasing.
Sec. 412. Clean and secure backup power at Federal facilities.
Sec. 413. Eliminating vampire electronic devices.
Sec. 414. Promoting Federal leadership in energy management.
Sec. 415. Retention of savings from energy savings performance contracts.

Subtitle C—State, Tribal, and Local Clean and Efficient Energy Leadership

Sec. 421. Freedom from fossil fuels (F4) bonds.
Sec. 422. Clean energy security collaborative.
Sec. 423. Assistance for State programs to retire fuel-inefficient motor vehicles.

Subtitle D—International Clean Energy Deployment

Sec. 431. Clean energy technology deployment in developing countries.

TITLE V—SECURING A RELIABLE, AFFORDABLE, AND SUSTAINABLE ENERGY FUTURE

Subtitle A—Advanced Research Project Agency for Energy

Sec. 501. Office of Advanced Energy Research, Technology Development, and Deployment.

Subtitle B—Near-Term Vehicle Technology Program

Sec. 505. Near-term vehicle technology program.

Subtitle C—Advanced Technology Motor Vehicles Manufacturing Credit

Sec. 511. Advanced technology motor vehicles manufacturing credit.

Subtitle D—Realizing a Hydrogen Future

Sec. 521. H-Prize competition.
Sec. 522. Credit for retail sale of hydrogen fuel as motor vehicle fuel.
Sec. 523. Credit for production of hydrogen fuel.
Sec. 524. Tax holiday for hydrogen fuel.
Sec. 525. Sense of Congress regarding hydrogen fuel taxes.
Sec. 526. Hydrogen fueling fringe benefit.
Sec. 527. Exclusion of earnings from hydrogen fuel sales.

Subtitle E—Building the Skilled Workforce for Advanced Vehicle and Energy Technology Deployment

Sec. 531. Increasing skilled workforce.
Sec. 532. Grant program for green building and zero-energy home design and construction training.

Subtitle F—Clean Energy Investment Administration

Sec. 541. Definitions.
Sec. 542. Clean Energy Investment Administration.
Sec. 543. Requirements specific to demonstration projects and commercial deployment projects.
Sec. 544. Loan guarantee program.
Sec. 545. Energy park task forces.
Sec. 546. Authorization of appropriations.

Subtitle G—Strategic Gasoline and Fuel Reserve

Sec. 548. Strategic Gasoline and Fuel Reserve.

Subtitle H—Reports on United States Energy Emergency Preparedness

Sec. 551. Potential impacts of oil supply shock.
Sec. 552. Preventing future disruptions.

Subtitle J—Impacts of Act on Reducing Greenhouse Gas Emissions

Sec. 561. Climate change and energy policy feedback loop.

Subtitle K—Energy Fairness for America

Sec. 571. Elimination of deduction for intangible drilling and development costs for major oil companies.
Sec. 572. Elimination of enhanced oil recovery credit for major oil companies.
Sec. 573. Oil and gas royalty-related amendments.
Sec. 574. Extension of election to expense certain refineries.
Sec. 575. Elimination of amortization of geological and geophysical expenditures for major oil companies.
Sec. 576. Revaluation of LIFO inventories of major integrated oil companies.
Sec. 577. Modifications of foreign tax credit rules applicable to major integrated oil companies which are dual capacity taxpayers.
Sec. 578. Denial of deduction for income attributable to domestic production of oil, natural gas, or primary products thereof.
Sec. 579. Rules relating to foreign oil and gas income.
Sec. 580. Elimination of deferral for foreign oil and gas extraction income.

Subtitle L—Protection and Retention of Value of Publicly-Owned Energy Resources

Sec. 591. Suspension of royalty relief.
Sec. 592. Renegotiation of existing leases.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress finds that—

3 (1) in his State of the Union address during
4 January 2006, President George W. Bush acknowl-
5 edged that "we have a serious problem: America is
6 addicted to oil";

1 (2) the near-total reliance of the transportation
2 sector and the military of the United States on
3 crude oil, coupled with the growing dependence of
4 the United States on foreign oil imports, makes the
5 economy and national security of the United States
6 dangerously subject to the willingness of other coun-
7 tries to provide adequate and affordable energy sup-
8 plies;

9 (3) world demand for crude oil and petroleum
10 products will continue increasing, and the bulk of
11 the remaining oil and natural gas reserves of the
12 world are controlled by countries that are members
13 of the anti-competitive cartel of the Organization of
14 the Petroleum Exporting Countries (OPEC);

15 (4) terrorists have identified oil supply depend-
16 ency as a strategic vulnerability and have increased
17 attacks against oil infrastructure worldwide and the
18 critical energy infrastructure of the United States is
19 also at risk from hurricanes, natural disasters, and
20 a lack of public and private investment;

21 (5) in 2005, consumers in the United States
22 sent more than $230,000,000,000 overseas to pay
23 for oil and energy products, exacerbating the trade
24 deficit of the United States, and in some cases inad-
25 vertently funding unfriendly regimes and political

groups that threaten the economic, political, and national security interests of the United States;

(6) households in the United States are now forced to pay an average of $1,800 more each year for fossil fuel-derived energy than the households did 5 years ago, and energy expenditures (as a percentage of the gross domestic product) have been higher than the expenditures have been in the last 20 years;

(7) environmentally-sound technology solutions already exist to substantially increase the productivity, efficiency, and variety of domestic energy supplies, including nonpetroleum alternatives (such as biofuels);

(8) instituting simple but cost-effective energy efficiency and conservation measures can improve the economic competitiveness of the United States and quickly lessen energy costs for families in the United States, all at costs significantly lower than developing new energy production capacity;

(9) increasing total Federal research and development funding and deployment efforts for energy conservation, renewable and alternative energy resources, and energy efficiency and vehicle technology, which have largely been stagnant for the last 5 years, could swiftly bring down energy costs, in-

1 crease job creation, and create a major new source
2 of high-value exports; and
3 (10) as the largest single energy consumer in
4 the United States, the Federal government has both
5 a tremendous opportunity and a clear responsibility
6 to lead by example and provide guaranteed markets
7 that allow industry to invest in and produce clean
8 energy technologies.
9 (b) PURPOSES.—The purposes of this Act are—
10 (1) to improve the national, economic, and envi-
11 ronmental security of the United States by rapidly
12 reducing foreign oil imports and oil consumption and
13 creating viable alternative fuel options;
14 (2) to protect and empower consumers and the
15 economy by making energy supplies affordable, sta-
16 ble, and reliable, providing consumers in the United
17 States with tools to reduce their own energy use,
18 and preventing market manipulation and price-
19 gouging;
20 (3) to create jobs and economic growth through
21 accelerated domestic clean energy technology deploy-
22 ment and better targeted investments and long-term
23 tax incentives;
24 (4) to expedite the use of the buying power of
25 the Federal Government to leverage and expand

1 markets for clean energy products, buildings, and
2 vehicles;
3 (5) to make the United States significantly
4 more energy independent and provide the United
5 States with an economic, environmental, and na-
6 tional security edge that is essential to maintaining
7 the international competitiveness of, and quality of
8 life in, the United States; and
9 (6) to reduce total greenhouse gas emissions to
10 lower the risk of potentially devastating, wide-rang-
11 ing impacts associated with global warming.

12 TITLE I—REDUCING OUR 13 ADDICTION TO OIL

14 Subtitle A—Reducing Oil 15 Consumption by 2020

16 SEC. 101. SETTING A NATIONAL OIL SAVINGS GOAL.

17 (a) GOAL.—It is a goal of the United States to reduce
18 the quantity of oil projected to be imported in 2020 by
19 40 percent.
20 (b) MEASURES TO REDUCE IMPORT DEPENDENCE.—
21 (1) IN GENERAL.—Subject to paragraph (2),
22 not later than 1 year after the date of enactment of
23 this Act, and every other year thereafter, the Presi-
24 dent shall develop and implement measures to re-
25 duce the dependence of the United States on foreign

1 petroleum imports by reducing petroleum in end-
2 uses throughout the economy of the United States in
3 a manner that is sufficient to reduce the total de-
4 mand for petroleum in the United States by—
5 (A) 1,000,000 barrels per day from the
6 quantity projected for calendar year 2015; and
7 (B) 6,000,000 barrels per day from the
8 quantity projected for calendar year 2020.
9 (2) INSUFFICIENT LEGAL AUTHORITIES.—If the
10 President determines that there are insufficient legal
11 authorities to achieve the target for calendar year
12 2020 described in paragraph (1)(B), the President
13 shall—
14 (A) develop and implement measures that
15 will reduce the dependence of the United States
16 on foreign petroleum imports by reducing petro-
17 leum in end-uses throughout the economy of the
18 United States to the maximum extent prac-
19 ticable; and
20 (B) submit to Congress proposed legisla-
21 tion or other recommendations to achieve the
22 target.
23 (c) REQUIREMENTS.—In developing measures under
24 subsection (b), the President shall—

1 (1) ensure continued reliable and affordable en-
2 ergy for the United States, consistent with creating
3 jobs and economic growth and maintaining the inter-
4 national competitiveness of United States businesses,
5 including the manufacturing sector; and
6 (2) implement the measures under existing au-
7 thorities of appropriate Federal agencies, as deter-
8 mined by the President.
9 (d) PROJECTIONS.—The projections for total demand
10 for petroleum in the United States under subsection (b)
11 shall be based on the projections made in the Reference
12 Case in the report of the Energy Information Administra-
13 tion entitled ''Annual Energy Outlook 2006''.
14 (e) REPORT.—
15 (1) IN GENERAL.—Not later than 1 year after
16 the date of enactment of this Act, and annually
17 thereafter, the President shall submit to Congress a
18 report, based on the most recent edition of the An-
19 nual Energy Outlook published by the Energy Infor-
20 mation Administration, assessing the progress made
21 by the United States toward the goal of reducing de-
22 pendence on imported petroleum sources by 2025
23 described in subsection (a).
24 (2) CONTENTS.—The report shall—

1 (A) identify the status of efforts to meet
2 the goal described in subsection (a);
3 (B) assess the effectiveness of any measure
4 implemented under subsection (b) during the
5 previous fiscal year in meeting the goal de-
6 scribed in subsection (a); and
7 (C) describe plans to develop additional
8 measures to meet the goal.

9 Subtitle B—Biofuels Infrastructure

10 SEC. 111. MODIFICATION OF ALTERNATIVE FUEL VEHICLE
11 REFUELING PROPERTY CREDIT.

12 (a) INCREASE IN CREDIT AMOUNT.—Section 30C of
13 the Internal Revenue Code of 1986 (relating to alternative
14 fuel vehicle refueling property credit) is amended—
15 (1) by striking ''30 percent'' in subsection (a)
16 and inserting ''50 percent'', and
17 (2) by striking ''$30,000'' in subsection (b)(1)
18 and inserting ''$50,000''.
19 (b) CREDIT ALLOWED FOR ELECTRIC DRIVE TRANS-
20 PORTATION PROPERTY.—Paragraph (1) of section 30C(c)
21 of the Internal Revenue Code of 1986 (relating to quali-
22 fied alternative fuel vehicle refueling property) is amended
23 by striking '', but only with respect to any fuel'' and in-
24 serting '', except that in the case of property described
25 in paragraph (3)(A) thereof, only with respect to fuels''.

1 (c) EXTENSION OF CREDIT.—Subsection (g) section
2 30C of the Internal Revenue Code of 1986 (relating to
3 termination) is amended to read as follows:
4 ''(g) TERMINATION OF AVAILABILITY OF CREDIT.—
5 This section shall not apply to property placed in service
6 after the earlier of December 31, 2014, or the date after
7 which more than 20,000 alternative refueling properties
8 have been installed through use of this credit.''.
9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to property placed in service after
11 the date of the enactment of this Act, in taxable years
12 ending after such date.

13 **SEC. 112. ALTERNATIVE FUEL-RELATED STANDARDS.**

14 (a) DEFINITION OF SECRETARY.—In this section, the
15 term ''Secretary'' means the Secretary of Energy, act-
16 ing—
17 (1) in consultation with—
18 (A) the Administrator of the Environ-
19 mental Protection Agency;
20 (B) the Administrator of the National
21 Highway Traffic Safety Administration;
22 (C) the Commissioner of the Federal En-
23 ergy Regulatory Commission;
24 (D) the head of the National Association
25 of Regulatory Utility Commissioners;

1 (E) the States;

2 (F) vehicle manufacturers;

3 (G) vehicle fuel providers; and

4 (H) appropriate safety organizations; and

5 (2) in cooperation with applicable voluntary
6 standard-setting organizations.

7 (b) RECOMMENDATIONS AND GUIDANCE.—Not later
8 than 1 year after the date of enactment of this Act, after
9 providing notice and an opportunity for public comment,
10 the Secretary shall publish recommendations and guidance
11 relating to uniform national voluntary standards for—

12 (1) alternative fuels;

13 (2) alternative fuel vehicles;

14 (3) equipment and systems relating to alter-
15 native fuels and alternative fuel vehicles; and

16 (4) the safety, handling, refueling, and general
17 use of the items described in paragraphs (1) through
18 (3).

19 (c) REVIEW.—Not less frequently than once every 2
20 years, the Secretary shall—

21 (1) review the recommendations and guidance
22 published under subsection (b); and

23 (2) modify the recommendations and guidance
24 to reflect applicable changes during the preceding 2

1 years relating to fuel systems and related tech-
2 nologies.

3 **SEC. 113. ACCELERATING CONVERSION TO ALTERNATIVE**
4 **FUELS INFRASTRUCTURE.**

5 (a) FINDINGS.—Congress finds that—
6 (1) as of the date of enactment of this Act, an
7 estimated 5,000,000 to 6,000,000 flexible-fuel vehi-
8 cles are on roads in the United States;
9 (2) based on the report of the Department of
10 Energy entitled ''Transportation Energy Date Book:
11 Edition 25,'' only 740 refueling sites providing E–
12 85 or biodiesel existed in the United States in 2005,
13 equivalent to less than 1 percent of total United
14 States refueling stations; and
15 (3) as the number of flexible-fuel vehicles on
16 roads in the United States increases, an increase in
17 the availability of alternative refueling infrastructure
18 must occur in order to enable the displacement of
19 petroleum consumption.
20 (b) GOAL.—Congress declares that it is the goal of
21 the United States to increase the accessibility of alter-
22 native fuels to retail consumers, and to ensure that at
23 least 10 percent of motor vehicle refueling stations provide
24 alternative fuels, by calendar year 2015.

1 (c) ALTERNATIVE FUEL INFRASTRUCTURE INITIA-
2 TIVE.—
3 (1) IN GENERAL.—Not later than 1 year after
4 the date of enactment of this Act, and every 2 years
5 thereafter, the Secretary of Energy, in coordination
6 with the Secretary of Transportation and the Ad-
7 ministrator of the Environmental Protection Agency,
8 and in consultation with State and local govern-
9 ments, shall—
10 (A) subject to subparagraph (B), develop
11 and implement measures to increase the acces-
12 sibility of alternative fuels to retail consumers
13 to a level sufficient to ensure that at least 10
14 percent of motor vehicle refueling stations pro-
15 vide alternative fuels by calendar year 2015;
16 and
17 (B) if the Secretary of Energy determines
18 that there are insufficient legal authorities to
19 achieve the target for calendar year 2015 de-
20 scribed in subparagraph (A)—
21 (i) develop and implement measures
22 to increase the accessibility of alternative
23 fuels to retail consumers, to the maximum
24 extent practicable; and

1 (ii) submit to Congress by January 1,
2 2008, proposed legislation or other rec-
3 ommendations to achieve that target.
4 (2) REQUIREMENT FOR MAJOR INTEGRATED
5 OIL COMPANIES.—
6 (A) IN GENERAL.—Each major integrated
7 oil company shall install and make available to
8 retail consumers alternative fuels refueling in-
9 frastructure at—
10 (i) not less than 50 percent of the
11 motor vehicle fueling stations owned by the
12 company by not later than December 31,
13 2010; and
14 (ii) 100 percent of the motor vehicle
15 refueling stations owned by the company
16 by not later than January 1, 2015.
17 (B) MEANS OF COMPLIANCE.—A major in-
18 tegrated oil company shall meet the require-
19 ments of subparagraph (A) by—
20 (i) installing alternative refueling in-
21 frastructure at motor vehicle fueling sta-
22 tions;
23 (ii) purchasing alternative refueling
24 infrastructure credits issued under sub-
25 paragraph (C); or

1 (iii) carrying out a combination of the
2 actions described in clauses (i) and (ii).
3 (C) ALTERNATIVE REFUELING INFRA-
4 STRUCTURE CREDIT TRADING PROGRAM.—Not
5 later than 180 days after the date of enactment
6 of this Act, the Secretary shall establish a cred-
7 it trading program—
8 (i) to permit a major integrated oil
9 company that does not install alternative
10 refueling infrastructure to comply with
11 subparagraphs (A) and (B) to achieve that
12 compliance by purchasing sufficient alter-
13 native refueling infrastructure credits; and
14 (ii) under which the Secretary shall
15 issue alternative refueling infrastructure
16 credits to entities that install new alter-
17 native refueling infrastructure.
18 (D) INTERFERENCE WITH INSTALLATION
19 OF ALTERNATIVE REFUELING EQUIPMENT OR
20 SALE OF ALTERNATIVE FUEL.—
21 (i) IN GENERAL.—It shall be an un-
22 fair or deceptive act or practice in violation
23 of section 5 of the Federal Trade Commis-
24 sion Act (15 U.S.C. 45) for any person to
25 restrain trade in alternative fuels by inter-

1 fering with the installation of alternative
2 refueling equipment, or the sale of alter-
3 native fuels, at any motor vehicle refueling
4 station in the United States.
5 (ii) ENFORCEMENT.—The Federal
6 Trade Commission shall promulgate rules
7 to enforce this subparagraph.
8 (d) ENFORCEMENT.—
9 (1) CIVIL PENALTIES.—Any major integrated
10 oil company that fails to meet the alternative refuel-
11 ing infrastructure requirements of subsection (c)
12 shall be subject to a civil penalty.
13 (2) AMOUNT AND FREQUENCY OF PENALTY.—
14 A civil penalty assessed under paragraph (1) shall
15 be—
16 (A) in an amount equivalent to $1,000,000
17 for each motor vehicle refueling station owned
18 by the major integrated oil company that fails
19 to comply with subsection (c); and
20 (B) assessed for each year during which
21 the failure to comply occurs.
22 (3) MITIGATION OR WAIVER.—The Secretary
23 may mitigate or waive a civil penalty under this sub-
24 section, after public notice and comment, if the
25 major integrated oil company—

1 (A) was unable to comply with subsection
2 (c) for reasons the Secretary determines to be
3 outside of the reasonable control of the major
4 integrated oil company; or
5 (B) demonstrates to the satisfaction of the
6 Secretary that insufficient alternative fueled ve-
7 hicles exist within the geographic region of a
8 motor refueling station to warrant the installa-
9 tion of the infrastructure.
10 (4) PROCEDURE FOR ASSESSING PENALTY.—
11 The Secretary shall assess a civil penalty under this
12 subsection in accordance with the procedures pre-
13 scribed by section 333(d) of the Energy Policy and
14 Conservation Act (42 U.S.C. 6303(d)).
15 (e) INFRASTRUCTURE PILOT PROGRAM FOR ALTER-
16 NATIVE FUELS.—
17 (1) IN GENERAL.—The Secretary of Energy, in
18 consultation with the Secretary of Transportation
19 and the Administrator of the Environmental Protec-
20 tion Agency (referred to in this subsection as the
21 ''Secretary''), shall establish a competitive grant
22 pilot program (referred to in this subsection as the
23 ''pilot program''), to be administered through the
24 Clean Cities Program of the Department of Energy,
25 to provide not more than 10 geographically-dispersed

1 project grants to State governments, local govern-
2 ments, metropolitan transportation authorities, or
3 partnerships of those entities to carry out 1 or more
4 projects for the purposes described in paragraph (2).
5 (2) GRANT PURPOSES.—A grant under this
6 subsection shall be used for the establishment of re-
7 fueling infrastructure corridors for alternative fuels
8 along the National Highway System, including—
9 (A) installation of infrastructure and
10 equipment necessary to ensure adequate dis-
11 tribution of qualified alternative fuels within the
12 corridor;
13 (B) installation of infrastructure and
14 equipment necessary to directly support vehicles
15 powered by qualified alternative fuels; and
16 (C) operation and maintenance of infra-
17 structure and equipment installed as part of a
18 project funded by the grant.
19 (3) APPLICATIONS.—
20 (A) REQUIREMENTS.—
21 (i) IN GENERAL.—Subject to clause
22 (ii), not later than 90 days after the date
23 of enactment of this Act, the Secretary
24 shall issue requirements for use in apply-
25 ing for grants under the pilot program.

1 (ii) MINIMUM REQUIREMENTS.—At a
2 minimum, the Secretary shall require that
3 an application for a grant under this sub-
4 section—
5 (I) be submitted by—
6 (aa) the head of a State or
7 local government or a metropoli-
8 tan transportation authority, or
9 any combination of those entities;
10 and
11 (bb) a registered participant
12 in the Clean Cities Program of
13 the Department of Energy; and
14 (II) include—
15 (aa) a description of the
16 project proposed in the applica-
17 tion, including the ways in which
18 the project meets the require-
19 ments of this subsection;
20 (bb) an estimate of the de-
21 gree of use of the project, includ-
22 ing the estimated size of fleet of
23 alternative fueled vehicles avail-
24 able within the geographic region
25 of the corridor;

(cc) an estimate of the potential petroleum displaced and air pollution emissions reduced as a result of the project, and a plan to collect and disseminate petroleum displacement and environmental data relating to the project to be funded under the grant, over the expected life of the project;

(dd) a description of the means by which the project will be sustainable without Federal assistance after the completion of the term of the grant;

(ee) a complete description of the costs of the project, including acquisition, construction, operation, and maintenance costs over the expected life of the project;

(ff) a description of which costs of the project will be supported by Federal assistance under this subsection; and

1 (gg) documentation to the
2 satisfaction of the Secretary that
3 diesel fuel containing sulfur at
4 not more than 15 parts per mil-
5 lion is available for carrying out
6 the project, and a commitment
7 by the applicant to use that fuel
8 in carrying out the project.

9 (B) PARTNERS.—An applicant under sub-
10 paragraph (A) may carry out a project under
11 the pilot program in partnership with public
12 and private entities.

13 (4) SELECTION CRITERIA.—In evaluating appli-
14 cations under the pilot program, the Secretary
15 shall—

16 (A) consider the experience of each appli-
17 cant with previous, similar projects; and

18 (B) give priority consideration to applica-
19 tions that—

20 (i) are most likely to maximize dis-
21 placement of petroleum consumption and
22 environmental protection;

23 (ii) demonstrate the greatest commit-
24 ment on the part of the applicant to ensure
25 funding for the proposed project and the

1 greatest likelihood that the project will be
2 maintained or expanded after Federal as-
3 sistance under this subsection is com-
4 pleted;
5 (iii) represent a partnership of public
6 and private entities; and
7 (iv) exceed the minimum requirements
8 of paragraph (3)(A)(ii).
9 (5) PILOT PROJECT REQUIREMENTS.—
10 (A) MAXIMUM AMOUNT.—The Secretary
11 shall provide not more than $20,000,000 in
12 Federal assistance under the pilot program to
13 any applicant.
14 (B) COST SHARING.—The non-Federal
15 share of the cost of any activity relating to
16 qualified alternative fuel infrastructure develop-
17 ment carried out using funds from a grant
18 under this subsection shall be not less than 20
19 percent.
20 (C) MAXIMUM PERIOD OF GRANTS.—The
21 Secretary shall not provide funds to any appli-
22 cant under the pilot program for more than 2
23 years.
24 (D) DEPLOYMENT AND DISTRIBUTION.—
25 The Secretary shall seek, to the maximum ex-

1 tent practicable, to ensure a broad geographic
2 distribution of project sites funded by grants
3 under this subsection.

4 (E) TRANSFER OF INFORMATION AND
5 KNOWLEDGE.—The Secretary shall establish
6 mechanisms to ensure that the information and
7 knowledge gained by participants in the pilot
8 program are transferred among the pilot pro-
9 gram participants and to other interested par-
10 ties, including other applicants that submitted
11 applications.

12 (6) SCHEDULE.—

13 (A) INITIAL GRANTS.—

14 (i) IN GENERAL.—Not later than 90
15 days after the date of enactment of this
16 Act, the Secretary shall publish in the Fed-
17 eral Register, Commerce Business Daily,
18 and such other publications as the Sec-
19 retary considers to be appropriate, a notice
20 and request for applications to carry out
21 projects under the pilot program.

22 (ii) DEADLINE.—An application de-
23 scribed in clause (i) shall be submitted to
24 the Secretary by not later than 180 days

1 after the date of publication of the notice
2 under that clause.

3 (iii) INITIAL SELECTION.—Not later
4 than 90 days after the date by which appli-
5 cations for grants are due under clause
6 (ii), the Secretary shall select by competi-
7 tive, peer-reviewed proposal up to 5 appli-
8 cations for projects to be awarded a grant
9 under the pilot program.

10 (B) ADDITIONAL GRANTS.—

11 (i) IN GENERAL.—Not later than 2
12 years after the date of enactment of this
13 Act, the Secretary shall publish in the Fed-
14 eral Register, Commerce Business Daily,
15 and such other publications as the Sec-
16 retary considers to be appropriate, a notice
17 and request for additional applications to
18 carry out projects under the pilot program
19 that incorporate the information and
20 knowledge obtained through the implemen-
21 tation of the first round of projects author-
22 ized under the pilot program.

23 (ii) DEADLINE.—An application de-
24 scribed in clause (i) shall be submitted to
25 the Secretary by not later than 180 days

1 after the date of publication of the notice
2 under that clause.
3 (iii) INITIAL SELECTION.—Not later
4 than 90 days after the date by which appli-
5 cations for grants are due under clause
6 (ii), the Secretary shall select by competi-
7 tive, peer-reviewed proposal such additional
8 applications for projects to be awarded a
9 grant under the pilot program as the Sec-
10 retary determines to be appropriate.
11 (7) REPORTS TO CONGRESS.—
12 (A) INITIAL REPORT.—Not later than 60
13 days after the date on which grants are award-
14 ed under this subsection, the Secretary shall
15 submit to Congress a report containing—
16 (i) an identification of the grant re-
17 cipients and a description of the projects to
18 be funded under the pilot program;
19 (ii) an identification of other appli-
20 cants that submitted applications for the
21 pilot program but to which funding was
22 not provided; and
23 (iii) a description of the mechanisms
24 used by the Secretary to ensure that the
25 information and knowledge gained by par-

1 ticipants in the pilot program are trans-
2 ferred among the pilot program partici-
3 pants and to other interested parties, in-
4 cluding other applicants that submitted ap-
5 plications.
6 (B) EVALUATION.—Not later than 2 years
7 after the date of enactment of this Act, and an-
8 nually thereafter until the termination of the
9 pilot program, the Secretary shall submit to
10 Congress a report containing an evaluation of
11 the effectiveness of the pilot program, including
12 an assessment of the petroleum displacement
13 and benefits to the environment derived from
14 the projects included in the pilot program.
15 (8) AUTHORIZATION OF APPROPRIATIONS.—
16 There is authorized to be appropriated to the Sec-
17 retary to carry out this subsection $200,000,000, to
18 remain available until expended.
19 **SEC. 114. LOW- INTEREST LOAN PROGRAM FOR FARMER-**
20 **OWNED RETAIL DELIVERY OF ALTERNATIVE**
21 **FUELS.**
22 (a) PURPOSES OF LOANS.—Section 312(a) of the
23 Consolidated Farm and Rural Development Act (7 U.S.C.
24 1942(a)) is amended—

1 (1) in paragraph (9)(B)(ii), by striking ''or'' at
2 the end;
3 (2) in paragraph (10), by striking the period at
4 the end and inserting ''; or''; and
5 (3) by adding at the end the following:
6 ''(11) building infrastructure, including pump
7 stations, for the retail delivery to consumers of any
8 alternative fuel.''.
9 (b) PROGRAM.—Subtitle B of the Consolidated Farm
10 and Rural Development Act (7 U.S.C. 1941 et seq.) is
11 amended by adding at the end the following:

12 **''SEC. 320. LOW-INTEREST LOAN PROGRAM FOR FARMER-**
13 **OWNED RETAIL DELIVERY OF ALTERNATIVE**
14 **FUELS.**

15 ''(a) IN GENERAL.—The Secretary shall establish a
16 low-interest loan program to assist farmer-owned alter-
17 native fuel producers (including cooperatives and limited
18 liability corporations) to develop and build infrastructure,
19 including pump stations, for the retail delivery to con-
20 sumers of any alternative fuel.
21 ''(b) TERMS.—
22 ''(1) INTEREST RATE.—A low-interest loan
23 under this section shall have a fixed interest rate of
24 no more than 5 percent for each year.

1 "(2) AMORTIZATION.—The repayment of a loan
2 under this section shall be amortized over the ex-
3 pected life of the infrastructure project that is being
4 financed with the proceeds of the loan.
5 "(c) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated such sums as are nec-
7 essary to carry out this section.
8 "(d) REGULATIONS.—As soon as practicable after the
9 date of enactment of this Act, the Secretary of Agriculture
10 shall promulgate such regulations as are necessary to
11 carry out the amendments made by this section.".
12 **SEC. 115. EXTENSION OF BIODIESEL INCOME AND EXCISE**
13 **TAX CREDITS.**
14 (a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and
15 6427(e)(5)(B) of the Internal Revenue Code of 1986 are
16 each amended by striking "2008" and inserting "2014".
17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on January 1, 2009.
19 **SEC. 116. SMALL ETHANOL PRODUCER CREDIT EXPANDED**
20 **FOR PRODUCERS OF SUCROSE AND CEL-**
21 **LULOSIC ETHANOL.**
22 (a) IN GENERAL.—Subparagraph (C) of section
23 40(b)(4) of the Internal Revenue Code of 1986 (relating
24 to small ethanol producer credit) is amended by inserting

1 "(30,000,000 gallons for any sucrose or cellulosic ethanol
2 producer)" after "15,000,000 gallons".
3 (b) SUCROSE OR CELLULOSIC ETHANOL PRO-
4 DUCER.—Section 40(b)(4) of the Internal Revenue Code
5 of 1986 is amended by adding at the end the following
6 new subparagraph:
7 "(E) SUCROSE OR CELLULOSIC ETHANOL
8 PRODUCER.—
9 "(i) IN GENERAL.—For purposes of
10 this paragraph, the term 'sucrose or cel-
11 lulosic ethanol producer' means a producer
12 of ethanol using sucrose feedstock or cel-
13 lulosic feedstock.
14 "(ii) SUCROSE FEEDSTOCK.—For pur-
15 poses of clause (i), the term 'sucrose feed-
16 stock' means any raw sugar, refined sugar,
17 or sugar equivalents (including juice and
18 extract). Such term does not include any
19 molasses, beet thick juice, or other similar
20 products as determined by the Secretary.".
21 (c) CONFORMING AMENDMENTS.—
22 (1) Section 40(g)(2) of the Internal Revenue
23 Code of 1986 is amended by striking "15,000,000
24 gallon limitation" and inserting "15,000,000 and
25 30,000,000 gallon limitations".

1 (2) Section 40(g)(5)(B) of such Code is amend-
2 ed by striking ''15,000,000 gallons'' and inserting
3 ''the gallon limitation under subsection (b)(4)(C)''.
4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 the date of the enactment of this Act.

7 **SEC. 117. INCENTIVES TO PRODUCE TRANSPORTATION**
8 **FUELS FROM CELLULOSIC BIOMASS.**

9 (a) FUEL FROM CELLULOSIC BIOMASS.—
10 (1) IN GENERAL.—The Secretary of Energy
11 (referred to in this section as the ''Secretary'') shall
12 provide deployment incentives under this subsection
13 to encourage a variety of projects to produce trans-
14 portation fuel from cellulosic biomass, relying on dif-
15 ferent feedstocks in different regions of the United
16 States.
17 (2) PROJECT ELIGIBILITY.—Incentives under
18 this subsection shall be provided on a competitive
19 basis to projects that produce fuel and that—
20 (A) meet United States fuel and emission
21 specifications;
22 (B) help diversify domestic transportation
23 energy supplies; and
24 (C) improve or maintain air, water, soil,
25 and habitat quality.

1 (3) INCENTIVES.—Incentives under this sub-
2 section may consist of—
3 (A) loan guarantees under section 1510 of
4 the Energy Policy Act of 2005 (42 U.S.C.
5 16501), subject to section 1702 of that Act (22
6 U.S.C. 16512), for the construction of produc-
7 tion facilities and supporting infrastructure; or
8 (B) production payments through a reverse
9 auction in accordance with paragraph (4).
10 (4) REVERSE AUCTION.—
11 (A) IN GENERAL.—In providing incentives
12 under this subsection, the Secretary shall—
13 (i) issue regulations under which pro-
14 ducers of fuel from cellulosic biomass may
15 bid for production payments under para-
16 graph (3)(B); and
17 (ii) solicit bids from producers of dif-
18 ferent classes of transportation fuel, as the
19 Secretary determines to be appropriate.
20 (B) REQUIREMENT.—The rules under sub-
21 paragraph (A) shall require that incentives be
22 provided to the producers that submit the low-
23 est bid (in terms of cents per gallon) for each
24 class of transportation fuel from which the Sec-
25 retary solicits a bid.

1 (b) PRODUCTION INCENTIVES FOR CELLULOSIC
2 BIOFUELS.—Section 942(f) of the Energy Policy Act of
3 2005 (42 U.S.C. 16251(f)) is amended by striking
4 ‘‘$250,000,000’’ and inserting ‘‘$200,000,000 for each of
5 fiscal years 2007 through 2011’’.

6 **SEC. 118. ALTERNATIVE FUELS INVESTMENT BY MAJOR OIL**
7 **COMPANIES AND VEHICLE MANUFACTURERS.**

8 (a) STUDY.—
9 (1) IN GENERAL.—Not later than 1 year after
10 the date of the enactment of this Act and every 4
11 years thereafter, the Comptroller General of the
12 United States shall conduct a study of the extent to
13 which entities described in paragraph (2) have in-
14 vested in alternative fuels production, infrastructure,
15 and technology development to diversify the motor
16 vehicle fuel and vehicle options available to con-
17 sumers in the United States.
18 (2) DESCRIBED ENTITIES.—An entity described
19 under this paragraph is—
20 (A) a company that sells more than
21 $500,000,000 of crude oil, gasoline, or petro-
22 leum distillates in the United States per year;
23 and
24 (B) a manufacturer.

(b) REPORT.—At the conclusion of each study described in subsection (a), the Comptroller General shall submit a report to Congress that contains the results of such study.

Subtitle C—Flexible Fuel Vehicle Market Penetration

SEC. 121. CREDIT FOR PRODUCTION OF QUALIFIED FLEXIBLE FUEL VEHICLES.

(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. 45N. PRODUCTION OF QUALIFIED FLEXIBLE FUEL MOTOR VEHICLES.

"(a) ALLOWANCE OF CREDIT.—For purposes of section 38, in the case of a manufacturer, the qualified flexible fuel motor vehicle production credit determined under this section for any taxable year is an amount equal to the incremental flexible fuel motor vehicle cost for each qualified flexible fuel motor vehicle produced in the United States by the manufacturer during the taxable year.

"(b) INCREMENTAL FLEXIBLE FUEL MOTOR VEHICLE COST.—With respect to any qualified flexible fuel motor vehicle, the incremental flexible fuel motor vehicle cost is an amount equal to the lesser of—

1 "(1) the excess of—
2 "(A) the cost of producing such qualified
3 flexible fuel motor vehicle, over
4 "(B) the cost of producing such motor ve-
5 hicle if such motor vehicle was not a qualified
6 flexible fuel motor vehicle, or
7 "(2) $150.
8 "(c) QUALIFIED FLEXIBLE FUEL MOTOR VEHI-
9 CLE.—For purposes of this section, the term 'qualified
10 flexible fuel motor vehicle' means a motor vehicle (as de-
11 fined under section 30(c)(2))—
12 "(1) the production of which is not required for
13 the manufacturer to meet—
14 "(A) the maximum credit allowable for ve-
15 hicles described in paragraph (2) in determining
16 the fleet average fuel economy requirements (as
17 determined under section 32904 of title 49,
18 United States Code) of the manufacturer for
19 the model year ending in the taxable year, or
20 "(B) the requirements of any other provi-
21 sion of Federal law, and
22 "(2) which is designed so that the vehicle is
23 propelled by an engine which can use as a fuel a pe-
24 troleum mixture of which 85 percent (or another
25 percentage of not less than 70 percent, as the Sec-

retary may determine, by rule, to provide for requirements relating to cold start, safety, or vehicle functions) of the volume of consists of ethanol or biodiesel.

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

"(1) MANUFACTURER.—The term 'manufacturer' has the meaning given such term in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

"(2) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(3) NO DOUBLE BENEFIT.—The amount of any deduction or credit allowable under this chapter (other than the credits allowable under this section and section 30B) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

1 "(4) ELECTION NOT TO TAKE CREDIT.—No
2 credit shall be allowed under subsection (a) for any
3 vehicle if the taxpayer elects to not have this section
4 apply to such vehicle.

5 "(e) CROSS REFERENCE.—For an election to claim
6 certain minimum tax credits in lieu of the credit deter-
7 mined under this section, see section 53(e).".

8 (b) CREDIT ALLOWED AGAINST THE ALTERNATIVE
9 MINIMUM TAX.—Section 38(c)(4)(B) of the Internal Rev-
10 enue Code of 1986 (defining specified credits) is amended
11 by striking the period at the end of clause (ii)(II) and in-
12 serting ", and", and by adding at the end the following
13 new clause:

14 "(iii) the credit determined under sec-
15 tion 45N.".

16 (c) ELECTION TO USE ADDITIONAL AMT CREDIT.—
17 Section 53 of the Internal Revenue Code of 1986 (relating
18 to credit for prior year minimum tax liability) is amended
19 by adding at the end the following new subsection:

20 "(e) ADDITIONAL CREDIT IN LIEU OF FLEXIBLE
21 FUEL MOTOR VEHICLE CREDIT.—

22 "(1) IN GENERAL.—In the case of a taxpayer
23 making an election under this subsection for a tax-
24 able year, the limitation under subsection (c) for
25 such taxable year shall be increased by the amount

1 of the credit determined under section 45N for such
2 taxable year.

3 "(2) ELECTION.—A taxpayer may make an
4 election under this subsection for any taxable year
5 only if the taxpayer elects not to take the credit
6 under section 45N for such taxable year pursuant to
7 section 45N(c)(4). Any election under this sub-
8 section may not be revoked except with the consent
9 of the Secretary.

10 "(3) CREDIT REFUNDABLE.—The aggregate in-
11 crease in the credit under this section for any tax-
12 able year by reason of this subsection shall for pur-
13 poses of this title (other than subsection (b)(2) of
14 this section) be treated as a credit allowed to the
15 taxpayer under subpart C.".

16 (d) CONFORMING AMENDMENTS.—

17 (1) Section 38(b) of the Internal Revenue Code
18 of 1986 is amended by striking "and" at the end of
19 paragraph (29), by striking the period at the end of
20 paragraph (30) and inserting ", plus", and by add-
21 ing at the end the following new paragraph:

22 "(31) the qualified flexible fuel motor vehicle
23 production credit determined under section
24 45N(a).".

1 (2) Section 1016(a) of such Code is amended
2 by striking "and" at the end of paragraph (36), by
3 striking the period at the end of paragraph (37) and
4 inserting ", and", and by adding at the end the fol-
5 lowing:

6 "(38) in the case of a facility with respect to
7 which a credit was allowed under section 45N, to the
8 extent provided in section 45N(d)(2)."

9 (e) CLERICAL AMENDMENT.—The table of sections
10 for subpart D of part IV of subchapter A of chapter 1
11 of the Internal Revenue Code of 1986 is amended by add-
12 ing at the end the following new item:

"Sec. 45N. Production of qualified flexible fuel motor vehicles.".

13 (f) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to motor vehicles produced in
15 model years ending after the date of the enactment of this
16 Act.

17 **SEC. 122. ENSURING AVAILABILITY OF FLEXIBLE FUEL VE-**
18 **HICLES.**

19 (a) AMENDMENT.—

20 (1) IN GENERAL.—Chapter 329 of title 49,
21 United States Code, is amended by inserting after
22 section 32902 the following:

1 **"§ 32902A. Requirement to manufacture flexible fuel**
2 **vehicles**

3 "(a) IN GENERAL.—For each model year, each man-
4 ufacturer of new motor vehicles (as defined under section
5 30(c)(2) of the Internal Revenue Code of 1986) described
6 in subsection (b) shall ensure that the percentage of such
7 vehicles manufactured in a particular model year that are
8 flexible fuel vehicles shall be not less than the percentage
9 set forth for that model year in the following table:

"**If the model year is:**	**The percentage of flexible fuel vehicles shall be:**
2010	25 percent
2020	50 percent

10 "(b) MOTOR VEHICLES DESCRIBED.—A motor vehi-
11 cle is described in this subsection if the vehicle—
12 "(1) is capable of operating on gasoline or die-
13 sel fuel;
14 "(2) is distributed in interstate commerce for
15 sale in the United States; and
16 "(3) does not contain certain engines that the
17 Secretary of Transportation, in consultation with the
18 Administrator of the Environmental Protection
19 Agency and the Secretary of Energy, may tempo-
20 rarily exclude from the definition because it is tech-
21 nologically infeasible for the engines to have flexible
22 fuel capability at any time during a period that the

1 Secretaries and the Administrator are engaged in an
2 active research program with the vehicle manufac-
3 turers to develop that capability for the engines.''.
4 (2) DEFINITION OF FLEXIBLE FUEL VEHI-
5 CLE.—Section 32901(8) of title 49, United States
6 Code, is amended by inserting ''or 'flexible fuel vehi-
7 cle''' after '''dual fueled automobile'''.
8 (3) CLERICAL AMENDMENT.—The table of sec-
9 tions for chapter 329 of title 49, United States
10 Code, is amended by inserting after the item relating
11 to section 32902 the following:

''Sec. 32902A. Requirements to manufacture flexible fuel vehicles.''.

12 (b) RULEMAKING.—
13 (1) IN GENERAL.—Not later than 1 year after
14 the date of the enactment of this Act, the Secretary
15 of Transportation shall issue regulations to carry
16 out the amendments made by subsection (a).
17 (2) HARDSHIP EXEMPTION.—The regulations
18 issued pursuant to paragraph (1) shall include a
19 process by which a manufacturer may be exempted
20 from the requirement under section 32902A(a) upon
21 demonstrating that such requirement would create a
22 substantial economic hardship for the manufacturer.

1 **SEC. 123. INCREASING CONSUMER AWARENESS OF FLEXI-**
2 **BLE FUEL VEHICLES.**

3 Section 32908 of title 49, United States Code, is
4 amended by adding at the end the following:

5 "(g) INCREASING CONSUMER AWARENESS OF FLEXI-
6 BLE FUEL VEHICLES.—(1) The Secretary of Transpor-
7 tation shall prescribe regulations that require the manu-
8 facturer of vehicles distributed in interstate commerce for
9 sale in the United States—

10 "(A) to prominently display a permanent badge
11 or emblem on the quarter panel or tailgate of each
12 such vehicle that indicates such vehicle is capable of
13 operating on alternative fuel; and

14 "(B) to include information in the owner's man-
15 ual of each such vehicle information that describes—

16 "(i) the capability of the vehicle to operate
17 using alternative fuel; and

18 "(ii) the benefits of using alternative fuel,
19 including the renewable nature, the increased
20 fuel efficiency, and the environmental benefits
21 of using alternative fuel.

22 "(2) The Secretary of Transportation shall collabo-
23 rate with vehicle retailers to develop voluntary methods
24 for providing prospective purchasers of vehicles with infor-
25 mation regarding the benefits of using alternative fuel in
26 vehicles, including—

1 “(A) the renewable nature of alternative fuel;
2 and
3 “(B) the environmental benefits of using alter-
4 native fuel.”.

5 Subtitle D—25 by ’25 Renewable
6 Energy and Fuels Vision

7 SEC. 131. PRESIDENTIAL AUTHORITY TO INCREASE RENEW-
8 ABLE FUEL CONTENT OF MOTOR FUELS AND
9 CLEAN ENERGY SOURCES.

10 Section 211(o)(2)(B) of the Clean Air Act (42 U.S.C.
11 7545(o)(2)(B)) is amended by adding at the end the fol-
12 lowing:
13 “(v) PRESIDENTIAL AUTHORITY.—
14 “(I) IN GENERAL.—Beginning in
15 calendar year 2009, notwithstanding
16 clause (iv) and subject to clause (II),
17 after full consideration of the reports
18 required to be conducted and pub-
19 lished pursuant to subsections (b)(4)
20 and (q), the review required under in
21 subclauses (I) and (II) of clause (ii),
22 the report required under section
23 1352 of the Energy Policy Act of
24 2005 (26 U.S.C. 41 note; 119 Stat.
25 1058), and such other information as

1 is appropriate and relevant, the Presi-
2 dent may promulgate rules in accord-
3 ance with this subsection—
4 “(aa) to gradually increase
5 the proportion that—
6 “(AA) the number of
7 gallons of renewable fuel
8 sold or introduced into com-
9 merce in calendar year 2013
10 and subsequent calendar
11 years; bears to
12 “(BB) the total number
13 of gallons of gasoline sold or
14 introduced into commerce in
15 each of those calendar years;
16 and
17 “(bb) to increase the min-
18 imum quantity of renewable fuel
19 derived from cellulosic biomass
20 above the 250,000,000-gallon
21 level under clause (iii).
22 “(II) LIMITATIONS.—The rules
23 promulgated under subclause (I) shall
24 not—

1 "(aa) except at the request
2 of the Governor of a State, apply
3 to fuel refiners, blenders, and im-
4 porters in a State in which more
5 than 25 percent of the energy
6 projected to be consumed in cal-
7 endar year 2025 is expected to or
8 will be derived from 1 or more
9 of—
10 "(AA) renewable fuels;
11 and
12 "(BB) renewable elec-
13 tric energy generated at a
14 facility (including a distrib-
15 uted generation facility)
16 from solar or wind re-
17 sources, geothermal energy,
18 ocean or wave energy, or
19 biomass (as defined in sec-
20 tion 203(b) of the Energy
21 Policy Act of 2005 (42
22 U.S.C. 15852(b))) and re-
23 newable electric energy gen-
24 erated at a facility (includ-
25 ing a distributed generation

facility) from hydroelectric resources in existence before January 1, 2006;

"(bb) be applied in a manner that would require that the total amount of renewable fuels and renewable energy consumed in the United States exceed 25 percent of the total amount of energy consumed in calendar year 2025; or

"(cc) be applied in a manner that would harm the air quality of any State or significantly increase the cost of motor vehicle fuel in a State or region.".

Subtitle E—Nationwide Media Campaign to Encourage Energy Efficiency and Conservation

SEC. 141. NATIONWIDE MEDIA CAMPAIGN TO ENCOURAGE ENERGY EFFICIENCY AND CONSERVATION.

(a) IN GENERAL.—The Secretary of Energy, acting through the Assistant Secretary for Energy Efficiency and Renewable Energy (referred to in this section as the "Secretary"), shall develop and conduct a national media cam-

1 paign for the purpose of decreasing oil consumption in the
2 United States over the next decade.

3 (b) CONTRACT WITH ENTITY.—The Secretary shall
4 carry out subsection (a) directly or through—

5 (1) competitively bid contracts with 1 or more
6 nationally recognized media firms for the develop-
7 ment and distribution of monthly television, radio,
8 and newspaper public service announcements; or

9 (2) collective agreements with 1 or more nation-
10 ally recognized institutes, businesses, or nonprofit
11 organizations for the funding, development, and dis-
12 tribution of monthly television, radio, and newspaper
13 public service announcements.

14 (c) USE OF FUNDS.—

15 (1) IN GENERAL.—Amounts made available to
16 carry out this section shall be used for the following:

17 (A) ADVERTISING COSTS.—

18 (i) The purchase of media time and
19 space.

20 (ii) Creative and talent costs.

21 (iii) Testing and evaluation of adver-
22 tising.

23 (iv) Evaluation of the effectiveness of
24 the media campaign.

1 (v) The negotiated fees for the win-
2 ning bidder on requests from proposals
3 issued either by the Secretary for purposes
4 otherwise authorized in this section.
5 (vi) Entertainment industry outreach,
6 interactive outreach, media projects and
7 activities, public information, news media
8 outreach, and corporate sponsorship and
9 participation.
10 (B) ADMINISTRATIVE COSTS.—Operational
11 and management expenses.
12 (2) LIMITATIONS.—In carrying out this section,
13 the Secretary shall allocate not less than 85 percent
14 of funds made available under subsection (e) for
15 each fiscal year for the advertising functions speci-
16 fied under paragraph (1)(A).
17 (d) REPORTS.—The Secretary shall annually submit
18 to Congress a report that describes—
19 (1) the strategy of the national media campaign
20 and whether specific objectives of the campaign were
21 accomplished, including—
22 (A) determinations concerning the rate of
23 change of oil consumption, in both absolute and
24 per capita terms; and

1 (B) an evaluation that enables consider-
2 ation whether the media campaign contributed
3 to reduction of oil consumption;
4 (2) steps taken to ensure that the national
5 media campaign operates in an effective and effi-
6 cient manner consistent with the overall strategy
7 and focus of the campaign;
8 (3) plans to purchase advertising time and
9 space;
10 (4) policies and practices implemented to ensure
11 that Federal funds are used responsibly to purchase
12 advertising time and space and eliminate the poten-
13 tial for waste, fraud, and abuse; and
14 (5) all contracts or cooperative agreements en-
15 tered into with a corporation, partnership, or indi-
16 vidual working on behalf of the national media cam-
17 paign.
18 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 $5,000,000 for each of fiscal years 2006 through 2010.

21 Subtitle F—Increasing Transit Use 22 and Alternative Transportation 23 Modes

24 **SEC. 151. TRANSIT-ORIENTED DEVELOPMENT CORRIDORS.**

25 (a) DEFINITIONS.—In this section:

1 (1) TRANSIT-ORIENTED DEVELOPMENT COR-
2 RIDOR.—The term ''Transit-Oriented Development
3 Corridor'' or ''TODC'' means a geographic area des-
4 ignated by the Secretary under subsection (b).
5 (2) OTHER TERMS.—The terms ''fixed guide
6 way'', ''local governmental authority'', ''mass trans-
7 portation'', ''Secretary'', ''State'', and ''urbanized
8 area'' have the meanings given the terms in section
9 5302 of title 49, United States Code.
10 (b) TRANSIT-ORIENTED DEVELOPMENT COR-
11 RIDORS.—
12 (1) IN GENERAL.—The Secretary shall develop
13 and carry out a program to designate geographic
14 areas in urbanized areas as Transit-Oriented Devel-
15 opment Corridors.
16 (2) CRITERIA.—An area designated as a TODC
17 under paragraph (1) shall include rights-of-way for
18 fixed guide way mass transportation facilities (in-
19 cluding commercial development of facilities that
20 have a physical and functional connection with each
21 facility).
22 (3) NUMBER OF TODCS.—In consultation with
23 State transportation departments and metropolitan
24 planning organizations, the Secretary shall des-
25 ignate—

1 (A) not fewer than 10 TODCs by December 31, 2015; and

3 (B) not fewer than 20 TODCs by December 31, 2025.

5 (4) TRANSIT GRANTS.—

6 (A) IN GENERAL.—The Secretary make grants to eligible states and local governmental authorities to pay the Federal share of the cost of designating geographic areas in urbanized areas as TODCs.

11 (B) APPLICATION.—Each eligible State or local governmental authority that desires to receive a grant under this paragraph shall submit an application to the Secretary, at such time, in such manner, and accompanied by such additional information as the Secretary may reasonably require.

18 (C) LABOR STANDARDS.—Subchapter IV of chapter 31 of title 40, United States Code shall apply to projects that receive funding under this section.

22 (D) FEDERAL SHARE.—The Federal share of the cost of a project under this subsection shall be 50 percent.

(c) TODC RESEARCH AND DEVELOPMENT.—To support effective deployment of grants and incentives under this section, the Secretary shall establish a TODC research and development program to conduct research on the best practices and performance criteria for TODCs.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2007 through 2012.

SEC. 152. INCREASING TRANSIT UTILIZATION INCENTIVES.

(a) IN GENERAL.—Section 132(f)(2)(A) of the Internal Revenue Code of 1986 (relating to limitation on exclusion) is amended by striking "$100" and inserting "$200".

(b) INFLATION ADJUSTMENT.—The second sentence of section 132(f)(6)(A) of the Internal Revenue Code of 1986 (relating to inflation adjustment) is amended—

(1) by striking "2002" and inserting "2006", and

(2) by striking "2001" and inserting "2005".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

1 **SEC. 153. EXTENSION OF TRANSPORTATION FRINGE BEN-**
2 **EFIT TO BICYCLE COMMUTERS.**

3 (a) IN GENERAL.—Paragraph (1) of section 132(f)
4 of the Internal Revenue Code of 1986 (relating to general
5 rule for qualified transportation fringe) is amended by
6 adding at the end the following:

7 ''(D) Bicycle commuting allowance.''.

8 (b) BICYCLE COMMUTING ALLOWANCE DEFINED.—
9 Paragraph (5) of section 132(f) of the Internal Revenue
10 Code of 1986 (relating to definitions) is amended by add-
11 ing at the end the following:

12 ''(F) BICYCLE COMMUTING ALLOWANCE.—
13 The term 'bicycle commuting allowance' means
14 an amount provided to an employee for trans-
15 portation on a bicycle if such transportation is
16 in connection with travel between the employ-
17 ee's residence and place of employment.''.

18 (c) LIMITATION ON EXCLUSION.—Paragraph (2) of
19 section 132(f) of the Internal Revenue Code of 1986 is
20 amended by striking ''subparagraphs (A) and (B)'' and
21 inserting ''subparagraphs (A), (B), and (D)''.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2005.

TITLE II—ENSURING NEAR-TERM ENERGY AFFORDABILITY AND EMPOWERING AMERICAN FAMILIES

Subtitle A—Making Gas Price Gouging a Federal Crime

SEC. 201. UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN COMMERCE RELATED TO GASOLINE AND PETROLEUM DISTILLATES.

(a) SALES TO CONSUMERS AT UNCONSCIONABLE PRICE.—

(1) IN GENERAL.—It is unlawful for any person to sell crude oil, gasoline, or petroleum distillates at a price that—

(A) is unconscionably excessive; or

(B) indicates the seller is taking unfair advantage of the circumstances to increase prices unreasonably.

(2) FACTORS CONSIDERED.—In determining whether a violation of paragraph (1) has occurred, there shall be taken into account, among other factors, whether—

(A) the amount charged represents a gross disparity between the price of the crude oil, gasoline, or petroleum distillate sold and the price

at which it was offered for sale in the usual course of the seller's business immediately prior to the energy emergency; or

(B) the amount charged grossly exceeds the price at which the same or similar crude oil, gasoline, or petroleum distillate was readily obtainable by other purchasers.

(3) MITIGATING FACTORS.—In determining whether a violation of paragraph (1) has occurred, there also shall be taken into account, among other factors, the price that would reasonably equate supply and demand in a competitive and freely functioning market and whether the price at which the crude oil, gasoline, or petroleum distillate was sold reasonably reflects additional costs, not within the control of the seller, that were paid or incurred by the seller.

(b) FALSE PRICING INFORMATION.—It is unlawful for any person to report information related to the wholesale price of crude oil, gasoline, or petroleum distillates to the Federal Trade Commission if—

(1) that person knew, or reasonably should have known, the information to be false or misleading;

(2) the information was required by law to be reported; and

1 (3) the person intended the false or misleading
2 data to affect data compiled by that department or
3 agency for statistical or analytical purposes with re-
4 spect to the market for crude oil, gasoline, or petro-
5 leum distillates.

6 (c) MARKET MANIPULATION.—It is unlawful for any
7 person, directly or indirectly, to use or employ, in connec-
8 tion with the purchase or sale of crude oil, gasoline, or
9 petroleum distillates at wholesale, any manipulative or de-
10 ceptive device or contrivance, in contravention of such
11 rules and regulations as the Commission may prescribe as
12 necessary or appropriate in the public interest or for the
13 protection of United States citizens.

14 **SEC. 202. ENFORCEMENT UNDER FEDERAL TRADE COMMIS-**
15 **SION ACT.**

16 (a) ENFORCEMENT BY COMMISSION.—This subtitle
17 shall be enforced by the Federal Trade Commission. In
18 enforcing section 201(a), the Commission shall give pri-
19 ority to enforcement actions concerning companies with
20 total United States wholesale or retail sales of crude oil,
21 gasoline, and petroleum distillates in excess of
22 $500,000,000 per year but shall not exclude enforcement
23 actions against companies with total United States whole-
24 sale sales of $500,000,000 or less per year.

(b) VIOLATION IS UNFAIR OR DECEPTIVE ACT OR PRACTICE.—The violation of any provision of this Act shall be treated as an unfair or deceptive act or practice proscribed under a rule issued under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)).

SEC. 203. ENFORCEMENT AT RETAIL LEVEL BY STATE ATTORNEYS GENERAL.

(a) IN GENERAL.—A State, as parens patriae, may bring a civil action on behalf of its residents in an appropriate district court of the United States to enforce the provisions of section 201(a), or to impose the civil penalties authorized by section 204 for violations of section 201(a), whenever the attorney general of the State has reason to believe that the interests of the residents of the State have been or are being threatened or adversely affected by a person engaged in retail sales of gasoline or petroleum distillates to consumers for purposes other than resale that violates this subtitle or a regulation under this subtitle.

(b) NOTICE.—The State shall serve written notice to the Commission of any civil action under subsection (a) prior to initiating such civil action. The notice shall include a copy of the complaint to be filed to initiate such civil action, except that if it is not feasible for the State

1 to provide such prior notice, the State shall provide such
2 notice immediately upon instituting such civil action.

3 (c) AUTHORITY TO INTERVENE.—Upon receiving the
4 notice required by subsection (b), the Commission may in-
5 tervene in such civil action and upon intervening—

6 (1) be heard on all matters arising in such civil
7 action; and

8 (2) file petitions for appeal of a decision in such
9 civil action.

10 (d) CONSTRUCTION.—For purposes of bringing any
11 civil action under subsection (a), nothing in this section
12 shall prevent the attorney general of a State from exer-
13 cising the powers conferred on the attorney general by the
14 laws of such State to conduct investigations or to admin-
15 ister oaths or affirmations or to compel the attendance
16 of witnesses or the production of documentary and other
17 evidence.

18 (e) VENUE; SERVICE OF PROCESS.—In a civil action
19 brought under subsection (a)—

20 (1) the venue shall be a judicial district in
21 which—

22 (A) the defendant operates;

23 (B) the defendant was authorized to do
24 business; or

1 (C) where the defendant in the civil action
2 is found;
3 (2) process may be served without regard to the
4 territorial limits of the district or of the State in
5 which the civil action is instituted; and
6 (3) a person who participated with the defend-
7 ant in an alleged violation that is being litigated in
8 the civil action may be joined in the civil action with-
9 out regard to the residence of the person.
10 (f) LIMITATION ON STATE ACTION WHILE FEDERAL
11 ACTION IS PENDING.—If the Commission has instituted
12 a civil action or an administrative action for violation of
13 this subtitle, no State attorney general, or official or agen-
14 cy of a State, may bring an action under this section dur-
15 ing the pendency of that action against any defendant
16 named in the complaint of the Commission or the other
17 agency for any violation of this subtitle alleged in the com-
18 plaint.
19 (g) ENFORCEMENT OF STATE LAW.—Nothing con-
20 tained in this section shall prohibit an authorized State
21 official from proceeding in State court to enforce a civil
22 or criminal statute of such State.
23 **SEC. 204. PENALTIES.**
24 (a) CIVIL PENALTY.—

1 (1) IN GENERAL.—In addition to any penalty
2 applicable under the Federal Trade Commission
3 Act—
4 (A) any person who violates section 201(b)
5 or 201(c) is punishable by a civil penalty of not
6 more than $1,000,000; and
7 (B) any person who violates section 201(a)
8 is punishable by a civil penalty of not more
9 than $3,000,000.
10 (2) METHOD OF ASSESSMENT.—The penalties
11 provided by paragraph (1) shall be assessed in the
12 same manner as civil penalties imposed under sec-
13 tion 5 of the Federal Trade Commission Act (15
14 U.S.C. 45).
15 (3) MULTIPLE OFFENSES; MITIGATING FAC-
16 TORS.—In assessing the penalty provided by sub-
17 section (a)—
18 (A) each day of a continuing violation shall
19 be considered a separate violation; and
20 (B) the Commission shall take into consid-
21 eration the seriousness of the violation and the
22 efforts of the person committing the violation to
23 remedy the harm caused by the violation in a
24 timely manner.

(b) CRIMINAL PENALTY.—Violation of section 201(a) of this subtitle is punishable by a fine of not more than $1,000,000, imprisonment for not more than 5 years, or both.

SEC. 205. EFFECT ON OTHER LAWS.

(a) OTHER AUTHORITY OF COMMISSION.—Nothing in this subtitle shall be construed to limit or affect in any way the Commission's authority to bring enforcement actions or take any other measure under the Federal Trade Commission Act (15 U.S.C. 41 et seq.) or any other provision of law.

(b) STATE LAW.—Nothing in this subtitle preempts any State law.

Subtitle B—Strengthening Anti-Trust Enforcement in the Oil and Gas Industry

SEC. 211. PROHIBITION ON UNILATERAL WITHHOLDING.

The Clayton Act (15 U.S.C. 12 et seq.) is amended—

(1) by redesignating section 28 as section 29; and

(2) by inserting after section 27 the following:

"SEC. 28. OIL AND NATURAL GAS.

''(a) IN GENERAL.—Except as provided in subsection (b), it shall be unlawful for any person to refuse to sell, or to export or divert, existing supplies of petroleum, gaso-

1 line, or other fuel derived from petroleum, or natural gas
2 with the primary intention of increasing prices or creating
3 a shortage in a geographic market.

4 ''(b) CONSIDERATIONS.—In determining whether a
5 person who has refused to sell, or exported or diverted,
6 existing supplies of petroleum, gasoline, or other fuel de-
7 rived from petroleum or natural gas or curtailed produc-
8 tion of such new supplies, has done so with the intent of
9 increasing prices or creating a shortage in a geographic
10 market under subsection (a), the court shall consider
11 whether—

12 ''(1) the cost of acquiring, producing, refining,
13 processing, marketing, selling, or otherwise making
14 such products available has increased; and

15 ''(2) the price obtained from exporting or di-
16 verting existing supplies is greater than the price ob-
17 tained where the existing supplies are located or are
18 intended to be shipped.

19 ''(c) SHIFT OF BURDEN OF PROOF.—If the Commis-
20 sion or the Attorney General makes a prima facie case
21 of withholding supply against a refiner, distributor, or re-
22 tailer under this section—

23 ''(1) the burden of proof to show the with-
24 holding was not done to raise prices shall shift to
25 the refiner, distributor, or retailer; and

1 ''(2) a refiner, distributor, or retailer may rebut
2 the prima facie case by showing that the action that
3 is the basis of the alleged violation was taken in a
4 good faith effort to respond to competition or for an-
5 other legitimate business reason.''.

6 **SEC. 212. MODIFICATION OF MERGER STANDARD IN CLAY-**
7 **TON ACT.**

8 Under section 7 of the Clayton Act, a merger in the
9 oil or gas industry shall only be allowed if it can be proven
10 that the new entity would not appreciably diminish com-
11 petition.

12 **SEC. 213. STUDY BY THE GOVERNMENT ACCOUNTABILITY**
13 **OFFICE.**

14 (a) DEFINITION.—In this section, the term ''covered
15 consent decree'' means a consent decree—
16 (1) to which either the Federal Trade Commis-
17 sion or the Department of Justice is a party;
18 (2) that was entered by the district court not
19 earlier than 10 years before the date of enactment
20 of this Act;
21 (3) that required divestitures; and
22 (4) that involved a person engaged in the busi-
23 ness of exploring for, producing, refining, or other-
24 wise processing, storing, marketing, selling, or other-

1 wise making available petroleum, gasoline or other
2 fuel derived from petroleum, or natural gas.

3 (b) REQUIREMENT FOR A STUDY.—Not later than
4 180 days after the date of enactment of this Act, the
5 Comptroller General of the United States shall conduct
6 a study evaluating the effectiveness of divestitures re-
7 quired under covered consent decrees.

8 (c) REQUIREMENT FOR A REPORT.—Not later than
9 180 days after the date of enactment of this Act, the
10 Comptroller General shall submit a report to Congress, the
11 Federal Trade Commission, and the Department of Jus-
12 tice regarding the findings of the study conducted under
13 subsection (b).

14 (d) FEDERAL AGENCY CONSIDERATION.—Upon re-
15 ceipt of the report required by subsection (c), the Attorney
16 General or the Chairman of the Federal Trade Commis-
17 sion, as appropriate, shall consider whether any additional
18 action is required to restore competition or prevent a sub-
19 stantial lessening of competition occurring as a result of
20 any transaction that was the subject of the study con-
21 ducted under subsection (b).

22 **SEC. 214. JOINT FEDERAL AND STATE TASK FORCE.**

23 The Attorney General and the Chairman of the Fed-
24 eral Trade Commission shall establish a joint Federal-
25 State task force, which shall include the attorney general

1 of any State that chooses to participate, to investigate in-
2 formation sharing (including through the use of exchange
3 agreements and commercial information services) among
4 persons in the business of exploring for, producing, refin-
5 ing, or otherwise processing, storing, marketing, selling,
6 or otherwise making available petroleum, gasoline or other
7 fuel derived from petroleum, or natural gas (including any
8 person about which the Energy Information Administra-
9 tion collects financial and operating data as part of its
10 Financial Reporting System).

11 Subtitle C—Improving Oversight of 12 Oil and Gas Market Speculation

13 SEC. 221. SHORT TITLE.

14 This subtitle may be cited as the "Oil and Gas Trad-
15 ers Oversight Act of 2006".

16 SEC. 222. REPORTING AND RECORDKEEPING FOR POSI- 17 TIONS INVOLVING ENERGY COMMODITIES.

18 (a) IN GENERAL.—Section 2(h) of the Commodity
19 Exchange Act (7 U.S.C. 2(h)) is amended by adding at
20 the end the following:

21 "(7) REPORTING AND RECORDKEEPING FOR
22 POSITIONS INVOLVING ENERGY COMMODITIES.—
23 "(A) DEFINITIONS.—In this paragraph:
24 "(i) DOMESTIC TERMINAL.—The term
25 'domestic terminal' means a technology,

1 software, or other means of providing elec-
2 tronic access within the United States to a
3 contract, agreement, or transaction traded
4 on a foreign board of trade.
5 "(ii) ENERGY COMMODITY.—The term
6 'energy commodity' means a commodity or
7 the derivatives of a commodity that is used
8 primarily as a source of energy, includ-
9 ing—
10 "(I) coal;
11 "(II) crude oil;
12 "(III) gasoline;
13 "(IV) heating oil;
14 "(V) diesel fuel;
15 "(VI) electricity;
16 "(VII) propane; and
17 "(VIII) natural gas.
18 "(iii) REPORTABLE CONTRACT.—The
19 term 'reportable contract' means—
20 "(I) a contract, agreement, or
21 transaction involving an energy com-
22 modity , executed on an electronic
23 trading facility, or
24 "(II) a contract, agreement, or
25 transaction for future delivery involv-

1 ing an energy commodity for which
2 the underlying energy commodity has
3 a physical delivery point within the
4 United States and that is executed
5 through a domestic terminal.

6 "(B) RECORD KEEPING.—The Commis-
7 sion, by rule, shall require any person holding,
8 maintaining, or controlling any position in any
9 reportable contract under this section—

10 "(i) to maintain such records as di-
11 rected by the Commission for a period of
12 5 years, or longer, if directed by the Com-
13 mission; and

14 "(ii) to provide such records upon re-
15 quest to the Commission or the Depart-
16 ment of Justice.

17 "(C) REPORTING OF POSITIONS INVOLVING
18 ENERGY COMMODITIES.—The Commission shall
19 prescribe rules requiring such regular or contin-
20 uous reporting of positions in a reportable con-
21 tract in accordance with such requirements re-
22 garding size limits for reportable positions and
23 the form, timing, and manner of filing such re-
24 ports under this paragraph, as the Commission
25 shall determine.

1 "(D) OTHER RULES NOT AFFECTED.—
2 "(i) IN GENERAL.—Except as pro-
3 vided in clause (ii), this paragraph does
4 not prohibit or impair the adoption by any
5 board of trade licensed, designated, or reg-
6 istered by the Commission of any bylaw,
7 rule, regulation, or resolution requiring re-
8 ports of positions in any agreement, con-
9 tract, or transaction made in connection
10 with a contract of sale for future delivery
11 of an energy commodity (including such a
12 contract of sale), including any bylaw, rule,
13 regulation, or resolution pertaining to fil-
14 ing or recordkeeping, which may be held by
15 any person subject to the rules of the
16 board of trade.
17 "(ii) EXCEPTION.—Any bylaw, rule,
18 regulation, or resolution established by a
19 board of trade described in clause (i) shall
20 not be inconsistent with any requirement
21 prescribed by the Commission under this
22 paragraph.
23 "(E) CONTRACT, AGREEMENT, OR TRANS-
24 ACTION FOR FUTURE DELIVERY.—Notwith-
25 standing sections 4(b) and 4a, the Commission

1 shall subject a contract, agreement, or trans-
2 action for future delivery in an energy com-
3 modity to the requirements established by this
4 paragraph.''.
5 (b) CONFORMING AMENDMENTS.—Section 4a(e) of
6 the Commodity Exchange Act (7 U.S.C. 6a(e)) is amend-
7 ed—
8 (1) in the first sentence—
9 (A) by inserting ''or by an electronic trad-
10 ing facility operating in reliance on section
11 2(h)(3)'' after ''registered by the Commission'';
12 and
13 (B) by inserting ''electronic trading facil-
14 ity,'' before ''or such board of trade''; and
15 (2) in the second sentence, by inserting ''or by
16 an electronic trading facility operating in reliance on
17 section 2(h)(3)'' after ''registered by the Commis-
18 sion''.

Subtitle D—Low Income Energy Price Relief

SEC. 231. ADJUSTMENT OF STANDARD UTILITY ALLOWANCE UNDER THE FOOD STAMP PROGRAM FOR HIGH ENERGY COSTS.

Section 5(e)(6)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(6)(C)) is amended by adding at the end the following:

"(v) ENERGY COST INCREASES.—If the Energy Information Administration projects that energy costs for the average household in the United States will increase by more than 20 percent during the winter heating months (November through April) of the fiscal year, the amount of a standard utility allowance used by a State for all or part of the fiscal year under this subparagraph may be adjusted to reflect the amount of the projected increase in energy costs.".

SEC. 232. PUBLIC HOUSING ENERGY COST ASSISTANCE.

(a) UTILITY ALLOWANCE.—Section 8(o)(1)(D) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(1)(D)) is amended—

1 (1) by striking "The Secretary" and inserting
2 the following:
3 "(i) IN GENERAL.—Except as pro-
4 vided under clause (ii), the Secretary"; and
5 (2) by adding at the end the following:
6 "(ii) EXCEPTION FOR INCREASES IN
7 UTILITY ALLOWANCES.—The payment
8 standard established under subparagraph
9 (B) may exceed 110 percent of the fair
10 market rental established under subsection
11 (c) for the same size of dwelling unit in the
12 same market area without prior approval
13 by the Secretary, if a public housing agen-
14 cy determines that an increase in the util-
15 ity allowance of such agency, in combina-
16 tion with prevailing rents, requires such
17 limit to be exceeded.".
18 (b) ANNUAL ADJUSTMENT FACTOR.—Section 8(o) of
19 the United States Housing Act of 1937 (42 U.S.C.
20 1437f(o)) is amended by adding at the end the following:
21 "(21) ANNUAL ADJUSTMENT FACTOR FOR
22 UTILITY COSTS.—Beginning on October 1, 2006,
23 and each October 1 thereafter, the Secretary, in con-
24 sultation with the Secretary of Energy, shall, based
25 on the most recent data available, adjust the utility

1 cost component of the annual adjustment factors
2 used to calculate funding for public housing agencies
3 under this section.''.
4 (c) REPORT.—Section 8(o)(1)(E) of the United
5 States Housing Act of 1937 (42 U.S.C. 1437f(o)(1)(E))
6 is amended—
7 (1) in clause (i), by striking ''; and'' and insert-
8 ing a semicolon;
9 (2) in clause (ii), by striking the period and in-
10 serting a semicolon; and
11 (3) by adding at the end the following:
12 ''(iii) shall submit a report, on an an-
13 nual basis, to the Committee on Banking,
14 Housing, and Urban Affairs of the Senate
15 and the Committee on Financial Services
16 of the House of Representatives on the
17 number and percentage of families—
18 ''(I) in each public housing agen-
19 cy receiving assistance under this sub-
20 section that pay more than 30 percent
21 of their income for rent and utility
22 costs; and
23 ''(II) in all public housing agen-
24 cies receiving assistance under this
25 subsection that pay more than 30 per-

1 cent of their income for rent and util-
2 ity costs; and
3 ''(iv) shall publish in the Federal Reg-
4 ister and make available on the Internet
5 website maintained by the Department of
6 Housing and Urban Development the re-
7 ports required under clause (iii).''.

8 **SEC. 233. REFUNDABLE TAX CREDIT FOR LOW-INCOME RES-**
9 **IDENTIAL ENERGY COST ASSISTANCE.**

10 (a) IN GENERAL.—Subpart C of part IV of sub-
11 chapter A of chapter 1 of the Internal Revenue Code of
12 1986 (relating to refundable credits) is amended by redes-
13 ignating section 36 as section 37 and by inserting after
14 section 35 the following new section:

15 **''SEC. 36. CREDIT FOR RESIDENTIAL ENERGY COST ASSIST-**
16 **ANCE.**

17 ''(a) GENERAL RULE.—In the case of any individual,
18 there shall be allowed as a credit against the tax imposed
19 by this subtitle for the taxable year an amount equal to
20 the lesser of—
21 ''(1) 20 percent of the qualified residential en-
22 ergy costs of the taxpayer during such taxable year,
23 or
24 ''(2) $200 ($300 in the case of a joint return).
25 ''(b) INCOME LIMITATION.—

1 "(1) IN GENERAL.—The amount allowable as a
2 credit under subsection (a) for any taxable year shall
3 be reduced (but not below zero) by an amount which
4 bears the same ratio to the amount so allowable (de-
5 termined without regard to this paragraph) as—
6 "(A) the amount (if any) by which the tax-
7 payer's adjusted gross income exceeds $35,000
8 ($70,000 in the case of a joint return), bears to
9 "(B) $10,000.
10 "(2) DETERMINATION OF ADJUSTED GROSS IN-
11 COME.—For purposes of paragraph (1), adjusted
12 gross income shall be determined without regard to
13 sections 911, 931, and 933.
14 "(c) DEFINITIONS AND SPECIAL RULES.—For pur-
15 poses of this section—
16 "(1) QUALIFIED RESIDENTIAL ENERGY
17 COSTS.—The term 'qualified residential energy costs'
18 means, with respect to any principal residence of the
19 taxpayer located in the United States, the costs paid
20 or incurred by the taxpayer for the period beginning
21 after December 31, 2005, and ending before Janu-
22 ary 1, 2008, for any energy utility and home energy
23 fuel.
24 "(2) REDUCTION FOR GRANTS.—The amount of
25 qualified residential energy costs which may be

1 taken into account with respect to such period shall
2 be reduced by any amount received by the taxpayer
3 during such period for any residential energy cost
4 under the Low-Income Home Energy Assistance
5 program under title XXVI of the Omnibus Budget
6 Reconciliation Act of 1981 (42 U.S.C. 8621 et seq.).
7 ''(3) PRINCIPAL RESIDENCE.—The term 'prin-
8 cipal residence' has the same meaning as in section
9 121, except that—
10 ''(A) no ownership requirement shall be
11 imposed, and
12 ''(B) the principal residence must be used
13 by the taxpayer as the taxpayer's residence dur-
14 ing the taxable year.
15 ''(4) CERTAIN PERSONS NOT ELIGIBLE.—This
16 section shall not apply to any individual with respect
17 to whom a deduction under section 151 is allowable
18 to another taxpayer for a taxable year beginning in
19 the calendar year in which such individual's taxable
20 year begins.
21 ''(5) HOMEOWNERS ASSOCIATIONS.—The appli-
22 cation of this section to homeowners associations (as
23 defined in section 528(c)(1)) or members of such as-
24 sociations, and tenant-stockholders in cooperative
25 housing corporations (as defined in section 216),

1 shall be allowed by allocation, apportionment, or oth-
2 erwise, to the individuals paying, directly or indi-
3 rectly, for the qualified residential energy cost so in-
4 curred.

5 ''(d) REGULATIONS.—The Secretary may prescribe
6 such regulations and other guidance as may be necessary
7 or appropriate to carry out this section.''.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 1324(b)(2) of title 31, United
10 States Code, is amended by striking ''or'' before
11 ''enacted'' and by inserting before the period at the
12 end '', or from section 36 of such Code''.

13 (2) The table of sections for subpart C of part
14 IV of subchapter A of chapter 1 of the Internal Rev-
15 enue Code of 1986 is amended by striking the item
16 relating to section 35 and by adding at the end the
17 following new items:

''Sec. 36. Credit for residential energy cost assistance.
''Sec. 37. Overpayments of tax.''.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2005.

Subtitle E—Small Business and Agricultural Producers Energy Emergency Relief Program

SEC. 241. ENERGY EMERGENCY DISASTER RELIEF LOANS TO SMALL BUSINESS AND AGRICULTURAL PRODUCERS.

(a) DEFINITIONS.—In this section—

(1) the terms ''Administration'' and ''Administrator'' mean the Small Business Administration and the Administrator thereof, respectively;

(2) the term ''Secretary'' means the Secretary of Agriculture; and

(3) the term ''small business concern'' has the same meaning as in section 3 of the Small Business Act (15 U.S.C. 632).

(b) SMALL BUSINESS PRODUCER ENERGY EMERGENCY DISASTER LOAN PROGRAM.—

(1) DISASTER LOAN AUTHORITY.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (3) the following:

''(4) ENERGY DISASTER LOANS.—

''(A) DEFINITIONS.—For purposes of this paragraph—

1 "(i) the term 'base price index' means
2 the moving average of the closing unit
3 price on the New York Mercantile Ex-
4 change for heating oil, natural gas, gaso-
5 line, or propane for the 10 days that cor-
6 respond to the trading days described in
7 clause (ii) in each of the most recent 2 pre-
8 ceding years;
9 "(ii) the term 'current price index'
10 means the moving average of the closing
11 unit price on the New York Mercantile Ex-
12 change, for the 10 most recent trading
13 days, for contracts to purchase heating oil,
14 natural gas, gasoline, or propane during
15 the subsequent calendar month, commonly
16 known as the 'front month'; and
17 "(iii) the term 'significant increase'
18 means—
19 "(I) with respect to the price of
20 heating oil, natural gas, gasoline, or
21 propane, any time that the current
22 price index exceeds the base price
23 index by not less than 40 percent; and
24 "(II) with respect to the price of
25 kerosene, any increase which the Ad-

1 ministrator, in consultation with the
2 Secretary of Energy, determines to be
3 significant.
4 "(B) LOAN AUTHORITY.—
5 "(i) IN GENERAL.—The Administra-
6 tion may make such loans, either directly
7 or in cooperation with banks or other lend-
8 ing institutions through agreements to par-
9 ticipate on an immediate or deferred basis,
10 to assist a small business concern de-
11 scribed in clause (ii).
12 "(ii) CRITERIA.—A small business
13 concern described in this clause is a small
14 business concern that has suffered or that
15 is likely to suffer substantial economic in-
16 jury on or after January 1, 2005, as the
17 result of a significant increase in the price
18 of heating oil, natural gas, gasoline, pro-
19 pane, or kerosene occurring on or after
20 January 1, 2005.
21 "(C) INTEREST RATE.—Any loan or guar-
22 antee extended pursuant to this paragraph shall
23 be made at the same interest rate as economic
24 injury loans under paragraph (2).

1 "(D) MAXIMUM AMOUNT.—No loan may
2 be made under this paragraph, either directly
3 or in cooperation with banks or other lending
4 institutions through agreements to participate
5 on an immediate or deferred basis, if the total
6 amount outstanding and committed to the bor-
7 rower under this subsection would exceed
8 $1,500,000, unless such borrower constitutes a
9 major source of employment in its surrounding
10 area, as determined by the Administrator, in
11 which case the Administrator, in the discretion
12 of the Administrator, may waive the $1,500,000
13 limitation.
14 "(E) DISASTER DECLARATION.—For pur-
15 poses of assistance under this paragraph—
16 "(i) a declaration of a disaster area
17 based on conditions specified in this para-
18 graph shall be required, and shall be made
19 by the President or the Administrator; or
20 "(ii) if no declaration has been made
21 pursuant to clause (i), the Governor of a
22 State in which a significant increase in the
23 price of heating oil, natural gas, gasoline,
24 propane, or kerosene has occurred may
25 certify to the Administration that small

1 business concerns have suffered economic
2 injury as a result of such increase and are
3 in need of financial assistance which is not
4 otherwise available on reasonable terms in
5 that State, and upon receipt of such cer-
6 tification, the Administration may make
7 such loans as would have been available
8 under this paragraph if a disaster declara-
9 tion had been issued.

10 ''(F) CONVERSION.—Notwithstanding any
11 other provision of law, loans made under this
12 paragraph may be used by a small business
13 concern described in subparagraph (B) to con-
14 vert from the use of heating oil, natural gas,
15 gasoline, propane, or kerosene to a renewable or
16 alternative energy source, including agriculture
17 and urban waste, geothermal energy, cogenera-
18 tion, solar energy, wind energy, or fuel cells.''.

19 (2) CONFORMING AMENDMENTS.—Section 3(k)
20 of the Small Business Act (15 U.S.C. 632(k)) is
21 amended—

22 (A) by inserting '', significant increase in
23 the price of heating oil, natural gas, gasoline,
24 propane, or kerosene'' after ''civil disorders'';
25 and

1 (B) by inserting ''other'' before ''eco-
2 nomic''.
3 (c) AGRICULTURAL PRODUCER EMERGENCY
4 LOANS.—
5 (1) IN GENERAL.—Section 321(a) of the Con-
6 solidated Farm and Rural Development Act (7
7 U.S.C. 1961(a)) is amended—
8 (A) in the first sentence—
9 (i) by striking ''operations have'' and
10 inserting ''operations (i) have''; and
11 (ii) by inserting before '': Provided,''
12 the following: '', or (ii)(I) are owned or op-
13 erated by such an applicant that is also a
14 small business concern (as defined in sec-
15 tion 3 of the Small Business Act (15
16 U.S.C. 632)), and (II) have suffered or are
17 likely to suffer substantial economic injury
18 on or after August 24, 2005, as the result
19 of a significant increase in energy costs or
20 input costs from energy sources occurring
21 on or after August 24, 2005, in connection
22 with an energy emergency declared by the
23 President or the Secretary'';
24 (B) in the third sentence, by inserting be-
25 fore the period at the end the following: ''or by

1 an energy emergency declared by the President
2 or the Secretary''; and
3 (C) in the fourth sentence—
4 (i) by inserting ''or energy emer-
5 gency'' after ''natural disaster'' each place
6 that term appears; and
7 (ii) by inserting ''or declaration'' after
8 ''emergency designation''.
9 (2) FUNDING.—Funds available on the date of
10 enactment of this Act for emergency loans under
11 subtitle C of the Consolidated Farm and Rural De-
12 velopment Act (7 U.S.C. 1961 et seq.) shall be avail-
13 able to carry out the amendments made by para-
14 graph (1) to meet the needs resulting from natural
15 disasters.
16 (d) GUIDELINES AND RULEMAKING.—
17 (1) GUIDELINES.—Not later than 30 days after
18 the date of enactment of this Act, the Administrator
19 and the Secretary shall each issue guidelines to
20 carry out subsections (b) and (c), respectively, and
21 the amendments made thereby, which guidelines
22 shall become effective on the date of their issuance.
23 (2) RULEMAKING.—Not later than 30 days
24 after the date of enactment of this Act, the Adminis-
25 trator, after consultation with the Secretary of En-

1 ergy, shall promulgate regulations specifying the
2 method for determining a significant increase in the
3 price of kerosene under section 7(b)(4)(A)(iii)(II) of
4 the Small Business Act, as added by this section.
5 (e) REPORTS.—
6 (1) SMALL BUSINESS ADMINISTRATION.—Not
7 later than 12 months after the date on which the
8 Administrator issues guidelines under subsection
9 (d)(1), and annually thereafter, until the date that
10 is 12 months after the end of the effective period of
11 section 7(b)(4) of the Small Business Act, as added
12 by this section, the Administrator shall submit to
13 the Committee on Small Business and Entrepre-
14 neurship of the Senate and the Committee on Small
15 Business of the House of Representatives, a report
16 on the effectiveness of the assistance made available
17 under section 7(b)(4) of the Small Business Act, as
18 added by this section, including—
19 (A) the number of small business concerns
20 that applied for a loan under that section
21 7(b)(4) and the number of those that received
22 such loans;
23 (B) the dollar value of those loans;
24 (C) the States in which the small business
25 concerns that received such loans are located;

1 (D) the type of energy that caused the sig-
2 nificant increase in the cost for the partici-
3 pating small business concerns; and
4 (E) recommendations for ways to improve
5 the assistance provided under that section
6 7(b)(4), if any.
7 (2) DEPARTMENT OF AGRICULTURE.—Not later
8 than 12 months after the date on which the Sec-
9 retary issues guidelines under subsection (d)(1), and
10 annually thereafter, until the date that is 12 months
11 after the end of the effective period of the amend-
12 ments made to section 321(a) of the Consolidated
13 Farm and Rural Development Act (7 U.S.C.
14 1961(a)) by this section, the Secretary shall submit
15 to the Committee on Small Business and Entrepre-
16 neurship and the Committee on Agriculture, Nutri-
17 tion, and Forestry of the Senate and to the Com-
18 mittee on Small Business and the Committee on Ag-
19 riculture of the House of Representatives, a report
20 that—
21 (A) describes the effectiveness of the as-
22 sistance made available under section 321(a) of
23 the Consolidated Farm and Rural Development
24 Act (7 U.S.C. 1961(a)), as amended by this
25 section; and

1 (B) contains recommendations for ways to
2 improve the assistance provided under such sec-
3 tion 321(a).

4 (f) EFFECTIVE DATE.—

5 (1) SMALL BUSINESS.—The amendments made
6 by subsection (b) shall apply during the 4-year pe-
7 riod beginning on the earlier of the date on which
8 guidelines are published by the Administrator under
9 subsection (d)(1), or 30 days after the date of enact-
10 ment of this Act, with respect to assistance under
11 section 7(b)(4) of the Small Business Act, as added
12 by this section.

13 (2) DEPARTMENT OF AGRICULTURE.—The
14 amendments made by subsection (c) shall apply dur-
15 ing the 4-year period beginning on the earlier of the
16 date on which guidelines are published by the Sec-
17 retary under subsection (d)(1), or 30 days after the
18 date of enactment of this Act, with respect to assist-
19 ance under section 321(a) of the Consolidated Farm
20 and Rural Development Act (7 U.S.C. 1961(a)), as
21 amended by this section.

1 **Subtitle F—Public Access to Fed-**
2 **eral Alternative Refueling Sta-**
3 **tions**

4 **SEC. 251. ACCESS TO FEDERAL ALTERNATIVE REFUELING**
5 **STATIONS.**

6 (a) DEFINITIONS.—In this section:
7 (1) ALTERNATIVE FUEL REFUELING STA-
8 TION.—The term ''alternative fuel refueling station''
9 has the meaning given the term ''qualified alter-
10 native fuel vehicle refueling property'' in section
11 30C(c)(1) of the Internal Revenue Code of 1986.
12 (2) SECRETARY.—The term ''Secretary'' means
13 the Secretary of Energy.
14 (b) ACCESS.—Not later than 18 months after the
15 date of enactment of this Act—
16 (1) except as provided in subsection (d)(1), any
17 Federal property that includes at least 1 fuel refuel-
18 ing station shall include at least 1 alternative fuel
19 refueling station; and
20 (2) except as provided in subsection (d)(2), any
21 alternative fuel refueling station located on property
22 owned by the Federal Government shall permit full
23 public access for the purpose of refueling using al-
24 ternative fuel.

1 (c) DURATION.—The requirements described in sub-
2 section (b) shall remain in effect until the earlier of—
3 (1) the date that is 7 years after the date of en-
4 actment of this Act; or
5 (2) the date on which the Secretary determines
6 that not less than 5 percent of the commercial re-
7 fueling infrastructure in the United States offers al-
8 ternative fuels to the general public.
9 (d) EXCEPTIONS.—
10 (1) WAIVER.—Subsection (b)(1) shall not apply
11 to any Federal property under the jurisdiction of a
12 Federal agency if the Secretary determines that al-
13 ternative fuel is not reasonably available to retail
14 purchasers of the fuel, as certified by the head of
15 the agency to the Secretary.
16 (2) NATIONAL SECURITY EXEMPTION.—Sub-
17 section (b)(2) shall not apply to property of the Fed-
18 eral government that the Secretary, in consultation
19 with the Secretary of Defense, has certified must be
20 exempt for national security reasons.
21 (3) SAFETY EXEMPTION.—Subsection (b)(2)
22 shall not apply to property of the Federal govern-
23 ment that the Secretary determines poses a safety
24 hazard to the general public.

1 (e) VERIFICATION OF COMPLIANCE.—The Secretary
2 shall—
3 (1) monitor compliance with this section by all
4 Federal agencies; and
5 (2) annually submit to Congress a report de-
6 scribing the extent of compliance with this section.

7 Subtitle G—Measures to Empower 8 Drivers to Realize Improved 9 Fuel Economy

10 SEC. 261. IMPROVED LABELING ON NEW VEHICLE WINDOW 11 STICKERS.

12 (a) IN GENERAL.—The Administrator of the Envi-
13 ronmental Protection Agency (referred to in this section
14 as the ''Administrator''), in consultation with the Sec-
15 retary of Transportation, shall, as appropriate, use exist-
16 ing emission test cycles and updated adjustment factors
17 to update and revise the process used to determine fuel
18 economy values for labeling purposes as described in sec-
19 tions 600.209-85 and 600.209-95 of title 40, Code of Fed-
20 eral Regulations (or successor regulations) to take into
21 consideration current factors, such as—
22 (1) speed limits;
23 (2) acceleration rates;
24 (3) braking;
25 (4) variations in weather and temperature;

1 (5) vehicle load;
2 (6) use of air conditioning;
3 (7) driving patterns; and
4 (8) the use of other fuel-consuming features.
5 (b) DEADLINE.—In carrying out subsection (a), the
6 Administrator shall—
7 (1) issue a notice of proposed rulemaking not
8 later than 90 days after the date of enactment of
9 this Act; and
10 (2) promulgate a final rule not later than 180
11 days after the date on which the notice under para-
12 graph (1) is issued.
13 (c) COMPLEMENTARY CONSUMER INFORMATION.—
14 The Administrator, using the most recent data available
15 to the Administrator, shall augment fuel economy labels
16 to provide easily understandable information on the safety
17 rating and air pollution and climate change impacts of a
18 new vehicle as compared to the safety ratings and climate
19 change impacts of other comparable vehicles.
20 (d) REEVALUATION AND REPORT.—Not later than 3
21 years after the date of promulgation of the final rule under
22 subsection (b)(2), and triennially thereafter, the Adminis-
23 trator shall—
24 (1) reevaluate the fuel economy labeling proce-
25 dures described in subsections (a) and (c) to deter-

1 mine whether changes in the factors used to estab-
2 lish the labeling procedures warrant a revision of
3 that process; and

4 (2) submit to the Committee on Commerce,
5 Science, and Transportation of the Senate and the
6 Committee on Energy and Commerce of the House
7 of Representatives a report that describes the results
8 of the reevaluation process.

9 **SEC. 262. TIRE EFFICIENCY LABELING PROGRAM.**

10 (a) STANDARDS FOR TIRES MANUFACTURED FOR
11 INTERSTATE COMMERCE.—Section 30123(b) of title 49,
12 United States Code, is amended to read as follows:

13 "(b) TIRE GRADING AND MARKETING.—

14 "(1) UNIFORM QUALITY GRADING SYSTEM.—

15 "(A) IN GENERAL.—The Secretary shall
16 prescribe, by regulation, a uniform quality grad-
17 ing system for motor vehicle tires to assist con-
18 sumers to make informed decisions when pur-
19 chasing tires.

20 "(B) INCLUSION.—The grading system es-
21 tablished pursuant to subparagraph (A) shall
22 include standards for rating the fuel efficiency
23 of tires designed for use on vehicles.

24 "(2) NOMENCLATURE AND MARKETING PRAC-
25 TICES.—The Secretary shall cooperate with industry

1 and the Federal Trade Commission to the greatest
2 extent practicable to eliminate deceptive and con-
3 fusing tire nomenclature and marketing practices.

4 "(3) EFFECT OF STANDARDS AND REGULA-
5 TIONS.—A tire standard or regulation prescribed
6 pursuant to this chapter supercedes an order or ad-
7 ministrative interpretation of the Commission.".

8 (b) NATIONAL TIRE FUEL EFFICIENCY PROGRAM.—

9 (1) IN GENERAL.—Chapter 329 of title 49,
10 United States Code, is amended by adding at the
11 end the following:

12 **"§ 32920. National tire fuel economy program**

13 "(a) DEFINITION.—In this section, the term 'fuel
14 economy', with respect to a tire, means the extent to which
15 the tire contributes to the reduction in fuel usage of the
16 motor vehicle on which the tire is mounted.

17 "(b) PROGRAM.—The Secretary shall establish a na-
18 tional tire fuel economy program for vehicle tires.

19 "(c) REQUIREMENTS.—Not later than March 31,
20 2008, the Secretary shall issue regulations, which estab-
21 lish—

22 "(1) policies and procedures for testing and la-
23 beling tires for fuel economy to enable tire buyers to
24 make informed purchasing decisions about the fuel
25 economy of tires;

1 "(2) policies and procedures to promote the
2 purchase of energy efficient replacement tires, in-
3 cluding—
4 "(A) purchase incentives;
5 "(B) website listings on the Internet;
6 "(C) printed fuel economy guide booklets;
7 and
8 "(D) mandatory requirements for tire re-
9 tailers to provide tire buyers with fuel efficiency
10 information on tires; and
11 "(3) minimum fuel economy standards for tires.
12 "(d) MINIMUM FUEL ECONOMY STANDARDS.—In
13 promulgating minimum fuel economy standards for tires,
14 the Secretary shall develop standards that—
15 "(1) ensure, in conjunction with the require-
16 ments under subsection (c)(2), that the average fuel
17 economy of replacement tires is not less than the av-
18 erage fuel economy of tires sold as original equip-
19 ment;
20 "(2) secure the maximum technically feasible
21 and cost-effective fuel savings;
22 "(3) do not adversely affect tire safety;
23 "(4) incorporate the results from—
24 "(A) laboratory testing; and

1 "(B) to the extent appropriate and available, on-road fleet testing programs conducted by manufacturers; and

4 "(5) do not adversely affect efforts to manage scrap tires.

6 "(e) APPLICABILITY.—The policies, procedures, and standards developed under subsection (c) shall apply to all tire types and models regulated under the uniform tire quality grading standards in section 575.104 of title 49, Code of Federal Regulations, as in effect on the date of the enactment of this section.

12 "(f) REVIEW.—

13 "(1) IN GENERAL.—Not less than once every 3 years, the Secretary shall—

15 "(A) review the minimum fuel economy standards in effect for tires under this subsection; and

18 "(B) subject to paragraph (2), revise the standards as necessary to ensure compliance with standards described in subsection (d).

21 "(2) LIMITATION.—The Secretary may not reduce the average fuel economy standards applicable to replacement tires.

24 "(g) NO PREEMPTION OF STATE LAW.—Nothing in this section shall be construed to preempt any provision

1 of State law relating to higher fuel economy standards ap-
2 plicable to replacement tires designed for use on vehicles.

3 ''(h) EXCEPTIONS.—Nothing in this section shall
4 apply to—

5 ''(1) a tire or group of tires with the same stock
6 keeping unit, plant, and year, for which the volume
7 of tires produced or imported is less than 15,000 an-
8 nually;

9 ''(2) a deep tread, winter-type snow tire, space-
10 saver tire, or temporary use spare tire;

11 ''(3) a tire with a normal rim diameter of 12
12 inches or less;

13 ''(4) a motorcycle tire; or

14 ''(5) a tire manufactured specifically for use in
15 an off-road motorized recreational vehicle.

16 ''(i) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated, for each of fiscal years
18 2007 through 2011, such sums as may be necessary to
19 carry out this section.''.

20 (2) CLERICAL AMENDMENT.—The table of sec-
21 tions for chapter 329 of title 49, United States
22 Code, is amended by adding after the item relating
23 to section 32919 the following:

''Sec. 32920. National tire fuel economy program.''.

24 (c) CONFORMING AMENDMENT.—Section
25 30103(b)(1) of title 49, United States Code, is amended

1 by striking ''When'' and inserting ''Except as provided in
2 section 30920, if''.
3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect on March 31, 2008.

5 **SEC. 263. NEW VEHICLE OPTIONS TO EMPOWER DRIVERS**
6 **TO REDUCE FUEL USE.**

7 Not later than 18 months after the date of the enact-
8 ment of this Act, the Secretary of Transportation, in con-
9 sultation with the Administrator of the Environmental
10 Protection Agency, shall promulgate regulations to re-
11 quire, beginning in 2010, that original equipment manu-
12 facturers of all new on-highway motor vehicles sold in the
13 United States provide purchasers with the vehicle options
14 that will—
15 (1) use on-board electronic instruments to pro-
16 vide real-time fuel consumption data;
17 (2) use on-board electronic instruments to sig-
18 nal a driver when inadequate tire pressure is affect-
19 ing vehicle safety or fuel economy; and
20 (3) a device that will allow drivers to voluntarily
21 place their vehicle in a mode that will automatically
22 produce greater fuel economy.

23 **SEC. 264. IDLING REDUCTION TAX CREDIT.**

24 (a) IN GENERAL.—Subpart D of part IV of sub-
25 chapter A of chapter 1 of the Internal Revenue Code of

1986 (relating to business-related credits), as amended by this Act, is amended by adding at the end the following new section:

"SEC. 45O. IDLING REDUCTION CREDIT.

"(a) GENERAL RULE.—For purposes of section 38, the idling reduction tax credit determined under this section for the taxable year is an amount equal to 25 percent of the amount paid or incurred for each qualifying idling reduction device placed in service by the taxpayer during the taxable year.

"(b) LIMITATION.—The maximum amount allowed as a credit under subsection (a) shall not exceed $1,000 per device.

"(c) DEFINITIONS.—For purposes of subsection (a)—

"(1) QUALIFYING IDLING REDUCTION DEVICE.—The term 'qualifying idling reduction device' means any device or system of devices that—

"(A) is installed on a heavy-duty diesel-powered on-highway vehicle,

"(B) is designed to provide to such vehicle those services (such as heat, air conditioning, or electricity) that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary,

1 “(C) the original use of which commences
2 with the taxpayer,
3 “(D) is acquired for use by the taxpayer
4 and not for resale, and
5 “(E) is certified by the Secretary of En-
6 ergy, in consultation with the Administrator of
7 the Environmental Protection Agency and the
8 Secretary of Transportation, to reduce long-du-
9 ration idling of such vehicle at a motor vehicle
10 rest stop or other location where such vehicles
11 are temporarily parked or remain stationary.
12 “(2) HEAVY-DUTY DIESEL-POWERED ON-HIGH-
13 WAY VEHICLE.—The term ‘heavy-duty diesel-pow-
14 ered on-highway vehicle’ means any vehicle, ma-
15 chine, tractor, trailer, or semi-trailer propelled or
16 drawn by mechanical power and used upon the high-
17 ways in the transportation of passengers or prop-
18 erty, or any combination thereof determined by the
19 Federal Highway Administration.
20 “(3) LONG-DURATION IDLING.—The term ‘long-
21 duration idling’ means the operation of a main drive
22 engine, for a period greater than 15 consecutive
23 minutes, where the main drive engine is not engaged
24 in gear. Such term does not apply to routine stop-

1 pages associated with traffic movement or conges-
2 tion.

3 ''(d) NO DOUBLE BENEFIT.—For purposes of this
4 section—

5 ''(1) REDUCTION IN BASIS.—If a credit is de-
6 termined under this section with respect to any
7 property by reason of expenditures described in sub-
8 section (a), the basis of such property shall be re-
9 duced by the amount of the credit so determined.

10 ''(2) OTHER DEDUCTIONS AND CREDITS.—No
11 deduction or credit shall be allowed under any other
12 provision of this chapter with respect to the amount
13 of the credit determined under this section.

14 ''(e) ELECTION NOT TO CLAIM CREDIT.—This sec-
15 tion shall not apply to a taxpayer for any taxable year
16 if such taxpayer elects to have this section not apply for
17 such taxable year.

18 ''(f) TERMINATION.—This section shall not apply
19 with respect to any property placed in service after Decem-
20 ber 31, 2014.''.

21 (b) CREDIT TO BE PART OF GENERAL BUSINESS
22 CREDIT.—Subsection (b) of section 38 of the Internal
23 Revenue Code of 1986 (relating to general business cred-
24 it), as amended by this Act, is amended by striking ''plus''
25 at the end of paragraph (30), by striking the period at

1 the end of paragraph (31) and inserting '', plus'' , and
2 by adding at the end the following new paragraph:
3 ''(32) the idling reduction tax credit determined
4 under section 45O(a).''.
5 (c) CONFORMING AMENDMENTS.—
6 (1) The table of sections for subpart D of part
7 IV of subchapter A of chapter 1 of the Internal Rev-
8 enue Code of 1986, as amended by this Act, is
9 amended by inserting after the item relating to sec-
10 tion 45N the following new item:

''Sec. 45O. Idling reduction credit''.

11 (2) Section 1016(a) of such Code, as amended
12 by this Act, is amended by striking ''and'' at the end
13 of paragraph (37), by striking the period at the end
14 of paragraph (38) and inserting '', and'', and by
15 adding at the end the following:
16 ''(39) in the case of a facility with respect to
17 which a credit was allowed under section 45O, to the
18 extent provided in section 45O(d)(1).
19 ''(40) Section 6501(m) of such Code is amend-
20 ed by inserting '45O(e),' after '45D(c)(4),'.''.
21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2006.
24 (e) DETERMINATION OF CERTIFICATION STANDARDS
25 BY SECRETARY OF ENERGY FOR CERTIFYING IDLING RE-

1 DUCTION DEVICES.—Not later than 6 months after the
2 date of the enactment of this Act and in order to reduce
3 air pollution and fuel consumption, the Secretary of En-
4 ergy, in consultation with the Administrator of the Envi-
5 ronmental Protection Agency and the Secretary of Trans-
6 portation, shall publish the standards under which the
7 Secretary, in consultation with the Administrator of the
8 Environmental Protection Agency and the Secretary of
9 Transportation, will, for purposes of section 45O of the
10 Internal Revenue Code of 1986 (as added by this section),
11 certify the idling reduction devices which will reduce long-
12 duration idling of vehicles at motor vehicle rest stops or
13 other locations where such vehicles are temporarily parked
14 or remain stationary in order to reduce air pollution and
15 fuel consumption.

16 Subtitle H—Providing Consumers 17 With Additional Advanced Tech- 18 nology Vehicle Purchase Incen- 19 tives

20 SEC. 271. EXPANSION AND EXTENSION OF ALTERNATIVE 21 MOTOR VEHICLE CREDIT.

22 (a) INCREASES IN CREDIT.—
23 (1) NEW QUALIFIED FUEL CELL MOTOR VEHI-
24 CLE.—Subsection (b) of section 30B of the Internal

1 Revenue Code of 1986 (relating to new qualified fuel
2 cell motor vehicle credit) is amended—
3 (A) in paragraph (1)—
4 (i) by striking “$8,000 ($4,000” in
5 subparagraph (A) and inserting “$16,000
6 ($8,000”;
7 (ii) by striking “$10,000” in subpara-
8 graph (B) and inserting “$20,000”;
9 (iii) by striking “$20,000” in sub-
10 paragraph (C) and inserting “$40,000”;
11 and
12 (iv) by striking “$40,000” in subpara-
13 graph (D) and inserting “$80,000”; and
14 (B) in paragraph (2)(A)—
15 (i) by striking “$1,000” in clause (i)
16 and inserting “$2,000”;
17 (ii) by striking “$1,500” in clause (ii)
18 and inserting “$3,000”;
19 (iii) by striking “$2,000” in clause
20 (iii) and inserting “$4,000”;
21 (iv) by striking “$2,500” in clause
22 (iv) and inserting “$5,000”;
23 (v) by striking “$3,000” in clause (v)
24 and inserting “$6,000”;

1 (vi) by striking "$3,500" in clause
2 (vi) and inserting "$7,000"; and
3 (vii) by striking "$4,000" in clause
4 (vii) and inserting "$8,000".
5 (2) NEW ADVANCED LEAN BURN TECHNOLOGY
6 MOTOR VEHICLE.—
7 (A) FUEL ECONOMY.—The table in clause
8 (i) of section 30B(c)(2)(A) of such Code (relat-
9 ing to fuel economy) is amended—
10 (i) by striking "$400" and inserting
11 "$800";
12 (ii) by striking "$800" and inserting
13 "$1,600";
14 (iii) by striking "$1,200" and insert-
15 ing "$2,400";
16 (iv) by striking "$1,600" and insert-
17 ing "$3,200";
18 (v) by striking "$2,000" and inserting
19 "$4,000"; and
20 (vi) by striking "$2,400" and insert-
21 ing "$4,800".
22 (B) CONSERVATION.—The table in sub-
23 paragraph (B) of section 30B(c)(2) of such
24 Code (relating to conservation credit) is amend-
25 ed—

1 (i) by striking ‘‘$250’’ and inserting
2 ‘‘$500’’;
3 (ii) by striking ‘‘$500’’ and inserting
4 ‘‘$1,000’’;
5 (iii) by striking ‘‘$750’’ and inserting
6 ‘‘$1,500’’; and
7 (iv) by striking ‘‘$1,000’’ and insert-
8 ing ‘‘$2,000’’.
9 (b) EXPANSION OF NUMBER OF NEW QUALIFIED
10 HYBRID AND ADVANCED LEAN BURN TECHNOLOGY VE-
11 HICLES ELIGIBLE FOR CREDIT.—Paragraph (2) of section
12 30B(f) of the Internal Revenue Code of 1986 (relating to
13 phaseout) is amended—
14 (1) by striking ‘‘the period’’ and inserting ‘‘any
15 period’’,
16 (2) by striking ‘‘United States after December
17 31, 2005, is at least 60,000’’ and inserting ‘‘United
18 States is—
19 ‘‘(A) after December 31, 2005, at least
20 60,000, and
21 ‘‘(B) after December 31, 2008, and before
22 January 1, 2013, 60,000.’’, and
23 (3) by adding at the end the following new sen-
24 tence: ‘‘For purposes of the preceding sentence, the
25 Secretary may extend the time period through 2014

1 if the Secretary determines that market conditions
2 merit such action.''.
3 (c) EXTENSION.—Section 30B(j) of the Internal Rev-
4 enue Code of 1986 (relating to termination) is amended—
5 (1) by striking ''December 31, 2010'' both
6 places it appears and inserting ''December 31,
7 2014'', and
8 (2) by striking ''December 31, 2009'' in para-
9 graph (3) and inserting ''December 31, 2014''.
10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect as if included in the amend-
12 ments made by section 1341(a) of the Energy Policy Act
13 of 2005.

14 **SEC. 272. PLUG-IN HYBRID MOTOR VEHICLE TAX CREDIT.**

15 (a) IN GENERAL.—Section 30B of the Internal Rev-
16 enue Code of 1986 is amended by redesignating sub-
17 sections (i) and (j) as subsections (j) and (k), respectively,
18 and by inserting after subsection (h) the following new
19 subsection:
20 ''(i) NEW PLUG-IN HYBRID MOTOR VEHICLE CRED-
21 IT.—
22 ''(1) IN GENERAL.—For purposes of subsection
23 (a), the new plug-in hybrid motor vehicle credit de-
24 termined under this subsection with respect to a new
25 qualified plug-in hybrid motor vehicle or new quali-

1 fied flexible-fuel plug-in hybrid motor vehicle placed
2 in service by the taxpayer during the taxable year
3 is—

4 "(A) $3,000, if such vehicle is a new quali-
5 fied plug-in hybrid motor vehicle with a gross
6 vehicle weight rating of not more than 8,500
7 pounds, and

8 "(B) $3,150, if such vehicle is a new quali-
9 fied flexible-fuel plug-in hybrid motor vehicle
10 with a gross vehicle weight rating of not more
11 than 8,500 pounds.

12 "(2) INCREASE FOR FUEL EFFICIENCY.—

13 "(A) IN GENERAL.—The amount deter-
14 mined under paragraph (1)(A) with respect to
15 a new qualified plug-in hybrid motor vehicle or
16 new qualified flexible-fuel plug-in hybrid motor
17 vehicle which is a passenger automobile or light
18 truck shall be increased by—

19 "(i) $1,000 if such vehicle achieves at
20 least 250 percent but less than 250 per-
21 cent of the 2002 model year city fuel econ-
22 omy,

23 "(ii) $1,500 if such vehicle achieves at
24 least 250 percent but less than 275 per-

1 cent of the 2002 model year city fuel econ-
2 omy,
3 ‘‘(iii) $2,000 if such vehicle achieves
4 at least 275 percent but less than 300 per-
5 cent of the 2002 model year city fuel econ-
6 omy,
7 ‘‘(iv) $2,500 if such vehicle achieves
8 at least 300 percent but less than 325 per-
9 cent of the 2002 model year city fuel econ-
10 omy, and
11 ‘‘(v) $3,000 if such vehicle achieves at
12 least 325 percent of the 2002 model year
13 city fuel economy,
14 ‘‘(B) 2002 MODEL YEAR CITY FUEL ECON-
15 OMY.—For purposes of subparagraph (A), the
16 2002 model year city fuel economy with respect
17 to a vehicle shall be determined using the tables
18 provided in subsection (b)(2)(B).
19 ‘‘(3) NEW QUALIFIED PLUG-IN HYBRID MOTOR
20 VEHICLE.—For purposes of this subsection, the term
21 ‘new qualified plug-in hybrid motor vehicle’ means a
22 motor vehicle—
23 ‘‘(A) which is propelled by an internal
24 combustion engine or heat engine using —
25 ‘‘(i) any combustible fuel,

1 ''(ii) an on-board, rechargeable storage device, and

3 ''(iii) a means of using an off-board source of electricity,

5 ''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

14 ''(C) the original use of which commences with the taxpayer,

16 ''(D) which is acquired for use or lease by the taxpayer and not for resale, and

18 ''(E) which is made by a manufacturer.

19 ''(4) NEW QUALIFIED FLEXIBLE-FUEL PLUG-IN HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified flexible-fuel plug-in hybrid motor vehicle' means a motor vehicle—

23 ''(A) which is propelled by an internal combustion engine or heat engine using—

1 ‘‘(i) an on-board, rechargeable storage
2 device, and
3 ‘‘(ii) a means of using an off-board
4 source of electricity,
5 ‘‘(B) which is warrantied by its manufac-
6 turer to operate on any combination of gasoline
7 and a fuel blend containing up to 85 percent
8 ethanol and 15 percent gasoline by volume
9 (E85),
10 ‘‘(C) which, in the case of a passenger
11 automobile or light truck, has received on or
12 after the date of the enactment of this section
13 a certificate that such vehicle meets or exceeds
14 the Bin 5 Tier II emission level established in
15 regulations prescribed by the Administrator of
16 the Environmental Protection Agency under
17 section 202(i) of the Clean Air Act for that
18 make and model year vehicle,
19 ‘‘(D) the original use of which commences
20 with the taxpayer,
21 ‘‘(E) which is acquired for use or lease by
22 the taxpayer and not for resale, and
23 ‘‘(F) which is made by a manufacturer.’’.
24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 30B(a) of the Internal Revenue
2 Code of 1986 is amended by striking ''and'' at the
3 end of paragraph (3), by striking the period at the
4 end of paragraph (4) and inserting '', and'', and by
5 adding at the end the following new paragraph:

6 ''(5) the new plug-in hybrid motor vehicle credit
7 determined under subsection (i).''.

8 (2) Section 30B(k)(2) of such Code, as redesig-
9 nated by subsection (a), is amended by striking ''or''
10 and inserting a comma and by inserting '', a new
11 qualified plug-in hybrid motor vehicle (as described
12 in subsection (i)(3)), or a new qualified flexible-fuel
13 plug-in hybrid motor vehicle (as described in sub-
14 section (i)(4))'' after ''subsection (d)(2)(A))''.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to property placed in service after
17 the date of the enactment of this Act, in taxable years
18 ending after such date.

19 Subtitle I—Tax Incentives for Fuel 20 Efficient Private Fleets

21 SEC. 281. TAX CREDIT FOR FUEL-EFFICIENT FLEETS.

22 (a) IN GENERAL.—Subpart E of part IV of sub-
23 chapter A of chapter 1 of the Internal Revenue Code of
24 1986 is amended by inserting after section 48B the fol-
25 lowing new section:

1 **"SEC. 48C. FUEL-EFFICIENT FLEET CREDIT.**

2 "(a) GENERAL RULE.—For purposes of section 46,
3 the fuel-efficient fleet credit for any taxable year is 15 per-
4 cent of the qualified fuel-efficient vehicle investment
5 amount of an eligible taxpayer for such taxable year.

6 "(b) VEHICLE PURCHASE REQUIREMENT.—In the
7 case of any eligible taxpayer which places less than 10
8 qualified fuel-efficient vehicles in service during the tax-
9 able year, the qualified fuel-efficient vehicle investment
10 amount shall be zero.

11 "(c) QUALIFIED FUEL-EFFICIENT VEHICLE INVEST-
12 MENT AMOUNT.—For purposes of this section—

13 "(1) IN GENERAL.—The term 'qualified fuel-ef-
14 ficient vehicle investment amount' means the basis
15 of any qualified fuel-efficient vehicle placed in serv-
16 ice by an eligible taxpayer during the taxable year.

17 "(2) QUALIFIED FUEL-EFFICIENT VEHICLE.—

18 "(A) IN GENERAL.—The term 'qualified
19 fuel-efficient vehicle' means an vehicle which
20 has a fuel economy which is at least 150 per-
21 cent greater than the average fuel economy
22 standard for an vehicle of the same class and
23 model year.

24 "(B) CERTAIN VEHICLES EXCLUDED.—
25 Such term shall not include any vehicle for

1 which a credit is allowed to the eligible taxpayer
2 under section 30 or 30B.

3 "(3) OTHER TERMS.—The terms 'vehicle', 'av-
4 erage fuel economy standard', 'fuel economy', and
5 'model year' have the meanings given to such terms
6 under section 32901 of title 49, United States Code.

7 "(d) ELIGIBLE TAXPAYER.—The term 'eligible tax-
8 payer' means, with respect to any taxable year, a taxpayer
9 who owns a fleet of 100 or more vehicles which are used
10 in the trade or business of the taxpayer on the first day
11 of such taxable year.

12 "(e) TERMINATION.—This section shall not apply to
13 any vehicle placed in service after December 31, 2010.".

14 (b) CREDIT TREATED AS PART OF INVESTMENT
15 CREDIT.—Section 46 of the Internal Revenue Code of
16 1986 is amended by striking "and" at the end of para-
17 graph (3), by striking the period at the end of paragraph
18 (4) and inserting ", and," and by adding at the end the
19 following new paragraph:

20 "(5) the fuel-efficient fleet credit.".

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 49(a)(1)(C) of the Internal Revenue
23 Code of 1986 is amended by striking "and" at the
24 end of clause (iii), by striking the period at the end

1 of clause (iv) and inserting ", and," and by adding
2 at the end the following new clause:
3 "(v) the basis of any qualified fuel-ef-
4 ficient vehicle which is taken into account
5 under section 48C.".
6 (2) The table of sections for subpart E of part
7 IV of subchapter A of chapter 1 of such Code is
8 amended by inserting after the item relating to sec-
9 tion 48 the following new item:

"Sec. 48C. Fuel-efficient fleet credit.".

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to periods after December 31,
12 2005, in taxable years ending after such date, under rules
13 similar to the rules of section 48(m) of the Internal Rev-
14 enue Code of 1986 (as in effect on the day before the date
15 of the enactment of the Revenue Reconciliation Act of
16 1990).

17 TITLE III— ACCELERATING 18 CLEAN FUELS AND ELECTRICITY

19 Subtitle A—Guaranteeing a Min- 20 imum Level of Renewable Elec- 21 tricity Generation

22 SEC. 301. RENEWABLE PORTFOLIO STANDARD.

23 The Public Utility Regulatory Policies Act of 1978
24 (16 U.S.C. 2601 et seq.) is amended by adding at the end
25 of title VI the following:

1 **"SEC. 610. FEDERAL RENEWABLE PORTFOLIO STANDARD.**

2 "(a) DEFINITIONS.—In this section:

3 "(1) BASE AMOUNT OF ELECTRICITY.—The
4 term 'base amount of electricity' means the total
5 amount of electricity sold by an electric utility to
6 electric consumers in a calendar year, excluding—

7 "(A) electricity generated by a hydro-
8 electric facility (including a pumped storage fa-
9 cility but excluding incremental hydropower);
10 and

11 "(B) electricity generated through the in-
12 cineration of municipal solid waste.

13 "(2) DISTRIBUTED GENERATION FACILITY.—
14 The term 'distributed generation facility' means a
15 facility at a customer site.

16 "(3) EXISTING RENEWABLE ENERGY.—The
17 term 'existing renewable energy' means, except as
18 provided in paragraph (7)(B), electric energy gen-
19 erated at a facility (including a distributed genera-
20 tion facility) placed in service prior to the date of
21 enactment of this section from—

22 "(A) solar, wind, or geothermal energy;

23 "(B) ocean energy;

24 "(C) biomass (as defined in section 203(b)
25 of the Energy Policy Act of 2005 (42 U.S.C.
26 15852(b))); or

1 ‘‘(D) landfill gas.
2 ‘‘(4) GEOTHERMAL ENERGY.—The term ‘geo-
3 thermal energy’ means energy derived from a geo-
4 thermal deposit (within the meaning of section
5 613(e)(2) of the Internal Revenue Code of 1986).
6 ‘‘(5) INCREMENTAL GEOTHERMAL PRODUC-
7 TION.—
8 ‘‘(A) IN GENERAL.—The term ‘incremental
9 geothermal production’ means, for any year, the
10 difference between—
11 ‘‘(i) the total kilowatt hours of elec-
12 tricity produced from a facility (including a
13 distributed generation facility) using geo-
14 thermal energy, and
15 ‘‘(ii) the average annual kilowatt
16 hours produced at the facility for 5 of the
17 7 calendar years preceding the date of en-
18 actment of this section after eliminating
19 the highest and the lowest kilowatt hour
20 production years in that 7-year period.
21 ‘‘(B) SPECIAL RULE.—A facility described
22 in subparagraph (A) that was placed in service
23 at least 7 years before the date of enactment of
24 this section shall, beginning with the year in
25 which that date of enactment occurs, reduce the

1 amount calculated under subparagraph (A)(ii)
2 each year, on a cumulative basis, by the average
3 percentage decrease in the annual kilowatt hour
4 production for the 7-year period described in
5 subparagraph (A)(ii), the cumulative sum of
6 which shall not exceed 30 percent.
7 ''(6) INCREMENTAL HYDROPOWER.—
8 ''(A) IN GENERAL.—The term 'incremental
9 hydropower' means additional energy generated
10 as a result of efficiency improvements or capac-
11 ity additions made on or after the date of en-
12 actment of this section or the effective date of
13 an existing applicable State renewable portfolio
14 standard program at a hydroelectric facility
15 that was placed in service before that date.
16 ''(B) EXCLUSIONS.—The term 'incre-
17 mental hydropower' does not include additional
18 energy generated as a result of operational
19 changes not directly associated with efficiency
20 improvements or capacity additions.
21 ''(C) MEASUREMENT OF IMPROVEMENTS
22 AND ADDITIONS.—Efficiency improvements and
23 capacity additions referred to in subparagraph
24 (A) shall be measured on the basis of the same
25 water flow information used to determine a his-

1 toric average annual generation baseline for the
2 hydroelectric facility and certified by the Sec-
3 retary or the Federal Energy Regulatory Com-
4 mission.

5 "(7) NEW RENEWABLE ENERGY.—The term
6 'new renewable energy' means—

7 "(A) electric energy generated at a facility
8 (including a distributed generation facility)
9 placed in service on or after January 1, 2003,
10 from—

11 "(i) solar, wind, or geothermal energy
12 or ocean energy;

13 "(ii) biomass (as defined in section
14 203(b) of the Energy Policy Act of 2005
15 (42 U.S.C. 15852(b)));

16 "(iii) landfill gas; or

17 "(iv) incremental hydropower; and

18 "(B) for electric energy generated at a fa-
19 cility (including a distributed generation facil-
20 ity) placed in service before the date of enact-
21 ment of this section—

22 "(i) the additional energy above the
23 average generation in the 3 years pre-
24 ceding the date of enactment of this sec-
25 tion at the facility from—

1 "(I) solar or wind energy or
2 ocean energy;
3 "(II) biomass (as defined in sec-
4 tion 203(b) of the Energy Policy Act
5 of 2005 (42 U.S.C. 15852(b)));
6 "(III) landfill gas; or
7 "(IV) incremental hydropower;
8 and
9 "(ii) the incremental geothermal pro-
10 duction.
11 "(8) OCEAN ENERGY.—The term 'ocean energy'
12 includes current, wave, tidal, and thermal energy.
13 "(b) RENEWABLE ENERGY REQUIREMENT.—
14 "(1) REQUIREMENT.—
15 "(A) IN GENERAL.—Each electric utility
16 that sells electricity to electric consumers shall
17 obtain a percentage of the base amount of elec-
18 tricity the electric utility sells to electric con-
19 sumers in any calendar year from new renew-
20 able energy or existing renewable energy.
21 "(B) PERCENTAGES.—The percentage ob-
22 tained in a calendar year shall not be less than
23 the amount specified in the following table:

"Calendar year	Min. annual percentage
2008 through 2011	2.5
2012 through 2015	5.0

2016 through 2019	7.5
2020 through 2030	10.0

1 "(2) MEANS OF COMPLIANCE.—An electric util-
2 ity shall meet the requirements of paragraph (1)
3 by—
4 "(A) generating electric energy using new
5 renewable energy or existing renewable energy;
6 "(B) purchasing electric energy generated
7 by new renewable energy or existing renewable
8 energy;
9 "(C) purchasing renewable energy credits
10 issued under subsection (c); or
11 "(D) a combination of the foregoing.
12 "(c) RENEWABLE ENERGY CREDIT TRADING PRO-
13 GRAM.—
14 "(1) IN GENERAL.—Not later than January 1,
15 2007, the Secretary shall establish a renewable en-
16 ergy credit trading program to permit an electric
17 utility that does not generate or purchase enough
18 electric energy from renewable energy to meet its ob-
19 ligations under subsection (b)(1) to satisfy the re-
20 quirements by purchasing sufficient renewable en-
21 ergy credits.
22 "(2) RESPONSIBILITIES OF SECRETARY.—As
23 part of the program, the Secretary shall—

1 ''(A) issue renewable energy credits to gen-
2 erators of electric energy from new renewable
3 energy;
4 ''(B) sell renewable energy credits to elec-
5 tric utilities at the rate of 1.5 cents per kilo-
6 watt-hour (as adjusted for inflation under sub-
7 section (h));
8 ''(C) ensure that a kilowatt hour, including
9 the associated renewable energy credit, shall be
10 used only once for purposes of compliance with
11 this section; and
12 ''(D) allow double credits for generation
13 from facilities on Indian land, and triple credits
14 for generation from small renewable distributed
15 generators (meaning those no larger than 1
16 megawatt).
17 ''(3) USE OF CREDITS.—A credit under para-
18 graph (2)(A) may only be used for compliance with
19 this section for the 3-year period beginning on the
20 date of issuance of the credit.
21 ''(d) ENFORCEMENT.—
22 ''(1) CIVIL PENALTIES.—Any electric utility
23 that fails to meet the renewable energy requirements
24 of subsection (b) shall be subject to a civil penalty.

1 “(2) AMOUNT OF PENALTY.—The amount of
2 the civil penalty shall be determined by multiplying
3 the number of kilowatt-hours of electric energy sold
4 to electric consumers in violation of subsection (b)
5 by the greater of 1.5 cents (adjusted for inflation
6 under subsection (h)) or 200 percent of the average
7 market value of renewable energy credits during the
8 year in which the violation occurred.
9 “(3) MITIGATION OR WAIVER.—
10 “(A) IN GENERAL.—The Secretary may
11 mitigate or waive a civil penalty under this sub-
12 section if the electric utility was unable to com-
13 ply with subsection (b) for reasons outside of
14 the reasonable control of the utility.
15 “(B) REDUCTION OF AMOUNT.—The Sec-
16 retary shall reduce the amount of any penalty
17 determined under paragraph (2) by an amount
18 paid by the electric utility to a State for failure
19 to comply with the requirement of a State re-
20 newable energy program if the State require-
21 ment is greater than the applicable requirement
22 of subsection (b).
23 “(4) PROCEDURE FOR ASSESSING PENALTY.—
24 The Secretary shall assess a civil penalty under this
25 subsection in accordance with the procedures pre-

1 scribed by section 333(d) of the Energy Policy and
2 Conservation Act of 1954 (42 U.S.C. 6303).
3 "(e) STATE RENEWABLE ENERGY ACCOUNT PRO-
4 GRAM.—
5 "(1) IN GENERAL.—Not later than December
6 31, 2008, the Secretary shall establish a State re-
7 newable energy account program.
8 "(2) DEPOSIT OF AMOUNTS.—All funds col-
9 lected by the Secretary from the sale of renewable
10 energy credits and the assessment of civil penalties
11 under this section shall be deposited into the renew-
12 able energy account established pursuant to this
13 subsection.
14 "(3) MAINTENANCE OF ACCOUNT.—The State
15 renewable energy account shall be held by the Sec-
16 retary and shall not be transferred to the Treasury
17 Department.
18 "(4) USE OF AMOUNTS.—Proceeds deposited in
19 the State renewable energy account shall be used by
20 the Secretary, subject to appropriations, for a pro-
21 gram to provide grants to the State agency respon-
22 sible for developing State energy conservation plans
23 under section 362 of the Energy Policy and Con-
24 servation Act (42 U.S.C. 6322) for the purposes of
25 promoting renewable energy production, including

programs that promote technologies that reduce the use of electricity at customer sites such as solar water heating.

"(5) GUIDELINES AND CRITERIA.—The Secretary may issue guidelines and criteria for grants awarded under this subsection.

"(6) MAINTENANCE OF RECORDS AND EVIDENCE OF COMPLIANCE.—State energy offices receiving grants under this section shall maintain such records and evidence of compliance as the Secretary may require.

"(7) ALLOCATION OF FUNDS.—In allocating funds under this program, the Secretary shall give preference—

"(A) to States in regions that have a disproportionately small share of economically sustainable renewable energy generation capacity; and

"(B) to State programs to stimulate or enhance innovative renewable energy technologies.

"(f) RULES.—Not later than 1 year after the date of enactment of this section, the Secretary shall issue rules implementing this section.

"(g) EXEMPTIONS.—This section shall not apply in any calendar year to an electric utility that—

1 "(1) sold less than 4,000,000 megawatt-hours
2 of electric energy to electric consumers during the
3 preceding calendar year; or
4 "(2) is located in Hawaii.
5 "(h) INFLATION ADJUSTMENT.—Not later than De-
6 cember 31 of each year beginning in 2008, the Secretary
7 shall adjust for inflation the price of a renewable energy
8 credit under subsection (c)(2)(B) and the amount of the
9 civil penalty per kilowatt-hour under subsection (d)(2).
10 "(i) STATE PROGRAMS.—
11 "(1) IN GENERAL.—Nothing in this section
12 shall diminish any authority of a State or political
13 subdivision thereof to adopt or enforce any law or
14 regulation respecting renewable energy, but, except
15 as provided in subsection (d)(3), no such law or reg-
16 ulation shall relieve any person of any requirement
17 otherwise applicable under this section.
18 "(2) FEDERAL-STATE COORDINATION.—The
19 Secretary, in consultation with States having renew-
20 able energy programs, shall, to the maximum extent
21 practicable, facilitate coordination between the Fed-
22 eral program and State programs.
23 "(j) TERMINATION OF AUTHORITY.—This section
24 and the authority provided by this section terminate on
25 December 31, 2030.".

Subtitle B—Facilitating Home Energy Generation Through Net Metering and Interconnection Standards

SEC. 311. NET METERING.

(a) ADOPTION OF STANDARD.—Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by striking paragraph (11) and inserting the following:

"(11) NET METERING.—

"(A) IN GENERAL.—On the request of any electric consumer served by an electric utility, the electric utility shall make available to the electric consumer net metering as provided in section 115(j).

"(B) CONSIDERATION BY STATE REGULATORY AUTHORITIES.—Notwithstanding subsections (b) and (c) of section 112, not later than 1 year after the date of enactment of this paragraph, a State regulatory authority may consider and make a determination concerning whether it is in the public interest to decline to implement subparagraph (A) in the State.

"(C) INCENTIVES.—Nothing in this paragraph precludes a State from establishing in-

1 centives to encourage on-site generating facili-
2 ties and net metering in addition to the require-
3 ment under this subsection.
4 ''(D) REPORTS.—Not later than 1 year
5 after the date of enactment of this paragraph
6 and annually thereafter, the Secretary shall
7 submit to Congress a report that—
8 ''(i) describes the status of implemen-
9 tation by the States of subparagraph (A);
10 ''(ii) contains a list of pre-approved
11 systems and equipment eligible for uniform
12 interconnection treatment; and
13 ''(iii) describes the public benefits that
14 have been derived from net metering and
15 interconnection standards.''.
16 (b) SPECIAL RULES FOR NET METERING.—Section
17 115 of the Public Utility Regulatory Policies Act of 1978
18 (16 U.S.C. 2625) is amended by adding at the end the
19 following:
20 ''(j) NET METERING.—
21 ''(1) DEFINITIONS.—In this subsection:
22 ''(A) ELIGIBLE ON-SITE GENERATING FA-
23 CILITY.—The term 'eligible on-site generating
24 facility' means—

1 "(i) a facility on the site of a residen-
2 tial electric consumer with a maximum
3 generating capacity of 25 kilowatts or less
4 that is fueled by solar energy, wind energy,
5 or fuel cells; and
6 "(ii) a facility on the site of a com-
7 mercial electric consumer with a maximum
8 generating capacity of 1000 kilowatts or
9 less that is fueled solely by a renewable en-
10 ergy resource, landfill gas, or a high-effi-
11 ciency system.
12 "(B) HIGH EFFICIENCY SYSTEM.—The
13 term 'high efficiency system' means a system
14 that is comprised of—
15 "(i) fuel cells; or
16 "(ii) combined heat and power.
17 "(C) NET METERING SERVICE.—The term
18 'net metering service' means service to an elec-
19 tric consumer, as provided in section
20 111(d)(11), under which electric energy gen-
21 erated by that electric consumer from an eligi-
22 ble on-site generating facility and delivered to
23 the local distribution facilities may be used to
24 offset electric energy provided by the electric

1 utility to the electric consumer during the applicable billing period.

3 "(D) RENEWABLE ENERGY RESOURCE.—The term 'renewable energy resource' means solar, wind, biomass, micro-freeflow-hydro, or geothermal energy.

7 "(2) NET METERING SERVICE.—For the purposes of undertaking the consideration and making the determination with respect to the standard concerning net metering established by section 111(d)(11), the term 'net metering service' means a service provided in accordance with this subsection.

13 "(3) CHARGES BY AN ELECTRIC UTILITY.—An electric utility—

15 "(A) shall charge the owner or operator of an on-site generating facility rates and charges that are identical to those that would be charged other electric consumers of the electric utility in the same rate class; and

20 "(B) shall not charge the owner or operator of an on-site generating facility any additional standby, capacity, interconnection, or other rate or charge.

24 "(4) MEASUREMENT OF QUANTITIES.—An electric utility that sells electric energy to the owner or

1 operator of an on-site generating facility shall meas-
2 ure the quantity of electric energy produced by the
3 on-site facility and the quantity of electric energy
4 consumed by the owner or operator of an on-site
5 generating facility during a billing period with a sin-
6 gle bi-directional meter or otherwise in accordance
7 with reasonable metering practices.

8 "(5) QUANTITY SOLD IN EXCESS OF QUANTITY
9 SUPPLIED.—If the quantity of electric energy sold
10 by the electric utility to an on-site generating facility
11 exceeds the quantity of electric energy supplied by
12 the on-site generating facility to the electric utility
13 during the billing period, the electric utility may bill
14 the owner or operator for the net quantity of electric
15 energy sold, in accordance with reasonable metering
16 practices.

17 "(6) QUANTITY SUPPLIED IN EXCESS OF QUAN-
18 TITY SOLD.—If the quantity of electric energy sup-
19 plied by the on-site generating facility to the electric
20 utility exceeds the quantity of electric energy sold by
21 the electric utility to the on-site generating facility
22 during the billing period—

23 "(A) the electric utility may bill the owner
24 or operator of the on-site generating facility for

1 the appropriate charges for the billing period in
2 accordance with paragraph (5); and
3 ‘‘(B) the owner or operator of the on-site
4 generating facility shall be credited for the ex-
5 cess kilowatt-hours generated during the billing
6 period with—
7 ‘‘(i) a kilowatt-hour credit appearing
8 on the bill for the following billing period;
9 or
10 ‘‘(ii) a cash refund.
11 ‘‘(7) COMPLIANCE WITH STANDARDS.—An eligi-
12 ble on-site generating facility and net metering sys-
13 tem used by an electric consumer shall meet all ap-
14 plicable safety, performance, reliability, and inter-
15 connection standards established by the National
16 Electrical Code, the Institute of Electrical and Elec-
17 tronics Engineers, and Underwriters Laboratories.
18 ‘‘(8) REQUIREMENTS.—The Commission, after
19 consideration of all applicable safety, performance,
20 reliability, and interconnection standards established
21 by the National Electrical Code, the Institute of
22 Electrical and Electronics Engineers, and Under-
23 writers Laboratories, and consultation with State
24 regulatory authorities and unregulated electric utili-
25 ties, and after notice and opportunity for comment,

1 shall promulgate additional control, testing, and
2 interconnection requirements for on-site generating
3 facilities and net metering systems that the Commis-
4 sion determines are necessary to protect public safe-
5 ty and system reliability.''.

6 Subtitle C—Long Term Extensions 7 and Expansions for Clean En- 8 ergy Incentives

9 SEC. 321. EXTENSION OF PRODUCTION TAX CREDIT FOR 10 ELECTRICITY PRODUCED FROM CERTAIN RE- 11 NEWABLE RESOURCES.

12 Section 45(d) of the Internal Revenue Code of 1986
13 (relating to qualified facilities) is amended by striking
14 ''2008'' each place it appears and inserting ''2015''.

15 SEC. 322. EXTENSION AND MODIFICATION OF INVESTMENT 16 TAX CREDIT WITH RESPECT TO SOLAR EN- 17 ERGY PROPERTY AND QUALIFIED FUEL CELL 18 PROPERTY.

19 (a) SOLAR ENERGY PROPERTY.—Paragraphs
20 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal
21 Revenue Code of 1986 are each amended by striking
22 ''2008'' and inserting ''2015''.

23 (b) ELIGIBLE FUEL CELL PROPERTY.—Paragraph
24 (1)(E) of section 48(c) of the Internal Revenue Code of

1 1986 is amended by striking ‘‘2007’’ and inserting
2 ‘‘2014’’.

3 (c) CREDITS ALLOWED AGAINST THE ALTERNATIVE
4 MINIMUM TAX.—

5 (1) IN GENERAL.—Section 38(c)(4)(B) of the
6 Internal Revenue Code of 1986 (defining specified
7 credits), as amended by this Act, is amended by
8 striking the period at the end of clause (iii) and in-
9 serting ‘‘, and,’’ and by adding at the end the fol-
10 lowing new clause:

11 ‘‘(iv) the portion of the investment
12 credit under section 46(2) as determined
13 under section 48(a)(2)(A)(i).’’.

14 (2) EFFECTIVE DATE.—The amendments made
15 by this subsection shall apply to taxable years begin-
16 ning after December 31, 2005.

17 (d) SOLAR INVESTMENT CREDIT ALLOWED FOR
18 PUBLIC UTILITY PROPERTY.—

19 (1) IN GENERAL.—The second sentence of sec-
20 tion 48(a)(3) of the Internal Revenue Code of 1986
21 is amended by inserting ‘‘(other than property de-
22 scribed in clause (i) or (ii) of subparagraph (A))’’
23 before ‘‘shall not’’.

24 (2) EFFECTIVE DATE.—The amendments made
25 by this subsection shall apply to periods after the

1 date of the enactment of this Act, in taxable years
2 ending after such date, under rules similar to the
3 rules of section 48(m) of the Internal Revenue Code
4 of 1986 (as in effect on the day before the date of
5 the enactment of the Revenue Reconciliation Act of
6 1990).

7 **SEC. 323. CREDIT FOR WIND ENERGY SYSTEMS.**

8 (a) RESIDENTIAL.—

9 (1) IN GENERAL.—Section 25D(a) of the Inter-
10 nal Revenue Code of 1986 is amended by striking
11 ''and'' at the end of paragraph (2), by striking the
12 period at the end of paragraph (3) and inserting '',
13 and'', and by adding at the end the following new
14 paragraph:

15 ''(4) 30 percent of the qualified small wind en-
16 ergy property expenditures made by the taxpayer
17 during such year.''.

18 (2) LIMITATION.—Section 25D(b)(1) of the In-
19 ternal Revenue Code of 1986 is amended by striking
20 ''and'' at the end of subparagraph (B), by striking
21 the period at the end of subparagraph (A) and in-
22 serting '', and'', and by adding at the end the fol-
23 lowing new subparagraph:

24 ''(D) $500 with respect to each half kilo-
25 watt of capacity (not to exceed $2,000) of

1 qualifying wind turbines for which qualified
2 small wind energy property expenditures are
3 made.''.
4 (3) QUALIFIED SMALL WIND ENERGY PROP-
5 ERTY EXPENDITURES.—Section 25D(d) of the Inter-
6 nal Revenue Code of 1986 is amended by adding at
7 the end the following new paragraph:
8 ''(4) QUALIFIED SMALL WIND ENERGY PROP-
9 ERTY EXPENDITURE.—
10 ''(A) IN GENERAL.—The term 'qualified
11 wind energy property expenditure' means an ex-
12 penditure for property which uses a qualifying
13 wind turbine to generate electricity for use in
14 connection with a dwelling unit located in the
15 United States and used as a residence by the
16 taxpayer.
17 ''(B) QUALIFYING WIND TURBINE.—The
18 term 'qualifying wind turbine' means a wind
19 turbine of 100 kilowatts of rated capacity or
20 less which meets the latest performance rating
21 standards published by the American Wind En-
22 ergy Association and which is used to generate
23 electricity and carries at least a 5-year limited
24 warranty covering defects in design, material,
25 or workmanship, and, for property that is not

1 installed by the taxpayer, at least a 5-year lim-
2 ited warranty covering defects in installation.''.
3 (b) BUSINESS.—Section 48(a)(3)(A) of the Internal
4 Revenue Code of 1986 (defining energy property) is
5 amended by striking ''or'' at the end of clause (iii), by
6 adding ''or'' at the end of clause (iv), and by inserting
7 after clause (iv) the following new clause:
8 ''(v) qualifying wind turbine (as de-
9 fined in section 25D(d)(B)),''.
10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to property placed in service after
12 the date of the enactment of this Act, in taxable years
13 ending after such date.

14 **SEC. 324. EXPANSION OF RESOURCES TO WAVE, CURRENT,**
15 **TIDAL, AND OCEAN THERMAL ENERGY.**

16 (a) IN GENERAL.—Section 45(c)(1) of the Internal
17 Revenue Code of 1986 (defining qualified energy re-
18 sources) is amended by striking ''and'' at the end of sub-
19 paragraph (G), by striking the period at the end of sub-
20 paragraph (H) and inserting '', and'', and by adding at
21 the end the following new subparagraph:
22 ''(I) wave, current, tidal, and ocean ther-
23 mal energy.''

1 (b) DEFINITION OF RESOURCES.—Section 45(c) of
2 the Internal Revenue Code of 1986 is amended by adding
3 at the end the following new paragraph:
4 "(10) WAVE, CURRENT, TIDAL, AND OCEAN
5 THERMAL ENERGY.—The term 'wave, current, tidal,
6 and ocean thermal energy' means electricity pro-
7 duced from any of the following:
8 "(A) Free flowing ocean water derived
9 from tidal currents, ocean currents, waves, or
10 estuary currents.
11 "(B) Ocean thermal energy.
12 "(C) Free flowing water in rivers, lakes,
13 man made channels, or streams."
14 (c) FACILITIES.—Section 45(d) of the Internal Rev-
15 enue Code of 1986 is amended by adding at the end the
16 following new paragraph:
17 "(11) WAVE, CURRENT, TIDAL, AND OCEAN
18 THERMAL FACILITY.—In the case of a facility using
19 resources described in subparagraph (A), (B), or (C)
20 of subsection (c)(10) to produce electricity, the term
21 'qualified facility' means any facility owned by the
22 taxpayer which is originally placed in service after
23 the date of the enactment of this paragraph and be-
24 fore January 1, 2015, but such term shall not in-

clude a facility which includes impoundment structures or a small irrigation power facility.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 325. EXTENSION AND EXPANSION OF CREDIT TO HOLDERS OF CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Section 54(m) of the Internal Revenue Code of 1986 (relating to termination) is amended by striking ''2007'' and inserting ''2014''.

(b) ANNUAL VOLUME CAP FOR BONDS ISSUED DURING EXTENSION PERIOD.—Paragraph (1) of section 54(f) of the Internal Revenue Code of 1986 (relating to limitation on amount of bonds designated) is amended to read as follows:

''(1) NATIONAL LIMITATION.—

''(A) INITIAL NATIONAL LIMITATION.—With respect to bonds issued after December 31, 2005, and before January 1, 2008, there is a national clean renewable energy bond limitation of $800,000,000.

''(B) ANNUAL NATIONAL LIMITATION.—With respect to bonds issued after December 31, 2007, and before January 1, 2014, there is

1 a national clean renewable energy bond limita-
2 tion for each calendar year of $800,000,000.''.
3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to bonds issued after the date of
5 the enactment of this Act.

6 **SEC. 326. EXTENSION OF CREDIT FOR BUSINESS INSTALLA-**
7 **TION OF QUALIFIED FUEL CELLS AND STA-**
8 **TIONARY MICROTURBINE POWER PLANTS.**

9 Sections 48(c)(1)(E) and 48(c)(2)(E) of the Internal
10 Revenue Code of 1986 (relating to termination) are each
11 amended by striking ''2007'' and inserting ''2014''.

12 **SEC. 327. EXTENSION OF BUSINESS SOLAR INVESTMENT**
13 **TAX CREDIT.**

14 Sections 48(a)(2)(A)(i)(II) and 48(a)(3)(A)(ii) of the
15 Internal Revenue Code of 1986 (relating to termination)
16 are each amended by striking ''2008'' and inserting
17 ''2014''.

18 **SEC. 328. EXTENSION OF FULL CREDIT FOR QUALIFIED**
19 **ELECTRIC VEHICLES.**

20 (a) IN GENERAL.—Section 30(e) of the Internal Rev-
21 enue Code of 1986 is amended by striking ''2006'' and
22 inserting ''2015''.
23 (b) REPEAL OF PHASEOUT.—Section 30(b) of the In-
24 ternal Revenue Code of 1986 (relating to limitations) is

1 amended by striking paragraph (2) and by redesignating
2 paragraph (3) as paragraph (2).
3 (c) CREDIT ALLOWABLE AGAINST ALTERNATIVE
4 MINIMUM TAX.—Paragraph (2) of section 30(b) of the In-
5 ternal Revenue Code of 1986, as redesignated by sub-
6 section (b), is amended to read as follows:
7 "(2) APPLICATION WITH OTHER CREDITS.—
8 The credit allowed by subsection (a) for any taxable
9 year shall not exceed the excess (if any) of—
10 "(A) the sum of the regular tax for the
11 taxable year plus the tax imposed by section 55,
12 over
13 "(B) the sum of the credits allowable
14 under subpart A and section 27.".
15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2005.

Subtitle D—Long-Term Extensions and Expansions for Energy Efficiency and Conservation Incentives

SEC. 331. EXTENSION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Section 179D(h) of the Internal Revenue Code of 1986 (relating to termination) is amended by striking ''2007'' and inserting ''2014''.

SEC. 332. EXTENSION AND EXPANSION OF NEW ENERGY EFFICIENT HOME CREDIT.

(a) EXTENSION.—Section 45L(g) of the Internal Revenue Code of 1986 (relating to termination) is amended by striking ''2007'' and inserting ''2014''.

(b) INCLUSION OF 30 PERCENT HOMES.—

(1) IN GENERAL.—Section 45L(c) of the Internal Revenue Code of 1986 (relating to energy saving requirements) is amended—

(A) by striking ''or'' at the end of paragraph (2);

(B) by redesignating paragraph (3) as paragraph (4); and

(C) by inserting after paragraph (2) the following new paragraph:

''(3) certified—

1 "(A) to have a level of annual heating and
2 cooling energy consumption which is at least 30
3 percent below the annual level described in
4 paragraph (1), and

5 "(B) to have building envelope component
6 improvements account for at least 1/3 of such
7 30 percent, or.".

8 (2) APPLICABLE AMOUNT OF CREDIT.—Section
9 45L(a)(2) is amended by striking "paragraph (3)"
10 and inserting "paragraph (3) or (4)".

11 (3) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply to qualified new en-
13 ergy efficient homes acquired after the date of the
14 enactment of this Act.

15 **SEC. 333. EXTENSION OF NONBUSINESS ENERGY PROP-**
16 **ERTY CREDIT.**

17 Section 25C(g) of the Internal Revenue Code of 1986
18 (relating to termination) is amended by striking "2007"
19 and inserting "2014".

20 **SEC. 334. EXTENSION AND MODIFICATION OF RESIDENTIAL**
21 **ENERGY EFFICIENT PROPERTY CREDIT.**

22 (a) EXTENSION.—Section 25D(g) of the Internal
23 Revenue Code of 1986 (relating to termination) is amend-
24 ed by striking "2007" and inserting "2014".

1 (b) MODIFICATION OF MAXIMUM CREDIT.—Para-
2 graph (1) of section 25D(b) of the Internal Revenue Code
3 of 1986 (relating to limitations) is amended to read as
4 follows:

5 "(1) MAXIMUM CREDIT.—The credit allowed
6 under subsection (a) for any taxable year shall not
7 exceed—

8 "(A) $1,000 with respect to each half kilo-
9 watt of capacity of qualified photovoltaic prop-
10 erty for which qualified photovoltaic property
11 expenditures are made,

12 "(B) $2,000 with respect to any qualified
13 solar water heating property expenditures, and

14 "(C) $500 with respect to each half kilo-
15 watt of capacity of qualified fuel cell property
16 (as defined in section 48(c)(1)) for which quali-
17 fied fuel cell property expenditures are made.".

18 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
19 IMUM TAX.—

20 (1) IN GENERAL.—Section 25D(b) of the Inter-
21 nal Revenue Code of 1986 (as amended by sub-
22 section (b)) is amended by adding at the end the fol-
23 lowing new paragraph:

24 "(3) CREDIT ALLOWED AGAINST ALTERNATIVE
25 MINIMUM TAX.—The credit allowed under subsection

1 (a) for the taxable year shall not exceed the excess
2 of—
3 ‘‘(A) the sum of the regular tax liability
4 (as defined in section 26(b)) plus the tax im-
5 posed by section 55, over
6 ‘‘(B) the sum of the credits allowable
7 under subpart A of part IV of subchapter A
8 and section 27 for the taxable year.’’.
9 (2) CONFORMING AMENDMENT.—Subsection (c)
10 of section 25D of such Code is amended to read as
11 follows:
12 ‘‘(c) CARRYFORWARD OF UNUSED CREDIT.—If the
13 credit allowable under subsection (a) for any taxable year
14 exceeds the limitation imposed by subsection (b)(3) for
15 such taxable year, such excess shall be carried to the suc-
16 ceeding taxable year and added to the credit allowable
17 under subsection (a) for such succeeding taxable year.’’.
18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2005.

21 **SEC. 335. ENERGY CREDIT FOR COMBINED HEAT AND**
22 **POWER SYSTEM PROPERTY.**

23 (a) In general.—Section 48(a)(3)(A) of the Internal
24 Revenue Code of 1986 (defining energy property) is by
25 striking ‘‘or’’ at the end of clause (iii), by inserting ‘‘or’’

1 at the end of clause (iv), and by adding at the end the
2 following new clause:
3 "(v) combined heat and power system
4 property,";
5 (b) COMBINED HEAT AND POWER SYSTEM PROP-
6 ERTY.—Section 48 of the Internal Revenue Code of 1986
7 is amended by adding at the end the following new sub-
8 section:
9 "(d) COMBINED HEAT AND POWER SYSTEM PROP-
10 ERTY.—For purposes of subsection (a)(3)(A)(v)—
11 "(1) COMBINED HEAT AND POWER SYSTEM
12 PROPERTY.—The term 'combined heat and power
13 system property' means property comprising a sys-
14 tem—
15 "(A) which uses the same energy source
16 for the simultaneous or sequential generation of
17 electrical power, mechanical shaft power, or
18 both, in combination with the generation of
19 steam or other forms of useful thermal energy
20 (including heating and cooling applications),
21 "(B) which has an electrical capacity of
22 not more than 15 megawatts or a mechanical
23 energy capacity of not more than 2,000 horse-
24 power or an equivalent combination of electrical
25 and mechanical energy capacities,

1 "(C) which produces—
2 "(i) at least 20 percent of its total
3 useful energy in the form of thermal en-
4 ergy which is not used to produce electrical
5 or mechanical power (or combination
6 thereof), and
7 "(ii) at least 20 percent of its total
8 useful energy in the form of electrical or
9 mechanical power (or combination thereof),
10 "(D) the energy efficiency percentage of
11 which exceeds 60 percent, and
12 "(E) which is placed in service before Jan-
13 uary 1, 2015.
14 "(2) SPECIAL RULES.—
15 "(A) ENERGY EFFICIENCY PERCENT-
16 AGE.—For purposes of this subsection, the en-
17 ergy efficiency percentage of a system is the
18 fraction—
19 "(i) the numerator of which is the
20 total useful electrical, thermal, and me-
21 chanical power produced by the system at
22 normal operating rates, and expected to be
23 consumed in its normal application, and

1 “(ii) the denominator of which is the
2 higher heating value of the primary fuel
3 sources for the system.
4 “(B) DETERMINATIONS MADE ON BTU
5 BASIS.—The energy efficiency percentage and
6 the percentages under paragraph (1)(C) shall
7 be determined on a Btu basis.
8 “(C) INPUT AND OUTPUT PROPERTY NOT
9 INCLUDED.—The term ‘combined heat and
10 power system property’ does not include prop-
11 erty used to transport the energy source to the
12 facility or to distribute energy produced by the
13 facility.
14 “(D) CERTAIN EXCEPTION NOT TO
15 APPLY.—The first sentence of the matter in
16 subsection (a)(3) which follows subparagraph
17 (D) thereof shall not apply to combined heat
18 and power system property.
19 “(3) SYSTEMS USING BAGASSE.—If a system is
20 designed to use bagasse for at least 90 percent of
21 the energy source—
22 “(A) paragraph (1)(D) shall not apply, but
23 “(B) the amount of credit determined
24 under subsection (a) with respect to such sys-
25 tem shall not exceed the amount which bears

the same ratio to such amount of credit (determined without regard to this paragraph) as the energy efficiency percentage of such system bears to 60 percent.

"(4) NONAPPLICATION OF CERTAIN RULES.—For purposes of determining if the term 'combined heat and power system property' includes technologies which generate electricity or mechanical power using back-pressure steam turbines in place of existing pressure-reducing valves or which make use of waste heat from industrial processes such as by using organic rankin, stirling, or kalina heat engine systems, paragraph (1) shall be applied without regard to subparagraphs (C) and (D) thereof .".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after December 31, 2005, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

1 **SEC. 336. THREE-YEAR APPLICABLE RECOVERY PERIOD**
2 **FOR DEPRECIATION OF QUALIFIED ENERGY**
3 **MANAGEMENT.**

4 (a) IN GENERAL.—Section 168(e)(3)(A) of the Inter-
5 nal Revenue Code of 1986 (defining 3-year property) is
6 amended by striking ''and'' at the end of clause (ii), by
7 striking the period at the end of clause (iii) and inserting
8 '', and,'' and by adding at the end the following new
9 clause:

10 ''(iv) any qualified energy manage-
11 ment device.''.

12 (b) DEFINITION OF QUALIFIED ENERGY MANAGE-
13 MENT DEVICE.—Section 168(i) of the Internal Revenue
14 Code of 1986 (relating to definitions and special rules)
15 is amended by inserting at the end the following new para-
16 graph:

17 ''(18) QUALIFIED ENERGY MANAGEMENT DE-
18 VICE.—

19 ''(A) IN GENERAL.—The term 'qualified
20 energy management device' means any energy
21 management device which is placed in service
22 before January 1, 2015, by a taxpayer who is
23 a supplier of electric energy or a provider of
24 electric energy services.

25 ''(B) ENERGY MANAGEMENT DEVICE.—
26 For purposes of subparagraph (A), the term

1 'energy management device' means any meter
2 or metering device which is used by the tax-
3 payer—
4 ''(i) to measure and record electricity
5 usage data on a time-differentiated basis
6 in at least 4 separate time segments per
7 day, and
8 ''(ii) to provide such data on at least
9 a monthly basis to both consumers and the
10 taxpayer.''.
11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to property placed in service after
13 the date of the enactment of this Act, in taxable years
14 ending after such date.
15 **SEC. 337. THREE-YEAR APPLICABLE RECOVERY PERIOD**
16 **FOR DEPRECIATION OF QUALIFIED WATER**
17 **SUBMETERING DEVICES.**
18 (a) IN GENERAL.—Section 168(e)(3)(A) of the Inter-
19 nal Revenue Code of 1986 (defining 3-year property), as
20 amended by this Act, is amended by striking ''and'' at the
21 end of clause (iii), by striking the period at the end of
22 clause (iv) and inserting '', and,'' and by adding at the
23 end the following new clause:
24 ''(v) any qualified water submetering
25 device.''.

1 (b) DEFINITION OF QUALIFIED WATER SUB-
2 METERING DEVICE.—Section 168(i) of the Internal Rev-
3 enue Code of 1986 (relating to definitions and special
4 rules), as amended by this Act, is amended by inserting
5 at the end the following new paragraph:
6 "(19) QUALIFIED WATER SUBMETERING DE-
7 VICE.—
8 "(A) IN GENERAL.—The term 'qualified
9 water submetering device' means any water
10 submetering device which is placed in service
11 before January 1, 2015, by a taxpayer who is
12 an eligible resupplier with respect to the unit
13 for which the device is placed in service.
14 "(B) WATER SUBMETERING DEVICE.—For
15 purposes of this paragraph, the term `water
16 submetering device' means any submetering de-
17 vice which is used by the taxpayer—
18 "(i) to measure and record water
19 usage data, and
20 "(ii) to provide such data on at least
21 a monthly basis to both consumers and the
22 taxpayer.
23 "(C) ELIGIBLE RESUPPLIER.—For pur-
24 poses of subparagraph (A), the term 'eligible re-
25 supplier' means any taxpayer who purchases

and installs qualified water submetering devices in every unit in any multi-unit property.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

Subtitle E—Utilizing America's Abundant Coal Supplies Cleanly

SEC. 341. CLEAN ENERGY COAL BONDS.

(a) IN GENERAL.—Subpart H of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

''SEC. 54A. CREDIT TO HOLDERS OF CLEAN ENERGY COAL BONDS.

''(a) ALLOWANCE OF CREDIT.—If a taxpayer holds a clean energy coal bond on 1 or more credit allowance dates of the bond occurring during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any

1 credit allowance date for a clean energy coal bond is
2 25 percent of the annual credit determined with re-
3 spect to such bond.

4 ‘‘(2) ANNUAL CREDIT.—The annual credit de-
5 termined with respect to any clean energy coal bond
6 is the product of—

7 ‘‘(A) the credit rate determined by the Sec-
8 retary under paragraph (3) for the day on
9 which such bond was sold, multiplied by

10 ‘‘(B) the outstanding face amount of the
11 bond.

12 ‘‘(3) DETERMINATION.—For purposes of para-
13 graph (2), with respect to any clean energy coal
14 bond, the Secretary shall determine daily or cause to
15 be determined daily a credit rate which shall apply
16 to the first day on which there is a binding, written
17 contract for the sale or exchange of the bond. The
18 credit rate for any day is the credit rate which the
19 Secretary or the Secretary’s designee estimates will
20 permit the issuance of clean energy coal bonds with
21 a specified maturity or redemption date without dis-
22 count and without interest cost to the qualified
23 issuer.

1 "(4) CREDIT ALLOWANCE DATE.—For purposes
2 of this section, the term 'credit allowance date'
3 means—
4 "(A) March 15,
5 "(B) June 15,
6 "(C) September 15, and
7 "(D) December 15.
8 Such term also includes the last day on which the
9 bond is outstanding.
10 "(5) SPECIAL RULE FOR ISSUANCE AND RE-
11 DEMPTION.—In the case of a bond which is issued
12 during the 3-month period ending on a credit allow-
13 ance date, the amount of the credit determined
14 under this subsection with respect to such credit al-
15 lowance date shall be a ratable portion of the credit
16 otherwise determined based on the portion of the 3-
17 month period during which the bond is outstanding.
18 A similar rule shall apply when the bond is redeemed
19 or matures.
20 "(c) LIMITATION BASED ON AMOUNT OF TAX.—The
21 credit allowed under subsection (a) for any taxable year
22 shall not exceed the excess of—
23 "(1) the sum of the regular tax liability (as de-
24 fined in section 26(b)) plus the tax imposed by sec-
25 tion 55, over

1 “(2) the sum of the credits allowable under this
2 part (other than subpart C, this subpart and section
3 1400N(l)).
4 “(d) CLEAN ENERGY COAL BOND.—For purposes of
5 this section—
6 “(1) IN GENERAL.—The term ‘clean energy
7 coal bond’ means any bond issued as part of an
8 issue if—
9 “(A) the bond is issued by a qualified
10 issuer pursuant to an allocation by the Sec-
11 retary to such issuer of a portion of the na-
12 tional clean energy coal bond limitation under
13 subsection (f)(2),
14 “(B) 95 percent or more of the proceeds
15 from the sale of such issue are to be used for
16 capital expenditures incurred by qualified bor-
17 rowers for 1 or more qualified projects,
18 “(C) the qualified issuer designates such
19 bond for purposes of this section and the bond
20 is in registered form, and
21 “(D) the issue meets the requirements of
22 subsection (h).
23 “(2) QUALIFIED PROJECT; SPECIAL USE
24 RULES.—

1 "(A) IN GENERAL.—The term 'qualified
2 project' means a qualifying advanced coal
3 project (as defined in section 48A(c)(1)) placed
4 in service by a qualified borrower.
5 "(B) REFINANCING RULES.—For purposes
6 of paragraph (1)(B), a qualified project may be
7 refinanced with proceeds of a clean energy coal
8 bond only if the indebtedness being refinanced
9 (including any obligation directly or indirectly
10 refinanced by such indebtedness) was originally
11 incurred by a qualified borrower after the date
12 of the enactment of this section.
13 "(C) REIMBURSEMENT.—For purposes of
14 paragraph (1)(B), a clean energy coal bond
15 may be issued to reimburse a qualified borrower
16 for amounts paid after the date of the enact-
17 ment of this section with respect to a qualified
18 project, but only if—
19 "(i) prior to the payment of the origi-
20 nal expenditure, the qualified borrower de-
21 clared its intent to reimburse such expendi-
22 ture with the proceeds of a clean energy
23 coal bond,
24 "(ii) not later than 60 days after pay-
25 ment of the original expenditure, the quali-

1 fied issuer adopts an official intent to re-
2 imburse the original expenditure with such
3 proceeds, and
4 "(iii) the reimbursement is made not
5 later than 18 months after the date the
6 original expenditure is paid.
7 "(D) TREATMENT OF CHANGES IN USE.—
8 For purposes of paragraph (1)(B), the proceeds
9 of an issue shall not be treated as used for a
10 qualified project to the extent that a qualified
11 borrower takes any action within its control
12 which causes such proceeds not to be used for
13 a qualified project. The Secretary shall pre-
14 scribe regulations specifying remedial actions
15 that may be taken (including conditions to tak-
16 ing such remedial actions) to prevent an action
17 described in the preceding sentence from caus-
18 ing a bond to fail to be a clean energy coal
19 bond.
20 "(e) MATURITY LIMITATIONS.—
21 "(1) DURATION OF TERM.—A bond shall not be
22 treated as a clean energy coal bond if the maturity
23 of such bond exceeds the maximum term determined
24 by the Secretary under paragraph (2) with respect
25 to such bond.

1 “(2) MAXIMUM TERM.—During each calendar
2 month, the Secretary shall determine the maximum
3 term permitted under this paragraph for bonds
4 issued during the following calendar month. Such
5 maximum term shall be the term which the Sec-
6 retary estimates will result in the present value of
7 the obligation to repay the principal on the bond
8 being equal to 50 percent of the face amount of such
9 bond. Such present value shall be determined with-
10 out regard to the requirements of subsection (l)(6)
11 and using as a discount rate the average annual in-
12 terest rate of tax of tax-exempt obligations having a
13 term of 10 years or more which are issued during
14 the month. If the term as so determined is not a
15 multiple of a whole year, such term shall be rounded
16 to the next highest whole year.
17 “(f) LIMITATION ON AMOUNT OF BONDS DES-
18 IGNATED.—
19 “(1) NATIONAL LIMITATION.—There is a na-
20 tional clean energy coal bond limitation of
21 $1,000,000,000.
22 “(2) ALLOCATION BY SECRETARY.—The Sec-
23 retary shall allocate the amount described in para-
24 graph (1) among qualified projects in such manner
25 as the Secretary determines appropriate, but shall

reserve half of the amount allocated to projects designed and operated to capture carbon dioxide emissions and to isolate such emissions permanently from the atmosphere.

"(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

"(h) SPECIAL RULES RELATING TO EXPENDITURES.—

"(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

"(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the clean energy bond,

"(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the clean energy bond or, in

1 the case of a clean energy bond the proceeds of
2 which are to be loaned to 2 or more qualified
3 borrowers, such binding commitment will be in-
4 curred within the 6-month period beginning on
5 the date of the loan of such proceeds to a quali-
6 fied borrower, and

7 ''(C) such projects will be completed with
8 due diligence and the proceeds from the sale of
9 the issue will be spent with due diligence.

10 ''(2) EXTENSION OF PERIOD.—Upon submis-
11 sion of a request prior to the expiration of the period
12 described in paragraph (1)(A), the Secretary may
13 extend such period if the qualified issuer establishes
14 that the failure to satisfy the 5-year requirement is
15 due to reasonable cause and the related projects will
16 continue to proceed with due diligence.

17 ''(3) FAILURE TO SPEND REQUIRED AMOUNT
18 OF BOND PROCEEDS WITHIN 5 YEARS.—To the ex-
19 tent that less than 95 percent of the proceeds of
20 such issue are expended by the close of the 5-year
21 period beginning on the date of issuance (or if an
22 extension has been obtained under paragraph (2), by
23 the close of the extended period), the qualified issuer
24 shall redeem all of the nonqualified bonds within 90
25 days after the end of such period. For purposes of

1 this paragraph, the amount of the nonqualified
2 bonds required to be redeemed shall be determined
3 in the same manner as under section 142.

4 "(i) SPECIAL RULES RELATING TO ARBITRAGE.—A
5 bond which is part of an issue shall not be treated as a
6 clean energy coal bond unless, with respect to the issue
7 of which the bond is a part, the qualified issuer satisfies
8 the arbitrage requirements of section 148 with respect to
9 proceeds of the issue.

10 "(j) COOPERATIVE ELECTRIC COMPANY; QUALIFIED
11 ENERGY TAX CREDIT BOND LENDER; GOVERNMENTAL
12 BODY; QUALIFIED BORROWER.—For purposes of this sec-
13 tion—

14 "(1) COOPERATIVE ELECTRIC COMPANY.—The
15 term 'cooperative electric company' means a mutual
16 or cooperative electric company described in section
17 501(c)(12) or section 1381(a)(2)(C), or a not-for-
18 profit electric utility which has received a loan or
19 loan guarantee under the Rural Electrification Act.

20 "(2) CLEAN ENERGY BOND LENDER.—The
21 term 'clean energy bond lender' means a lender
22 which is a cooperative which is owned by, or has out-
23 standing loans to, 100 or more cooperative electric
24 companies and is in existence on February 1, 2002,

1 and shall include any affiliated entity which is con-
2 trolled by such lender.

3 ''(3) GOVERNMENTAL BODY.—The term 'gov-
4 ernmental body' means any State, territory, posses-
5 sion of the United States, the District of Columbia,
6 Indian tribal government, and any political subdivi-
7 sion.

8 ''(4) QUALIFIED ISSUER.—The term 'qualified
9 issuer' means—

10 ''(A) a clean energy bond lender,

11 ''(B) a cooperative electric company, or

12 ''(C) a governmental body.

13 ''(5) QUALIFIED BORROWER.—The term 'quali-
14 fied borrower' means—

15 ''(A) a mutual or cooperative electric com-
16 pany described in section 501(c)(12) or
17 1381(a)(2)(C), or

18 ''(B) a governmental body.

19 ''(k) SPECIAL RULES RELATING TO POOL BONDS.—
20 No portion of a pooled financing bond may be allocable
21 to any loan unless the borrower has entered into a written
22 loan commitment for such portion prior to the issue date
23 of such issue.

24 ''(l) OTHER DEFINITIONS AND SPECIAL RULES.—
25 For purposes of this section—

1 "(1) BOND.—The term 'bond' includes any ob-
2 ligation.
3 "(2) POOLED FINANCING BOND.—The term
4 'pooled financing bond' shall have the meaning given
5 such term by section 149(f)(4)(A).
6 "(3) PARTNERSHIP; S CORPORATION; AND
7 OTHER PASS-THRU ENTITIES.—
8 "(A) IN GENERAL.—Under regulations
9 prescribed by the Secretary, in the case of a
10 partnership, trust, S corporation, or other pass-
11 thru entity, rules similar to the rules of section
12 41(g) shall apply with respect to the credit al-
13 lowable under subsection (a).
14 "(B) NO BASIS ADJUSTMENT.—Rules simi-
15 lar to the rules under section 1397E(i)(2) shall
16 apply.
17 "(4) BONDS HELD BY REGULATED INVEST-
18 MENT COMPANIES.—If any clean energy coal bond is
19 held by a regulated investment company, the credit
20 determined under subsection (a) shall be allowed to
21 shareholders of such company under procedures pre-
22 scribed by the Secretary.
23 "(5) TREATMENT FOR ESTIMATED TAX PUR-
24 POSES.—Solely for purposes of sections 6654 and
25 6655, the credit allowed by this section to a tax-

1 payer by reason of holding a clean energy coal bond
2 on a credit allowance date shall be treated as if it
3 were a payment of estimated tax made by the tax-
4 payer on such date.

5 "(6) RATABLE PRINCIPAL AMORTIZATION RE-
6 QUIRED.—A bond shall not be treated as a clean en-
7 ergy coal bond unless it is part of an issue which
8 provides for an equal amount of principal to be paid
9 by the qualified issuer during each calendar year
10 that the issue is outstanding.

11 "(7) REPORTING.—Issuers of clean energy coal
12 bonds shall submit reports similar to the reports re-
13 quired under section 149(e).

14 "(m) TERMINATION.—This section shall not apply
15 with respect to any bond issued after December 31,
16 2010.".

17 (b) REPORTING.—Subsection (d) of section 6049 of
18 the Internal Revenue Code of 1986 (relating to returns
19 regarding payments of interest) is amended by adding at
20 the end the following new paragraph:

21 "(9) REPORTING OF CREDIT ON CLEAN ENERGY
22 COAL BONDS.—

23 "(A) IN GENERAL.—For purposes of sub-
24 section (a), the term 'interest' includes amounts
25 includible in gross income under section 54A(g)

1 and such amounts shall be treated as paid on
2 the credit allowance date (as defined in section
3 54A(b)(4)).

4 "(B) REPORTING TO CORPORATIONS,
5 ETC.—Except as otherwise provided in regula-
6 tions, in the case of any interest described in
7 subparagraph (A), subsection (b)(4) shall be
8 applied without regard to subparagraphs (A),
9 (H), (I), (J), (K), and (L)(i) of such subsection.

10 "(C) REGULATORY AUTHORITY.—The Sec-
11 retary may prescribe such regulations as are
12 necessary or appropriate to carry out the pur-
13 poses of this paragraph, including regulations
14 which require more frequent or more detailed
15 reporting.".

16 (c) CLERICAL AMENDMENT.—The table of sections
17 for subpart H of part IV of subchapter A of chapter 1
18 of the Internal Revenue Code of 1986 is amended by add-
19 ing at the end the following new item:

"Sec. 54A. Credit to holders of clean energy coal bonds.".

20 (d) ISSUANCE OF REGULATIONS.—The Secretary of
21 the Treasury shall issues regulations required under sec-
22 tion 54A of the Internal Revenue Code of 1986 (as added
23 by this section) not later than 120 days after the date
24 of the enactment of this Act.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to bonds issued after December
3 31, 2005.

4 **SEC. 342. EXTENSION AND EXPANSION OF QUALIFYING AD-**
5 **VANCED COAL PROJECT CREDIT.**

6 (a) EXPANDING AGGREGATE CREDITS.—Section
7 48A(d)(3)(A) of the Internal Revenue Code of 1986 (relat-
8 ing to aggregate credits) is amended by striking
9 "$1,300,000,000" and inserting "$2,300,000,000".

10 (b) AUTHORIZATION OF ADDITIONAL INTEGRATED
11 GASIFICATION COMBINED CYCLE PROJECTS.—Subpara-
12 graph (B) of section 48A(d)(3) of the Internal Revenue
13 Code of 1986 (relating to aggregate credits) is amended
14 to read as follows:

15 "(B) PARTICULAR PROJECTS.—Of the dol-
16 lar amount in subparagraph (A), the Secretary
17 is authorized to certify—

18 "(i) $800,000,000 for integrated gas-
19 ification combined cycle projects the appli-
20 cation for which is submitted during the
21 period described in paragraph (2)(A)(i),

22 "(ii) $500,000,000 for projects which
23 use other advanced coal-based generation
24 technologies the application for which is

1 submitted during the period described in
2 paragraph (2)(A)(i), and
3 "(iii) $1,000,000,000 for integrated
4 gasification combined cycle projects the ap-
5 plication for which is submitted during the
6 period described in paragraph (2)(A)(ii)
7 and which are designed and operated to
8 capture carbon dioxide emissions and iso-
9 late such emissions permanently from the
10 atmosphere.".
11 (c) APPLICATION PERIOD FOR ADDITIONAL
12 PROJECTS.—Subparagraph (A) of section 48A(d)(2) of
13 the Internal Revenue Code of 1986 (relating to certifi-
14 cation) is amended to read as follows:
15 "(A) APPLICATION PERIOD.—Each appli-
16 cant for certification under this paragraph shall
17 submit an application meeting the requirements
18 of subparagraph (B). An applicant may only
19 submit an application—
20 "(i) for an allocation from the dollar
21 amount specified in clause (i) or (ii) of
22 paragraph (3)(A) during the 3-year period
23 beginning on the date the Secretary estab-
24 lishes the program under paragraph (1),
25 and

1 “(ii) for an allocation from the dollar
2 amount specified in paragraph (3)(A)(iii)
3 during the 3-year period beginning at the
4 termination of the period described in
5 clause (i).”.
6 (d) MODIFICATION OF QUALIFYING ADVANCED COAL
7 PROJECT CREDIT.—Subparagraph (C) of section
8 48A(e)(1) of the Internal Revenue Code of 1986 is amend-
9 ed by inserting “(300 megawatts in the case of projects
10 using subbituminous or lignite as a primary feedstock)”
11 after “400 megawatts”.
12 (e) EFFECTIVE DATE.—The amendments made by
13 this section shall take effect as if included in the amend-
14 ments made by section 1307 of the Energy Policy Act of
15 2005.

16 **SEC. 343. EXPANSION OF QUALIFYING GASIFICATION**
17 **PROJECT CREDIT.**

18 (a) INCREASING CREDIT LIMIT.—Section 48B(d)(1)
19 of the Internal Revenue Code of 1986 is amended by strik-
20 ing “$350,000,000” and inserting “$1,000,000,000”.
21 (b) EXPANSION.—Section 48B(d)(3) of the Internal
22 Revenue Code of 1986 is amended—
23 (1) by striking “and ” at the end of subpara-
24 graph (E),

1 (2) by redesignating subparagraph (F) as sub-
2 paragraph (G), and
3 (3) by inserting after subparagraph (E) the fol-
4 lowing new subparagraph:
5 ''(F) the proposed project is designed and
6 operated to capture carbon dioxide emissions
7 and isolate such emissions permanently from
8 the atmosphere, and''.
9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect as if included in the amend-
11 ments made by section 1307 of the Energy Policy Act of
12 2005.

13 **SEC. 344. COAL-TO-LIQUID AND BIOMASS TRANSPOR-**
14 **TATION FUELS.**

15 (a) DEFINITIONS.—In this section:
16 (1) ADMINISTRATOR.—The term ''Adminis-
17 trator'' means the Administrator of the Environ-
18 mental Protection Agency.
19 (2) BIOMASS.—The term ''biomass'' has the
20 meaning given the term in section 203(b) of the En-
21 ergy Policy Act of 2005 (42 U.S.C. 15852(b)).
22 (3) COAL-TO-LIQUID.—The term ''coal-to-liq-
23 uid'' means—
24 (A) with respect to a process or tech-
25 nology, the use of coal resources of the United

1 States to produce a liquid transportation fuel,
2 including diesel and jet fuels; and
3 (B) with respect to a facility, the use at
4 the facility of a process or technology described
5 in subparagraph (A).
6 (4) SECRETARY.—The term ''Secretary'' means
7 the Secretary of Energy.
8 (b) RESEARCH PROGRAM.—
9 (1) IN GENERAL.—The Secretary, in coordina-
10 tion with the Administrator and the Secretary of
11 Defense and in consultation with the States, shall
12 periodically conduct assessments of the costs and
13 benefits of coal-to-liquid and biomass programs in
14 the United States, including an analysis of—
15 (A) technology relating to those programs;
16 (B) the potential effects of those programs
17 on—
18 (i) air and water quality;
19 (ii) the public health;
20 (iii) greenhouse gas emissions and the
21 permanent sequestration of those emis-
22 sions; and
23 (iv) the economy;

1 (C) levels of investment required to make
2 commercial coal-to-liquid and biomass produc-
3 tion economical; and
4 (D) the national security impacts of var-
5 ious levels of coal-to-liquid and biomass produc-
6 tion during the 20-year period beginning on the
7 date on which the initial assessment is con-
8 ducted.
9 (2) REPORTS.—Not later than 1 year after the
10 date of enactment of this Act, and every 2 years
11 thereafter, the Secretary shall submit to Congress a
12 report describing the results of the applicable anal-
13 ysis under paragraph (1), including recommenda-
14 tions for the appropriate level of development of
15 coal-to-liquid and biomass programs, and programs
16 using any other appropriate resources, to promote a
17 reduction in greenhouse gas emissions from the
18 quantity of those emissions that would have occurred
19 using only petroleum-based fuels.
20 (3) ADVISORY COMMITTEE.—The Secretary
21 shall establish an advisory committee to advise the
22 Secretary in carrying out analyses and reports under
23 this subsection.
24 (4) AUTHORIZATION OF APPROPRIATIONS.—
25 There is authorized to be appropriated to the Sec-

1 retary to carry out this subsection $100,000,000, to
2 remain available until expended.
3 (c) REFINERY DIVERSIFICATION GRANT PRO-
4 GRAM.—
5 (1) ESTABLISHMENT.—Not later than 1 year
6 after the date on which the initial report under sub-
7 section (b)(2) is submitted, the Secretary, in con-
8 sultation with the Administrator, may establish a
9 program under which the Secretary may provide not
10 more than 6 competitive grants to support the com-
11 mercial deployment in the United States of coal-to-
12 liquid refineries.
13 (2) ELIGIBLE PROJECTS.—A project shall be el-
14 igible to receive a grant under this subsection if, as
15 determined by the Secretary—
16 (A) the purpose of the project is to deploy
17 in the United States a coal-to-liquid refinery;
18 (B) the project supports the diversification
19 of coal-producing regions and coal ranks
20 throughout the United States;
21 (C) the developer of the project would be
22 financially viable without receiving a grant
23 under this subsection;
24 (D) the project site has been identified;

1 (E) a preliminary feasibility study of the
2 project has been completed;
3 (F) a long-term source of coal has been
4 identified and secured for the project; and
5 (G) the refinery that is the subject of the
6 project will—
7 (i) have a production capacity of at
8 least 12,000 barrels per day; and
9 (ii) be designed and operated to cap-
10 ture carbon dioxide emissions and perma-
11 nently isolate those emissions from the at-
12 mosphere, including by the integration of
13 enhanced oil recovery or enhanced natural
14 gas recovery.
15 (3) USE OF FUNDS.—A grant provided under
16 this subsection shall be used to pay the costs associ-
17 ated with deploying in the United States a coal-to-
18 liquid refinery, including the costs of preliminary en-
19 gineering and engineering design specifications for
20 the refinery.
21 (4) MAXIMUM AMOUNT.—The amount of a
22 grant provided under this subsection shall not exceed
23 $50,000,000.
24 (5) REPORTS.—Not later than 1 year after the
25 date of enactment of this Act, and annually there-

1 after until the date on which funds made available
2 to carry out this subsection are expended, the Sec-
3 retary shall submit to Congress a report describing
4 the status of each project that received a grant
5 under this subsection during the preceding calendar
6 year.

7 (6) AUTHORIZATION OF APPROPRIATIONS.—
8 There is authorized to be appropriated to the Sec-
9 retary to carry out this subsection $300,000,000, to
10 remain available until expended.

11 TITLE IV—REAL GOVERNMENT 12 LEADERSHIP FOR CLEAN AND 13 SECURE ENERGY

14 Subtitle A—Federal Biofuels and 15 Efficient Vehicle Use Leadership

16 SEC. 401. FEDERAL AGENCY ETHANOL-BLENDED GASOLINE 17 AND BIODIESEL PURCHASING REQUIRE- 18 MENT.

19 (a) IN GENERAL.—Title III of the Energy Policy Act
20 of 1992 is amended by striking section 306 (42 U.S.C.
21 13215) and inserting the following:

1 **“SEC. 306. FEDERAL AGENCY ETHANOL-BLENDED GASO-**
2 **LINE AND BIODIESEL PURCHASING REQUIRE-**
3 **MENT.**

4 ‘‘(a) ETHANOL-BLENDED GASOLINE.—The head of
5 each Federal agency shall ensure that, in areas in which
6 ethanol-blended gasoline is reasonably available at a gen-
7 erally competitive price, the Federal agency purchases eth-
8 anol-blended gasoline containing at least 10 percent eth-
9 anol, rather than gasoline that is not ethanol-blended, for
10 use in vehicles used by the agency that use gasoline.

11 ‘‘(b) BIODIESEL.—

12 ‘‘(1) DEFINITION OF BIODIESEL.—In this sub-
13 section, the term ‘biodiesel’ has the meaning given
14 the term in section 312(f).

15 ‘‘(2) REQUIREMENT.—The head of each Fed-
16 eral agency shall ensure that the Federal agency
17 purchases, for use in fueling fleet vehicles that use
18 diesel fuel used by the Federal agency at the loca-
19 tion at which fleet vehicles of the Federal agency are
20 centrally fueled, in areas in which the biodiesel-
21 blended diesel fuel described in subparagraphs (A)
22 and (B) is available at a generally competitive
23 price—

24 ‘‘(A) as of the date that is 5 years after
25 the date of enactment of this paragraph, bio-
26 diesel-blended diesel fuel that contains at least

1 20 percent biodiesel, rather than diesel fuel that
2 is not biodiesel-blended; and
3 ''(B) as of the date that is 10 years after
4 the date of enactment of this paragraph, bio-
5 diesel-blended diesel fuel that contains at least
6 80 percent biodiesel, rather than diesel fuel that
7 is not biodiesel-blended.
8 ''(3) REQUIREMENT OF FEDERAL LAW.—This
9 subsection shall not be considered a requirement of
10 Federal law for the purposes of section 312.
11 ''(c) EXEMPTION.—This section does not apply to
12 fuel used in vehicles excluded from the definition of 'fleet'
13 by subparagraphs (A) through (H) of section 301(9).''.
14 **SEC. 402. USE OF THE EXISTING FLEXIBLE FUEL VEHICLE**
15 **FLEET OF THE FEDERAL GOVERNMENT.**
16 (a) USE OF ALTERNATIVE FUELS BY FLEXIBLE
17 FUEL VEHICLES.—Section 400AA(a)(3) of the Energy
18 Policy and Conservation Act (42 U.S.C. 6374(a)(3)) is
19 amended by striking subparagraph (E) and inserting the
20 following:
21 ''(E)(i) Flexible fuel vehicles acquired pur-
22 suant to this section shall be operated on alter-
23 native fuels unless the Secretary determines
24 that an agency qualifies for a waiver of that re-

1 quirement for vehicles operated by the agency
2 in a particular geographic area in which—
3 ''(I) the alternative fuel otherwise re-
4 quired to be used in the vehicle is not rea-
5 sonably available to retail purchasers of
6 the fuel, as certified to the Secretary by
7 the head of the agency; or
8 ''(II) the cost of the alternative fuel
9 otherwise required to be used in the vehicle
10 is unreasonably more expensive compared
11 to gasoline, as certified to the Secretary by
12 the head of the agency.
13 ''(ii) The Secretary shall monitor compli-
14 ance with this subparagraph by all agency fleets
15 and shall submit annually to Congress a report
16 that—
17 ''(I) describes the extent to which the
18 requirements of this subparagraph are
19 being achieved; and
20 ''(II) includes information on annual
21 reductions achieved from the use of petro-
22 leum-based fuels and the problems, if any,
23 encountered in acquiring alternative
24 fuels.''.

1 (b) ALTERNATIVE COMPLIANCE AND FLEXIBILITY.—
2 The Energy Policy Act of 1992 is amended by striking
3 section 514 (42 U.S.C. 13263a) and inserting the fol-
4 lowing:

5 **“SEC. 514. ALTERNATIVE COMPLIANCE.**

6 “(a) APPLICATION FOR WAIVER.—Any head of a
7 Federal agency described in section 303(b)(3), any cov-
8 ered person subject to section 501, and any State subject
9 to section 507(o) may petition the Secretary for a waiver
10 of the applicable requirements of section 303, 501, or
11 507(o).

12 “(b) GRANT OF WAIVER.—The Secretary may grant
13 a waiver of the requirements of section 303, 501, or
14 507(o) upon a showing that the fleet owned, operated,
15 leased, or otherwise controlled by the Federal agency,
16 State, or covered person—

17 “(1) will achieve a reduction in its annual con-
18 sumption of petroleum fuels equal to—

19 “(A) the reduction in consumption of pe-
20 troleum that would result from 100 percent
21 compliance with fuel use requirements in sec-
22 tion 303 or 501, as appropriate; or

23 “(B) for entities covered under section
24 507(o), a reduction equal to the covered entity’s
25 consumption of alternative fuels if all its alter-

native fuel vehicles given credit under section 508 were to use alternative fuel 100 percent of the time; and

"(2) is in compliance with all applicable vehicle emission standards established by the Administrator under the Clean Air Act (42 U.S.C. 7401 et seq.).

"(c) REVOCATION OF WAIVER.—The Secretary shall revoke any waiver granted under this section if the Federal agency, State, or covered person fails to comply with subsection (b).".

SEC. 403. STANDARDS FOR EXECUTIVE AGENCY AUTOMOBILES.

Section 32917 of title 49, United States Code, is amended to read as follows:

"§ 32917. Standards for executive agency automobiles

"(a) DEFINITIONS.—In this section:

"(1) AUTOMOBILE.—The term 'automobile' does not include any vehicle designed for combat-related missions, law enforcement work, or emergency rescue work.

"(2) EXECUTIVE AGENCY.—The term 'Executive agency' has the meaning given that term in section 105 of title 5.

"(3) NEW AUTOMOBILE.—The term 'new automobile', with respect to the fleet of automobiles of

1 an executive agency, means an automobile that is
2 leased for at least 60 consecutive days or bought, by
3 or for the Executive agency, after September 30,
4 2004.

5 ''(b) BASELINE AVERAGE FUEL ECONOMY.—

6 ''(1) IN GENERAL.—In accordance with guid-
7 ance issued under subsection (e), the head of each
8 Executive agency shall calculate, for all automobiles
9 in the Executive agency's fleet of automobiles that
10 were leased or bought as new vehicles in fiscal year
11 2004, the average fuel economy for the automobiles.

12 ''(2) BASELINE.—For purposes of this section,
13 the average fuel economy as calculated in paragraph
14 (1) shall be the baseline average fuel economy for
15 the Executive agency's fleet of automobiles.

16 ''(c) INCREASE OF AVERAGE FUEL ECONOMY.—The
17 head of an Executive agency shall manage the procure-
18 ment of automobiles for that Executive agency so that not
19 later than September 30, 2008, the average fuel economy
20 of the new automobiles in the Executive agency's fleet of
21 automobiles is not less than 3 miles per gallon higher than
22 the baseline average fuel economy determined under sub-
23 section (b) for that fleet.

1 “(d) FUEL EFFICIENCY.—The head of an Executive
2 agency shall ensure that each new automobile procured by
3 the Executive agency is as fuel efficient as practicable.
4 “(e) CALCULATION OF AVERAGE FUEL ECONOMY.—
5 The Secretary of Transportation shall issue guidance to
6 carry out this section, including guidance for the calcula-
7 tion of average fuel economy.”.

8 **SEC. 404. FEDERAL FLEET CONSERVATION REQUIRE-**
9 **MENTS.**

10 (a) IN GENERAL.—Part J of title IV of the Energy
11 Policy and Conservation Act (42 U.S.C. 6374 et seq.) is
12 amended by adding at the end the following:

13 **“SEC. 400FF. FEDERAL FLEET CONSERVATION REQUIRE-**
14 **MENTS.**

15 “(a) MANDATORY REDUCTION IN PETROLEUM CON-
16 SUMPTION.—
17 “(1) IN GENERAL.—The Secretary shall issue
18 regulations for Federal fleets subject to section
19 400AA requiring that each Federal agency—
20 “(A) not later than October 1, 2012,
21 achieve at least a 20 percent reduction in petro-
22 leum consumption, as calculated from the base-
23 line established by the Secretary for fiscal year
24 1999; and

1 "(B) not later than October 1, 2020,
2 achieve at least a 40 percent reduction in petro-
3 leum consumption, as calculated from the base-
4 line established by the Secretary for fiscal year
5 1999.
6 "(2) PLAN.—
7 "(A) REQUIREMENT.—The regulations
8 shall require each Federal agency to develop a
9 plan to meet the required petroleum reduction
10 level.
11 "(B) MEASURES.—The plan may allow an
12 agency to meet the required petroleum reduc-
13 tion level through—
14 "(i) the use of alternative fuels;
15 "(ii) the acquisition of vehicles with
16 higher fuel economy, including hybrid vehi-
17 cles;
18 "(iii) the substitution of cars for light
19 trucks;
20 "(iv) an increase in vehicle load fac-
21 tors;
22 "(v) a decrease in vehicle miles trav-
23 eled;
24 "(vi) a decrease in fleet size; and
25 "(vii) other measures.

1 "(C) REPLACEMENT TIRES.—The regula-
2 tions shall include a requirement that each Fed-
3 eral agency purchase energy-efficient replace-
4 ment tires for the respective fleet vehicles of the
5 agency.
6 "(b) FEDERAL EMPLOYEE INCENTIVE PROGRAMS
7 FOR REDUCING PETROLEUM CONSUMPTION.—
8 "(1) IN GENERAL.—Each Federal agency shall
9 actively promote incentive programs that encourage
10 Federal employees and contractors to reduce petro-
11 leum through the use of practices such as—
12 "(A) telecommuting;
13 "(B) public transit;
14 "(C) carpooling; and
15 "(D) bicycling.
16 "(2) MONITORING AND SUPPORT FOR INCEN-
17 TIVE PROGRAMS.—The Administrator of the General
18 Services Administration, the Director of the Office
19 of Personnel Management, and the Secretary of the
20 Department of Energy shall monitor and provide ap-
21 propriate support to agency programs described in
22 paragraph (1).".
23 (b) TABLE OF CONTENTS AMENDMENT.—The table
24 of contents of the Energy Policy and Conservation Act (42

1 U.S.C. prec. 6201) is amended by adding at the end of
2 the items relating to part J of title III the following:

"Sec. 400FF. Federal fleet conservation requirements"

3 **Subtitle B—Federal Clean and**
4 **Efficient Energy Leadership**

5 **SEC. 411. FEDERAL LEADERSHIP ON CLEAN ENERGY PUR-**
6 **CHASING.**

7 Section 203 of the Energy Policy Act of 2005 (42
8 U.S.C. 15852) is amended by striking subsection (a) and
9 inserting the following:

10 "(a) REQUIREMENT.—The President, acting through
11 the Secretary, shall ensure that, of the total quantity of
12 electric energy the Federal Government consumes during
13 any fiscal year, the following amounts shall be renewable
14 energy:

15 "(1) Not less than 5 percent in each of fiscal
16 years 2008 and 2009.

17 "(2) Not less than 7.5 percent in each of fiscal
18 years 2010 through 2012.

19 "(3) Not less than 10 percent in fiscal year
20 2013 and each fiscal year thereafter.".

21 **SEC. 412. CLEAN AND SECURE BACKUP POWER AT FED-**
22 **ERAL FACILITIES.**

23 Not later than 1 year after the date of enactment
24 of this Act, the Director of the Office of Management and
25 Budget, the Secretary of Defense, and the Secretary of

1 Homeland Security shall jointly promulgate regulations
2 establishing requirements applicable to all Federal agency
3 procurement actions, and to any Federal funds being used,
4 for the purpose of buying or replacing emergency backup
5 power or off-grid energy or electricity sources, with a
6 strong procurement preference for clean emergency
7 backup power or distributed or off-grid electricity genera-
8 tion or energy storage units that—

9 (1) emit no or very low air emissions during use
10 or the energy storage process, such as—

11 (A) fuel cells;

12 (B) integrated solar panels and battery
13 systems; and

14 (C) pumped hydroelectric storage; and

15 (2) to the extent practicable, do not depend pri-
16 marily on fossil fuel or fossil fuel delivery systems.

17 **SEC. 413. ELIMINATING VAMPIRE ELECTRONIC DEVICES.**

18 (a) DEFINITIONS.—In this section:

19 (1) AGENCY.—

20 (A) IN GENERAL.—The term ''Agency''
21 has the meaning given the term ''Executive
22 agency'' in section 105 of title 5, United States
23 Code.

24 (B) INCLUSIONS.—The term ''Agency'' in-
25 cludes military departments, as the term is de-

1 fined in section 102 of title 5, United States
2 Code.
3 (2) ELIGIBLE PRODUCT.—The term ''eligible
4 product'' means a commercially available, off-the-
5 shelf product that—
6 (A)(i) uses external standby power devices;
7 or
8 (ii) contains an internal standby power
9 function; and
10 (B) is included on the list compiled under
11 subsection (d).
12 (b) FEDERAL PURCHASING REQUIREMENT.—Subject
13 to subsection (c), if an Agency purchases an eligible prod-
14 uct, the Agency shall purchase—
15 (1) an eligible product that uses not more than
16 1 watt in the standby power consuming mode of the
17 eligible product; or
18 (2) if an eligible product described in paragraph
19 (1) is not available, the eligible product with the low-
20 est available standby power wattage in the standby
21 power consuming mode of the eligible product.
22 (c) LIMITATION.—The requirements of subsection (b)
23 shall apply to a purchase by an Agency only if—
24 (1) the lower-wattage eligible product is—
25 (A) lifecycle cost-effective; and

1 (B) practicable; and
2 (2) the utility and performance of the eligible
3 product is not compromised by the lower wattage re-
4 quirement.
5 (d) ELIGIBLE PRODUCTS.—
6 (1) IN GENERAL.—The Secretary of Energy, in
7 consultation with the Secretary of Defense and the
8 Administrator of General Services, shall compile a
9 list of cost-effective eligible products that shall be
10 subject to the purchasing requirements of subsection
11 (b).
12 (2) ENERGY STAR PROGRAM.—The Adminis-
13 trator of the Environmental Protection Agency shall
14 incorporate the list of eligible products into the En-
15 ergy Star program established by section 324A(a) of
16 the Energy Policy and Conservation Act (42 U.S.C.
17 6294a(a)).

18 **SEC. 414. PROMOTING FEDERAL LEADERSHIP IN ENERGY**
19 **MANAGEMENT.**

20 (a) IN GENERAL.—Not later than 1 year after the
21 date of enactment of this Act, the Director of the Office
22 of Federal Procurement Policy and the Under Secretary
23 of Defense for Acquisition, Technology, and Logistics
24 shall, after consultation with private sector voluntary
25 standard setting organizations focused on increasing en-

1 ergy and environmental performance, jointly promulgate
2 revisions to the applicable acquisition regulations—
3 (1) to direct any Federal procurement execu-
4 tives involved in the acquisition, construction, or
5 major renovation (including contracting for the con-
6 struction or major renovation) of any building—
7 (A) to employ integrated design principles;
8 (B) to improve site selection for environ-
9 mental and community benefits;
10 (C) to protect and conserve water;
11 (D) to enhance indoor environmental qual-
12 ity; and
13 (E) to reduce environmental impacts of
14 materials and waste flows;
15 (2) to direct Federal procurement executives in-
16 volved in leasing buildings, to give preference to the
17 lease of buildings—
18 (A) that are energy efficient; and
19 (B) to which contemporary high perform-
20 ance and sustainable design principles have
21 been applied during construction or renovation;
22 and
23 (3) that shall be effective on promulgation of
24 the regulations.

(b) GUIDANCE.—Not later than 90 days after promulgation of the regulations under subsection (a), the Director and the Under Secretary shall issue guidance to each Federal procurement executive providing direction and instructions to renegotiate existing buildings and facilities leases to obtain improvements in accordance with this section.

SEC. 415. RETENTION OF SAVINGS FROM ENERGY SAVINGS PERFORMANCE CONTRACTS.

(a) RETENTION OF SAVINGS.—Section 546(c) of the National Energy Conservation Policy Act (42 U.S.C. 8256(c)) is amended by striking paragraph (5).

(b) FINANCING FLEXIBILITY.—Section 801(a)(2) of the National Energy Conservation Policy Act (42 U.S.C. 8287(a)(2)) is amended by adding at the end the following:

"(E) SEPARATE CONTRACTS.—In carrying out a contract under this title, a Federal agency may—

"(i) enter into a separate contract for energy services and conservation measures under the contract; and

"(ii) provide all or part of the financing necessary to carry out the contract.".

1 (c) DEFINITION OF ENERGY SAVINGS.—Section
2 804(2) of the National Energy Conservation Policy Act
3 (42 U.S.C. 8287c(2)) is amended—
4 (1) by redesignating subparagraphs (A), (B),
5 and (C) as clauses (i), (ii), and (iii), respectively,
6 and indenting appropriately;
7 (2) by striking "means a reduction" and insert-
8 ing "means"—
9 "(A) a reduction";
10 (3) by striking the period at the end and insert-
11 ing a semicolon; and
12 (4) by adding at the end the following:
13 "(B) the increased efficient use of an exist-
14 ing energy source by cogeneration or heat re-
15 covery and installation of renewable energy sys-
16 tems;
17 "(C) the sale or transfer of electrical or
18 thermal energy generated on-site, but in excess
19 of Federal needs, to utilities or non-Federal en-
20 ergy users; and
21 "(D) the increased efficient use of existing
22 water sources in interior or exterior applica-
23 tions.".
24 (d) ENERGY AND COST SAVINGS IN NONBUILDING
25 APPLICATIONS.—

1 (1) DEFINITIONS.—In this subsection:
2 (A) NONBUILDING APPLICATION.—The
3 term ''nonbuilding application'' means—
4 (i) any class of vehicles, devices, or
5 equipment that is transportable under the
6 power of the applicable vehicle, device, or
7 equipment by land, sea, or air and that
8 consumes energy from any fuel source for
9 the purpose of—
10 (I) that transportation; or
11 (II) maintaining a controlled en-
12 vironment within the vehicle, device,
13 or equipment; and
14 (ii) any federally-owned equipment
15 used to generate electricity or transport
16 water.
17 (B) SECONDARY SAVINGS.—
18 (i) IN GENERAL.—The term ''sec-
19 ondary savings'' means additional energy
20 or cost savings that are a direct con-
21 sequence of the energy savings that result
22 from the energy efficiency improvements
23 that were financed and implemented pur-
24 suant to an energy savings performance
25 contract (as defined in section 423(a)).

1 (ii) INCLUSIONS.—The term ''sec-
2 ondary savings'' includes—
3 (I) energy and cost savings that
4 result from a reduction in the need
5 for fuel delivery and logistical support;
6 (II) personnel cost savings and
7 environmental benefits; and
8 (III) in the case of electric gen-
9 eration equipment, the benefits of in-
10 creased efficiency in the production of
11 electricity, including revenues received
12 by the Federal Government from the
13 sale of electricity produced.
14 (C) SECRETARY.—The term ''Secretary''
15 means the Secretary of Energy.
16 (2) STUDY.—
17 (A) IN GENERAL.—As soon as practicable
18 after the date of enactment of this Act, the Sec-
19 retary and the Secretary of Defense shall joint-
20 ly conduct a study of the potential for the use
21 of energy savings performance contracts to re-
22 duce energy consumption and provide energy
23 and cost savings in nonbuilding applications.
24 (B) REQUIREMENTS.—The study under
25 this subsection shall include—

1 (i) an estimate of the potential energy
2 and cost savings to the Federal Govern-
3 ment, including secondary savings and
4 benefits, from increased efficiency in non-
5 building applications;
6 (ii) an assessment of the feasibility of
7 extending the use of energy savings per-
8 formance contracts to nonbuilding applica-
9 tions, including an identification of any
10 regulatory or statutory barriers to such
11 use; and
12 (iii) such recommendations as the
13 Secretary and the Secretary of Defense de-
14 termine to be appropriate.
15 (3) REPORT.—On completion of the study
16 under paragraph (2), the Secretary and the Sec-
17 retary of Defense shall submit to the President and
18 the appropriate committees of Congress a report
19 that describes—
20 (A) the results of the study; and

1 # Subtitle C—State, Tribal, and Local
2 # Clean and Efficient Energy
3 # Leadership

4 **SEC. 421. FREEDOM FROM FOSSIL FUELS (F4) BONDS.**

5 (a) IN GENERAL.—Subpart H of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to credits against tax), as amended by this
8 Act, is amended by adding at the end the following new
9 section:

10 **"SEC. 54B. CREDIT TO HOLDERS OF FREEDOM FROM FOS-**
11 **SIL FUELS (F4) BONDS.**

12 "(a) ALLOWANCE OF CREDIT.—If a taxpayer holds
13 a Freedom from Fossil Fuels (F4) bond on 1 or more
14 credit allowance dates of the bond occurring during any
15 taxable year, there shall be allowed as a credit against the
16 tax imposed by this chapter for the taxable year an
17 amount equal to the sum of the credits determined under
18 subsection (b) with respect to such dates.

19 "(b) AMOUNT OF CREDIT.—

20 "(1) IN GENERAL.—The amount of the credit
21 determined under this subsection with respect to any
22 credit allowance date for a Freedom from Fossil
23 Fuels (F4) bond is 25 percent of the annual credit
24 determined with respect to such bond.

1 “(2) ANNUAL CREDIT.—The annual credit de-
2 termined with respect to any Freedom from Fossil
3 Fuels (F4) bond is the product of—
4 “(A) the credit rate determined by the Sec-
5 retary under paragraph (3) for the day on
6 which such bond was sold, multiplied by
7 “(B) the outstanding face amount of the
8 bond.
9 “(3) DETERMINATION.—For purposes of para-
10 graph (2), with respect to any Freedom from Fossil
11 Fuels (F4) bond, the Secretary shall determine daily
12 or cause to be determined daily a credit rate which
13 shall apply to the first day on which there is a bind-
14 ing, written contract for the sale or exchange of the
15 bond. The credit rate for any day is the credit rate
16 which the Secretary or the Secretary’s designee esti-
17 mates will permit the issuance of Freedom from
18 Fossil Fuels (F4) bonds with a specified maturity or
19 redemption date without discount and without inter-
20 est cost to the issuing governmental body.
21 “(4) CREDIT ALLOWANCE DATE.—For purposes
22 of this section, the term ‘credit allowance date’
23 means—
24 “(A) March 15,
25 “(B) June 15,

1 ''(C) September 15, and

2 ''(D) December 15.

3 Such term also includes the last day on which the
4 bond is outstanding.

5 ''(5) SPECIAL RULE FOR ISSUANCE AND RE-
6 DEMPTION.—In the case of a bond which is issued
7 during the 3-month period ending on a credit allow-
8 ance date, the amount of the credit determined
9 under this subsection with respect to such credit al-
10 lowance date shall be a ratable portion of the credit
11 otherwise determined based on the portion of the 3-
12 month period during which the bond is outstanding.
13 A similar rule shall apply when the bond is redeemed
14 or matures.

15 ''(c) LIMITATION BASED ON AMOUNT OF TAX.—

16 ''(1) IN GENERAL.—The credit allowed under
17 subsection (a) for any taxable year shall not exceed
18 the excess of—

19 ''(A) the sum of the regular tax liability
20 (as defined in section 26(b)) plus the tax im-
21 posed by section 55, over

22 ''(B) the sum of the credits allowable
23 under this part (other than subpart C, section
24 1400N(l), and this subpart).

1 "(2) CARRYFORWARD OF UNUSED CREDIT.—If
2 the credit allowable under subsection (a) exceeds the
3 limitation imposed by paragraph (1) for such taxable
4 year, such excess shall be carried to each of the 5
5 taxable years following the unused credit year and
6 added to the credit allowable under subsection (a)
7 for each such taxable year, subject to the application
8 of paragraph (1) to such taxable year.
9 "(d) FREEDOM FROM FOSSIL FUELS (F4) BOND.—
10 For purposes of this section—
11 "(1) IN GENERAL.—The term 'Freedom from
12 Fossil Fuels (F4) bond' means any bond issued as
13 part of an issue if—
14 "(A) the bond is issued by a governmental
15 body pursuant to an allocation by the Freedom
16 from Fossil Fuels (F4) Bonds Board to such
17 issuer of a portion of the Freedom from Fossil
18 Fuels (F4) bond limitation under subsection
19 (f)(2),
20 "(B) 95 percent or more of the proceeds
21 from the sale of such issue are to be used for
22 capital expenditures incurred for 1 or more
23 qualified fossil fuel use reduction projects,

1 “(C) the issuer designates such bond for
2 purposes of this section and the bond is in reg-
3 istered form,
4 “(D) such bond satisfies public approval
5 requirements similar to the requirements of sec-
6 tion 147(f)(2),
7 “(E) except as provided in paragraph
8 (4)(B), the payment of the principal of such
9 issue is secured by taxes of general applicability
10 imposed by a general purpose governmental
11 unit, and
12 “(F) the issue meets the requirements of
13 subsection (h).
14 “(2) QUALIFIED FOSSIL FUEL USE REDUCTION
15 PROJECT.—
16 “(A) IN GENERAL.—The term ‘a qualified
17 fossil fuel use reduction project’ means any
18 project that will reduce oil and fossil fuel con-
19 sumption, including—
20 “(i) transit oriented development,
21 “(ii) public transit infrastructure,
22 “(iii) alternative fuels vehicles and in-
23 frastructure,
24 “(iv) nonpetroleum vehicle manufac-
25 turing facilities,

1 "(v) energy efficiency and energy de-
2 mand reduction,
3 "(vi) greenhouse gas reduction pro-
4 grams and systems, and
5 "(vii) telecommuting programs.
6 "(B) QUALIFIED PROPERTY.—The term
7 'qualified property' means real property—
8 "(i) which is, or is to be, owned by—
9 "(I) a governmental body, or
10 "(II) an organization described
11 in section 501(c)(3) and exempt from
12 taxation under section 501(a) and
13 which has as one if its purposes envi-
14 ronmental preservation, and
15 "(ii) which is reasonably anticipated
16 to be available for use by members of the
17 general public, unless such use would
18 change the character of the property and
19 be contrary to the qualified use of the
20 property.
21 "(C) SAFE HARBOR FOR MANAGEMENT
22 CONTRACTS.—For purposes of subparagraph
23 (B), property shall not be treated as qualified
24 property if any rights or benefits of such prop-
25 erty inure to a private person other than rights

1 or benefits under a management contract or
2 similar type of operating agreement to which
3 rules similar to the rules applicable to tax-ex-
4 empt bonds apply.

5 "(D) LIMIT ON DISPOSITION OF PROP-
6 ERTY.—Any disposition of any interest in prop-
7 erty acquired or improved in connection with a
8 qualified fossil fuel use reduction project de-
9 scribed in this paragraph (except a project de-
10 scribed in subparagraph (A)(v)) shall contain
11 an option (recorded pursuant to applicable
12 State or local law) to purchase such property
13 for an amount equal to the original acquisition
14 price of such property for any interested organi-
15 zations described in subparagraph (B)(i)(II) if
16 such organization purchases such property sub-
17 ject to a restrictive covenant requiring a contin-
18 ued qualified use of such property.

19 "(E) QUALIFIED USE.—The term 'quali-
20 fied use' means, with respect to property, a use
21 which is consistent with the purpose of the
22 qualified fossil fuel use reduction project related
23 to such property.

24 "(3) SPECIAL USE RULES.—

1 "(A) REFINANCING RULES.—For purposes
2 of paragraph (1)(B), a qualified fossil fuel use
3 reduction project may be refinanced with pro-
4 ceeds of a Freedom from Fossil Fuels (F4)
5 bond only if the indebtedness being refinanced
6 (including any obligation directly or indirectly
7 refinanced by such indebtedness) was originally
8 incurred by the borrower after the date of the
9 enactment of this section.
10 "(B) REIMBURSEMENT.—For purposes of
11 paragraph (1)(B), a Freedom from Fossil Fuels
12 (F4) bond may be issued to reimburse a bor-
13 rower for amounts paid after the date of the en-
14 actment of this section with respect to a quali-
15 fied fossil fuel use reduction project, but only
16 if—
17 "(i) prior to the payment of the origi-
18 nal expenditure, the borrower declared its
19 intent to reimburse such expenditure with
20 the proceeds of a Freedom from Fossil
21 Fuels (F4) bond,
22 "(ii) not later than 60 days after pay-
23 ment of the original expenditure, the issuer
24 adopts an official intent to reimburse the

1 original expenditure with such proceeds,
2 and

3 "(iii) the reimbursement is made not
4 later than 18 months after the date the
5 original expenditure is paid.

6 "(C) TREATMENT OF CHANGES IN USE.—
7 For purposes of paragraph (1)(B), the proceeds
8 of an issue shall not be treated as used for a
9 qualified fossil fuel use reduction project to the
10 extent that a borrower takes any action within
11 its control which causes such proceeds not to be
12 used for a qualified fossil fuel use reduction
13 project. The Secretary shall prescribe regula-
14 tions specifying remedial actions that may be
15 taken (including conditions to taking such re-
16 medial actions) to prevent an action described
17 in the preceding sentence from causing a bond
18 to fail to be a Freedom from Fossil Fuels (F4)
19 bond.

20 "(4) SPECIAL RULES FOR PROJECTS DE-
21 SCRIBED IN PARAGRAPH (2)(A)(V).—

22 "(A) LIMIT ON USE OF PROCEEDS FOR
23 PROJECT.—This subsection shall not apply to
24 any bond issued as part of an issue if an
25 amount of the proceeds from such issue are

1 used for a qualified fossil fuel use reduction
2 project described in paragraph (2)(A)(v) and in-
3 volving public infrastructure in excess of an
4 amount equal to 5 percent of the total amount
5 of such proceeds used for all projects described
6 in such paragraph (2)(A)(v).

7 ''(B) PRIVATE USE AND REPAYMENT OF
8 PROCEEDS.—In the case of proceeds of an issue
9 which are used for a qualified fossil fuel use re-
10 duction project described in paragraph
11 (2)(A)(v), the issue of which such bonds are a
12 part shall not fail to meet the requirements of
13 this subsection solely because the proceeds of a
14 disposition of any interest in such property are
15 used to redeem such bonds as long as the pur-
16 chaser of such property makes an irrevocable
17 election not to claim any deduction with respect
18 to such project under section 198.

19 ''(e) MATURITY LIMITATIONS.—

20 ''(1) DURATION OF TERM.—A bond shall not be
21 treated as a Freedom from Fossil Fuels (F4) bond
22 if the maturity of such bond exceeds the maximum
23 term determined by the Secretary under paragraph
24 (2) with respect to such bond.

1 "(2) MAXIMUM TERM.—During each calendar
2 month, the Secretary shall determine the maximum
3 term permitted under this paragraph for bonds
4 issued during the following calendar month. Such
5 maximum term shall be the term which the Sec-
6 retary estimates will result in the present value of
7 the obligation to repay the principal on the bond
8 being equal to 50 percent of the face amount of such
9 bond. Such present value shall be determined with-
10 out regard to the requirements of subsection (l)(6)
11 and using as a discount rate the average annual in-
12 terest rate of tax of tax-exempt obligations having a
13 term of 10 years or more which are issued during
14 the month. If the term as so determined is not a
15 multiple of a whole year, such term shall be rounded
16 to the next highest whole year.
17 "(f) LIMITATION ON AMOUNT OF BONDS DES-
18 IGNATED.—
19 "(1) IN GENERAL.—There is a Freedom from
20 Fossil Fuels (F4) bond limitation for each calendar
21 year equal to—
22 "(A) $3,000,000,000 for each of years
23 2007 through 2014, and
24 "(B) except as provided in paragraph (3),
25 zero after 2014.

1 "(2) ALLOCATION OF LIMITATION AMONG GOV-
2 ERNMENTAL BODIES.—
3 "(A) IN GENERAL.—The limitation amount
4 to be allocated under paragraph (1) for any cal-
5 endar year shall be allocated among govern-
6 mental bodies with an approved application on
7 a competitive basis by the Freedom from Fossil
8 Fuels (F4) Bonds Board (referred to in this
9 subsection as the 'Board') established under
10 section 161 of the Clean Energy Development
11 for a Growing Economy Act of 2006.
12 "(B) APPROVED APPLICATION.—For pur-
13 poses of subparagraph (A), the term 'approved
14 application' means an application which is ap-
15 proved by the Board, and which includes such
16 information as the Board requires.
17 "(C) ALLOCATION TO EACH GOVERN-
18 MENTAL BODY.—The Board shall, in accord-
19 ance with the criteria for approval of applica-
20 tions, allocate amounts in any calendar year to
21 at least 1 approved application from each gov-
22 ernmental body which submits such application.
23 "(3) CARRYOVER OF UNUSED LIMITATION.—If
24 for any calendar year—

1 "(A) the limitation amount under para-
2 graph (1), exceeds
3 "(B) the aggregate limitation amount allo-
4 cated to governmental bodies under this section,
5 the limitation amount under paragraph (1) for the
6 following calendar year shall be increased by the
7 amount of such excess. No limitation amount shall
8 be carried forward under this paragraph more than
9 3 years.
10 "(g) CREDIT INCLUDED IN GROSS INCOME.—Gross
11 income includes the amount of the credit allowed to the
12 taxpayer under this section (determined without regard to
13 subsection (c)) and the amount so included shall be treat-
14 ed as interest income.
15 "(h) SPECIAL RULES RELATING TO EXPENDI-
16 TURES.—
17 "(1) IN GENERAL.—An issue shall be treated as
18 meeting the requirements of this subsection if, as of
19 the date of issuance, the issuer reasonably expects—
20 "(A) at least 95 percent of the proceeds
21 from the sale of the issue are to be spent for
22 1 or more qualified fossil fuel use reduction
23 projects within the 5-year period beginning on
24 the date of issuance of the Freedom from Fossil
25 Fuels (F4) bond,

1 "(B) a binding commitment with a third
2 party to spend at least 10 percent of the pro-
3 ceeds from the sale of the issue will be incurred
4 within the 6-month period beginning on the
5 date of issuance of the Freedom from Fossil
6 Fuels (F4) bond or, in the case of a Freedom
7 from Fossil Fuels (F4) bond the proceeds of
8 which are to be loaned to 2 or more borrowers,
9 such binding commitment will be incurred with-
10 in the 6-month period beginning on the date of
11 the loan of such proceeds to a borrower, and
12 "(C) such projects will be completed with
13 due diligence and the proceeds from the sale of
14 the issue will be spent with due diligence.
15 "(2) EXTENSION OF PERIOD.—Upon submis-
16 sion of a request prior to the expiration of the period
17 described in paragraph (1)(A), the Secretary may
18 extend such period if the issuer establishes that the
19 failure to satisfy the 5-year requirement is due to
20 reasonable cause and the related projects will con-
21 tinue to proceed with due diligence.
22 "(3) FAILURE TO SPEND REQUIRED AMOUNT
23 OF BOND PROCEEDS WITHIN 5 YEARS.—To the ex-
24 tent that less than 95 percent of the proceeds of
25 such issue are expended by the close of the 5-year

1 period beginning on the date of issuance (or if an
2 extension has been obtained under paragraph (2), by
3 the close of the extended period), the issuer shall re-
4 deem all of the nonqualified bonds within 90 days
5 after the end of such period. For purposes of this
6 paragraph, the amount of the nonqualified bonds re-
7 quired to be redeemed shall be determined in the
8 same manner as under section 142.

9 ''(i) SPECIAL RULES RELATING TO ARBITRAGE.—A
10 bond which is part of an issue shall not be treated as a
11 Freedom from Fossil Fuels (F4) bond unless, with respect
12 to the issue of which the bond is a part, the issuer satisfies
13 the arbitrage requirements of section 148 with respect to
14 proceeds of the issue.

15 ''(j) GOVERNMENTAL BODY.—For purposes of this
16 section, the term 'governmental body' means any State,
17 territory, possession of the United States, the District of
18 Columbia, Indian tribal government, and any political sub-
19 division.

20 ''(k) SPECIAL RULES RELATING TO POOL BONDS.—
21 No portion of a pooled financing bond may be allocable
22 to any loan unless the borrower has entered into a written
23 loan commitment for such portion prior to the issue date
24 of such issue.

1 "(l) OTHER DEFINITIONS AND SPECIAL RULES.—
2 For purposes of this section—
3 "(1) BOND.—The term 'bond' includes any ob-
4 ligation.
5 "(2) POOLED FINANCING BOND.—The term
6 'pooled financing bond' shall have the meaning given
7 such term by section 149(f)(4)(A).
8 "(3) PARTNERSHIP; S CORPORATION; AND
9 OTHER PASS-THRU ENTITIES.—
10 "(A) IN GENERAL.—Under regulations
11 prescribed by the Secretary, in the case of a
12 partnership, trust, S corporation, or other pass-
13 thru entity, rules similar to the rules of section
14 41(g) shall apply with respect to the credit al-
15 lowable under subsection (a).
16 "(B) NO BASIS ADJUSTMENT.—Rules simi-
17 lar to the rules under section 1397E(i)(2) shall
18 apply.
19 "(4) BONDS HELD BY REGULATED INVEST-
20 MENT COMPANIES.—If any Freedom from Fossil
21 Fuels (F4) bond is held by a regulated investment
22 company, the credit determined under subsection (a)
23 shall be allowed to shareholders of such company
24 under procedures prescribed by the Secretary.

1 "(5) TREATMENT FOR ESTIMATED TAX PUR-
2 POSES.—Solely for purposes of sections 6654 and
3 6655, the credit allowed by this section to a tax-
4 payer by reason of holding a Freedom from Fossil
5 Fuels (F4) bond on a credit allowance date shall be
6 treated as if it were a payment of estimated tax
7 made by the taxpayer on such date.
8 "(6) RATABLE PRINCIPAL AMORTIZATION RE-
9 QUIRED.—A bond shall not be treated as a Freedom
10 from Fossil Fuels (F4) bond unless it is part of an
11 issue which provides for an equal amount of prin-
12 cipal to be paid by the issuer during each calendar
13 year that the issue is outstanding.
14 "(7) REPORTING.—Issuers of Freedom from
15 Fossil Fuels (F4) bonds shall submit reports similar
16 to the reports required under section 149(e).
17 "(8) CREDITS MAY BE STRIPPED.—Under regu-
18 lations prescribed by the Secretary—
19 "(A) IN GENERAL.—There may be a sepa-
20 ration (including at issuance) of the ownership
21 of a Freedom from Fossil Fuels (F4) bond and
22 the entitlement to the credit under this section
23 with respect to such bond. In case of any such
24 separation, the credit under this section shall be
25 allowed to the person which, on the credit al-

1 lowance date, holds the instrument evidencing
2 the entitlement to the credit and not to the
3 holder of the bond.

4 "(B) CERTAIN RULES TO APPLY.—In the
5 case of a separation described in subparagraph
6 (A), the rules of section 1286 shall apply to the
7 Freedom from Fossil Fuels (F4) bond as if it
8 were a stripped bond and to the credit under
9 this section as if it were a stripped coupon.

10 "(9) CREDIT MAY BE TRANSFERRED.—Nothing
11 in any law or rule of law shall be construed to limit
12 the transferability of the credit allowed by this sec-
13 tion through sale and repurchase agreements.

14 "(m) TERMINATION.—This section shall not apply
15 with respect to any bond issued after December 31,
16 2014."

17 (b) REPORTING.—Subsection (d) of section 6049 of
18 the Internal Revenue Code of 1986 (relating to returns
19 regarding payments of interest), as amended by this Act,
20 is amended by adding at the end the following:

21 "(10) REPORTING OF CREDIT ON FREEDOM
22 FROM FOSSIL FUELS (F4) BONDS.—

23 "(A) IN GENERAL.—For purposes of sub-
24 section (a), the term 'interest' includes amounts
25 includible in gross income under section 54B(g)

1 and such amounts shall be treated as paid on
2 the credit allowance date (as defined in section
3 54B(b)(4)).
4 "(B) REPORTING TO CORPORATIONS,
5 ETC.—Except as otherwise provided in regula-
6 tions, in the case of any interest described in
7 subparagraph (A) of this paragraph, subsection
8 (b)(4) of this section shall be applied without
9 regard to subparagraphs (A), (H), (I), (J), (K),
10 and (L)(i).
11 "(C) REGULATORY AUTHORITY.—The Sec-
12 retary may prescribe such regulations as are
13 necessary or appropriate to carry out the pur-
14 poses of this paragraph, including regulations
15 which require more frequent or more detailed
16 reporting.".
17 (c) CLERICAL AMENDMENT.—The table of sections
18 for subpart H of part IV of subchapter A of chapter 1
19 of the Internal Revenue Code of 1986, as amended by this
20 Act, is amended by adding at the end the following:

"Sec. 54B. Credit to holders of freedom from fossil Fuels (F4) bonds.".

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to bonds issued after December
23 31, 2005.
24 (e) FREEDOM FROM FOSSIL FUELS (F4) BONDS
25 BOARD.—

1 (1) IN GENERAL.—The President, in consulta-
2 tion with Congress, States, and local communities,
3 shall establish in the Executive Branch the Freedom
4 from Fossil Fuels (F4) Bonds Board (referred to in
5 this subsection as the ''Board'') to review applica-
6 tions for allocation of the Freedom from Fossil
7 Fuels (F4) bond applications in accordance with cri-
8 teria published in the Federal Register.
9 (2) ANNUAL REPORT.—The Board shall annu-
10 ally report with respect to the conduct of its respon-
11 sibilities under this subsection to the President and
12 Congress and such report shall include—
13 (A) the overall progress of the Freedom
14 from Fossil Fuels (F4) bond program, and
15 (B) the overall limitation amount allocated
16 during the year and a description of the
17 amount, region, and qualified fossil fuel use re-
18 duction project financed by each allocation.
19 (3) AUTHORIZATION OF APPROPRIATIONS.—
20 There are authorized to be appropriated to the
21 Board such sums as are necessary to carry out the
22 purposes of this subsection.
23 **SEC. 422. CLEAN ENERGY SECURITY COLLABORATIVE.**
24 (a) IN GENERAL.—There is established a cooperative
25 program, to be known as the ''Clean Energy Security Col-

1 laborative'' (referred to in this section as the ''Collabo-
2 rative'')—
3 (1) to promote awareness of and increased use
4 of clean energy technologies for energy security; and
5 (2) to increase collaboration among Federal and
6 State agencies to deploy clean distributed energy
7 technologies and systems for critical facilities, infra-
8 structure, and homeland security applications.
9 (b) ADMINISTRATION.—The Collaborative shall be
10 carried out by the Secretary of Energy—
11 (1) in accordance with an agreement between
12 the Secretary and a nonprofit, non-governmental or-
13 ganization that represents various types of State
14 clean energy funds dedicated to promoting the devel-
15 opment and deployment of clean energy technologies
16 and to creating and expanding the markets for the
17 technologies; and
18 (2) in consultation with the States.
19 (c) DUTIES.—The Collaborative, through the leader-
20 ship of State clean energy funds, and in partnership with
21 institutions of higher education, shall conduct a multistate
22 analysis to develop—
23 (1) a model energy security assessment tem-
24 plate for critical facilities and infrastructure;

1 (2) a business case that explores a strategy for
2 using clean distributed generation technologies at
3 critical facilities and infrastructure, including—
4 (A) building and facility backup power;
5 (B) emergency response capability;
6 (C) low-power protection;
7 (D) infrastructure area support;
8 (E) transportation; and
9 (F) telecommunications;
10 (3) a feasibility study initiative with—
11 (A) a short list of critical facilities and in-
12 frastructure for potential demonstration
13 projects;
14 (B) a template for the feasibility studies to
15 be carried out; and
16 (C) a plan to conduct feasibility studies in
17 select States to better understand the actual
18 economic, technical, and other market barriers
19 to the use of clean distributed generation tech-
20 nologies at critical public facilities and infra-
21 structure;
22 (4) a generic financial and engineering model
23 based on the results of the feasibility studies carried
24 out under paragraph (3) that could be used to accel-
25 erate consideration and adoption of clean energy sys-

1 tems at critical public facilities and infrastructure;
2 and
3 (5) a report for submission to Congress to
4 present findings and strategic recommendations for
5 improving energy security at critical facilities and in-
6 frastructure using clean distributed generation tech-
7 nologies through a Federal-State partnership.
8 (d) FEDERAL-STATE PILOT PROJECTS.—The Col-
9 laborative shall establish Federal-State pilot projects with
10 demonstrations in 5 States—
11 (1) to implement recommendations from the
12 feasibility studies carried out under subsection
13 (c)(3);
14 (2) to facilitate the use of local, distributed,
15 clean energy generation technologies and systems at
16 critical public safety facilities and infrastructure;
17 and
18 (3) as overall purposes, to fortify infrastructure,
19 strengthen capabilities of first responders, and en-
20 hance emergency preparedness, among other Federal
21 and State energy security priorities.
22 (e) REPORT.—The Collaborative shall submit to Con-
23 gress and each State director of homeland security or
24 emergency management a report that describes the results
25 of—

1 (1) the multistate analysis under subsection (c);
2 and
3 (2) the Federal-State pilot projects under sub-
4 section (d).
5 (f) FUNDING SOURCES.—Funding for the Collabo-
6 rative may be provided from—
7 (1) amounts specifically appropriated for the
8 Collaborative; and
9 (2) an equal match of Federal funds by any
10 State receiving funds as part of a Federal-State
11 pilot project under subsection (d).
12 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
13 authorized to be appropriated to carry out this section
14 $500,000,000 for each of fiscal years 2007 through 2010.

15 **SEC. 423. ASSISTANCE FOR STATE PROGRAMS TO RETIRE**
16 **FUEL-INEFFICIENT MOTOR VEHICLES.**

17 (a) DEFINITIONS.—In this section:
18 (1) FUEL-EFFICIENT AUTOMOBILE.—The term
19 ''fuel-efficient automobile'' means a passenger auto-
20 mobile or a light-duty truck that has a fuel economy
21 rating that is 40 percent greater than the average
22 fuel economy standard prescribed pursuant to sec-
23 tion 32902 of title 49, United States Code, or other
24 law, applicable to the passenger automobile or light-
25 duty truck.

1 (2) FUEL-INEFFICIENT AUTOMOBILE.—The
2 term ''fuel-inefficient automobile'' means a pas-
3 senger automobile or a light-duty truck that—
4 (A) is manufactured in a model year more
5 than 15 years before the fiscal year in which
6 appropriations authorized under subsection (f)
7 are made available; and
8 (B) at the time of manufacture, had a fuel
9 economy rating that was equal to or less than
10 20 miles per gallon.
11 (3) LIGHT-DUTY TRUCK.—
12 (A) IN GENERAL.—The term ''light-duty
13 truck'' means an automobile that is not a pas-
14 senger automobile.
15 (B) INCLUSIONS.—The term ''light-duty
16 truck'' includes a pickup truck, a van, and a
17 four-wheel-drive general utility vehicle (as those
18 terms are defined in section 600.002–85 of title
19 40, Code of Federal Regulations (or successor
20 regulations)).
21 (4) STATE.—The term ''State'' means—
22 (A) a State; and
23 (B) the District of Columbia.
24 (b) ESTABLISHMENT.—The Secretary shall establish
25 a program, to be known as the ''National Motor Vehicle

1 Efficiency Improvement Program'', under which the Sec-
2 retary shall provide grants to States to operate voluntary
3 programs to offer owners of fuel-inefficient automobiles fi-
4 nancial incentives to replace the fuel-inefficient auto-
5 mobiles with fuel-efficient automobiles.
6 (c) STATE PLAN.—
7 (1) IN GENERAL.—For a State to be eligible to
8 receive funds under the program, the Governor of
9 the State shall submit to the Secretary a plan to
10 carry out a program under this section in the State.
11 (2) ADDITIONAL STATE CREDIT.—In addition
12 to the payment under subsection (e)(6), the State
13 plan may provide for a credit that may be redeemed
14 by the owner of a replaced fuel-inefficient automobile
15 at the time of purchase of a new fuel-efficient auto-
16 mobile for use as the replacement.
17 (d) ALLOCATION FORMULA.—The amounts appro-
18 priated pursuant to subsection (f) shall be allocated among
19 the States in the proportion that—
20 (1) the number of registered motor vehicles in
21 each State as of the date on which the Secretary
22 computes shares under this subsection; bears to
23 (2) the number of registered motor vehicles in
24 all States on that date.

1 (e) ELIGIBILITY CRITERIA.—The Secretary shall ap-
2 prove a State plan submitted under subsection (c)(1) and
3 provide the funds made available under subsection (f), if
4 the State plan—

5 (1) except as provided in paragraph (7), re-
6 quires that all passenger automobiles and light-duty
7 trucks turned in be scrapped, after allowing a period
8 of time for the recovery of spare parts;

9 (2) requires that all passenger automobiles and
10 light-duty trucks turned in be registered in the State
11 in order to be eligible;

12 (3) requires that all passenger automobiles and
13 light-duty trucks turned in be operational at the
14 time at which the passenger automobiles and light-
15 duty trucks are turned in;

16 (4) restricts automobile owners (except non-
17 profit organizations) from turning in more than 1
18 passenger automobile and 1 light-duty truck during
19 a 1-year period;

20 (5) provides an appropriate payment to the per-
21 son recycling the scrapped passenger automobile or
22 light-duty truck for each turned-in passenger auto-
23 mobile or light-duty truck;

24 (6) subject to subsection (c)(2), provides a min-
25 imum payment to the automobile owner for each

1 passenger automobile and light-duty truck turned in;
2 and

3 (7) provides appropriate exceptions to the
4 scrappage requirement for vehicles that qualify as
5 antique cars under State law.

6 (f) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated to the Secretary such
8 sums as are necessary to carry out this section, to remain
9 available until expended.

10 Subtitle D—International Clean 11 Energy Deployment

12 SEC. 431. CLEAN ENERGY TECHNOLOGY DEPLOYMENT IN 13 DEVELOPING COUNTRIES.

14 Title VII of the Global Environmental Protection As-
15 sistance Act of 1989 (22 U.S.C. 7901 et seq.) is amending
16 by adding at the end the following:

17 "PART D—CLEAN ENERGY TECHNOLOGY 18 DEPLOYMENT IN DEVELOPING COUNTRIES

19 "SEC. 741. DEFINITIONS.

20 ''In this part:

21 ''(1) CLEAN ENERGY TECHNOLOGY.—The term
22 'clean energy technology' means an energy supply or
23 end-use technology that, over its lifecycle and com-
24 pared to a similar technology already in commercial
25 use in any developing country—

1 "(A) is reliable, affordable, economically
2 viable, socially acceptable, and compatible with
3 the needs and norms of the host country;
4 "(B) results in—
5 "(i) reduced emissions of greenhouse
6 gases; or
7 "(ii) increased geological sequestra-
8 tion; and
9 "(C) may—
10 "(i) substantially lower emissions of
11 air pollutants; and
12 "(ii) generate substantially smaller or
13 less hazardous quantities of solid or liquid
14 waste.
15 "(2) DEPARTMENT.—The term 'Department'
16 means the Department of State.
17 "(3) DEVELOPING COUNTRY.—
18 "(A) IN GENERAL.—The term 'developing
19 country' means any country not listed in Annex
20 I of the United Nations Framework Convention
21 on Climate Change, done at New York on May
22 9, 1992.
23 "(B) INCLUSION.—The term 'developing
24 country' may include a country with an econ-

1 omy in transition, as determined by the Sec-
2 retary.
3 "(4) GEOLOGICAL SEQUESTRATION.—The term
4 'geological sequestration' means the capture and
5 long-term storage in a geological formation of a
6 greenhouse gas from an energy producing facility,
7 which prevents the release of greenhouse gases into
8 the atmosphere.
9 "(5) GREENHOUSE GAS.—The term 'greenhouse
10 gas' means—
11 "(A) carbon dioxide;
12 "(B) methane;
13 "(C) nitrous oxide;
14 "(D) hydrofluorocarbons;
15 "(E) perfluorocarbons; and
16 "(F) sulfur hexafluoride.
17 "(6) INSTITUTION OF HIGHER EDUCATION.—
18 The term 'institution of higher education' has the
19 meaning given the term in section 101(a) of the
20 Higher Education Act of 1965 (20 U.S.C. 1001(a)).
21 "(7) INTERAGENCY WORKING GROUP.—The
22 term 'Interagency Working Group' means the Inter-
23 agency Working Group on Clean Energy Technology
24 Exports established under section 742(b)(1)(A).

1 "(8) NATIONAL LABORATORY.—The term 'Na-
2 tional Laboratory' has the meaning given the term
3 in section 2 of the Energy Policy Act of 2005 (42
4 U.S.C. 15801).
5 "(9) QUALIFYING PROJECT.—The term 'quali-
6 fying project' means a project meeting the criteria
7 established under section 745(b).
8 "(10) SECRETARY.—The term 'Secretary'
9 means the Secretary of State.
10 "(11) STATE.—The term 'State' means—
11 "(A) a State;
12 "(B) the District of Columbia;
13 "(C) the Commonwealth of Puerto Rico;
14 and
15 "(D) any other territory or possession of
16 the United States.
17 "(12) STRATEGY.—The term 'Strategy' means
18 the strategy established under section 743.
19 "(13) TASK FORCE.—The term 'Task Force'
20 means the Task Force on International Clean En-
21 ergy Cooperation established under section 742(a).
22 "(14) UNITED STATES.—The term 'United
23 States', when used in a geographical sense, means
24 all of the States.

1 **"SEC. 742. ORGANIZATION.**

2 "(a) TASK FORCE.—

3 "(1) ESTABLISHMENT.—Not later than 90 days
4 after the date of enactment of this part, the Presi-
5 dent shall establish a Task Force on International
6 Clean Energy Cooperation.

7 "(2) COMPOSITION.—The Task Force shall be
8 composed of—

9 "(A) the Secretary, who shall serve as
10 Chairperson; and

11 "(B) representatives, appointed by the
12 head of the respective Federal agency, of—

13 "(i) the Department of Commerce;

14 "(ii) the Department of the Treasury;

15 "(iii) the Department of Energy;

16 "(iv) the Environmental Protection
17 Agency;

18 "(v) the United States Agency for
19 International Development;

20 "(vi) the Export-Import Bank;

21 "(vii) the Overseas Private Investment
22 Corporation;

23 "(viii) the Trade and Development
24 Agency;

25 "(ix) the Small Business Administra-
26 tion;

1 "(x) the Office of United States Trade
2 Representative; and
3 "(xi) other Federal agencies, as deter-
4 mined by the President.
5 "(3) DUTIES.—
6 "(A) LEAD AGENCY.—The Task Force
7 shall act as the lead agency in the development
8 and implementation of strategy under section
9 743.
10 "(B) COORDINATION AND IMPLEMENTA-
11 TION.—The Task Force shall support the co-
12 ordination and implementation of programs
13 under sections 1331, 1332, and 1608 of the
14 Energy Policy Act of 1992 (42 U.S.C. 13361,
15 13362, 13387).
16 "(4) TERMINATION.—The Task Force, includ-
17 ing any working group established by the Task
18 Force, shall terminate on January 1, 2016.
19 "(b) WORKING GROUPS.—
20 "(1) ESTABLISHMENT.—The Task Force—
21 "(A) shall establish an Interagency Work-
22 ing Group on Clean Energy Technology Ex-
23 ports; and
24 "(B) may establish other working groups
25 as necessary to carry out this part.

1 "(2) COMPOSITION OF INTERAGENCY WORKING
2 GROUP.—The Interagency Working Group shall be
3 composed of—
4 "(A) the Secretary of Energy, the Sec-
5 retary of Commerce, and the Administrator of
6 the United States Agency for International De-
7 velopment, who shall jointly serve as Chair-
8 persons; and
9 "(B) other members, as determined by the
10 Task Force.
11 "(c) INTERAGENCY CENTER.—
12 "(1) ESTABLISHMENT.—There is established an
13 Interagency Center in the Office of International
14 Energy Market Development of the Department of
15 Energy.
16 "(2) DUTIES.—The Interagency Center shall—
17 "(A) assist the Interagency Working
18 Group in carrying out this part; and
19 "(B) perform such other duties as are de-
20 termined to be appropriate by the Secretary of
21 Energy.
22 **"SEC. 743. STRATEGY.**
23 "(a) INITIAL STRATEGY.—
24 "(1) IN GENERAL.—Not later than 1 year after
25 the date of enactment of this part, the Task Force

1 shall develop and submit to the President a Strategy
2 to—
3 "(A) support the development and imple-
4 mentation of programs and policies in devel-
5 oping countries to promote the adoption of
6 clean energy technologies and energy efficiency
7 technologies and strategies, with an emphasis
8 on those developing countries that are expected
9 to experience the most significant growth in en-
10 ergy production and use over the next 20 years;
11 "(B) open and expand clean energy tech-
12 nology markets and facilitate the export of
13 clean energy technology to developing countries,
14 in a manner consistent with the subsidy codes
15 of the World Trade Organization;
16 "(C) integrate into the foreign policy objec-
17 tives of the United States the promotion of—
18 "(i) clean energy technology deploy-
19 ment and reduced greenhouse gas emis-
20 sions in developing countries; and
21 "(ii) clean energy technology exports;
22 "(D) establish a pilot program that pro-
23 vides financial assistance for qualifying
24 projects; and

1 "(E) develop financial mechanisms and in-
2 struments (including securities that mitigate
3 the political and foreign exchange risks of uses
4 that are consistent with the foreign policy of
5 the United States by combining the private sec-
6 tor market and government enhancements)
7 that—
8 "(i) are cost-effective; and
9 "(ii) facilitate private capital invest-
10 ment in clean energy technology projects in
11 developing countries.
12 "(2) TRANSMISSION TO CONGRESS.—On receiv-
13 ing the Strategy from the Task Force under para-
14 graph (1), the President shall transmit to Congress
15 the Strategy.
16 "(b) UPDATES.—
17 "(1) IN GENERAL.—Not later than 2 years
18 after the date of submission of the initial Strategy
19 under subsection (a)(1), and every 2 years there-
20 after—
21 "(A) the Task Force shall—
22 "(i) review and update the Strategy;
23 and
24 "(ii) report the results of the review
25 and update to the President; and

1 "(B) the President shall submit to Con-
2 gress a report on the Strategy.
3 "(2) INCLUSIONS.—The report shall include—
4 "(A) the updated Strategy;
5 "(B) a description of the assistance pro-
6 vided under this part;
7 "(C) the results of the pilot projects car-
8 ried out under this part, including a compara-
9 tive analysis of the relative merits of each pilot
10 project;
11 "(D) the activities and progress reported
12 by developing countries to the Department
13 under section 746(b)(2); and
14 "(E) the activities and progress reported
15 towards meeting the goals established under
16 section 746(b)(2).
17 "(c) CONTENT.—In developing, updating, and sub-
18 mitting a report on the Strategy, the Task Force shall—
19 "(1) assess—
20 "(A) energy trends, energy needs, and po-
21 tential energy resource bases in developing
22 countries; and
23 "(B) the implications of the trends and
24 needs for domestic and global economic and se-
25 curity interests;

1 ‘‘(2) analyze technology, policy, and market op-
2 portunities for international development, dem-
3 onstration, and deployment of clean energy tech-
4 nologies and strategies;

5 ‘‘(3) examine relevant trade, tax, finance, inter-
6 national, and other policy issues to assess what poli-
7 cies, in the United States and in developing coun-
8 tries, would help open markets and improve clean
9 energy technology exports of the United States in
10 support of—

11 ‘‘(A) enhancing energy innovation and co-
12 operation, including energy sector and market
13 reform, capacity building, and financing meas-
14 ures;

15 ‘‘(B) improving energy end-use efficiency
16 technologies (including buildings and facilities)
17 and vehicle, industrial, and co-generation tech-
18 nology initiatives; and

19 ‘‘(C) promoting energy supply technologies,
20 including fossil, nuclear, and renewable tech-
21 nology initiatives;

22 ‘‘(4) investigate issues associated with building
23 capacity to deploy clean energy technology in devel-
24 oping countries, including—

25 ‘‘(A) energy-sector reform;

1 ''(B) creation of open, transparent, and
2 competitive markets for clean energy tech-
3 nologies;
4 ''(C) the availability of trained personnel to
5 deploy and maintain clean energy technology;
6 and
7 ''(D) demonstration and cost-buydown
8 mechanisms to promote first adoption of clean
9 energy technology;
10 ''(5) establish priorities for promoting the diffu-
11 sion and adoption of clean energy technologies and
12 strategies in developing countries, taking into ac-
13 count economic and security interests of the United
14 States and opportunities for the export of technology
15 of the United States;
16 ''(6) identify the means of integrating the prior-
17 ities established under paragraph (5) into bilateral,
18 multilateral, and assistance activities and commit-
19 ments of the United States;
20 ''(7) establish methodologies for the measure-
21 ment, monitoring, verification, and reporting under
22 section 746(b)(2) of the greenhouse gas emission im-
23 pacts of clean energy projects and policies in devel-
24 oping countries;

1 "(8) establish a registry that is accessible to the
2 public through electronic means (including through
3 the Internet) in which information reported under
4 section 746(b)(2) shall be collected;
5 "(9) make recommendations to the heads of ap-
6 propriate Federal agencies on ways to streamline
7 Federal programs and policies to improve the role of
8 the agencies in the international development, dem-
9 onstration, and deployment of clean energy tech-
10 nology;
11 "(10) make assessments and recommendations
12 regarding the distinct technological, market, re-
13 gional, and stakeholder challenges necessary to de-
14 ploy clean energy technology;
15 "(11) recommend conditions and criteria that
16 will help ensure that funds provided by the United
17 States promote sound energy policies in developing
18 countries while simultaneously opening their markets
19 and exporting clean energy technology of the United
20 States;
21 "(12) establish an advisory committee, com-
22 posed of representatives of the private sector and
23 other interested groups, on the export and deploy-
24 ment of clean energy technology;

1 “(13) establish a coordinated mechanism for
2 disseminating information to the private sector and
3 the public on clean energy technologies and clean en-
4 ergy technology transfer opportunities; and
5 “(14) monitor the progress of each Federal
6 agency in promoting the purposes of this part, in ac-
7 cordance with—
8 “(A) the 5-year strategic plan submitted to
9 Congress in October 2002; and
10 “(B) other applicable law.

11 **“SEC. 744. CLEAN ENERGY ASSISTANCE TO DEVELOPING**
12 **COUNTRIES.**

13 “(a) IN GENERAL.—Subject to section 746, the Sec-
14 retary may provide assistance to developing countries for
15 activities that are consistent with the priorities established
16 in the Strategy.
17 “(b) ASSISTANCE.—The assistance may be provided
18 through—
19 “(1) the Millennium Challenge Corporation es-
20 tablished under section 604(a) of the Millennium
21 Challenge Act of 2003 (22 U.S.C. 7703(a));
22 “(2) the Global Village Energy Partnership;
23 and
24 “(3) other international assistance programs or
25 activities of—

1 ‘‘(A) the Department;
2 ‘‘(B) the United States Agency for Inter-
3 national Development; and
4 ‘‘(C) other Federal agencies.
5 ‘‘(c) ELIGIBLE ACTIVITIES.—The activities sup-
6 ported under this section include—
7 ‘‘(1) development of national action plans and
8 policies to—
9 ‘‘(A) facilitate the provision of clean energy
10 services and the adoption of energy efficiency
11 measures;
12 ‘‘(B) identify linkages between the use of
13 clean energy technologies and the provision of
14 agricultural, transportation, water, health, edu-
15 cational, and other development-related services;
16 and
17 ‘‘(C) integrate the use of clean energy
18 technologies into national strategies for eco-
19 nomic growth, poverty reduction, and sustain-
20 able development;
21 ‘‘(2) strengthening of public and private sector
22 capacity to—
23 ‘‘(A) assess clean energy needs and op-
24 tions;

1 "(B) identify opportunities to reduce,
2 avoid, or sequester greenhouse gas emissions;
3 "(C) establish enabling policy frameworks;
4 "(D) develop and access financing mecha-
5 nisms; and
6 "(E) monitor progress in implementing
7 clean energy and greenhouse gas reduction
8 strategies;
9 "(3) enactment and implementation of market-
10 favoring measures to promote commercial-based en-
11 ergy service provision and to improve the govern-
12 ance, efficiency, and financial performance of the en-
13 ergy sector; and
14 "(4) development and use of innovative public
15 and private mechanisms to catalyze and leverage fi-
16 nancing for clean energy technologies, including use
17 of the development credit authority of the United
18 States Agency for International Development and
19 credit enhancements through the Export-Import
20 Bank and the Overseas Private Investment Corpora-
21 tion.

22 **"SEC. 745. PILOT PROGRAM FOR DEMONSTRATION**
23 **PROJECTS.**

24 "(a) IN GENERAL.—Not later than 2 years after the
25 date of enactment of this part, the Secretary, in consulta-

1 tion with the Secretary of Energy and the Administrator
2 of the United States Agency for International Develop-
3 ment, shall, by regulation, establish a pilot program that
4 provides financial assistance for qualifying projects con-
5 sistent with the Strategy and the performance criteria es-
6 tablished under section 746.

7 ''(b) QUALIFYING PROJECTS.—To be qualified to re-
8 ceive assistance under this section, a project shall—

9 ''(1) be a project—

10 ''(A) to construct an energy production fa-
11 cility in a developing country for the production
12 of energy to be consumed in the developing
13 country; or

14 ''(B) to improve the efficiency of energy
15 use in a developing country;

16 ''(2) be a project that—

17 ''(A) is submitted by a firm of the United
18 States to the Secretary in accordance with pro-
19 cedures established by the Secretary by regula-
20 tion;

21 ''(B) meets the requirements of section
22 1608(k) of the Energy Policy Act of 1992 (42
23 U.S.C. 13387(k));

1 "(C) uses technology that has been suc-
2 cessfully developed or deployed in the United
3 States; and

4 "(D) is selected by the Secretary without
5 regard to the developing country in which the
6 project is located, with notice of the selection
7 published in the Federal Register; and

8 "(3) when deployed, result in a greenhouse gas
9 emission reduction (when compared to the tech-
10 nology that would otherwise be deployed) of at
11 least—

12 "(A) in the case of a unit or energy-effi-
13 ciency measure placed in service during the pe-
14 riod beginning on the date of enactment of this
15 part and ending on December 31, 2009, 20 per-
16 centage points;

17 "(B) in the case of a unit or energy-effi-
18 ciency measure placed in service during the pe-
19 riod beginning on January 1, 2010, and ending
20 on December 31, 2019, 40 percentage points;
21 and

22 "(C) in the case of a unit or energy-effi-
23 ciency measure placed in service after December
24 31, 2019, 60 percentage points.

25 "(c) FINANCIAL ASSISTANCE.—

1 "(1) IN GENERAL.—For each qualifying project
2 selected by the Secretary to participate in the pilot
3 program, the Secretary shall make a loan or loan
4 guarantee available for not more than 50 percent of
5 the total cost of the project.
6 "(2) INTEREST RATE.—The interest rate on a
7 loan made under this subsection shall be equal to
8 the current average yield on outstanding obligations
9 of the United States with remaining periods of ma-
10 turity comparable to the maturity of the loan.
11 "(3) HOST COUNTRY CONTRIBUTION.—To be
12 eligible for a loan or loan guarantee for a project in
13 a host country under this subsection, the host coun-
14 try shall—
15 "(A) make at least a 10 percent contribu-
16 tion toward the total cost of the project; and
17 "(B) verify to the Secretary (using the
18 methodology established under section
19 743(c)(7)) the quantity of annual greenhouse
20 gas emissions reduced, avoided, or sequestered
21 as a result of the deployment of the project.
22 "(4) CAPACITY BUILDING RESEARCH.—
23 "(A) IN GENERAL.—A proposal made for a
24 qualifying project may include a research com-

ponent intended to build technological capacity within the host country.

"(B) RESEARCH.—To be eligible for a loan or loan guarantee under this paragraph, the research shall—

"(i) be related to the technology being deployed; and

"(ii) involve—

"(I) an institution in the host country; and

"(II) a participant from the United States that is an industrial entity, an institution of higher education, or a National Laboratory.

"(C) HOST COUNTRY CONTRIBUTION.—To be eligible for a loan or loan guarantee for research in a host country under this paragraph, the host country shall make at least a 50 percent contribution toward the total cost of the research.

"(5) GRANTS.—

"(A) IN GENERAL.—The Secretary, in consultation with the Secretary of Energy and the Administrator of the United States Agency for International Development, may, at the request

of the United States ambassador to a host country, make grants to help address and overcome specific, urgent, and unforeseen obstacles in the implementation of a qualifying project.

"(B) MAXIMUM AMOUNT.—The total amount of a grant made for a qualifying project under this paragraph may not exceed $1,000,000.

"SEC. 746. PERFORMANCE CRITERIA FOR MAJOR ENERGY CONSUMERS.

"(a) IDENTIFICATION OF MAJOR ENERGY CONSUMERS.—Not later than 1 year after the date of enactment of this part, the Task Force shall identify those developing countries that, by virtue of present and projected energy consumption, represent the predominant share of energy use among developing countries.

"(b) PERFORMANCE CRITERIA.—As a condition of accepting assistance provided under sections 744 and 745, any developing country identified under subsection (a) shall—

"(1) meet the eligibility criteria established under section 607 of the Millennium Challenge Act of 2003 (22 U.S.C. 7706), notwithstanding the eligibility of the developing country as a candidate coun-

1 try under section 606 of that Act (22 U.S.C. 7705);
2 and

3 "(2) agree to establish and report on progress
4 in meeting specific goals for reduced energy-related
5 greenhouse gas emissions and specific goals for—

6 "(A) increased access to clean energy serv-
7 ices among unserved and underserved popu-
8 lations;

9 "(B) increased use of renewable energy re-
10 sources;

11 "(C) increased use of lower greenhouse
12 gas-emitting fossil fuel-burning technologies;

13 "(D) more efficient production and use of
14 energy;

15 "(E) greater reliance on advanced energy
16 technologies;

17 "(F) the sustainable use of traditional en-
18 ergy resources; or

19 "(G) other goals for improving energy-re-
20 lated environmental performance, including the
21 reduction or avoidance of local air and water
22 quality and solid waste contaminants.

1 **"SEC. 747. AUTHORIZATION OF APPROPRIATIONS.**

2 "There are authorized to be appropriated such sums
3 as are necessary to carry out this part for each of fiscal
4 years 2006 through 2015."

5 TITLE V—SECURING A RELI-
6 ABLE, AFFORDABLE, AND
7 SUSTAINABLE ENERGY FU-
8 TURE

9 Subtitle A—Advanced Research
10 Project Agency for Energy

11 **SEC. 501. OFFICE OF ADVANCED ENERGY RESEARCH, TECH-**
12 **NOLOGY DEVELOPMENT, AND DEPLOYMENT.**

13 (a) ESTABLISHMENT.—The Secretary of Energy
14 shall establish in the Department of Energy the Office of
15 Advanced Energy Research, Technology Development, and
16 Deployment (referred to in this section as the "Office"),
17 to be headed by a Director (referred to in this section as
18 the "Director") who reports to the Secretary.

19 (b) MISSION.—The mission of the Office is—

20 (1) to implement an innovative energy research,
21 technology development, and deployment program
22 to—

23 (A) increase national security by signifi-
24 cantly reducing petroleum and imported fuels
25 consumption;

1 (B) significantly improve the efficiency of
2 electricity use and the reliability of the elec-
3 tricity system; and
4 (C) significantly reduce greenhouse gas
5 emissions; and
6 (2) to sponsor a diverse portfolio of cutting-
7 edge, high-payoff research, development, and deploy-
8 ment projects to carry out the program.
9 (c) EXPERIMENTAL PERSONNEL AUTHORITY.—The
10 Director may staff the Office primarily using a program
11 of experimental use of special personnel management au-
12 thority in order to facilitate recruitment of eminent ex-
13 perts in science or engineering for management of re-
14 search and development projects and programs adminis-
15 tered by the Director under similar terms and conditions
16 as the authority is exercised under section 1101 of the
17 Strom Thurmond National Defense Authorization Act for
18 Fiscal Year 1999 (Public Law 105–261; 5 U.S.C. 3104
19 note), as determined by the Director.
20 (d) TRANSACTIONS OTHER THAN CONTRACTS AND
21 GRANTS.—To carry out projects under this section, the
22 Director may enter into transactions to carry out ad-
23 vanced research projects under this subsection under simi-
24 lar terms and conditions as the authority is exercised

1 under section 646(g) of the Department of Energy Orga-
2 nization Act (42 U.S.C. 7256(g)).
3 (e) PRIZES FOR ADVANCED TECHNOLOGY ACHIEVE-
4 MENTS.—
5 (1) IN GENERAL.—Subject to paragraphs (2)
6 through (4), the Director may carry out a program
7 to award cash prizes in recognition of outstanding
8 achievements in basic, advanced, and applied re-
9 search, technology development, and prototype devel-
10 opment that have the potential to advance the mis-
11 sion described in subsection (b) under similar terms
12 and conditions as the authority is exercised under
13 section 1008 of the Energy Policy Act of 2005 (42
14 U.S.C. 16396).
15 (2) COMPETITION REQUIREMENTS.—In car-
16 rying out this subsection, the Director shall—
17 (A) use a competitive process for the selec-
18 tion of recipients of cash prizes; and
19 (B) conduct widely-advertised solicitation
20 of submissions of research results, technology
21 developments, and prototypes.
22 (3) MAXIMUM AMOUNT FOR ALL CASH
23 PRIZES.—The total amount of all cash prizes award-
24 ed for a fiscal year under this subsection may not
25 exceed $50,000,000.

1 (4) MAXIMUM AMOUNT OF INDIVIDUAL CASH
2 PRIZES.—The amount of an individual cash prize
3 awarded under this subsection may not exceed
4 $10,000,000 unless the amount of the award is ap-
5 proved by the Secretary of Energy.
6 (f) ANNUAL REPORTS.—As soon as practicable after
7 the end of each fiscal year for which the Director receives
8 funds under subsection (h), the Director shall submit to
9 the Committee on Energy and Natural Resources of the
10 Senate and the Committee on Energy and Commerce, and
11 the Committee on Science, of the House of Representa-
12 tives a report on the progress, challenges, future mile-
13 stones, and strategic plan of the Office, including—
14 (1) a description of, and rationale for, any
15 changes in the strategic plan;
16 (2) the adequacy of human and financial re-
17 sources necessary to achieve the mission described in
18 subsection (b); and
19 (3) in the case of cash prizes awarded under
20 subsection (e), a description of—
21 (A) the applications of the research, tech-
22 nology, or prototypes for which prizes were
23 awarded;
24 (B) the total amount of the prizes that
25 were awarded;

1 (C) the methods used for solicitation and
2 evaluation of submissions and an assessment of
3 the effectiveness of those methods; and
4 (D) recommendations to improve the prize
5 program.
6 (g) RELATIONSHIP TO OTHER AUTHORITY.—The
7 program under this section may be carried out in conjunc-
8 tion with, or in addition to, the exercise of any other au-
9 thority of the Director to acquire, support, or stimulate
10 basic, advanced, and applied research, technology develop-
11 ment, or prototype projects.
12 (h) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated to carry out this sec-
14 tion—
15 (1) $1,000,000,000 for fiscal year 2007; and
16 (2) $2,000,000,000 for each of fiscal years
17 2008 through 2011.

18 Subtitle B—Near-Term Vehicle
19 Technology Program

20 SEC. 505. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.

21 (a) PURPOSES.—The purposes of this section are—
22 (1) to enable and promote, in partnership with
23 industry, comprehensive development, demonstra-
24 tion, and commercialization of a wide range of elec-

1 tric drive components, systems, and vehicles using
2 diverse electric drive transportation technologies;
3 (2) to make critical public investments to help
4 private industry, institutions of higher education,
5 National Laboratories, and research institutions to
6 expand innovation, industrial growth, and jobs in the
7 United States;
8 (3) to expand the availability of the existing
9 electric infrastructure for fueling light-duty trans-
10 portation and other on-road and nonroad vehicles
11 that are using petroleum and are mobile sources of
12 emissions—
13 (A) including the more than 3,000,000 re-
14 ported units (such as electric forklifts, golf
15 carts, and similar nonroad vehicles) in use on
16 the date of enactment of this Act; and
17 (B) with the goals of enhancing the energy
18 security of the United States, reducing depend-
19 ence on imported oil and reducing emissions
20 through the expansion of grid-supported mobil-
21 ity;
22 (4) to accelerate the widespread commercializa-
23 tion of all types of electric drive vehicle technology
24 into all sizes and applications of vehicles, including

1 commercialization of plug-in hybrid electric vehicles
2 and plug-in hybrid fuel cell vehicles; and
3 (5) to improve the energy efficiency of, and re-
4 duce the petroleum use in, transportation.
5 (b) DEFINITIONS.—In this section:
6 (1) ADMINISTRATOR.—The term ''Adminis-
7 trator'' means the Administrator of the Environ-
8 mental Protection Agency.
9 (2) BATTERY.—The term ''battery'' means an
10 energy storage device used in an on-road vehicle or
11 nonroad vehicle powered, in whole or in part, using
12 an off-board or on-board source of electricity.
13 (3) ELECTRIC DRIVE TRANSPORTATION TECH-
14 NOLOGY.—The term ''electric drive transportation
15 technology'' means—
16 (A) vehicles that use an electric motor for
17 all or part of their motive power and that may
18 or may not use off-board electricity, including
19 battery electric vehicles, fuel cell vehicles, en-
20 gine dominant hybrid electric vehicles, plug-in
21 hybrid electric vehicles, plug-in hybrid fuel cell
22 vehicles, and electric rail; or
23 (B) equipment relating to transportation
24 or mobile sources of air pollution that use an
25 electric motor to replace an internal combustion

1 engine for all or part of the work of the equip-
2 ment, including corded electric equipment
3 linked to transportation or mobile sources of air
4 pollution.

5 (4) ENGINE DOMINANT HYBRID ELECTRIC VE-
6 HICLE.—The term ''engine dominant hybrid electric
7 vehicle'' means an on-road vehicle or nonroad vehicle
8 that—

9 (A) is propelled by an internal combustion
10 engine or heat engine using—

11 (i) any combustible fuel;

12 (ii) an on-board, rechargeable storage
13 device; and

14 (B) has no means of using an off-board
15 source of electricity.

16 (5) FUEL CELL VEHICLE.—The term ''fuel cell
17 vehicle'' means an on-road vehicle or nonroad vehicle
18 that uses a fuel cell (as defined in section 803 of the
19 Spark M. Matsunaga Hydrogen Act of 2005 (42
20 U.S.C. 16152)).

21 (6) LIGHTWEIGHTING.—The term
22 ''lightweighting'' means the process of reducing the
23 weight of components or structural materials of a
24 vehicle to achieve an overall reduction in weight of
25 the vehicle to achieve energy efficiency, maintain

1 safety, improve performance, or achieve a similar
2 goal.
3 (7) NONROAD VEHICLE.—The term ''nonroad
4 vehicle'' has the meaning given the term in section
5 216 of the Clean Air Act (42 U.S.C. 7550).
6 (8) PLUG-IN HYBRID ELECTRIC VEHICLE.—The
7 term ''plug-in hybrid electric vehicle'' means an on-
8 road vehicle or nonroad vehicle that is propelled by
9 an internal combustion engine or heat engine
10 using—
11 (A) any combustible fuel;
12 (B) an on-board, rechargeable storage de-
13 vice; and
14 (C) a means of using an off-board source
15 of electricity.
16 (9) PLUG-IN HYBRID FUEL CELL VEHICLE.—
17 The term ''plug-in hybrid fuel cell vehicle'' means a
18 fuel cell vehicle with a battery powered by an off-
19 board source of electricity.
20 (c) PROGRAM.—The Secretary shall conduct a pro-
21 gram of research, development, demonstration, and com-
22 mercial application for electric drive transportation and
23 vehicle lightweighting technology, including—
24 (1) high-capacity, high-efficiency batteries;

1 (2) high-efficiency on-board and off-board
2 charging components;
3 (3) high-powered drive train systems for pas-
4 senger and commercial vehicles and for nonroad
5 equipment;
6 (4) control system development and power train
7 development and integration for plug-in hybrid elec-
8 tric vehicles, plug-in hybrid fuel cell vehicles, and en-
9 gine dominant hybrid electric vehicles, including—
10 (A) development of efficient cooling sys-
11 tems;
12 (B) analysis and development of control
13 systems that minimize the emissions profile
14 when clean diesel engines are part of a plug-in
15 hybrid drive system; and
16 (C) development of different control sys-
17 tems that optimize for different goals, includ-
18 ing—
19 (i) battery life;
20 (ii) reduction of petroleum consump-
21 tion; and
22 (iii) greenhouse gas reduction;
23 (5) nanomaterial technology applied to both
24 battery and fuel cell systems;

1 (6) large-scale demonstration, testing, and eval-
2 uation of plug-in hybrid electric vehicles in different
3 applications with different batteries and control sys-
4 tems, including—
5 (A) military applications;
6 (B) mass market passenger and light-duty
7 truck applications;
8 (C) private fleet applications; and
9 (D) medium- and heavy-duty applications;
10 (7)(A) a nationwide education strategy for elec-
11 tric drive transportation technologies by providing
12 secondary and high school teaching materials and
13 support for university education focused on electric
14 drive system and component engineering; and
15 (B) development, in consultation with the Ad-
16 ministrator, of procedures for testing and certifi-
17 cation of criteria pollutants, fuel economy, and pe-
18 troleum use for light-, medium-, and heavy-duty ve-
19 hicle applications, including consideration of the ve-
20 hicle and fuel as a system, and not solely as an en-
21 gine;
22 (8) nightly off-board charging;
23 (9) advancement of battery and corded electric
24 transportation technologies in mobile source applica-
25 tions by—

1 (A) improvement in battery, drive train,
2 and control system technologies; and
3 (B) working with industry and the Admin-
4 istrator to—
5 (i) understand and inventory markets;
6 and
7 (ii) identify and implement methods of
8 removing barriers for existing and emerg-
9 ing applications; and
10 (10) components and structural materials used
11 for vehicle lightweighting, including composites.
12 (d) GOALS.—The goals of the electric drive transpor-
13 tation technology program established under subsection
14 (c) shall be to develop, in partnership with industry and
15 institutions of higher education, projects that focus on—
16 (1) innovative electric drive technology devel-
17 oped in the United States;
18 (2) growth of employment in the United States
19 in electric drive design and manufacturing;
20 (3) validation of the plug-in hybrid potential
21 through fleet demonstrations; and
22 (4) acceleration of fuel cell commercialization
23 through comprehensive development and commer-
24 cialization of the electric drive technology systems

1 that are the foundational technology of the fuel cell
2 vehicle system.

3 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to carry out this section
5 $600,000,000 for each of fiscal years 2007 through 2012.

6 Subtitle C—Advanced Technology 7 Motor Vehicles Manufacturing 8 Credit

9 SEC. 511. ADVANCED TECHNOLOGY MOTOR VEHICLES MAN- 10 UFACTURING CREDIT.

11 (a) IN GENERAL.—Subpart B of part IV of sub-
12 chapter A of chapter 1 of the Internal Revenue Code of
13 1986 (relating to foreign tax credit, etc.) is amended by
14 adding at the end the following new section:

15 **"SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES**
16 **MANUFACTURING CREDIT.**

17 "(a) CREDIT ALLOWED.—There shall be allowed as
18 a credit against the tax imposed by this chapter for the
19 taxable year an amount equal to 35 percent of the quali-
20 fied investment of an eligible taxpayer for such taxable
21 year.

22 "(b) QUALIFIED INVESTMENT.—For purposes of this
23 section—

1 "(1) IN GENERAL.—The term 'qualified invest-
2 ment' means, with respect to any taxable year, the
3 sum of—
4 "(A) the costs paid or incurred by the eli-
5 gible taxpayer during such taxable year—
6 "(i) to re-equip, expand, or establish
7 any manufacturing facility of the eligible
8 taxpayer to produce advanced technology
9 motor vehicles or to produce eligible com-
10 ponents, and
11 "(ii) for qualified research (as defined
12 in section 41(d)) related to advanced tech-
13 nology motor vehicles and eligible compo-
14 nents, and
15 "(B) qualified engineering integration
16 costs.
17 "(2) ATTRIBUTION RULES.—For purposes of
18 paragraph (1)(A)(i), in the case of a manufacturing
19 facility of the eligible taxpayer which produces both
20 advanced technology motor vehicles and other motor
21 vehicles, or eligible components and other compo-
22 nents, only the amount paid or incurred for the pro-
23 duction of advanced technology motor vehicles and
24 eligible components shall be taken into account.

1 ‘‘(c) ELIGIBLE TAXPAYER.—For purposes of this sec-
2 tion, the term ‘eligible taxpayer’ means any taxpayer if
3 more than 50 percent of its gross receipts for the taxable
4 year is derived from the manufacture of motor vehicles
5 or any component parts of such vehicles.
6 ‘‘(d) DEFINITIONS.—For purposes of this section—
7 ‘‘(1) ADVANCED TECHNOLOGY MOTOR VEHI-
8 CLE.—The term ‘advanced technology motor vehicle’
9 means—
10 ‘‘(A) any new qualified fuel cell motor vehi-
11 cle (as defined in section 30B(b)(3)),
12 ‘‘(B) any new advanced lean burn tech-
13 nology motor vehicle (as defined in section
14 30B(c)(3)),
15 ‘‘(C) any new qualified hybrid motor vehi-
16 cle (as defined in section 30B(d)(3)(A) and de-
17 termined without regard to any gross vehicle
18 weight rating), and
19 ‘‘(D) any new qualified alternative motor
20 fuel vehicle (as defined in section 30B(e)(4)).
21 ‘‘(2) ELIGIBLE COMPONENTS.—The term ‘eligi-
22 ble component’ means any component inherent to
23 any advanced technology motor vehicle but not in-
24 herent to a motor vehicle which is not an advanced
25 technology motor vehicle, including—

1 ‘‘(A) with respect to any gasoline or diesel-
2 electric new qualified hybrid motor vehicle,
3 any—
4 ‘‘(i) electric motor or generator,
5 ‘‘(ii) power split device,
6 ‘‘(iii) power control unit,
7 ‘‘(iv) power controls,
8 ‘‘(v) integrated starter generator, or
9 ‘‘(vi) battery,
10 ‘‘(B) with respect to any hydraulic new
11 qualified hybrid motor vehicle, any—
12 ‘‘(i) hydraulic accumulator vessel,
13 ‘‘(ii) hydraulic pump, or
14 ‘‘(iii) hydraulic pump-motor assembly,
15 ‘‘(C) with respect to any new advanced
16 lean burn technology motor vehicle, any—
17 ‘‘(i) diesel engine,
18 ‘‘(ii) turbocharger,
19 ‘‘(iii) fuel injection system, or
20 ‘‘(iv) after-treatment system, such as
21 a particle filter or NOx absorber, and
22 ‘‘(D) with respect to any advanced tech-
23 nology motor vehicle, any other component sub-
24 mitted for approval by the Secretary.

1 "(3) QUALIFIED ENGINEERING INTEGRATION
2 COSTS.—For purposes of subsection (b)(1)(B), the
3 term 'qualified engineering integration costs' means,
4 with respect to any advanced technology motor vehi-
5 cle, costs incurred prior to the market introduction
6 of such motor vehicle for engineering tasks related
7 to—

8 "(A) establishing functional, structural,
9 and performance requirements for components
10 and subsystems to meet overall vehicle objec-
11 tives for a specific application,

12 "(B) designing interfaces for components
13 and subsystems with mating systems within a
14 specific vehicle application,

15 "(C) designing cost effective, efficient, and
16 reliable manufacturing processes to produce
17 components and subsystems for a specific vehi-
18 cle application, and

19 "(D) validating functionality and perform-
20 ance of components and subsystems for a spe-
21 cific vehicle application.

22 "(4) MOTOR VEHICLE.—The term 'motor vehi-
23 cle' has the meaning given such term by section
24 30(c)(2).

25 "(e) LIMITATION BASED ON AMOUNT OF TAX.—

1 "(1) IN GENERAL.—The credit allowed under
2 subsection (a) for any taxable year shall not exceed
3 the sum of—
4 "(A) the taxpayer's regular tax liability (as
5 defined in section 26(b)) for the taxable year,
6 plus
7 "(B) the tax imposed under section 55 for
8 the taxable year.
9 "(2) CARRYOVER OF UNUSED CREDIT
10 AMOUNTS.—
11 "(A) IN GENERAL.—If the credit allowable
12 under subsection (a) for a taxable year exceeds
13 the limitation under paragraph (1) for such tax-
14 able year, such excess shall be allowed—
15 "(i) as a credit carryback to each of
16 the 13 taxable years preceding such year,
17 and
18 "(ii) as a credit carryforward to each
19 of the 20 taxable years following such year.
20 "(B) AMOUNT CARRIED TO EACH YEAR.—
21 For purposes of this paragraph, rules similar to
22 the rules of section 39(a)(2) shall apply.
23 "(f) SPECIAL RULES.—
24 "(1) REDUCTION IN BASIS.—For purposes of
25 this subtitle, if a credit is allowed under this section

1 for any expenditure with respect to any property, the
2 increase in the basis of such property which would
3 (but for this paragraph) result from such expendi-
4 ture shall be reduced by the amount of the credit so
5 allowed.

6 "(2) INVESTMENTS AND PROPERTY OUTSIDE
7 THE UNITED STATES.—No credit shall be allowed
8 under subsection (a) with respect to—

9 "(A) any manufacturing facility which is
10 located outside the United States, and

11 "(B) any engineering integration or re-
12 search and development conducted outside the
13 United States.

14 "(3) AGGREGATION OF EXPENDITURES; ALLO-
15 CATIONS.—For purposes of this section, rules simi-
16 lar to the rules of paragraphs (1) and (2) of section
17 41(f) shall apply.

18 "(4) RECAPTURE.—The Secretary shall, by reg-
19 ulation, provide for recapturing the benefit of any
20 credit allowable under subsection (a) with respect to
21 any manufacturing facility which ceases to produce
22 advanced technology motor vehicles or eligible com-
23 ponents.

24 "(5) PUBLIC STATEMENT.—

1 "(A) IN GENERAL.—No credit shall be al-
2 lowed under subsection (a) for any taxable year
3 unless the eligible taxpayer makes publicly
4 available a statement describing the activities of
5 the eligible taxpayer for which the credit is al-
6 lowed and the public benefits of such activities,
7 including the estimated amount of any reduc-
8 tion in national oil consumption in future years
9 as a result of such activities.

10 "(B) TIME FOR PUBLICATION.—The state-
11 ment required under subparagraph (A) shall be
12 made available not later than 90 days after the
13 end of the taxable year for which the credit
14 under subsection (a) is allowed and shall be in
15 such form as the Secretary shall prescribe.

16 "(6) NO DOUBLE BENEFIT.—

17 "(A) COORDINATION WITH OTHER DEDUC-
18 TIONS AND CREDITS.—Except as provided in
19 subparagraph (B), the amount of any deduction
20 or other credit allowable under this chapter for
21 any cost taken into account in determining the
22 amount of the credit under subsection (a) shall
23 be reduced by the amount of such credit attrib-
24 utable to such cost.

1 "(B) RESEARCH AND DEVELOPMENT
2 COSTS.—
3 "(i) IN GENERAL.—Except as pro-
4 vided in clause (ii), any amount described
5 in subsection (b)(1)(A)(ii) taken into ac-
6 count in determining the amount of the
7 credit under subsection (a) for any taxable
8 year shall not be taken into account for
9 purposes of determining the credit under
10 section 41 for such taxable year.
11 "(ii) COSTS TAKEN INTO ACCOUNT IN
12 DETERMINING BASE PERIOD RESEARCH
13 EXPENSES.—Any amounts described in
14 subsection (b)(1)(A)(ii) taken into account
15 in determining the amount of the credit
16 under subsection (a) for any taxable year
17 which are qualified research expenses
18 (within the meaning of section 41(b)) shall
19 be taken into account in determining base
20 period research expenses for purposes of
21 applying section 41 to subsequent taxable
22 years.
23 "(g) ELECTION NOT TO TAKE CREDIT.—No credit
24 shall be allowed under subsection (a) for any property if

1 the taxpayer elects not to have this section apply to such
2 property.

3 "(h) REGULATIONS.—The Secretary shall prescribe
4 such regulations as necessary to carry out the provisions
5 of this section.".

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 1016(a) of the Internal Revenue
8 Code of 1986, as amended by this Act, is amended
9 by striking "and" at the end of paragraph (38), by
10 striking the period at the end of paragraph (39) and
11 inserting ", and", and by adding at the end the fol-
12 lowing new paragraph:

13 "(40) to the extent provided in section
14 30D(f)(1).".

15 (2) Section 6501(m) of such Code is amended
16 by inserting "30D(g)," after "30C(e)(5),".

17 (3) The table of sections for subpart B of part
18 IV of subchapter A of chapter 1 of such Code is
19 amended by inserting after the item relating to sec-
20 tion 30C the following new item:

"Sec. 30D. Advanced technology motor vehicles manufacturing credit.".

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to amounts incurred in taxable
23 years beginning after December 31, 1993.

Subtitle D—Realizing a Hydrogen Future

SEC. 521. H-PRIZE COMPETITION.

(a) SHORT TITLE.—This section may be cited as the "H-Prize Act of 2006".

(b) DEFINITIONS.—In this section:

(1) ADMINISTERING ENTITY.—The term "administering entity" means the entity with which the Secretary enters into an agreement under subsection (c)(3).

(2) DEPARTMENT.—The term "Department" means the Department of Energy.

(3) SECRETARY.—The term "Secretary" means the Secretary of Energy.

(c) PRIZE AUTHORITY.—

(1) IN GENERAL.—The Secretary shall carry out a program to competitively award cash prizes only in conformity with this section to advance the research, development, demonstration, and commercial application of hydrogen energy technologies.

(2) ADVERTISING AND SOLICITATION OF COMPETITORS.—

(A) ADVERTISING.—The Secretary shall widely advertise prize competitions to encourage

1 broad participation, including participation
2 by—
3 (i) individuals;
4 (ii) institutions of higher education,
5 including historically Black colleges and
6 universities and other institutions serving
7 minorities; and
8 (iii) large and small businesses, in-
9 cluding businesses owned or controlled by
10 socially and economically disadvantaged
11 persons.
12 (B) ANNOUNCEMENT THROUGH FEDERAL
13 REGISTER NOTICE.—
14 (i) IN GENERAL.—The Secretary shall
15 announce each prize competition by pub-
16 lishing a notice in the Federal Register.
17 (ii) REQUIREMENTS.—The notice
18 shall include a description of—
19 (I) the subject of the competition;
20 (II) the duration of the competi-
21 tion;
22 (III) the eligibility requirements
23 for participation in the competition;
24 (IV) the process for participants
25 to register for the competition;

1 (V) the amount of the prize; and
2 (VI) the criteria for awarding the
3 prize.
4 (3) ADMINISTERING THE COMPETITIONS.—
5 (A) IN GENERAL.—The Secretary shall
6 enter into an agreement with a private, non-
7 profit entity to administer the prize competi-
8 tions, subject to this section.
9 (B) DUTIES.—The duties of the admin-
10 istering entity under the agreement shall in-
11 clude—
12 (i) advertising prize competitions and
13 the results of the prize competitions;
14 (ii) raising funds from private entities
15 and individuals to pay for administrative
16 costs and contribute to cash prizes;
17 (iii) working with the Secretary to de-
18 velop the criteria for selecting winners in
19 prize competitions, based on goals provided
20 by the Secretary;
21 (iv) determining, in consultation with
22 the Secretary, the appropriate amount for
23 each prize to be awarded;

1 (v) selecting judges in accordance with
2 subsection (d)(4), using criteria developed
3 in consultation with the Secretary; and
4 (vi) preventing the unauthorized use
5 or disclosure of the intellectual property,
6 trade secrets, and confidential business in-
7 formation of registered participants.
8 (4) FUNDING SOURCES.—
9 (A) IN GENERAL.—Cash prizes under this
10 section shall consist of funds appropriated
11 under subsection (h) and any funds provided by
12 the administering entity for the cash prizes (in-
13 cluding funds raised pursuant to paragraph
14 (3)(B)).
15 (B) OTHER FEDERAL AGENCIES.—The
16 Secretary may accept funds from other Federal
17 agencies for the cash prizes.
18 (C) NO SPECIAL CONSIDERATION.—The
19 Secretary may not give any special consider-
20 ation to any private sector entity or individual
21 in return for a donation to the administering
22 entity.
23 (5) ANNOUNCEMENT OF PRIZES.—
24 (A) IN GENERAL.—The Secretary may not
25 issue a notice required by paragraph (2)(B)

until all the funds needed to pay out the announced amount of the prize have been appropriated or committed in writing by the administering entity.

(B) INCREASE IN AMOUNT OF PRIZE.—The Secretary may increase the amount of a prize after an initial announcement is made under paragraph (2)(B) if—

(i) notice of the increase is provided in the same manner as the initial notice of the prize; and

(ii) the funds needed to pay out the announced amount of the increase have been appropriated or committed in writing by the administering entity.

(d) PRIZE CATEGORIES.—

(1) CATEGORIES.—The Secretary shall establish prizes for—

(A) advancements in components or systems related to—

(i) hydrogen production;

(ii) hydrogen production from renewable sources;

(iii) hydrogen storage;

(iv) hydrogen distribution; and

1 (v) hydrogen utilization;

2 (B) prototypes of hydrogen-powered vehi-
3 cles or other hydrogen-based products that best
4 meet or exceed objective performance criteria,
5 such as completion of a race over a certain dis-
6 tance or terrain or generation of energy at cer-
7 tain levels of efficiency; and

8 (C) transformational changes in tech-
9 nologies for the distribution or production of
10 hydrogen that meet or exceed far-reaching ob-
11 jective criteria that—

12 (i) shall include minimal carbon emis-
13 sions; and

14 (ii) may include cost criteria designed
15 to facilitate the eventual market success of
16 a winning technology.

17 (2) AWARDS.—

18 (A) ADVANCEMENTS.—

19 (i) IN GENERAL.—To the extent per-
20 mitted under subsection (c)(5), the prizes
21 authorized under paragraph (1)(A) shall be
22 awarded biennially to the most significant
23 advance made in each of the 4 subcat-
24 egories described in clauses (i) through (v)
25 of paragraph (1)(A) since the submission

1 deadline of the previous prize competition
2 in the same category under paragraph
3 (1)(A) or the date of enactment of this
4 Act, whichever is later, unless no such ad-
5 vance is significant enough to merit an
6 award.

7 (ii) MAXIMUM AMOUNT FOR SINGLE
8 PRIZE.—No single prize described in clause
9 (i) may exceed $2,000,000.

10 (iii) INSUFFICIENT TOTAL FUNDS.—If
11 less than $4,000,000 is available for a
12 prize competition under paragraph (1)(A),
13 the Secretary may—

14 (I) omit 1 or more subcategories;

15 (II) reduce the amount of the
16 prizes; or

17 (III) not hold a prize competi-
18 tion.

19 (B) PROTOTYPES.—

20 (i) IN GENERAL.—To the extent per-
21 mitted under subsection (c)(5), prizes au-
22 thorized under paragraph (1)(B) shall be
23 awarded biennially in alternate years from
24 the prizes authorized under paragraph
25 (1)(A).

1 (ii) TOTAL NUMBER OF PRIZES.—The
2 Secretary may award no more than 1 prize
3 under paragraph (1)(A) in each 2-year pe-
4 riod.
5 (iii) MAXIMUM AMOUNT FOR SINGLE
6 PRIZE.—No single prize under this sub-
7 paragraph may exceed $8,000,000.
8 (iv) INSUFFICIENT QUALIFIED EN-
9 TRIES.—If no registered participant meets
10 the objective performance criteria estab-
11 lished pursuant to paragraph (3) for a
12 competition under this subparagraph, the
13 Secretary shall not award a prize.
14 (C) TRANSFORMATIONAL TECH-
15 NOLOGIES.—
16 (i) IN GENERAL.—To the extent per-
17 mitted under subsection (c)(5), the Sec-
18 retary shall announce 1 prize competition
19 authorized under paragraph (1)(C) as soon
20 as practicable after the date of enactment
21 of this Act.
22 (ii) AMOUNT OF PRIZE.—A prize of-
23 fered under this subparagraph shall—
24 (I) be in an amount not less than
25 $2,000,000;

1 (II) be paid to the winner in a
2 lump sum; and
3 (III) include an additional
4 amount paid to the winner as a match
5 for each dollar of non-Federal funding
6 raised by the winner for the hydrogen
7 technology beginning on the date the
8 winner was named.
9 (iii) MATCHING.—
10 (I) IN GENERAL.—The match de-
11 scribed in clause (ii)(III) shall be pro-
12 vided until the earlier of—
13 (aa) the date that is 3 years
14 after the date the prize winner is
15 named; or
16 (bb) the date on which the
17 full amount of the prize has been
18 paid out.
19 (II) ELECTION.—A prize winner
20 may elect to have the match amount
21 paid to another entity that is con-
22 tinuing the development of the win-
23 ning technology.
24 (III) RULES.—The Secretary
25 shall announce the rules for receiving

1 the match in the notice required by
2 subsection (c)(2)(B).
3 (iv) REQUIREMENTS.—The Secretary
4 shall award a prize under this subpara-
5 graph only when a registered participant
6 has met the objective criteria established
7 for the prize pursuant to paragraph (3)
8 and announced pursuant to subsection
9 (c)(2)(B).
10 (v) TOTAL AMOUNT OF FUNDS.—
11 (I) FEDERAL FUNDS.—Not more
12 than $20,000,000 in Federal funds
13 may be used for the prize award
14 under this subparagraph.
15 (II) MATCHING FUNDS.—As a
16 condition of entering into an agree-
17 ment under subsection (c)(3), the ad-
18 ministering entity shall seek to raise
19 $40,000,000 in non-Federal funds to-
20 ward the matching award under this
21 subparagraph.
22 (3) CRITERIA.—In establishing the criteria re-
23 quired by this section, the Secretary shall consult
24 with—

1 (A) the Hydrogen Technical and Fuel Cell
2 Advisory Committee of the Department;
3 (B) other Federal agencies, including the
4 National Science Foundation; and
5 (C) private organizations, including profes-
6 sional societies, industry associations, the Na-
7 tional Academy of Sciences, and the National
8 Academy of Engineering.
9 (4) JUDGES.—
10 (A) IN GENERAL.—For each prize competi-
11 tion, the Secretary shall assemble a panel of
12 qualified judges to select the 1 or more winners
13 on the basis of the criteria established under
14 paragraph (3).
15 (B) INCLUSIONS.—Judges for each prize
16 competition shall include individuals from out-
17 side the Department, including from the private
18 sector.
19 (C) PROHIBITIONS.—A judge may not—
20 (i) have personal or financial interests
21 in, or be an employee, officer, director, or
22 agent of, any entity that is a registered
23 participant in the prize competition for
24 which the judge will serve as a judge; or

1 (ii) have a familial or financial rela-
2 tionship with an individual who is a reg-
3 istered participant in the prize competition
4 for which the judge will serve as a judge.
5 (e) ELIGIBILITY.—To be eligible to win a prize under
6 this section, an individual or entity—
7 (1) shall have complied with all the require-
8 ments in accordance with the Federal Register no-
9 tice required under subsection (c)(2)(B);
10 (A) in the case of a private entity, shall be
11 incorporated in and maintain a primary place of
12 business in the United States;
13 (B) in the case of an individual (whether
14 participating singly or in a group), shall be a
15 citizen of, or an alien lawfully admitted for per-
16 manent residence in, the United States; and
17 (C) shall not be a Federal entity, a Federal
18 employee acting within the scope of employ-
19 ment, or an employee of a national laboratory
20 acting within the scope of employment.
21 (f) INTELLECTUAL PROPERTY.—
22 (1) IN GENERAL.—Subject to paragraph (2),
23 the Federal Government shall not, by virtue of offer-
24 ing or awarding a prize under this section, be enti-
25 tled to any intellectual property rights derived as a

1 consequence of, or direct relation to, the participa-
2 tion by a registered participant in a competition au-
3 thorized by this section.

4 (2) NEGOTIATION OF LICENSES PERMITTED.—
5 This subsection does not prevent the Federal Gov-
6 ernment from negotiating a license for the use of in-
7 tellectual property developed for a prize competition
8 under this section.

9 (g) LIABILITY.—

10 (1) WAIVER OF LIABILITY.—

11 (A) IN GENERAL.—As a condition of par-
12 ticipation in a competition under this section,
13 the Secretary may require registered partici-
14 pants to waive claims against the Federal Gov-
15 ernment and the administering entity (except
16 claims for willful misconduct) for any injury,
17 death, damage, or loss of property, revenue, or
18 profits arising from the participation of the reg-
19 istered participants in a competition under this
20 section.

21 (B) NOTICE REQUIRED.—The Secretary
22 shall provide notice of any waiver required
23 under this paragraph in the notice required by
24 subsection (c)(2)(B).

1 (C) PROHIBITION.—The Secretary may
2 not require a registered participant to waive
3 claims against the administering entity arising
4 out of the unauthorized use or disclosure by the
5 administering entity of the intellectual property,
6 trade secrets, or confidential business informa-
7 tion of the registered participant.

8 (2) LIABILITY INSURANCE.—

9 (A) REQUIREMENTS.—As a condition of
10 participation in a competition under this sec-
11 tion, a registered participant shall be required
12 to obtain liability insurance or demonstrate fi-
13 nancial responsibility, in amounts determined
14 by the Secretary, for claims by—

15 (i) a third party for death, bodily in-
16 jury, or property damage or loss resulting
17 from an activity carried out in connection
18 with participation in a competition under
19 this section; and

20 (ii) the Federal Government for dam-
21 age or loss to Government property result-
22 ing from such an activity.

23 (B) FEDERAL GOVERNMENT INSURED.—

24 (i) IN GENERAL.—The Federal Gov-
25 ernment shall be named as an additional

1 insured under the insurance policy of a
2 registered participant required under sub-
3 paragraph (A)(i).
4 (ii) MANDATORY INDEMNIFICATION.—
5 As a condition of participation in a com-
6 petition under this section, a registered
7 participant shall be required to agree to in-
8 demnify the Federal Government against
9 third party claims for damages arising
10 from or related to competition activities.
11 (h) AUTHORIZATION OF APPROPRIATIONS.—
12 (1) AUTHORIZATION OF APPROPRIATIONS.—
13 (A) AWARDS.—There are authorized to be
14 appropriated to the Secretary to carry out this
15 section for the period of fiscal years 2007
16 through 2016—
17 (i) $20,000,000 for awards described
18 in subsection (d)(1)(A);
19 (ii) $20,000,000 for awards described
20 in subsection (d)(1)(B); and
21 (iii) $10,000,000 for the award de-
22 scribed in subsection (d)(1)(C).
23 (B) ADMINISTRATION.—In addition to the
24 amounts authorized in subparagraph (A), there
25 are authorized to be appropriated to the Sec-

1 retary for the administrative costs of carrying
2 out this section $2,000,000 for each of fiscal
3 years 2007 through 2016.

4 (2) CARRYOVER OF FUNDS.—

5 (A) IN GENERAL.—Funds appropriated for
6 prize awards under this section—

7 (i) shall remain available until ex-
8 pended; and

9 (ii) may be transferred, repro-
10 grammed, or expended for other purposes
11 only after the expiration of 10 fiscal years
12 after the fiscal year for which the funds
13 were originally appropriated.

14 (B) RELATION TO OTHER LAW.—No provi-
15 sion in this section permits obligation or pay-
16 ment of funds in violation of section 1341 of
17 title 31, United States Code (commonly known
18 as the ''Anti-Deficiency Act'').

19 (i) MAINTENANCE OF EFFORT.—The Secretary shall
20 ensure that funds provided under this section will be used
21 only to supplement, and not to supplant, Federal research
22 and development programs.

23 (j) SUNSET.—The authority provided by this section
24 shall terminate on September 30, 2017.

1 **SEC. 522. CREDIT FOR RETAIL SALE OF HYDROGEN FUEL**
2 **AS MOTOR VEHICLE FUEL.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 (relating to business related credits), as amended by
6 this Act, is amended by inserting after section 45O the
7 following new section:

8 **"SEC. 45P. CREDIT FOR RETAIL SALE OF HYDROGEN AS**
9 **MOTOR VEHICLE FUEL.**

10 ''(a) GENERAL RULE.—For purposes of section 38,
11 the hydrogen fuel retail sales credit for any taxable year
12 is an amount equal to the greater of—

13 ''(1) 20 percent of the price of hydrogen, or
14 ''(2) 50 cents for each quantity of hydrogen
15 having a Btu content of 115,000, sold at retail by
16 the taxpayer during such year as a fuel to propel
17 any hydrogen fuel cell vehicle.

18 ''(b) DEFINITIONS.—For purposes of this section—
19 ''(1) HYDROGEN FUEL CELL VEHICLE.—The
20 term 'hydrogen fuel cell vehicle' has the meaning
21 given such term in section 136A.
22 ''(2) SOLD AT RETAIL.—
23 ''(A) IN GENERAL.—The term 'sold at re-
24 tail' means the sale, for a purpose other than
25 resale, after manufacture, production, or impor-
26 tation.

1 ''(B) USE TREATED AS SALE.—If any per-
2 son uses hydrogen (including any use after im-
3 portation) as a fuel to propel any motor vehicle
4 (as defined in section 30(c)(2)) before such fuel
5 is sold at retail, then such use shall be treated
6 in the same manner as if such fuel were sold
7 at retail as a fuel to propel such a vehicle by
8 such person.

9 ''(c) PASS-THRU IN THE CASE OF ESTATES AND
10 TRUSTS.—Under regulations prescribed by the Secretary,
11 rules similar to the rules of subsection (d) of section 52
12 shall apply.

13 ''(d) TERMINATION.—This section shall not apply to
14 any fuel sold at retail after December 31, 2014.''.

15 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
16 tion 38(b) of the Internal Revenue Code of 1986, as
17 amended by this Act, is amended by striking ''plus'' at
18 the end of paragraph (31), by striking the period at the
19 end of paragraph (32) and inserting '', plus'', and by add-
20 ing at the end the following new paragraph:

21 ''(33) the hydrogen fuel retail sales credit deter-
22 mined under section 45P(a).''.

23 (c) CLERICAL AMENDMENT.—The table of sections
24 for subpart D of part IV of subchapter A of chapter 1
25 of the Internal Revenue Code of 1986, as amended by this

1 Act, is amended by inserting after the item relating to sec-
2 tion 45O the following new item:

"Sec. 45P. Credit for retail sale of hydrogen as motor vehicle fuel.".

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to fuel sold at retail after Decem-
5 ber 31, 2005, in taxable years ending after such date.

6 **SEC. 523. CREDIT FOR PRODUCTION OF HYDROGEN FUEL.**

7 (a) HYDROGEN PRODUCED FROM ANY SOURCE.—
8 Section 45K of the Internal Revenue Code of 1986 (relat-
9 ing to credit for producing fuel from nonconventional
10 sources) is amended by adding at the end the following
11 new subsection:

12 "(h) HYDROGEN FUEL.—

13 "(1) HYDROGEN FUEL PRODUCED FROM ANY
14 SOURCE.—There shall be allowed as a credit against
15 the tax imposed by this chapter for the taxable year
16 an amount equal to—

17 "(A) $10, multiplied by

18 "(B) each quantity of hydrogen having a
19 Btu content of 5,800,000—

20 "(i) sold by the taxpayer to an unre-
21 lated person during the taxable year, and

22 "(ii) the production of which is attrib-
23 utable to the taxpayer.

24 "(2) ADDITIONAL CREDIT FOR PRODUCTION
25 FROM RENEWABLE SOURCES.—

1 ''(A) IN GENERAL.—In the case of hydro-
2 gen which is produced from a renewable source,
3 paragraph (1)(A) shall be applied by sub-
4 stituting '$20' for '$10'.
5 ''(B) RENEWABLE SOURCE.—
6 ''(i) IN GENERAL.—The term 'renew-
7 able source' means solar, wind, ocean, geo-
8 thermal energy, biomass, landfill gas, or
9 incremental hydropower.
10 ''(ii) INCREMENTAL HYDROPOWER.—
11 The term 'incremental hydropower' means
12 additional generating capacity achieved
13 from increased efficiency or additions of
14 new capacity at a hydroelectric facility in
15 existence on the date of enactment of this
16 paragraph.
17 ''(3) EXCLUSION ON SALE FOR CERTAIN
18 USES.—No credit shall be allowed under this sub-
19 section for hydrogen fuel sold by the taxpayer the
20 use of which is for the production or refining of
21 other petroleum products.
22 ''(4) TERMINATION.—This subsection shall not
23 apply to hydrogen fuel produced after December 31,
24 2014.''.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to hydrogen produced after Decem-
3 ber 31, 2005, in taxable years ending after such date.

4 **SEC. 524. TAX HOLIDAY FOR HYDROGEN FUEL.**

5 (a) IN GENERAL.—Subchapter B of chapter 65 of the
6 Internal Revenue Code of 1986 (relating to abatements,
7 credits, and refunds) is amended by adding at the end the
8 following new section:

9 **"SEC. 6431. FUELS USED IN HYDROGEN POWERED VEHI-**
10 **CLES.**

11 ''(a) IN GENERAL.—If any fuel taxable under section
12 4041 or 4081 is used to produce hydrogen as a means
13 of propelling a hydrogen fuel cell vehicle during the appli-
14 cable period, the Secretary shall pay (without interest) to
15 the ultimate purchaser of such fuel an amount equal to
16 the amount determined by multiplying the number of gal-
17 lons so used by the rate at which tax was imposed on such
18 fuel under section 4041 or 4081.

19 ''(b) APPLICABLE PERIOD.—The term 'applicable pe-
20 riod' means the period beginning after the date of the en-
21 actment of this section and ending before January 1,
22 2014.

23 ''(c) HYDROGEN FUEL CELL VEHICLE.—The term
24 'hydrogen fuel cell vehicle' has the meaning given such
25 term by section 136A(b)(1).''.

1 (b) CONFORMING AMENDMENT.—The table of sec-
2 tions for subchapter B of chapter 65 of the Internal Rev-
3 enue Code of 1986 is amended by inserting after the item
4 relating to section 6428 the following new item:

''Sec. 6431. Fuels used in hydrogen powered vehicles.''.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to fuel produced after the date of
7 the enactment of this Act.

8 **SEC. 525. SENSE OF CONGRESS REGARDING HYDROGEN**
9 **FUEL TAXES.**

10 It is the sense of Congress that no tax should be im-
11 posed on hydrogen fuel before January 1, 2014.

12 **SEC. 526. HYDROGEN FUELING FRINGE BENEFIT.**

13 (a) IN GENERAL.—Paragraph (1) of section 132(c)
14 of the Internal Revenue Code of 1986 (relating to quali-
15 fied employee discounts) is amended by striking ''or'' at
16 the end of subparagraph (A), by striking the period and
17 inserting '', or'' at the end of subparagraph (B), and by
18 adding at the end the following new subparagraph:

19 ''(C) in the case of hydrogen fuel, 50 per-
20 cent of the price at which such fuel is being of-
21 fered by the employer to customers.''.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2005.

1 **SEC. 527. EXCLUSION OF EARNINGS FROM HYDROGEN**
2 **FUEL SALES.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 (relating to
5 items specifically excluded from gross income) is amended
6 by inserting after section 136 the following new section:

7 **"SEC. 136A. INCOME FROM HYDROGEN FUEL SALES.**

8 "(a) EXCLUSION.—Gross income shall not include in-
9 come attributable to the sale of hydrogen fuel sold for use
10 in a hydrogen fuel cell vehicle.

11 "(b) HYDROGEN FUEL CELL VEHICLE.—For pur-
12 poses of this section, the term 'hydrogen fuel cell vehicle'
13 means a motor vehicle (as defined in section 30(c)(2))
14 which is propelled by power derived from 1 or more cells
15 which convert chemical energy directly into electricity by
16 combining oxygen with hydrogen fuel which is stored on
17 board the vehicle in any form and may or may not require
18 reformation prior to use.

19 "(c) TERMINATION.—This section shall not apply to
20 income attributable to sales after December 31, 2014.".

21 (b) CONFORMING AMENDMENT.—The table of sec-
22 tions for subpart B of part III of subchapter B of chapter
23 1 of the Internal Revenue Code of 1986 is amended by
24 inserting after the item relating to section 136 the fol-
25 lowing new item:

"Sec. 136A. Income from hydrogen fuel sales.".

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to income received after December
3 31, 2005, in taxable years ending after such date.

4 Subtitle E—Building the Skilled 5 Workforce for Advanced Vehicle 6 and Energy Technology Deploy- 7 ment

8 **SEC. 531. INCREASING SKILLED WORKFORCE.**

9 (a) DEFINITIONS.—In this section:
10 (1) ADMINISTRATOR.—The term ''Adminis-
11 trator'' means the Administrator of the Environ-
12 mental Protection Agency.
13 (2) CENTER OF EXCELLENCE.—The term ''cen-
14 ter of excellence'' means a facility established by an
15 eligible entity at which 1 or more qualifying pro-
16 grams are or will be carried out.
17 (3) ELIGIBLE ENTITY.—The term ''eligible enti-
18 ty'' means—
19 (A) a Federal agency (other than the De-
20 partment of Energy);
21 (B) a unit of State or local government;
22 (C) an institution of higher education; and
23 (D) a public elementary school or sec-
24 ondary school.

1 (4) QUALIFYING PROGRAM.—The term ''quali-
2 fying program'' means a continuing education pro-
3 gram, or any other education or training program,
4 that is—
5 (A) carried out by an institution or organi-
6 zation certified under subsection (d); and
7 (B) designed to increase the skilled work-
8 force of the United States with respect to—
9 (i) advanced vehicle manufacturing;
10 (ii) alternative fuel vehicle repair and
11 maintenance; or
12 (iii) energy technology product devel-
13 opment and deployment.
14 (5) SECRETARY.—The term ''Secretary'' means
15 the Secretary of Energy.
16 (b) CENTERS OF EXCELLENCE.—
17 (1) ESTABLISHMENT.—The Secretary shall es-
18 tablish a program under which the Secretary shall
19 provide grants to eligible entities to establish and
20 operate or support centers of excellence in the juris-
21 diction of the eligible entity.
22 (2) APPLICATION.—To be eligible to receive a
23 grant under paragraph (1), an eligible entity shall—
24 (A) submit to the Secretary an application
25 at such time, in such manner, and containing

1 such information as the Secretary may require;
2 and
3 (B) enter into an agreement with the Sec-
4 retary relating to the establishment and oper-
5 ation or support of the center of excellence of
6 the eligible entity.
7 (3) AUTHORIZATION OF APPROPRIATIONS.—
8 There is authorized to be appropriated to carry out
9 this subsection $50,000,000 for each of fiscal years
10 2007 through 2016.
11 (c) TUITION REIMBURSEMENT.—
12 (1) IN GENERAL.—The Secretary shall provide
13 to any individual that participates in a qualifying
14 program reimbursement in the amount of the tuition
15 paid by the individual for the qualifying program.
16 (2) APPLICATION.—To be eligible to receive re-
17 imbursement under this subsection, an individual
18 that participates in a qualifying program shall sub-
19 mit to the Secretary an application at such time, in
20 such manner, and containing such information as
21 the Secretary may require.
22 (d) CERTIFICATION PROCEDURE.—As soon as prac-
23 ticable after the date of enactment of this Act, the Sec-
24 retary, in coordination with the Secretary of Labor and
25 the Administrator and in consultation with affected labor

1 unions, professional societies, academic institutions, and
2 businesses, shall develop a procedure under which the Sec-
3 retary, the Secretary of Labor, and the Administrator
4 shall jointly certify institutions and organizations to carry
5 out qualifying programs.

6 (e) TAX CREDITS.—The Secretary, in coordination
7 with the Secretary of the Treasury, shall submit to Con-
8 gress proposed legislation to establish a tax credit for indi-
9 viduals, eligible entities, and institutions and organizations
10 certified under subsection (d) for establishing, carrying
11 out, or participating in qualifying programs or centers of
12 excellence.

13 **SEC. 532. GRANT PROGRAM FOR GREEN BUILDING AND**
14 **ZERO-ENERGY HOME DESIGN AND CON-**
15 **STRUCTION TRAINING.**

16 (a) IN GENERAL.—The Secretary of Education, in
17 consultation with the Secretary of Energy, may award
18 grants to postsecondary educational institutions to enable
19 the institutions to train 10,000 individuals in green build-
20 ing and zero-energy home design and construction by fis-
21 cal year 2011.

22 (b) APPLICATION.—A postsecondary educational in-
23 stitution that desires to receive a grant under this section
24 shall submit an application to the Secretary of Education
25 at such time, in such manner, and accompanied by such

1 information as the Secretary of Education may reasonably
2 require.
3 (c) REIMBURSEMENT.—
4 (1) IN GENERAL.—A postsecondary educational
5 institution that receives a grant under this section
6 shall use the grant funds to reimburse an individual
7 who completes training in zero-energy home design
8 and construction at, and receives accreditation as a
9 green building professional from, the institution for
10 an amount that is not more than 50 percent of the
11 amount the individual paid to receive the training at
12 the institution.
13 (2) DETERMINATION OF AMOUNT.—For pur-
14 poses of calculating the amount of the reimburse-
15 ment under paragraph (1), the amount the indi-
16 vidual paid to receive the training at the institution
17 shall be reduced by the amount of any other grants
18 received by the individual for the training.
19 (3) EFFECT ON OTHER FEDERAL LOANS.—A
20 reimbursement provided to an individual under para-
21 graph (1) shall not affect the eligibility of the indi-
22 vidual for other Federal loans, including student
23 loans.
24 (d) RENEWABLE ENERGY CERTIFICATION AND
25 TRAINING.—The Secretary of Energy, in consultation

1 with the Secretary of Education and the heads of other
2 appropriate agencies, shall prepare and implement a plan
3 for—
4 (1) certifying renewable energy products and
5 equipment; and
6 (2) developing appropriate voluntary standards
7 and training programs for renewable energy product
8 and equipment installation and installers.
9 (e) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated such sums as are nec-
11 essary to carry out this section.

12 Subtitle F—Clean Energy
13 Investment Administration

14 **SEC. 541. DEFINITIONS.**

15 In this subtitle:
16 (1) ADMINISTRATOR.—The term ''Adminis-
17 trator'' means the Administrator of the CEIA ap-
18 pointed under section 542(b)(1)(A).
19 (2) CEIA.—The term ''CEIA'' means the Clean
20 Energy Investment Administration established by
21 section 542(a)(1).
22 (3) COMMERCIAL DEPLOYMENT PROJECT.—The
23 term ''commercial deployment project'' means any
24 project using commercial technology relating to any
25 of the following:

1 (A) Renewable electric power systems
2 based on wind, solar, biomass, or geothermal
3 energy.
4 (B) Component and subcomponent manu-
5 facturing and conversion of manufacturing fa-
6 cilities for production of renewable electric
7 power systems based on wind, solar, biomass, or
8 geothermal energy.
9 (C) Efficient electrical generation, trans-
10 mission, and distribution technologies.
11 (D) Efficient end-use electric power tech-
12 nologies.
13 (4) COMMERCIAL TECHNOLOGY.—The term
14 ''commercial technology'' means a technology dem-
15 onstrated as technologically and commercially viable
16 in at least 1 commercial-scale prototype.
17 (5) COST.—The term ''cost'' has the meaning
18 given the term ''cost of a loan guarantee'' within the
19 meaning of section 502(5)(C) of the Federal Credit
20 Reform Act of 1990 (2 U.S.C. 661a(5)(C)).
21 (6) DEMONSTRATION PROJECT.—The term
22 ''demonstration project'' means any project using
23 demonstration technology relating to any of the fol-
24 lowing:

1 (A) Renewable electric power systems
2 based on wind, solar, biomass, or geothermal
3 energy.
4 (B) Component and subcomponent manu-
5 facturing for wind, solar, biomass, and geo-
6 thermal renewable energy systems.
7 (C) Integrated gasification and combined-
8 cycle systems.
9 (D) Hydrogen fuel cell technology for resi-
10 dential, industrial, or transportation applica-
11 tions.
12 (E) Carbon capture and sequestration
13 practices and technologies, including agricul-
14 tural and forestry practices that store and se-
15 quester carbon.
16 (F) Efficient electrical generation, trans-
17 mission, and distribution technologies, including
18 component and subcomponent manufacturing.
19 (G) Efficient end-use energy technologies.
20 (7) DEMONSTRATION TECHNOLOGY.—The term
21 ''demonstration technology'' means a scientifically-
22 viable technology that has not yet been dem-
23 onstrated as a commercial scale prototype.
24 (8) ELIGIBLE PROJECT.—The term ''eligible
25 project'' means—

1 (A) a project described in section 544;
2 (B) any demonstration project that em-
3 ploys new or significantly improved technologies
4 as compared to commercial technologies in serv-
5 ices in the United States at the time at which
6 the loan guarantee is issued, as determined by
7 the Administrator;
8 (C) any commercial deployment project
9 that employs technologies that have been dem-
10 onstrated as viable in at least 1 commercial-
11 scale prototype, as determined by the Adminis-
12 trator; and
13 (D) with respect to any demonstration
14 project or commercial deployment project for
15 which a loan guarantee is sought under this
16 subsection, a project that—
17 (i) avoids or reduces energy imports;
18 (ii) creates jobs paying the prevailing
19 wage for similar work in the region in
20 which the project is located; or
21 (iii) avoids, reduces, or sequesters air
22 pollutants or anthropogenic emissions of
23 greenhouse gases.
24 (9) LOAN GUARANTEE.—

(A) IN GENERAL.—The term ''loan guarantee'' has the meaning given the term ''loan guarantee'' in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

(B) INCLUSION.—The term ''loan guarantee'' includes a loan guarantee commitment (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)).

(10) OBLIGATION.—The term ''obligation'' means the loan or other debt obligation that is guaranteed under this section.

(11) SUCCESS WARRANT.—The term ''success warrant'' means equity in clean energy ventures that are successful as a result of this Act.

SEC. 542. CLEAN ENERGY INVESTMENT ADMINISTRATION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established as an independent agency in the Executive branch an agency to be known as the ''Clean Energy Investment Administration''.

(2) SUPERVISION AND AFFILIATION.—The CEIA—

(A) shall be under the direction and supervision of the President; and

1 (B) shall not be affiliated with, or be with-
2 in, any other agency or department of the Fed-
3 eral Government.
4 (b) MANAGEMENT.—
5 (1) ADMINISTRATOR.—
6 (A) IN GENERAL.—The CEIA shall be
7 managed by an Administrator, who shall be a
8 civilian appointed by the President, by and with
9 the advice and consent of the Senate.
10 (B) QUALIFICATIONS.—The Administrator
11 of the CEIA shall be an individual of out-
12 standing qualifications known to be familiar
13 with and sympathetic to—
14 (i) clean energy technology;
15 (ii) clean energy policy; and
16 (iii) obstacles to development of clean
17 energy.
18 (C) CONFLICTS OF INTEREST.—The Ad-
19 ministrator shall not engage in any other busi-
20 ness, vocation, or employment than that of serv-
21 ing as Administrator.
22 (D) DISCRIMINATION.—With respect to
23 programs carried out by the CEIA—
24 (i) in managing those programs, in-
25 cluding grantmaking and guaranteeing

1 programs and functions, the Administrator
2 shall not discriminate on the basis of sex
3 or marital status against any person or
4 small business concern applying for or re-
5 ceiving assistance from the CEIA; and
6 (ii) the CEIA shall give special consid-
7 eration to veterans of the Armed Forces of
8 the United States and their survivors or
9 dependents.
10 (E) DEPUTY ADMINISTRATOR.—The Presi-
11 dent, by and with the advice and consent of the
12 Senate, may appoint a Deputy Administrator to
13 assist the Administrator in carrying out the du-
14 ties of the Administrator under this subtitle.

15 **SEC. 543. REQUIREMENTS SPECIFIC TO DEMONSTRATION**
16 **PROJECTS AND COMMERCIAL DEPLOYMENT**
17 **PROJECTS.**

18 (a) IN GENERAL.—The CEIA shall operate separate
19 financing programs for eligible projects at the demonstra-
20 tion and commercial stages of development.
21 (b) DEMONSTRATION PROJECTS.—
22 (1) IN GENERAL.—Subject to paragraph (3)
23 and section 534, the CEIA may provide to eligible
24 entities (as determined by the Administrator) financ-

1 ing for demonstration projects in the form of grants,
2 loan guarantees, or both.
3 (2) USE OF FUNDS.—A recipient of a grant
4 under this subsection may use funds from the grant
5 to pay—
6 (A) the costs of 1 or more loan guarantees
7 for an eligible project; or
8 (B) not more than 25 percent of the costs
9 of an eligible project.
10 (3) MAXIMUM AGGREGATE LOAN GUARAN-
11 TEES.—The aggregate amount of Federal loan guar-
12 antees that may be provided under this subtitle for
13 demonstration projects shall not exceed
14 $5,000,000,000.
15 (4) MAXIMUM FUNDING PERCENTAGE FOR
16 DEMONSTRATION PROJECT CATEGORIES.—Not more
17 than 25 percent of the grant funds and loan guaran-
18 tees provided under this subsection for a fiscal year
19 may be provided to any single category of dem-
20 onstration project described in section 531(6).
21 (5) SUCCESS WARRANTS.—The developer of a
22 demonstration project under this subsection may
23 provide to CEIA a success warrant that—

1 (A) is worth up to 10 percent of the value
2 of Federal loan guarantees secured for the dem-
3 onstration project under this subsection; and
4 (B) shall be used by the CEIA to finance
5 future CEIA loan guarantees.
6 (c) COMMERCIAL DEPLOYMENT PROJECTS.—
7 (1) IN GENERAL.—The CEIA may provide as-
8 sistance for commercial deployment projects under
9 this subtitle only in the form of loan guarantees.
10 (2) MAXIMUM AGGREGATE LOAN GUARAN-
11 TEES.—The aggregate amount of loan guarantees
12 that may be provided under this subtitle for com-
13 mercial deployment projects shall not exceed
14 $20,000,000,000.

15 **SEC. 544. LOAN GUARANTEE PROGRAM.**

16 (a) IN GENERAL.—Except as provided in the Alaska
17 Natural Gas Pipeline Act (15 U.S.C. 720 et seq.), the Ad-
18 ministrator shall make loan guarantees under this subtitle
19 for eligible projects on such terms and conditions as the
20 Administrator determines, after consultation with the Sec-
21 retary of the Treasury, to be appropriate and in accord-
22 ance with this section.
23 (b) SPECIFIC APPROPRIATION OR CONTRIBUTION.—

1 (1) DEMONSTRATION PROJECTS.—No loan
2 guarantee shall be made for a demonstration project
3 unless—
4 (A) an appropriation for the cost has been
5 made; or
6 (B) the Administrator has—
7 (i) received from the borrower a pay-
8 ment in full for the cost of the obligation;
9 and
10 (ii) deposited the payment in the
11 Treasury.
12 (2) COMMERCIAL PROJECTS.—No loan guar-
13 antee shall be made for a commercial deployment
14 project unless the Administrator has—
15 (A) received from the borrower a payment
16 in full for the cost of the obligation; and
17 (B) deposited the payment in the Treas-
18 ury.
19 (c) MAXIMUM AMOUNT.—Except as otherwise pro-
20 vided by law, a loan guarantee by the Administrator for
21 a demonstration project or commercial deployment project
22 shall not exceed an amount equal to 80 percent of the cost
23 of the facility that is the subject of the loan guarantee,
24 as estimated at the time at which the loan guarantee is
25 issued.

1 (d) REPAYMENT.—
2 (1) IN GENERAL.—No loan guarantee shall be
3 made under this section unless the Administrator
4 determines that there is a reasonable prospect of re-
5 payment by the borrower of the principal and inter-
6 est on the obligation covered by the loan guarantee.
7 (2) SUFFICIENCY OF AMOUNT.—No loan guar-
8 antee shall be made under this section unless the
9 Administrator determines that the amount of the ob-
10 ligation covered by the loan guarantee (when com-
11 bined with amounts available to the borrower from
12 other sources) will be sufficient to carry out the eli-
13 gible project for which the loan guarantee is pro-
14 vided.
15 (3) SUBORDINATION.—A loan guarantee pro-
16 vided under this section shall be subject to the con-
17 dition that the obligation covered by the loan guar-
18 antee is not subordinate to other financing.
19 (e) INTEREST RATE.—An obligation covered by a
20 loan guarantee under this section shall bear interest at
21 a rate that does not exceed a level that the Administrator
22 determines to be appropriate, taking into account the pre-
23 vailing rate of interest in the private sector for similar
24 loans and risks.

1 (f) TERM.—The term of an obligation covered by a
2 loan guarantee under this section shall require full repay-
3 ment over a period not to exceed the lesser of—
4 (1) 30 years; or
5 (2) 90 percent of the projected useful life of the
6 physical asset to be financed by the obligation cov-
7 ered by the loan guarantee (as determined by the
8 Administrator).
9 (g) DEFAULTS.—
10 (1) PAYMENT BY ADMINISTRATOR.—
11 (A) IN GENERAL.—If a borrower defaults
12 on an obligation covered by a loan guarantee
13 under this section (as defined in regulations
14 promulgated by the Administrator and specified
15 in the loan guarantee contract), the holder of
16 the loan guarantee shall have the right to de-
17 mand payment of the unpaid amount from the
18 Administrator.
19 (B) PAYMENT REQUIRED.—Within such
20 period as may be specified in the loan guar-
21 antee or related agreements, the Administrator
22 shall pay to the holder of the loan guarantee
23 the unpaid interest on, and unpaid principal of
24 the obligation as to which the borrower has de-
25 faulted, unless the Administrator finds that

1 there was no default by the borrower in the
2 payment of interest or principal or that the de-
3 fault has been remedied.

4 (C) FORBEARANCE.—Nothing in this sub-
5 section precludes any forbearance by the holder
6 of an obligation covered by a loan guarantee
7 under this section for the benefit of the bor-
8 rower, which forbearance may be agreed upon
9 by the parties to the obligation and approved by
10 the Administrator.

11 (2) SUBROGATION.—

12 (A) IN GENERAL.—If the Administrator
13 makes a payment under paragraph (1), the Ad-
14 ministrator shall be subrogated to the rights of
15 the recipient of the payment as specified in the
16 loan guarantee or related agreements including,
17 where appropriate, the authority (notwith-
18 standing any other provision of law)—

19 (i) to complete, maintain, operate,
20 lease, or otherwise dispose of any property
21 acquired pursuant to the loan guarantee or
22 related agreements; or

23 (ii) to permit the borrower, pursuant
24 to an agreement with the Administrator, to
25 continue to pursue the purposes of the eli-

1 gible project carried out as a result of the
2 loan guarantee if the Administrator deter-
3 mines the pursuit to be in the public inter-
4 est.

5 (B) SUPERIORITY OF RIGHTS.—The rights
6 of the Administrator, with respect to any prop-
7 erty acquired pursuant to a loan guarantee or
8 related agreements, shall be superior to the
9 rights of any other person with respect to the
10 property.

11 (C) TERMS AND CONDITIONS.—A loan
12 guarantee agreement shall include such detailed
13 terms and conditions as the Administrator de-
14 termines to be appropriate—

15 (i) to protect the interests of the
16 United States in the case of default; and

17 (ii) to have available all the patents
18 and technology necessary for any person
19 selected, including the Administrator, to
20 complete and operate the eligible project
21 carried out as a result of the loan guar-
22 antee.

23 (3) PAYMENT OF PRINCIPAL AND INTEREST BY
24 ADMINISTRATOR.—With respect to any obligation
25 guaranteed under this section, the Administrator

1 may enter into a contract to pay, and pay, holders
2 of the obligation, for and on behalf of the borrower,
3 from funds appropriated for that purpose, the prin-
4 cipal and interest payments that become due and
5 payable on the unpaid balance of the obligation if
6 the Administrator finds that—

7 (A) the borrower is unable to meet the
8 payments and is not in default;

9 (B) it is in the public interest to permit
10 the borrower to continue to pursue the purposes
11 of the project;

12 (C) the probable net benefit to the Federal
13 Government in paying the principal and interest
14 will be greater than that which would result in
15 the event of a default;

16 (D) the amount of the payment sought by
17 the holders of the obligation does not exceed the
18 amount of principal and interest that the bor-
19 rower is obligated to pay under the agreement
20 being guaranteed; and

21 (E) the borrower agrees to reimburse the
22 Administrator for the payment (including inter-
23 est) on terms and conditions that are satisfac-
24 tory to the Administrator.

25 (4) ACTION BY ATTORNEY GENERAL.—

1 (A) NOTIFICATION.—If a borrower de-
2 faults on an obligation covered by a loan guar-
3 antee under this section, the Administrator
4 shall notify the Attorney General of the default.
5 (B) RECOVERY.—On notification, the At-
6 torney General shall take such action as is ap-
7 propriate to recover the unpaid principal and
8 interest due from—
9 (i) such assets of the defaulting bor-
10 rower as are associated with the obligation;
11 or
12 (ii) any other security pledged to se-
13 cure the obligation.
14 (h) FEES.—
15 (1) IN GENERAL.—The Administrator shall
16 charge and collect fees for loan guarantees in
17 amounts the Administrator determines are sufficient
18 to cover applicable administrative expenses.
19 (2) AVAILABILITY.—Fees collected under this
20 subsection shall—
21 (A) be deposited by the Administrator in
22 the Treasury; and
23 (B) remain available until expended, sub-
24 ject to such other conditions as are contained in
25 annual appropriations Acts.

(i) RECORDS; AUDITS.—

(1) IN GENERAL.—A recipient of a loan guarantee shall keep such records and other pertinent documents as the Administrator shall prescribe by regulation, including such records as the Administrator may require to facilitate an effective audit.

(2) ACCESS.—The Administrator and the Comptroller General of the United States (or designees) shall have access, for the purpose of audit, to the records and other pertinent documents.

(j) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all loan guarantees issued under this section with respect to principal and interest.

(k) QUALIFICATION OF FACILITIES RECEIVING TAX CREDITS.—A project that receives 1 or more tax credits shall not be disqualified from being considered to be an eligible project, or from receiving a grant or loan guarantee, under this subtitle.

SEC. 545. ENERGY PARK TASK FORCES.

(a) DEFINITIONS.—In this section:

(1) ENERGY PARK.—The term ‘‘energy park’’ shall have such meaning as is given the term by the Secretary, by regulation.

1 (2) SECRETARY.—The term ''Secretary'' means
2 the Secretary of Energy.
3 (3) TASK FORCE.—The term ''task force''
4 means any energy park task force established under
5 subsection (b)(1).
6 (b) ESTABLISHMENT.—
7 (1) IN GENERAL.—As soon as practicable after
8 the date of enactment of this Act, the Secretary
9 shall establish not less than 4, and not more than
10 6, regional task forces, to be known as ''energy park
11 task forces''.
12 (2) LOCATIONS.—The Secretary shall establish
13 task forces under paragraph (1), to the maximum
14 extent practicable—
15 (A) in geographically diverse regions of the
16 United States; and
17 (B) in regions with—
18 (i) well-established infrastructure for
19 high-rank and low-rank coal or biomass
20 production; or
21 (ii) significant demand for the prod-
22 ucts of energy parks.
23 (c) MEMBERSHIP.—Each task force shall be com-
24 prised of individuals, to be appointed by the Secretary,
25 representing—

1 (1) local agricultural, coal, pulp and paper,
2 chemical, automotive, and electric power industries,
3 including distributed and renewable energy elec-
4 tricity companies where applicable ;
5 (2) regional energy cooperatives;
6 (3) State energy, environmental, agricultural,
7 and economic development agencies;
8 (4) labor unions; and
9 (5) environmental and citizen groups.
10 (d) DUTIES.—
11 (1) EVALUATIONS.—
12 (A) IN GENERAL.—Each task force shall
13 evaluate, within the jurisdiction of the task
14 force—
15 (i) the technical and economic poten-
16 tial for the use of domestically-produced
17 coal and biomass and available renewable
18 energy resources as feedstock for energy
19 parks to produce useful products for mar-
20 kets associated with—
21 (I) fertilizer;
22 (II) liquid fuels;
23 (III) steam; and
24 (IV) electricity; and

1 (ii) the impacts of the markets de-
2 scribed in clause (i) on—
3 (I) national security;
4 (II) the United States and re-
5 gional economies;
6 (III) job security and unemploy-
7 ment;
8 (IV) the environment; and
9 (V) any other relevant industry.
10 (B) INCLUSION.—An evaluation under sub-
11 paragraph (A) shall include an evaluation, with-
12 in the jurisdiction of the applicable task force,
13 of carbon management options and costs.
14 (2) REPORTS.—
15 (A) IN GENERAL.—Not later than 18
16 months after the date on which all members of
17 a task force have been appointed under sub-
18 section (c), the task force shall submit to the
19 Secretary a report describing the results of the
20 evaluation conducted under paragraph (1).
21 (B) COORDINATION.—In preparing a re-
22 port under subparagraph (A), a task force shall
23 coordinate with—
24 (i) the 7 Regional Carbon Sequestra-
25 tion Partnerships; and

1 (ii) other relevant Federal agencies.
2 (e) ACTION BY SECRETARY.—After taking into con-
3 sideration the reports submitted under subsection (d)(2),
4 including any related report submitted by an entity de-
5 scribed in subsection (d)(2)(B), the Secretary shall submit
6 to Congress a report proposing a national energy park de-
7 velopment program, including any applicable recommenda-
8 tions of the Secretary.

9 **SEC. 546. AUTHORIZATION OF APPROPRIATIONS.**

10 There is authorized to be appropriated—
11 (1) section 544 $2,000,000,000 for each of fis-
12 cal years 2007 through 2011, of which—
13 (A) not less than $1,000,000,000 shall be
14 used for grants for demonstration projects; and
15 (B) not less than $1,000,000,000 shall be
16 used for loan guarantees; and
17 (2) this subtitle (other than section 544) such
18 sums as are necessary for each of fiscal years 2007
19 through 2011.

20 Subtitle G—Strategic Gasoline and 21 Fuel Reserve

22 **SEC. 548. STRATEGIC GASOLINE AND FUEL RESERVE.**

23 (a) IN GENERAL.—Title I of the Energy Policy and
24 Conservation Act is amended by inserting after part D (42
25 U.S.C. 6250 et seq.) the following:

1 **"PART V—STRATEGIC GASOLINE AND FUEL**
2 **RESERVE**

3 **"SEC. 191. DEFINITIONS.**

4 "In this part:
5 "(1) GASOLINE.—The term 'gasoline' means
6 any finished petroleum product or blendstock used
7 as non-diesel automotive fuel as determined by the
8 Secretary to have the highest fungibility in the se-
9 lected region.
10 "(2) RESERVE.—The term 'Reserve' means the
11 Strategic Gasoline and Fuel Reserve established
12 under section 192(a).

13 **"SEC. 192. ESTABLISHMENT.**

14 "(a) IN GENERAL.—Notwithstanding any other pro-
15 vision of this Act, the Secretary shall establish, maintain,
16 and operate a Strategic Gasoline and Fuel Reserve.
17 "(b) NOT COMPONENT OF STRATEGIC PETROLEUM
18 RESERVE.—The Reserve is not a component of the Stra-
19 tegic Petroleum Reserve established under part B.
20 "(c) CAPACITY.—The Reserve shall contain at
21 least—
22 "(1) 8,000,000 barrels of gasoline; and
23 "(2) 1,500,000 barrels of jet fuel.
24 "(d) RESERVE SITES.—
25 "(1) SITING.—Not later than 18 months after
26 the date of enactment of this Act, the Secretary

1 shall determine not less than 3 Reserve sites, and
2 not more than 5 Reserve sites, throughout the
3 United States that are regionally strategic.

4 ''(2) OPERATION.—The Reserve sites described
5 in paragraph (1) shall be operational not later than
6 3 years after the date of enactment of this Act.

7 ''(e) AUTHORITY.—In carrying out this part, the Sec-
8 retary may—

9 ''(1) construct, purchase, contract for, lease, or
10 otherwise acquire, in whole or in part, storage and
11 related facilities and storage services;

12 ''(2) use, lease, maintain, sell, or otherwise dis-
13 pose of storage and related facilities acquired under
14 this part;

15 ''(3) acquire by purchase, exchange, lease, com-
16 mercial futures contract, or other means gasoline
17 and fuel for storage in the Reserve;

18 ''(4) store gasoline and fuel in facilities not
19 owned by the United States; and

20 ''(5) sell, exchange, or otherwise dispose of gas-
21 oline and fuel from the Reserve, including to main-
22 tain—

23 ''(A) the quality or quantity of the gasoline
24 or fuel in the Reserve; or

1 ‘‘(B) the operational capacity of the Re-
2 serve.
3 ‘‘(f) FILL DATE.—
4 ‘‘(1) IN GENERAL.—Except as provided in para-
5 graph (2), the Secretary shall complete the process
6 of filling the Reserve under this section by March 1,
7 2010.
8 ‘‘(2) EXTENSIONS.—The Secretary may extend
9 the due date established under paragraph (1) if the
10 Secretary determines that filling the Reserve by that
11 due date would cause—
12 ‘‘(A) a significant price increase or supply
13 shortage; and
14 ‘‘(B) an undue economic burden on the
15 United States.
16 **‘‘SEC. 193. RELEASE OF GASOLINE AND FUEL.**
17 ‘‘(a) IN GENERAL.—The Secretary shall release gaso-
18 line or fuel from the Reserve only if—
19 ‘‘(1) the Secretary finds that there is a severe
20 fuel supply disruption by determining that—
21 ‘‘(A) a regional, national, or international
22 supply shortage of gasoline or fuel of significant
23 scope and duration has occurred;
24 ‘‘(B) a substantial increase in the price of
25 gasoline or fuel has resulted from the shortage;

1 ''(C) the price increase is likely to cause a
2 significant adverse impact on the national or re-
3 gional economy; and
4 ''(D) releasing gasoline or fuel from the
5 Reserve would assist directly and significantly
6 in reducing the adverse impact of the shortage;
7 or
8 ''(2)(A) the Governor of a State submits to the
9 Secretary a written request for a release from the
10 Reserve that contains a finding that—
11 ''(i) a regional or statewide supply short-
12 age of gasoline or fuel of significant scope and
13 duration has occurred;
14 ''(ii) a substantial increase in the price of
15 gasoline or fuel has resulted from the shortage;
16 and
17 ''(iii) the price increase is likely to cause a
18 significant adverse impact on the economy of
19 the State; and
20 ''(B) the Secretary concurs with the findings of
21 the Governor under subparagraph (A) and deter-
22 mines that a release from the Reserve—
23 ''(i) would mitigate gasoline or fuel price
24 volatility in the State or region; and

1 "(ii) would not have an adverse effect on
2 the long-term economic viability of retail gaso-
3 line or fuel markets in the State and adjacent
4 States.
5 "(b) PROCEDURE.—
6 "(1) RESPONSE OF SECRETARY.—The Sec-
7 retary shall respond to a request submitted under
8 subsection (a)(2) not later than 5 days after receipt
9 of the request by—
10 "(A) approving the request;
11 "(B) denying the request; or
12 "(C) requesting additional supporting in-
13 formation.
14 "(2) RELEASE.—The Secretary shall establish
15 procedures governing the release of gasoline or fuel
16 from the Reserve in accordance with this subsection.
17 "(3) REQUIREMENTS.—
18 "(A) ELIGIBLE ENTITY.—In this para-
19 graph, the term 'eligible entity' means an entity
20 that is customarily engaged in the sale or dis-
21 tribution or bulk storage of gasoline or fuel.
22 "(B) SALE OR DISPOSAL FROM RE-
23 SERVE.—The procedures established under this
24 subsection shall provide that the Secretary
25 may—

1 "(i) sell gasoline or fuel from the Re-
2 serve to an eligible entity through a com-
3 petitive process; or
4 "(ii) enter into an exchange agree-
5 ment with an eligible entity under which
6 the Secretary receives—
7 "(I) a greater volume of gasoline
8 or fuel as repayment from the eligible
9 entity than the volume provided to the
10 eligible entity; or
11 "(II) payment of the premium
12 for the loan in cash, which may be
13 placed in the Strategic Gasoline and
14 Fuel Reserve Fund established under
15 section 195.
16 "(C) TEST SALE AUTHORITY.—The Sec-
17 retary may perform a test sale under this para-
18 graph for up to 1,000,000 barrels.
19 "(c) CONTINUING EVALUATION.—The Secretary
20 shall conduct a continuing evaluation of the drawdown and
21 sales procedures established under this section.
22 **"SEC. 194. REPORTS.**
23 "(a) GASOLINE AND FUEL.—Not later than 180 days
24 after the date of enactment of this section, the Secretary
25 shall submit to Congress and the President a plan describ-

1 ing the manner in which the Department of Energy will
2 perform—
3 ''(1) the acquisition of storage and related fa-
4 cilities or storage services for the Reserve, including
5 the use of storage facilities not currently in use or
6 not currently used to capacity;
7 ''(2) the acquisition of gasoline and fuel for
8 storage in the Reserve;
9 ''(3) the anticipated methods of disposition of
10 gasoline and fuel from the Reserve;
11 ''(4) the estimated costs of establishment, main-
12 tenance, and operation of the Reserve;
13 ''(5) efforts that the Department will take to
14 minimize any potential need for future drawdowns
15 from the Reserve; and
16 ''(6) actions to ensure the quality of the gaso-
17 line and fuel in the Reserve are maintained.
18 ''(b) NATURAL GAS AND DIESEL.—Not later than
19 180 days after the date of enactment of this section, the
20 Secretary shall submit to Congress a report describing the
21 feasibility of creating a natural gas, diesel, and biofuels
22 feedstock reserve similar to the Reserve under this part.
23 ''(c) PRIVATE SECTOR STORAGE CAPACITY.—

1 "(1) IN GENERAL.—Not later than 1 year after
2 the date of enactment of this section, the Secretary
3 shall submit to Congress a report describing—
4 "(A) private sector storage capacity of re-
5 fined petroleum products; and
6 "(B) how expansion of existing storage ca-
7 pacity might alleviate short-term supply con-
8 straints and the resulting impact on consumer
9 prices without the need for using releases from
10 the Reserve.
11 "(2) RELEASE; INCENTIVES.—In preparing the
12 report required under this subsection, the Secretary
13 shall assess—
14 "(A) under what conditions private sector
15 storage stocks should be released to moderate
16 supply disruptions and pricing impacts; and
17 "(B) what incentives, if any, are necessary
18 to promote the development of increased private
19 sector storage capacity.
20 **"SEC. 195. STRATEGIC GASOLINE AND FUEL RESERVE**
21 **FUND.**
22 "(a) ESTABLISHMENT.—There is established in the
23 Treasury of the United States a separate revolving fund,
24 to be known as the 'Strategic Gasoline and Fuel Reserve

1 Fund' (referred to in this section as the 'Fund'), con-
2 sisting of—

3 ''(1) such amounts as are appropriated to the
4 Fund under section 196; and

5 ''(2) all receipts from the sale, exchange, or dis-
6 position of gasoline or fuel from the Reserve or from
7 leasing of facilities or providing other services to the
8 private sector in connection with the Reserve, which
9 shall be deposited in the Fund on receipt.

10 ''(b) USE OF FUND.—The Secretary may make ex-
11 penditures from the Fund, without further appropriation,
12 for the operation and administration of the Reserve.

13 ''(c) ADMINISTRATION OF FUND.—

14 ''(1) IN GENERAL.—The Secretary of the
15 Treasury shall—

16 ''(A) maintain the Fund; and

17 ''(B) as soon as practicable after the end
18 of each fiscal year and after consultation with
19 the Secretary, submit to Congress a report de-
20 scribing the financial condition and operations
21 of the Fund during the preceding fiscal year.

22 ''(2) BUDGET.—

23 ''(A) IN GENERAL.—The Secretary shall
24 submit the budget for the Fund to the Office

1 of Management and Budget, along with the
2 budget of the Department of Energy.
3 ''(B) CONTENTS.—The budget shall—
4 ''(i) consist of estimates made by the
5 Secretary of expenditures from the Fund
6 and other relevant financial matters for
7 the succeeding 5 fiscal years; and
8 ''(ii) be included in the budget trans-
9 mitted under section 1105(a) of title 31,
10 United States Code.

11 **''SEC. 196. AUTHORIZATION OF APPROPRIATIONS.**

12 ''There are authorized to be appropriated such sums
13 as are necessary to carry out this part, to remain available
14 until expended.''.

15 (b) CONFORMING AMENDMENT.—The table of con-
16 tents for title I of the Energy Policy and Conservation
17 Act (42 U.S.C. 6201 note) is amended by striking the
18 matter relating to the second part D (relating to expira-
19 tion) and inserting the following:

''PART V—STRATEGIC GASOLINE AND FUEL RESERVE

''Sec. 191. Definitions.
''Sec. 192. Establishment.
''Sec. 193. Release of gasoline and fuel.
''Sec. 194. Reports.
''Sec. 195. Strategic Gasoline and Fuel Reserve Fund.
''Sec. 196. Authorization of appropriations.''.

Subtitle H—Reports on United States Energy Emergency Preparedness

SEC. 551. POTENTIAL IMPACTS OF OIL SUPPLY SHOCK.

(a) IN GENERAL.—Not later than 60 days after the date of enactment of this Act, the President shall submit to Congress a report describing the potential impact on domestic prices of crude oil, residual fuel oil, and refined petroleum products of a disruption, for periods of 1 week, 1 year, and 5 years, respectively, of not less than—

(1) 30 percent of United States oil production;

(2) 20 percent of United States refining capacity; and

(3) 5 percent of global oil supplies.

(b) PROJECTIONS AND REMEDIES.—The President shall include in the report under subsection (a)—

(1) projections of the likely impact of each disruption described in that subsection on the United States economy; and

(2) detailed and prioritized recommendations for remedies in response to each such disruption.

SEC. 552. PREVENTING FUTURE DISRUPTIONS.

(a) IN GENERAL.—The Secretary of Energy shall enter into a contract with the National Academy of Sciences under which the National Academy shall conduct

1 a review of expenditures and activities carried out by each
2 organization the total wholesale or retail United States
3 sales of crude oil, gasoline, and petroleum distillates of
4 which are in excess of $500,000,000 per year—

5 (1) to protect the energy supply system of the
6 United States from—

7 (A) terrorist attacks;

8 (B) international supply disruptions; and

9 (C) natural disasters; and

10 (2) to ensure a stable and reasonably-priced
11 supply of those products to consumers in the United
12 States.

13 (b) INCLUSIONS.—The review under subsection (a)
14 shall include an assessment of the preparations of each
15 organization described in that subsection with respect to
16 the forecasted period of more frequent and more intense
17 hurricane activity in the Gulf of Mexico and other vulner-
18 able coastal areas.

19 Subtitle J—Impacts of Act on Re-
20 ducing Greenhouse Gas Emis-
21 sions

22 SEC. 561. CLIMATE CHANGE AND ENERGY POLICY FEED-
23 BACK LOOP.

24 (a) IN GENERAL.—Not later than 2 years after the
25 date of enactment of this Act, the Secretary of Energy,

1 in consultation with the Secretary of Commerce and the
2 Administrator of the Environmental Protection Agency,
3 shall submit to Congress a report on the probable effects
4 of this Act and the amendments made by this Act during
5 calendar years 2010, 2015, and 2020 on—

6 (1) total greenhouse gas emissions, nationally
7 and by sector;

8 (2) impacts on land, water, and ecosystems of
9 expanded coal, biofuels, oil, and natural gas extrac-
10 tion and production;

11 (3) job creation; and

12 (4) the economy.

13 (b) INCLUSIONS.—The report shall include rec-
14 ommendations for amendments to this Act and other rel-
15 evant laws to ensure that the effect of this Act will be
16 to reduce total domestic greenhouse gas emissions below
17 levels projected in the report of the Energy Information
18 Administration entitled "Annual Energy Outlook 2006"
19 for each of calendar years 2010, 2015, and 2020.

1 # Subtitle K—Energy Fairness for
2 # America

3 **SEC. 571. ELIMINATION OF DEDUCTION FOR INTANGIBLE**
4 **DRILLING AND DEVELOPMENT COSTS FOR**
5 **MAJOR OIL COMPANIES.**

6 (a) IN GENERAL.—Section 263(c) of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following new sentences: ''This subsection shall not
9 apply during any taxable year with respect to a major inte-
10 grated oil company (as defined in section 43(f)(2)) if dur-
11 ing the preceding taxable year for the production of oil,
12 the average price of crude oil in the United States is great-
13 er than $34.71 per barrel, and for the production of nat-
14 ural gas, the average wellhead price of natural gas in the
15 United States is greater than $4.34 per 1,000 cubic feet.
16 For purposes of the preceding sentence, the Secretary
17 shall determine average prices, taking into consideration
18 the most recent data reported by the Energy Information
19 Administration. For taxable years beginning after Decem-
20 ber 31, 2007, each dollar amount specified in this sub-
21 section shall be adjusted to reflect changes for the 12-
22 month period ending the preceding September 30 in the
23 Consumer Price Index for All Urban Consumers published
24 by the Bureau of Labor Statistics of the Department of
25 Labor.''

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

4 **SEC. 572. ELIMINATION OF ENHANCED OIL RECOVERY**
5 **CREDIT FOR MAJOR OIL COMPANIES.**

6 (a) IN GENERAL.—Section 43 of the Internal Rev-
7 enue Code of 1986 is amended by adding at the end the
8 following new subsection:
9 ''(f) NONAPPLICATION OF SECTION.—
10 ''(1) IN GENERAL.—This section shall not apply
11 during any taxable year with respect to a major inte-
12 grated oil company if during the preceding taxable
13 year for the production of oil, the average price of
14 crude oil in the United States is greater than $34.71
15 per barrel. For purposes of the preceding sentence,
16 the Secretary shall determine average prices, taking
17 into consideration the most recent data reported by
18 the Energy Information Administration. For taxable
19 years beginning after December 31, 2007, the dollar
20 amount specified in this paragraph shall be adjusted
21 to reflect changes for the 12-month period ending
22 the preceding September 30 in the Consumer Price
23 Index for All Urban Consumers published by the
24 Bureau of Labor Statistics of the Department of
25 Labor.

1 ‘‘(2) MAJOR INTEGRATED OIL COMPANY.—For
2 purposes of this subsection, the term ‘major inte-
3 grated oil company’ means, with respect to any tax-
4 able year, a producer of crude oil—
5 ‘‘(A) which has an average daily worldwide
6 production of crude oil of at least 500,000 bar-
7 rels for the taxable year,
8 ‘‘(B) which had gross receipts in excess of
9 $1,000,000,000 for its last taxable year ending
10 during calendar year 2005, and
11 ‘‘(C) to whom subsection (c) of section
12 613A does not apply by reason of paragraph
13 (4) of section 613A(d), determined—
14 ‘‘(i) by substituting ‘15 percent’ for ‘5
15 percent’ each place it occurs in paragraph
16 (3) of section 613A(d), and
17 ‘‘(ii) without regard to whether sub-
18 section (c) of section 613A does not apply
19 by reason of paragraph (2) of section
20 613A(d).
21 For purposes of subparagraphs (A) and (B), all per-
22 sons treated as a single employer under subsections
23 (a) and (b) of section 52 shall be treated as 1 person
24 and, in case of a short taxable year, the rule under
25 section 448(c)(3)(B) shall apply.’’.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

4 **SEC. 573. OIL AND GAS ROYALTY-RELATED AMENDMENTS.**

5 (a) REPEAL.—Sections 344 through 346 of the En-
6 ergy Policy Act of 2005 (42 U.S.C. 15902 et seq.) are
7 repealed.

8 (b) TERMINATION OF ALASKA OFFSHORE ROYALTY
9 SUSPENSION.—Section 8(a)(3)(B) of the Outer Conti-
10 nental Shelf Lands Act (43 U.S.C. 1337(a)(3)(B)) is
11 amended by striking ''and in the Planning Areas offshore
12 Alaska''.

13 **SEC. 574. EXTENSION OF ELECTION TO EXPENSE CERTAIN**
14 **REFINERIES.**

15 (a) EXTENSION.—

16 (1) IN GENERAL.—Section 179C(c)(1) of the
17 Internal Revenue Code of 1986 (defining qualified
18 refinery property) is amended—

19 (A) by striking ''and before January 1,
20 2012'' in subparagraph (B) and inserting ''and,
21 in the case of any qualified refinery described in
22 subsection (d)(1), before January 1, 2012'', and

23 (B) by inserting ''if described in subsection
24 (d)(1)'' after ''of which'' in subparagraph
25 (F)(i).

1 (2) CONFORMING AMENDMENT.—Subsection (d)
2 of section 179C of the Internal Revenue Code of
3 1986 is amended to read as follows:

4 "(d) QUALIFIED REFINERY.—For purposes of this
5 section, the term 'qualified refinery' means any refinery
6 located in the United States which is designed to serve
7 the primary purpose of processing liquid fuel from—

8 "(1) crude oil, or

9 "(2) qualified fuels (as defined in section
10 45K(c)).".

11 (3) EFFECTIVE DATE.—The amendments made
12 by this subsection shall take effect as if included in
13 the amendment made by section 1323(a) of the En-
14 ergy Policy Act of 2005.

15 (b) NONAPPLICATION FOR MAJOR OIL COMPA-
16 NIES.—

17 (1) IN GENERAL.—Section 179C of the Internal
18 Revenue Code of 1986 is amended by adding at the
19 end the following new subsection:

20 "(i) NONAPPLICATION OF SECTION.—

21 "(1) IN GENERAL.—This section shall not apply
22 during any taxable year with respect to a major inte-
23 grated oil company if during the preceding taxable
24 year for the production of oil, the average price of
25 crude oil in the United States is greater than $34.71

1 per barrel. For purposes of the preceding sentence,
2 the Secretary shall determine average prices, taking
3 into consideration the most recent data reported by
4 the Energy Information Administration. For taxable
5 years beginning after December 31, 2007, the dollar
6 amount specified in this paragraph shall be adjusted
7 to reflect changes for the 12-month period ending
8 the preceding September 30 in the Consumer Price
9 Index for All Urban Consumers published by the
10 Bureau of Labor Statistics of the Department of
11 Labor.

12 ''(2) MAJOR INTEGRATED OIL COMPANY.—For
13 purposes of this subsection, the term 'major inte-
14 grated oil company' means, with respect to any tax-
15 able year, a producer of crude oil—

16 ''(A) which has an average daily worldwide
17 production of crude oil of at least 500,000 bar-
18 rels for the taxable year,

19 ''(B) which had gross receipts in excess of
20 $1,000,000,000 for its last taxable year ending
21 during calendar year 2005, and

22 ''(C) to whom subsection (c) of section
23 613A does not apply by reason of paragraph
24 (4) of section 613A(d), determined—

''(i) by substituting '15 percent' for '5 percent' each place it occurs in paragraph (3) of section 613A(d), and

''(ii) without regard to whether subsection (c) of section 613A does not apply by reason of paragraph (2) of section 613A(d).

For purposes of subparagraphs (A) and (B), all persons treated as a single employer under subsections (a) and (b) of section 52 shall be treated as 1 person and, in case of a short taxable year, the rule under section 448(c)(3)(B) shall apply.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 575. ELIMINATION OF AMORTIZATION OF GEOLOGICAL AND GEOPHYSICAL EXPENDITURES FOR MAJOR OIL COMPANIES.

(a) IN GENERAL.—Section 167(h) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(5) NONAPPLICATION OF SECTION.—

''(A) IN GENERAL.—This subsection shall not apply during any taxable year with respect to a major integrated oil company if during the

1 preceding taxable year for the production of oil,
2 the average price of crude oil in the United
3 States is greater than $34.71 per barrel, and
4 for the production of natural gas, the average
5 wellhead price of natural gas in the United
6 States is greater than $4.34 per 1,000 cubic
7 feet. For purposes of the preceding sentence,
8 the Secretary shall determine average prices,
9 taking into consideration the most recent data
10 reported by the Energy Information Adminis-
11 tration. For taxable years beginning after De-
12 cember 31, 2007, each dollar amount specified
13 in this subparagraph shall be adjusted to reflect
14 changes for the 12-month period ending the
15 preceding September 30 in the Consumer Price
16 Index for All Urban Consumers published by
17 the Bureau of Labor Statistics of the Depart-
18 ment of Labor.

19 "(B) MAJOR INTEGRATED OIL COM-
20 PANY.—For purposes of this paragraph, the
21 term 'major integrated oil company' means,
22 with respect to any taxable year, a producer of
23 crude oil—

1 "(i) which has an average daily world-
2 wide production of crude oil of at least
3 500,000 barrels for the taxable year,
4 "(ii) which had gross receipts in ex-
5 cess of $1,000,000,000 for its last taxable
6 year ending during calendar year 2005,
7 and
8 "(iii) to whom subsection (c) of sec-
9 tion 613A does not apply by reason of
10 paragraph (4) of section 613A(d), deter-
11 mined—
12 "(I) by substituting '15 percent'
13 for '5 percent' each place it occurs in
14 paragraph (3) of section 613A(d), and
15 "(II) without regard to whether
16 subsection (c) of section 613A does
17 not apply by reason of paragraph (2)
18 of section 613A(d).
19 For purposes of subparagraphs (A) and (B), all
20 persons treated as a single employer under sub-
21 sections (a) and (b) of section 52 shall be treat-
22 ed as 1 person and, in case of a short taxable
23 year, the rule under section 448(c)(3)(B) shall
24 apply.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on and after the date of the enactment of this Act.

SEC. 576. REVALUATION OF LIFO INVENTORIES OF MAJOR INTEGRATED OIL COMPANIES.

(a) GENERAL RULE.—Notwithstanding any other provision of law, if a taxpayer is a major integrated oil company for its last taxable year ending in calendar year 2005, the taxpayer shall—

(1) increase, effective as of the close of such taxable year, the value of each historic LIFO layer of inventories of crude oil, natural gas, or any other petroleum product (within the meaning of section 4611) by the layer adjustment amount, and

(2) decrease its cost of goods sold for such taxable year by the aggregate amount of the increases under paragraph (1).

If the aggregate amount of the increases under paragraph (1) exceed the taxpayer's cost of goods sold for such taxable year, the taxpayer's gross income for such taxable year shall be increased by the amount of such excess.

(b) LAYER ADJUSTMENT AMOUNT.—For purposes of this section—

1 (1) IN GENERAL.—The term ''layer adjustment
2 amount'' means, with respect to any historic LIFO
3 layer, the product of—
4 (A) $18.75, and
5 (B) the number of barrels of crude oil (or
6 in the case of natural gas or other petroleum
7 products, the number of barrel-of-oil equiva-
8 lents) represented by the layer.
9 (2) BARREL-OF-OIL EQUIVALENT.—The term
10 ''barrel-of-oil equivalent'' has the meaning given
11 such term by section 29(d)(5) (as in effect before its
12 redesignation by the Energy Tax Incentives Act of
13 2005).
14 (c) APPLICATION OF REQUIREMENT.—
15 (1) NO CHANGE IN METHOD OF ACCOUNTING.—
16 Any adjustment required by this section shall not be
17 treated as a change in method of accounting.
18 (2) UNDERPAYMENTS OF ESTIMATED TAX.—No
19 addition to the tax shall be made under section 6655
20 of the Internal Revenue Code of 1986 (relating to
21 failure by corporation to pay estimated tax) with re-
22 spect to any underpayment of an installment re-
23 quired to be paid with respect to the taxable year
24 described in subsection (a) to the extent such under-
25 payment was created or increased by this section.

1 (d) MAJOR INTEGRATED OIL COMPANY.—For pur-
2 poses of this section, the term ''major integrated oil com-
3 pany'' has the meaning given such term by section
4 43(f)(2) of the Internal Revenue Code of 1986.

5 **SEC. 577. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
6 **APPLICABLE TO MAJOR INTEGRATED OIL**
7 **COMPANIES WHICH ARE DUAL CAPACITY**
8 **TAXPAYERS.**

9 (a) IN GENERAL.—Section 901 of the Internal Rev-
10 enue Code of 1986 (relating to credit for taxes of foreign
11 countries and of possessions of the United States) is
12 amended by redesignating subsection (m) as (n) and by
13 inserting after subsection (l) the following new subsection:
14 ''(m) SPECIAL RULES RELATING TO MAJOR INTE-
15 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
16 TAXPAYERS.—
17 ''(1) GENERAL RULE.—Notwithstanding any
18 other provision of this chapter, any amount paid or
19 accrued by a dual capacity taxpayer which is a
20 major integrated oil company to a foreign country or
21 possession of the United States for any period shall
22 not be considered a tax—
23 ''(A) if, for such period, the foreign coun-
24 try or possession does not impose a generally
25 applicable income tax, or

1 "(B) to the extent such amount exceeds
2 the amount (determined in accordance with reg-
3 ulations) which—
4 "(i) is paid by such dual capacity tax-
5 payer pursuant to the generally applicable
6 income tax imposed by the country or pos-
7 session, or
8 "(ii) would be paid if the generally ap-
9 plicable income tax imposed by the country
10 or possession were applicable to such dual
11 capacity taxpayer.
12 Nothing in this paragraph shall be construed to
13 imply the proper treatment of any such amount
14 not in excess of the amount determined under
15 subparagraph (B).
16 "(2) DUAL CAPACITY TAXPAYER.—For pur-
17 poses of this subsection, the term 'dual capacity tax-
18 payer' means, with respect to any foreign country or
19 possession of the United States, a person who—
20 "(A) is subject to a levy of such country or
21 possession, and
22 "(B) receives (or will receive) directly or
23 indirectly a specific economic benefit (as deter-
24 mined in accordance with regulations) from
25 such country or possession.

1 "(3) GENERALLY APPLICABLE INCOME TAX.—
2 For purposes of this subsection—
3 "(A) IN GENERAL.—The term 'generally
4 applicable income tax' means an income tax (or
5 a series of income taxes) which is generally im-
6 posed under the laws of a foreign country or
7 possession on income derived from the conduct
8 of a trade or business within such country or
9 possession.
10 "(B) EXCEPTIONS.—Such term shall not
11 include a tax unless it has substantial applica-
12 tion, by its terms and in practice, to—
13 "(i) persons who are not dual capacity
14 taxpayers, and
15 "(ii) persons who are citizens or resi-
16 dents of the foreign country or possession.
17 "(4) MAJOR INTEGRATED OIL COMPANY.—For
18 purposes of this subsection, the term 'major inte-
19 grated oil company' has the meaning given such
20 term by section 43(f)(2).".
21 (b) EFFECTIVE DATE.—
22 (1) IN GENERAL.—The amendments made by
23 this section shall apply to taxes paid or accrued in
24 taxable years beginning after the date of the enact-
25 ment of this Act.

1 (2) CONTRARY TREATY OBLIGATIONS
2 UPHELD.—The amendments made by this section
3 shall not apply to the extent contrary to any treaty
4 obligation of the United States.

5 **SEC. 578. DENIAL OF DEDUCTION FOR INCOME ATTRIB-**
6 **UTABLE TO DOMESTIC PRODUCTION OF OIL,**
7 **NATURAL GAS, OR PRIMARY PRODUCTS**
8 **THEREOF.**

9 (a) IN GENERAL.—Subparagraph (B) of section
10 199(c)(4) of the Internal Revenue Code of 1986 (relating
11 to exceptions) is amended by striking ''or'' at the end of
12 clause (ii), by striking the period at the end of clause (iii)
13 and inserting '', or'', and by inserting after clause (iii) the
14 following new clause:

15 ''(iv) in the case of any major inte-
16 grated oil company (as defined in section
17 43(f)(2)), the production, refining, proc-
18 essing, transportation, or distribution of
19 oil, natural gas, or any primary product
20 thereof during any taxable year described
21 in section 167(h)(5)(A).''.

22 (b) CONFORMING AMENDMENTS.—Section 199(c)(4)
23 of the Internal Revenue Code of 1986 is amended—

1 (1) in subparagraph (A)(i)(III) by striking
2 "electricity, natural gas," and inserting "electricity",
3 and
4 (2) in subparagraph (B)(ii) by striking "elec-
5 tricity, natural gas," and inserting "electricity".
6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2005.

9 **SEC. 579. RULES RELATING TO FOREIGN OIL AND GAS IN-**
10 **COME.**

11 (a) SEPARATE BASKET FOR FOREIGN TAX CRED-
12 IT.—
13 (1) YEARS BEFORE 2007.—Paragraph (1) of
14 section 904(d) of the Internal Revenue Code of 1986
15 (relating to separate application of section with re-
16 spect to certain categories of income), as in effect
17 for years beginning before 2007, is amended by
18 striking `and' at the end of subparagraph (H), by
19 redesignating subparagraph (I) as subparagraph (J),
20 and by inserting after subparagraph (H) the fol-
21 lowing new subparagraph:
22 "(I) foreign oil and gas income, and".
23 (2) 2007 AND AFTER.—Paragraph (1) of sec-
24 tion 904(d) of such Code, as in effect for years be-
25 ginning after 2006, is amended by striking "and" at

1 the end of subparagraph (A), by striking the period
2 at the end of subparagraph (B) and inserting '',
3 and'', and by adding at the end the following:
4 ''(C) foreign oil and gas income.''.
5 (b) DEFINITION.—
6 (1) YEARS BEFORE 2007.—Paragraph (2) of
7 section 904(d) of the Internal Revenue Code of
8 1986, as in effect for years beginning before 2007,
9 is amended by redesignating subparagraphs (H) and
10 (I) as subparagraphs (I) and (J), respectively, and
11 by inserting after subparagraph (G) the following
12 new subparagraph:
13 ''(H) FOREIGN OIL AND GAS INCOME.—
14 The term 'foreign oil and gas income' has the
15 meaning given such term by section 954(g).''.
16 (2) 2007 AND AFTER.—Section 904(d)(2) of
17 such Code, as in effect for years after 2006, is
18 amended by redesignating subparagraphs (J) and
19 (K) as subparagraphs (K) and (L) and by inserting
20 after subparagraph (I) the following:
21 ''(J) FOREIGN OIL AND GAS INCOME.—For
22 purposes of this section—
23 ''(i) IN GENERAL.—The term 'foreign
24 oil and gas income' has the meaning given
25 such term by section 954(g).

1 "(ii) COORDINATION.—Passive category income and general category income shall not include foreign oil and gas income (as so defined).".

5 (c) CONFORMING AMENDMENTS.—

6 (1) Section 904(d)(3)(F)(i) of the Internal Revenue Code of 1986 is amended by striking "or (E)" and inserting "(E), or (I)".

9 (2) Section 907(a) of such Code is hereby repealed.

11 (3) Section 907(c)(4) of such Code is hereby repealed.

13 (4) Section 907(f) of such Code is hereby repealed.

15 (d) EFFECTIVE DATES.—

16 (1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

19 (2) YEARS AFTER 2006.—The amendments made by paragraphs (1)(B) and (2)(B) shall apply to taxable years beginning after December 31, 2006.

22 (3) TRANSITIONAL RULES.—

23 (A) SEPARATE BASKET TREATMENT.—Any taxes paid or accrued in a taxable year beginning on or before the date of the enactment of

1 this Act, with respect to income which was de-
2 scribed in subparagraph (I) of section
3 904(d)(1) of such Code (as in effect on the day
4 before the date of the enactment of this Act),
5 shall be treated as taxes paid or accrued with
6 respect to foreign oil and gas income to the ex-
7 tent the taxpayer establishes to the satisfaction
8 of the Secretary of the Treasury that such
9 taxes were paid or accrued with respect to for-
10 eign oil and gas income.

11 (B) CARRYOVERS.—Any unused oil and
12 gas extraction taxes which under section 907(f)
13 of such Code (as so in effect) would have been
14 allowable as a carryover to the taxpayer's first
15 taxable year beginning after the date of the en-
16 actment of this Act (without regard to the limi-
17 tation of paragraph (2) of such section 907(f)
18 for first taxable year) shall be allowed as
19 carryovers under section 904(c) of such Code in
20 the same manner as if such taxes were unused
21 taxes under such section 904(c) with respect to
22 foreign oil and gas extraction income.

23 (C) LOSSES.—The amendment made by
24 subsection (c)(3) shall not apply to foreign oil
25 and gas extraction losses arising in taxable

1 years beginning on or before the date of the en-
2 actment of this Act.

3 **SEC. 580. ELIMINATION OF DEFERRAL FOR FOREIGN OIL**
4 **AND GAS EXTRACTION INCOME.**

5 (a) GENERAL RULE.—Paragraph (1) of section
6 954(g) of the Internal Revenue Code of 1986 (defining
7 foreign base company oil related income) is amended to
8 read as follows:

9 ''(1) IN GENERAL.—Except as otherwise pro-
10 vided in this subsection, the term 'foreign oil and
11 gas income' means, in the case of any major inte-
12 grated oil company (as defined in section 43(f)(2))
13 during any taxable year described in section
14 167(h)(5)(A), any income of a kind which would be
15 taken into account in determining the amount of—

16 ''(A) foreign oil and gas extraction income
17 (as defined in section 907(c)), or

18 ''(B) foreign oil related income (as defined
19 in section 907(c)).''.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Subsections (a)(5), (b)(5), and (b)(6) of
22 section 954, and section 952(c)(1)(B)(ii)(I) of the
23 Internal Revenue Code of 1986, are each amended
24 by striking ''base company oil related income'' each

1 place it appears (including in the heading of sub-
2 section (b)(8)) and inserting ‘‘oil and gas income’’.
3 (2) Subsection (b)(4) of section 954 of such
4 Code is amended by striking ‘‘base company oil-re-
5 lated income’’ and inserting ‘‘oil and gas income’’.
6 (3) The subsection heading for subsection (g) of
7 section 954 of such Code is amended by striking
8 ‘‘FOREIGN BASE COMPANY OIL RELATED INCOME’’
9 and inserting ‘‘FOREIGN OIL AND GAS INCOME’’.
10 (4) Subparagraph (A) of section 954(g)(2) of
11 such Code is amended by striking ‘‘foreign base
12 company oil related income’’ and inserting ‘‘foreign
13 oil and gas income’’.
14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years of foreign corpora-
16 tions beginning after the date of the enactment of this
17 Act, and to taxable years of United States shareholders
18 ending with or within such taxable years of foreign cor-
19 porations.

20 Subtitle L—Protection and Reten-
21 tion of Value of Publicly-Owned
22 Energy Resources

23 **SEC. 591. SUSPENSION OF ROYALTY RELIEF.**

24 (a) REQUIREMENT.—Subject to subsection (b), the
25 Secretary of the Interior (referred to in this subtitle as

1 the ''Secretary'') shall suspend the application of any pro-
2 vision of Federal law under which a person would other-
3 wise be provided relief from a requirement to pay a royalty
4 for the production of oil or natural gas from Federal land
5 (including submerged land) occurring after the date of en-
6 actment of this Act during a period in which—
7 (1) for the production of oil, the average price
8 of crude oil in the United States during the 4-week
9 period immediately preceding the suspension is
10 greater than $34.71 per barrel; and
11 (2) for the production of natural gas, the aver-
12 age wellhead price of natural gas in the United
13 States during the 4-week period immediately pre-
14 ceding the suspension is greater than $4.34 per
15 1,000 cubic feet.
16 (b) DETERMINATION OF AVERAGE PRICES.—
17 (1) DATA.—For purposes of subsection (a), the
18 Secretary shall determine average prices, taking into
19 consideration the most recent data reported by the
20 Energy Information Administration.
21 (2) ADJUSTMENT.—For fiscal year 2008 and
22 each subsequent fiscal year, each dollar amount
23 specified in subsection (a) shall be adjusted to re-
24 flect changes for the 12-month period ending the
25 preceding November 30 in the Consumer Price

1 Index for All Urban Consumers published by the
2 Bureau of Labor Statistics of the Department of
3 Labor.

4 **SEC. 592. RENEGOTIATION OF EXISTING LEASES.**

5 (a) IN GENERAL.—Not later than 90 days after the
6 date of enactment of this Act, the Secretary shall make
7 a determination regarding the ability of the Secretary to
8 renegotiate leases that—

9 (1) are in effect prior to the date of enactment
10 of this Act;

11 (2) authorize the production of oil or natural
12 gas on Federal land; and

13 (3) do not contain terms at least equal to the
14 royalty relief price thresholds described in section
15 591.

16 (b) AFFIRMATIVE DETERMINATION.—

17 (1) IN GENERAL.—If the Secretary determines
18 that the Secretary has the authority to renegotiate
19 leases described in subsection (a), the Secretary
20 shall immediately offer to renegotiate the terms of
21 those leases to include the royalty relief price thresh-
22 olds described in section 591.

23 (2) FAILURE TO RENEGOTIATE.—If a lessee
24 fails to renegotiate under paragraph (1), the Sec-
25 retary shall preclude that lessee from—

1 (A) entering into new leases; or

2 (B) obtaining other existing leases or inter-
3 ests in leases.

4 (c) NEGATIVE DETERMINATION.—If the Secretary
5 determines that the Secretary does not have the authority
6 to renegotiate leases described in subsection (a), the Sec-
7 retary shall immediately submit to Congress recommenda-
8 tions for changes to law that will—

9 (1) provide the authority necessary; or

10 (2) produce the same level of revenue from
11 leases for the production of oil and gas from Federal
12 land that will otherwise be lost due to the failure of
13 lessees to renegotiate and modify the terms of exist-
14 ing leases as described in subsection (b)(1).

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