

112TH CONGRESS
1ST SESSION

H. R. 253

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2011

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Clean Vehicles for
5 Cleaner Air Act of 2011”.

1 **SEC. 2. CLEAN-FUEL CREDIT WITH RESPECT TO BUSI-**
2 **NESSES LOCATED IN NONATTAINMENT**
3 **AREAS.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to business-related credits) is amended by
7 adding at the end the following new section:

8 **“SEC. 45S. CLEAN-FUEL CREDIT WITH RESPECT TO BUSI-**
9 **NESSES LOCATED IN NONATTAINMENT**
10 **AREAS.**

11 “(a) IN GENERAL.—For purposes of section 38, in
12 the case of an eligible business the clean-fuel credit deter-
13 mined under this section for the taxable year is the sum
14 of—

15 “(1) the clean-fuel property credit, plus

16 “(2) the clean-burning fuel use credit.

17 “(b) CLEAN-FUEL PROPERTY CREDIT.—

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

20 “(A) qualified vehicle property costs, plus

21 “(B) qualified refueling property costs.

22 “(2) QUALIFIED VEHICLE PROPERTY COSTS.—

23 “(A) IN GENERAL.—For purposes of para-
24 graph (1), the term ‘qualified vehicle property
25 costs’ means the amount paid or incurred by
26 the eligible business for qualified clean-fuel ve-

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

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

9 “(i) \$8,000, in the case of a motor ve-
10 hicle with a gross vehicle weight rating of
11 not more than 8,500 pounds,

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

16 “(iii) \$40,000, in the case of a motor
17 vehicle with a gross vehicle weight rating
18 of more than 14,000 pounds but not more
19 than 26,000 pounds, and

20 “(iv) \$80,000, in the case of a motor
21 vehicle with a gross vehicle weight rating
22 of more than 26,000 pounds.

23 “(C) QUALIFIED CLEAN-FUEL VEHICLE
24 PROPERTY.—The term ‘qualified clean-fuel ve-
25 hicle property’ shall have the meaning given to

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

6 “(3) QUALIFIED REFUELING PROPERTY
7 COSTS.—

8 “(A) IN GENERAL.—For purposes of para-
9 graph (1), the term ‘qualified refueling property
10 costs’ means amounts paid or incurred by the
11 eligible business for qualified clean-fuel vehicle
12 refueling property (as defined by section
13 179A(d)) which is placed in service in a non-
14 attainment area during the taxable year by the
15 eligible business.

16 “(B) LIMITATION.—

17 “(i) IN GENERAL.—The aggregate
18 cost which may be taken into account
19 under subparagraph (A) with respect to
20 qualified clean-fuel vehicle refueling prop-
21 erty placed in service by the eligible busi-
22 ness during the taxable year at a location
23 shall not exceed the lesser of—

24 “(I) \$150,000, or

1 “(II) the cost of such property
2 reduced by the amount described in
3 clause (ii).

4 “(ii) REDUCTION FOR AMOUNTS PRE-
5 VIOUSLY TAKEN INTO ACCOUNT.—For pur-
6 poses of clause (i)(II), the amount de-
7 scribed in this clause is the sum of—

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

11 “(II) the aggregate amount taken
12 into account under section
13 179A(a)(1)(B) by the taxpayer (or
14 any related person or predecessor)
15 with respect to property placed in
16 service at such location for all pre-
17 ceding taxable years.

18 “(iii) SPECIAL RULES.—For purposes
19 of this subparagraph, the provisions of
20 subparagraphs (B) and (C) of section
21 179A(b)(2) shall apply.

22 “(c) CLEAN-BURNING FUEL USE CREDIT.—

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

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

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

9 “(3) GASOLINE GALLON EQUIVALENT.—For
10 purposes of paragraph (1), the term ‘gasoline gallon
11 equivalent’ means, with respect to any clean burning
12 fuel, the amount (determined by the Secretary) of
13 such fuel having a Btu content of 114,000.

14 “(d) OTHER DEFINITIONS.—For purposes of this
15 section—

16 “(1) ELIGIBLE BUSINESS.—The term ‘eligible
17 business’ means—

18 “(A) a qualified business entity or a quali-
19 fied proprietorship (as such terms are defined
20 by section 1397C, determined by substituting
21 ‘nonattainment area’ for ‘empowerment zone’
22 and ‘enterprise zone’ each place it appears),
23 and

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

1 qualified clean-fuel vehicle property used sub-
2 stantially within a nonattainment area.

3 “(2) NONATTAINMENT AREA.—The term ‘non-
4 attainment area’ shall have the meaning given to
5 such term by section 171 of the Clean Air Act (42
6 U.S.C. 7501).

7 “(e) DENIAL OF DOUBLE BENEFIT.—Except as pro-
8 vided in section 30B(j), no credit shall be allowed under
9 subsection (a) for any expense for which a deduction or
10 credit is allowed under any other provision of this chapter.

11 “(f) RECAPTURE.—The Secretary shall, by regula-
12 tions, provide for recapturing the benefit under any credit
13 allowable under subsection (a) with respect to any prop-
14 erty substantially all of the use of which is not in a non-
15 attainment area.”.

16 (b) CREDIT MADE PART OF GENERAL BUSINESS
17 CREDIT.—Subsection (b) of section 38 of such Code (re-
18 lating to current year business credit) is amended by strik-
19 ing “plus” at the end of paragraph (35), by striking the
20 period at the end of paragraph (36) and inserting “, plus”,
21 and by adding at the end thereof the following new para-
22 graph:

23 “(37) the clean-fuel credit determined under
24 section 45S.”.

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

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

10 (d) CREDIT ALLOWED AGAINST REGULAR AND MIN-
11 IMUM TAX.—Subparagraph (B) of section 38(c)(4) of
12 such Code (relating to specified credits) is amended by
13 striking “and” at the end of clause (viii), by striking the
14 period at the end of clause (ix) and inserting “, and”, and
15 by inserting after clause (ix) the following:

16 “(x) the credit determined under sec-
17 tion 45S.”.

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

24 “(15) the clean fuels credit determined under
25 section 45S.”.

1 (f) CONFORMING AMENDMENT.—The table of sec-
 2 tions for subpart D of part IV of subchapter A of chapter
 3 1 of such Code is amended by inserting after the item
 4 relating to section 45R the following new item:

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

5 (g) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to property placed in service after
 7 December 31, 2010.

8 **SEC. 3. CREDIT FOR HYBRID VEHICLES PLACED IN SERV-**
 9 **ICE IN NONATTAINMENT AREAS.**

10 (a) IN GENERAL.—Section 30B of the Internal Rev-
 11 enue Code of 1986 (relating to alternative motor vehicle
 12 credit) is amended by redesignating subsections (j) and
 13 (k) as subsections (k) and (l), respectively, and by insert-
 14 ing after subsection (i) the following new subsection:

15 “(j) CERTAIN VEHICLES PLACED IN SERVICE IN
 16 NONATTAINMENT AREAS.—

17 “(1) IN GENERAL.—In the case of a new quali-
 18 fied hybrid motor vehicle (as defined in subsection
 19 (d)) placed in service by an eligible business and
 20 substantially all of the use of which is in a non-
 21 attainment area, in lieu of the credit allowed under
 22 subsection (a)(3) there shall be allowed as a credit
 23 against the tax imposed by this chapter for the tax-
 24 able year an amount equal to 200 percent of the

1 amount otherwise determined under this section
2 (without regard to this subsection and subsection
3 (d)(2)(A)(ii)) with respect to such vehicle.

4 “(2) RECAPTURE.—The Secretary shall, by reg-
5 ulations, provide for recapturing the benefit under
6 any credit allowable under subsection (a) by reason
7 of paragraph (1) of this subsection with respect to
8 any property substantially all of the use of which is
9 not in a nonattainment area.

10 “(3) PHASEOUT NOT TO APPLY.—For purposes
11 of this subsection, subsection (f) shall not apply.

12 “(4) DEFINITIONS.—For purposes of this sub-
13 section, the terms ‘eligible business’ and ‘nonattain-
14 ment area’ have the meanings given such terms by
15 section 45S(d).”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to property placed in service after
18 December 31, 2010.

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