

112TH CONGRESS  
1ST SESSION

# S. 1921

To amend the Internal Revenue Code of 1986 to provide a tax credit for the retrofit conversion of a nonhybrid motor vehicle to a hybrid.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 29, 2011

Mr. BROWN of Massachusetts introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit for the retrofit conversion of a nonhybrid motor vehicle to a hybrid.

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 “Reducing Energy Use  
5 Through Retrofitting Older Vehicles Act” or the “RETRO  
6 Act”.

7 **SEC. 2. CREDIT FOR HYBRID CONVERSION.**

8 (a) IN GENERAL.—Section 30B of the Internal Rev-  
9 enue Code of 1986 is amended by redesignating sub-  
10 sections (j) and (k) as subsections (k) and (l), respectively,

1 and by inserting after subsection (i) the following new sub-  
 2 section:

3 “(j) HYBRID CONVERSION CREDIT.—

4 “(1) CREDIT ALLOWED.—

5 “(A) IN GENERAL.—For purposes of sub-  
 6 section (a), the hybrid conversion credit deter-  
 7 mined under this subsection with respect to any  
 8 motor vehicle which is converted to a qualified  
 9 hybrid motor vehicle is an amount equal to so  
 10 much of the cost of the conversion of such vehi-  
 11 cle as does not exceed the applicable amount  
 12 determined under the following table:

<b>“If gross vehicle weight (prior to conversion) is:</b>	<b>The applicable amount is:</b>
Not more than 8,500 pounds .....	\$3,000
More than 8,500 pounds but not more than 14,000 pounds .....	\$4,000
More than 14,000 pounds but not more than 26,000 pounds ....	\$6,000
More than 26,000 pounds .....	\$8,000.

13 “(2) QUALIFIED HYBRID MOTOR VEHICLE.—

14 For purposes of this subsection, the term ‘qualified  
 15 hybrid motor vehicle’ means any new qualified hy-  
 16 brid motor vehicle (as defined in subsection (d)(3),  
 17 determined without regard to whether such vehicle is  
 18 made by a manufacturer or whether the original use  
 19 of such vehicle commences with the taxpayer)  
 20 which—

21 “(A) is used or leased by the taxpayer and  
 22 is not for resale, and

1           “(B) achieves the minimum required re-  
 2           duction in fuel consumption determined under  
 3           the following table, relative to the fuel con-  
 4           sumption of an uncovered vehicle of the same  
 5           make and model under the Urban Dynamom-  
 6           eter Driving Schedule (UDDS) test procedure  
 7           issued by the Environmental Protection Agency  
 8           (40 CFR 86.115 and appendix I to 40 CFR  
 9           part 86):

<b>“If vehicle (prior to conversion) is:</b>	<b>The minimum required reduction is:</b>
A passenger vehicle with a gross vehicle weight of not more than 8,500 pounds .....	19 percent
A light truck with a gross vehicle weight of not more than 8,500 pounds .....	15 percent
A diesel vehicle with a gross vehicle weight of more than 8,500 pounds but not more than 14,000 pounds .....	17 percent
A gasoline vehicle with a gross vehicle weight of more than 8,500 pounds but not more than 14,000 pounds .....	12 percent
A vehicle with a gross vehicle weight of more than 14,000 pounds .....	10 percent.

10           “(3) CREDIT ALLOWED IN ADDITION TO OTHER  
 11           CREDITS.—The credit allowed under this subsection  
 12           shall be allowed with respect to a motor vehicle not-  
 13           withstanding whether a credit has been allowed with  
 14           respect to such motor vehicle under this section  
 15           (other than this subsection and subsection (i)) in  
 16           any preceding taxable year. No credit shall be al-  
 17           lowed under this subsection with respect to a motor  
 18           vehicle if the credit under subsection (i) is allowed  
 19           with respect to such motor vehicle in any taxable  
 20           year.

1           “(4) LIMITATION ON NUMBER OF HYBRID CON-  
 2           VERSIONS ELIGIBLE FOR CREDIT.—This subsection  
 3           shall not apply to the conversion of any motor vehi-  
 4           cle after the last day of the calendar quarter which  
 5           includes the first date on which the total number of  
 6           conversions with respect to which a credit under this  
 7           subsection has been allowed for all taxable years is  
 8           at least equal to the applicable number determined  
 9           under the following table:

**“If gross vehicle weight (prior to conversion) is:           The applicable number is:**

Not more than 8,500 pounds .....	100,000
More than 8,500 pounds but not more than 14,000 pounds .....	70,000
More than 14,000 pounds but not more than 26,000 pounds ....	20,000
More than 26,000 pounds .....	10,000.

10           “(5) TERMINATION.—This subsection shall not  
 11           apply to conversions made after the date which is 5  
 12           years after the date of the enactment of the RETRO  
 13           Act.”.

14           (b) CREDIT TREATED AS PART OF ALTERNATIVE  
 15           MOTOR VEHICLE CREDIT.—Subsection (a) of section 30B  
 16           of the Internal Revenue Code of 1986 is amended—

17           (1) by striking “and” at the end of paragraph  
 18           (4),

19           (2) by striking the period at the end of para-  
 20           graph (5) and inserting “, and”, and

21           (3) by adding at the end the following new  
 22           paragraph:

1           “(6) the hybrid conversion credit determined  
2           under subsection (j).”.

3           (c) NO RECAPTURE FOR VEHICLES CONVERTED TO  
4 QUALIFIED HYBRID MOTOR VEHICLES.—Paragraph (8)  
5 of section 30B(h) of the Internal Revenue Code of 1986  
6 is amended by striking “a vehicle)” and all that follows  
7 and inserting “a vehicle), except that no benefit shall be  
8 recaptured if such property ceases to be eligible for such  
9 credit by reason of conversion to a qualified plug-in elec-  
10 tric drive motor vehicle or a qualified hybrid motor vehi-  
11 cle.”.

12           (d) DENIAL OF DOUBLE BENEFIT.—Paragraph (3)  
13 of section 30B(i) of the Internal Revenue Code of 1986  
14 is amended by adding at the end the following: “No credit  
15 shall be allowed under this subsection with respect to a  
16 motor vehicle if the credit under subsection (j) is allowed  
17 with respect to such motor vehicle in any taxable year.”.

18           (e) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to property placed in service after  
20 the date of the enactment of this Act.

21           (f) RESCISSION OF UNOBLIGATED FEDERAL FUNDS  
22 TO OFFSET LOSS IN REVENUES.—

23           (1) IN GENERAL.—Notwithstanding any other  
24 provision of law, of all available unobligated funds,  
25 appropriated discretionary funds are hereby re-

1       scinded in such amounts as determined by the Di-  
2       rector of the Office of Management and Budget such  
3       that the aggregate amount of such rescission equals  
4       the reduction in revenues to the Treasury by reason  
5       of the amendments made by this section.

6           (2) IMPLEMENTATION.—The Director of the  
7       Office of Management and Budget shall determine  
8       and identify from which appropriation accounts the  
9       rescission under paragraph (1) shall apply and the  
10      amount of such rescission that shall apply to each  
11      such account. Not later than 60 days after the date  
12      of the enactment of this Act, the Director of the Of-  
13      fice of Management and Budget shall submit a re-  
14      port to the Secretary of the Treasury and Congress  
15      of the accounts and amounts determined and identi-  
16      fied for rescission under the preceding sentence.

17           (3) EXCEPTION.—This subsection shall not  
18      apply to the unobligated funds of the Department of  
19      Veterans Affairs, the Department of Defense, or any  
20      funds appropriated for disaster relief.

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