

117TH CONGRESS
1ST SESSION

S. 2267

To amend the Internal Revenue Code of 1986 to provide a tax credit for the production of flexible fuel vehicles, and to amend title 49, United States Code, to restore certain flexible fuel vehicle credits.

IN THE SENATE OF THE UNITED STATES

JUNE 24, 2021

Ms. KLOBUCHAR (for herself and Ms. ERNST) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit for the production of flexible fuel vehicles, and to amend title 49, United States Code, to restore certain flexible fuel vehicle credits.

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 Fuels Vehicle
5 Act of 2021”.

1 **SEC. 2. FLEXIBLE FUEL VEHICLE PRODUCTION TAX CRED-**
 2 **IT.**

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 is amended by adding at the end the following new
 6 section:

7 **“SEC. 45U. FLEXIBLE FUEL VEHICLE PRODUCTION CREDIT.**

8 “(a) IN GENERAL.—For purposes of section 38, in
 9 the case of a manufacturer, the flexible fuel vehicle pro-
 10 duction credit for any taxable year shall be an amount
 11 equal to the product of—

12 “(1) \$200, and

13 “(2) the number of qualified flexible fuel vehi-
 14 cles—

15 “(A) produced by the taxpayer, and

16 “(B) sold by the taxpayer to an unrelated
 17 person in the United States during the taxable
 18 year.

19 “(b) LIMITATION.—The number of qualified flexible
 20 fuel vehicles taken into account for any taxable year shall
 21 not exceed 25 percent of the sum of—

22 “(1) the total number of light duty vehicles pro-
 23 duced for model years ending in such taxable year,
 24 plus

25 “(2) the total number of light duty trucks pro-
 26 duced for model years ending in such taxable year.

1 “(c) QUALIFIED FLEXIBLE FUEL VEHICLE.—For
2 purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified flexible
4 fuel vehicle’ means a motor vehicle—

5 “(A) which is engineered and designed to
6 be operated—

7 “(i) on a petroleum fuel and on a
8 methanol or ethanol fuel, or

9 “(ii) on any mixture of the petroleum
10 fuel and methanol or ethanol, and

11 “(B) which meets the requirements for a
12 flexible fuel vehicle as are prescribed by the Ad-
13 ministrator of the Environmental Protection
14 Agency for purposes of title of the administra-
15 tion of title II of the Clean Air Act (42 U.S.C.
16 7521 et seq.).

17 “(2) MOTOR VEHICLE.—The term ‘motor vehi-
18 cle’ means any vehicle which is manufactured pri-
19 marily for use on public streets, roads, and highways
20 (not including a vehicle operated exclusively on a rail
21 or rails) and which has at least 4 wheels.

22 “(d) OTHER DEFINITIONS AND RULES.—

23 “(1) MANUFACTURER; OTHER TERMS.—The
24 terms ‘manufacturer’, ‘light duty vehicle’, ‘light duty
25 truck’, and ‘model year’ have the meanings given

1 such terms in regulations prescribed by the Adminis-
2 trator of the Environmental Protection Agency for
3 purposes of the administration of title II of the
4 Clean Air Act (42 U.S.C. 7521 et seq.).

5 “(2) RELATED PERSONS.—Persons shall be
6 treated as related to each other if such persons
7 would be treated as a single employer under the reg-
8 ulations prescribed under section 52(b). In the case
9 of a corporation which is a member of an affiliated
10 group of corporations filing a consolidated return,
11 such corporation shall be treated as selling a vehicle
12 to an unrelated person if such vehicle is sold to such
13 a person by another member of such group.

14 “(e) TERMINATION.—This section shall not apply to
15 any flexible fuel vehicle produced for any model year end-
16 ing after 2031.”.

17 (b) PART OF GENERAL BUSINESS CREDIT.—Section
18 38(b) of such Code is amended by striking “plus” at the
19 end of paragraph (32), by striking the period at the end
20 of paragraph (33) and inserting “, plus”, and by adding
21 at the end the following new paragraph:

22 “(34) the flexible fuel vehicle production credit
23 determined under section 45U(a).”.

1 (c) CLERICAL AMENDMENT.—The table of sections
 2 for subpart D of part IV of subchapter A of chapter 1
 3 is amended by adding at the end the following new item:

“Sec. 45U. Flexible fuel vehicle production credit.”.

4 (d) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to vehicles produced and sold after
 6 the date of the enactment of this Act, in taxable years
 7 ending after such date.

8 **SEC. 3. RESTORATION OF CERTAIN FLEXIBLE FUEL VEHI-**
 9 **CLE CREDITS.**

10 (a) RESTORATION OF MANUFACTURING INCENTIVES
 11 FOR DUAL FUELED AUTOMOBILES.—Section 32905(b) of
 12 title 49, United States Code, is amended, in the matter
 13 preceding paragraph (1), by striking “in model years 1993
 14 through 2019”.

15 (b) REPEAL OF MAXIMUM FUEL ECONOMY IN-
 16 CREASE FOR ALTERNATIVE FUEL AUTOMOBILES.—

17 (1) IN GENERAL.—Section 32906 of title 49,
 18 United States Code, is repealed.

19 (2) CLERICAL AMENDMENT.—The analysis for
 20 chapter 329 of part C of subtitle VI of title 49,
 21 United States Code, is amended by striking the item
 22 relating to section 32906.

23 (c) TESTING PROCEDURES UNDER THE CLEAN AIR
 24 ACT.—Section 206 of the Clean Air Act (42 U.S.C. 7525)
 25 is amended—

1 (1) in subsection (h), by striking “subsection
2 (a) and (b) of this section” and inserting “sub-
3 sections (a) and (b)”; and

4 (2) by adding at the end the following:

5 “(i) Not later than 180 days after the date of enact-
6 ment of this subsection, the Administrator shall review the
7 regulations under subsections (a) and (b) relating to the
8 testing of motor vehicles and motor vehicle engines to en-
9 sure such testing is in accordance with section 32905(b)
10 of title 49, United States Code.”.

11 (d) CONFORMING AMENDMENTS.—

12 (1) Section 32901(c)(1) of title 49, United
13 States Code, is amended, in the first sentence, by
14 striking “under sections 32905 and 32906 of this
15 title” and inserting “under section 32905”.

16 (2) Section 32905 of title 49, United States
17 Code, is amended by striking subsection (g).

18 (3) Section 32908(g)(3) of title 49, United
19 States Code, is amended by striking the second sen-
20 tence.

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