

110TH CONGRESS  
1ST SESSION

# H. R. 670

To promote the national security and stability of the United States economy by reducing the dependence of the United States on foreign oil through the use of alternative fuels and new vehicle technologies, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2007

Mr. ENGEL (for himself, Mr. KINGSTON, Mr. INSLEE, Mr. SAXTON, Ms. ESHOO, Mrs. BONO, Mr. WYNN, Mr. TERRY, Ms. HARMAN, Mr. ROGERS of Alabama, Ms. SCHAKOWSKY, Mr. BARTLETT of Maryland, Mr. UDALL of Colorado, Mr. INGLIS of South Carolina, Mr. ROSS, Mr. CAMPBELL of California, Mr. WEINER, Mr. GILCHREST, Mr. TOWNS, Mr. SOUDER, Mr. DEFazio, Mr. GERLACH, Mr. BISHOP of New York, Mr. RENZI, Mr. ISRAEL, Mr. EVERETT, Mr. HALL of New York, Mr. LOBIONDO, Ms. MATSUI, Mr. MCCOTTER, Mrs. LOWEY, Mr. LINDER, Mr. KUHL of New York, Mr. HINCHEY, Mr. WESTMORELAND, Mr. BERMAN, Mr. GINGREY, Mr. ACKERMAN, Mr. ANDREWS, Mr. ARCURI, Ms. BERKLEY, Mr. BISHOP of Georgia, Mr. COHEN, Mr. CLEAVER, Ms. GIFFORDS, Mrs. GILLIBRAND, Mr. HONDA, Mr. KIND, Mr. KLEIN of Florida, Mr. LIPINSKI, Mr. McNULTY, Ms. MCCOLLUM of Minnesota, Mr. MOORE of Kansas, Mr. MORAN of Virginia, Mrs. NAPOLITANO, Mr. PRICE of North Carolina, Ms. SCHWARTZ, Mr. ROTHMAN, Mr. RUPPERSBERGER, Mr. SCHIFF, Mr. BURTON of Indiana, Mr. SCOTT of Georgia, Mr. PLATTS, Mr. SHERMAN, Mr. WEXLER, Mr. PRICE of Georgia, Mr. LINCOLN DAVIS of Tennessee, and Mr. LANTOS) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Science and Technology, Ways and Means, Transportation and Infrastructure, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

# A BILL

To promote the national security and stability of the United States economy by reducing the dependence of the United States on foreign oil through the use of alternative fuels and new vehicle technologies, 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,*

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

4        (a) SHORT TITLE.—This Act may be cited as the  
 5        “Dependence Reduction through Innovation in Vehicles  
 6        and Energy Act” or the “DRIVE Act”.

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

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

TITLE I—OIL SAVINGS ACTION PLAN AND REQUIREMENTS

- Sec. 101. Oil savings target and action plan.
- Sec. 102. Standards and requirements.
- Sec. 103. Evaluation.
- Sec. 104. Review and update of action plan.
- Sec. 105. Baseline and analysis requirements.
- Sec. 106. Review and scoring of Federal actions related to oil savings action plan.
- Sec. 107. Federal Government oil usage audit.
- Sec. 108. Nationwide media campaign to decrease oil consumption.

TITLE II—FUEL EFFICIENT VEHICLES FOR THE 21ST CENTURY

- Sec. 201. Tire efficiency program.
- Sec. 202. Reduction of school bus idling.
- Sec. 203. Fuel efficiency for heavy duty trucks.
- Sec. 204. Lightweight materials research and development.
- Sec. 205. Hybrid and advanced diesel vehicles.
- Sec. 206. Advanced technology motor vehicles manufacturing credit.
- Sec. 207. Consumer incentives to purchase advanced technology vehicles.
- Sec. 208. Federal fleet requirements.
- Sec. 209. Tax incentives for private fleets.
- Sec. 210. Reducing incentives to guzzle gas.

- Sec. 211. Fuel Choice for Transportation.  
 Sec. 212. Flexible fuel vehicle economy calculations.

#### TITLE III—FUEL CHOICES FOR THE 21ST CENTURY

- Sec. 301. Fuel Choice action plan.  
 Sec. 302. Ethanol action plan.  
 Sec. 303. Fuel neutrality for alternative fuel vehicle refueling property credit.  
 Sec. 304. Alternative fuel vehicle refueling property.  
 Sec. 305. Use of CAFÉ penalties to build alternative fueling infrastructure.  
 Sec. 306. Cellulosic biomass fuel.  
 Sec. 307. Production incentives for cellulosic biofuels.  
 Sec. 308. Transit-Oriented Development Corridors.  
 Sec. 309. Saving oil by reducing miles-of-travel: Pilot projects.  
 Sec. 310. Saving oil by reducing vehicle-miles-of-travel: Research and development.  
 Sec. 311. Biofuels.

#### TITLE IV—ELECTRICITY FOR TRANSPORTATION

- Sec. 401. Near-term vehicle technology program.  
 Sec. 402. Amendments to Alternative Motor Vehicle Credit.  
 Sec. 403. Idling Reduction Tax Credit.  
 Sec. 404. Plug-in Hybrid Electric Vehicle Prize.

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

2 (a) FINDINGS.—Congress finds that—

3 (1) the United States is dangerously dependent  
 4 on oil;

5 (2) that dependence threatens the national se-  
 6 curity, weakens the economy, and harms the envi-  
 7 ronment of the United States;

8 (3) the United States currently imports nearly  
 9 60 percent of oil needed in the United States, and  
 10 that percentage is expected to grow to almost 70  
 11 percent by 2025 if no actions are taken;

12 (4) approximately 2,500,000 barrels of oil per  
 13 day are imported from countries in the Persian Gulf  
 14 region;

1           (5) that dependence on foreign oil undermines  
2 the war on terror by financing both sides of the war;

3           (6) in 2004 alone, the United States sent  
4 \$103,000,000,000 to undemocratic countries, some  
5 of which use revenues to support terrorism and  
6 spread ideology hostile to the United States, as doc-  
7 umented by the Council on Foreign Relations;

8           (7) terrorists have identified oil as a strategic  
9 vulnerability and have increased attacks against oil  
10 infrastructure worldwide;

11           (8) the International Energy Agency in its  
12 World Outlook 2006 report projected that “non-  
13 OPEC conventional crude oil output peaks by the  
14 middle of the next decade...trends would accentuate  
15 consuming countries’ vulnerability to a severe supply  
16 disruption and resulting price shock” and rec-  
17 ommended that “strong policy action is needed to  
18 move the world onto a more sustainable energy  
19 path”;

20           (9) oil imports comprise nearly 30 percent of  
21 the dangerously high United States trade deficit;

22           (10) it is technically feasible to achieve oil sav-  
23 ings of more than 2,500,000 barrels per day by  
24 2015 and 5,000,000 barrels per day by 2025;

1           (11) those goals can be achieved by establishing  
2 a set of flexible policies, including—

3           (A) increasing the gasoline-efficiency of  
4 cars, trucks, tires, and oil;

5           (B) providing economic incentives for com-  
6 panies and consumers to produce and purchase  
7 21st Century fuel efficient and flexible fuel ve-  
8 hicles;

9           (C) encouraging the use of transit and the  
10 reduction of truck and bus idling;

11           (D) increasing production and commer-  
12 cialization of alternative liquid fuels;

13           (E) increasing the efficiency of current oil  
14 based fuels with combustion enhancers and  
15 other advanced technology; and

16           (F) increasing the use of electricity as a  
17 transportation fuel;

18           (12) vehicle technology available as of the date  
19 of enactment of this Act (including popular hybrid-  
20 electric vehicle models, the sales of which in the  
21 United States increased 173 percent in the first 5  
22 months of 2005 as compared with the same period  
23 in 2004) make an oil savings plan eminently achiev-  
24 able;

1           (13) alternative and renewable liquid transpor-  
2           tation fuels are already available (including corn and  
3           sugar based ethanol, biodiesel, methanol, and diesel  
4           fuels derived from coal) to make such an oil savings  
5           and fuel choice plan eminently achievable;

6           (14) achieving those goals will benefit con-  
7           sumers and businesses through lower fuel bills and  
8           reduction in world oil prices;

9           (15) achieving those goals will help protect the  
10          economy of the United States from high and volatile  
11          oil prices and from the threats caused by global in-  
12          stability, terrorism, and natural disaster; and

13          (16) it is urgent, essential, and feasible to im-  
14          plement an action plan to achieve oil savings as soon  
15          as practicable because any delay in initiating action  
16          will—

17                 (A) make achieving necessary oil savings  
18                 more difficult and expensive;

19                 (B) increase the risks to the national secu-  
20                 rity, economy, and environment of the United  
21                 States; and

22                 (C) leave the American people and econ-  
23                 omy vulnerable to the threats posed by ter-  
24                 rorism, natural disaster, political instability,

1           and the shrinking ability of global oil supplies  
2           to meet rapidly expanding oil demands.

3           (b) PURPOSES.—The purposes of this Act are—

4           (1) to accelerate market penetration of flexible  
5           fuel, electric drive, and alternative motor vehicles;

6           (2) to enable the accelerated market penetra-  
7           tion of efficient technologies and alternative fuels  
8           without adverse impact on air quality while main-  
9           taining a policy of fuel neutrality, so as to allow  
10          market forces to elect the technologies and fuels that  
11          are consumer-friendly, safe, environmentally-sound,  
12          and economic;

13          (3) to provide time-limited financial incentives  
14          to encourage production and consumer purchase of  
15          oil saving technologies and fuels nationwide;

16          (4) to promote a nationwide diversity of motor  
17          vehicle fuels and advanced motor vehicle technology,  
18          including advanced lean burn technology, hybrid  
19          technology, flexible fuel motor vehicles, alternatively  
20          fueled motor vehicles, and other oil saving tech-  
21          nologies; and

22          (5) to decrease American dependence on im-  
23          ported oil.

1     **TITLE I—OIL SAVINGS ACTION**  
2             **PLAN AND REQUIREMENTS**

3     **SEC. 101. OIL SAVINGS TARGET AND ACTION PLAN.**

4             Not later than 270 days after the date of enactment  
5 of this Act, the Director of the Office of Management and  
6 Budget (referred to in this title as the “Director”) shall  
7 publish in the Federal Register an action plan consisting  
8 of—

9                     (1) a list of requirements proposed or to be pro-  
10                    posed pursuant to section 102 that are authorized to  
11                    be issued under law in effect on the date of enact-  
12                    ment of this Act, and this Act, that will be suffi-  
13                    cient, when taken together, to save from the baseline  
14                    determined under section 105—

15                             (A) 2,500,000 barrels of oil per day on av-  
16                             erage during calendar year 2015; and

17                             (B) 5,000,000 barrels of oil per day on av-  
18                             erage during calendar year 2025; and

19                    (2) a Federal Government-wide analysis dem-  
20                    onstrating—

21                             (A) the expected oil savings from the base-  
22                             line to be accomplished by each requirement;  
23                             and

1 (B) that all such requirements, taken to-  
2 gether, will achieve the oil savings specified in  
3 this section.

4 **SEC. 102. STANDARDS AND REQUIREMENTS.**

5 (a) IN GENERAL.—On or before the date by which  
6 publication of the action plan is required under section  
7 101, the Secretary of Energy, the Secretary of Transpor-  
8 tation, the Secretary of Defense, the Secretary of Agri-  
9 culture, the Administrator of the Environmental Protec-  
10 tion Agency, and the head of any other agency authorized  
11 to take an action listed in the action plan shall each pro-  
12 pose, or issue a notice of intent to propose, regulations  
13 establishing each standard or other requirement listed in  
14 the action plan that is under the jurisdiction of the respec-  
15 tive agency using authorities described in subsection (b).  
16 If a notice of intent to propose is issued, the head of the  
17 responsible agency shall propose such regulations not later  
18 than 330 days after the date of enactment of this Act.

19 (b) AUTHORITIES.—The head of each agency de-  
20 scribed in subsection (a) shall use to carry out this sec-  
21 tion—

22 (1) any authority in existence on the date of en-  
23 actment of this Act (including regulations); and

24 (2) any new authority provided under this Act  
25 (including an amendment made by this Act).

1 (c) FINAL REGULATIONS.—Not later than 18 months  
2 after the date of enactment of this Act, the head of each  
3 agency described in subsection (a) shall promulgate final  
4 versions of the regulations required under this section.

5 (d) CONTENT OF REGULATIONS.—Each proposed  
6 and final regulation promulgated under this section  
7 shall—

8 (1) be sufficient to achieve at least the oil sav-  
9 ings resulting from the regulation under the action  
10 plan published under section 101; and

11 (2) be accompanied by an analysis by the appli-  
12 cable agency demonstrating that the regulation will  
13 achieve such oil savings, as measured from the base-  
14 line determined under section 105.

15 **SEC. 103. EVALUATION.**

16 (a) IN GENERAL.—Not later than 2 years after the  
17 date of enactment of this Act, and after an opportunity  
18 for public comment, the Director shall publish in the Fed-  
19 eral Register a Federal Government-wide analysis of the  
20 oil savings achieved and the expected oil savings under the  
21 standards and requirements established under this Act  
22 and the amendments made by this Act from the baseline  
23 established under section 105, and a determination wheth-  
24 er such oil savings will meet the targets established under  
25 section 101.

1 (b) INADEQUATE OIL SAVINGS.—If the oil savings  
2 are less than the targets established under section 101,  
3 simultaneously with the analysis required under sub-  
4 section (a)—

5 (1) the Director shall publish a revised action  
6 plan that is sufficient to achieve the targets; and

7 (2) the head of each agency referred to in sec-  
8 tion 102(a) shall propose new or revised regulations  
9 sufficient to achieve such targets under section  
10 102(a).

11 (c) FINAL REGULATIONS.—Not later than 180 days  
12 after the date on which regulations are proposed under  
13 subsection (b)(2), the head of each agency shall promul-  
14 gate final versions of those regulations that comply with  
15 section 102(d).

16 **SEC. 104. REVIEW AND UPDATE OF ACTION PLAN.**

17 (a) REVIEW.—Not later than January 1, 2011, and  
18 every 3 years thereafter, the Director shall publish a re-  
19 port that—

20 (1) evaluates the progress achieved in imple-  
21 menting the oil savings targets established under  
22 section 101;

23 (2) analyzes the expected oil savings under the  
24 standards and requirements established under this  
25 Act and the amendments made by this Act; and

1           (3)(A) analyzes the potential to achieve oil sav-  
2           ings that are in addition to the savings required by  
3           section 101; and

4           (B) if the President determines that it is in the  
5           national interest, establishes a higher oil savings tar-  
6           get for calendar year 2017 or any subsequent cal-  
7           endar year.

8           (b) INADEQUATE OIL SAVINGS.—If the oil savings  
9           are less than the targets established under section 101,  
10          simultaneously with the report required under subsection  
11          (a)—

12           (1) the Director shall publish a revised action  
13           plan that is sufficient to achieve the targets; and

14           (2) the head of each agency referred to in sec-  
15           tion 102(a) shall propose new or revised regulations  
16           sufficient to achieve such targets under section  
17           102(a).

18           (c) FINAL REGULATIONS.—Not later than 180 days  
19           after the date on which regulations are proposed under  
20           subsection (b)(2), the head of each agency referred to in  
21           section 102(a) shall promulgate final versions of those reg-  
22           ulations that comply with section 102(d).

23          **SEC. 105. BASELINE AND ANALYSIS REQUIREMENTS.**

24           In performing the analyses and promulgating pro-  
25           posed or final regulations to establish standards and other

1 requirements necessary to achieve the oil savings required  
2 by this title, the Director, the Secretary of Energy, the  
3 Secretary of Transportation, the Secretary of Defense, the  
4 Secretary of Agriculture, the Administrator of the Envi-  
5 ronmental Protection Agency, and the head of any other  
6 agency authorized to take an action listed in the action  
7 plan shall—

8           (1) determine oil savings as the projected re-  
9           duction in oil consumption from the baseline estab-  
10          lished by the reference case contained in the report  
11          of the Energy Information Administration entitled  
12          “Annual Energy Outlook 2006”;

13          (2) determine the oil savings projections re-  
14          quired on an annual basis for each of calendar years  
15          2009 through 2026; and

16          (3) account for any overlap among the stand-  
17          ards and other requirements to ensure that the pro-  
18          jected oil savings from all the promulgated stand-  
19          ards and requirements, taken together, are as accu-  
20          rate as practicable.

21 **SEC. 106. REVIEW AND SCORING OF FEDERAL ACTIONS RE-**  
22 **LATED TO OIL SAVINGS ACTION PLAN.**

23          (a) OFFICE OF MANAGEMENT AND BUDGET.—

24               (1) REQUIREMENT.—The Director shall—

1 (A) establish procedures to evaluate all  
2 proposals for Federal legislative or executive ac-  
3 tions which could be reasonably considered to  
4 impact the supply or demand of oil in the  
5 United States; and

6 (B) report to the Congress on the net im-  
7 pact the reviewed proposal would have on  
8 reaching the goals of the action plan required  
9 under section 101, including a score in terms of  
10 projected decreases or increases to oil usage.

11 (2) CONCLUSIONS.—The conclusions of the Di-  
12 rector under paragraph (1) shall also be published in  
13 the public record and considered as part of any rule-  
14 making procedure or impact statement.

15 (b) COMPTROLLER GENERAL.—

16 (1) REQUIREMENT.—The Comptroller General  
17 shall—

18 (A) establish procedures to evaluate all  
19 proposals for Federal legislative or executive ac-  
20 tions which could be reasonably considered to  
21 impact the supply or demand of oil in the  
22 United States; and

23 (B) report to the Congress on the net im-  
24 pact the reviewed proposal would have on  
25 reaching the goals of the action plan required

1           under section 101, including a score in terms of  
2           projected decreases or increases to oil usage.

3           (2) CONCLUSIONS.—The conclusions of the  
4           Comptroller General under paragraph (1) shall also  
5           be published in the public record and considered as  
6           part of any rulemaking procedure or impact state-  
7           ment.

8   **SEC. 107. FEDERAL GOVERNMENT OIL USAGE AUDIT.**

9           Not later than 2 years after the date of enactment  
10          of this Act, each Federal agency shall complete an audit  
11          of oil-derived fuel usage in the agency. The head of the  
12          agency shall establish an oil usage baseline and develop  
13          a plan to reduce oil consumption by 10 percent over 5  
14          years and 20 percent in 10 years. The Secretary of Energy  
15          shall compile an annual report containing all agency re-  
16          ports and recommendations under this section and deliver  
17          it to the Congress not later than January 31 of each year.

18   **SEC. 108. NATIONWIDE MEDIA CAMPAIGN TO DECREASE**  
19                           **OIL CONSUMPTION.**

20          (a) IN GENERAL.—The Secretary of Energy, acting  
21          through the Assistant Secretary for Energy Efficiency and  
22          Renewable Energy (referred to in this section as the “Sec-  
23          retary”), shall develop and conduct a national media cam-  
24          paign for the purpose of decreasing oil consumption in the  
25          United States over the next decade.

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

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

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

12 (c) USE OF FUNDS.—

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

15 (A) ADVERTISING COSTS.—

16 (i) The purchase of media time and  
17 space.

18 (ii) Creative and talent costs.

19 (iii) Testing and evaluation of adver-  
20 tising.

21 (iv) Evaluation of the effectiveness of  
22 the media campaign.

23 (v) The negotiated fees for the win-  
24 ning bidder on requests from proposals

1           issued either by the Secretary for purposes  
2           otherwise authorized in this section.

3                   (vi) Entertainment industry outreach,  
4           interactive outreach, media projects and  
5           activities, public information, news media  
6           outreach, and corporate sponsorship and  
7           participation.

8                   (B) ADMINISTRATIVE COSTS.—Operational  
9           and management expenses.

10                   (2) LIMITATIONS.—In carrying out this section,  
11           the Secretary shall allocate not less than 85 percent  
12           of funds made available under subsection (e) for  
13           each fiscal year for the advertising functions speci-  
14           fied under paragraph (1)(A).

15                   (d) REPORTS.—The Secretary shall annually submit  
16           to Congress a report that describes—

17                           (1) the strategy of the national media campaign  
18           and whether specific objectives of the campaign were  
19           accomplished, including—

20                                   (A) determinations concerning the rate of  
21           change of oil consumption, in both absolute and  
22           per capita terms; and

23                                   (B) an evaluation that enables consider-  
24           ation whether the media campaign contributed  
25           to reduction of oil consumption;

1           (2) steps taken to ensure that the national  
2           media campaign operates in an effective and effi-  
3           cient manner consistent with the overall strategy  
4           and focus of the campaign;

5           (3) plans to purchase advertising time and  
6           space;

7           (4) policies and practices implemented to ensure  
8           that Federal funds are used responsibly to purchase  
9           advertising time and space and eliminate the poten-  
10          tial for waste, fraud, and abuse; and

11          (5) all contracts or cooperative agreements en-  
12          tered into with a corporation, partnership, or indi-  
13          vidual working on behalf of the national media cam-  
14          paign.

15          (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
16          authorized to be appropriated to carry out this section  
17          \$50,000,000 for each of fiscal years 2008 through 2012.

18          **TITLE II—FUEL EFFICIENT VEHI-**  
19          **CLES FOR THE 21ST CENTURY**

20          **SEC. 201. TIRE EFFICIENCY PROGRAM.**

21          (a) STANDARDS FOR TIRES MANUFACTURED FOR  
22          INTERSTATE COMMERCE.—Section 30123 of title 49,  
23          United States Code, is amended—

24                  (1) in subsection (b)—

1 (A) in the first sentence, by striking “The  
2 Secretary” and inserting the following:

3 “(1) UNIFORM QUALITY GRADING SYSTEM.—

4 “(A) IN GENERAL.—The Secretary”;

5 (B) in the second sentence, by striking  
6 “The Secretary” and inserting the following:

7 “(2) NOMENCLATURE AND MARKETING PRAC-  
8 TICES.—The Secretary”;

9 (C) in the third sentence, by striking “A  
10 tire standard” and inserting the following:

11 “(3) EFFECT OF STANDARDS AND REGULA-  
12 TIONS.—A tire standard”; and

13 (D) in paragraph (1), as designated by  
14 subparagraph (A), by adding at the end the fol-  
15 lowing:

16 “(B) INCLUSION.—The grading system es-  
17 tablished pursuant to subparagraph (A) shall  
18 include standards for rating the fuel efficiency  
19 of tires designed for use on passenger cars and  
20 light trucks.”; and

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

22 “(d) NATIONAL TIRE EFFICIENCY PROGRAM.—

23 “(1) DEFINITION.—In this subsection, the term  
24 ‘fuel economy’, with respect to a tire, means the ex-  
25 tent to which the tire contributes to the fuel econ-

1 omy of the motor vehicle on which the tire is mount-  
2 ed.

3 “(2) PROGRAM.—The Secretary shall develop  
4 and carry out a national tire fuel efficiency program  
5 for tires designed for use on passenger cars and  
6 light trucks.

7 “(3) REQUIREMENTS.—Not later than March  
8 31, 2008, the Secretary shall issue regulations,  
9 which establish—

10 “(A) policies and procedures for testing  
11 and labeling tires for fuel economy to enable  
12 tire buyers to make informed purchasing deci-  
13 sions about the fuel economy of tires;

14 “(B) policies and procedures to promote  
15 the purchase of energy efficient replacement  
16 tires, including purchase incentives, website list-  
17 ings on the Internet, printed fuel economy  
18 guide booklets, and mandatory requirements for  
19 tire retailers to provide tire buyers with fuel ef-  
20 ficiency information on tires; and

21 “(C) minimum fuel economy standards for  
22 tires.

23 “(4) MINIMUM FUEL ECONOMY STANDARDS.—  
24 In promulgating minimum fuel economy standards  
25 for tires, the Secretary shall design standards that—

1           “(A) ensure, in conjunction with the re-  
2           quirements under paragraph (3)(B), that the  
3           average fuel economy of replacement tires is not  
4           less than the average fuel economy of tires sold  
5           as original equipment;

6           “(B) secure the maximum technically fea-  
7           sible and cost-effective fuel savings;

8           “(C) do not adversely affect tire safety;

9           “(D) incorporate the results from—

10           “(i) laboratory testing; and

11           “(ii) to the extent appropriate and  
12           available, on-road fleet testing programs  
13           conducted by manufacturers; and

14           “(E) do not adversely affect efforts to  
15           manage scrap tires.

16           “(5) APPLICABILITY.—The policies, procedures,  
17           and standards developed under paragraph (3) shall  
18           apply to all tire types and models regulated under  
19           the uniform tire quality grading standards in section  
20           575.104 of title 49, Code of Federal Regulations (or  
21           a successor regulation).

22           “(6) REVIEW.—

23           “(A) IN GENERAL.—Not less than once  
24           every 3 years, the Secretary shall—

1                   “(i) review the minimum fuel economy  
2 standards in effect for tires under this sub-  
3 section; and

4                   “(ii) subject to subparagraph (B), re-  
5 vise the standards as necessary to ensure  
6 compliance with standards described in  
7 paragraph (4).

8                   “(B) LIMITATION.—The Secretary may  
9 not reduce the average fuel economy standards  
10 applicable to replacement tires.

11                   “(7) NO PREEMPTION OF STATE LAW.—Noth-  
12 ing in this section shall be construed to preempt any  
13 provision of State law relating to higher fuel econ-  
14 omy standards applicable to replacement tires de-  
15 signed for use on passenger cars and light trucks.

16                   “(8) EXCEPTIONS.—Nothing in this section  
17 shall apply to—

18                   “(A) a tire or group of tires with the same  
19 stock keeping unit, plant, and year, for which  
20 the volume of tires produced or imported is less  
21 than 15,000 annually;

22                   “(B) a deep tread, winter-type snow tire,  
23 space-saver tire, or temporary use spare tire;

24                   “(C) a tire with a normal rim diameter of  
25 12 inches or less;

1 “(D) a motorcycle tire; or

2 “(E) a tire manufactured specifically for  
3 use in an off-road motorized recreational vehi-  
4 cle.”.

5 (b) CONFORMING AMENDMENT.—Section  
6 30103(b)(1) of title 49, United States Code, is amended  
7 by striking “When” and inserting “Except as provided in  
8 section 30123(d), if”.

9 (c) TIME FOR IMPLEMENTATION.—Beginning not  
10 later than March 31, 2008, the Secretary of Transpor-  
11 tation shall administer the national tire fuel efficiency pro-  
12 gram established under section 30123(d) of title 49,  
13 United States Code, in accordance with the policies, proce-  
14 dures, and standards developed under section 30123(d)(3)  
15 of such title.

16 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
17 are authorized to be appropriated, for each of fiscal years  
18 2008 through 2012, such sums as may be necessary to  
19 carry out section 30123(d) of title 49, United States Code,  
20 as added by subsection (a).

21 **SEC. 202. REDUCTION OF SCHOOL BUS IDLING.**

22 (a) STATEMENT OF POLICY.—Congress encourages  
23 each local educational agency (as defined in section  
24 9101(26) of the Elementary and Secondary Education Act  
25 of 1965 (20 U.S.C. 7801(26))) that receives Federal funds

1 under the Elementary and Secondary Education Act of  
 2 1965 (20 U.S.C. 6301 et seq.) to develop a policy to re-  
 3 duce the incidence of school bus idling at schools while  
 4 picking up and unloading students.

5 (b) AUTHORIZATION OF APPROPRIATIONS.—There  
 6 are authorized to be appropriated to the Administrator of  
 7 the Environmental Protection Agency, working in coordi-  
 8 nation with the Secretary of Education, \$5,000,000 for  
 9 each of fiscal years 2008 through 2012 for use in edu-  
 10 cating States and local education agencies about—

11 (1) benefits of reducing school bus idling; and

12 (2) ways in which school bus idling may be re-  
 13 duced.

14 **SEC. 203. FUEL EFFICIENCY FOR HEAVY DUTY TRUCKS.**

15 Part C of subtitle VI of title 49, United States Code,  
 16 is amended by inserting after chapter 329 the following:

17 **“CHAPTER 330—HEAVY DUTY VEHICLE**  
 18 **FUEL ECONOMY STANDARDS**

“Sec.

“33001. Purpose and policy.

“33002. Definition.

“33003. Testing and assessment.

“33004. Standards.

“33005. Authorization of appropriations.

19 **“§ 33001. Purpose and policy**

20 “The purpose of this chapter is to reduce petroleum  
 21 consumption by heavy duty motor vehicles.

1 **“§ 33002. Definition**

2 “In this chapter, the term ‘heavy duty motor vehi-  
3 cle’—

4 “(1) means a vehicle having a gross vehicle  
5 weight rating of at least 10,000 pounds that is driv-  
6 en or drawn by mechanical power and manufactured  
7 primarily for use on public streets, roads, and high-  
8 ways; and

9 “(2) does not include a vehicle operated only on  
10 a rail line.

11 **“§ 33003. Testing and assessment**

12 “(a) GENERAL REQUIREMENTS.—The Administrator  
13 of the Environmental Protection Agency (referred to in  
14 this section as the ‘Administrator’) shall develop and co-  
15 ordinate a national testing and assessment program to—

16 “(1) determine the fuel economy of heavy duty  
17 vehicles; and

18 “(2) assess the fuel efficiency attainable  
19 through available technology.

20 “(b) TESTING.—The Administrator shall—

21 “(1) design a National testing program to as-  
22 sess the fuel economy of heavy duty vehicles (based  
23 on the program for light duty vehicles); and

24 “(2) implement the program described in para-  
25 graph (1) not later than 18 months after the date  
26 of enactment of this chapter.

1       “(c) ASSESSMENT.—The Administrator shall consult  
2 with the Secretary of Transportation on the assessment  
3 of available technologies to enhance the fuel efficiency of  
4 heavy duty vehicles to ensure that vehicle use and needs  
5 are considered appropriately in the assessment.

6       “(d) REPORTING.—The Administrator shall—

7               “(1) not later than 2 years after the date of en-  
8 actment of this chapter, submit a report to Congress  
9 regarding the results of the assessment of available  
10 technologies to improve the fuel efficiency of heavy  
11 duty vehicles.

12               “(2) submit a report to Congress, at least bian-  
13 nually, that addresses the fuel economy of heavy  
14 duty vehicles; and

15 **“§ 33004. Standards**

16       “(a) GENERAL REQUIREMENTS.—Not later than 18  
17 months after completing the testing and assessments  
18 under section 33003, the Secretary of Transportation  
19 shall prescribe average heavy duty vehicle fuel economy  
20 standards. Each standard shall be the maximum feasible  
21 average fuel economy level that the Secretary decides that  
22 manufacturers can achieve in that model year. The Sec-  
23 retary may prescribe separate standards for different  
24 classes of heavy duty motor vehicles. The standards for

1 each model year shall be completed not later than 18  
2 months before the beginning of each model year.

3 “(b) CONSIDERATIONS AND CONSULTATION.—In de-  
4 termining maximum feasible average fuel economy, the  
5 Secretary shall consider—

6 “(1) relevant available heavy duty motor vehicle  
7 fuel consumption information;

8 “(2) technological feasibility;

9 “(3) economic practicability;

10 “(4) the desirability of reducing United States  
11 dependence on oil;

12 “(5) the effects of average fuel economy stand-  
13 ards on vehicle safety;

14 “(6) the effects of average fuel economy stand-  
15 ards on levels of employment and competitiveness of  
16 manufacturers; and

17 “(7) the extent to which the standard will carry  
18 out the purpose described in section 33001.

19 “(c) COOPERATION.—The Secretary may advise, as-  
20 sist, and cooperate with departments, agencies, and in-  
21 strumentalities of the United States Government, States,  
22 and other public and private agencies in developing fuel  
23 economy standards for heavy duty motor vehicles.

24 “(d) EFFECTIVE DATES OF STANDARDS.—The Sec-  
25 retary shall specify the effective date and model years of

1 each heavy duty motor vehicle fuel economy standard pre-  
2 scribed under this chapter.

3 “(e) 5-Year Plan for Testing Standards.—The Sec-  
4 retary shall establish, periodically review, and continually  
5 update a 5-year plan for testing heavy duty motor vehicle  
6 fuel economy standards prescribed under this chapter. In  
7 developing and establishing testing priorities, the Sec-  
8 retary shall consider factors the Secretary considers ap-  
9 propriate, consistent with the purpose described in section  
10 33001 and the Secretary’s other duties and powers under  
11 this chapter.

12 **“§ 33005. Authorization of appropriations**

13 “There are authorized to be appropriated, for each  
14 of fiscal years 2008 through 2012, such sums as may be  
15 necessary to carry out this chapter.”.

16 **SEC. 204. LIGHTWEIGHT MATERIALS RESEARCH AND DE-**  
17 **VELOPMENT.**

18 (a) IN GENERAL.—As soon as practicable after the  
19 date of enactment of this Act, the Secretary of Energy  
20 shall establish a research and development program to de-  
21 termine ways in which—

22 (1) the weight of vehicles may be reduced to im-  
23 prove fuel efficiency without compromising pas-  
24 senger safety; and

1           (2) the cost of lightweight materials (such as  
2           steel alloys and carbon fibers) required for the con-  
3           struction of lighter-weight vehicles may be reduced.

4           (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
5           authorized to be appropriated to carry out this section  
6           \$50,000,000 for each of fiscal years 2008 through 2012.

7           **SEC. 205. HYBRID AND ADVANCED DIESEL VEHICLES.**

8           (a) HYBRID VEHICLES.—The Energy Policy Act of  
9           2005 is amended by striking section 711 (42 U.S.C.  
10          16061) and inserting the following:

11          **“SEC. 711. HYBRID VEHICLES.**

12          “(a) DEFINITIONS.—In this section:

13                  “(1) COST.—The term ‘cost’ has the meaning  
14                  given the term ‘cost of a loan guarantee’ within the  
15                  meaning of section 502(5)(C) of the Federal Credit  
16                  Reform Act of 1990 (2 U.S.C. 661a(5)(C)).

17                  “(2) ELIGIBLE PROJECT.—The term ‘eligible  
18                  project’ means a project to—

19                          “(A) improve hybrid technologies under  
20                          subsection (b); or

21                          “(B) encourage domestic production of ef-  
22                          ficient hybrid and advanced diesel vehicles  
23                          under section 712(a).

24                  “(3) GUARANTEE.—

1           “(A) IN GENERAL.—The term ‘guarantee’  
2           has the meaning given the term ‘loan guar-  
3           antee’ in section 502 of the Federal Credit Re-  
4           form Act of 1990 (2 U.S.C. 661a).

5           “(B) INCLUSION.—The term ‘guarantee’  
6           includes a loan guarantee commitment (as de-  
7           fined in section 502 of the Federal Credit Re-  
8           form Act of 1990 (2 U.S.C. 661a)).

9           “(4) HYBRID TECHNOLOGY.—The term ‘hybrid  
10          technology’ means a battery or other rechargeable  
11          energy storage system, power electronic, hybrid sys-  
12          tems integration, and any other technology for use  
13          in hybrid vehicles, including plug-in hybrid vehicles  
14          and their components.

15          “(5) OBLIGATION.—The term ‘obligation’  
16          means the loan or other debt obligation that is guar-  
17          anteed under this section.

18          “(b) AUTHORIZATION.—The Secretary shall accel-  
19          erate efforts directed toward the improvement of hybrid  
20          technologies, including through the provision of loan guar-  
21          antees under subsection (c).

22          “(c) LOAN GUARANTEES.—

23                 “(1) IN GENERAL.—The Secretary shall make  
24                 guarantees under this section for eligible projects on  
25                 such terms and conditions as the Secretary, in con-

1 sultation with the Secretary of the Treasury, deter-  
2 mines to be appropriate.

3 “(2) SPECIFIC APPROPRIATION OR CONTRIBU-  
4 TION.—No guarantee shall be made unless—

5 “(A) an appropriation for the cost has  
6 been made; or

7 “(B) the Secretary has received from the  
8 borrower a payment in full for the cost of the  
9 obligation and deposited the payment into the  
10 Treasury.

11 “(3) AMOUNT.—Unless otherwise provided by  
12 law, a guarantee by the Secretary shall not exceed  
13 an amount equal to 80 percent of the project cost  
14 of the hybrid technology that is the subject of the  
15 guarantee, as estimated at the time at which the  
16 guarantee is issued.

17 “(4) REPAYMENT.—

18 “(A) IN GENERAL.—No guarantee shall be  
19 made unless the Secretary determines that  
20 there is a reasonable prospect of repayment of  
21 the principal and interest on the obligation by  
22 the borrower.

23 “(B) AMOUNT.—No guarantee shall be  
24 made unless the Secretary determines that the  
25 amount of the obligation (when combined with

1 amounts available to the borrower from other  
2 sources) will be sufficient to carry out the  
3 project.

4 “(C) SUBORDINATION.—The obligation  
5 shall be subject to the condition that the obliga-  
6 tion is not subordinate to other financing.

7 “(5) INTEREST RATE.—An obligation shall bear  
8 interest at a rate that does not exceed a level that  
9 the Secretary determines appropriate, taking into  
10 account the prevailing rate of interest in the private  
11 sector for similar loans and risks.

12 “(6) TERM.—The term of an obligation shall  
13 require full repayment over a period not to exceed  
14 the lesser of—

15 “(A) 30 years; or

16 “(B) 90 percent of the projected useful life  
17 of the physical asset to be financed by the obli-  
18 gation (as determined by the Secretary).

19 “(7) DEFAULTS.—

20 “(A) PAYMENT BY SECRETARY.—

21 “(i) IN GENERAL.—If a borrower de-  
22 faults on the obligation (as defined in reg-  
23 ulations promulgated by the Secretary and  
24 specified in the guarantee contract), the  
25 holder of the guarantee shall have the

1 right to demand payment of the unpaid  
2 amount from the Secretary.

3 “(ii) PAYMENT REQUIRED.—Within  
4 such period as may be specified in the  
5 guarantee or related agreements, the Sec-  
6 retary shall pay to the holder of the guar-  
7 antee the unpaid interest on, and unpaid  
8 principal of the obligation as to which the  
9 borrower has defaulted, unless the Sec-  
10 retary finds that—

11 “(I) there was no default by the  
12 borrower in the payment of interest or  
13 principal; or

14 “(II) the default has been rem-  
15 edied.

16 “(iii) FORBEARANCE.—Nothing in  
17 this subsection precludes any forbearance  
18 by the holder of the obligation for the ben-  
19 efit of the borrower that may be agreed  
20 upon by the parties to the obligation and  
21 approved by the Secretary.

22 “(B) SUBROGATION.—

23 “(i) IN GENERAL.—If the Secretary  
24 makes a payment under subparagraph (A),  
25 the Secretary shall be subrogated to the

1 rights of the recipient of the payment as  
2 specified in the guarantee or related agree-  
3 ments including, where appropriate, the  
4 authority (notwithstanding any other pro-  
5 vision of law) to—

6 “(I) complete, maintain, operate,  
7 lease, or otherwise dispose of any  
8 property acquired pursuant to the  
9 guarantee or related agreements; or

10 “(II) permit the borrower, pursu-  
11 ant to an agreement with the Sec-  
12 retary, to continue to pursue the pur-  
13 poses of the eligible project, as the  
14 Secretary determines to be in the pub-  
15 lic interest.

16 “(ii) SUPERIORITY OF RIGHTS.—The  
17 rights of the Secretary, with respect to any  
18 property acquired pursuant to a guarantee  
19 or related agreement, shall be superior to  
20 the rights of any other person with respect  
21 to the property.

22 “(iii) TERMS AND CONDITIONS.—A  
23 guarantee agreement shall include such de-  
24 tailed terms and conditions as the Sec-  
25 retary determines appropriate to—

1                   “(I) protect the interests of the  
2                   United States in the case of default;  
3                   and

4                   “(II) have available all the pat-  
5                   ents and technology necessary for any  
6                   person selected, including the Sec-  
7                   retary, to complete and operate the el-  
8                   igible project.

9                   “(C) PAYMENT OF PRINCIPAL AND INTER-  
10                  EST BY SECRETARY.—With respect to any obli-  
11                  gation guaranteed under this section, the Sec-  
12                  retary may enter into a contract to pay, and  
13                  pay, holders of the obligation, for and on behalf  
14                  of the borrower, from funds appropriated for  
15                  that purpose, the principal and interest pay-  
16                  ments that become due and payable on the un-  
17                  paid balance of the obligation if the Secretary  
18                  finds that—

19                         “(i)(I) the borrower is unable to meet  
20                         the payments and is not in default;

21                         “(II) it is in the public interest to per-  
22                         mit the borrower to continue to pursue the  
23                         purposes of the eligible project; and

24                         “(III) the probable net benefit to the  
25                         Federal Government in paying the prin-

1           cipal and interest will be greater than the  
2           benefit that would result in the event of a  
3           default;

4           “(ii) the amount of the payment that  
5           the Secretary is authorized to pay will be  
6           no greater than the amount of principal  
7           and interest that the borrower is obligated  
8           to pay under the agreement being guaran-  
9           teed; and

10          “(iii) the borrower agrees to reim-  
11          burse the Secretary for the payment (in-  
12          cluding interest) on terms and conditions  
13          that are satisfactory to the Secretary.

14          “(D) ACTION BY ATTORNEY GENERAL.—

15          “(i) NOTIFICATION.—If the borrower  
16          defaults on an obligation, the Secretary  
17          shall notify the Attorney General of the de-  
18          fault.

19          “(ii) RECOVERY.—On receipt of noti-  
20          fication, the Attorney General shall take  
21          such action as the Attorney General deter-  
22          mines to be appropriate to recover the un-  
23          paid principal and interest due from—

1                   “(I) such assets of the defaulting  
2                   borrower as are associated with the  
3                   obligation; or

4                   “(II) any other security pledged  
5                   to secure the obligation.

6                   “(8) FEES.—

7                   “(A) IN GENERAL.—The Secretary shall  
8                   charge and collect fees for guarantees in  
9                   amounts the Secretary determines are sufficient  
10                  to cover applicable administrative expenses.

11                  “(B) AVAILABILITY.—Fees collected under  
12                  this paragraph shall—

13                         “(i) be deposited by the Secretary into  
14                         the Treasury; and

15                         “(ii) remain available until expended,  
16                         subject to such other conditions as are con-  
17                         tained in annual appropriations Acts.

18                  “(9) RECORDS; AUDITS.—

19                         “(A) IN GENERAL.—A recipient of a guar-  
20                         antee shall keep such records and other perti-  
21                         nent documents as the Secretary shall prescribe  
22                         by regulation, including such records as the  
23                         Secretary may require to facilitate an effective  
24                         audit.



1 1986 (relating to foreign tax credit, etc.) is amended by  
2 adding at the end the following new section:

3 **“SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES**  
4 **MANUFACTURING CREDIT.**

5 “(a) CREDIT ALLOWED.—There shall be allowed as  
6 a credit against the tax imposed by this chapter for the  
7 taxable year an amount equal to the sum of—

8 “(1) in the case of a qualified investment of an  
9 eligible taxpayer for such taxable year relating to  
10 plug-in hybrid electric vehicles or pure electric vehi-  
11 cles, 50 percent of so much of such qualified invest-  
12 ment as does not exceed \$150,000,000, and

13 “(2) in the case of any other qualified invest-  
14 ment of an eligible taxpayer for such taxable year,  
15 35 percent of so much of such qualified investment  
16 as does not exceed \$50,000,000.

17 “(b) QUALIFIED INVESTMENT.—For purposes of this  
18 section—

19 “(1) IN GENERAL.—The qualified investment  
20 for any taxable year is equal to the incremental costs  
21 incurred during such taxable year—

22 “(A) to re-equip, expand, or establish any  
23 manufacturing facility of the eligible taxpayer  
24 to produce advanced technology motor vehicles  
25 or to produce eligible components,

1           “(B) for engineering integration of such  
2           vehicles and components as described in sub-  
3           section (d), and

4           “(C) for research and development related  
5           to advanced technology motor vehicles and eligi-  
6           ble components.

7           “(2) **ATTRIBUTION RULES.**—In the event a fa-  
8           cility of the eligible taxpayer produces both advanced  
9           technology motor vehicles and conventional motor  
10          vehicles, or eligible and non-eligible components, only  
11          the qualified investment attributable to production  
12          of advanced technology motor vehicles and eligible  
13          components shall be taken into account.

14          “(c) **ADVANCED TECHNOLOGY MOTOR VEHICLES**  
15 **AND ELIGIBLE COMPONENTS.**—For purposes of this sec-  
16 tion—

17           “(1) **ADVANCED TECHNOLOGY MOTOR VEHI-**  
18 **CLE.**—The term ‘advanced technology motor vehicle’  
19          means—

20           “(A) any new advanced lean burn tech-  
21          nology motor vehicle (as defined in section  
22          30B(c)(3)),

23           “(B) any new qualified hybrid motor vehi-  
24          cle (as defined in section 30B(d)(3)(A) and de-

1           terminated without regard to any gross vehicle  
2           weight rating), or

3                   “(C) any new plug-in hybrid electric vehi-  
4           cle.

5                   “(2) PLUG-IN HYBRID ELECTRIC VEHICLE.—  
6           For purposes of this section, the term ‘plug-in hy-  
7           brid electric vehicle’ means a light-duty, medium-  
8           duty, or heavy-duty on-road or nonroad vehicle that  
9           is propelled by an internal combustion engine or  
10          heat engine and/or an electric motor and energy  
11          storage system using (or capable of using)—

12                           “(A) any combustible fuel,

13                           “(B) an on-board, rechargeable storage de-  
14          vice, and

15                           “(C) a means of using an off-board source  
16          of electricity to operate the vehicle in intermit-  
17          tent or continuous all-electric mode.

18                   “(3) ELIGIBLE COMPONENTS.—The term ‘eligi-  
19          ble component’ means any component inherent to  
20          any advanced technology motor vehicle, including—

21                           “(A) with respect to any gasoline or diesel-  
22          electric new qualified hybrid motor vehicle—

23                                   “(i) electric motor or generator,

24                                   “(ii) power split device,

25                                   “(iii) power control unit,

1 “(iv) power controls,

2 “(v) integrated starter generator, or

3 “(vi) battery,

4 “(B) with respect to any hydraulic new  
5 qualified hybrid motor vehicle—

6 “(i) hydraulic accumulator vessel,

7 “(ii) hydraulic pump, or

8 “(iii) hydraulic pump-motor assembly,

9 “(C) with respect to any new advanced  
10 lean burn technology motor vehicle—

11 “(i) diesel engine,

12 “(ii) turbocharger,

13 “(iii) fuel injection system, or

14 “(iv) after-treatment system, such as  
15 a particle filter or NO<sub>x</sub> absorber, and

16 “(D) with respect to any advanced tech-  
17 nology motor vehicle, any other component sub-  
18 mitted for approval by the Secretary.

19 “(d) ENGINEERING INTEGRATION COSTS.—For pur-  
20 poses of subsection (b)(1)(B), costs for engineering inte-  
21 gration are costs incurred prior to the market introduction  
22 of advanced technology vehicles for engineering tasks re-  
23 lated to—

24 “(1) establishing functional, structural, and  
25 performance requirements for component and sub-

1 systems to meet overall vehicle objectives for a spe-  
2 cific application,

3 “(2) designing interfaces for components and  
4 subsystems with mating systems within a specific ve-  
5 hicle application,

6 “(3) designing cost effective, efficient, and reli-  
7 able manufacturing processes to produce components  
8 and subsystems for a specific vehicle application,  
9 and

10 “(4) validating functionality and performance of  
11 components and subsystems for a specific vehicle ap-  
12 plication.

13 “(e) ELIGIBLE TAXPAYER.—For purposes of this sec-  
14 tion, the term ‘eligible taxpayer’ means any taxpayer if  
15 more than 50 percent of its gross receipts for the taxable  
16 year is derived from the manufacture of motor vehicles  
17 or any component parts of such vehicles.

18 “(f) LIMITATION BASED ON AMOUNT OF TAX.—The  
19 credit allowed under subsection (a) for the taxable year  
20 shall not exceed the excess of—

21 “(1) the sum of—

22 “(A) the regular tax liability (as defined in  
23 section 26(b)) for such taxable year, plus

24 “(B) the tax imposed by section 55 for  
25 such taxable year and any prior taxable year

1 beginning after 1986 and not taken into ac-  
2 count under section 53 for any prior taxable  
3 year, over

4 “(2) the sum of the credits allowable under sub-  
5 part A and sections 27, 30, and 30B for the taxable  
6 year.

7 “(g) REDUCTION IN BASIS.—For purposes of this  
8 subtitle, if a credit is allowed under this section for any  
9 expenditure with respect to any property, the increase in  
10 the basis of such property which would (but for this para-  
11 graph) result from such expenditure shall be reduced by  
12 the amount of the credit so allowed.

13 “(h) NO DOUBLE BENEFIT.—

14 “(1) COORDINATION WITH OTHER DEDUCTIONS  
15 AND CREDITS.—Except as provided in paragraph  
16 (2), the amount of any deduction or other credit al-  
17 lowable under this chapter for any cost taken into  
18 account in determining the amount of the credit  
19 under subsection (a) shall be reduced by the amount  
20 of such credit attributable to such cost.

21 “(2) RESEARCH AND DEVELOPMENT COSTS.—

22 “(A) IN GENERAL.—Except as provided in  
23 subparagraph (B), any amount described in  
24 subsection (b)(1)(C) taken into account in de-  
25 termining the amount of the credit under sub-

1 section (a) for any taxable year shall not be  
2 taken into account for purposes of determining  
3 the credit under section 41 for such taxable  
4 year.

5 “(B) COSTS TAKEN INTO ACCOUNT IN DE-  
6 TERMINING BASE PERIOD RESEARCH EX-  
7 PENSES.—Any amounts described in subsection  
8 (b)(1)(C) taken into account in determining the  
9 amount of the credit under subsection (a) for  
10 any taxable year which are qualified research  
11 expenses (within the meaning of section 41(b))  
12 shall be taken into account in determining base  
13 period research expenses for purposes of apply-  
14 ing section 41 to subsequent taxable years.

15 “(i) BUSINESS CARRYOVERS ALLOWED.—If the cred-  
16 it allowable under subsection (a) for a taxable year exceeds  
17 the limitation under subsection (f) for such taxable year,  
18 such excess (to the extent of the credit allowable with re-  
19 spect to property subject to the allowance for depreciation)  
20 shall be allowed as a credit carryback and carryforward  
21 under rules similar to the rules of section 39.

22 “(j) SPECIAL RULES.—For purposes of this section,  
23 rules similar to the rules of paragraphs (4) and (5) of sec-  
24 tion 179A(e) and paragraphs (1) and (2) of section 41(f)  
25 shall apply

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

5       “(l) REGULATIONS.—The Secretary shall prescribe  
6 such regulations as necessary to carry out the provisions  
7 of this section.

8       “(m) TERMINATION.—This section shall not apply to  
9 any qualified investment after December 31, 2015.”.

10       (b) CONFORMING AMENDMENTS.—

11               (1) Section 1016(a) of the Internal Revenue  
12 Code of 1986 is amended by striking “and” at the  
13 end of paragraph (36), by striking the period at the  
14 end of paragraph (37) and inserting “, and”, and by  
15 adding at the end the following new paragraph:

16               “(38) to the extent provided in section  
17 30D(g).”.

18               (2) Section 6501(m) of such Code is amended  
19 by inserting “30D(k),” after “30C(e)(5),”.

20               (3) The table of sections for subpart B of part  
21 IV of subchapter A of chapter 1 of such Code is  
22 amended by inserting after the item relating to sec-  
23 tion 30C the following new item:

“Sec. 30D. Advanced technology motor vehicles manufacturing credit.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to amounts incurred in taxable  
3 years beginning after December 31, 2006.

4 **SEC. 207. CONSUMER INCENTIVES TO PURCHASE AD-**  
5 **VANCED TECHNOLOGY VEHICLES.**

6 (a) FLEXIBLE FUEL VEHICLE CREDIT.—

7 (1) IN GENERAL.—Subpart B of part IV of  
8 subchapter A of chapter 1 of the Internal Revenue  
9 Code of 1986 (relating to foreign tax credit, etc.), as  
10 amended by this Act, is amended by adding at the  
11 end the following new section:

12 **“SEC. 30E. FLEXIBLE FUEL VEHICLE CREDIT.**

13 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
14 lowed as a credit against the tax imposed by this chapter  
15 for the taxable year an amount equal to the GEM flexible  
16 fuel vehicle credit.

17 “(b) GEM FLEXIBLE FUEL VEHICLE CREDIT.—

18 “(1) IN GENERAL.—For the purposes of sub-  
19 section (a), the GEM flexible fuel vehicle credit de-  
20 termined under this subsection for the taxable year  
21 is the credit amount determined under paragraph  
22 (2) with respect to a GEM flexible fuel vehicle  
23 placed in service by the taxpayer during the taxable  
24 year.

1           “(2) CREDIT AMOUNT.—In the case of a new  
2           qualified GEM flexible fuel vehicle which is a pas-  
3           senger automobile or light truck and which has a  
4           gross vehicle weight rating of not more than 8,500  
5           pounds, the amount shall be \$300.

6           “(c) DEFINITIONS.—For purposes of this section—

7           “(1) GEM FLEXIBLE FUEL VEHICLE.—The  
8           term ‘GEM flexible fuel vehicle’ means a motor vehi-  
9           cle warrantied by its manufacturer to operate on any  
10          combination of gasoline, E85, and M85.

11          “(2) E85.—The term ‘E85’ means a fuel blend  
12          containing 85 percent ethanol and 15 percent gaso-  
13          line by volume.

14          “(3) M85.—The term ‘M85’ means a fuel blend  
15          containing 85 percent methanol and 15 percent gas-  
16          oline by volume.

17          “(d) TERMINATION.—This section shall not apply to  
18          taxable years beginning after December 31, 2010.”.

19          (2) CLERICAL AMENDMENT.—The table of sec-  
20          tions for subpart B of part IV of subchapter A of  
21          chapter 1 of the Internal Revenue Code of 1986 (re-  
22          lating to foreign tax credit, etc.), as amended by this  
23          Act, is amended by adding at the end the following  
24          new item:

“Sec. 30E. Flexible fuel vehicle credit.”.

1 (b) ELIMINATION ON NUMBER OF NEW QUALIFIED  
2 HYBRID AND ADVANCED LEAN BURN TECHNOLOGY VE-  
3 HICLES ELIGIBLE FOR ALTERNATIVE MOTOR VEHICLE  
4 CREDIT.—

5 (1) IN GENERAL.—Section 30B of the Internal  
6 Revenue Code of 1986 is amended by striking sub-  
7 section (f) and by redesignating subsections (g)  
8 through (j) as subsections (f) through (i), respec-  
9 tively.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Paragraphs (4) and (6) of section  
12 30B(h) of the Internal Revenue Code of 1986  
13 are each amended by striking “(determined  
14 without regard to subsection (g))” and inserting  
15 “determined without regard to subsection (f))”.

16 (B) Section 38(b)(25) of such Code is  
17 amended by striking “section 30B(g)(1)” and  
18 inserting “section 30B(f)(1)”.

19 (C) Section 55(c)(2) of such Code is  
20 amended by striking “section 30B(g)(2)” and  
21 inserting “section 30B(f)(2)”.

22 (D) Section 1016(a)(36) of such Code is  
23 amended by striking “section 30B(h)(4)” and  
24 inserting “section 30B(g)(4)”.

1           (E) Section 6501(m) of such Code is  
2           amended by striking “section 30B(h)(9)” and  
3           inserting “section 30B(g)(9)”.

4           (c) EXTENSION OF ALTERNATIVE VEHICLE CREDIT  
5 FOR NEW QUALIFIED HYBRID MOTOR VEHICLES.—Para-  
6 graph (3) of section 30B(i) of the Internal Revenue Code  
7 of 1986 (as redesignated by subsection (a)) is amended  
8 by striking “December 31, 2009” and inserting “Decem-  
9 ber 31, 2010”.

10          (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to property placed in service after  
12 December 31, 2006, in taxable years ending after such  
13 date.

14 **SEC. 208. FEDERAL FLEET REQUIREMENTS.**

15          (a) REGULATIONS.—

16           (1) IN GENERAL.—The Secretary of Energy  
17 shall issue regulations for Federal fleets subject to  
18 the Energy Policy Act of 1992 (42 U.S.C. 13201 et  
19 seq.) requiring that not later than fiscal year 2015  
20 each Federal agency achieve at least a 20 percent  
21 reduction in petroleum consumption, as calculated  
22 from the baseline established by the Secretary for  
23 fiscal year 1999.

24           (2) REQUIREMENT.—Not later than fiscal year  
25 2011, of the Federal vehicles required to be alter-

1 native fueled vehicles under title V of the Energy  
2 Policy Act of 1992 (42 U.S.C. 13251 et seq.), at  
3 least 30 percent shall be flexible fuel hybrid motor  
4 vehicles or flexible fuel plug-in hybrid motor vehicles.

5 (3) EXCEPTION.—The regulations issued under  
6 this subsection shall not apply to ground vehicles of  
7 the Department of Defense whose primary purpose  
8 is combat or the support of troops in combat oper-  
9 ations.

10 (b) INCLUSION OF ELECTRIC DRIVE IN ENERGY  
11 POLICY ACT OF 1992.—Section 508(a) of the Energy Pol-  
12 icy Act of 1992 (42 U.S.C. 13258(a)) is amended—

13 (1) by inserting “(1)” before “The Secretary”;

14 and

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

16 “(2) Not later than January 31, 2008, the Secretary  
17 shall—

18 “(A) allocate credit in an amount to be deter-  
19 mined by the Secretary for—

20 “(i) acquisition of—

21 “(I) a light-duty hybrid electric vehi-  
22 cle;

23 “(II) a plug-in hybrid electric vehicle;

24 “(III) a fuel cell electric vehicle;

1 “(IV) a medium- or heavy-duty hybrid  
2 electric vehicle;

3 “(V) a neighborhood electric vehicle;  
4 or

5 “(VI) a medium- or heavy-duty dedi-  
6 cated vehicle; and

7 “(ii) investment in qualified alternative  
8 fuel infrastructure or nonroad equipment, as  
9 determined by the Secretary; and

10 “(B) allocate more than 1, but not to exceed 5,  
11 credits for investment in an emerging technology re-  
12 lating to any vehicle described in subparagraph (A)  
13 to encourage—

14 “(i) a reduction in petroleum demand;

15 “(ii) technological advancement; and

16 “(iii) environmental safety.”.

17 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
18 authorized to be appropriated to carry out this section (in-  
19 cluding the amendments made by subsection (b))  
20 \$10,000,000 for the period of fiscal years 2008 through  
21 2012.

22 **SEC. 209. TAX INCENTIVES FOR PRIVATE FLEETS.**

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

1 1986 is amended by inserting after section 48B the fol-  
2 lowing new section:

3 **“SEC. 48C. FUEL-EFFICIENT FLEET CREDIT.**

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

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

13       “(c) QUALIFIED FUEL-EFFICIENT VEHICLE INVEST-  
14 MENT AMOUNT.—For purposes of this section—

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

19               “(2) QUALIFIED FUEL-EFFICIENT VEHICLE.—  
20 The term ‘qualified fuel-efficient vehicle’ means an  
21 automobile which has a fuel economy which is at  
22 least 10 percent greater than the average fuel econ-  
23 omy standard for an automobile of the same class  
24 and model year.

1           “(3) OTHER TERMS.—The terms ‘automobile’,  
2           ‘average fuel economy standard’, ‘fuel economy’, and  
3           ‘model year’ have the meanings given to such terms  
4           under section 32901 of title 49, United States Code.

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

10          “(e) TERMINATION.—This section shall not apply to  
11          any vehicle placed in service after December 31, 2010.”.

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

18                 “(5) the fuel-efficient fleet credit.”.

19          (c) CONFORMING AMENDMENTS.—

20                 (1) Section 49(a)(1)(C) of the Internal Revenue  
21                 Code of 1986 is amended by striking “and” at the  
22                 end of clause (iii), by striking the period at the end  
23                 of clause (iv) and inserting “, and”, and by adding  
24                 at the end the following new clause:

1                   “(v) the basis of any qualified fuel-ef-  
2                   ficient vehicle which is taken into account  
3                   under section 48C.”.

4                   (2) The table of sections for subpart E of part  
5                   IV of subchapter A of chapter 1 of such Code is  
6                   amended by inserting after the item relating to sec-  
7                   tion 48 the following new item:

“Sec. 48C. Fuel-efficient fleet credit.”.

8                   (d) EFFECTIVE DATE.—The amendments made by  
9                   this section shall apply to periods after December 31,  
10                  2006, in taxable years ending after such date, under rules  
11                  similar to the rules of section 48(m) of the Internal Rev-  
12                  enue Code of 1986 (as in effect on the day before the date  
13                  of the enactment of the Revenue Reconciliation Act of  
14                  1990).

15                  **SEC. 210. REDUCING INCENTIVES TO GUZZLE GAS.**

16                  (a) INCLUSION OF HEAVY VEHICLES IN LIMITATION  
17                  ON DEPRECIATION OF CERTAIN LUXURY AUTO-  
18                  MOBILES.—

19                         (1) IN GENERAL.—Section 280F(d)(5)(A) of  
20                         the Internal Revenue Code of 1986 (defining pas-  
21                         senger automobile) is amended—

22                                 (A) by striking clause (ii) and inserting the  
23                                 following new clause:

1           “(ii)(I) which is rated at 6,000  
2           pounds unloaded gross vehicle weight or  
3           less, or

4           “(II) which is rated at more than  
5           6,000 pounds but not more than 14,000  
6           pounds gross vehicle weight.”, and

7           (B) by striking “clause (ii)” in the second  
8           sentence and inserting “clause (ii)(I)”.

9           (2) EXCEPTION FOR VEHICLES USED IN FARM-  
10          ING BUSINESS.—Section 280F(d)(5)(B) of such  
11          Code (relating to exception for certain vehicles) is  
12          amended by striking “and” at the end of clause (ii),  
13          by redesignating clause (iii) as clause (iv), and by in-  
14          serting after clause (ii) the following new clause:

15                 “(iii) any vehicle used in a farming  
16                 business (as defined in section 263A(e)(4),  
17                 and”.

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

21          (b) UPDATED DEPRECIATION DEDUCTION LIMITS.—

22                 (1) IN GENERAL.—Subparagraph (A) of section  
23                 280F(a)(1) of the Internal Revenue Code of 1986  
24                 (relating to limitation on amount of depreciation for  
25                 luxury automobiles) is amended to read as follows:

1           “(I) LIMITATION.—The amount of the de-  
2           preciation deduction for any taxable year shall  
3           not exceed for any passenger automobile—

4                   “(i) for the 1st taxable year in the re-  
5           covery period—

6                           “(I) described in subsection  
7                           (d)(5)(A)(ii)(I), \$4,000,

8                           “(II) described in the second sen-  
9                           tence of subsection (d)(5)(A), \$5,000,  
10                          and

11                          “(III) described in subsection  
12                          (d)(5)(A)(ii)(II), \$6,000,

13                   “(ii) for the 2nd taxable year in the  
14           recovery period—

15                          “(I) described in subsection  
16                          (d)(5)(A)(ii)(I), \$6,400,

17                          “(II) described in the second sen-  
18                          tence of subsection (d)(5)(A), \$8,000,  
19                          and

20                          “(III) described in subsection  
21                          (d)(5)(A)(ii)(II), \$9,600,

22                   “(iii) for the 3rd taxable year in the  
23           recovery period—

24                          “(I) described in subsection  
25                          (d)(5)(A)(ii)(I), \$3,850,

1 “(II) described in the second sen-  
2 tence of subsection (d)(5)(A), \$4,800,  
3 and

4 “(III) described in subsection  
5 (d)(5)(A)(ii)(II), \$5,775, and

6 “(iv) for each succeeding taxable year  
7 in the recovery period—

8 “(I) described in subsection  
9 (d)(5)(A)(ii)(I), \$2,325,

10 “(II) described in the second sen-  
11 tence of subsection (d)(5)(A), \$2,900,  
12 and

13 “(III) described in subsection  
14 (d)(5)(A)(ii)(II), \$3,475.”.

15 (2) YEARS AFTER RECOVERY PERIOD.—Section  
16 280F(a)(1)(B)(ii) of such Code is amended to read  
17 as follows:

18 “(ii) LIMITATION.—The amount treat-  
19 ed as an expense under clause (i) for any  
20 taxable year shall not exceed for any pas-  
21 senger automobile—

22 “(I) described in subsection  
23 (d)(5)(A)(ii)(I), \$2,325,

1                   “(II) described in the second sen-  
2                   tence of subsection (d)(5)(A), \$2,900,  
3                   and

4                   “(III) described in subsection  
5                   (d)(5)(A)(ii)(II), \$3,475.”.

6                   (3)       INFLATION       ADJUSTMENT.—Section  
7                   280F(d)(7) of such Code (relating to automobile  
8                   price inflation adjustment) is amended—

9                   (A) by striking “after 1988” in subpara-  
10                  graph (A) and inserting “after 2006”, and

11                  (B) by striking subparagraph (B) and in-  
12                  serting the following new subparagraph:

13                  “(B) AUTOMOBILE PRICE INFLATION AD-  
14                  JUSTMENT.—For purposes of this paragraph—

15                  “(i) IN GENERAL.—The automobile  
16                  price inflation adjustment for any calendar  
17                  year is the percentage (if any) by which—

18                  “(I) the average wage index for  
19                  the preceding calendar year, exceeds

20                  “(II) the average wage index for  
21                  2005.

22                  “(ii) AVERAGE WAGE INDEX.—The  
23                  term ‘average wage index’ means the aver-  
24                  age wage index published by the Social Se-  
25                  curity Administration.”.

1           (4) EFFECTIVE DATE.—The amendments made  
2 by this subsection shall apply to property placed in  
3 service after the date of the enactment of this Act.

4           (c) EXPENSING LIMITATION FOR FARM VEHICLES.—

5           (1) IN GENERAL.—Paragraph (6) of section  
6 179(b) of the Internal Revenue Code of 1986 (relat-  
7 ing to limitations) is amended to read as follows:

8           “(6) LIMITATION ON COST TAKEN INTO AC-  
9 COUNT FOR FARM VEHICLES.—The cost of any vehi-  
10 cle described in section 280F(d)(5)(B)(iii) for any  
11 taxable year which may be taken into account under  
12 this section shall not exceed \$30,000.”.

13           (2) EFFECTIVE DATE.—The amendment made  
14 by this subsection shall apply to property placed in  
15 service after the date of the enactment of this Act.

16 **SEC. 211. FUEL CHOICE FOR TRANSPORTATION.**

17           (a) DEFINITIONS.—In this section:

18           (1) ALTERNATIVE FUEL; ALTERNATIVE FUEL  
19 AUTOMOBILE.—The terms “alternative fuel” and  
20 “alternative fuel automobile” have the meanings  
21 given such terms in section 32901 of title 49, United  
22 States Code.

23           (2) E85.—The term “E85” means a fuel blend  
24 containing 85 percent ethanol and 15 percent gaso-  
25 line by volume.

1           (3) M85.—The term “M85” means a fuel blend  
2           containing 85 percent methanol and 15 percent gas-  
3           oline by volume.

4           (4) FLEXIBLE FUEL VEHICLE.—The term  
5           “flexible fuel vehicle” means a motor vehicle war-  
6           ranted by its manufacturer to operate on any and all  
7           blends of gasoline, E85, and M85.

8           (5) FUEL CHOICE-ENABLING MOTOR VEHI-  
9           CLE.—The term “fuel choice-enabling motor vehicle”  
10          means—

11                   (A) a flexible fuel motor vehicle; or

12                   (B) a vehicle warranted by its manufac-  
13                   turer to operate on biodiesel.

14          (6) LIGHT-DUTY MOTOR VEHICLE.—The term  
15          “light-duty motor vehicle” means, as defined in reg-  
16          ulations promulgated by the Administrator of the  
17          Environmental Protection Agency in effect on the  
18          date of enactment of this Act—

19                   (A) a light-duty truck; or

20                   (B) a light-duty vehicle.

21          (b) FUEL CHOICE FOR TRANSPORTATION.—

22                  (1) RULEMAKING.—Not later than 1 year after  
23                  the date of enactment of this Act, the Secretary of  
24                  Transportation shall issue regulations to carry out  
25                  the provisions of this subsection.

1           (2) SCHEDULE.—Not less than 50 percent of  
2 each light-duty motor vehicles manufacturer’s an-  
3 nual production of passenger cars manufactured on  
4 and after January 1, 2012, and before January 1,  
5 2013, and no less than 80 percent of each manufac-  
6 turer’s production of passenger cars manufactured  
7 on and after January 1, 2013 shall be fuel choice  
8 enabling motor vehicles or alternative fuel auto-  
9 mobiles.

10           (3) TEMPORARY EXEMPTION FROM REQUIRE-  
11 MENTS.—Upon application by a manufacturer, in  
12 such manner and containing such information as the  
13 Secretary shall prescribe in the regulations promul-  
14 gated under this section, the Secretary may at any  
15 time, under such terms and conditions and to such  
16 extent as the Secretary deems appropriate, tempo-  
17 rarily exempt or renew the exemption of a motor ve-  
18 hicle from the requirements of subsection (b) if the  
19 Secretary finds that there has been a disruption in  
20 the supply of any component required for compliance  
21 with the regulations, or a disruption in the use and  
22 installation by the manufacturer of such component  
23 due to unavoidable events not under the control of  
24 the manufacturer, that will prevent a manufacturer  
25 from meeting its anticipated production volume of

1 vehicles that meet the requirements of this sub-  
2 section. Each application for such exemption must  
3 be filed by the manufacturer affected, and must  
4 specify the models, lines, and types of vehicles actu-  
5 ally affected, although the Secretary may consolidate  
6 applications of a similar nature of 1 or more manu-  
7 facturers. Any exemption or renewal shall be condi-  
8 tioned upon the manufacturer's commitment to re-  
9 call the exempted vehicles for installation of omitted  
10 components within a reasonable time proposed by  
11 the manufacturer and approved by the Secretary  
12 after such components become available in sufficient  
13 quantities to satisfy both anticipated production and  
14 recall volume requirements. Notice of each applica-  
15 tion shall be published in the Federal Register and  
16 notice of each decision to grant or deny a temporary  
17 exemption, and the reasons for granting or denying  
18 it, shall be published in the Federal Register. The  
19 Secretary shall require labeling for each exempted  
20 motor vehicle which can only be removed after recall  
21 and installation of the required components. If a ve-  
22 hicle is delivered without the fuel choice capability  
23 required in this section, the Secretary shall require  
24 that written notification of the exemption be deliv-  
25 ered to the dealer and first purchasers for purposes

1 other than resale of such exempted motor vehicle in  
2 such a manner, and containing such information, as  
3 the Secretary deems appropriate.

4 **SEC. 212. FLEXIBLE FUEL VEHICLE ECONOMY CALCULA-**  
5 **TIONS.**

6 (a) IN GENERAL.—Section 32905 of title 49, United  
7 States Code, is amended—

8 (1) in subsections (b) and (d)—

9 (A) by amending paragraph (1) of each  
10 subsection to read as follows:

11 “(1) the number determined by—

12 “(A) subtracting from 1.0 the alternative  
13 fuel use factor for the model; and

14 “(B) dividing the difference calculated  
15 under subparagraph (A) by the fuel economy  
16 measured under section 32904(c) when oper-  
17 ating the model on gasoline or diesel fuel; and”;  
18 and

19 (B) by amending paragraph (2) of each  
20 subsection to read as follows:

21 “(2) the number determined by dividing the al-  
22 ternative fuel use factor for the model by the fuel  
23 economy measured under subsection (a) when oper-  
24 ating the model on alternative fuel.”; and

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

1       “(h) DETERMINATION OF ALTERNATIVE FUEL USE  
2 FACTOR.—

3           “(1) For purposes of subsections (b) and (d),  
4 the term ‘alternative fuel use factor’ means, for a  
5 model of automobile, the factor determined by the  
6 Administrator under this subsection.

7           “(2) At the beginning of each calendar year,  
8 the Secretary of Transportation shall estimate, by  
9 model, the aggregate amount of fuel and the aggregate  
10 amount of alternative fuel used to operate all  
11 dual fuel automobiles during the most recent 12-  
12 month period.

13           “(3) The Administrator shall determine, by reg-  
14 ulation, the alternative fuel use factor for each  
15 model of dual fuel automobile as the fraction that  
16 represents, on an energy equivalent basis, the ratio  
17 that the amount of alternative fuel determined under  
18 paragraph (2) bears to the amount of fuel deter-  
19 mined under paragraph (2).”.

20       (b) EFFECTIVE DATE.—The amendments made by  
21 this section shall take effect on January 1, 2008.

22       (c) APPLICABILITY OF EXISTING STANDARDS.—The  
23 amendments made by this section shall not affect the ap-  
24 plication of section 32901 of title 49, United States Code,  
25 to automobiles manufactured before model year 2008.

1     **TITLE III—FUEL CHOICES FOR**  
2                     **THE 21ST CENTURY**

3     **SEC. 301. FUEL CHOICE ACTION PLAN.**

4             (a) ACTION PLAN.—Not later than 1 year after the  
5 date of enactment of this Act, the Secretary of Energy  
6 shall transmit to the Congress an action plan detailing  
7 specific plans to ensure that—

8                     (1) not later than December 31, 2015, not less  
9             than 10 percent of the Nation’s total ground trans-  
10             portation fuel demand can be supplied by fuels de-  
11             rived from sources other than oil; and

12                    (2) not later than December 31, 2025, not less  
13             than 20 percent of the Nation’s total ground trans-  
14             portation fuel demand can be supplied by fuels de-  
15             rived from sources other than oil.

16             (b) FUELS.—The action plan may include plans for  
17 the use of fuels such as ethanol (derived from agricultural  
18 products, cellulosic bioproducts, or waste products), meth-  
19 anol, alternative diesel fuels, hydrogen, and electricity.  
20 The plan shall seek to the fullest extent practicable to  
21 meet the following goals:

22                    (1) Not less than 50 percent of the fuels will  
23             be derived from renewable resources.

24                    (2) Not less than 50 percent of the fuels shall  
25             be produced from domestic resources.

1 (c) RENEWABLE CONTENT IN TRANSPORTATION  
 2 FUELS.—Section 211(o) of the Clean Air Act (42 U.S.C.  
 3 7545(o)) is amended—

4 (1) in paragraph (2)(B)—

5 (A) in clause (i)—

6 (i) by striking “2012” and inserting  
 7 “2015” in the heading;

8 (ii) by striking “2012” and inserting  
 9 “2015”; and

10 (iii) by amending the table to read as  
 11 follows:

| <b>“Calendar year</b> | <b>Applicable volume of<br/>renewable fuel<br/>(in billions of gallons)</b> |
|-----------------------|---|
| 2006 .....            | 4.0   |
| 2007 .....            | 4.7   |
| 2008 .....            | 5.4   |
| 2009 .....            | 6.1   |
| 2010 .....            | 6.8   |
| 2011 .....            | 8.0   |
| 2012 .....            | 9.0   |
| 2013 .....            | 11.0  |
| 2014 .....            | 13.0  |
| 2015 .....            | 15.0”;  |

12 (B) in clause (ii)—

13 (i) by striking “2013” and inserting  
 14 “2016” in the heading;

15 (ii) by striking “2013” and inserting  
 16 “2016”; and

17 (iii) by striking “2012” and inserting  
 18 “2015”;

1 (C) in clause (iii), by striking “2013” and  
2 inserting “2016”; and

3 (D) in clause (iv)—

4 (i) by striking “2013” and inserting  
5 “2016”; and

6 (ii) by striking “2012” and inserting  
7 “2015”;

8 (2) in paragraph (3)(A), by striking “2011”  
9 and inserting “2014”;

10 (3) in paragraph (3)(B)(i), by striking “2012”  
11 and inserting “2015”; and

12 (4) in paragraph (6)(A), by striking “2012”  
13 and inserting “2015”.

14 **SEC. 302. ETHANOL ACTION PLAN.**

15 The Secretary of Energy shall complete an action  
16 plan to be delivered to Congress not later than 1 year after  
17 the date of enactment of this Act detailing specific plans  
18 to achieve a nationwide inclusion of not less than 10 per-  
19 cent ethanol in the ground transportation fuel supply by  
20 December 31, 2015. The plan shall seek to the fullest ex-  
21 tent practicable to require that not less than 75 percent  
22 of the total ethanol content be produced from renewable,  
23 domestic resources.

1 **SEC. 303. FUEL NEUTRALITY FOR ALTERNATIVE FUEL VE-**  
2 **HICLE REFUELING PROPERTY CREDIT.**

3 (a) **ELIGIBILITY FOR INFRASTRUCTURE CREDIT.**—  
4 Section 30C(c)(1) of the Internal Revenue Code of 1986  
5 is amended to read as follows:

6 “(1) **IN GENERAL.**—Except as provided in para-  
7 graph (2), the term ‘qualified alternative fuel vehicle  
8 refueling property’ has the meaning given to such  
9 term by section 179A(d), but only with respect to  
10 any alternative fuel (as defined in section 301 of the  
11 Energy Policy Act of 1992 (42 U.S.C. 13211) in-  
12 cluding Section 1346 of the Energy Policy Act of  
13 2005).”.

14 (b) **DURATION OF INFRASTRUCTURE CREDIT.**—Sec-  
15 tion 30C(g) such Code is amended to read as follows:

16 “(g) **TERMINATION.**—This section shall not apply to  
17 property placed in service after December 31, 2014.”.

18 (c) **EFFECTIVE DATE.**—The amendments made by  
19 this section shall apply to property placed in service after  
20 December 31, 2008.

21 **SEC. 304. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**  
22 **ERTY.**

23 (a) **INCREASE IN CREDIT.**—

24 (1) **IN GENERAL.**—Subsection (a) of section  
25 30C of the Internal Revenue Code of 1986 is

1 amended by striking “30 percent” and inserting “50  
2 percent”.

3 (2) EFFECTIVE DATE.—The amendment made  
4 by this subsection shall apply to property placed in  
5 service after December 31, 2006, in taxable years  
6 ending after such date.

7 (b) ALTERNATIVE FUEL RETAIL OUTLETS.—

8 (1) OWNER OR LESSOR.—For purposes of this  
9 subsection, the term “owner or lessor” means—

10 (A) a franchisor who owns, leases, or con-  
11 trols a retail gasoline outlet at which the  
12 franchisee is authorized or permitted, under the  
13 franchise agreement, to sell alternative fuel; and

14 (B) a refiner or distributor who owns,  
15 leases, or controls a retail gasoline outlet.

16 (2) REQUIREMENT.—Beginning in the year in  
17 which 10 percent or more of the registered vehicles  
18 in a county are capable of using a designated alter-  
19 native fuel, each owner or lessor of a retail gasoline  
20 outlet with 10 or more vehicle fuel pumps in that  
21 county shall offer such designated alternative fuel at  
22 not less than 10 percent of such pumps.

23 (3) COMPLIANCE.—An owner or lessor is in  
24 compliance with the requirement under paragraph  
25 (2) if the owner or lessor—

1 (A) provides alternative fuel at vehicle  
2 pumps owned or controlled by the owner or les-  
3 sor; or

4 (B) purchases credits from another owner  
5 or lessor who operates more than the minimum  
6 required number of alternative fuel pumps.

7 (4) PROJECTIONS.—Not later than July 1st of  
8 each year, the Secretary of Energy shall—

9 (A) identify the counties in which at least  
10 10 percent of the registered vehicles are ex-  
11 pected to be capable of using a designated alter-  
12 native fuel within the following 18-month pe-  
13 riod; and

14 (B) notify owners and lessors with retail  
15 gasoline outlets in the counties identified under  
16 subparagraph (A) of the alternative fuel pump  
17 requirement under this subsection.

18 (5) RULEMAKING.—The Secretary of Energy  
19 shall issue regulations to carry out the provisions of  
20 this subsection.

21 **SEC. 305. USE OF CAFÉ PENALTIES TO BUILD ALTERNATIVE**  
22 **FUELING INFRASTRUCTURE.**

23 Section 32912 of title 49, United States Code, is  
24 amended by adding at the end the following:

1       “(e) ALTERNATIVE FUELING INFRASTRUCTURE  
2 TRUST FUND.—(1) There is established in the Treasury  
3 of the United States a trust fund, to be known as the  
4 Alternative Fueling Infrastructure Trust Fund, consisting  
5 of such amounts as are deposited into the Trust Fund  
6 under paragraph (2) and any interest earned on invest-  
7 ment of amounts in the Trust Fund.

8       “(2) The Secretary of Transportation shall remit 90  
9 percent of the amount collected in civil penalties under  
10 this section to the Trust Fund.

11       “(3) The Secretary of Energy may obligate such  
12 sums as are available in the Trust Fund for the Clean  
13 Cities grant program to increase the number of locations  
14 at which consumers may purchase fuel containing ethanol,  
15 biodiesel, and other alternative fuels.”.

16 **SEC. 306. CELLULOSIC BIOMASS FUEL.**

17       Section 211(o)(2)(B)(iii) of the Clean Air Act (42  
18 U.S.C. 7545(o)(2)(B)(iii)) is amended to read as follows:

19                       “(iii) MINIMUM QUANTITY DERIVED  
20                       FROM CELLULOSIC BIOMASS.—

21                               “(I) CALENDAR YEARS 2008  
22                               THROUGH 2015.—For each of calendar  
23                               years 2008 through 2015, the applica-  
24                               ble volume referred to in clause (ii)  
25                               shall contain a minimum number of

1 gallons that are derived from cellulosic  
 2 biomass determined in accordance  
 3 with the following table:

| <b>“Calendar year:</b> | <b>Applicable minimum<br/>number of gallons derived<br/>from cellulosic biomass<br/>(in millions of gallons):</b> |
|------------------------|---|
| 2008 .....             | 30.0  |
| 2009 .....             | 45.0  |
| 2010 .....             | 75.0  |
| 2011 .....             | 120.0   |
| 2012 .....             | 180.0   |
| 2013 .....             | 250.0   |
| 2014 .....             | 500.0   |
| 2015 .....             | 1,000.0.  |

4 “(II) CALENDAR YEAR 2016 AND  
 5 THEREAFTER.—For calendar year  
 6 2016 and each calendar year there-  
 7 after, the applicable volume referred  
 8 to in clause (ii) shall contain a min-  
 9 imum number of gallons that are de-  
 10 rived from cellulosic biomass this is  
 11 equal to the product obtained by mul-  
 12 tipling—

13 “(aa) the applicable volume  
 14 referred to in clause (ii) for the  
 15 calendar year; and

16 “(bb) the ratio that  
 17 1,000,000,000 gallons of cel-  
 18 lulosic biomass bears to the ap-  
 19 plicable volume referred to in

1 clause (ii) for calendar year  
2 2015.

3 “(III) RATIO.—For calendar year  
4 2008 and each calendar year there-  
5 after, the 2.5-to-1 ratio referred to in  
6 paragraph (4) shall not apply.”.

7 **SEC. 307. PRODUCTION INCENTIVES FOR CELLULOSIC**  
8 **BIOFUELS.**

9 Section 942(f) of the Energy Policy Act of 2005 (42  
10 U.S.C. 16251(f)) is amended by striking “\$250,000,000”  
11 and inserting “\$200,000,000 for each of fiscal years 2007  
12 through 2011”.

13 **SEC. 308. TRANSIT-ORIENTED DEVELOPMENT CORRIDORS.**

14 (a) DEFINITIONS.—In this section:

15 (1) TRANSIT-ORIENTED DEVELOPMENT COR-  
16 RIDOR.—The term “Transit-Oriented Development  
17 Corridor” or “TODC” means a geographic area des-  
18 ignated by the Secretary under subsection (b).

19 (2) OTHER TERMS.—The terms “fixed guide  
20 way”, “local governmental authority”, “mass trans-  
21 portation”, “Secretary”, “State”, and “urbanized  
22 area” have the meanings given the terms in section  
23 5302 of title 49, United States Code.

24 (b) TRANSIT-ORIENTED DEVELOPMENT COR-  
25 RIDORS.—

1           (1) IN GENERAL.—The Secretary shall develop  
2           and carry out a program to designate geographic  
3           areas in urbanized areas as Transit-Oriented Devel-  
4           opment Corridors.

5           (2) CRITERIA.—An area designated as a TODC  
6           under paragraph (1) shall include rights-of-way for  
7           fixed guide way mass transportation facilities (in-  
8           cluding commercial development of facilities that  
9           have a physical and functional connection with each  
10          facility).

11          (3) NUMBER OF TODCS.—In consultation with  
12          State transportation departments and metropolitan  
13          planning organizations, the Secretary shall des-  
14          ignate—

15                 (A) not fewer than 10 TODCs by Decem-  
16                 ber 31, 2015; and

17                 (B) not fewer than 20 TODCs by Decem-  
18                 ber 31, 2025.

19          (4) TRANSIT GRANTS.—

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

1           (B) APPLICATION.—Each eligible State or  
2           local governmental authority that desires to re-  
3           ceive a grant under this paragraph shall submit  
4           an application to the Secretary, at such time, in  
5           such manner, and accompanied by such addi-  
6           tional information as the Secretary may reason-  
7           ably require.

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

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

15          (e) TODC RESEARCH AND DEVELOPMENT.—To sup-  
16          port effective deployment of grants and incentives under  
17          this section, the Secretary shall establish a TODC re-  
18          search and development program to conduct research on  
19          the best practices and performance criteria for TODCs.

20          (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
21          authorized to be appropriated to carry out this section  
22          \$50,000,000 for each of fiscal years 2008 through 2012.

1 **SEC. 309. SAVING OIL BY REDUCING MILES-OF-TRAVEL:**  
2 **PILOT PROJECTS.**

3 (a) IN GENERAL.—The Secretary of Transportation  
4 (in this section referred to as the “Secretary”) shall de-  
5 velop and implement pilot projects the purpose of which  
6 is to reduce vehicle miles traveled.

7 (b) HIGHWAY CONGESTION TOLLING EVALUATION  
8 STUDY.—The Secretary shall carry out evaluation projects  
9 in no less than 6 metropolitan areas selected by the Sec-  
10 retary to determine how technology can best be applied  
11 to assess mileage-based road user charges on major high-  
12 ways at peak-commuting times for the purposes of—

- 13 (1) reducing oil usage;  
14 (2) lessening highway congestion; and  
15 (3) expanding travel alternatives.

16 (c) PARKING CASH-OUT EVALUATION PROJECT.—

17 (1) IN GENERAL.—The Secretary shall carry  
18 out a national evaluation pilot project to assess how  
19 offering commuters the option to receive the cash  
20 value of their workplace parking place, if any, in-  
21 stead of free parking can—

- 22 (A) reduce oil usage;  
23 (B) lessen highway congestion; and  
24 (C) expand travel alternatives.

25 (2) EMPLOYER REQUIREMENT.—Under the  
26 evaluation pilot project, any employer that is partici-



1           (2) varying vehicle lease fees based on vehicle-  
2 miles of travel;

3           (3) varying vehicle rental rates based on vehi-  
4 cle-miles of travel; and

5           (4) other such costs which could be linked to  
6 vehicle-miles of travel in order to provide incentives  
7 to reduce driving.

8           (c) REPORT.—The Secretary shall submit to Con-  
9 gress and publish on the Department of Transportation  
10 web site at least one research product per year.

11          (d) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated to carry out this section  
13 \$2,000,000 for each of fiscal years 2008 through 2017.

14 **SEC. 311. BIOFUELS.**

15          (a) ENERGY POLICY ACT OF 2005 AMENDMENTS.—  
16 The Energy Policy Act of 2005 is amended—

17           (1) in section 208(c)(2)(A) by striking “be lim-  
18 ited to sugar producers and the production of eth-  
19 anol in the States of Florida, Louisiana, Texas, and  
20 Hawaii, divided equally among the States,”;

21           (2) in section 932(a)(1)(C)(ii) by striking “, but  
22 not including municipal solid waste, gas derived  
23 from the biodegradation of municipal solid waste, or  
24 paper that is commonly recycled”;

1           (3) in section 946(c)(1) by striking “ethanol”  
2           and inserting “transportation fuel produced from  
3           biomass”;

4           (4) in section 1510(b) by striking “fuel eth-  
5           anol” and inserting “transportation fuel produced  
6           from biomass,” and

7           (5) in section 1514(c)(1)(A) by striking “bio-  
8           mass ethanol” and inserting “transportation fuel  
9           produced from biomass”.

10          (b) INTERNAL REVENUE CODE OF 1986 AMEND-  
11          MENT.—

12           (1) AMENDMENT.—Section 30C(e)(1)(A) of the  
13          Internal Revenue Code of 1986 is amended by strik-  
14          ing “one or more of the following: ethanol, natural  
15          gas, compressed natural gas, liquefied natural gas,  
16          liquefied petroleum gas, or hydrogen” and inserting  
17          “an alternative fuel (as defined in section 301 of the  
18          Energy Policy Act of 1992 (42 U.S.C. 13211)), in-  
19          cluding section 1346 of the Energy Policy Act of  
20          2005”.

21           (2) EFFECT.—The amendment made by para-  
22          graph (1) shall take effect as if enacted by section  
23          1342 of the Energy Policy Act of 2005.

24          (c) CLEAN AIR ACT AMENDMENTS.—The Clean Air  
25          Act is amended—

1 (1) in section 212 (42 U.S.C. 7546)—

2 (A) by adding at the end of subsection (a)  
3 the following new paragraph:

4 “(4) BIOFUEL.—The term ‘biofuel’ means any  
5 transportation fuel produced from biomass.”; and

6 (B) by striking “ethanol” each place it ap-  
7 pears and inserting “biofuel”; and

8 (2) in section 211(r) (42 U.S.C. 7545(r)) by  
9 striking “ethanol” each place it appears and insert-  
10 ing “biofuel”.

## 11 **TITLE IV—ELECTRICITY FOR** 12 **TRANSPORTATION**

### 13 **SEC. 401. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.**

14 (a) PURPOSES.—The purposes of this section are to  
15 enhance the energy security of the United States, reduce  
16 dependence on imported oil, improve the energy efficiency  
17 of the transportation sector, and reduce emissions through  
18 the expansion of grid supported mobility, through pro-  
19 grams to—

20 (1) develop, in partnership with industry, re-  
21 search institutions, National Laboratories, and insti-  
22 tutions of higher education, projects to foster—

23 (A) the commercialization of electric drive  
24 vehicle technology for various sizes and applica-  
25 tions of vehicles, including commercialization of

1 plug-in hybrid electric vehicles and plug-in hy-  
2 brid fuel cell vehicles;

3 (B) growth in employment in the United  
4 States in electric drive design and manufac-  
5 turing of components and vehicles;

6 (C) validation of the potential for plug-in  
7 hybrid vehicles through fleet demonstrations  
8 and data collection; and

9 (D) acceleration of fuel cell commercializa-  
10 tion through comprehensive development and  
11 commercialization of the electric drive tech-  
12 nology systems that are the foundational tech-  
13 nology of the fuel cell vehicle system;

14 (2) make critical public investments to help pri-  
15 vate industry, institutions of higher education, Na-  
16 tional Laboratories, and research institutions to ex-  
17 pand innovation, industrial growth, and jobs in the  
18 United States through the development, demonstra-  
19 tion, and commercialization of a wide range of elec-  
20 tric drive components, systems, and vehicles using  
21 diverse electric drive transportation technologies;

22 (3) optimize the availability of the existing elec-  
23 tric infrastructure for use in fueling light duty  
24 transportation and other on-road and nonroad vehi-  
25 cles in lieu of vehicles and equipment that use petro-

1 leum, including the more than 3,000,000 reported  
2 units (such as electric forklifts, golf carts, and simi-  
3 lar nonroad vehicles) in use on the date of enact-  
4 ment of this Act; and

5 (4) develop advanced communication, metering  
6 and charging technologies necessary for the integra-  
7 tion of electric drive transportation technology into  
8 the smart grid of the future.

9 (b) DEFINITIONS.—In this section:

10 (1) ADMINISTRATOR.—The term “Adminis-  
11 trator” means the Administrator of the Environ-  
12 mental Protection Agency.

13 (2) BATTERY.—The term “battery” means an  
14 electrochemical energy storage device used in an on-  
15 road or nonroad vehicle powered in whole or in part  
16 using an off-board or on-board source of electricity.

17 (3) ELECTRIC DRIVE TRANSPORTATION TECH-  
18 NOLOGY.—The term “electric drive transportation  
19 technology” means—

20 (A) vehicles that use an electric motor for  
21 all or part of their motive power and that may  
22 or may not use off-board electricity, including  
23 battery electric vehicles, fuel cell vehicles, en-  
24 gine dominant hybrid electric vehicles, plug-in

1 hybrid electric vehicles, plug-in hybrid fuel cell  
2 vehicles, and electric rail; or

3 (B) equipment relating to transportation  
4 or mobile sources of air pollution that use an  
5 electric motor to replace an internal combustion  
6 engine for all or part of the work of the equip-  
7 ment, including corded electric equipment  
8 linked to transportation or mobile sources of air  
9 pollution, and electrification technologies at air-  
10 ports, ports, truck stops, and material handling  
11 facilities.

12 (4) ENGINE DOMINANT HYBRID ELECTRIC VE-  
13 HICLE.—The term “engine dominant hybrid electric  
14 vehicle” means an on-road or nonroad vehicle that—

15 (A) is propelled by an internal combustion  
16 engine or heat engine using—

17 (i) any combustible fuel;

18 (ii) an on-board, rechargeable storage  
19 device; and

20 (B) has no means of using an off-board  
21 source of electricity.

22 (5) FUEL CELL VEHICLE.—The term “fuel cell  
23 vehicle” means an on-road or nonroad vehicle that  
24 uses a fuel cell (as defined in section 3 of the Spark

1 M. Matsunaga Hydrogen Research, Development,  
2 and Demonstration Act of 1990).

3 (6) INSTITUTION OF HIGHER EDUCATION.—The  
4 term “institution of higher education” has the  
5 meaning given the term in section 2 of the Energy  
6 Policy Act of 2005 (42 U.S.C. 15801).

7 (7) NONROAD VEHICLE.—The term “nonroad  
8 vehicle” means a vehicle that is powered by a  
9 nonroad engine, as that term is defined in section  
10 216 of the Clean Air Act (42 U.S.C. 7550), or fully  
11 or partially by an electric motor powered by a fuel  
12 cell, a battery, or an off-board source of electricity  
13 and that is not a motor vehicle or a vehicle used  
14 solely for competition.

15 (8) PLUG-IN HYBRID ELECTRIC VEHICLE.—The  
16 term “plug-in hybrid electric vehicle” means a light-  
17 duty, medium-duty, or heavy-duty on-road or  
18 nonroad vehicle that is propelled by an internal com-  
19 bustion engine or heat engine and/or an electric  
20 motor and energy storage system using—

21 (A) any combustible fuel;

22 (B) an on-board, rechargeable storage de-  
23 vice; and

1           (C) a means of using an off-board source  
2 of electricity to operate the vehicle in intermit-  
3 tent or continuous all-electric mode.

4           (9) PLUG-IN HYBRID FUEL CELL VEHICLE.—  
5 The term “plug-in hybrid fuel cell vehicle” means a  
6 fuel cell vehicle with an on-board, rechargeable stor-  
7 age device powered by an off-board source of elec-  
8 tricity.

9           (10) SECRETARY.—The term “Secretary”  
10 means the Secretary of Energy.

11       (c) ELECTRIC DRIVE TRANSPORTATION PROGRAM.—

12           (1) RESEARCH AND DEVELOPMENT.—The Sec-  
13 retary shall conduct a program of research, develop-  
14 ment, demonstration, and commercial application for  
15 electric drive transportation technology, including—

16           (A) high capacity, high efficiency batteries  
17 that have improved battery life, energy storage  
18 capacity and power delivery capacity when com-  
19 pared to technology that is in commercial serv-  
20 ice;

21           (B) high efficiency on-board and off-board  
22 charging components;

23           (C) high power and energy efficient drive  
24 train systems for passenger and commercial ve-  
25 hicles and for nonroad vehicles;

1 (D) control system development and power  
2 train development and integration for plug-in  
3 hybrid electric vehicles, plug-in hybrid fuel cell  
4 vehicles, and engine dominant hybrid electric  
5 vehicles, including—

6 (i) development of efficient cooling  
7 systems;

8 (ii) analysis and development of con-  
9 trol systems that minimize the emissions  
10 profile when clean diesel engines are part  
11 of a plug-in hybrid drive system; and

12 (iii) development of different control  
13 systems that optimize for different goals,  
14 including battery life, reduction of petro-  
15 leum consumption, and greenhouse gas re-  
16 duction;

17 (E) nanomaterial technology applied to  
18 both battery and fuel cell systems; and

19 (F) smart vehicle and grid interconnection  
20 devices and software that enable communica-  
21 tions between the grid of the future and electric  
22 drive vehicles

23 (2) MARKET ASSESSMENT AND ELECTRICITY  
24 USAGE.—The Secretary, in consultation with the Ad-

1        administrator and with industry, shall implement a  
2        program to—

3                (A) understand and inventory existing elec-  
4                tric drive technologies and markets;

5                (B) identify and implement methods of re-  
6                moving barriers for existing and emerging ap-  
7                plications of electric drive transportation tech-  
8                nologies;

9                (C) work with utilities to develop low-cost,  
10               simple methods of utilizing off-peak electricity  
11               or managing any on-peak electricity use;

12               (D) develop systems and processes to en-  
13               able plug-in hybrid vehicles to enhance the  
14               availability of emergency back-up power for  
15               consumers and study and demonstrate the po-  
16               tential value to the grid to utilize the energy  
17               stored in the on-board storage systems to im-  
18               prove the efficiency and reliability of the grid  
19               generation system; and

20               (E) work with utilities and other interested  
21               stakeholders to study and demonstration the  
22               linkages and implications of the introduction of  
23               plug-in hybrids and other types of electric  
24               transportation and the production of electricity  
25               from renewable resources.

1           (3) GRANTS TO ENCOURAGE OFF-PEAK ELEC-  
2           TRICITY USAGE.—The Secretary shall award grants  
3           to partially fund public and private electric utility  
4           programs and technologies that encourage owners of  
5           electric drive transportation technologies to use off-  
6           peak electricity or have the load managed by the  
7           utility.

8           (4) PLUG-IN HYBRID ELECTRIC VEHICLE AND  
9           ELECTRIC DRIVE TRANSPORTATION TESTING AND  
10          CERTIFICATION.—

11           (A) IN GENERAL.—For purposes of ena-  
12          bling the introduction of plug-in hybrid electric  
13          vehicles and electric drive transportation tech-  
14          nology into commercial use, the Secretary shall  
15          develop, in collaboration with industry and in  
16          consultation with the Administrator, a program  
17          to test the emissions of criteria pollutants, en-  
18          ergy use and the petroleum reduction potential  
19          of light-, medium-, and heavy-duty plug-in hy-  
20          brid electric vehicles and other forms of electric  
21          drive transportation in both actual driving and  
22          test conditions. The Secretary shall also cooper-  
23          ate with the Administrator in the development  
24          of the program described in subparagraph (B)  
25          to establish certification standards for light-,

1 medium- and heavy-duty plug-in hybrid electric  
2 vehicles.

3 (B) TESTING PROGRAM.—The testing pro-  
4 gram shall consider the results of prior testing  
5 activities of the public and private sectors, and  
6 shall utilize the capabilities of the Department  
7 of Energy’s Field Operations Program and  
8 Qualified Vehicle Testing Sites. Test procedures  
9 shall include consideration of—

10 (i) the vehicle and fuel as a system,  
11 not just an engine;

12 (ii) nightly off-board charging; and

13 (iii) different engine-turn on speed  
14 control strategies.

15 (C) CERTIFICATION PROGRAM.—Within 6  
16 months of the date of enactment of this section,  
17 the Administrator shall develop a task force in-  
18 cluding vehicle manufacturers, environmental  
19 organizations, utilities, fleet operators, research  
20 organizations and representatives of Federal  
21 agencies, including the Department of Trans-  
22 portation and the Department of Energy, to  
23 consider the establishment of minimum certifi-  
24 cation standards for plug-in hybrid electric vehi-  
25 cles.

1 (D) DUTIES.—The task force established  
2 under subparagraph (C) shall—

3 (i) identify critical path issues in the  
4 establishment of a certification protocol;

5 (ii) identify criteria for the establish-  
6 ment of a plug-in hybrid certification pro-  
7 tocol that would be applicable to various  
8 plug-in hybrid vehicle technologies and ap-  
9 plications and vehicle control strategies;

10 (iii) evaluate test data available from  
11 hybrid vehicle test programs and fuel econ-  
12 omy analysis;

13 (iv) work with the Administrator to  
14 develop guidelines to permit the emissions  
15 reductions attributable to the use of plug-  
16 in hybrid vehicles to be recognized for pur-  
17 poses of State Implementation Plans; and

18 (iv) recommend a certification pro-  
19 tocol for certifying the emissions, fuel  
20 economy and petroleum usage of plug-in  
21 hybrid vehicles.

22 (E) PUBLIC COMMENT.—Within 18  
23 months of the date of enactment of this section,  
24 the Administrator shall publish the rec-

1           ommended certification protocol for public com-  
2           ment.

3           (F) FINAL PROTOCOL.—Not later than two  
4           years after the date of enactment of this sec-  
5           tion, the Administrator shall publish a final cer-  
6           tification protocol for plug-in hybrid vehicles.

7           (5) CITY CARS.—Not later than 1 year after the  
8           date of enactment of this section, the Secretary, in  
9           consultation with the Secretary of Transportation,  
10          shall study and report to Congress on the benefits,  
11          including petroleum savings, of and barriers to the  
12          widespread deployment of a potentially new class of  
13          vehicles known as city cars with performance capa-  
14          bility that exceeds that of low speed vehicles but is  
15          less than that of passenger vehicles, and which may  
16          be battery electric, fuel cell electric, or plug-in hy-  
17          brid electric vehicles. Such study shall examine and  
18          recommend appropriate safety requirements for such  
19          vehicles based on patterns of usage.

20          (d) PLUG-IN HYBRID ELECTRIC VEHICLE DEM-  
21          ONSTRATION PROGRAM.—

22                (1) ESTABLISHMENT.—The Secretary shall es-  
23                tablish a competitive demonstration program to pro-  
24                vide grants on a cost-shared basis to State govern-  
25                ments, local governments, metropolitan transpor-

1 tation authorities, air pollution control districts, pri-  
2 vate or nonprofit entities or combinations thereof, to  
3 carry out a project or projects for demonstration of  
4 plug-in hybrid electric vehicles

5 (2) ADMINISTRATION.—The Secretary shall es-  
6 tablish requirements for applications for grants  
7 under this section. The Secretary shall require, at a  
8 minimum, that applicants describe how data will be  
9 collected and summarized for dissemination to the  
10 Department, other grantees and the public, on—

11 (A) vehicle and component performance,  
12 including performance of the battery, energy  
13 management, and charging systems, under var-  
14 ious driving speeds, trip ranges, traffic and  
15 other driving conditions;

16 (B) vehicle and component costs, including  
17 acquisition, operating and maintenance costs;

18 (C) vehicle emissions, including emissions  
19 of greenhouse gases; and

20 (D) petroleum displacement as a result of  
21 the project.

22 (3) SOLICITATION.—Not later than 180 days  
23 after the date of enactment of this section, the Sec-  
24 retary shall solicit proposals to demonstrate plug-in  
25 hybrid electric vehicles. Thereafter, the Secretary

1 shall make annual solicitations for proposals to carry  
2 out this section.

3 (4) SELECTION CRITERIA.—

4 (A) PRIORITY.—When making awards  
5 under this subsection, the Secretary shall con-  
6 sider each applicant’s previous experience in-  
7 volving plug-in hybrid electric vehicles and shall  
8 give priority consideration to applications  
9 that—

10 (i) demonstrate a path to commer-  
11 cialization for the vehicles demonstrated;

12 (ii) demonstrate technologies that op-  
13 timize the performance of the vehicle in  
14 terms of miles per gallon and emission re-  
15 duction in urban and suburban environ-  
16 ments; or

17 (iii) are likely to make a significant  
18 contribution to the advancement of the  
19 technology and production in the United  
20 States.

21 (B) SCOPE OF DEMONSTRATIONS.—When  
22 making awards under this subsection, the Sec-  
23 retary shall ensure that the program will—

24 (i) demonstrate the operation of plug-  
25 in hybrid vehicles under various driving

1 speeds, trip ranges, driving conditions, cli-  
2 mate conditions and topography conditions;

3 (ii) demonstrate light-, medium- and  
4 heavy-duty vehicles with a variety of bat-  
5 tery and engine-turn-on control systems;

6 (iii) demonstrate plug-in hybrid vehi-  
7 cles in a variety of applications including  
8 military applications, mass market pas-  
9 senger and light-duty truck applications,  
10 and fleet applications;

11 (iv) demonstrate vehicles from original  
12 equipment manufacturers, Tier One sup-  
13 pliers, or other entities capable of achiev-  
14 ing commercialization of the technology;  
15 and

16 (v) provide an opportunity for innova-  
17 tion and creativity from small and break-  
18 through technology companies.

19 (5) OTHER REQUIREMENTS.—

20 (A) CONTINUING ELIGIBILITY.—An appli-  
21 cant that has received a grant in one year may  
22 apply for additional funds in subsequent years,  
23 but the Secretary shall not provide more than  
24 an aggregate of \$20,000,000 in Federal assist-

1           ance under the program to any applicant for  
2           fiscal years 2008 through 2013.

3           (B) INFORMATION.—The Secretary shall  
4           establish mechanisms to ensure that nonpropri-  
5           etary information, test data, specifications, and  
6           knowledge gained by participants in the pro-  
7           gram are shared among the program partici-  
8           pants and available to other interested parties,  
9           including other applicants.

10          (e) EDUCATION PROGRAM.—The Secretary shall de-  
11         velop a nationwide education strategy for electric drive  
12         transportation technologies providing secondary and high  
13         school teaching materials and support for education of-  
14         fered by institutions of higher education that is focused  
15         on electric drive system and component engineering, in-  
16         cluding—

17                 (1) the Plug-In Hybrid Electric Vehicle com-  
18                 petition for institutions of higher education to be  
19                 named in honor of the pioneering work of Dr. An-  
20                 drew Frank; and

21                 (2) a program to award funds to institutions of  
22                 higher education to create or support degree pro-  
23                 grams to ensure the availability of trained electrical  
24                 and mechanical engineers with the skills necessary

1 for the advancement of plug-in hybrid electric vehi-  
2 cles and other forms of electric-drive transportation.

3 (f) NEAR-TERM ELECTRIC TRANSPORTATION DE-  
4 PLOYMENT PROGRAM.—

5 (1) IN GENERAL.—Not later than 1 year after  
6 the date of enactment of this section, after consulta-  
7 tion with the Secretary and the Secretary of Trans-  
8 portation, the Administrator shall establish a pro-  
9 gram of grants and loans to deploy qualified electric  
10 transportation that can reduce petroleum use, green-  
11 house gas emissions and criteria pollutants by 40  
12 percent or more when compared to commercially  
13 available, nonelectric technologies.

14 (2) DEFINITION.—For purposes of this sub-  
15 section, the term “qualified electric transportation  
16 project” includes ship-to-shore electrification, truck  
17 stop electrification, electric truck refrigeration units;  
18 electric airport ground support equipment, electric  
19 material handling equipment, electric or dual mode  
20 electric freight rail, and associated infrastructure,  
21 including, but not limited to, panel upgrades, battery  
22 chargers, and trenching.

23 (3) GRANTS.—Two thirds of the funds made  
24 available by the Administrator for grants to qualified  
25 electric transportation projects shall be allocated

1 competitively based on the overall cost-effectiveness  
2 of the project in reducing emissions of criteria pol-  
3 lutants, emissions of greenhouse gases, and petro-  
4 leum usage. One-third of the grant funds made  
5 available shall be awarded to projects as applications  
6 are received as long as the projects meet the min-  
7 imum standard for the reduction of 40 percent in  
8 emissions of criteria pollutants, emissions of green-  
9 house gases and petroleum usage. Large scale  
10 projects and large scale aggregators of projects are  
11 encouraged.

12 (4) LOANS.—The Administrator shall establish  
13 a revolving loan program to provide loans for quali-  
14 fied electric transportation projects. Of funds appro-  
15 priated to carry out the purposes of this subsection,  
16 amounts not utilized for grants under paragraph (3)  
17 shall be used to fund the loan program. The Admin-  
18 istrator shall establish criteria for loans under this  
19 paragraph.

20 (g) TRANSITION TO FUEL AND TECHNOLOGY NEU-  
21 TRAL REGULATIONS.—

22 (1) FINDINGS.—

23 (A) Congress finds that in light of ad-  
24 vances in automotive engine technologies since  
25 the passage of the Clean Air Act, it is necessary

1 to modify the control of mobile source emissions  
2 pursuant to the Clean Air Act to establish fuel  
3 and technology neutral mobile source emissions  
4 control programs.

5 (B) Congress finds that replacement of  
6 current emissions control requirements with a  
7 market-based program that encourages the use  
8 of the most fuel efficient and environmentally  
9 benign vehicles will provide opportunities for all  
10 vehicle types, including vehicles with spark-ig-  
11 nited engines, compression-ignited engines,  
12 other engine types, dual fueled vehicles, flexible  
13 fuel vehicles, fuel cell electric vehicles, battery  
14 electric vehicles, plug-in hybrid electric vehicles,  
15 corded electric vehicle equipment and other  
16 electric propulsion technologies.

17 (2) REPORTS.—Within 1 year of the date of en-  
18 actment of this section, the Administrator shall re-  
19 port to Congress on all of the fuel and technology-  
20 specific definitions in Federal environmental law and  
21 regulations and recommend how such definitions  
22 might be changed to be fuel and technology neutral.  
23 Within 18 months of the date of enactment of this  
24 section, the Administrator shall report to Congress  
25 on how petroleum reductions, emissions reductions,

1 and reductions in full fuel cycle criteria pollutants  
2 could be incorporated into the fuel and technology  
3 neutral emissions reduction program required under  
4 paragraph (3).

5 (3) RULEMAKING.—After providing the report  
6 required under paragraph (2), the Administrator  
7 shall, within 2 years of the date of enactment of this  
8 section, adopt final rules to implement a fuel and  
9 technology neutral program to reduce tailpipe and  
10 evaporative emissions of criteria pollutants from mo-  
11 bile sources. Such program shall take effect not later  
12 than 10 years after the date of enactment of this  
13 section.

14 (4) DEFINITION.—For purposes of this sub-  
15 section, “fuel and technology neutral mobile source  
16 emissions control programs” means programs that  
17 contain minimum standards for emissions of criteria  
18 pollutants from mobile sources and a credit-based  
19 compliance mechanism for manufacturers that in-  
20 cludes averaging, banking and trading of credits for  
21 exceeding the minimum standard.

22 (h) COST SHARING.—Notwithstanding section 988(c)  
23 of the Energy Policy Act of 2005 (42 U.S.C. 16352), the  
24 Secretary shall reduce to 30 percent the non-Federal cost

1 share required from local and municipal governments par-  
2 ticipating in the programs authorized in this section.

3 (i) MERIT REVIEW.—Notwithstanding section 989 of  
4 the Energy Policy Act of 2005 (42 U.S.C. 16353), not  
5 more than 30 percent of the total funding awarded under  
6 this section shall be directly awarded to National Labora-  
7 tories, not more than 10 percent of the total funding  
8 awarded under this section shall be awarded, directly or  
9 indirectly, to projects for the development. or demonstra-  
10 tion of fuel cell vehicles or plug-in hybrid fuel cell vehicles,  
11 not more than 30 percent of the total funding awarded  
12 under subsection (f) shall be awarded, directly or indi-  
13 rectly, to ship-to-shore-electrification projects, and not  
14 more than 5 percent of the total funding awarded under  
15 this section shall be awarded, directly or indirectly, to  
16 projects for the development or demonstration of electric  
17 rail or magnetic levitation trains.

18 (j) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated to carry out the pro-  
20 grams under subsections (c) and (e) \$110,000,000 for  
21 each of fiscal years 2008 through 2013. There are author-  
22 ized to be appropriated to carry out the program under  
23 subsection (d) \$60,000,000 for each of fiscal years 2008  
24 through 2012, of which \$20,000,000 shall be available  
25 only for award to local and municipal governments. There

1 are authorized to be appropriated to carry out the pro-  
2 grams under subsections (f) and (g) \$125,000,000 for  
3 each of fiscal years 2008 through 2013.

4 **SEC. 402. AMENDMENTS TO ALTERNATIVE MOTOR VEHICLE**  
5 **CREDIT.**

6 (a) 2002 MODEL YEAR CITY FUEL ECONOMY.—Sec-  
7 tion 30B(c)(2)(A)(ii) of Subpart B of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of  
9 1986 is amended to read as follows:

10 “(ii) 2002 MODEL YEAR CITY FUEL  
11 ECONOMY.—For purposes of this section,  
12 the 2002 model year city fuel economy  
13 with respect to a vehicle shall be deter-  
14 mined on a gasoline equivalent basis as de-  
15 termined by the Administrator of the Envi-  
16 ronmental Protection Agency using the ta-  
17 bles provided in subsection (b)(2)(B) with  
18 respect to such vehicle, except that for pur-  
19 poses of subsection (d)(2)(A)(i) city fuel  
20 economy must not include fuel economy in-  
21 creases resulting from off-vehicle sources  
22 of electricity.”.

23 (b) NEW QUALIFIED HYBRID MOTOR VEHICLE  
24 CREDIT.—Section 30B(d) of Subpart B of Part IV of sub-

1 chapter A of chapter 1 of the Internal Revenue Code of  
2 1986 is amended to read as follows:

3 “(d) NEW QUALIFIED HYBRID MOTOR VEHICLE  
4 CREDIT.—

5 “(1) IN GENERAL.—For purposes of subsection  
6 (a), the new qualified hybrid motor vehicle credit de-  
7 termined under this subsection for the taxable year  
8 is the credit amount determined under paragraph  
9 (2) with respect to a new qualified hybrid motor ve-  
10 hicle placed in service by the taxpayer during the  
11 taxable year.

12 “(2) CREDIT AMOUNT.—

13 “(A) CREDIT AMOUNT FOR PASSENGER  
14 AUTOMOBILES AND LIGHT TRUCKS.—

15 “(i) in the case of a new qualified hy-  
16 brid motor vehicle which is a passenger  
17 automobile or light truck and which has a  
18 gross vehicle weight rating of not more  
19 than 8,500 pounds, the amount determined  
20 under this paragraph is the sum of the  
21 amounts determined under clauses (ii),  
22 (iii), and (iv).

23 “(ii) FUEL ECONOMY.—The amount  
24 determined under this clause is the amount  
25 which would be determined under sub-

1 section (c)(2)(A) if such vehicle were a ve-  
2 hicle referred to in such subsection.

3 “(iii) CONSERVATION CREDIT.—The  
4 amount determined under this clause is the  
5 amount which would be determined under  
6 subsection (c)(2)(B) if such vehicle were a  
7 vehicle referred to in such subsection.

8 “(iv) INCREASE FOR BATTERY-POW-  
9 ERED RANGE FROM OFF-VEHICLE ELEC-  
10 TRICITY.—The amount determined under  
11 this clause in 2009 to 2015 as follows:

12 “(I) \$800 if such vehicle uses a  
13 4 kWh traction battery.

14 “(II) \$1200 if such vehicle uses a  
15 5 kWh traction battery.

16 “(III) \$1600 if such vehicle uses  
17 a 6 kWh traction battery.

18 “(IV) \$2000 if such vehicle uses  
19 a 7 kWh traction battery.

20 “(V) \$2400 if such vehicle uses a  
21 8 kWh traction battery.

22 “(VI) \$2800 if such vehicle uses  
23 a 9 kWh traction battery.

24 “(VII) \$3000 if such vehicle uses  
25 a 10 kWh traction battery.

1                   “(VIII) \$3200 if such vehicle  
2                   uses a 11 kWh traction battery.

3                   “(IX) \$3400 if such vehicle uses  
4                   a 12 kWh traction battery.

5                   “(X) \$3800 if such vehicle uses a  
6                   13 kWh traction battery.

7                   “(XI) \$4000 if such vehicle uses  
8                   a 14 kWh traction battery.

9                   “(XII) \$4200 if such vehicle uses  
10                  a 15 kWh traction battery.

11                  “(B) CREDIT AMOUNT FOR OTHER MOTOR  
12                  VEHICLES.—

13                   “(i) IN GENERAL.—In the case of any  
14                   new qualified hybrid motor vehicle to which  
15                   subparagraph (A) does not apply, the  
16                   amount determined under this paragraph  
17                   is the amount equal to the applicable per-  
18                   centage of the qualified incremental hybrid  
19                   cost of the vehicle as certified under clause  
20                   (v).

21                   “(ii) APPLICABLE PERCENTAGE.—For  
22                   purposes of clause (i), the applicable per-  
23                   centage is—

24                   “(I) 20 percent if the vehicle  
25                   achieves an increase in city fuel econ-

1           omy relative to a comparable vehicle  
2           of at least 30 percent but less than 40  
3           percent,

4                   “(II) 30 percent if the vehicle  
5           achieves such an increase of at least  
6           40 percent but less than 50 percent,

7                   “(III) 40 percent if the vehicle  
8           achieves such an increase of at least  
9           50 percent, and

10                   “(IV) 40 percent for a plug-in  
11           hybrid electric vehicle that can use  
12           off-board electricity to recharge an en-  
13           ergy storage device capable of ten (or  
14           greater) miles of all electric range.

15           More than 40 percent shall be granted if  
16           the all electric range is greater than 10  
17           miles, as determined by the Administrator  
18           of the Environmental Protection Agency.

19                   “(iii) QUALIFIED INCREMENTAL HY-  
20           BRID COST.—For purposes of this subpara-  
21           graph, the qualified incremental hybrid  
22           cost of any vehicle is equal to the amount  
23           of the excess of the manufacturer’s sug-  
24           gested retail price for such vehicle over

1 such price for a comparable vehicle, to the  
2 extent such amount does not exceed—

3 “(I) \$7,500, if such vehicle has a  
4 gross vehicle weight rating of not  
5 more than 14,000 pounds,

6 “(II) \$15,000, if such vehicle has  
7 a gross vehicle weight rating of more  
8 than 14,000 pounds but not more  
9 than 26,000 pounds, and

10 “(III) \$30,000, if such vehicle  
11 has a gross vehicle weight rating of  
12 more than 26,000 pounds.

13 “(iv) COMPARABLE VEHICLE.—For  
14 purposes of this subparagraph, the term  
15 ‘comparable vehicle’ means, with respect to  
16 any new qualified hybrid motor vehicle,  
17 any vehicle which is powered solely by a  
18 gasoline or diesel internal combustion en-  
19 gine and which is comparable in weight,  
20 size, and use to such vehicle.

21 “(v) CERTIFICATION.—A certification  
22 described in clause (i) shall be made by the  
23 manufacturer and shall be determined in  
24 accordance with guidance prescribed by the  
25 Secretary. Such guidance shall specify pro-

1           cedures and methods for calculating fuel  
2           economy savings and incremental hybrid  
3           costs.

4           “(3) NEW QUALIFIED HYBRID MOTOR VEHI-  
5           CLE.—For purposes of this subsection—

6           “(A) IN GENERAL.—The term ‘new quali-  
7           fied hybrid motor vehicle’ means a motor vehi-  
8           cle—

9           “(i) which draws propulsion energy  
10          from onboard sources of stored energy  
11          which are both—

12           “(I) an internal combustion or  
13          heat engine using consumable fuel,  
14          and

15           “(II) a rechargeable energy stor-  
16          age system,

17          “(ii) which, in the case of a vehicle to  
18          which paragraph (2)(A) applies, has re-  
19          ceived a certificate of conformity under the  
20          Clean Air Act and meets or exceeds the  
21          equivalent qualifying California low emis-  
22          sion vehicle standard under section  
23          243(e)(2) of the Clean Air Act for that  
24          make and model year, and—

1           “(I) in the case of a vehicle hav-  
2           ing a gross vehicle weight rating of  
3           6,000 pounds or less, the Bin 5 Tier  
4           II emission standard established in  
5           regulations prescribed by the Adminis-  
6           trator of the Environmental Protec-  
7           tion Agency under section 202(i) of  
8           the Clean Air Act for that make and  
9           model year vehicle, and

10           “(II) in the case of a vehicle hav-  
11           ing a gross vehicle weight rating of  
12           more than 6,000 pounds but not more  
13           than 8,500 pounds, the Bin 8 Tier II  
14           emission standard which is so estab-  
15           lished,

16           “(iii) which has a maximum available  
17           power of at least—

18           “(I) 4 percent in the case of a ve-  
19           hicle to which paragraph (2)(A) ap-  
20           plies,

21           “(II) 10 percent in the case of a  
22           vehicle which has a gross vehicle  
23           weight rating of more than 8,500  
24           pounds and not more than 14,000  
25           pounds, and

1                   “(III) 15 percent in the case of a  
2                   vehicle in excess of 14,000 pounds,

3                   “(iv) which, in the case of a vehicle to  
4                   which paragraph (2)(B) applies, has an in-  
5                   ternal combustion or heat engine which  
6                   has received a certificate of conformity  
7                   under the Clean Air Act as meeting the  
8                   emission standards set in the regulations  
9                   prescribed by the Administrator of the En-  
10                  vironmental Protection Agency for 2004  
11                  through 2007 model year diesel heavy duty  
12                  engines or Otto cycle heavy duty engines,  
13                  as applicable,

14                  “(v) the original use of which com-  
15                  mences with the taxpayer,

16                  “(vi) which is acquired for use or  
17                  lease by the taxpayer and not for resale,  
18                  and

19                  “(vii) which is made by a manufac-  
20                  turer.

21                  “(viii) which includes plug-in hybrid  
22                  electric vehicles for purposes of paragraphs  
23                  (2)(A) and (2)(B).

24                  Such term shall not include any vehicle which  
25                  is not a passenger automobile or light truck if

1 such vehicle has a gross vehicle weight rating of  
2 less than 8,500 pounds.

3 “(B) CONSUMABLE FUEL.—For purposes  
4 of subparagraph (A)(i)(I), the term ‘consumable  
5 fuel’ means any solid, liquid, or gaseous matter  
6 which releases energy when consumed by an  
7 auxiliary power unit.

8 “(C) MAXIMUM AVAILABLE POWER.—

9 “(i) CERTAIN PASSENGER AUTO-  
10 MOBILES AND LIGHT TRUCKS.—In the case  
11 of a vehicle to which paragraph (2)(A) ap-  
12 plies, the term ‘maximum available power’  
13 means the maximum power available from  
14 the rechargeable energy storage system,  
15 during a standard 10 second pulse power  
16 or equivalent test, divided by such max-  
17 imum power and the SAE net power of the  
18 heat engine.

19 “(ii) OTHER MOTOR VEHICLES.—In  
20 the case of a vehicle to which paragraph  
21 (2)(B) applies, the term ‘maximum avail-  
22 able power’ means the maximum power  
23 available from the rechargeable energy  
24 storage system, during a standard 10 sec-  
25 ond pulse power or equivalent test, divided

1 by the vehicle’s total traction power. For  
2 purposes of the preceding sentence, the  
3 term ‘total traction power’ means the sum  
4 of the peak power from the rechargeable  
5 energy storage system and the heat engine  
6 peak power of the vehicle, except that if  
7 such storage system is the sole means by  
8 which the vehicle can be driven, the total  
9 traction power is the peak power of such  
10 storage system.

11 “(D) ALL ELECTRIC RANGE.—For pur-  
12 poses of paragraph (2)(B) the term ‘all electric  
13 range’ means miles traveled in a hybrid electric  
14 vehicle capable of using an off-vehicle source of  
15 electricity and tested using the Environmental  
16 Protection Agency’s Federal Urban Driving  
17 Schedule or a new driving schedule for plug-in  
18 hybrid electric vehicles.

19 “(E) KWH TRACTION BATTERY.—For  
20 purposes of paragraph (2)(A)(iii) the term  
21 ‘kWh traction battery’ means the size of an  
22 electrochemical storage device as measured by  
23 from 100 percent state of charge to 0 percent  
24 state of charge as defined at [10 C.F.R.  
25 \_\_\_\_\_].

1           “(F) PLUG-IN HYBRID ELECTRIC VEHI-  
2           CLE.—For purposes of paragraphs (2)(A) and  
3           (2)(B), the term ‘plug-in hybrid electric vehicle’  
4           means a light-duty, medium-duty, or heavy-duty  
5           on-road or vehicle that is propelled by an inter-  
6           nal combustion engine or heat engine and/or an  
7           electric motor and energy storage system using:

8                   “(i) any combustible fuel,

9                   “(ii) an on-board, rechargeable stor-  
10                  age device, and

11                  “(iii) a means of using an off-board  
12                  source of electricity to operate the vehicle  
13                  in intermittent or continuous all-electric  
14                  mode.”.

15           (c) DRIVING SCHEDULE FOR PLUG-IN HYBRID  
16           ELECTRIC VEHICLES.—

17           (1) ESTABLISHMENT.—Not later than 18  
18           months after the date of enactment of this section,  
19           the Administrator of the Environmental Protection  
20           Agency shall develop a driving schedule for plug-in  
21           hybrid electric vehicles based on a test that shall  
22           start with a full battery and end when the battery  
23           reaches 20 percent state of charge after intermittent  
24           use of the battery and electric motor for vehicle pro-  
25           pulsion at speeds no greater than 35 miles per hour,

1 and which does not count vehicle miles traveled  
2 while the engine is operating.

3 (2) BONUS CREDITS.—Vehicles that can travel  
4 in all electric mode during a separate test of higher  
5 speed operation shall be entitled to bonus all electric  
6 range miles for purposes of the credit provided in  
7 Section 30B of the Internal Revenue Code of 1986,  
8 on a schedule to be established by rule by the Ad-  
9 ministrator.

10 (d) DURATION OF TAX CREDIT.—Section 30B(i) of  
11 the Internal Revenue Code of 1986, as amended by this  
12 Act, is amended to read as follows:

13 “(i) TERMINATION.—This section shall not apply to  
14 any property purchased after—

15 “(1) in the case of a new qualified fuel cell  
16 motor vehicle (as described in subsection (b)), De-  
17 cember 31, 2014,

18 “(2) in the case of a new advanced lean burn  
19 technology motor vehicle (as described in subsection  
20 (c)) or a new qualified hybrid motor vehicle (as de-  
21 scribed in subsection (d)(2)(A)), December 31,  
22 2010,

23 “(3) in the case of a new qualified hybrid motor  
24 vehicle (as described in subsection (d)(2)(B)), De-  
25 cember 31, 2010,

1           “(4) in the case of a new qualified alternative  
2 fuel vehicle (as described in subsection (e)), Decem-  
3 ber 31, 2010, and

4           “(5) in the case of a new qualified hybrid motor  
5 vehicle which is a plug-in hybrid electric vehicle  
6 range (as described in subsection (d)(2)(A) and (d)  
7 (2) (B), December 31, 2015.”.

8           (e) EFFECTIVE DATE.—The amendments made by  
9 this section shall take effect for property or vehicles placed  
10 in service after December 31, 2008.

11 **SEC. 403. IDLING REDUCTION TAX CREDIT.**

12           (a) IN GENERAL.—Subpart D of part IV of sub-  
13 chapter A of chapter 1 of the Internal Revenue Code of  
14 1986 (relating to business-related credits) is amended by  
15 adding at the end the following new section:

16 **“SEC. 450. IDLING REDUCTION CREDIT.**

17           “(a) GENERAL RULE.—For purposes of section 38,  
18 the idling reduction tax credit determined under this sec-  
19 tion for the taxable year is an amount equal to 50 percent  
20 of the amount paid or incurred for the purchase and in-  
21 stallation of each qualifying idling reduction device or  
22 qualifying idle reduction infrastructure placed in service  
23 by the taxpayer during the taxable year.

1       “(b) LIMITATION.—The maximum amount allowed as  
2 a credit under subsection (a) shall not exceed \$3,500 per  
3 device or per qualifying infrastructure.

4       “(c) DEFINITIONS.—For purposes of subsection  
5 (a)—

6               “(1) QUALIFYING IDLING REDUCTION DE-  
7 VICE.—The term ‘qualifying idling reduction device’  
8 means any device or system of devices that—

9                       “(A) is installed on a heavy-duty diesel-  
10 powered on-highway vehicle,

11                      “(B) is designed to provide to such vehicle  
12 those services (such as heat, air conditioning, or  
13 electricity) that would otherwise require the op-  
14 eration of the main drive engine while the vehi-  
15 cle is temporarily parked or remains stationary  
16 using either—

17                               “(i) an all electric unit such as a bat-  
18 tery powered unit or from grid-supplied  
19 electricity, or

20                              “(ii) a dual fuel unit powered by die-  
21 sel or other fuels, and is capable of pro-  
22 viding such services from grid-supplied  
23 electricity or on-truck batteries alone,

24                              “(C) the original use of which commences  
25 with the taxpayer,

1           “(D) is acquired for use by the taxpayer  
2           and not for resale, and

3           “(E) is certified by the Secretary of En-  
4           ergy, in consultation with the Administrator of  
5           the Environmental Protection Agency and the  
6           Secretary of Transportation, to reduce long-du-  
7           ration idling of such vehicle at a motor vehicle  
8           rest stop or other location where such vehicles  
9           are temporarily parked or remain stationary.

10          “(2) HEAVY-DUTY DIESEL-POWERED ON-HIGH-  
11          WAY VEHICLE.—The term ‘heavy-duty diesel-pow-  
12          ered on-highway vehicle’ means any vehicle, ma-  
13          chine, tractor, trailer, or semi-trailer propelled or  
14          drawn by mechanical power and used upon the high-  
15          ways in the transportation of passengers or prop-  
16          erty, or any combination thereof determined by the  
17          Federal Highway Administration.

18          “(3) LONG-DURATION IDLING.—The term ‘long-  
19          duration idling’ means the operation of a main drive  
20          engine, for a period greater than 15 consecutive  
21          minutes, where the main drive engine is not engaged  
22          in gear. Such term does not apply to routine stop-  
23          pages associated with traffic movement or conges-  
24          tion.

1           “(4) QUALIFYING IDLE REDUCTION INFRA-  
2           STRUCTURE.—The term ‘qualifying idle reduction  
3           infrastructure’ means either —

4                   “(A) off-truck equipment to supply electric  
5                   power, including electric receptacles, boxes, wir-  
6                   ing, conduit, and other connections to one truck  
7                   space, or

8                   “(B) off-truck equipment that directly pro-  
9                   vides air conditioning, heating, electric power,  
10                  and other connections and services to one truck  
11                  space.

12          “(d) NO DOUBLE BENEFIT.—For purposes of this  
13          section—

14                  “(1) REDUCTION IN BASIS.—If a credit is de-  
15                  termined under this section with respect to any  
16                  property by reason of expenditures described in sub-  
17                  section (a), the basis of such property shall be re-  
18                  duced by the amount of the credit so determined.

19                  “(2) OTHER DEDUCTIONS AND CREDITS.—No  
20                  deduction or credit shall be allowed under any other  
21                  provision of this chapter with respect to the amount  
22                  of the credit determined under this section.

23                  “(3) ELECTION NOT TO CLAIM CREDIT.—This  
24                  section shall not apply to a taxpayer for any taxable

1 year if such taxpayer elects to have this section not  
2 apply for such taxable year.”.

3 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
4 CREDIT.—Subsection (b) of section 38 of such Code (re-  
5 lating to general business credit) is amended by striking  
6 “plus” at the end of paragraph (30), by striking the period  
7 at the end of paragraph (31) and inserting “, plus” , and  
8 by adding at the end the following new paragraph:

9 “(32) the idling reduction tax credit determined  
10 under section 45O(a).”.

11 (c) CONFORMING AMENDMENTS.—

12 (1) The table of sections for subpart D of part  
13 IV of subchapter A of chapter 1 of such Code is  
14 amended by inserting after the item relating to sec-  
15 tion 45M the following new item:

“Sec. 45O. Idling reduction credit.”.

16 (2) Section 1016(a) of such Code, as amended  
17 by this Act, is amended by striking “and” at the end  
18 of paragraph (37), by striking the period at the end  
19 of paragraph (38) and inserting “, and”, and by  
20 adding at the end the following:

21 “(39) in the case of a facility with respect to  
22 which a credit was allowed under section 45O, to the  
23 extent provided in section 45O(d)(A).”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2006.

4 (e) DETERMINATION OF CERTIFICATION STANDARDS  
5 BY SECRETARY OF ENERGY FOR CERTIFYING IDLING RE-  
6 Duction DEVICES.—Not later than 6 months after the  
7 date of the enactment of this section and in order to re-  
8 duce air pollution and fuel consumption, the Secretary of  
9 Energy, in consultation with the Administrator of the En-  
10 vironmental Protection Agency and the Secretary of  
11 Transportation, shall publish the standards under which  
12 the Secretary, in consultation with the Administrator of  
13 the Environmental Protection Agency and the Secretary  
14 of Transportation, will, for purposes of section 45O of the  
15 Internal Revenue Code of 1986 (as added by this section),  
16 certify the idling reduction devices and qualifying infra-  
17 structure which will reduce long-duration idling of vehicles  
18 at motor vehicle rest stops or other locations where such  
19 vehicles are temporarily parked or remain stationary in  
20 order to reduce air pollution and fuel consumption.

21 **SEC. 404. PLUG-IN HYBRID ELECTRIC VEHICLE PRIZE.**

22 (a) IN GENERAL.—The Secretary of Energy (in this  
23 section referred to as the “Secretary”) shall carry out a  
24 program to competitively award cash prizes to advance the

1 research, development, demonstration, and commercial ap-  
2 plication of plug-in hybrid electric vehicle technology.

3 (b) CATEGORIES.—The Secretary shall establish  
4 prizes for—

5 (1) batteries using nanotechnology for applica-  
6 tion in plug-in hybrid electric vehicles or in plug-in  
7 hybrid fuel cell vehicles;

8 (2) prototypes of plug-in hybrid electric vehicles  
9 that best meet or exceed objective performance cri-  
10 teria;

11 (3) demonstrations of prototypes of plug-in hy-  
12 brid electric vehicles in medium duty, heavy-duty,  
13 nonroad vehicle or military applications that are de-  
14 signed to facilitate the eventual market success of  
15 plug-in hybrid electric vehicle technologies;

16 (4) advancements in plug-in hybrid electric ve-  
17 hicle technology for light-duty passenger vehicle ap-  
18 plications that can significantly advance the petro-  
19 leum reduction and environmental benefits or control  
20 system technology;

21 (5) advancements in plug-in hybrid electric ve-  
22 hicles technology for light-duty passenger applica-  
23 tions to obtain at least 30 miles of continuous all  
24 electric range at highway speeds, to seat two or  
25 more passengers, to use four or more wheels, to

1 demonstrate zero to 60 mile per hour acceleration in  
2 10 seconds or less, to meet Environmental Protec-  
3 tion Agency criteria pollutant standards, and to be  
4 able to pass safety standards for passenger vehicles  
5 set by the National Highway Transportation Safety  
6 Administration; and

7 (6) other plug-in hybrid electric vehicle tech-  
8 nology advances deemed necessary by the Secretary.

9 (c) ADVANCEMENTS.—Prizes authorized under this  
10 section shall be awarded to the most significant advance  
11 or advances that meet criteria established by the Sec-  
12 retary.

13 (d) ELIGIBILITY.—To be eligible to win a prize under  
14 this section, an individual or entity—

15 (1) shall have complied with all the require-  
16 ments prescribed by the Secretary;

17 (2) in the case of a private entity, shall be in-  
18 corporated in and maintain a primary place of busi-  
19 ness in the United States, and in the case of an in-  
20 dividual, whether participating singly or in a group,  
21 shall be a citizen of, or an alien lawfully admitted  
22 for permanent residence in, the United States; and

23 (3) shall not be a Federal entity, a Federal em-  
24 ployee acting within the scope of his employment, or

1 an employee of a National Laboratory acting within  
2 the scope of his employment.

3 (e) JUDGES.—The Secretary shall assemble a panel  
4 of qualified judges to select the winner or winners on the  
5 basis of the criteria established under subsection (c).  
6 Judges for each prize competition shall include individuals  
7 from outside the Department of Energy, including from  
8 the private sector. A judge may not—

9 (1) have personal or financial interests in, or be  
10 an employee, officer, director, or agent of, any entity  
11 that is a registered participant in the prize competi-  
12 tion for which he or she will serve as a judge; or

13 (2) have a familial or financial relationship with  
14 an individual who is a registered participant in the  
15 prize competition for which he or she will serve as  
16 a judge.

17 (f) NONSUBSTITUTION.—The program created under  
18 this section shall not be considered a substitute for Fed-  
19 eral research and development programs.

20 (g) AUTHORIZATION OF APPROPRIATIONS.—There  
21 are authorized to be appropriated to the Secretary for car-  
22 rying out this section \$50,000,000 for each of the fiscal  
23 years 2008 through 2011, of which no more than  
24 \$1,000,000 for any fiscal year may be used for adminis-

1 trative expenses. Funds appropriated pursuant to this  
2 subsection shall remain available until expended.

3 (h) SUNSET.—The authority to announce prize com-  
4 petitions under this section shall terminate on September  
5 30, 2017.

○