

110TH CONGRESS
2D SESSION

H. R. 6773

To amend the Internal Revenue Code of 1986 to provide a tax credit to consumers based on fuel economy.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2008

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

A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit to consumers based on fuel economy.

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. FUEL ECONOMY TAX CREDIT.**

4 (a) IN GENERAL.—Subpart A of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by inserting after section 25E the fol-
7 lowing new section:

8 **“SEC. 25E. FUEL ECONOMY TAX CREDIT.**

9 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
10 dividual, there shall be allowed as a credit against the tax

1 imposed by this chapter for the taxable year an amount
2 equal to the product of—

3 “(1) \$100, multiplied by

4 “(2) each mile per gallon (or portion thereof)
5 for which the mile per gallon highway rating of a
6 qualified vehicle placed in service by the taxpayer
7 during the taxable year exceeds the CAFE standard
8 applicable to such vehicle.

9 “(b) LIMITATIONS.—

10 “(1) LIMITATION BASED ON FUEL EFFI-
11 CIENCY.—In the case of any vehicle for which the
12 mile per gallon highway rating exceeds 50 miles per
13 gallon, paragraph (2) shall be applied by treating
14 the the mile per gallon highway rating of such vehi-
15 cle as 50 miles per gallon.

16 “(2) LIMITATION BASED ON ADJUSTED GROSS
17 INCOME.—The amount of the credit allowed by sub-
18 section (a) (determined without regard to this sub-
19 section) shall be reduced (but not below zero) by 5
20 percent for each \$1,000 (or fraction thereof) by
21 which the taxpayer’s adjusted gross income exceeds
22 \$150,000.

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

24 “(1) HIGHWAY RATING OF QUALIFIED VEHI-
25 CLE.—The highway rating of a qualified vehicle shall

1 be the rating determined by the Secretary of Trans-
2 portation for such vehicle.

3 “(2) QUALIFIED VEHICLE.—The term ‘qualified
4 vehicle’ means a motor vehicle which is a passenger
5 automobile or a light truck—

6 “(A) the original use of which commences
7 with the taxpayer,

8 “(B) which is acquired for use or lease by
9 the taxpayer and not for resale, and

10 “(C) which is made by a manufacturer.

11 “(3) CAFE STANDARD.—The term ‘CAFE
12 standard’ means the average fuel economy level es-
13 tablished under chapter 329 of title 49, United
14 States Code.

15 “(4) MOTOR VEHICLE.—The term ‘motor vehi-
16 cle’ has the meaning given such term by section
17 30(c)(2).

18 “(5) OTHER TERMS.—The terms ‘passenger
19 automobile’, ‘light truck’, and “manufacturer” have
20 the meanings given such terms in regulations pre-
21 scribed by the Administrator of the Environmental
22 Protection Agency for purposes of the administra-
23 tion of title II of the Clean Air Act (42 U.S.C. 7521
24 et seq.).

25 “(d) SPECIAL RULES.—

1 “(1) REDUCTION IN BASIS.—For purposes of
2 this subtitle, the basis of any property for which a
3 credit is allowable under subsection (a) shall be re-
4 duced by the amount of such credit so allowed (de-
5 termined without regard to subsection (g)).

6 “(2) NO DOUBLE BENEFIT.—The amount of
7 any deduction or other credit allowable under this
8 chapter for the taxable year with respect to any ve-
9 hicle shall be reduced by the amount of credit al-
10 lowed under subsection (a) for such vehicle for the
11 taxable year.

12 “(3) PROPERTY USED OUTSIDE UNITED
13 STATES, ETC., NOT QUALIFIED.—No credit shall be
14 allowable under subsection (a) with respect to any
15 property referred to in section 50(b)(1) or with re-
16 spect to the portion of the cost of any property
17 taken into account under section 179.

18 “(4) RECAPTURE.—The Secretary shall, by reg-
19 ulations, provide for recapturing the benefit of any
20 credit allowable under subsection (a) with respect to
21 any property which ceases to be property eligible for
22 such credit (including recapture in the case of a
23 lease period of less than the economic life of a vehi-
24 cle).

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

5 (b) CLERICAL AMENDMENT.—The table of sections
6 for subpart A of part IV of subchapter A of chapter 1
7 of such Code is amended by inserting after the item relat-
8 ing to section 25D the following new item:

 “Sec. 25E. Fuel economy tax credit.”.

9 (c) TERMINATION OF ALTERNATIVE MOTOR VEHI-
10 CLE CREDIT.—Subsection (j) of section 30B of the Inter-
11 nal Revenue Code of 1986 is amended to read as follows:

12 “(j) TERMINATION.—This section shall not apply to
13 any property purchased after the date of the enactment
14 of this subsection.”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to vehicles placed in service after
17 the date of the enactment of this Act in taxable years end-
18 ing after such date.

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