

110TH CONGRESS
1ST SESSION

S. 1617

To amend the Internal Revenue Code of 1986 to provide incentives for plug-in electric drive motor vehicles.

IN THE SENATE OF THE UNITED STATES

JUNE 14, 2007

Mr. HATCH (for himself, Ms. CANTWELL, Mr. OBAMA, Mr. KERRY, Ms. STABENOW, and Mr. SALAZAR) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide incentives for plug-in electric drive motor vehicles.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fuel Reduction using
5 Electrons to End Dependence On the Mid-East (FREE-
6 DOM) Act of 2007”.

7 **SEC. 2. CREDIT FOR PLUG-IN ELECTRIC DRIVE MOTOR VE-**
8 **HICLES.**

9 (a) PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE
10 CREDIT.—

1 (1) IN GENERAL.—Subpart B of part IV of
2 subchapter A of chapter 1 of the Internal Revenue
3 Code of 1986 (relating to other credits) is amended
4 by adding at the end the following new section:

5 **“SEC. 30D. PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE**
6 **CREDIT.**

7 “(a) ALLOWANCE OF CREDIT.—

8 “(1) IN GENERAL.—There shall be allowed as a
9 credit against the tax imposed by this chapter for
10 the taxable year an amount equal to the applicable
11 amount with respect to each new qualified plug-in
12 electric drive motor vehicle placed in service by the
13 taxpayer during the taxable year.

14 “(2) APPLICABLE AMOUNT.—For purposes of
15 paragraph (1)—

16 “(A) IN GENERAL.—The applicable
17 amount is sum of—

18 “(i) \$2,000, plus

19 “(ii) \$400 for each kilowatt hour of
20 traction batter capacity in excess of 2.5
21 kilowatt hours.

22 “(B) ADDITIONAL CREDIT FOR FLEXIBLE
23 FUEL VEHICLES.—In the case of a new quali-
24 fied plug-in electric drive motor vehicle which is

1 a flexible fuel motor vehicle, the applicable
2 amount shall be increased by \$150.

3 “(b) LIMITATIONS.—

4 “(1) LIMITATION BASED ON WEIGHT.—The
5 amount of the credit allowed under subsection (a) by
6 reason of subsection (a)(2)(A) shall not exceed—

7 “(A) \$7,500, in the case of any new quali-
8 fied plug-in electric drive motor vehicle with a
9 gross vehicle weight rating of not more than
10 10,000 pounds,

11 “(B) \$10,000, in the case of any new
12 qualified plug-in electric drive motor vehicle
13 with a gross vehicle weight rating of more than
14 10,000 pounds but not more than 14,000
15 pounds,

16 “(C) \$15,000, in the case of any new
17 qualified plug-in electric drive motor vehicle
18 with a gross vehicle weight rating of more than
19 14,000 pounds but not more than 26,000
20 pounds, and

21 “(D) \$20,000, in the case of any new
22 qualified plug-in electric drive motor vehicle
23 with a gross vehicle weight rating of more than
24 26,000 pounds.

1 “(2) LIMITATION BASED ON AMOUNT OF
2 TAX.—The credit allowed under subsection (a) for
3 any taxable year shall not exceed the excess of—

4 “(A) the sum of the regular tax liability
5 (as defined in section 26(b)) plus the tax im-
6 posed by section 55, over

7 “(B) the sum of the credits allowable
8 under subpart A and section 27 for the taxable
9 year.

10 “(3) LIMITATION ON NUMBER OF PASSENGER
11 VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CRED-
12 IT.—No credit shall be allowed under subsection (a)
13 for any new qualified plug-in electric drive motor ve-
14 hicle which is a passenger vehicle or light truck in
15 any calendar year following the calendar year which
16 includes the first date on which the total number of
17 such new qualified plug-in electric drive motor vehi-
18 cles sold for use in the United States after Decem-
19 ber 31, 2007, is at least 250,000.

20 “(c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE
21 MOTOR VEHICLE.—For purposes of this section, the term
22 ‘new qualified plug-in electric drive motor vehicle’ means
23 a motor vehicle—

1 “(1) which draws propulsion using one or more
2 traction batteries with an aggregate capacity of not
3 less than 2.5 kilowatt hours,

4 “(2) which uses an offboard source of electricity
5 to recharge one or more such batteries,

6 “(3) which has received a certificate of con-
7 formity under the Clean Air Act for that make and
8 model year,

9 “(4) the original use of which commences with
10 the taxpayer,

11 “(5) which is acquired for use or lease by the
12 taxpayer and not for resale, and

13 “(6) which is made by a manufacturer.

14 “(d) OTHER DEFINITIONS AND SPECIAL RULES.—

15 For purposes of this section—

16 “(1) MOTOR VEHICLE.—The term ‘motor vehi-
17 cle’ has the meaning given such term by section
18 30(c)(2).

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

1 “(3) TRACTION BATTERY CAPACITY.—Traction
2 battery capacity shall be measured in kilowatt hours
3 from a 100 percent state of charge to a zero percent
4 state of charge.

5 “(4) FLEXIBLE FUEL MOTOR VEHICLE.—The
6 term ‘flexible fuel motor vehicle’ means a motor ve-
7 hicle warranted by the manufacturer as capable of
8 operating on each of the following fuels:

9 “(A) Gasoline.

10 “(B) A blend containing 85 percent eth-
11 anol and 15 percent gasoline by volume.

12 “(C) A blend containing 85 percent meth-
13 anol and 15 percent gasoline by volume.

14 “(D) Biodiesel.

15 “(5) REDUCTION IN BASIS.—For purposes of
16 this subtitle, the basis of any property for which a
17 credit is allowable under subsection (a) shall be re-
18 duced by the amount of such credit so allowed.

19 “(6) NO DOUBLE BENEFIT.—The amount of
20 any deduction or other credit allowable under this
21 chapter for a new qualified plug-in electric drive
22 motor vehicle shall be reduced by the amount of
23 credit allowed under subsection (a) for such vehicle
24 for the taxable year.

1 “(7) PROPERTY USED BY TAX-EXEMPT ENTI-
2 TY.—In the case of a vehicle the use of which is de-
3 scribed in paragraph (3) or (4) of section 50(b) and
4 which is not subject to a lease, the person who sold
5 such vehicle to the person or entity using such vehi-
6 cle shall be treated as the taxpayer that placed such
7 vehicle in service, but only if such person clearly dis-
8 closes to such person or entity in a document the
9 amount of any credit allowable under subsection (a)
10 with respect to such vehicle (determined without re-
11 gard to subsection (b)(2)).

12 “(8) 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 “(9) 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 “(10) ELECTION TO NOT TAKE CREDIT.—No
2 credit shall be allowed under subsection (a) for any
3 vehicle if the taxpayer elects not to have this section
4 apply to such vehicle.

5 “(11) INTERACTION WITH AIR QUALITY AND
6 MOTOR VEHICLE SAFETY STANDARDS.—Unless oth-
7 erwise provided in this section, a motor vehicle shall
8 not be considered eligible for a credit under this sec-
9 tion unless such vehicle is in compliance with—

10 “(A) the applicable provisions of the Clean
11 Air Act for the applicable make and model year
12 of the vehicle (or applicable air quality provi-
13 sions of State law in the case of a State which
14 has adopted such provision under a waiver
15 under section 209(b) of the Clean Air Act), and

16 “(B) the motor vehicle safety provisions of
17 sections 30101 through 30169 of title 49,
18 United States Code.

19 “(e) REGULATIONS.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), the Secretary shall promulgate such regu-
22 lations as necessary to carry out the provisions of
23 this section.

24 “(2) COORDINATION IN PRESCRIPTION OF CER-
25 TAIN REGULATIONS.—The Secretary of the Treas-

1 ury, in coordination with the Secretary of Transpor-
2 tation and the Administrator of the Environmental
3 Protection Agency, shall prescribe such regulations
4 as necessary to determine whether a motor vehicle
5 meets the requirements to be eligible for a credit
6 under this section.

7 “(f) TERMINATION.—This section shall not apply to
8 property purchased after December 31, 2014.”.

9 (2) COORDINATION WITH OTHER MOTOR VEHI-
10 CLE CREDITS.—

11 (A) ELECTRIC DRIVE MOTOR VEHICLES.—

12 Paragraph (1) of section 30(c) of the Internal
13 Revenue Code of 1986 is amended by adding at
14 the end the following new flush sentence:

15 “Such term shall not include any motor vehicle
16 which is a new qualified plug-in electric drive motor
17 vehicle (as defined by section 30D(c)).”.

18 (B) NEW QUALIFIED FUEL CELL MOTOR

19 VEHICLES.—Paragraph (3) of section 30B(b) of
20 such Code is amended by adding at the end the
21 following new flush sentence:

22 “Such term shall not include any motor vehicle
23 which is a new qualified plug-in electric drive motor
24 vehicle (as defined by section 30D(c)).”.

1 (C) NEW QUALIFIED HYBRID MOTOR VEHI-
2 CLES.—Paragraph (3) of section 30B(d) of
3 such Code is amended by adding at the end the
4 following new flush sentence:

5 “Such term shall not include any motor vehicle
6 which is a new qualified plug-in electric drive motor
7 vehicle (as defined by section 30D(c)).”.

8 (3) CONFORMING AMENDMENTS.—

9 (A) Section 1016(a) of the Internal Rev-
10 enue Code of 1986 is amended by striking
11 “and” at the end of paragraph (36), by striking
12 the period at the end of paragraph (37) and in-
13 serting “, and”, and by adding at the end the
14 following new paragraph:

15 “(38) to the extent provided in section
16 30D(d)(5).”.

17 (B) Section 6501(m) of such Code is
18 amended by inserting “30D(d)(10)” after
19 “30C(e)(5)”.

20 (C) The table of sections for subpart B of
21 part IV of such Code is amended by adding at
22 the end the following new item:

“Sec. 30D. Plug-in electric drive motor vehicle credit.”.

23 (b) CONVERSION KITS.—

24 (1) IN GENERAL.—Section 30B of the Internal
25 Revenue Code of 1986 (relating to alternative motor

1 vehicle credit) is amended by redesignating sub-
2 sections (i) and (j) as subsections (j) and (k), re-
3 spectively, and by inserting after subsection (h) the
4 following new subsection:

5 “(i) PLUG-IN CONVERSION CREDIT.—

6 “(1) IN GENERAL.—For purposes of subsection
7 (a), the plug-in conversion credit determined under
8 this subsection with respect to any motor vehicle
9 which is converted to a qualified plug-in electric
10 drive motor vehicle is the lesser of—

11 “(A) an amount equal to—

12 “(i) \$2,000, plus

13 “(ii) \$400 for each kilowatt hour of
14 capacity of the plug-in traction battery
15 module installed in such vehicle in excess
16 of 2.5 kilowatt hours, or

17 “(B) 50 percent of the cost of the plug-in
18 traction battery module installed in such vehicle
19 as part of such conversion.

20 “(2) LIMITATIONS.—The amount of the credit
21 allowed under this subsection shall not exceed
22 \$4,000 with respect to the conversion of any motor
23 vehicle.

24 “(3) DEFINITIONS AND SPECIAL RULES.—For
25 purposes of this subsection—

1 “(A) QUALIFIED PLUG-IN ELECTRIC DRIVE
2 MOTOR VEHICLE.—The term ‘qualified plug-in
3 electric drive motor vehicle’ means any new
4 qualified plug-in electric drive motor vehicle (as
5 defined in section 30D(e), determined without
6 regard to paragraphs (4) and (6) thereof).

7 “(B) PLUG-IN TRACTION BATTERY MOD-
8 ULE.—The term ‘plug-in traction battery mod-
9 ule’ means an electro-chemical energy storage
10 device which—

11 “(i) has a traction battery capacity of
12 not less than 2.5 kilowatt hours,

13 “(ii) is equipped with an electrical
14 plug by means of which it can be energized
15 and recharged when plugged into an exter-
16 nal source of electric power,

17 “(iii) consists of a standardized con-
18 figuration and is mass produced,

19 “(iv) has been tested and approved by
20 the National Highway Transportation
21 Safety Administration as compliant with
22 applicable motor vehicle and motor vehicle
23 equipment safety standards when installed
24 by a mechanic with standardized training
25 in protocols established by the battery

1 manufacturer as part of a nationwide dis-
2 tribution program, and

3 “(v) is certified by a battery manufac-
4 turer as meeting the requirements of
5 clauses (i) through (iv).

6 “(C) CREDIT ALLOWED TO LESSOR OF
7 BATTERY MODULE.—In the case of a plug-in
8 traction battery module which is leased to the
9 taxpayer, the credit allowed under this sub-
10 section shall be allowed to the lessor of the
11 plug-in traction battery module.

12 “(D) CREDIT ALLOWED IN ADDITION TO
13 OTHER CREDITS.—The credit allowed under
14 this subsection shall be allowed with respect to
15 a motor vehicle notwithstanding whether a cred-
16 it has been allowed with respect to such motor
17 vehicle under this section (other than this sub-
18 section) in any preceding taxable year.

19 “(4) TERMINATION.—This subsection shall not
20 apply to conversions made after December 31,
21 2010.”.

22 (2) CREDIT TREATED AS PART OF ALTER-
23 NATIVE MOTOR VEHICLE CREDIT.—Section 30B(a)
24 of such Code is amended by striking “and” at the
25 end of paragraph (3), by striking the period at the

1 end of paragraph (4) and inserting “, and”, and by
 2 adding at the end the following new paragraph:

3 “(5) the plug-in conversion credit determined
 4 under subsection (i).”.

5 (3) NO RECAPTURE FOR VEHICLES CONVERTED
 6 TO QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VE-
 7 HICLES.—Paragraph (8) of section 30B(h) of such
 8 Code is amended by adding at the end the following:
 9 “, except that no benefit shall be recaptured if such
 10 property ceases to eligible for such credit by reason
 11 of conversion to a qualified plug-in electric drive
 12 motor vehicle.”

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to property placed in service after
 15 December 31, 2007, in taxable years beginning after such
 16 date.

17 **SEC. 3. INCENTIVES FOR MANUFACTURING FACILITIES**
 18 **PRODUCING PLUG-IN ELECTRIC DRIVE**
 19 **MOTOR VEHICLE AND COMPONENTS.**

20 (a) DEDUCTION FOR MANUFACTURING FACILI-
 21 TIES.—Part VI of subchapter B of chapter 1 of the Inter-
 22 nal Revenue Code of 1986 (relating to itemized deductions
 23 for individuals and corporations) is amended by inserting
 24 after section 179E the following new section:

1 **“SEC. 179F. EXPENSING FOR MANUFACTURING FACILITIES**
2 **PRODUCING PLUG-IN ELECTRIC DRIVE**
3 **MOTOR VEHICLE AND COMPONENTS.**

4 “(a) TREATMENT AS EXPENSES.—A taxpayer may
5 elect to treat the applicable percentage of the cost of any
6 qualified plug-in electric drive motor vehicle manufac-
7 turing facility property as an expense which is not charge-
8 able to a capital account. Any cost so treated shall be al-
9 lowed as a deduction for the taxable year in which the
10 qualified manufacturing facility property is placed in serv-
11 ice.

12 “(b) APPLICABLE PERCENTAGE.—For purposes of
13 subsection (a), the applicable percentage is—

14 “(1) 100 percent, in the case of qualified plug-
15 in electric drive motor vehicle manufacturing facility
16 property which is placed in service before January 1,
17 2013, and

18 “(2) 50 percent, in the case of qualified plug-
19 in electric drive motor vehicle manufacturing facility
20 property which is placed in service after December
21 31, 2012, and before January 1, 2015.

22 “(c) ELECTION.—

23 “(1) IN GENERAL.—An election under this sec-
24 tion for any taxable year shall be made on the tax-
25 payer’s return of the tax imposed by this chapter for
26 the taxable year. Such election shall be made in such

1 manner as the Secretary may by regulations pre-
2 scribe.

3 “(2) ELECTION IRREVOCABLE.—Any election
4 made under this section may not be revoked except
5 with the consent of the Secretary.

6 “(d) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR
7 VEHICLE MANUFACTURING FACILITY PROPERTY.—For
8 purposes of this section—

9 “(1) IN GENERAL.—The term ‘qualified plug-in
10 electric drive motor vehicle manufacturing facility
11 property’ means any qualified property—

12 “(A) the original use of which commences
13 with the taxpayer,

14 “(B) which is placed in service by the tax-
15 payer after the date of the enactment of this
16 section and before January 1, 2015, and

17 “(C) no written binding contract for the
18 construction of which was in effect on or before
19 the date of the enactment of this section.

20 “(2) QUALIFIED PROPERTY.—

21 “(A) IN GENERAL.—The term ‘qualified
22 property’ means any property which is a facility
23 or a portion of a facility used for the production
24 of—

1 “(i) any new qualified plug-in electric
2 drive motor vehicle (as defined by section
3 30D(c)), or

4 “(ii) any eligible component.

5 “(B) ELIGIBLE COMPONENT.—The term
6 ‘eligible component’ means any battery, any
7 electric motor or generator, or any power con-
8 trol unit which is designed specifically for use
9 in a new qualified plug-in electric drive motor
10 vehicle (as so defined).

11 “(e) SPECIAL RULE FOR DUAL USE PROPERTY.—In
12 the case of any qualified plug-in electric drive motor vehi-
13 cle manufacturing facility property which is used to
14 produce both qualified property and other property which
15 is not qualified property, the amount of costs taken into
16 account under subsection (a) shall be reduced by an
17 amount equal to—

18 “(1) the total amount of such costs (determined
19 before the application of this subsection), multiplied
20 by

21 “(2) the percentage of property expected to be
22 produced which is not qualified property.”.

23 (b) REFUND OF CREDIT FOR PRIOR YEAR MINIMUM
24 TAX LIABILITY.—Section 53 of the Internal Revenue
25 Code of 1986 (relating to credit for prior year minimum

1 tax liability) is amended by adding at the end the following
2 new subsection:

3 “(f) ELECTION TO TREAT AMOUNTS ATTRIBUTABLE
4 TO QUALIFIED MANUFACTURING FACILITY.—

5 “(1) IN GENERAL.—In the case of an eligible
6 taxpayer, the amount determined under subsection
7 (c) for the taxable year (after the application of sub-
8 section (e)) shall be increased by an amount equal
9 to the applicable percentage of any qualified plug-in
10 electric drive motor vehicle manufacturing facility
11 property which is placed in service during the tax-
12 able year.

13 “(2) APPLICABLE PERCENTAGE.—For purposes
14 of paragraph (1), the applicable percentage is—

15 “(A) 35 percent, in the case of qualified
16 plug-in electric drive motor vehicle manufac-
17 turing facility property which is placed in serv-
18 ice before January 1, 2013, and

19 “(B) 17.5 percent, in the case of qualified
20 plug-in electric drive motor vehicle manufac-
21 turing facility property which is placed in serv-
22 ice after December 31, 2012, and before Janu-
23 ary 1, 2015.

1 “(3) ELIGIBLE TAXPAYER.—For purposes of
2 this subsection, the term ‘eligible taxpayer’ means
3 any taxpayer—

4 “(A) who places in service qualified plug-
5 in electric drive motor vehicle manufacturing fa-
6 cility property during the taxable year,

7 “(B) who does not make an election under
8 section 179F(c), and

9 “(C) who makes an election under this
10 subsection.

11 “(4) OTHER DEFINITIONS AND SPECIAL
12 RULES.—

13 “(A) QUALIFIED PLUG-IN ELECTRIC DRIVE
14 MOTOR VEHICLE MANUFACTURING FACILITY
15 PROPERTY.—The term ‘qualified plug-in electric
16 drive motor vehicle manufacturing facility prop-
17 erty’ has the meaning given such term under
18 section 179F(d).

19 “(B) SPECIAL RULE FOR DUAL USE PROP-
20 erty.—In the case of any qualified plug-in
21 electric drive motor vehicle manufacturing facil-
22 ity property which is used to produce both
23 qualified property (as defined in section
24 179F(d)) and other property which is not quali-
25 fied property, the amount of costs taken into

1 account under paragraph (1) shall be reduced by
2 an amount equal to—

3 “(i) the total amount of such costs
4 (determined before the application of this
5 subparagraph), multiplied by

6 “(ii) the percentage of property ex-
7 pected to be produced which is not quali-
8 fied property.

9 “(C) ELECTION.—

10 “(i) IN GENERAL.—An election under
11 this subsection for any taxable year shall
12 be made on the taxpayer’s return of the
13 tax imposed by this chapter for the taxable
14 year. Such election shall be made in such
15 manner as the Secretary may by regula-
16 tions prescribe.

17 “(ii) ELECTION IRREVOCABLE.—Any
18 election made under this subsection may
19 not be revoked except with the consent of
20 the Secretary.

21 “(5) CREDIT REFUNDABLE.—For purposes of
22 this title (other than this section), the credit allowed
23 by reason of this subsection shall be treated as if it
24 were allowed under subpart C.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 the date of the enactment of this Act.

4 **SEC. 4. CREDIT FOR UTILITY REBATES FOR CUSTOMERS**
 5 **PURCHASING PLUG-IN ELECTRIC DRIVE**
 6 **MOTOR VEHICLES.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
 8 chapter A of chapter 1 of the Internal Revenue Code of
 9 1986 (relating to business related credits) is amended by
 10 adding at the end the following new section:

11 **“SEC. 450. UTILITY REBATE CREDIT.**

12 “(a) IN GENERAL.—For purposes of section 38, in
 13 the case of an eligible taxpayer, the utility rebate credit
 14 for any taxable year is an amount equal to 50 percent
 15 of the sum of the qualified rebates paid or accrued by the
 16 eligible taxpayer during the taxable year.

17 “(b) LIMITATION.—

18 “(1) IN GENERAL.—The amount of the credit
 19 allowed under subsection (a) with respect to any
 20 qualified rebate paid or accrued in any taxable year
 21 shall not exceed—

22 “(A) \$1,000, in the case of an eligible tax-
 23 payer ranked in the first quartile in the green-
 24 house gas emissions rankings published by the
 25 Secretary under paragraph (2),

1 “(B) \$800, in the case of an eligible tax-
2 payer ranked in the second quartile of such
3 rankings,

4 “(C) \$600, in the case of an eligible tax-
5 payer ranked in the third quartile of such
6 rankings, and

7 “(D) \$400, in the case of an eligible tax-
8 payer ranked in the fourth quartile of such
9 rankings.

10 “(2) RANKING OF GREENHOUSE GAS EMIS-
11 SIONS.—

12 “(A) IN GENERAL.—The Secretary, in con-
13 sultation with the Administrator of the Envi-
14 ronmental Protection Agency, shall publish, on
15 an annual basis, a ranking of electric utilities
16 based on the rate of greenhouse gasses emitted
17 by each such utility. Such publication shall list
18 the ranking of each utility by quartile, with the
19 utilities emitting the lowest rate of greenhouse
20 gasses in the first quartile.

21 “(B) GREENHOUSE GAS.—For purposes of
22 subparagraph (A), the term ‘greenhouse gas’
23 means—

24 “(i) carbon dioxide;

25 “(ii) methane;

- 1 “(iii) nitrous oxide;
2 “(iv) hydrofluorocarbons;
3 “(v) perfluorocarbons; and
4 “(vi) sulfur hexafluoride.

5 “(3) DETERMINATION OF RANKING.—The rank-
6 ing of an eligible taxpayer in the greenhouse gas
7 emissions rankings published by the Secretary under
8 paragraph (2) for any taxable year shall be deter-
9 mined by using the most recent such rank of such
10 eligible taxpayer at the end of such taxable year.

11 “(c) ELIGIBLE TAXPAYER.—For purposes of this sec-
12 tion, the term ‘eligible taxpayer’ means a electric utility
13 which is included on the list of rankings for emissions of
14 greenhouse gases published by the Secretary under sub-
15 section (b)(2).

16 “(d) QUALIFIED REBATE.—For purposes of this sec-
17 tion, the term ‘qualified rebate’ means a rebate with re-
18 spect to amounts owed by a customer of an eligible tax-
19 payer for the cost of electricity or any service connected
20 with supply of electricity if such rebate is paid or accrued
21 on account of—

22 “(1) the purchase by the customer of a new
23 qualified plug-in electric drive motor vehicle (as de-
24 fined by section 30D(c)) or a qualified plug-in elec-

1 tric drive motor vehicle (as defined by section
2 30B(i)(3)), or

3 “(2) the conversion by the customer of a motor
4 vehicle to a qualified plug-in electric drive motor ve-
5 hicle (as so defined).

6 “(e) SPECIAL RULE FOR CERTAIN TAX-EXEMPT
7 UTILITIES.—

8 “(1) IN GENERAL.—In the case of an eligible
9 taxpayer which is exempt from tax under this chap-
10 ter, the aggregate credits allowed to the eligible tax-
11 payer under subpart C shall be increased by the less-
12 er of—

13 “(A) the credit which would be allowed
14 under this section without regard to this sub-
15 section, or

16 “(B) the amount of the payroll taxes im-
17 posed on the eligible taxpayer during the cal-
18 endar year in which the taxable year begins.

19 “(2) PAYROLL TAXES.—For purposes of this
20 subsection—

21 “(A) IN GENERAL.—The term ‘payroll
22 taxes’ means the taxes imposed by—

23 “(i) section 3111, and

1 “(ii) sections 3211(a) and 3221(a)
2 (determined at a rate equal to the rates
3 under section 3111).

4 “(B) SPECIAL RULE.—A rule similar to
5 the rule of section 24(d)(2)(C) shall apply for
6 purposes of subparagraph (A).”.

7 (b) CREDIT TREATED AS PART OF GENERAL BUSI-
8 NESS CREDIT.—Section 38(b) of the Internal Revenue
9 Code of 1986 is amended by striking “plus” at the end
10 of paragraph (30), by striking the period at the end of
11 paragraph (31) and inserting “, plus”, and by adding at
12 the end the following new paragraph:

13 “(32) the utility rebate credit determined under
14 section 45O(a).”.

15 (c) NO DOUBLE BENEFIT.—Section 280C of the In-
16 ternal Revenue Code of 1986 is amended by adding at the
17 end the following new subsection:

18 “(f) UTILITY REBATE CREDIT.—No deduction shall
19 be allowed for that portion of any amount otherwise allow-
20 able as a deduction for the taxable year which is equal
21 to the amount of the credit determined for the taxable
22 year under section 45O(a).”.

23 (d) CLERICAL AMENDMENT.—The table of sections
24 for subpart D of part IV of subchapter A of chapter 1

1 of the Internal Revenue Code of 1986 is amended by add-
2 ing at the end the following new item:

“Sec. 45O. Utility rebate credit.”.

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to rebates paid or accrued in tax-
5 able years beginning after the date of the enactment of
6 this Act.

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