

**NAT GAS Acts - S 1408- vs. HR 1835 - Side by Side**

Issue	Current law	111 <sup>th</sup> Congress NAT GAS Act- S. 1408	111 <sup>th</sup> Congress NAT GAS Act- HR 1835
<p><b>Extension of Alternative Fuel Tax Credit</b> (Internal Revenue Code (IRC), §§ 6426, 6427)</p>	<p>Current law provides a 50 cent tax credit for CNG (per 121 cubic feet) or LNG gallon when used as a transportation fuel.</p> <p>Credit currently expires on 12/31/2009</p>	<p><b>Section 101:</b> Extends the alternative fuel credits for CNG and LNG until December 31, 2019.</p>	<p><b>Section 101:</b> Extends the alternative fuel credits for CNG and LNG until December, 31 2027.</p>
<p><b>Extension of Alternative Fuel Motor Vehicle Tax Credit</b> (IRC §30B(e))</p>	<p>Income tax credit for the purchase of a qualified alternative fuel motor vehicle</p> <p>Credit currently expires on 12/31/2010</p>	<p><b>Section 102:</b> Extends the natural gas vehicle credits until December 31, 2019.</p>	<p><b>Section 102:</b> Extends the natural gas vehicle credits until December 31, 2027.</p>
<p><b>AMT, Tentative Minimum Tax Applicability.</b> (IRC, §§30B(e), 30C, 38)</p> <p><b>Transferability of Tax Credits</b></p>	<p>Current law allows all alternative motor vehicle tax credits in IRC, 30B(a) to be excluded from the AMT provisions in the case of vehicles acquired for personal use (i.e., non-business use). Therefore, by inclusion NGVs already receive this benefit in the case of non-business vehicles.</p>	<p><b>Section 103:</b> <b>Sec. 103 (a)</b> Allows the natural gas vehicle and natural gas fueling infrastructure credits to count against the AMT provisions in the case of businesses</p> <p><b>Sec 103 (b)</b> Allow the natural gas vehicle and natural gas fueling infrastructure credits to count against the AMT <b>(in the case of personal i.e., non-business use).</b></p>	<p><b>Section 103:</b> <b>Sec 103 (a)</b> Same as S. 1408 Section 103 (a)</p> <p><b>Sec 103 (b)</b> Same as S. 1408 Section 103 (b)</p>

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	<p>Currently, these tax credits are not transferable. However, there is a provision that says the seller of an alternative fuel motor vehicle or fueling infrastructure may claim the credit in the case of a sale to a tax exempt entity. In addition, the tax code currently provides that in the case of a lease, the credit is claimed by the lessor, not the lessee.</p>	<p><b>Section 103:</b> <b>Sec 103 (c)</b> Allows the natural gas vehicle and natural gas fueling infrastructure credits (at discretion of the owner of the credits) to be transferred by the taxpayer back to the seller or the lessor.</p> <p>Does not modify the current tax credit provision relating to sales to tax exempt entities.</p> <p>Includes a no double dipping provision that is linked to the new credit provided in section 104 (54G Bonds).</p>	<p><b>Section 103</b> <b>Sec 103 (c)</b> Allows a taxpayer to transfer to anyone they want their natural gas vehicle and /or natural gas fueling infrastructure tax credits.</p>
<p><b>Natural Gas Vehicle Bonds</b></p>	<p>This option is not available under current law</p>	<p><b>Section 104:</b> Allows state and local governmental entities to issue tax exempt bonds in order to finance natural gas vehicle projects. The new credit would be located in section 54G of the IRC.</p> <ul style="list-style-type: none"> <li>a) National natural gas vehicle bonds are limited to \$3 billion</li> <li>b) Proceeds are to be spent on natural gas vehicle projects within a</li> </ul>	<p><b>Not Included.</b></p>

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		5-year period. The 5-year period may be extended. c) Natural gas vehicle projects include vehicles and infrastructure  Expires after December, 31, 2019	
<p><b>Alternative Fuel Motor Vehicle Credit – Increased Credit Values.</b> Modifies the values of the tax credits provided for natural gas vehicles which qualify for this tax credit. (IRC, §30B(e))</p>	<p>Under current law the purchaser or seller of a dedicated natural gas fueled vehicle is eligible for an income tax credit:</p> <ul style="list-style-type: none"> <li>a) Credit is 50 % or 80 % of the incremental cost of the vehicle</li> <li>b) Credit ranges from \$2,500 - \$32,000</li> <li>c) The incremental cost is capped dependent on the weight classification of the vehicle and the vehicle’s emissions.</li> </ul> <p>a) Bi- fuel vehicles are <b>not</b> eligible for the credits</p>	<p><b>Section 105:</b> Modification to the natural gas vehicle tax credits:</p> <ul style="list-style-type: none"> <li>a) Makes all new dedicated alternative fueled vehicles eligible for a credit equal to 80 % of the incremental cost.</li> <li>b) Makes certain bi-fuel alternative fueled vehicles eligible for a tax credit equal to 50 % of the incremental cost.</li> <li>c) Increases the light-duty vehicle purchase tax credit by 150 % (from \$5,000 to \$12,500), and doubles the vehicle purchase tax credits for all other vehicle weight classes.</li> </ul>	<p><b>Section 104:</b> Same as provision in section 105 of S. 1408.</p>

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<p><b>Alternative Fuel Motor Vehicle – Inclusion of Bi-Fuel NGVs.</b> Modifies the definition of a new qualified alternative fuel motor vehicle (IRC, §30B(e)) to include bi-fuel vehicles</p>	<p>Not available today</p>	<p><b>Section 106:</b> Modification to the definition of a new qualified alternative fuel motor vehicle:</p> <ul style="list-style-type: none"> <li>a) Expands definition of qualified alternative fuel motor vehicle to include bi-fuel alternative fueled vehicles that are capable of operating on natural gas and gasoline or diesel fuel, but only if such a vehicle has an operating range of not less than 200 miles when operating on natural gas</li> <li>b) Clarifies that a converted or repowered vehicle is a new vehicle for the purposes of this section</li> </ul>	<p><b>Section 105:</b> <b>Almost exactly same as S. 1408 Section 106</b></p>
<p><b>Natural Gas Vehicle Production Incentives</b></p>	<p>Sections 131 - 136 of EISA 2007 &amp; Section 1703 of EPAct 2005 create new federal programs to increase the production and use of electric drive vehicles including HEVs and plug-in electric vehicles. Incentives include loan</p>	<p><b>Section 201:</b> Expensing of natural gas vehicle manufacturing facilities</p> <ul style="list-style-type: none"> <li>a) Allows 100% of the cost of a natural gas vehicle manufacturing facility that is placed in service before January 1, 2015 to be expensed and to</li> </ul>	<p><b>Section 201:</b> Creates a new tax credit in section 45R of the IRC for OEMs that produce dedicated and bifuel NGVs</p> <ul style="list-style-type: none"> <li>o Provides a tax credit equal to the lesser of 10 percent of basis of the vehicle or \$4,000</li> <li>o limits the aggregate credits per manufacturer to \$200 million</li> </ul>

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	<p>guarantees, demonstration grants, and an educational program. These provisions are intended to help automakers revamp facilities to gear up for production of hybrid, diesel as well as plug-in electric vehicles. Vehicle systems and suppliers also are included as potential grantees or beneficiaries of these programs.</p>	<p>be treated as a deduction in the taxable year in which the facility was placed in service</p> <ul style="list-style-type: none"> <li>b) Allows 50% of the cost of a natural gas vehicle manufacturing facility that is placed in service after December 31, 2014 and before January 1, 2020 to be expensed and to be treated as a deduction in the taxable year in which the facility was placed in service</li> <li>c) Defines a natural gas vehicle manufacturing facility property as a facility that has been placed in service before January 1, 2020.</li> <li>d) Allows a portion of the deduction to be taken as a tax credit against prior year tax liability subject to certain conditions. Also makes the credit refundable.</li> </ul>	<p>Credit expires after 12/31/2017</p>

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<b>Extension and Modification of Alternative Fuel Vehicle Refueling Property Credit</b> (IRC, § 30C)	Current law provides an income tax credit for the installation of natural gas vehicle refueling property.  Credit expires December 31, 2010	<b>Section 301:</b> Extends natural gas vehicle refueling property credit to December 31, 2019	<b>Section 301:</b> Extends natural gas vehicle refueling property credit to December 31, 2027.
<b>Increase in Credit for Alternative Fuel Vehicle Refueling Property</b> (IRC, §30C)	Under current law, acquiring alternative vehicle refueling property qualifies for: <ul style="list-style-type: none"> <li>a) Income tax credit equal to the lesser of \$30,000 or 30% of the property's cost (\$50,000 or 50 percent of the property installed in 2009 – 2010)</li> <li>b) \$1,000 credit for a home refueling unit (\$2,000 if installed in 2009 – 2010)</li> </ul> Credit expires December 31, 2010	<b>Section 302:</b> Modifies alternative fuel vehicle refueling property tax credits. <ul style="list-style-type: none"> <li>a) Changes the infrastructure tax credit from the lesser of 50% or \$50,000 to the lesser of 50% or \$100,000 per CNG or LNG station.</li> <li>b) Maintains the \$2,000 credit for a home refueling unit</li> </ul> <b>Effective date – applies to property placed in service after 12/31/2010</b>	<b>Section 302:</b> Same as S. 1408 Section 302.  Effective date – applies after date of enactment.
<b>Natural Gas Vehicles in the Federal Fleet</b>	Federal agencies currently are required by Section 303 of EPA Act 1992 (42 USC 13212) to acquire	<b>Section 401:</b> Requires that, when complying with mandatory Federal Fleet alternative fuel vehicle purchase	<b>Section 401:</b> Requires that no later than 12/31/2014 that at least 50 percent of the new vehicles purchased and placed into service by the

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	alternative fuel vehicles when replacing existing fleet vehicles.	requirements, Federal agencies shall purchase <i>dedicated</i> alternative fuel vehicles unless the agency can show that alternative fuel is unavailable or that purchasing such vehicles would be impractical	Federal government must be capable of operating on compressed or liquefied natural gas.
Grants for NGV RD&D	At one time, US DOE had an active NGV RD&D program but it has not been funded for the past few years	<b>Section 402:</b> Authorizes a grant program for LD and HD natural gas vehicle and engine development.	<b>Section 402:</b> (Same)
<b>EPA Regulation of Aftermarket Conversion Systems</b>		<b>Section 403:</b> Provides for a Sense of the Senate resolution that the EPA should streamline the process for certification of natural gas retrofit kits	<b>Not Included</b>