

FACT SHEET

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Update: Federal Fuel and Infrastructure Tax Credits

This document covers the status of the fuel and infrastructure credits. Some 60 tax incentives, including the fuel and infrastructure credits for NGVs, expired at the end of 2013. In years past, these credits were to have expired, but Congress passed “tax extenders” bills to extend them. The last time these credits were extended was in the “Fiscal Cliff” bill, passed on January 1, 2013, where Congress extended the credits until the end of 2013 (making them retroactive for 2012 since extenders must apply to existing incentives and they needed to be in effect for 2012 in order to be considered existing). It appears that the two options for reinstating the fuel and infrastructure credits are for Congress to: (1) include them in comprehensive tax reform legislation that is passed into law or (2) include them in yet another tax extenders bill that is passed into law.

To start the process for comprehensive tax reform, the two chairmen of the tax writing committees—Sen. Max Baucus (D-MT) for the Finance Committee and Rep. Dave Camp (R-MI) for the Ways and Means Committee—have brought forward detailed proposals on certain areas of tax reform. NGVAmerica testified before the Committees and provided comments for their consideration. The decision to move forward on comprehensive tax reform is a difficult one as there is a large partisan divide about how comprehensive tax reform should be addressed, what the purpose of comprehensive tax reform is (or should be) and the underlying goals of tax reform. Further, the leadership on both sides of the Capitol is nervous about asking members to take hard votes during an election year on legislation that may not become law. Adding to the uncertainty is the decision by Sen. Baucus (D-MT) to retire from the Senate to become the next U.S. Ambassador to China.

The second—and more promising—option is another tax extenders bill. Sen. Baucus had drafted a bill to modify all energy taxes including the CNG fuel credit. His proposal extends the fuel credit for three years (until 2016) and modifies them with a clean fuel credit based on BTU and emission factors. The infrastructure credit is not included in that proposal. Senate Majority Leader Harry Reid (D-NV) has introduced legislation (S.1859) that provides for a clean extension of all credits until 2014, and Sen. Ron Wyden (D-OR), who has been a champion for energy-related tax provisions and is set to become the new Chairman of the Senate Finance Committee, has said he wants extenders quickly. Thus it is shaping up to be a wait-and-see exercise on tax policy that makes tax planning a challenge. NGVAmerica and its members continue to actively participate in lobbying efforts and are monitoring the discussions and debates in both the House and Senate.