

NAT GAS Act- S 1408- Side by Side

Issue	Current law	111 th Congress NAT GAS Act- S. 1408
<p>Section 101: Extension of Alternative Fuel Credit (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>Section 101: Extends the alternative fuel credits for CNG and LNG until December 31, 2019.</p>
<p>Section 102: Extension of alternative fuel vehicle credit (IRC §30B(e))</p>	<p>Income tax credit for the purchase of a qualified alternative fuel motor vehicle</p> <ul style="list-style-type: none"> a) Income tax credit for the purchase of an alternative fueled vehicle that ranges from \$2,500 - \$32,000 or 50 percent to 80 percent of the incremental cost of the vehicle b) The incremental cost is capped and the amount of the incremental cost depends on the weight classification of the vehicle c) The value of the credit depends on the cleanliness of the vehicle. <p>Credit currently expires on 12/31/2010</p>	<p>Section 102: Extends the natural gas vehicle credits until December 31, 2019.</p>
<p>Section 103: Allow natural gas vehicle and infrastructure tax credits to count against the AMT provision (IRC, §§30B(e), 30C, 38)</p>	<p>Current law allows all alternative motor vehicle tax credits in IRC, 30B(a) to count against 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>Section 103: Sec. 103 (a) Allows the natural gas vehicle and natural gas fueling infrastructure credits to count against the AMT provisions in the case of businesses Sec 103 (b) Similarly allows the above credits to count against the AMT in the case of personal use (i.e., non-business use).</p>
<p>Section 103: Allow natural gas vehicle and infrastructure tax credits to be transferred (IRC, §§30B(e), 30C, 38)</p>	<p>Currently, these tax credits are not transferable. There, however, 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. And the tax code currently provides that in the case of a lease, the credit is claimed by the lessor, not the lessee.</p>	<p>Section 103: Sec 103 (c) Allow the natural gas vehicle and natural gas fueling infrastructure credits (at their discretion) to be transferred by the taxpayer back to the seller. Also allows the lessor to transfer the credit to a lessee. It does not modify the current tax credit provision relating to sales to tax exempt entities.</p>

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Section 104: Natural Gas Vehicle Bonds	This option is not available under current law	Section 104: 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. <ul style="list-style-type: none"> a) National natural gas vehicle bonds are limited to \$3 billion b) Proceeds are to be spent on natural gas vehicle projects within a 5-year period. The 5 year period may be extended. c) Natural gas vehicle projects include vehicles and infrastructure Expires on December, 31, 2019
Section 105: Modification of credit for purchase of vehicles fueled by compressed natural gas or liquefied natural gas (IRC, §30B(e))	Under current law the purchaser or seller of a natural gas fueled vehicle is eligible for: <ul style="list-style-type: none"> a) Income tax credit for the purchase of an alternative fueled vehicle that ranges from \$2,500 - \$32,000 or 50 percent to 80 percent of the incremental cost of the vehicle b) The incremental cost is capped and the amount of the incremental cost depends on the weight classification of the vehicle c) The value of the credit depends on the cleanliness of the vehicle. d) Bi- fuel vehicles are not eligible for the credits 	Section 105: Modification to the natural gas vehicle tax credits: <ul style="list-style-type: none"> a) Makes all new dedicated alternative fueled vehicles eligible for a credit equal to 80 percent of the incremental cost. b) Makes certain bi-fuel alternative fueled vehicles eligible for a tax credit equal to 50 percent of the incremental cost. c) Increases the light-duty vehicle purchase tax credit by 150 percent (from \$5,000 to \$12,500), and doubles the vehicle purchase tax credits for all other vehicle weight classes.
Section 106: Modifies the definition of a new qualified alternative fuel motor vehicle (IRC, §30B(e))	Not available today	Section 106: Modification to the definition of a new qualified alternative fuel motor vehicle: <ul style="list-style-type: none"> 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 b) Clarifies that a converted or repowered vehicle is a new vehicle for the purposes of this section

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<p>Section 201: Natural gas vehicle production incentives</p>	<p>Sections 131 - 136 of EISA 2007 & 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 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>Section 201: Expensing of natural gas vehicle manufacturing facilities</p> <ul style="list-style-type: none"> 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 be treated as a deduction in the taxable year in which the facility was placed in service 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 c) Defines a natural gas vehicle manufacturing facility property as a facility that has been placed in service before January 1, 2020. d) Allows a portion of the deduction to be taken as a tax credit against prior year tax liability subject to certain conditions.
<p>Section 301: Extension and modification of alternative fuel vehicle refueling property credit (IRC, § 30C)</p>	<p>Income tax credit for natural gas vehicle refueling property:</p> <ul style="list-style-type: none"> a) Income tax credit for natural gas vehicle refueling property equal to the lesser of \$30,000 or 30 percent of the property (currently worth \$50,000 or 50% for 2009 – 2010 only) b) \$1,000 credit for a home refueling unit (worth \$2,000 for 2009 – 2010 only) <p>Credit expires December 31, 2010</p>	<p>Section 301: Extends natural gas vehicle refueling property credit to December 31, 2019</p>
<p>Section 302: Increase in credit for certain alternative fuel vehicle refueling property (IRC, §30C)</p>	<p>Under current law, acquiring alternative vehicle refueling property qualifies for:</p> <ul style="list-style-type: none"> 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) b) \$1,000 credit for a home refueling unit (\$2,000 if installed in 2009 – 2010) <p>Credit expires December 31, 2010</p>	<p>Section 302: Modifies alternative fuel vehicle refueling property tax credits.</p> <ul style="list-style-type: none"> 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. b) Maintains the \$2,000 credit for a home refueling unit

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Section 401: Natural gas vehicles in the federal fleet	Federal agencies currently are required by Section 303 of EPA Act 1992 (42 USC 13212) to acquire alternative fuel vehicles when replacing existing fleet vehicles.	Section 401: Requires that when complying with mandatory Federal Fleet alternative fuel vehicle purchase requirements, Federal agencies shall purchase dedicated alternative fuel vehicles unless the agency can show that alternative fuel is unavailable or that purchasing such vehicles would be impractical
Section 402: Grants for NGV R&D	US DOE used to have an active NGV RD&D program but it has not funded it for the past few years	Section 402: Authorizes a grant program for LD and HD natural gas vehicle and engine development.
Section 403 Sense of the Senate on EPA certification and NGV retrofit kits		Section 403: Provides for a Sense of the Senate resolution that the EPA should streamline the process for certification of natural gas retrofit kits to promote energy security while fulfilling the mission of the Clean Air Act.