

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

S.918

“E-85 Fuel Utilization and Infrastructure Development Incentives Act of 2005”.

By Mr. OBAMA (for himself, Mr. TALENT, and Mr. DURBIN):

S. 918. A bill to provide for Flexible Fuel Vehicle (FFV) refueling capability at new and existing refueling station facilities to promote energy security and reduction of greenhouse gas emissions; to the Committee on Finance.

Mr. OBAMA. Mr. President, we have all heard from folks back home about the high price of gasoline. When you pull into a gas station to fill up your tank, you're now paying some of the highest prices of all time.

And when you turn on the news, you see that our dependence on foreign oil keeps us tied to one of the most dangerous and unstable regions in the world. With oil at more than \$50 per barrel, some argue that the best way to deal with high gasoline prices is to wait it out—to wait until the world market dynamics change.

I disagree with that mindset. For too long now, we've relied too heavily on foreign oil to fuel our energy needs in this country. This is not good for the United States—not for our economy, not for our national security, and not for our people.

The bill I am introducing today, along with my distinguished colleagues from Illinois and Missouri, is designed to do something about fuel prices and our reliance on foreign oil—something rooted in reality, something achievable in the short term, and something that actually works.

Last week, I visited a gasoline station in Springfield, IL, where along with regular gasoline, a new kind of fuel is offered for consumers—a fuel known as E-85. E-85 is a clean, alternative form of transportation fuel consisting of a blend of 85 percent ethanol and 15 percent gasoline. Ethanol is made from renewable, Midwestern corn, and it is 40-

60 cents cheaper per gallon than standard gasoline. Last week, at this Springfield station, regular gasoline was listed at \$2.06 and E-85 was selling for \$1.69.

Not every car can run on E-85 fuel—but there are millions of cars that can. They're known as "flexible-fuel vehicles," and the auto industry is turning out hundreds of thousands of them every year. And if any of you are wondering whether cars will run as well on E-85 as they would on regular gas, just ask the Indy 500, which recently announced that all of their cars will soon run on E-85 fuel.

The only problem we have now is that we're in short supply of E-85 stations. While there are more than 180,000 gas stations all over America, there are only about 400 E-85 stations. And although E-85 has many environmental benefits and is a higher performing fuel, the fuel economy of E-85 is slightly lower than that of regular gasoline. An additional incentive is needed to help ensure that the cost of this clean fuel remains competitive with that of regular gasoline.

That is why I'm introducing a bill to provide a tax credit of 50% for building an E-85 fuel station and a tax credit of 35 cents per gallon of E-85 fuel. This provision is similar to a provision that already has passed the Senate three times. I hope my colleagues will pass this provision again.

We've talked for too long about energy independence in this country, and I think this bill gives us an opportunity to actually get something done about it. I urge the support of my colleagues of this bill, and I thank the Chair.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 918

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) Short Title.—This Act may be cited as the "E-85 Fuel Utilization and Infrastructure Development Incentives Act of 2005".

(b) Amendment of 1986 Code.—Except as otherwise expressly provided, whenever in this division an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) Table of Contents.—The table of contents for this Act is as follows:

- Sec. 1. Short title, etc.
- Sec. 2. Purpose.
- Sec. 3. Findings.
- Sec. 4. Incentives for the installation of alternative fuel refueling stations.
- Sec. 5. Incentives for the retail sale of alternative fuels as motor vehicle fuel.

SEC. 2. PURPOSE.

The purpose of this Act is to decrease the dependence of the United States on foreign oil by increasing the use of high ratio blends of gasoline with a minimum 85 percent domestically derived ethanol content (E-85) as an alternative fuel and providing greater access to this fuel for American motorists.

SEC. 3. FINDINGS.

Congress finds the following:

(1) The growing United States reliance on foreign produced petroleum and the recent escalation of crude oil prices demands that all prudent measures be undertaken to increase United States refining capacity, domestic oil production, and expanded utilization of alternative forms of transportation fuels and infrastructure.

(2) Recent studies confirm the environmental and overall energy security benefits of high ratio blends of gasoline with a minimum 85 percent domestically derived ethanol content (E-85), especially with regard to the reduction of greenhouse gas emissions from the national on-road passenger car vehicle fleet.

(3) The market penetration of E-85 capable Flexible Fuel Vehicles (FFVs) now exceeds 5,000,000 with an additional 1,000,000 or more FFVs expected to be added annually as automakers continue to respond positively to congressionally provided production incentives.

(4) It is further recognized that actual implementation of the use of E-85 fuel has been significantly underutilized due primarily to the lack of E-85 refueling infrastructure availability and promotion and that such utilization rate will continue to lag unless resources are provided to substantially accelerate national refueling infrastructure development.

(5) Additionally, incentives in the form of tax credits can serve to stimulate infrastructure development and E-85 fuel utilization.

SEC. 4. INCENTIVES FOR THE INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.

(a) In General.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following new section:

“SEC. 30B. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

“(a) Credit Allowed.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the amount paid or incurred by the taxpayer during the taxable year for the installation of qualified alternative fuel vehicle refueling property.

“(b) Limitation.—

“(1) IN GENERAL.—The credit allowed under subsection (a)—

“(A) with respect to any retail alternative fuel vehicle refueling property, shall not exceed \$30,000, and

“(B) with respect to any residential alternative fuel vehicle refueling property, shall not exceed \$1,000.

“(2) PHASEOUT.—

“(A) IN GENERAL.—In the case of any qualified alternative fuel vehicle refueling property placed in service after December 31, 2010, the limit otherwise applicable under paragraph (1) shall be reduced by—

“(i) 25 percent in the case of any alternative fuel vehicle refueling property placed in service in calendar year 2011, and

“(ii) 50 percent in the case of any alternative fuel vehicle refueling property placed in service in calendar year 2012.

“(c) Year Credit Allowed.—The credit allowed under subsection (a) shall be allowed in the taxable year in which the qualified alternative fuel vehicle refueling property is placed in service by the taxpayer.

“(d) Definitions.—For purposes of this section—

“(1) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—The term ‘qualified alternative fuel vehicle refueling property’ has the same meaning given for clean-fuel vehicle refueling property by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol.

“(2) RESIDENTIAL ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—The term ‘residential alternative fuel vehicle refueling property’ means qualified alternative fuel vehicle refueling property which is installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer.

“(3) RETAIL ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—The term ‘retail alternative fuel vehicle refueling property’ means qualified alternative fuel vehicle refueling property which is installed on property (other than property described in paragraph (2)) used in a trade or business of the taxpayer.

“(e) Application With Other Credits.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

“(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

“(2) the tentative minimum tax for the taxable year.

“(f) Basis Reduction.—For purposes of this title, the basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

“(g) No Double Benefit.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

“(h) Refueling Property Installed for Tax-exempt Entities.—In the case of qualified alternative fuel vehicle refueling property installed on property owned or used by an entity exempt from tax under this

chapter, the person which installs such refueling property for the entity shall be treated as the taxpayer with respect to the refueling property for purposes of this section (and such refueling property shall be treated as retail alternative fuel vehicle refueling property) and the credit shall be allowed to such person, but only if the person clearly discloses to the entity in any installation contract the specific amount of the credit allowable under this section.

“(i) Carryforward Allowed.—

“(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (e) for such taxable year (referred to as the ‘unused credit year’ in this subsection), such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

[Page S4407]

“(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

“(j) Special Rules.—Rules similar to the rules of paragraphs (4) and (5) of section 179A(e) shall apply.

“(k) Regulations.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

“(l) Termination.—This section shall not apply to any property placed in service after December 31, 2013.”.

(b) Conforming Amendments.—

(1) Section 1016(a) is amended by striking “and” at the end of paragraph (30), by striking the period at the end of paragraph (31) and inserting “, and”, and by adding at the end the following new paragraph:

“(32) to the extent provided in section 30B(f).”.

(2) Section 55(c)(2) is amended by inserting “30B(e),” after “30(b)(3).”.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

“Sec. 30B. Alternative fuel vehicle refueling property credit.”.

(c) Effective Date.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 5. INCENTIVES FOR THE RETAIL SALE OF ALTERNATIVE FUELS AS MOTOR VEHICLE FUEL.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 40A the following new section:

“SEC. 40B. CREDIT FOR RETAIL SALE OF ALTERNATIVE FUELS AS MOTOR VEHICLE FUEL.

“(a) General Rule.—The alternative fuel retail sales credit for any taxable year is 35 cents for each gallon of alternative fuel sold at retail by the taxpayer during such year.

“(b) Definitions.—For purposes of this section—

“(1) ALTERNATIVE FUEL.—The term ‘alternative fuel’ means any fuel at least 85 percent of the volume of which consists of ethanol.

“(2) SOLD AT RETAIL.—

“(A) IN GENERAL.—The term ‘sold at retail’ means the sale, for a purpose other than resale, after manufacture, production, or importation.

“(B) USE TREATED AS SALE.—If any person uses alternative fuel (including any use after importation) as a fuel to propel any qualified alternative fuel motor vehicle (as defined in this section) before such fuel is sold at retail, then such use shall be treated in the same manner as if such fuel were sold at retail as a fuel to propel such a vehicle by such person.

“(3) QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—The term ‘new qualified alternative fuel motor vehicle’ means any motor vehicle—

“(A) which is capable of operating on an alternative fuel,

“(B) the original use of which commences with the taxpayer,

“(C) which is acquired by the taxpayer for use or lease, but not for resale, and

“(D) which is made by a manufacturer.

“(c) Election To Pass Credit.—A person which sells alternative fuel at retail may elect to pass the credit allowable under this section to the purchaser of such fuel or, in the event the purchaser is a tax-exempt entity or otherwise declines to accept such credit, to the person which supplied such fuel, under rules established by the Secretary.

“(d) Pass-Thru in the Case of Estates and Trusts.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

“(e) Termination.—This section shall not apply to any fuel sold at retail after December 31, 2010.”.

(b) Credit Treated as Business Credit.—Section 38(b) (relating to current year business credit) is amended by striking “plus” at the end of paragraph (18), by striking the period at the end of paragraph (19) and inserting “, plus”, and by adding at the end the following new paragraph:

“(20) the alternative fuel retail sales credit determined under section 40B(a).”.

(c) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 40A the following new item:

“Sec. 40B. Credit for retail sale of alternative fuels as motor vehicle fuel.”.

(d) Effective Date.—The amendments made by this section shall apply to fuel sold at retail after the date of the enactment of this Act, in taxable years ending after such date.

Source: Government Printing Office
From **CQ Congressional Record Service**
Providing government documents on demand, in context.
©2005 Congressional Quarterly Inc. All Rights Reserved.