

112TH CONGRESS
1ST SESSION

S. 1863

To amend the Internal Revenue Code of 1986 to encourage alternative energy investments and job creation.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 15, 2011

Mr. MENENDEZ (for himself, Mr. REID, Mr. BURR, and Mr. CHAMBLISS) 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 encourage alternative energy investments and job creation.

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, ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “New Alternative Transportation to Give Americans Solu-
6 tions Act of 2011”.

7 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment or repeal is expressed in terms of an amendment
10 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents for
 4 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—PROMOTE THE PURCHASE AND USE OF NGVS WITH AN
 EMPHASIS ON HEAVY-DUTY VEHICLES AND FLEET VEHICLES

Sec. 101. Extension and modification of new qualified alternative fuel motor ve-
 hicle credit.

Sec. 102. Allowance of vehicle and infrastructure credits against regular and
 minimum tax and transferability of credits.

Sec. 103. Modification of credit for purchase of vehicles fueled by compressed
 natural gas or liquefied natural gas.

Sec. 104. Modification of definition of new qualified alternative fuel motor vehi-
 cle.

Sec. 105. Providing for the treatment of property purchased by Indian tribal
 governments.

TITLE II—PROMOTE PRODUCTION OF NGVS BY ORIGINAL
 EQUIPMENT MANUFACTURERS

Sec. 201. Credit for producing vehicles fueled by natural gas or liquified nat-
 ural gas.

Sec. 202. Additional vehicles qualifying for the advanced technology vehicles
 manufacturing incentive program.

TITLE III—INCENTIVIZE THE INSTALLATION OF NATURAL GAS
 FUEL PUMPS

Sec. 301. Extension and modification of alternative fuel vehicle refueling prop-
 erty credit.

Sec. 302. Increase in credit for certain alternative fuel vehicle refueling prop-
 erties.

TITLE IV—NATURAL GAS VEHICLES

Sec. 401. Grants for natural gas vehicles research and development.

Sec. 402. Sense of the Congress regarding EPA certification of NGV retrofit
 kits.

Sec. 403. Amendment to section 508 of the Energy Policy Act of 1992.

TITLE V—TRANSIT SYSTEMS

Sec. 501. Federal share of costs for equipment for compliance with Clean Air
 Act.

Sec. 502. Natural gas transit infrastructure investment.

TITLE VI—USER FEES

Sec. 601. User fees.

1 **TITLE I—PROMOTE THE PUR-**
 2 **CHASE AND USE OF NGVS**
 3 **WITH AN EMPHASIS ON**
 4 **HEAVY-DUTY VEHICLES AND**
 5 **FLEET VEHICLES**

6 **SEC. 101. EXTENSION AND MODIFICATION OF NEW QUALI-**
 7 **FIED ALTERNATIVE FUEL MOTOR VEHICLE**
 8 **CREDIT.**

9 (a) IN GENERAL.—Paragraph (4) of section 30B(k)
 10 is amended by inserting “(December 31, 2016, in the case
 11 of a vehicle powered by compressed or liquefied natural
 12 gas)” before the period at the end.

13 (b) EFFECTIVE DATE.—The amendment made by
 14 subsection (a) shall apply to property placed in service
 15 after the date of the enactment of this Act.

16 **SEC. 102. ALLOWANCE OF VEHICLE AND INFRASTRUCTURE**
 17 **CREDITS AGAINST REGULAR AND MINIMUM**
 18 **TAX AND TRANSFERABILITY OF CREDITS.**

19 (a) BUSINESS CREDITS.—Subparagraph (B) of sec-
 20 tion 38(c)(4) is amended by striking “and” at the end of
 21 clause (viii), by striking the period at the end of clause
 22 (ix) and inserting a comma, and by inserting after clause
 23 (ix) the following new clauses:

24 “(x) the portion of the credit deter-
 25 mined under section 30B which is attrib-

1 utable to the application of subsection
 2 (e)(3) thereof with respect to new qualified
 3 alternative fuel motor vehicles which are
 4 capable of being powered by compressed or
 5 liquefied natural gas, and

6 “ (xi) the portion of the credit deter-
 7 mined under section 30C which is attrib-
 8 utable to the application of subsection (b)
 9 thereof with respect to refueling property
 10 which is used to store and or dispense
 11 compressed or liquefied natural gas.”.

12 (b) PERSONAL CREDITS.—

13 (1) NEW QUALIFIED ALTERNATIVE FUEL
 14 MOTOR VEHICLES.—Subsection (g) of section 30B is
 15 amended by adding at the end the following new
 16 paragraph:

17 “(3) SPECIAL RULE RELATING TO CERTAIN
 18 NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHI-
 19 CLES.—In the case of the portion of the credit deter-
 20 mined under subsection (a) which is attributable to
 21 the application of subsection (e)(3) with respect to
 22 new qualified alternative fuel motor vehicles which
 23 are capable of being powered by compressed or liq-
 24 uefied natural gas—

1 “(A) paragraph (2) shall (after the appli-
2 cation of paragraph (1)) be applied separately
3 with respect to such portion, and

4 “(B) in lieu of the limitation determined
5 under paragraph (2), such limitation shall not
6 exceed the excess (if any) of—

7 “(i) the sum of the regular tax liabil-
8 ity (as defined in section 26(b)) plus the
9 tentative minimum tax for the taxable
10 year, reduced by

11 “(ii) the sum of the credits allowable
12 under subpart A and sections 27 and 30.”.

13 (2) ALTERNATIVE FUEL VEHICLE REFUELING
14 PROPERTIES.—Subsection (d) of section 30C is
15 amended by adding at the end the following new
16 paragraph:

17 “(3) SPECIAL RULE RELATING TO CERTAIN AL-
18 TERNATIVE FUEL VEHICLE REFUELING PROP-
19 ERTIES.—In the case of the portion of the credit de-
20 termined under subsection (a) with respect to refuel-
21 ing property which is used to store and or dispense
22 compressed or liquefied natural gas and which is at-
23 tributable to the application of subsection (b)—

1 “(A) paragraph (2) shall (after the appli-
 2 cation of paragraph (1)) be applied separately
 3 with respect to such portion, and

4 “(B) in lieu of the limitation determined
 5 under paragraph (2), such limitation shall not
 6 exceed the excess (if any) of—

7 “(i) the sum of the regular tax liabil-
 8 ity (as defined in section 26(b)) plus the
 9 tentative minimum tax for the taxable
 10 year, reduced by

11 “(ii) the sum of the credits allowable
 12 under subpart A and sections 27, 30, and
 13 the portion of the credit determined under
 14 section 30B which is attributable to the
 15 application of subsection (e)(3) thereof.”.

16 (c) CREDITS MAY BE TRANSFERRED.—

17 (1) VEHICLE CREDITS.—Subsection (h) of sec-
 18 tion 30B is amended by adding at the end the fol-
 19 lowing new paragraph:

20 “(11) TRANSFERABILITY OF CREDIT.—

21 “(A) IN GENERAL.—Except as provided in
 22 subparagraph (B), a taxpayer who places in
 23 service any new qualified alternative fuel motor
 24 vehicle which is capable of being powered by
 25 compressed or liquefied natural gas may trans-

1 fer the credit allowed under this section by rea-
2 son of subsection (e) with respect to such vehi-
3 cle through an assignment to the manufacturer,
4 seller or lessee of such vehicle. Such transfer
5 may be revoked only with the consent of the
6 Secretary.

7 “(B) REGULATIONS.—The Secretary shall
8 prescribe such regulations as necessary to en-
9 sure that any credit transferred under subpara-
10 graph (A) is claimed once and not reassigned
11 by such other person.”.

12 (2) INFRASTRUCTURE CREDIT.—Subsection (e)
13 of section 30C is amended by adding at the end the
14 following new paragraph:

15 “(7) TRANSFERABILITY OF CREDIT.—

16 “(A) IN GENERAL.—Except as provided in
17 subparagraph (B), a taxpayer who places in
18 service any qualified alternative fuel vehicle re-
19 fueling property relating to compressed or lique-
20 fied natural gas may transfer the credit allowed
21 under this section with respect to such property
22 through an assignment to the manufacturer,
23 seller or lessee of such property. Such transfer
24 may be revoked only with the consent of the
25 Secretary.

1 “(B) REGULATIONS.—The Secretary shall
 2 prescribe such regulations as necessary to en-
 3 sure that any credit transferred under subpara-
 4 graph (A) is claimed once and not reassigned
 5 by such other person.”.

6 (d) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply with respect to property placed in
 8 service after the date of the enactment of this Act.

9 **SEC. 103. MODIFICATION OF CREDIT FOR PURCHASE OF**
 10 **VEHICLES FUELED BY COMPRESSED NAT-**
 11 **URAL GAS OR LIQUEFIED NATURAL GAS.**

12 (a) INCREASE IN CREDIT.—Paragraph (2) of section
 13 30B(e) is amended to read as follows:

14 “(2) APPLICABLE PERCENTAGE.—For purposes
 15 of paragraph (1), the applicable percentage with re-
 16 spect to any new qualified alternative fuel motor ve-
 17 hicle is—

18 “(A) except as provided in subparagraphs
 19 (B) and (C)—

20 “(i) 50 percent, plus

21 “(ii) 30 percent, if such vehicle—

22 “(I) has received a certificate of
 23 conformity under the Clean Air Act
 24 and meets or exceeds the most strin-
 25 gent standard available for certifi-

1 cation under the Clean Air Act for
2 that make and model year vehicle
3 (other than a zero emission standard),
4 or

5 “(II) has received an order certi-
6 fying the vehicle as meeting the same
7 requirements as vehicles which may be
8 sold or leased in California and meets
9 or exceeds the most stringent stand-
10 ard available for certification under
11 the State laws of California (enacted
12 in accordance with a waiver granted
13 under section 209(b) of the Clean Air
14 Act) for that make and model year ve-
15 hicle (other than a zero emission
16 standard),

17 “(B) 80 percent, in the case of dedicated
18 vehicles that are only capable of operating on
19 compressed or liquefied natural gas, dual-fuel
20 vehicles that are only capable of operating on a
21 mixture of no less than 90 percent compressed
22 or liquefied natural gas, and a bi-fuel vehicle
23 that is capable of operating a minimum of 85
24 percent of its total range on compressed or liq-
25 uefied natural gas, and

1 “(C) 50 percent, in the case of vehicles de-
2 scribed subclause (II) or (III) of subsection
3 (e)(4)(A)(i) and which are not otherwise de-
4 scribed in subparagraph (B).

5 For purposes of the preceding sentence, in the case
6 of any new qualified alternative fuel motor vehicle
7 which weighs more than 14,000 pounds gross vehicle
8 weight rating, the most stringent standard available
9 shall be such standard available for certification on
10 the date of the enactment of the Energy Tax Incen-
11 tives Act of 2005.”.

12 (b) INCREASED INCENTIVE FOR NATURAL GAS VEHI-
13 CLES.—Subsection (e) of section 30B is amended by add-
14 ing at the end the following new paragraph:

15 “(6) CREDIT VALUES FOR NATURAL GAS VEHI-
16 CLES.—In the case of new qualified alternative fuel
17 motor vehicles with respect to vehicles powered by
18 compressed or liquefied natural gas, the maximum
19 tax credit value shall be—

20 “(A) \$7,500 if such vehicle has a gross ve-
21 hicle weight rating of not more than 8,500
22 pounds,

23 “(B) \$16,000 if such vehicle has a gross
24 vehicle weight rating of more than 8,500
25 pounds but not more than 14,000 pounds,

1 “(C) \$40,000 if such vehicle has a gross
2 vehicle weight rating of more than 14,000
3 pounds but not more than 26,000 pounds, and

4 “(D) \$64,000 if such vehicle has a gross
5 vehicle weight rating of more than 26,000
6 pounds.”.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to property placed in service after
9 the date of the enactment of this Act.

10 **SEC. 104. MODIFICATION OF DEFINITION OF NEW QUALI-**
11 **FIED ALTERNATIVE FUEL MOTOR VEHICLE.**

12 (a) IN GENERAL.—Clause (i) of section 30B(e)(4)(A)
13 is amended to read as follows:

14 “(i) which—

15 “(I) is a dedicated vehicle that is
16 only capable of operating on an alter-
17 native fuel,

18 “(II) is a bi-fuel vehicle that is
19 capable of operating on compressed or
20 liquefied natural gas and gasoline or
21 diesel fuel, or

22 “(III) is a duel-fuel vehicle that
23 is capable of operating on a mixture
24 of compressed or liquefied natural gas
25 and gasoline or diesel fuel.”.

1 (b) CONVERSIONS AND REPOWERS.—Paragraph (4)
2 of section 30B(e) is amended by adding at the end the
3 following new subparagraph:

4 “(C) CONVERSIONS AND REPOWERS.—

5 “(i) IN GENERAL.—The term ‘new
6 qualified alternative fuel motor vehicle’ in-
7 cludes the conversion or repower of a new
8 or used vehicle so that it is capable of op-
9 erating on an alternative fuel as it was not
10 previously capable of operating on an alter-
11 native fuel.

12 “(ii) TREATMENT AS NEW.—A vehicle
13 which has been converted to operate on an
14 alternative fuel shall be treated as new on
15 the date of such conversion for purposes of
16 this section.

17 “(iii) RULE OF CONSTRUCTION.—In
18 the case of a used vehicle which is con-
19 verted or repowered, nothing in this section
20 shall be construed to require that the
21 motor vehicle be acquired in the year the
22 credit is claimed under this section with re-
23 spect to such vehicle.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to property placed in service after
 3 the date of the enactment of this Act.

4 **SEC. 105. PROVIDING FOR THE TREATMENT OF PROPERTY**
 5 **PURCHASED BY INDIAN TRIBAL GOVERN-**
 6 **MENTS.**

7 (a) IN GENERAL.—Paragraph (6) of section 30B(h)
 8 and paragraph (2) of section 30C(e) are both amended
 9 by inserting “, or an Indian Tribal Government” after
 10 “section 50(b)”.

11 (b) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to property placed in service after
 13 the date of the enactment of this Act.

14 **TITLE II—PROMOTE PRODUC-**
 15 **TION OF NGVS BY ORIGINAL**
 16 **EQUIPMENT MANUFACTUR-**
 17 **ERS**

18 **SEC. 201. CREDIT FOR PRODUCING VEHICLES FUELED BY**
 19 **NATURAL GAS OR LIQUIFIED NATURAL GAS.**

20 (a) IN GENERAL.—Subpart D of part IV of sub-
 21 chapter A of chapter 1 is amended by inserting after sec-
 22 tion 45R the following new section:

1 **“SEC. 45S. PRODUCTION OF VEHICLES FUELED BY NAT-**
2 **URAL GAS OR LIQUIFIED NATURAL GAS.**

3 “(a) IN GENERAL.—For purposes of section 38, in
4 the case of a taxpayer who is an original manufacturer
5 of natural gas vehicles, the natural gas vehicle credit de-
6 termined under this section for any taxable year with re-
7 spect to each eligible natural gas vehicle produced by the
8 taxpayer during such year is an amount equal to the lesser
9 of—

10 “(1) 10 percent of the manufacturer’s basis in
11 such vehicle, or

12 “(2) \$4,000.

13 “(b) AGGREGATE CREDIT ALLOWED.—The aggre-
14 gate amount of credit allowed under subsection (a) with
15 respect to a taxpayer for any taxable year shall not exceed
16 \$200,000,000 reduced by the amount of the credit allowed
17 under subsection (a) to the taxpayer (or any predecessor)
18 for all prior taxable years.

19 “(c) DEFINITIONS.—For the purposes of this sec-
20 tion—

21 “(1) ELIGIBLE NATURAL GAS VEHICLE.—The
22 term ‘eligible natural gas vehicle’ means a motor ve-
23 hicle (as defined in section 30B(h)(1)) that is capa-
24 ble of operating on natural gas and is described in
25 30B(e)(4)(A).

1 “(2) MANUFACTURER.—The term ‘manufac-
2 turer’ has the meaning given such term in regula-
3 tions prescribed by the Administrator of the Envi-
4 ronmental Protection Agency for purposes of title II
5 of the Clean Air Act (42 U.S.C. 7521 et seq.).

6 “(d) SPECIAL RULES.—For purposes of this sec-
7 tion—

8 “(1) IN GENERAL.—Rules similar to the rules
9 of subsections (c), (d), and (e) of section 52 shall
10 apply.

11 “(2) CONTROLLED GROUPS.—

12 “(A) IN GENERAL.—All persons treated as
13 a single employer under subsection (a) or (b) of
14 section 52 or subsection (m) or (o) of section
15 414 shall be treated as a single producer.

16 “(B) INCLUSION OF FOREIGN CORPORA-
17 TIONS.—For purposes of subparagraph (A), in
18 applying subsections (a) and (b) of section 52
19 to this section, section 1563 shall be applied
20 without regard to subsection (b)(2)(C) thereof.

21 “(C) VERIFICATION.—No amount shall be
22 allowed as a credit under subsection (a) with
23 respect to which the taxpayer has not submitted
24 such information or certification as the Sec-

1 retary, in consultation with the Secretary of
2 Energy, determines necessary.

3 “(e) TERMINATION.—This section shall not apply to
4 any vehicle produced after December 31, 2016.”.

5 (b) CREDIT TO BE PART OF BUSINESS CREDIT.—
6 Section 38(b) is amended by striking “plus” at the end
7 of paragraph (35), by striking the period at the end of
8 paragraph (36) and inserting “, plus”, and by adding at
9 the end the following:

10 “(37) the natural gas vehicle credit determined
11 under section 45S(a).”.

12 (c) CONFORMING AMENDMENT.—The table of sec-
13 tions for subpart D of part IV of subchapter A of chapter
14 1 is amended by inserting after the item relating to section
15 45R the following new item:

“Sec. 45S. Production of vehicles fueled by natural gas or liquefied natural
gas.”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to vehicles produced after Decem-
18 ber 31, 2011.

19 **SEC. 202. ADDITIONAL VEHICLES QUALIFYING FOR THE AD-**
20 **VANCED TECHNOLOGY VEHICLES MANUFAC-**
21 **TURING INCENTIVE PROGRAM.**

22 (a) IN GENERAL.—Notwithstanding any other provi-
23 sion of law, a covered vehicle (as defined in subsection (b))
24 shall be considered an advanced technology vehicle for

1 purposes of the advanced technology vehicle incentive pro-
2 gram established under section 136 of the Energy Inde-
3 pendence and Security Act of 2007 (42 U.S.C. 17013),
4 and manufacturers and component suppliers of such cov-
5 ered vehicles shall be eligible for an award under such sec-
6 tion.

7 (b) DEFINITIONS.—As used in this section—

8 (1) the term “covered vehicle” means a light-
9 duty vehicle or a medium-duty or heavy-duty truck
10 or bus that is only capable of operating on com-
11 pressed or liquefied natural gas, a bi-fueled motor
12 vehicle that is capable of achieving a minimum of 85
13 percent of its total range with compressed or lique-
14 fied natural gas, or a dual-fuel vehicle that operates
15 on a mixture of natural gas and gasoline or diesel
16 fuel but is not capable of operating on a mixture of
17 less than 75 percent natural gas;

18 (2) the term “bi-fuel vehicle” means a vehicle
19 that is capable of operating on compressed or lique-
20 fied natural gas and gasoline or diesel fuel; and

21 (3) the term “dual-fuel vehicle” means a vehicle
22 that is capable of operating on a mixture of com-
23 pressed or liquefied natural gas and gasoline or die-
24 sel fuel.

1 **TITLE III—INCENTIVIZE THE IN-**
 2 **STALLATION OF NATURAL**
 3 **GAS FUEL PUMPS**

4 **SEC. 301. EXTENSION AND MODIFICATION OF ALTER-**
 5 **NATIVE FUEL VEHICLE REFUELING PROP-**
 6 **ERTY CREDIT.**

7 (a) IN GENERAL.—Subsection (g) of section 30C is
 8 amended by striking “and” at the end of paragraph (1),
 9 by redesignating paragraph (2) as paragraph (3), and by
 10 inserting after paragraph (1) the following new paragraph:

11 “(2) in the case of property relating to com-
 12 pressed or liquefied natural gas, after December 31,
 13 2016, and”.

14 (b) EFFECTIVE DATE.—The amendments made by
 15 subsection (a) shall apply to property placed in service
 16 after the date of the enactment of this Act.

17 **SEC. 302. INCREASE IN CREDIT FOR CERTAIN ALTER-**
 18 **NATIVE FUEL VEHICLE REFUELING PROP-**
 19 **ERTIES.**

20 (a) IN GENERAL.—Subsection (b) of section 30C is
 21 amended to read as follows:

22 “(b) LIMITATION.—The credit allowed under sub-
 23 section (a) with respect to all qualified alternative fuel ve-
 24 hicle refueling property placed in service by the taxpayer
 25 during the taxable year at a location shall not exceed—

1 “(1) except as provided in paragraph (2),
2 \$30,000 in the case of a property of a character
3 subject to an allowance for depreciation,

4 “(2) in the case of compressed natural gas
5 property and liquefied natural gas property which is
6 of a character subject to an allowance for deprecia-
7 tion, the lesser of—

8 “(A) 50 percent of such cost, or

9 “(B) \$100,000, and

10 “(3) \$2,000 in any other case.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to property placed in service in
13 taxable years beginning after December 31, 2011.

14 **TITLE IV—NATURAL GAS**
15 **VEHICLES**

16 **SEC. 401. GRANTS FOR NATURAL GAS VEHICLES RESEARCH**
17 **AND DEVELOPMENT.**

18 (a) RESEARCH, DEVELOPMENT AND DEMONSTRA-
19 TION PROGRAMS.—The Secretary shall provide funding to
20 improve the performance and efficiency and integration of
21 natural gas powered motor vehicles and heavy-duty on-
22 road vehicles as part of any programs funded pursuant
23 to section 911 of the Energy Policy Act of 2005 (42
24 U.S.C. 16191) and also with respect to funding for heavy-

1 duty engines pursuant to section 754 of the Energy Policy
2 Act of 2005 (42 U.S.C. 16102).

3 (b) IN GENERAL.—The Secretary of Energy may
4 make grants to original equipment manufacturers of light-
5 duty and heavy-duty natural gas vehicles for the develop-
6 ment of engines that reduce emissions, improve perform-
7 ance and efficiency, and lower cost.

8 **SEC. 402. SENSE OF THE CONGRESS REGARDING EPA CER-**
9 **TIFICATION OF NGV RETROFIT KITS.**

10 It is the sense of the Congress that the Environ-
11 mental Protection Agency should further streamline the
12 process for certification of natural gas vehicle retrofit kits
13 to promote energy security while still fulfilling the mission
14 of the Clean Air Act.

15 **SEC. 403. AMENDMENT TO SECTION 508 OF THE ENERGY**
16 **POLICY ACT OF 1992.**

17 (a) REPOWER OR CONVERTED ALTERNATIVE
18 FUELED VEHICLES DEFINED.—Subsection (a) of section
19 508 of the Energy Policy Act of 1992 (42 U.S.C. 13258)
20 is amended by adding at the end the following new para-
21 graph:

22 “(6) REPOWERED OR CONVERTED.—The term
23 ‘repowered or converted’ means modified with a cer-
24 tified or approved engine or aftermarket system so

1 that the vehicle is capable of operating on an alter-
2 native fuel.”.

3 (b) ALLOCATION OF CREDITS.—Subsection (b) of
4 section 508 of the Energy Policy Act of 1992 (42 U.S.C.
5 13258) is amended by adding at the end the following new
6 paragraph:

7 “(3) REPOWERED OR CONVERTED VEHICLES.—
8 Not later than January 1, 2012, the Secretary shall
9 allocate credits to fleets or covered persons that
10 repower or convert an existing vehicle so that it is
11 capable of operating on an alternative fuel. In the
12 case of any medium-duty or heavy-duty vehicle that
13 is repowered or converted, the Secretary shall allo-
14 cate additional credits for such vehicles if the Sec-
15 retary determines that such vehicles displace more
16 petroleum than light-duty alternative fueled vehicles.
17 The Secretary shall include a requirement that such
18 vehicles remain in the fleet for a period of no less
19 than 2 years in order to continue to qualify for cred-
20 it. The Secretary also shall extend the flexibility af-
21 forded in this section to Federal fleets subject to the
22 purchase provisions contained in section 303 of this
23 Act.”.

1 **TITLE V—TRANSIT SYSTEMS**

2 **SEC. 501. FEDERAL SHARE OF COSTS FOR EQUIPMENT FOR**
 3 **COMPLIANCE WITH CLEAN AIR ACT.**

4 Section 5323(i) of title 49, United States Code, is
 5 amended—

6 (1) in paragraph (1)—

7 (A) in the paragraph heading, by striking
 8 “AND CLEAN AIR ACT”;

9 (B) in the first sentence, by striking “or
 10 vehicle-related” and all that follows through
 11 “Clean Air Act”; and

12 (C) by striking “those Acts” each place it
 13 appears and inserting “the Americans with Dis-
 14 abilities Act of 1990 (42 U.S.C. 12101 et
 15 seq.)”;

16 (2) by redesignating paragraph (2) as para-
 17 graph (3); and

18 (3) by inserting after paragraph (1) the fol-
 19 lowing:

20 “(2) EQUIPMENT FOR COMPLIANCE WITH
 21 CLEAN AIR ACT.—

22 “(A) IN GENERAL.—A grant for a project
 23 to be assisted under this chapter that involves
 24 acquiring vehicle-related equipment or facilities
 25 (including clean fuel or alternative fuel vehicle-

1 related equipment or facilities) for purposes of
2 complying with or maintaining compliance with
3 the Clean Air Act (42 U.S.C. 7401 et seq.)
4 shall be made for—

5 “(i) 100 percent of the net project
6 cost of the equipment or facilities attrib-
7 utable to compliance with that Act for any
8 amounts of not more than \$75,000; and

9 “(ii) 90 percent of the net project cost
10 of the equipment or facilities attributable
11 to compliance with that Act for any
12 amounts of more than \$75,000.

13 “(B) COSTS.—The Secretary shall have
14 discretion to determine, through practicable ad-
15 ministrative procedures, the costs of equipment
16 or facilities attributable to compliance with the
17 Clean Air Act (42 U.S.C. 7401 et seq.).”.

18 **SEC. 502. NATURAL GAS TRANSIT INFRASTRUCTURE IN-**
19 **VESTMENT.**

20 (a) ESTABLISHMENT.—The Secretary of Transpor-
21 tation shall establish and administer a program to encour-
22 age the development of natural gas fueling infrastructure
23 to be used by transit agencies.

24 (b) USE.—Funding provided under the program may
25 be used for the purpose of building new or expanded fuel-

1 ing facilities, if the expansion is for the purposes of fueling
2 additional buses with natural gas.

3 (c) COMPETITIVE GRANTS.—The Secretary shall—

4 (1) administer the funding providing under the
5 program on a competitive basis; and

6 (2) award funding after an evaluation of project
7 proposals that includes—

8 (A) the overall quantity of petroleum to be
9 displaced over the life of the proposed project;

10 (B) the amount of private funding or local
11 funding that is available to offset the cost of
12 the project; and

13 (C) the technical and economical feasibility
14 of the project.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
16 authorized to be appropriated to carry out this section
17 \$100,000,000, to remain available until expended.

18 **TITLE VI—USER FEES**

19 **SEC. 601. USER FEES.**

20 (a) LIQUEFIED NATURAL GAS.—Clause (ii) of sec-
21 tion 4041(a)(2)(B) is amended by striking “24.3 cents per
22 gallon” and inserting “the sum of the Highway Trust
23 Fund financing rate and the Natural Gas Transportation
24 Incentives financing rate”.

1 (b) COMPRESSED NATURAL GAS.—The second sen-
 2 tence of subparagraph (A) of section 4041(a)(3) is amend-
 3 ed by striking “18.3 cents per energy equivalent of a gal-
 4 lon of gasoline” and inserting “the sum of the Highway
 5 Trust Fund financing rate and the Natural Gas Transpor-
 6 tation Incentives financing rate”.

7 (c) HIGHWAY TRUST FUND FINANCING RATE AND
 8 NATURAL GAS TRANSPORTATION INCENTIVES FINANCING
 9 RATE.—Subsection (a) of section 4041 is amended by
 10 adding at the end the following new paragraph:

11 “(4) HIGHWAY TRUST FUND FINANCING RATE
 12 AND NATURAL GAS TRANSPORTATION INCENTIVES
 13 FINANCING RATE.—For purposes of this title—

14 “(A) HIGHWAY TRUST FUND FINANCING
 15 RATE.—The term ‘Highway Trust Fund financ-
 16 ing rate’ means—

17 “(i) with respect to liquefied natural
 18 gas, 24.3 cents per gallon, and

19 “(ii) with respect to compressed nat-
 20 ural gas, 18.3 cents per energy equivalent
 21 of a gallon of gasoline.

22 “(B) NATURAL GAS TRANSPORTATION IN-
 23 CENTIVES FINANCING RATE.—

1 “(i) IN GENERAL.—The term ‘Natural
 2 Gas Transportation Incentives financing
 3 rate’ means—

4 “(I) with respect to liquefied nat-
 5 ural gas, the applicable amount per
 6 gallon, and

7 “(II) with respect to compressed
 8 natural gas, the applicable amount
 9 per energy equivalent of a gallon of
 10 gasoline.

11 “(ii) APPLICABLE AMOUNT.—For pur-
 12 poses of clause (i), the applicable amount
 13 shall be determined in accordance with the
 14 following table:

“Calendar year	Applicable amount
2014	2.5 cents
2015	2.5 cents
2016	5 cents
2017	5 cents
2018	10 cents
2019	10 cents
2020	12.5 cents
2021	12.5 cents
2022 and thereafter	zero.

15 “(iii) EXEMPTION FOR FUEL DIS-
 16 PENSED FROM CERTAIN PROPERTY.—In
 17 the case of liquefied natural gas or com-
 18 pressed natural gas dispensed from prop-
 19 erty for which a credit under section

1 30C(b)(3) would be allowable, the applica-
2 ble amount for any calendar year is zero.”.

3 (d) NATURAL GAS TRANSPORTATION INCENTIVES
4 FINANCING RATE DEPOSITED IN GENERAL FUND.—
5 Paragraph (4) of section 9503 is amended by striking
6 “or” at the end of subparagraph (C), by striking the pe-
7 riod at the end of subparagraph (D)(iii) and inserting
8 “or”, and by adding at the end the following new subpara-
9 graph:

10 “(E) section 4041 to the extent attrib-
11 utable to the Natural Gas Transportation In-
12 centives financing rate.”.

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