



SUMMARY OF EMANUEL/BOREN BILL (H.R. 6570) TO INCREASE THE USE OF NATURAL GAS AND OF ANALOGOUS PROVISIONS TO INCREASE USE OF PLUG-IN HYBRID ELECTRIC VEHICLES

Expand credit for refueling property. Under current law Code section 30C, a 30% credit is available for qualified alternative fuel vehicle refueling property, which includes both property for refueling vehicles that run on natural gas and vehicles that run on electric energy. The current law credit is capped at \$30,000 per location for property used in a commercial use and \$1,000 per location for property used in a non-commercial use. H.R. 6570 would increase the 30% rate to 50% and would increase the per location limitations to \$90,000 and \$2,000 respectively, but only for natural gas refueling property. H.R. 6570 also would extend the required placed in service date from the end of 2010 to the end of 2017, but again only for natural gas refueling property.

- **Option 1:** Increase the credit rate and per location limitations on refueling property for plug-in hybrid electric vehicles (“PHEV”) on the same basis as the proposed new credit rate and limitations for natural gas refueling property.
- **Enhancement to Option 1:** Eliminate the per location limitation for refueling property for PHEV’s. The rationale would be that the law should encourage large apartment buildings, office buildings, etc., to install refueling property for PHEV’s and that per location limitations unfairly cap the credit for such locations. Arguably the per location limitation is unfair to lower and middle income people who would be less likely to live in a house and more likely to live in an apartment building.
- **Alternative to Option 1 Enhancement:** A middle ground could be to eliminate the per location limitation for public parking lots, parking lots at larger apartment complexes and parking lots at larger office buildings, factories, etc.; but leave the per unit limitation in place for all other locations.
- **Option 2.** Extend the effective date to property placed in service before the end of 2017 for refueling property for PHEV’s to match the proposed date for natural gas refueling property.

Tax credit bonds for gas refueling property. H.R. 6570 would add a new category of tax credit bonds for natural gas refueling property. Governmental entities like cities would borrow the money and make grants and low-interest loans to citizens. The beneficiaries of this provision are intended to be entities that invest in gas refueling property. Unlike some recent tax-credit bond provisions, this proposal does not appear to be targeted specifically to benefit municipal utilities or cooperatives or their customers.

- **Option 1:** Refueling property for PHEV’s could be added as a qualified use of any grant or low-interest loan.
- **Potential Enhancement to Option 1:** Add a new and separate volume cap for refueling property for PHEV’s. Under H.R. 6570, there is a nationwide volume cap of \$2.6 billion. If a separate volume cap is added for PHEV refueling property, it would assure that the volume cap intend for PHEV refueling property is used for such purpose.



- **Potential Enhancement to Option 1:** Eliminate the per location cap for PHEV refueling property. H.R. 6570 would impose a cap for a single grant or loan at the lesser of \$200,000 per location (or 50% of the cost of the facility).

Manufacturer incentives for gas vehicles. H.R. 6570 contains two tax provisions benefiting producers of natural gas vehicles. One provides a tax credit equal to the lesser of 10% of the manufacturer's cost in such vehicle or \$2,000; and the other provides tax credit bonds for the financing of equipment to manufacture natural gas vehicles.

- **Option 1:** Add manufacturer incentives for the PHEV vehicles.
 - **Strategy 1:** It is possible that such provisions could be included in a bailout bill for automobile producers.
- **Option 2:** Add some type of incentive for battery makers. An option could be to make the battery makers eligible to receive grants or low-interest rate loans from the proceeds of tax credit bonds.