

ISSUE	Current Law	NAT GAS Act of 2011
<h2>Title I: PROMOTE THE PURCHASE AND USE OF NGVS WITH AN EMPHAISIS ON HEAVY-DUTY VEHICLES AND FLEET VEHICLES</h2>		
<p><b>Alternative Fuel Tax Credit</b> (Internal Revenue Code (IRC), §§ 6426, 6427)</p>	<ul style="list-style-type: none"> <li>• Current law provides a 50 cent tax credit for CNG (per 121 cubic feet) or LNG gallon when used as a transportation fuel.</li> <li>• Credit extended to 12/31/2011 by Pub. L. No. 111-312 (Dec. 2010); credit made retroactive for 2010.</li> </ul>	<p><b>Section 101:</b></p> <ul style="list-style-type: none"> <li>• Extends and modifies the alternative fuel credits for CNG and LNG until December 31, 2016.</li> <li>• Makes Indian Tribal Governments eligible for the alternative fuel credit</li> </ul>
<p><b>Alternative Fuel Motor Vehicle Tax Credit</b> (IRC §30B(e))-</p>	<ul style="list-style-type: none"> <li>• Credit expired on 12/31/2010. It previously provided an income tax credit for the purchase of a qualified alternative fuel motor vehicle</li> <li>• Pub. L. No. 111-312 includes bonus depreciation for new vehicle purchases and repowers in 2011; bonus deprecation allows for 100 percent depreciation of transportation related investments in 2011 and 50 percent depreciation for 2012 expenditures. This is incentive is helpful but the incentive is not limited to alternative fuel vehicles.</li> </ul>	<p><b>Section 102:</b></p> <ul style="list-style-type: none"> <li>• Restores and extends the NGV credits until December 31, 2016</li> </ul>
<p><b>AMT, Tentative Minimum Tax Applicability</b> (IRC, §§30B(e), 30C, 38)and <b>Transferability of Tax Credits</b></p>	<ul style="list-style-type: none"> <li>• Current law allows the 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, NGVs already receive this benefit in the case of non-business vehicles.</li> </ul>	<p><b>Section 103:</b></p> <ul style="list-style-type: none"> <li>• <b>Sec. 103 (a)</b> Allows the NGV and natural gas fueling infrastructure credits to count against the AMT provisions (<i>in the case of business use</i>).</li> <li>• <b>Sec 103 (b)</b> Allows the natural gas vehicle and natural gas fueling infrastructure credits to count against the AMT provisions (<i>in the case of personal use</i>).</li> <li>• <b>Sec. 103 (c)(1) and (2)</b> allows for these credits to be transferred to the manufacturer, seller or lessee.</li> </ul>
<p><b>Alternative Fuel Motor Vehicle Credit – Increased Credit Values</b> (IRC, §30B(e))</p>	<p>This provision expired 12/31/2010. It previously made the purchaser or seller of a dedicated or mixed-fuel natural gas vehicle eligible for an income tax credit:</p> <ol style="list-style-type: none"> <li>Depending on its emission performance, an NGV qualified for a credit worth 50 % or 80 % of its allowable incremental cost cap</li> <li>Credit values ranged from \$2,500 - \$32,000 depending on the weight of the vehicle</li> </ol>	<p><b>Section 104:</b></p> <ul style="list-style-type: none"> <li>• Modifies the natural gas vehicle tax credits as follows: <ol style="list-style-type: none"> <li>Makes all new dedicated natural gas vehicles and certain bi-fuel and dual fuel alternative natural gas vehicles (see below) eligible for a credit equal to 80 % of the incremental cost up to a credit cap;</li> <li>Bi-fuel natural gas vehicles qualify for the maximum tax credit allowed – 80% of incremental cost (up to a credit cap)- if the vehicle is capable of operating a minimum of 85</li> </ol> </li> </ul>

	<p>c) Bi- fuel vehicles were <b>not</b> eligible for the credits</p>	<p>percent of its total range on compressed or liquefied natural gas</p> <p>c) Dual-fuel natural gas vehicles qualify for the maximum tax credit allowed – 80% of incremental cost (up to a credit cap) – if the vehicle is capable of operating on a mixture of no less 90 percent compressed or liquefied natural gas and no more than 10% gasoline or diesel;</p> <p>d) All other natural gas vehicles would be eligible for a credit equal to 50% of the incremental cost up to a credit cap;</p> <p>e) The maximum value of the tax credits provided would be capped and would range from \$7,500 to \$64,000 depending on the weight of the vehicle</p>
<p><b>Alternative Fuel Motor Vehicle – Tax Credit for Bi-Fuel NGVs.</b> (IRC, §30B(e))</p>	<ul style="list-style-type: none"> <li>• Bi-fuel vehicles previously did not qualify for the tax credits.</li> </ul>	<p><b>Section 105:</b></p> <ul style="list-style-type: none"> <li>• Modifies the definition of a new qualified alternative fuel motor vehicle to include the following: <ul style="list-style-type: none"> <li>a) Dedicated alternative fueled vehicle, a bi-fuel natural gas vehicle, and a dual-fuel natural gas vehicle</li> <li>b) Clarifies that a converted or repowered vehicle is a new vehicle for the purposes of this section</li> </ul> </li> </ul>
<p><b>Providing for the Treatment of Property Purchased by Indian Tribal Governments</b></p>	<ul style="list-style-type: none"> <li>• This option is not available under current law</li> </ul>	<p><b>Section 106:</b></p> <ul style="list-style-type: none"> <li>• Makes Indian Tribal Governments eligible for the alternative fuel motor vehicle (30B(h)) and alternative fuel vehicle refueling property (30C(e)) tax credits</li> </ul>

## Title II: PROMOTE PRODUCTION OF NGVS BY ORIGINAL EQUIPMENT MANUFACTURERS

<p><b>Natural Gas Vehicle Production Incentives</b></p>	<ul style="list-style-type: none"> <li>• There currently are no production tax credits for NGV OEMs.</li> </ul>	<p><b>Section 201:</b></p> <ul style="list-style-type: none"> <li>• Creates a new tax credit in section 45R of the IRC for OEMs that produce dedicated and bifuel NGVs</li> <li>• Provides a tax credit equal to the lesser of 10 percent of basis of the vehicle or \$4,000, and limits the aggregate credits per manufacturer to \$200 million</li> </ul>
<p><b>Advanced Technology Vehicles</b></p>	<ul style="list-style-type: none"> <li>• Section 136 of EISA 2007 creates an “advanced technology vehicle manufacturing incentive program”. This section includes a definition of Advanced Technology Vehicle. It appears that NGVs qualify for this program (in fact, an NGV program was recently provided an incentive under this program). However, DOE has never issued definitive guidance concerning the ability of NGVs to qualify for this program.</li> </ul>	<p><b>Section 202:</b></p> <ul style="list-style-type: none"> <li>• Clarifies that “Advanced Technology Vehicle” include dedicated, bi-fuel, and dual-fuel natural gas powered vehicles even if such vehicles do not specifically comply with the fuel efficiency performance levels prescribed.</li> </ul>

## Title III: INCENTIVIZE THE INSTALLATION OF NATURAL GAS FUEL PUMPS

<p><b>Alternative Fuel Vehicle Refueling Property Credit</b> (IRC, § 30C)</p>	<ul style="list-style-type: none"> <li>• Current law provides an income tax credit for the installation of natural gas vehicle refueling property.</li> <li>• Credit expires after 12/31/11</li> </ul>	<p><b>Section 301:</b></p> <ul style="list-style-type: none"> <li>• Extends natural gas vehicle refueling property credit to December 31, 2016</li> </ul>
<p><b>Increase in Credit for Alternative Fuel Vehicle Refueling Property</b> (IRC, §30C)</p>	<ul style="list-style-type: none"> <li>• Under current law, acquiring alternative vehicle refueling property qualifies for:             <ul style="list-style-type: none"> <li>○ Income tax credit equal to the lesser of \$30,000 or 30% of cost of the property or \$1,000 for a home refueling unit</li> </ul> </li> </ul>	<p><b>Section 302:</b></p> <ul style="list-style-type: none"> <li>• Modifies alternative fuel vehicle refueling property tax credits.</li> <li>• Changes the infrastructure tax credit to the lesser of 50% or \$100,000 per CNG or LNG station.</li> <li>• Increases the \$1,000 credit for a home refueling unit to \$2,000.</li> </ul>

## Title IV: NATURAL GAS VEHICLES

<p><b>Grants for Research, Development and Demonstration</b></p>	<ul style="list-style-type: none"> <li>• At one time, US DOE had an active NGV RD&amp;D program but it has not been funded for the past few years. For FY 2010, Congress appropriated \$5 million for a DOE NGV RD&amp;D</li> </ul>	<p><b>Section 401;</b></p> <ul style="list-style-type: none"> <li>• Directs the Secretary of DOE to provide funding for RD&amp;D to improve NGV performance and efficiency and to integrate natural gas engines into additional on-road vehicles</li> </ul>
<p><b>EPA Certification of NGV Retrofit Systems</b></p>	<ul style="list-style-type: none"> <li>• The EPA regulations currently require aftermarket conversion manufacturers to comply with onerous certification procedures.</li> </ul>	<p><b>Section 402:</b></p> <ul style="list-style-type: none"> <li>• The intent of this Sense of the Congress resolution is to encourage the EPA to take steps to reduce the regulatory burden on conversion manufacturers. EPA finalized streamlining rules on March 29 but omitted some critical changes.</li> </ul>
<p><b>EPA and NHTSA Regulation of Medium- and Heavy-Duty Engines and Vehicles</b></p>	<ul style="list-style-type: none"> <li>• This rulemaking concerns the fuel economy and greenhouse gas reduction requirements for medium- and heavy-duty vehicles.</li> </ul>	<p><b>Section 403:</b></p> <ul style="list-style-type: none"> <li>• This Sense of the Congress directs the agencies to fashion appropriate credits to reward manufacturers of NGVs for their petroleum reductions and also for their greenhouse gas reductions. Specifically, industry has urged the agencies to provide fuel economy credits for NGVs based on the fuel economy credit factors provided for light-duty vehicles and also to provide credits for upstream greenhouse gas emission reductions associated with natural gas.</li> </ul>
<p><b>Amendment to Section 508 of the Energy Policy Act of 1992</b></p>	<ul style="list-style-type: none"> <li>• Under current DOE guidance, a covered fleet does not and cannot receive EPCRA credits for converting or repowering older vehicles to run on CNG or LNG</li> </ul>	<p><b>Section 404:</b></p> <ul style="list-style-type: none"> <li>• The DOE would be instructed to issue (through guidance or in a rulemaking) provisions that allow a covered fleet to receive EPCRA credits for converting older vehicles and also for repowering vehicles as long as the vehicle will remain in the fleet for up to 2 years.</li> </ul>