

Issue	Current law	111 th Congress NAT GAS Act- S. 1408 & Title I; S. 3535	111 th Congress NAT GAS Act- HR 1835	Kerry/Lieberman American Power Act proposal	REID S. 3815	Draft Ways and Means proposal July 2010
Extension of Alternative Fuel Tax Incentive (Internal Revenue Code (IRC), §§ 6426, 6427)	Current law provides a 50 cent tax incentive for CNG (per 121 cubic feet) or LNG gallon when used as a fuel for motor vehicles Credit currently expired on 12/31/2009	Section 101 Extends the alternative fuel incentive for CNG and LNG until December 31, 2019.	Section 101 Extends the alternative fuel incentive for CNG and LNG until December, 31 2027.	Not included	Not included	Section 503 Extends the alternative fuel incentive for CNG and LNG until December 31, 2011 The credit is to be made retroactive to 1/1/2010 if Congress has not done that prior to enactment
Extension of Alternative Fuel Motor Vehicle Tax Credit (IRC §30B(e))	Income tax credit for the purchase of a qualified alternative fuel motor vehicle Credit currently expires on 12/31/2010	Section 102 Extends the natural gas vehicle credits until December 31, 2019.	Section 102 Extends the natural gas vehicle credits until December 31, 2027.	Section 4121 Extends natural gas vehicle credits for 10 years	Section 1003 Makes up to \$3.8 billion in financial rebates available to qualified owners who purchase a natural gas vehicle by 2013	Section 401 Extends the natural gas vehicle credits until December 31, 2016

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Alternative Minimum Tax Applicability (AMT). (IRC, §§30B(e), 30C, 38)	Current law allows all alternative motor vehicle tax credits in IRC, 30B (a) to be excluded from 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>Section 103 <i>Sec. 103 (a)</i> Allows the natural gas vehicle and natural gas fueling infrastructure credits to count against the AMT provisions in the case of businesses</p> <p><i>Sec 103 (b)</i> Allow the natural gas vehicle and natural gas fueling infrastructure credits to count against the AMT (in the case of personal i.e., non-business use).</p>	<p>Section 103 <i>Sec 103 (a)</i> Same as S. 1408 Section 103 (a)</p> <p><i>Sec 103 (b)</i> Same as S. 1408 Section 103 (b)</p>	<p>Section 4121 AMT Allows the NGV vehicle tax credit to be applied against the AMT. (As per S. 1408 and HR 1835)</p>	Not included	Not included
Transferability of Tax Credits	Currently, these tax credits are not transferable. However, the tax code provides that 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 entity. In addition, the tax code currently provides that in the case of a lease, the credit is claimed by	<p>Section 103 <i>Sec 103 (c)</i> Allows the natural gas vehicle and natural gas fueling infrastructure credits (at discretion of the owner of the credits) to be transferred by the taxpayer back to the seller or the lessor.</p> <p>Does not modify the current tax credit provision relating to sales to tax exempt</p>	<p>Section 103 <i>Sec 103 (c)</i> Allows a taxpayer to transfer to anyone they want their natural gas vehicle and /or natural gas fueling infrastructure tax credits.</p> <p>Does not modify the current tax credit provision relating to sales to tax exempt entities.</p>	<p>Section 4121 Transferability: Permits the person who places a qualified NGV into service to transfer the vehicle acquisition credit to the seller, manufacturer or lessee if the taxpayer is unable to or does not want to claim the tax credit for acquiring an NGV.</p> <p>Does not modify the current tax credit provision relating to sales to tax exempt</p>	Not Included	<p>Section 401 Specifically makes the seller eligible for the tax credit</p> <p>Includes a no double dipping provision</p>

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	the lessor, not the lessee.	<p>entities.</p> <p>Includes a no double dipping provision that is linked to the new credit provided in section 104 (54G Bonds).</p>		entities.		
Natural Gas Vehicle Bonds	This option is not available under current law	<p>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.</p> <p>National natural gas vehicle bonds are limited to \$3 billion</p> <p>Proceeds are to be spent on natural gas vehicle projects within a 5-year period. The 5-year period may be extended.</p>	Not Included.	<p>Section 4122 As per Section 104 of S. 1408</p> <p>Creates a “natural gas vehicle bond” program for government bodies. Specifically, it allows state and local governmental entities to issue tax credit bonds in order to finance NGV projects, including the purchase of vehicles and fueling infrastructure. The national limitation of the program is \$3 billion.</p>	See Section 1005	Not included

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		<p>Natural gas vehicle projects include vehicles and infrastructure</p> <p>Expires after December, 31, 2019</p>				
<p>Alternative Fuel Motor Vehicle Credit – Increased Credit Values. Modifies the values of the tax credits provided for natural gas vehicles which qualify for this tax credit. (IRC, §30B(e))</p>	<p>Under current law the purchaser or seller of a dedicated natural gas fueled vehicle is eligible for an income tax credit:</p> <p>Credit is 50 % or 80 % of the incremental cost of the vehicle</p> <p>The incremental cost caps vary depending on the weight classification of the vehicle.</p> <p>Credit values range from \$2,500 - \$32,000</p> <p>Bi- fuel vehicles are not eligible for the credits</p>	<p>Section 105 Modification to the natural gas vehicle tax credits:</p> <p>Makes all new dedicated alternative fueled vehicles eligible for a credit equal to 80 % of the incremental cost.</p> <p>Makes certain bi-fuel alternative fueled vehicles eligible for a tax credit equal to 50 % of the incremental cost.</p> <p>Increases the light-duty vehicle purchase tax credit by 150 % (from \$5,000 to \$12,500), and doubles the vehicle purchase tax credits for all other vehicle weight classes.</p>	<p>Section 104 Same as provision in section 105 of S. 1408.</p>	<p>Section 4121 Modification to the natural gas vehicle tax credits:</p> <p>Doubles the vehicle purchase tax credits for all vehicle weight classes.</p> <p>For light-duty vehicles (less than 8501 GVWR), the credit would only be available to commercial fleets that (1) operate at least 10 motor vehicles and (2) purchase more than 2 NGVs.</p> <p>Makes certain bi-fuel alternative fueled vehicles eligible for a tax credit.</p> <p>Modifies the definition of mixed fuel vehicle to also include a vehicle that (1) is capable of operating on CNG or LNG and (2) operates on</p>	<p>Section 1003 Modification to the natural gas vehicle tax credits:</p> <p>Makes all new dedicated alternative fueled vehicles eligible for a rebate equal to 90 % of the incremental cost.</p> <p>Doubles the existing allowable vehicle incremental cost limits for all vehicle weight classes.</p> <p>Modifies the definition of mixed fuel vehicle to include a vehicle that (1) is capable of operating on either CNG or LNG and (2)</p>	<p>Section 401 Modification to the natural gas vehicle tax credits:</p> <p>Makes all new dedicated alternative fueled vehicles eligible for a credit equal to 80 % of the incremental cost.</p> <p>Eliminates vehicle purchase tax credits for vehicles weighing less than 8501 lbs, but doubles the vehicle purchase tax credits for all other vehicle weight classes.</p> <p>Modifies the</p>

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				not more than 35 percent petroleum-based fuel.	operates on at least 75 percent CNG or LNG. Makes them eligible for 75% of the rebate a similar sized dedicated NGV would receive. Makes certain bi-fuel alternative fueled vehicles eligible for a rebate equal to 50 % of the incremental cost.	definition of mixed fuel vehicle to include a vehicle that (1) is capable of operating on CNG or LNG and (2) operates on not more than 35 percent petroleum-based fuel.

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<p>Alternative Fuel Motor Vehicle – Inclusion of Bi-Fuel NGVs. Modifies the definition of a new qualified alternative fuel motor vehicle (IRC, §30B(e)) to include bi-fuel vehicles</p>	<p>Not available today</p>	<p>Section 106</p> <p>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</p> <p>Clarifies that a converted or repowered vehicle is a new vehicle for the purposes of this section</p>	<p>Section 105 Almost exactly same as S. 1408 Section 106</p>	<p>Section 4121 Makes certain bi-fuel alternative fueled vehicles eligible for a tax credit.</p> <p>A bi-fueled vehicle is defined as a vehicle that is capable of operating for more than 175 miles on one tank of CNG or LNG. To qualify for a tax credit of 80 percent of the applicable incremental cap, a light duty NGV must meet the Tier 2/ Bin2 standard on both fuels.</p>	<p>Section 1001 A bi-fueled vehicle is defined as a vehicle that is capable of operating for more than 175 miles on one tank of CNG or LNG.</p> <p>The maximum value of the rebate for a bi-fuel vehicle is 50 percent of the rebate amount otherwise provided for a similar size dedicated NGV</p>	<p>Not Included</p>
<p>Natural Gas Vehicle Production Incentives</p>	<p>Sections 131 - 136 of EISA 2007 & Section 1703 of EAct 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</p>	<p>Section 201 Expensing of natural gas vehicle manufacturing facilities</p> <p>Allows 100% of the cost of a natural gas vehicle manufacturing facility that is placed in service before January 1, 2015</p>	<p>Section 201 Creates a new tax credit in section 45R of the IRC for OEMs that produce dedicated and bifuel NGVs</p> <p>Provides a tax credit equal to the lesser of 10 percent of basis of</p>	<p>Section 4123 As per section 201 of S. 1408 Provides tax credits for the construction of NGV manufacturing facilities:</p> <p>Allows 100 percent of the cost of an NGV manufacturing facility that is</p>	<p>Section 1005 Establishes a direct loan program to provide loans to qualified manufacturers that produce any new qualified alternative fuel motor vehicle or any eligible</p>	<p>Not Included</p>

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	<p>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>to be expensed and to be treated as a deduction in the taxable year in which the facility was placed in service</p> <p>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</p> <p>Property must have been placed in service before January 1, 2020.</p> <p>Allows a portion of the deduction to be taken as a tax credit against prior year tax liability subject to certain conditions. Also makes the credit refundable.</p>	<p>the vehicle or \$4,000 limits the aggregate credits per manufacturer to \$200 million</p> <p>Credit expires after 12/31/2017</p>	<p>placed in service before January 1, 2015 to be expensed and be treated as a deduction in the taxable year in which the facility was placed in service</p> <p>Allows 50 percent of the cost to be expensed for a facility placed in service after December 31, 2014 and before January 1, 2020.</p>	<p>component. The commitments shall not exceed \$2 billion in total loan principal. Funding to support this effort is \$200 million, and is available till expended.</p>	
Extension and Modification of	Current law provides an income tax credit for	Section 301 Extends natural gas	Section 301 Extends natural gas	Not Included	Section 1004 The Secretary is to	Sec 402 Extends the

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Alternative Fuel Vehicle Refueling Property Credit (IRC, § 30C)	the installation of natural gas vehicle refueling property. Expires Dec. 31, 2010	vehicle refueling property credit to December 31, 2019	vehicle refueling property credit to December 31, 2027.		develop an infrastructure grant program, making available grants of up to \$50,000 per unit to qualified refuelers for the installation of natural gas refueling property placed in service between 2011 and 2015; Funding for the program is \$500 million.	alternative fuel incentive for refueling property until December, 31 2027.
Increase in Credit for Alternative Fuel Vehicle Refueling Property (IRC, §30C)	Under current law, acquiring alternative vehicle refueling property qualifies for: 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) \$1,000 credit for a home refueling unit (\$2,000 if installed in 2009 – 2010)	Section 302 Modifies alternative fuel vehicle refueling property tax credits. 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. Maintains the \$2,000 credit for a home refueling unit Extends the alternative	Section 302 Same as S. 1408 Section 302. Extends the alternative fuel incentive for refueling property until December, 31 2027.	Not included	Not included	Not Included

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	Credit expires December 31, 2010	fuel incentive for refueling property until December 31, 2019.				
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 <i>dedicated</i> alternative fuel vehicles unless the agency can show that alternative fuel is unavailable or that purchasing such vehicles would be impractical	Section 401 Requires that no later than 12/31/2014 that at least 50 percent of the new vehicles purchased and placed into service by the Federal government must be capable of operating on compressed or liquefied natural gas.	Section 4124 Directs the Administrator of General Services, in consultation with EPA and Department of Energy, to conduct a study of how the Federal fleet could increase the number of light-, medium-, and heavy-duty natural gas and liquefied petroleum gas vehicles in the fleet, and report this study to Congress no later than 180 days after the date of enactment of this Act.	Not included	Not Included

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Grants for NGV RD&D	At one time, US DOE had an active NGV RD&D program but it has not been funded for the past few years. For FY 2010, the DOE has \$5 million for NGV RD&D	Section 402 Authorizes a \$30 million grant program for LD and HD natural gas vehicle and engine development.	Section 402 (Same)	Not included	Section 1004 The Secretary is to develop an NGV program, to provide grants for research, development, and demonstration projects for NGVs and engines Provides \$500 million.	Not included
EPA Regulation of Aftermarket Conversion Systems		Section 403 Provides for a Sense of the Senate resolution that the EPA should streamline the process for certification of natural gas retrofit kits	Not Included	Not included	Not included	Not included