

SEC. 205. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

(a) Plug-in Electric Drive Motor Vehicle Credit- Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

(a) Allowance of Credit-

(1) IN GENERAL- There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable amount with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

(2) APPLICABLE AMOUNT- For purposes of paragraph (1), the applicable amount is sum of--

(A) \$2,500, plus

(B) \$417 for each kilowatt hour of traction battery capacity in excess of 4 kilowatt hours.

(b) Limitations-

(1) LIMITATION BASED ON WEIGHT- The amount of the credit allowed under subsection (a) by reason of subsection (a)(2) shall not exceed--

(A) \$7,500, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of not more than 10,000 pounds,

(B) \$10,000, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 10,000 pounds but not more than 14,000 pounds,

(C) \$12,500, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

(D) \$15,000, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 26,000 pounds.

(2) LIMITATION ON NUMBER OF PASSENGER VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CREDIT-

(A) IN GENERAL- In the case of a new qualified plug-in electric drive motor vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

(B) PHASEOUT PERIOD- For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the total number of such new qualified plug-in electric drive motor vehicles sold for use in the United States after December 31, 2008, is at least 250,000.

`(C) APPLICABLE PERCENTAGE- For purposes of subparagraph (A), the applicable percentage is--

`(i) 50 percent for the first 2 calendar quarters of the phaseout period,

`(ii) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

`(iii) 0 percent for each calendar quarter thereafter.

`(D) CONTROLLED GROUPS- Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

`(c) New Qualified Plug-in Electric Drive Motor Vehicle- For purposes of this section, the term 'new qualified plug-in electric drive motor vehicle' means a motor vehicle--

`(1) which draws propulsion using a traction battery with at least 4 kilowatt hours of capacity,

`(2) which uses an offboard source of energy to recharge such battery,

`(3) which, in the case of a passenger vehicle or light truck which has a gross vehicle weight rating of not more than 8,500 pounds, has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

`(A) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

`(B) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established,

`(4) the original use of which commences with the taxpayer,

`(5) which is acquired for use or lease by the taxpayer and not for resale, and

`(6) which is made by a manufacturer.

`(d) Application With Other Credits-

`(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT- So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

`(2) PERSONAL CREDIT-

`(A) IN GENERAL- For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

`(B) LIMITATION BASED ON AMOUNT OF TAX- In the case of a taxable year to which section 26(a)(2) does not apply, the

credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of--

`(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

`(ii) the sum of the credits allowable under subpart A (other than this section and sections 23 and 25D) and section 27 for the taxable year.

`(e) Other Definitions and Special Rules- For purposes of this section--

`(1) MOTOR VEHICLE- The term `motor vehicle' has the meaning given such term by section 30(c)(2).

`(2) OTHER TERMS- The terms `passenger automobile', `light truck', and `manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

`(3) TRACTION BATTERY CAPACITY- Traction battery capacity shall be measured in kilowatt hours from a 100 percent state of charge to a zero percent state of charge.

`(4) REDUCTION IN BASIS- For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed.

`(5) NO DOUBLE BENEFIT- The amount of any deduction or other credit allowable under this chapter for a new qualified plug-in electric drive motor vehicle shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

`(6) PROPERTY USED BY TAX-EXEMPT ENTITY- In the case of a vehicle the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (b)(2)).

`(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED- No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

`(8) RECAPTURE- The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

`(9) ELECTION TO NOT TAKE CREDIT- No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects not to have this section apply to such vehicle.

`(10) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS- Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with--

`(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

`(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

`(f) Regulations-

`(1) IN GENERAL- Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

`(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS- The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

`(g) Termination- This section shall not apply to property purchased after December 31, 2014.'

(b) Coordination With Alternative Motor Vehicle Credit- Section 30B(d)(3) is amended by adding at the end the following new subparagraph:

`(D) EXCLUSION OF PLUG-IN VEHICLES- Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (d) thereof) shall not be taken into account under this section.'

(c) Credit Made Part of General Business Credit- Section 38(b), as amended by this Act, is amended by striking `plus' at the end of paragraph (33), by striking the period at the end of paragraph (34) and inserting `plus', and by adding at the end the following new paragraph:

`(35) the portion of the new qualified plug-in electric drive motor vehicle credit to which section 30D(d)(1) applies.'

(d) Conforming Amendments-

(1)(A) Section 24(b)(3)(B), as amended by section 106, is amended by striking `and 25D' and inserting `25D, and 30D'.

(B) Section 25(e)(1)(C)(ii) is amended by inserting `30D,' after `25D,'.

(C) Section 25B(g)(2), as amended by section 106, is amended by striking `and 25D' and inserting `, 25D, and 30D'.

(D) Section 26(a)(1), as amended by section 106, is amended by striking `and 25D' and inserting `25D, and 30D'.

(E) Section 1400C(d)(2) is amended by striking `and 25D' and inserting `25D, and 30D'.

(2) Section 1016(a) is amended by striking `and' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting `, and', and by adding at the end the following new paragraph:
`(37) to the extent provided in section 30D(e)(4).'

(3) Section 6501(m) is amended by inserting `30D(e)(9),' after `30C(e)(5).'

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:
`Sec. 30D. New qualified plug-in electric drive motor vehicles.'

(e) Effective Date- The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

(f) Application of EGTRRA Sunset- The amendment made by subsection (d)(1)(A) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provision of such Act to which such amendment relates.