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(Original Signature of Member)

118TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide tax incentives and fees for increasing motor vehicle fuel economy, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. CASTEN introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to provide tax incentives and fees for increasing motor vehicle fuel economy, and for other purposes.

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.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Vehicle Energy Performance Act of 2024”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment

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

4 **SEC. 2. TAX CREDIT FOR VEHICLE ENERGY PERFORMANCE.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-  
6 chapter A of chapter 1 (relating to other credits) is  
7 amended by inserting after section 30D the following new  
8 section:

9 **“SEC. 30E. VEHICLE ENERGY PERFORMANCE REBATE.**

10 “(a) ALLOWANCE OF CREDIT.—

11 “(1) IN GENERAL.—There shall be allowed as a  
12 credit against the tax imposed by this chapter for  
13 the taxable year an amount equal to the amount de-  
14 termined under paragraph (2) with respect to any  
15 new qualified high energy performance motor vehicle  
16 placed in service by the taxpayer during the taxable  
17 year.

18 “(2) CREDIT AMOUNT.—With respect to each  
19 new qualified high energy performance motor vehi-  
20 cle, the amount determined under this paragraph  
21 shall be equal to the amount (not greater than  
22 \$5,000) that bears the same ratio to \$5,000 as—

23 “(A) the excess of—

24 “(i) the vehicle energy performance of  
25 such vehicle, over

1           “(ii) the median vehicle energy per-  
2           formance for the model year immediately  
3           preceding the model year of such vehicle,  
4           bears to

5           “(B) the excess of—

6           “(i) the best vehicle energy perform-  
7           ance for the model year immediately pre-  
8           ceding the model year of such vehicle, over

9           “(ii) the median vehicle energy per-  
10          formance for the model year immediately  
11          preceding the model year of such vehicle.

12          “(b) **NEW QUALIFIED HIGH ENERGY PERFORMANCE**  
13 **MOTOR VEHICLE.**—For purposes of this section, the term  
14 ‘new qualified high energy performance motor vehicle’  
15 means a passenger automobile or light truck—

16           “(1) which is treated as a motor vehicle for  
17           purposes of title II of the Clean Air Act,

18           “(2) which achieves vehicle energy performance  
19           that is greater than the median vehicle energy per-  
20           formance for the model year immediately preceding  
21           the model year of such vehicle,

22           “(3) for which standards are prescribed pursu-  
23           ant to section 32902 of title 49, United States Code,

24           “(4) the original use of which commences with  
25           the taxpayer,

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

3           “(6) which is made by a manufacturer begin-  
4 ning with model year 2026.

5           “(c) APPLICATION WITH OTHER CREDITS.—

6           “(1) BUSINESS CREDIT TREATED AS PART OF  
7 GENERAL BUSINESS CREDIT.—So much of the credit  
8 which would be allowed under subsection (a) for any  
9 taxable year (determined without regard to this sub-  
10 section) that is attributable to property of a char-  
11 acter subject to an allowance for depreciation shall  
12 be treated as a credit listed in section 38(b) for such  
13 taxable year (and not allowed under subsection (a)).

14           “(2) REFUNDABLE PERSONAL CREDIT.—

15           “(A) IN GENERAL.—For purposes of this  
16 title, the credit allowed under subsection (a) for  
17 any taxable year (determined after application  
18 of paragraph (1)) shall be treated as a credit  
19 allowable under subpart C for such taxable year  
20 (and not allowed under subsection (a)).

21           “(B) REFUNDABLE CREDIT MAY BE  
22 TRANSFERRED.—

23           “(i) IN GENERAL.—A taxpayer may,  
24 in connection with the purchase of a new  
25 qualified high energy performance motor

1 vehicle, transfer any refundable credit de-  
2 scribed in subparagraph (A) to any person  
3 who is in the trade or business of selling  
4 new qualified high energy performance  
5 motor vehicles and who sold such vehicle to  
6 the taxpayer, but only if such person clear-  
7 ly discloses to such taxpayer, through the  
8 use of a window sticker attached to the  
9 new qualified high energy performance ve-  
10 hicle—

11 “(I) the amount of the refund-  
12 able credit described in subparagraph  
13 (A) with respect to such vehicle, and

14 “(II) a notification that the tax-  
15 payer will not be eligible for any cred-  
16 it under section 30D with respect to  
17 such vehicle unless the taxpayer elects  
18 not to have this section apply with re-  
19 spect to such vehicle.

20 “(ii) CERTIFICATION.—A transferee  
21 of a refundable credit described in sub-  
22 paragraph (A) may not claim such credit  
23 unless such claim is accompanied by a cer-  
24 tification to the Secretary that the trans-  
25 feree reduced the price the taxpayer paid

1 for the new qualified high energy perform-  
2 ance motor vehicle by the entire amount of  
3 such refundable credit.

4 “(iii) CONSENT REQUIRED FOR REV-  
5 OCATION.—Any transfer under clause (i)  
6 may be revoked only with the consent of  
7 the Secretary.

8 “(iv) REGULATIONS.—The Secretary  
9 may prescribe such regulations as nec-  
10 essary to ensure that any refundable credit  
11 described in clause (i) is claimed once and  
12 not retransferred by a transferee.

13 “(d) OTHER DEFINITIONS.—For purposes of this  
14 section:

15 “(1) VEHICLE ENERGY PERFORMANCE.—The  
16 term ‘vehicle energy performance’ means, with re-  
17 spect to any vehicle, the combined fuel-economy rat-  
18 ing determined for the model and model year of such  
19 vehicle.

20 “(2) MEDIAN VEHICLE ENERGY PERFORM-  
21 ANCE.—The term ‘median vehicle energy perform-  
22 ance’ means, with respect to any model year, the  
23 median combined fuel-economy rating for all new  
24 motor vehicles of such model year sold in the United  
25 States.

1           “(3) BEST VEHICLE ENERGY PERFORMANCE.—  
2           The term ‘best vehicle energy performance’ means,  
3           with respect to any model year, the highest com-  
4           bined fuel-economy rating of any model of motor ve-  
5           hicle of such model year sold the United States.

6           “(4) COMBINED FUEL-ECONOMY RATING.—The  
7           term ‘combined fuel-economy rating’ means the com-  
8           bined fuel-economy rating determined in accordance  
9           with section 32908 of title 49, United States Code,  
10          and expressed in miles per gallon of gasoline equiva-  
11          lent.

12          “(5) MODEL YEAR.—The term ‘model year’ has  
13          the meaning given such term under section 32901(a)  
14          of such title 49.

15          “(6) MOTOR VEHICLE.—The term ‘motor vehi-  
16          cle’ means any vehicle which is manufactured pri-  
17          marily for use on public streets, roads, and highways  
18          (not including a vehicle operated exclusively on a rail  
19          or rails) and which has at least 4 wheels.

20          “(7) OTHER TERMS.—The terms ‘automobile’,  
21          ‘passenger automobile’, ‘light truck’, and ‘manufac-  
22          turer’ have the meanings given such terms in regula-  
23          tions prescribed by the Administrator of the Envi-  
24          ronmental Protection Agency for purposes of the ad-

1       ministration of title II of the Clean Air Act (42  
2       U.S.C. 7521 et seq.).

3       “(e) SPECIAL RULES.—

4             “(1) BASIS REDUCTION.—For purposes of this  
5       subtitle, the basis of any property for which a credit  
6       is allowable under subsection (a) shall be reduced by  
7       the amount of such credit so allowed (determined  
8       without regard to subsection (c)).

9             “(2) PROPERTY USED BY TAX-EXEMPT ENTI-  
10       TY.—In the case of a vehicle whose use is described  
11       in paragraph (3) or (4) of section 50(b) and which  
12       is not subject to a lease, the person who sold such  
13       vehicle to the person or entity using such vehicle  
14       shall be treated as the taxpayer that placed such ve-  
15       hicle in service, but only if such person clearly dis-  
16       closes to such person or entity in a document the  
17       amount of any credit allowable under subsection (a)  
18       with respect to such vehicle (determined without re-  
19       gard to subsection (c)). For purposes of subsection  
20       (c), property to which this paragraph applies shall  
21       be treated as of a character subject to an allowance  
22       for depreciation.

23             “(3) PROPERTY USED OUTSIDE UNITED  
24       STATES, ETC., NOT QUALIFIED.—No credit shall be  
25       allowable under subsection (a) with respect to any



1 property referred to in section 50(b)(1) or with re-  
2 spect to the portion of the cost of any property  
3 taken into account under section 179.

4 “(4) RECAPTURE.—The Secretary shall, by reg-  
5 ulations, provide for recapturing the benefit of any  
6 credit allowable under subsection (a) with respect to  
7 any property which ceases to be property eligible for  
8 such credit.

9 “(5) ELECTION NOT TO TAKE CREDIT.—No  
10 credit shall be allowed under subsection (a) for any  
11 vehicle if the taxpayer elects to not have this section  
12 apply to such vehicle.

13 “(6) INTERACTION WITH AIR QUALITY AND  
14 MOTOR VEHICLE SAFETY STANDARDS.—A motor ve-  
15 hicle shall not be considered eligible for a credit  
16 under this section unless such vehicle is in compli-  
17 ance with—

18 “(A) the applicable provisions of the Clean  
19 Air Act for the applicable make and model year  
20 of the vehicle (or applicable air quality provi-  
21 sions of State law in the case of a State which  
22 has adopted such provisions under a waiver  
23 under section 209(b) of the Clean Air Act), and

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

4           “(7) INFLATION ADJUSTMENT.—In the case of  
5           any model year beginning in a calendar year after  
6           2026, each dollar amount in subsection (a)(2) shall  
7           be increased by an amount equal to—

8                   “(A) such dollar amount, multiplied by

9                   “(B) the cost-of-living adjustment deter-  
10                  mined under section 1(f)(3) for the calendar  
11                  year in which the model year begins, deter-  
12                  mined by substituting ‘2025’ for ‘2016’ in sub-  
13                  paragraph (A)(ii) thereof.

14           Any increase determined under the preceding sen-  
15           tence shall be rounded to the nearest multiple of  
16           \$100.

17           “(8) ONE CREDIT PER VEHICLE.—In the case  
18           of any vehicle, the credit described in subsection (a)  
19           shall only be allowed once with respect to such vehi-  
20           cle, as determined based upon the vehicle identifica-  
21           tion number of such vehicle.

22           “(f) REPORTING OF VEHICLE ENERGY PERFORM-  
23           ANCE.—

24           “(1) VEHICLE MANUFACTURERS.—Not later  
25           than November 1 of each calendar year (beginning

1 with calendar year 2025), each vehicle manufacturer  
2 shall submit to the Secretary a report that in-  
3 cludes—

4 “(A) the vehicle energy performance for  
5 each model of that model year which was manu-  
6 factured by such manufacturer and sold in the  
7 United States, and

8 “(B) with respect to each such model of  
9 such model year, the number of vehicles of such  
10 model and model year sold in the United States  
11 during the 1-year period beginning on October  
12 1 of the preceding year.

13 “(2) PUBLICATION BY TREASURY.—Not later  
14 than December 1 of each calendar year (beginning  
15 with calendar year 2025), the Secretary shall publish  
16 the median vehicle energy performance and the best  
17 vehicle energy performance for that model year.

18 “(g) REGULATIONS.—

19 “(1) IN GENERAL.—Except as provided in para-  
20 graph (2), the Secretary shall promulgate such regu-  
21 lations as necessary to carry out the provisions of  
22 this section not later than 1 year after the date of  
23 enactment.

24 “(2) COORDINATION IN PRESCRIPTION OF CER-  
25 TAIN REGULATIONS.—The Secretary of the Treas-

1       ury, in coordination with the Secretary of Transpor-  
2       tation and the Administrator of the Environmental  
3       Protection Agency, shall prescribe such regulations  
4       as necessary to determine whether a motor vehicle  
5       meets the requirements to be eligible for a credit  
6       under this section.”.

7       (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
8       IMUM TAX.—Section 38(c)(4)(B) is amended by redesi-  
9       gnating clauses (i) through (xii) as clauses (ii) through  
10      (xiii), respectively, and by inserting before clause (ii) (as  
11      so redesignated) the following new clause:

12                               “(i) the credit determined under sec-  
13                               tion 30E,”

14      (c) DISPLAY OF CREDIT.—Section 32908(b) of title  
15      49, United States Code, is amended—

16                   (1) in paragraph (1)—

17                               (A) by redesignating subparagraphs (E)  
18                               and (F) as subparagraphs (F) and (G), and

19                               (B) by inserting after subparagraph (D)  
20                               the following new subparagraph:

21                               “(E) the amount of the vehicle energy perform-  
22                               ance credit allowable with respect to the sale of the  
23                               automobile under section 30E of the Internal Rev-  
24                               enue Code of 1986 (26 U.S.C. 30E).”, and

1           (2) in paragraph (2), by striking “paragraph  
2           (1)(E)” and inserting “paragraph (1)(F)”.

3           (d) CONFORMING AMENDMENTS.—

4           (1) Section 38(b) is amended by striking “plus”  
5           at the end of paragraph (40), by striking the period  
6           at the end of paragraph (41) and inserting “, plus”,  
7           and by adding at the end the following new para-  
8           graph:

9           “(42) the portion of the vehicle energy perform-  
10          ance rebate to which section 30E(c)(1) applies.”.

11          (2) Section 1016(a) is amended by striking  
12          “and” at the end of paragraph (37), by striking the  
13          period at the end of paragraph (38) and inserting “,  
14          and”, and by adding at the end the following new  
15          paragraph:

16          “(39) to the extent provided in section  
17          30E(e)(1).”.

18          (3) Section 6501(m) is amended by inserting  
19          “30E(e)(6),” after “30D(e)(4),”.

20          (4) The table of section for subpart C of part  
21          IV of subchapter A of chapter 1 is amended by in-  
22          serting after the item relating to section 30D the  
23          following new item:

“Sec. 30E. Vehicle energy performance rebate.”.

1 **SEC. 3. LOW VEHICLE ENERGY PERFORMANCE FEE.**

2 (a) IN GENERAL.—Section 4064 is amended to read  
3 as follows:

4 **“SEC. 4064. LOW VEHICLE ENERGY PERFORMANCE FEE.**

5 “(a) IMPOSITION OF TAX.—There is hereby imposed  
6 on the sale by the manufacturer of each low energy per-  
7 formance vehicle a tax equal to the product of \$5,000,  
8 multiplied by the quotient of—

9 “(1) the excess of—

10 “(A) the median vehicle energy perform-  
11 ance for the model year immediately preceding  
12 the model year of such vehicle, over

13 “(B) the vehicle energy performance of  
14 such vehicle, divided by

15 “(2) the excess of—

16 “(A) the best vehicle energy performance  
17 for the model year immediately preceding the  
18 model year of such vehicle, over

19 “(B) the median vehicle energy perform-  
20 ance for the model year immediately preceding  
21 the model year of such vehicle.

22 “(b) LOW ENERGY PERFORMANCE VEHICLE.—For  
23 purposes of this section—

24 “(1) IN GENERAL.—The term ‘low energy per-  
25 formance vehicle’ means a passenger automobile or  
26 light truck—

1           “(A) which is treated as a motor vehicle  
2 for purposes of title II of the Clean Air Act,

3           “(B) which achieves vehicle energy per-  
4 formance that is lower than the median vehicle  
5 energy performance, and

6           “(C) which is made by a manufacturer be-  
7 ginning with model year 2028.

8           “(2) EXCEPTION FOR CERTAIN VEHICLES.—  
9 The term ‘low energy performance vehicle’ does not  
10 include any vehicle—

11           “(A) which—

12           “(i) has a gross vehicle weight rating  
13 of more than 8,500 pounds, and

14           “(ii) is determined by the Secretary to  
15 be a vehicle which is designed for commer-  
16 cial use, or

17           “(B) sold for use and used—

18           “(i) as an ambulance or combination  
19 ambulance- hearse,

20           “(ii) by the United States or by a  
21 State or local government for police or  
22 other law enforcement purposes, or

23           “(iii) for other emergency uses pre-  
24 scribed by the Secretary by regulations.

1       “(c) OTHER DEFINITIONS.—For purposes of this  
2 section:

3           “(1) VEHICLE ENERGY PERFORMANCE.—The  
4 term ‘vehicle energy performance’ means, with re-  
5 spect to any vehicle, the combined fuel-economy rat-  
6 ing determined for the model and model year of such  
7 vehicle.

8           “(2) MEDIAN VEHICLE ENERGY PERFORM-  
9 ANCE.—The term ‘median vehicle energy perform-  
10 ance’ means, with respect to any model year, the  
11 median combined fuel-economy rating for all new  
12 motor vehicles of such model year sold in the United  
13 States.

14           “(3) BEST VEHICLE ENERGY PERFORMANCE.—  
15 The term ‘best vehicle energy performance’ means,  
16 with respect to any model year, the highest com-  
17 bined fuel-economy rating of any model of motor ve-  
18 hicle of such model year sold the United States.

19           “(4) COMBINED FUEL-ECONOMY RATING.—The  
20 term ‘combined fuel-economy rating’ means the com-  
21 bined fuel-economy rating determined in accordance  
22 with section 32908 of title 49, United States Code,  
23 and expressed in miles per gallon of gasoline equiva-  
24 lent.



1           “(5) MODEL YEAR.—The term ‘model year’ has  
2 the meaning given such term under section 32901(a)  
3 of such title 49.

4           “(6) MOTOR VEHICLE.—The term ‘motor vehi-  
5 cle’ means any vehicle which is manufactured pri-  
6 marily for use on public streets, roads, and highways  
7 (not including a vehicle operated exclusively on a rail  
8 or rails) and which has at least 4 wheels.

9           “(7) OTHER TERMS.—The terms ‘automobile’,  
10 ‘passenger automobile’, ‘light truck’, and ‘manufac-  
11 turer’ have the meanings given such terms in regula-  
12 tions prescribed by the Administrator of the Envi-  
13 ronmental Protection Agency for purposes of the ad-  
14 ministration of title II of the Clean Air Act (42  
15 U.S.C. 7521 et seq.).

16           “(d) INFLATION ADJUSTMENT.—In the case of any  
17 model year beginning in a calendar year after 2028, each  
18 dollar amount in subsection (a)(2) shall be increased by  
19 an amount equal to—

20           “(1) such dollar amount, multiplied by

21           “(2) the cost-of-living adjustment determined  
22 under section 1(f)(3) for the calendar year in which  
23 the model year begins, determined by substituting  
24 ‘2027’ for ‘2016’ in subparagraph (A)(ii) thereof.

1 Any increase determined under the preceding sentence  
2 shall be rounded to the nearest multiple of \$100.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) The heading for part I of subchapter A of  
5 chapter 32 is amended by striking “**GAS**” and in-  
6 serting “**FUEL**”.

7 (2) The table of parts for subchapter A of chap-  
8 ter 32 is amended by striking “Gas” in the item re-  
9 lating to part I and inserting “Fuel”.

10 (3) The table of sections for part I of sub-  
11 chapter A of chapter 32 is amended by striking  
12 “Gas” in the item relating to section 4064 and in-  
13 serting “Fuel”.

14 (4) The heading for subsection (d) of section  
15 1016 is amended by striking “GAS GUZZLER TAX”  
16 and inserting “LOW VEHICLE ENERGY PERFORM-  
17 ANCE FEE”.

18 (5) The heading for subsection (e) of section  
19 4217 is amended by striking “GAS GUZZLER TAX”  
20 and inserting “LOW VEHICLE ENERGY PERFORM-  
21 ANCE FEE”.

22 (6) The heading for subparagraph (B) of sec-  
23 tion 4217(e)(3) is amended by striking “GAS GUZ-  
24 ZLER TAX” and inserting “LOW VEHICLE ENERGY  
25 PERFORMANCE FEE”.

1           (7) Section 4217(e) is amended by striking  
2           “gas guzzler tax” each place it appears and insert-  
3           ing “low vehicle energy performance fee”.

4 **SEC. 4. FUEL ECONOMY OF DUAL FUELED AUTOMOBILES.**

5           (a) MEASUREMENT OF FUEL ECONOMY FOR ELEC-  
6           TRIC DUAL FUELED AUTOMOBILES.—Section 32905(e) of  
7           title 49, United States Code, is amended—

8           (1) in paragraph (1), in the matter preceding  
9           subparagraph (A)—

10                   (A) by striking “At the request of the  
11                   manufacturer, the Administrator may” and in-  
12                   serting “The Administrator shall”; and

13                   (B) by striking “model year 2015” and in-  
14                   serting “model year 2025”; and

15           (2) by amending paragraph (2) to read as fol-  
16           lows:

17                   “(2) REVIEW AND UPDATING OF FORMULA.—  
18                   Not later than 3 years after the date of the enact-  
19                   ment of this paragraph, and every 3 years there-  
20                   after, the Administrator shall, using real-world data  
21                   if possible, review and update the formula for deter-  
22                   mining under paragraph (1) percentage utilization  
23                   on gasoline or diesel fuel and percentage utilization  
24                   on electricity.”.

1 (b) FUEL ECONOMY INFORMATION FOR DUAL  
2 FUELED AUTOMOBILES.—

3 (1) LABELING REQUIREMENTS AND CON-  
4 TENTS.—Section 32908(b)(3) of title 49, United  
5 States Code, is amended—

6 (A) by redesignating subparagraphs (B),  
7 (C), and (D) as subparagraphs (D), (E), and  
8 (F), respectively; and

9 (B) by inserting after subparagraph (A)  
10 the following:

11 “(B) indicate the fuel economy of the auto-  
12 mobile when operated primarily on alternative fuel;

13 “(C) indicate the multi-day average fuel econ-  
14 omy of the automobile when operated on a combina-  
15 tion of alternative fuel and gasoline or diesel fuel,  
16 with the percentage utilization of alternative fuel  
17 and the percentage utilization of gasoline or diesel  
18 fuel being determined by a formula based on real-  
19 world data and updated not less frequently than  
20 every 3 years;”.

21 (2) FUEL ECONOMY INFORMATION BOOKLET.—  
22 Section 32908(c)(2)(B) of title 49, United States  
23 Code, is amended—

24 (A) in clause (i), by striking “; and” and  
25 inserting a semicolon;

1 (B) by redesignating clause (ii) as clause  
2 (iii); and

3 (C) by inserting after clause (i) the fol-  
4 lowing:

5 “(ii) information on the multi-day average fuel  
6 economy of the automobile when operated on a com-  
7 bination of alternative fuel and gasoline or diesel  
8 fuel, as indicated under subsection (b)(3)(C); and”.

9 (c) APPLICABILITY.—The amendments made by this  
10 section shall apply with respect to automobiles of model  
11 year 2026 or later.