

110TH CONGRESS
1ST SESSION

S. _____

To improve energy security of the United States through a 50 percent reduction in the oil intensity of the economy of the United States by 2030 and the prudent expansion of secure oil supplies, to be achieved by raising the fuel efficiency of the vehicular transportation fleet, increasing the availability of alternative fuel sources, fostering responsible oil exploration and production, and improving international arrangements to secure the global oil supply, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. DORGAN (for himself and Mr. CRAIG) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To improve energy security of the United States through a 50 percent reduction in the oil intensity of the economy of the United States by 2030 and the prudent expansion of secure oil supplies, to be achieved by raising the fuel efficiency of the vehicular transportation fleet, increasing the availability of alternative fuel sources, fostering responsible oil exploration and production, and improving international arrangements to secure the global oil supply, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Security and Fuel Efficiency Energy Act of 2007” or the
4 “SAFE Energy Act of 2007”.

5 (b) **TABLE OF CONTENTS.**—The table of contents of
6 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—INCREASED FUEL EFFICIENCY OF THE
TRANSPORTATION SECTOR**

Sec. 101. Definitions.

Sec. 102. Annual increase in average fuel economy standards.

Sec. 103. Tax credits for alternative motor vehicles and fuel-efficient motor vehicles.

Sec. 104. Advanced technology motor vehicles manufacturing credit.

Sec. 105. Increase in maximum allowable gross weight for vehicles using the National System of Interstate and Defense Highways.

**TITLE II—INCREASED USE OF ALTERNATIVE FUELS AND
INFRASTRUCTURE**

Sec. 201. Renewable fuel standard.

Sec. 202. Modification of credit for alternative fuel vehicle refueling property.

Sec. 203. Ethanol-blend fuel infrastructure.

Sec. 204. Requirement to increase percentage of dual fueled automobiles.

Sec. 205. Emerging biofuels.

Sec. 206. Biodiesel.

Sec. 207. Unconventional fossil fuels.

Sec. 208. Study of incentives for renewable fuels.

**TITLE III—DEVELOPMENT AND INVENTORY OF CERTAIN OUTER
CONTINENTAL SHELF RESOURCES**

Sec. 301. Definition.

Sec. 302. Authorization of activities and exports involving hydrocarbon resources by United States persons.

Sec. 303. Travel in connection with authorized hydrocarbon exploration and extraction activities.

Sec. 304. Moratorium of oil and gas leasing in certain areas of the Gulf of Mexico.

Sec. 305. Inventory of outer Continental Shelf oil and natural gas resources off southeastern coast of the United States.

Sec. 306. Enhanced oil recovery.

TITLE IV—MANAGEMENT OF ENERGY RISKS

Sec. 401. Bureau of International Energy Policy.

Sec. 402. Strategic energy infrastructure equipment reserve.

1 **TITLE I—INCREASED FUEL EFFI-**
2 **CIENCY OF THE TRANSPOR-**
3 **TATION SECTOR**

4 **SEC. 101. DEFINITIONS.**

5 (a) DEFINITION OF AUTOMOBILE.—Section
6 32901(a)(3) of title 49, United States Code, is amended—

7 (1) by striking “4-wheeled”; and

8 (2) by striking “, and rated at—” and all that
9 follows and inserting a period.

10 (b) DEFINITION OF PASSENGER AUTOMOBILE.—Sec-
11 tion 32901(a)(16) of such title is amended by striking
12 “decides by regulation—” and all that follows through the
13 period and inserting “determines by regulation, to have
14 a significant feature (except 4-wheel drive) designed for
15 off-highway operation.”.

16 (c) FUEL ECONOMY INFORMATION.—Section
17 32908(a) of such title is amended—

18 (1) in the subsection header, by striking “DEFI-
19 NITIONS” and inserting “DEFINITION”; and

20 (2) by striking “section—” and all that follows
21 through “(2)” and inserting “section, the term”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on January 1, 2010, and shall
24 apply to automobiles manufactured for model year 2012
25 and for each subsequent model year.

1 **SEC. 102. ANNUAL INCREASE IN AVERAGE FUEL ECONOMY**
2 **STANDARDS.**

3 (a) FUEL EFFICIENCY STANDARDS.—

4 (1) IN GENERAL.—Section 32902 of title 49,
5 United States Code, is amended by striking sub-
6 sections (a) through (c) and inserting the following:

7 “(a) IN GENERAL.—Not later than 18 months before
8 the beginning of each model year beginning with model
9 year 2012, the Secretary of Transportation, by regulation,
10 shall prescribe average fuel economy standards for auto-
11 mobiles manufactured by a manufacturer for that model
12 year in accordance with subsection (b). The Secretary of
13 Transportation shall prescribe separate average fuel econ-
14 omy standards for different classes of automobiles. The
15 Secretary shall establish average fuel economy standards
16 for medium-duty trucks that are consistent with the pro-
17 jected benefits of hybridization. In this section, the term
18 ‘medium-duty truck’ means a truck (as defined in section
19 30127) with a gross vehicle weight between 10,000 and
20 26,000 pounds.

21 “(b) ANNUAL INCREASES IN FUEL ECONOMY STAND-
22 ARDS.—

23 “(1) FOR MODEL YEAR 2012.—For model year
24 2012, the average fuel economy standard for each
25 class of automobiles shall be the average combined
26 highway and city miles per gallon performance of all

1 automobiles within that class of automobiles in 2011
2 (rounded to the nearest 1/10 mile per gallon).

3 “(2) FOR MODEL YEARS AFTER MODEL YEAR
4 2012.—For each model year beginning with model
5 year 2013 and ending with model year 2030, the av-
6 erage fuel economy attained by the fleet of auto-
7 mobiles manufactured or sold in the United States
8 shall be at least 4 percent greater than the average
9 fuel economy standard for the fleet in the previous
10 model year (rounded to the nearest 1/10 mile per
11 gallon).

12 “(c) AMENDING FUEL ECONOMY STANDARDS.—

13 “(1) IN GENERAL.—Notwithstanding sub-
14 sections (a) and (b), the Secretary of Transportation
15 may prescribe an average fuel economy standard for
16 a class of automobiles in a model year that is lower
17 than the standard required under subsection (b) if
18 the Secretary of Transportation, in consultation with
19 the National Academy of Sciences, determines that
20 the average fuel economy standard prescribed in ac-
21 cordance with subsections (a) and (b) for that class
22 of automobiles in that model year—

23 “(A) is technologically not achievable;

24 “(B) cannot be achieved without materially
25 reducing the overall safety of automobiles man-

1 ufactured or sold in the United States and no
2 offsetting safety improvements can be prac-
3 tically implemented for that model year; or

4 “(C) is shown not to be cost effective.

5 “(2) MAXIMUM STANDARD.—Any average fuel
6 economy standard prescribed for a class of auto-
7 mobiles in a model year under paragraph (1) shall
8 be the maximum standard that—

9 “(A) is technologically achievable;

10 “(B) can be achieved without materially
11 reducing the overall safety of automobiles man-
12 ufactured or sold in the United States; and

13 “(C) is cost effective.

14 “(3) CONSIDERATIONS IN DETERMINATION OF
15 COST EFFECTIVENESS.—In determining cost effec-
16 tiveness under paragraph (1)(C), the Secretary of
17 Transportation shall take into account the total
18 value to the United States of reduced petroleum use,
19 including the value of reducing external costs of pe-
20 troleum use, using a value for such costs equal to 50
21 percent of the value of 1 gallon of gasoline saved or
22 the amount determined in an analysis of the external
23 costs of petroleum use that considers—

24 “(A) value to consumers;

25 “(B) economic security;

1 “(C) national security;

2 “(D) foreign policy;

3 “(E) the impact of oil use—

4 “(i) on sustained cartel rents paid to
5 foreign suppliers;

6 “(ii) on long-run potential gross do-
7 mestic product due to higher normal-mar-
8 ket oil price levels, including inflationary
9 impacts;

10 “(iii) on import costs, wealth trans-
11 fers, and potential gross domestic product
12 due to increased trade imbalances;

13 “(iv) on import costs and wealth
14 transfers during oil shocks;

15 “(v) on macroeconomic dislocation
16 and adjustment costs during oil shocks;

17 “(vi) on the cost of existing energy se-
18 curity policies, including the management
19 of the Strategic Petroleum Reserve;

20 “(vii) on the timing and severity of
21 the oil peaking problem;

22 “(viii) on the risk, probability, size,
23 and duration of oil supply disruptions;

1 “(ix) on the strategic behavior of the
2 Organization of the Petroleum Exporting
3 Countries and long-run oil pricing;

4 “(x) on the short term elasticity of en-
5 ergy demand and the magnitude of price
6 increases resulting from a supply shock;

7 “(xi) on oil imports, military costs,
8 and related security costs, including intel-
9 ligence, homeland security, sea lane secu-
10 rity and infrastructure, and other military
11 activities;

12 “(xii) on oil imports, diplomatic and
13 foreign policy flexibility, and connections to
14 geopolitical strife, terrorism, and inter-
15 national development activities;

16 “(xiii) all relevant environmental haz-
17 ards under the jurisdiction of the Environ-
18 mental Protection Agency; and

19 “(xiv) on well-to-wheels urban and
20 local air emissions of pollutants and their
21 uninternalized costs;

22 “(F) the impact of the oil or energy inten-
23 sity of the United States economy on the sensi-
24 tivity of the economy to oil price changes, in-
25 cluding the magnitude of gross domestic prod-

1 uct losses in response to short term price
2 shocks or long term price increases;

3 “(G) the impact of United States pay-
4 ments for oil imports on political, economic, and
5 military developments in unstable or unfriendly
6 oil-exporting countries;

7 “(H) the uninternalized costs of pipeline
8 and storage oil seepage, and for risk of oil spills
9 from production, handling, and transport, and
10 related landscape damage; and

11 “(I) additional relevant factors, as deter-
12 mined by the Secretary.

13 “(4) MINIMUM VALUATION.—When considering
14 the value to consumers of a gallon of gasoline saved,
15 the Secretary of Transportation may not use a value
16 less than the greatest of—

17 “(A) the average national cost of a gallon
18 of gasoline sold in the United States during the
19 12-month period ending on the date on which
20 the new fuel economy standard is proposed;

21 “(B) the most recent weekly estimate by
22 the Energy Information Administration of the
23 Department of Energy of the average national
24 cost of a gallon of gasoline (all grades) sold in
25 the United States; or

1 “(C) the gasoline prices projected by the
2 Energy Information Administration for the 20-
3 year period beginning in the year following the
4 year in which the standards are established.”.

5 (2) CONFORMING AMENDMENTS.—Title 49,
6 United States Code, is amended—

7 (A) in section 32902—

8 (i) in subsection (d) by striking “sub-
9 section (b) or (c) of this section” and in-
10 serting “subsection (a), (b), or (c)”;

11 (ii) by striking subsection (f);

12 (iii) in subsection (g)—

13 (I) by striking “subsection (a) or
14 (d)” and inserting “this section”; and

15 (II) by striking “(and submit the
16 amendment to Congress when re-
17 quired under subsection (c)(2) of this
18 section)”;

19 (iv) in subsection (h) by striking
20 “subsections (c), (f), and (g) of this sec-
21 tion” and inserting “subsections (c) and
22 (g)”;

23 (B) in section 32903—

24 (i) by striking “section 32902(b)–(d)
25 of this title” each place it occurs and in-

1 serting “subsections (a) through (d) of sec-
2 tion 32902”; and

3 (ii) in subsection (e), by striking “sec-
4 tion 32902(a) of this title” and inserting
5 “subsections (a) through (d) of section
6 32902”; and

7 (C) in section 32904—

8 (i) in subsection (a)—

9 (I) by striking “subject to—”
10 and all that follows through “(B) sec-
11 tion 32902(a)–(d) of this title” and
12 inserting “subject to subsections (a)
13 through (d) of section 32902”; and

14 (II) by redesignating clauses (i)
15 and (ii) as subparagraphs (A) and
16 (B), respectively;

17 (ii) by striking subsection (b); and

18 (iii) by redesignating subsections (c),
19 (d), and (e) as subsections (b), (c), and
20 (d), respectively.

21 (b) REPEAL OF CREDIT FOR DUAL FUELED AUTO-
22 MOBILES.—

23 (1) IN GENERAL.—Section 32905 of title 49,
24 United States Code, is amended—

1 (A) by amending subsection (b) to read as
2 follows:

3 “(b) DUAL FUELED AUTOMOBILES.—The Adminis-
4 trator of the Environmental Protection Agency shall meas-
5 ure the fuel economy for any model of dual fueled auto-
6 mobile manufactured in model year 2012 and any model
7 year thereafter, in accordance with section 32904.”; and

8 (B) by amending subsection (d) to read as
9 follows:

10 “(d) GASEOUS FUEL DUAL FUELED AUTO-
11 MOBILES.—The Administrator of the Environmental Pro-
12 tection Agency shall measure the fuel economy for any
13 model of gaseous fuel dual fueled automobile manufac-
14 tured in model year 2012 and any model year thereafter,
15 in accordance with section 32904.”.

16 (2) CONFORMING AMENDMENTS.—Such section
17 32905 is further amended—

18 (A) by repealing subsection (f); and

19 (B) redesignating subsections (g) and (h)
20 as subsections (f) and (g), respectively.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on January 1, 2010.

1 **SEC. 103. TAX CREDITS FOR ALTERNATIVE MOTOR VEHI-**
2 **CLES AND FUEL-EFFICIENT MOTOR VEHI-**
3 **CLES.**

4 (a) MODIFICATIONS TO ALTERNATIVE MOTOR VEHI-
5 CLE CREDIT.—

6 (1) ELIMINATION OF LIMITATION ON NUMBER
7 OF NEW QUALIFIED HYBRID AND ADVANCED LEAN
8 BURN TECHNOLOGY VEHICLES ELIGIBLE FOR FULL
9 ALTERNATIVE MOTOR VEHICLE TAX CREDIT.—

10 (A) IN GENERAL.—Section 30B of the In-
11 ternal Revenue Code of 1986 is amended—

12 (i) by striking subsection (f); and
13 (ii) by redesignating subsections (g)
14 through (j), as amended by subsection (a),
15 as subsections (f) through (i), respectively.

16 (B) CONFORMING AMENDMENTS.—

17 (i) Paragraphs (4) and (6) of section
18 30B(g) of such Code, as redesignated by
19 paragraph (1)(B), are each amended by
20 striking “(determined without regard to
21 subsection (g))” and inserting “(deter-
22 mined without regard to subsection (f))”.

23 (ii) Section 38(b)(25) of such Code is
24 amended by striking “section 30B(g)(1)”
25 and inserting “section 30B(f)(1)”.

1 (iii) Section 55(c)(2) of such Code is
2 amended by striking “section 30B(g)(2)”
3 and inserting “section 30B(f)(2)”.

4 (iv) Section 1016(a)(36) of such Code
5 is amended by striking “section
6 30B(h)(4)” and inserting “section
7 30B(g)(4)”.

8 (v) Section 6501(m) of such Code is
9 amended by striking “section 30B(h)(9)”
10 and inserting “section 30B(g)(9)”.

11 (C) EFFECTIVE DATE.—The amendments
12 made by this subsection shall apply to property
13 placed in service after December 31, 2005, in
14 taxable years ending after such date.

15 (2) EXTENSION OF NEW QUALIFIED HYBRID
16 MOTOR VEHICLE CREDIT FOR VEHICLES OVER 8,500
17 POUNDS.—Paragraph (3) of section 30B(i), as re-
18 designated by subsection (a)(1)(B), is amended by
19 striking “2009” and inserting “2011”.

20 (3) EFFECTIVE DATE.—The amendments made
21 by this subsection shall apply to vehicles placed in
22 service after the date of the enactment of this Act.

23 (b) CREDIT FOR NEW QUALIFIED FUEL-EFFICIENT
24 VEHICLES PRODUCED AFTER 2010.—

1 (1) IN GENERAL.—Subpart B of part IV of
 2 subchapter A of chapter 1 of the Internal Revenue
 3 Code of 1986 is amended by adding at the end the
 4 following new section:

5 **“SEC. 30D. NEW QUALIFIED FUEL-EFFICIENT MOTOR VEHI-**
 6 **CLE CREDIT.**

7 “(a) IN GENERAL.—There shall be allowed as a cred-
 8 it against the tax imposed by this chapter for the taxable
 9 year an amount equal to the amount determined under
 10 subsection (b) with respect to each new qualified fuel-effi-
 11 cient motor vehicle placed in service by the taxpayer dur-
 12 ing the taxable year.

13 “(b) CREDIT AMOUNT.—

14 “(1) FUEL ECONOMY.—

15 “(A) IN GENERAL.—The credit amount de-
 16 termined under this paragraph shall be deter-
 17 mined in accordance with the following table:

In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2012 model year average fuel economy standard) of—	The credit amount is—
At least 125 percent but less than 150 percent	\$400
At least 150 percent but less than 175 percent	\$800
At least 175 percent but less than 200 percent	\$1,200
At least 200 percent but less than 225 percent	\$1,600
At least 220 percent but less than 250 percent	\$2,000
At least 250 percent	\$2,400

18 “(B) 2012 MODEL YEAR AVERAGE FUEL
 19 ECONOMY STANDARD.—For purposes of sub-
 20 paragraph (A), the 2012 model year average

1 fuel economy standard with respect to a vehicle
 2 shall be the average fuel economy standard (de-
 3 termined on a gasoline gallon equivalent basis)
 4 for such model year, as prescribed by the Sec-
 5 retary of Transportation under section 32902
 6 of title 49, United States Code, with respect to
 7 the class to which such vehicle belongs.

8 “(2) CONSERVATION CREDIT.—The amount de-
 9 termined under paragraph (1) with respect to a new
 10 qualified fuel-efficient motor vehicle shall be in-
 11 creased by the conservation credit amount deter-
 12 mined in accordance with the following table:

In the case of a vehicle which achieves a lifetime fuel savings ex- pressed in gallons of gasoline) of—	The con- servation credit amount is—
At least 1,200 but less than 1,800	\$250
At least 1,800 but less than 2,400	\$500
At least 2,400 but less than 3,000	\$750
At least 3,000	\$1,000

13 “(c) NEW QUALIFIED FUEL-EFFICIENT MOTOR VE-
 14 HICLE.—For purposes of this section, the term ‘new quali-
 15 fied fuel-efficient motor vehicle’ means a passenger auto-
 16 mobile or a light truck—

17 “(1) described in subsections (c)(3), (d)(3), or
 18 (e)(3) of section 30B,

19 “(2) which has received a certificate of con-
 20 formity under the Clean Air Act and meets or ex-

1 ceeds the equivalent qualifying California low emis-
2 sion vehicle standard under section 243(e)(2) of the
3 Clean Air Act for that make and model year, and

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

11 “(B) in the case of a vehicle having a gross
12 vehicle weight rating of more than 6,000
13 pounds but not more than 8,500 pounds, the
14 Bin 8 Tier II emission standard which is so es-
15 tablished,

16 “(3) the original use of which commences with
17 the taxpayer after December 31, 2010, and

18 “(4) which is acquired for use or lease by the
19 taxpayer and not for resale.

20 “(d) OTHER DEFINITIONS.—For purposes of this
21 section—

22 “(1) LIFETIME FUEL SAVINGS.—The term ‘life-
23 time fuel savings’ means, in the case of any new
24 qualified fuel-efficient motor vehicle, an amount
25 equal to the excess (if any) of—

1 “(A) 120,000 divided by the 2012 model
2 year average fuel economy standard for the ve-
3 hicle class, over

4 “(B) 120,000 divided by the fuel economy
5 for such vehicle.

6 “(2) MOTOR VEHICLE.—The term ‘motor vehi-
7 cle’ has the meaning given such term by section
8 30(c)(2).

9 “(3) FUEL ECONOMY.—The fuel economy with
10 respect to any vehicle shall be measured in a manner
11 which is substantially similar to the manner fuel
12 economy is measured in accordance with procedures
13 under part 600 of subchapter Q of chapter I of title
14 40, Code of Federal Regulations, as in effect on the
15 date of the enactment of this section.

16 “(4) OTHER TERMS.—The terms ‘automobile’,
17 “passenger automobile”, “medium duty passenger
18 vehicle”, “light truck”, and ‘manufacturer’ have the
19 meanings given such terms in regulations prescribed
20 by the Administrator of the Environmental Protec-
21 tion Agency for purposes of the administration of
22 title II of the Clean Air Act (42 U.S.C. 7521 et
23 seq.).

24 “(e) SPECIAL RULES.—

1 “(1) REDUCTION IN BASIS.—For purposes of
2 this subtitle, the basis of any property for which a
3 credit is allowable under subsection (a) shall be re-
4 duced by the amount of such credit so allowed.

5 “(2) NO DOUBLE BENEFIT.—

6 “(A) COORDINATION WITH OTHER VEHI-
7 CLE CREDITS.—No credit shall be allowed
8 under subsection (a) with respect to any new
9 qualified fuel-efficient motor vehicle for any tax-
10 able year if a credit is allowed with respect to
11 such motor vehicle for such taxable year under
12 section 30 or 30B.

13 “(B) OTHER TAX BENEFITS.—The amount
14 of any deduction or credit (other than the credit
15 allowable under this section and any credit de-
16 scribed in subparagraph (A)) allowable under
17 this chapter with respect to any new qualified
18 fuel-efficient motor vehicle shall be reduced by
19 the amount of credit allowed under subsection
20 (a) for such motor vehicle for such taxable year.

21 “(3) PROPERTY USED OUTSIDE THE UNITED
22 STATES, ETC., NOT QUALIFIED.—No credit shall be
23 allowable under subsection (a) with respect to any
24 property referred to in section 50(b)(1) or with re-

1 spect to the portion of the cost of any property
2 taken into account under section 179.

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

7 “(f) APPLICATION WITH OTHER CREDITS.—

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

16 “(2) PERSONAL CREDIT.—The credit allowed
17 under subsection (a) (after the application of para-
18 graph (1)) for any taxable year shall not exceed the
19 excess (if any) of—

20 “(A) the regular tax liability (as defined in
21 section 26(b)) reduced by the sum of the credits
22 allowable under subpart A and sections 27 and
23 30, over

24 “(B) the tentative minimum tax for the
25 taxable year.

1 “(g) REGULATIONS.—

2 “(1) IN GENERAL.—Except as provided in para-
3 graph (2), the Secretary shall promulgate such regu-
4 lations as necessary to carry out the provisions of
5 this section.

6 “(2) COORDINATION IN PRESCRIPTION OF CER-
7 TAIN REGULATIONS.—The Secretary of the Treas-
8 ury, in coordination with the Secretary of Transpor-
9 tation and the Administrator of the Environmental
10 Protection Agency, shall prescribe such regulations
11 as necessary to determine whether a motor vehicle
12 meets the requirements to be eligible for a credit
13 under this section.”.

14 (2) CONFORMING AMENDMENTS.—

15 (A) Section 1016(a) of the Internal Rev-
16 enue Code of 1986 is amended by striking
17 “and” at the end of paragraph (36), by striking
18 the period at the end of paragraph (37) and in-
19 serting “, and”, and by adding at the end the
20 following new paragraph:

21 “(38) to the extent provided in section
22 30D(e)(1).”.

23 (B) Section 6501(m) of such Code is
24 amended by inserting “30D(e)(4),” after
25 “30C(e)(5),”.

1 (C) The table of sections for subpart B of
2 part IV of subchapter A of chapter 1 of such
3 Code is amended by adding at the end the fol-
4 lowing new item:

“Sec. 30D. New qualified fuel-efficient motor vehicle credit.”.

5 (3) EFFECTIVE DATE.—The amendments made
6 by this subsection shall apply to vehicles placed in
7 service after December 31, 2010.

8 **SEC. 104. ADVANCED TECHNOLOGY MOTOR VEHICLES MAN-**
9 **UFACTURING CREDIT.**

10 (a) IN GENERAL.—Subpart B of part IV of sub-
11 chapter A of chapter 1 of the Internal Revenue Code of
12 1986 (relating to foreign tax credit, etc.), as amended by
13 this Act, is amended by adding at the end the following
14 new section:

15 **“SEC. 30E. ADVANCED TECHNOLOGY MOTOR VEHICLES**
16 **MANUFACTURING CREDIT.**

17 “(a) CREDIT ALLOWED.—There shall be allowed as
18 a credit against the tax imposed by this chapter for the
19 taxable year an amount equal to 35 percent of so much
20 of the qualified investment of an eligible taxpayer for such
21 taxable year as does not exceed \$75,000,000.

22 “(b) QUALIFIED INVESTMENT.—For purposes of this
23 section—

1 “(1) IN GENERAL.—The qualified investment
2 for any taxable year is equal to the incremental costs
3 incurred during such taxable year—

4 “(A) to re-equip, expand, or establish any
5 manufacturing facility in the United States of
6 the eligible taxpayer to produce advanced tech-
7 nology motor vehicles or to produce eligible
8 components,

9 “(B) for engineering integration performed
10 in the United States of such vehicles and com-
11 ponents as described in subsection (d),

12 “(C) for research and development per-
13 formed in the United States related to advanced
14 technology motor vehicles and eligible compo-
15 nents, and

16 “(D) for employee retraining with respect
17 to the manufacturing of such vehicles or compo-
18 nents (determined without regard to wages or
19 salaries of such retrained employees).

20 “(2) CONTRIBUTION RULES.—In the event a fa-
21 cility of the eligible taxpayer produces both advanced
22 technology motor vehicles and conventional motor
23 vehicles, or eligible and non-eligible components, only
24 the qualified investment attributable to production

1 of advanced technology motor vehicles and eligible
2 components shall be taken into account.

3 “(c) ADVANCED TECHNOLOGY MOTOR VEHICLES
4 AND ELIGIBLE COMPONENTS.—For purposes of this sec-
5 tion—

6 “(1) ADVANCED TECHNOLOGY MOTOR VEHI-
7 CLE.—The term ‘advanced technology motor vehicle’
8 means—

9 “(A) any qualified electric vehicle (as de-
10 fined in section 30(c)(1)),

11 “(B) any new qualified fuel cell motor ve-
12 hicle (as defined in section 30B(b)(3)),

13 “(C) any new advanced lean burn tech-
14 nology motor vehicle (as defined in section
15 30B(c)(3)),

16 “(D) any new qualified hybrid motor vehi-
17 cle (as defined in section 30B(d)(2)(A) and de-
18 termined without regard to any gross vehicle
19 weight rating),

20 “(E) any new qualified alternative fuel
21 motor vehicle (as defined in section 30B(e)(4),
22 including any mixed-fuel vehicle (as defined in
23 section 30B(e)(5)(B)),

1 “(F) any other motor vehicle using electric
2 drive transportation technology (as defined in
3 paragraph (3)), and

4 “(G) any new qualified fuel-efficient motor
5 vehicle (as defined in section 30D(c)).

6 “(2) ELIGIBLE COMPONENTS.—The term ‘eligi-
7 ble component’ means any component inherent to
8 any advanced technology motor vehicle, including—

9 “(A) with respect to any gasoline or diesel-
10 electric new qualified hybrid motor vehicle—

11 “(i) electric motor or generator,

12 “(ii) power split device,

13 “(iii) power control unit,

14 “(iv) power controls,

15 “(v) integrated starter generator, or

16 “(vi) battery,

17 “(B) with respect to any hydraulic new
18 qualified hybrid motor vehicle—

19 “(i) hydraulic accumulator vessel,

20 “(ii) hydraulic pump, or

21 “(iii) hydraulic pump-motor assembly,

22 “(C) with respect to any new advanced
23 lean burn technology motor vehicle—

24 “(i) diesel engine,

25 “(ii) turbocharger,

1 “(iii) fuel injection system, or

2 “(iv) after-treatment system, such as
3 a particle filter or NO_x absorber, and

4 “(D) with respect to any advanced tech-
5 nology motor vehicle, any other component sub-
6 mitted for approval by the Secretary.

7 “(3) ELECTRIC DRIVE TRANSPORTATION TECH-
8 NOLOGY.—The term ‘electric drive transportation
9 technology’ means technology used by vehicles that
10 use an electric motor for all or part of their motive
11 power and that may or may not use off-board elec-
12 tricity, such as battery electric vehicles, fuel cell ve-
13 hicles, engine dominant hybrid electric vehicles, plug-
14 in hybrid electric vehicles, and plug-in hybrid fuel
15 cell vehicles.

16 “(d) ENGINEERING INTEGRATION COSTS.—For pur-
17 poses of subsection (b)(1)(B), costs for engineering inte-
18 gration are costs incurred prior to the market introduction
19 of advanced technology vehicles for engineering tasks re-
20 lated to—

21 “(1) establishing functional, structural, and
22 performance requirements for component and sub-
23 systems to meet overall vehicle objectives for a spe-
24 cific application,

1 “(2) designing interfaces for components and
2 subsystems with mating systems within a specific ve-
3 hicle application,

4 “(3) designing cost effective, efficient, and reli-
5 able manufacturing processes to produce components
6 and subsystems for a specific vehicle application,
7 and

8 “(4) validating functionality and performance of
9 components and subsystems for a specific vehicle ap-
10 plication.

11 “(e) ELIGIBLE TAXPAYER.—For purposes of this sec-
12 tion, the term ‘eligible taxpayer’ means any taxpayer if
13 more than 50 percent of its gross receipts for the taxable
14 year is derived from the manufacture of motor vehicles
15 or any component parts of such vehicles.

16 “(f) LIMITATION BASED ON AMOUNT OF TAX.—The
17 credit allowed under subsection (a) for the taxable year
18 shall not exceed the excess of—

19 “(1) the sum of—

20 “(A) the regular tax liability (as defined in
21 section 26(b)) for such taxable year, plus

22 “(B) the tax imposed by section 55 for
23 such taxable year and any prior taxable year
24 beginning after 1986 and not taken into ac-

1 count under section 53 for any prior taxable
2 year, over

3 “(2) the sum of the credits allowable under sub-
4 part A and sections 27, 30, and 30B for the taxable
5 year.

6 “(g) REDUCTION IN BASIS.—For purposes of this
7 subtitle, if a credit is allowed under this section for any
8 expenditure with respect to any property, the increase in
9 the basis of such property which would (but for this para-
10 graph) result from such expenditure shall be reduced by
11 the amount of the credit so allowed.

12 “(h) NO DOUBLE BENEFIT.—

13 “(1) COORDINATION WITH OTHER DEDUCTIONS
14 AND CREDITS.—Except as provided in paragraph
15 (2), the amount of any deduction or other credit al-
16 lowable under this chapter for any cost taken into
17 account in determining the amount of the credit
18 under subsection (a) shall be reduced by the amount
19 of such credit attributable to such cost.

20 “(2) RESEARCH AND DEVELOPMENT COSTS.—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraph (B), any amount described in
23 subsection (b)(1)(C) taken into account in de-
24 termining the amount of the credit under sub-
25 section (a) for any taxable year shall not be

1 taken into account for purposes of determining
2 the credit under section 41 for such taxable
3 year.

4 “(B) COSTS TAKEN INTO ACCOUNT IN DE-
5 TERMINING BASE PERIOD RESEARCH EX-
6 PENSES.—Any amounts described in subsection
7 (b)(1)(C) taken into account in determining the
8 amount of the credit under subsection (a) for
9 any taxable year which are qualified research
10 expenses (within the meaning of section 41(b))
11 shall be taken into account in determining base
12 period research expenses for purposes of apply-
13 ing section 41 to subsequent taxable years.

14 “(i) BUSINESS CARRYOVERS ALLOWED.—If the cred-
15 it allowable under subsection (a) for a taxable year exceeds
16 the limitation under subsection (f) for such taxable year,
17 such excess (to the extent of the credit allowable with re-
18 spect to property subject to the allowance for depreciation)
19 shall be allowed as a credit carryback and carryforward
20 under rules similar to the rules of section 39.

21 “(j) SPECIAL RULES.—For purposes of this section,
22 rules similar to the rules of section 179A(e)(4) and para-
23 graphs (1) and (2) of section 41(f) shall apply

24 “(k) ELECTION NOT TO TAKE CREDIT.—No credit
25 shall be allowed under subsection (a) for any property if

1 the taxpayer elects not to have this section apply to such
2 property.

3 “(l) REGULATIONS.—The Secretary shall prescribe
4 such regulations as necessary to carry out the provisions
5 of this section.

6 “(m) TERMINATION.—This section shall not apply to
7 any qualified investment after December 31, 2010.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 1016(a) of the Internal Revenue
10 Code of 1986 is amended by striking “and” at the
11 end of paragraph (36), by striking the period at the
12 end of paragraph (37) and inserting “, and”, and by
13 adding at the end the following new paragraph:

14 “(38) to the extent provided in section
15 30E(g).”.

16 (2) Section 6501(m) of such Code is amended
17 by inserting “30E(k),” after “30C(e)(5),”.

18 (3) The table of sections for subpart B of part
19 IV of subchapter A of chapter 1 of such Code is
20 amended by inserting after the item relating to sec-
21 tion 30D the following new item:

“Sec. 30E. Advanced technology motor vehicles manufacturing credit.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to amounts incurred in taxable
24 years beginning after December 31, 2006.

1 **SEC. 105. INCREASE IN MAXIMUM ALLOWABLE GROSS**
2 **WEIGHT FOR VEHICLES USING THE NA-**
3 **TIONAL SYSTEM OF INTERSTATE AND DE-**
4 **FENSE HIGHWAYS.**

5 (a) SPECIAL RULE FOR VEHICLES WITH A SUPPLE-
6 MENTARY SIXTH AXLE.—Not later than 180 days after
7 the Secretary of Transportation makes a positive deter-
8 mination under subsection (d), the Secretary of Transpor-
9 tation shall promulgate regulations, in accordance with
10 section 127(a) of title 23, United States Code, that set
11 the maximum allowable gross weight for a vehicle using
12 the National System of Interstate and Defense Highways
13 at 97,000 pounds for vehicles with a supplementary sixth
14 axle.

15 (b) CONDITIONS ON REGULATIONS.—The regulations
16 promulgated under subsection (a)—

17 (1) shall ensure that a loaded tractor trailer
18 with a supplementary sixth axle and a gross weight
19 of not more than 97,000 pounds that is traveling at
20 60 miles per hour has a stopping distance of not
21 greater than 355 feet; and

22 (2) shall not require a fundamental alteration
23 of the vehicle architecture that is common for use in
24 the transportation of goods as of the day before the
25 date of the enactment of this Act.

1 (c) STUDY.—The Secretary of Transportation shall
2 conduct a study that—

3 (1) analyzes the safety impacts of allowing sig-
4 nificantly longer and heavier vehicles to use the Na-
5 tional System of Interstate and Defense Highways
6 than are allowed under regulations in effect as of
7 the day before the date of the enactment of this Act;
8 and

9 (2) considers the potential impact on highway
10 safety of applying lower speed limits on such vehicles
11 than the limits in effect on the day before the date
12 of the enactment of this Act.

13 (d) DETERMINATION.—Not later than 180 days after
14 the date of the enactment of this Act, the Secretary of
15 Transportation shall determine whether allowing signifi-
16 cantly longer and heavier vehicles to use the National Sys-
17 tem of Interstate and Defense Highways than are allowed
18 as of the day before the date of the enactment of this Act
19 would have a material impact on highway safety.

20 **TITLE II—INCREASED USE OF**
21 **ALTERNATIVE FUELS AND IN-**
22 **FRASTRUCTURE**

23 **SEC. 201. RENEWABLE FUEL STANDARD.**

24 Section 211(o) of the Clean Air Act (42 U.S.C.
25 7545(o) is amended—

1 (1) in paragraph (2)(B)—
 2 (A) by striking clause (i) and inserting the
 3 following:

4 “(i) CALENDAR YEARS 2006 THROUGH
 5 2020.—

6 “(I) RENEWABLE FUEL.—For
 7 the purpose of subparagraph (A), sub-
 8 ject to subclause (II), the applicable
 9 total volume for any of calendar years
 10 2006 through 2020 shall be deter-
 11 mined in accordance with the fol-
 12 lowing table:

Calendar year:	“Applicable total volume of renewable fuel (in billions of gallons):”
2006	4.0
2007	4.7
2008	7.1
2009	9.5
2010	12.0
2011	12.6
2012	13.2
2013	13.8
2014	14.4
2015	15.0
2016	18.0
2017	21.0
2018	24.0
2019	27.0
2020	30.0

13 “(II) CELLULOSIC BIOMASS ETH-
 14 ANOL.—For the purpose of paragraph
 15 (1), of the total volume of renewable
 16 fuel required under subclause (I), the
 17 applicable volume for any of calendar

1 years 2012 through 2020 for cellulosic
 2 biomass ethanol shall be determined
 3 in accordance with the following table:

**“Applicable volume of
 cellulosic biomass ethanol**

Calendar year:	(in billions of gallons):
2012	0.25
2013	1.0
2014	3.0
2015	5.0
2016	7.0
2017	9.0
2018	11.0
2019	13.0
2020	15.0”;

- 4 (B) in clause (ii)—
- 5 (i) in the clause heading, by striking
- 6 “2013” and inserting “2021”;
- 7 (ii) by striking “2013” and inserting
- 8 “2021”; and
- 9 (iii) by striking “2012” and inserting
- 10 “2020”;
- 11 (C) in clause (iii), by striking “there-
- 12 after—” and all that follows through “(II) the”
- 13 and inserting “thereafter, the”;
- 14 (D) in clause (iv)—
- 15 (i) by striking “2013” and inserting
- 16 “2021”; and
- 17 (ii) in subclause (II)(bb), by striking
- 18 “2012” and inserting “2020”;
- 19 (2) in paragraph (3)—

1 (A) in subparagraph (A), by striking
2 “2011” and inserting “2019”; and
3 (B) in subparagraph (B)(i), by striking
4 “2012” and inserting “2020”; and
5 (3) in paragraph (6)(A), by striking “2012”
6 and inserting “2020”.

7 **SEC. 202. MODIFICATION OF CREDIT FOR ALTERNATIVE**
8 **FUEL VEHICLE REFUELING PROPERTY.**

9 (a) INCREASE IN CREDIT AMOUNT.—

10 (1) IN GENERAL.—Subsection (a) of section
11 30C of the Internal Revenue Code of 1986 (relating
12 to alternative fuel vehicle refueling property credit)
13 is amended by striking “30 percent” and inserting
14 “35 percent”.

15 (2) FURTHER INCREASE FOR BLENDER
16 PUMPS.—

17 (A) IN GENERAL.—Section 30C(a) of such
18 Code, as amended by paragraph (1), is amend-
19 ed by inserting “(40 percent in the case of any
20 qualified alternative fuel vehicle refueling prop-
21 erty which is a blender pump)” after “prop-
22 erty”.

23 (B) BLENDER PUMP.—Section 30C(c) of
24 such Code is amended by adding at the end the
25 following new paragraph:

1 “(3) BLENDER PUMP.—The term ‘blender
2 pump’ means any fuel pump which, with respect to
3 any fuel described in paragraph (1)(A)(i)—

4 “(A) sources ethanol and gasoline products
5 from separate underground storage tanks,

6 “(B) incorporates the use of inlet valves
7 from such tanks to enable varying amounts of
8 ethanol and gasoline products to be blended
9 within a chamber in the pump, and

10 “(C) dispenses the various blends of eth-
11 anol and gasoline products through separate
12 hoses.”.

13 (b) CREDIT ALLOWED FOR BLENDED ETHANOL
14 OTHER THAN E85.—Subparagraph (A) of section
15 30C(c)(1) of the Internal Revenue Code of 1986 (defining
16 qualified alternative fuel vehicle refueling property) is
17 amended to read as follows:

18 “(A) at least—

19 “(i) 11 percent of the volume of which
20 consists of ethanol, or

21 “(ii) 85 percent of the volume of
22 which consists of one or more of the fol-
23 lowing: natural gas, compressed natural
24 gas, liquefied natural gas, liquified petro-
25 leum gas, or hydrogen, or”.

1 standards of the American Society for
2 Testing and Materials.

3 “(iii) SECRETARY.—The term ‘Sec-
4 retary’ means the Secretary of Energy,
5 acting in consultation with the Adminis-
6 trator and the Secretary of Agriculture.

7 “(B) ASSESSMENT.—Not later than 5
8 years after the date of enactment of this para-
9 graph, the Secretary shall make an assessment
10 of the progress made toward the creation of
11 adequate infrastructure for the production and
12 distribution of ethanol-blend fuel (including the
13 creation of adequate qualified alternative fuel
14 vehicle refueling property that is a blender
15 pump).

16 “(C) REGULATIONS.—If the Secretary de-
17 termines (in the assessment made under sub-
18 paragraph (B)) that adequate progress has not
19 been made toward the creation of adequate in-
20 frastructure for the production and distribution
21 of ethanol-blend fuel, the Secretary shall pro-
22 mulgate regulations to ensure, to the maximum
23 extent practicable, that each covered owner in-
24 stalls or otherwise makes available 1 or more
25 pumps that dispense ethanol-blend fuel (includ-

1 ing any other equipment necessary, such as
2 tanks, to ensure that the pumps function prop-
3 erly) at not less than the applicable percentage
4 of the retail station outlets of the covered owner
5 specified in subparagraph (D).

6 “(D) APPLICABLE PERCENTAGES.—For
7 the purpose of subparagraph (C), the applicable
8 percentage of the retail station outlets shall
9 be—

10 “(i) during the 10-year period begin-
11 ning on the date of any determination
12 made under subparagraph (C), 10 percent;
13 and

14 “(ii) after the 10-year period de-
15 scribed in clause (i), 20 percent.

16 “(E) FINANCIAL RESPONSIBILITY.—In
17 promulgating regulations under subparagraph
18 (C), the Secretary shall ensure that each cov-
19 ered owner described in that subparagraph as-
20 sumes full financial responsibility for the costs
21 of installing or otherwise making available the
22 pumps described in that subparagraph and any
23 other equipment necessary (including tanks) to
24 ensure that the pumps function properly.

1 “(F) PRODUCTION CREDITS FOR EXCEED-
2 ING ETHANOL-BLEND FUEL PUMPS INSTALLA-
3 TION REQUIREMENT.—

4 “(i) EARNING AND PERIOD FOR AP-
5 PLYING CREDITS.—If the percentage of the
6 retail station outlets of a covered owner at
7 which the covered owner installs ethanol-
8 blend fuel pumps in a particular calendar
9 year exceeds the percentage required under
10 subparagraph (D), the covered owner shall
11 earn credits under this paragraph, which
12 may be applied to any of the 3 consecutive
13 calendar years immediately after the cal-
14 endar year for which the credits are
15 earned.

16 “(ii) TRADING CREDITS.—A covered
17 owner that has earned credits under clause
18 (i) may sell credits to another covered
19 owner to enable the purchaser to meet the
20 requirement under subparagraph (D).”.

21 **SEC. 204. REQUIREMENT TO INCREASE PERCENTAGE OF**
22 **DUAL FUELED AUTOMOBILES.**

23 (a) IN GENERAL.—Section 32902 of title 49, United
24 States Code, is amended by inserting after subsection (e)
25 the following:

1 “(f) REQUIREMENT FOR ANNUAL INCREASE IN DUEL
2 FUELED AUTOMOBILES.—Each manufacturer shall en-
3 sure that the percentage of automobiles manufactured by
4 such manufacturer in each of model years 2012 through
5 2022 that are dual fueled automobiles is not less than 10
6 percentage points greater than the percentage of auto-
7 mobiles manufactured by such manufacturer in the pre-
8 vious model year that are dual fueled automobiles.”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall take effect on the date specified in
11 section 102(c).

12 **SEC. 205. EMERGING BIOFUELS.**

13 (a) ESTABLISHMENT OF INCENTIVE PROGRAM.—The
14 Secretary of Energy (referred to in this section as the
15 “Secretary”) shall establish a program under which the
16 Secretary shall provide to eligible entities such incentives
17 (including grants, tax credits, loans, and loan guarantees)
18 as the Secretary determines to be appropriate for the pro-
19 duction of cellulosic ethanol and other emerging biofuels
20 derived from renewable sources (including municipal solid
21 waste).

22 (b) APPLICATION.—To be eligible to receive an incen-
23 tive under this section, an eligible entity shall submit to
24 the Secretary an application at such time, in such manner,

1 and containing such information as the Secretary may re-
2 quire, including—

3 (1) a description of the project for which the in-
4 centive will be used;

5 (2) a description of the use by the eligible enti-
6 ty of the incentive; and

7 (3) an estimate of the annual production using
8 the incentive by the eligible entity of cellulosic eth-
9 anol or another biofuel, expressed on a per-gallon
10 basis.

11 (c) SELECTION REQUIREMENTS.—

12 (1) MINIMUM NUMBER OF INCENTIVES.—The
13 Secretary shall provide incentives under this section
14 to not less than 6 biorefineries located in different
15 regions of the United States.

16 (2) LEAST-COST INCENTIVES.—The Secretary
17 shall provide incentives under this section only to eli-
18 gible entities the applications of which reflect the
19 least-cost use of the incentives, on a per-gallon basis,
20 with respect to similar projects.

21 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
22 authorized to be appropriated to carry out this section
23 \$500,000,000.

1 **SEC. 206. BIODIESEL.**

2 (a) IN GENERAL.—Not later than 180 days after the
3 date of enactment of this Act, the Secretary of Energy
4 shall submit to Congress a report on any research and
5 development challenges inherent in increasing to 5 percent
6 the proportion of diesel fuel sold in the United States that
7 is biodiesel, as defined in section 757 of the Energy Policy
8 Act of 2005 (42 U.S.C. 16105).

9 (b) REGULATIONS.—The Administrator of the Envi-
10 ronmental Protection Agency shall promulgate regulations
11 providing for the uniform labeling of biodiesel blends that
12 are certified to meet applicable standards published by the
13 American Society for Testing and Materials.

14 **SEC. 207. UNCONVENTIONAL FOSSIL FUELS.**

15 (a) IN GENERAL.—The Secretary of Energy shall
16 carry out a 10-year carbon capture research and develop-
17 ment program to develop carbon dioxide capture tech-
18 nologies that can be used in the recovery of liquid fuels
19 from oil shale and the production of liquid fuels in coal
20 utilization facilities to minimize the emissions of carbon
21 dioxide from those processes.

22 (b) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated to carry out this sec-
24 tion—

25 (1) \$50,000,000 for the period of fiscal years
26 2008 through 2012; and

1 (2) \$100,000,000 for the period of fiscal years
2 2013 through 2017.

3 **SEC. 208. STUDY OF INCENTIVES FOR RENEWABLE FUELS.**

4 (a) **STUDY.**—The Secretary of Agriculture (in con-
5 sultation with the Secretary of Energy, the Secretary of
6 the Treasury, the Administrator of the Environmental
7 Protection Agency, representatives of the biofuels indus-
8 try, the oil industry, and other interested parties) shall
9 conduct a study of the renewable fuels industry and mar-
10 kets in the United States, including—

11 (1) the costs to produce corn-based and cel-
12 lulosic-based ethanol and biobutanol, biodiesel, and
13 other emerging biofuels;

14 (2) the factors affecting the future market
15 prices for those biofuels, including world oil prices;
16 and

17 (3) the level of tax incentives necessary, to the
18 maximum extent practicable, to grow the biofuels in-
19 dustry of the United States to reduce the depend-
20 ence of the United States on foreign oil during cal-
21 endar years 2011 through 2030.

22 (b) **GOALS.**—The study shall include an analysis of
23 the types and advantages and disadvantages of tax incen-
24 tive options to, to the maximum extent practicable—

1 (1) limit the overall cost of the tax incentives to
2 the Federal Government;

3 (2) encourage expansion of the biofuels industry
4 by ensuring that new plants and recently-built plants
5 can fully amortize the investments in the plants;

6 (3) reward energy-efficient and low carbon-
7 emitting technologies;

8 (4) ensure that pioneering processes (such as
9 those that convert cellulosic feedstocks like corn sto-
10 ver and switch grass to ethanol) are economically
11 competitive with fossil fuels;

12 (5) encourage agricultural producer equity par-
13 ticipation in ethanol plants; and

14 (6) encourage the development of higher blend
15 markets, such as E-20, E30, and E-85.

16 (c) REPORT.—Not later than 1 year after the date
17 of enactment of this Act, the Secretary of Agriculture shall
18 submit a report that describes the results of the study
19 to—

20 (1) the Committee on Agriculture, Nutrition,
21 and Forestry of the Senate;

22 (2) the Committee on Energy and Natural Re-
23 sources of the Senate;

24 (3) the Committee on Environment and Public
25 Works of the Senate;

1 (4) the Committee on Finance of the Senate;

2 (5) the Committee on Agriculture of the House
3 of Representatives;

4 (6) the Committee on Energy and Commerce of
5 the House of Representatives; and

6 (7) the Committee on Ways and Means of the
7 House of Representatives.

8 **TITLE III—DEVELOPMENT AND**
9 **INVENTORY OF CERTAIN**
10 **OUTER CONTINENTAL SHELF**
11 **RESOURCES**

12 **SEC. 301. DEFINITION.**

13 In this title, the term “United States person”
14 means—

15 (1) any United States citizen or alien lawfully
16 admitted for permanent residence in the United
17 States; and

18 (2) any person other than an individual, if 1 or
19 more individuals described in paragraph (1) own or
20 control at least 51 percent of the securities or other
21 equity interest in the person.

1 **SEC. 302. AUTHORIZATION OF ACTIVITIES AND EXPORTS**
2 **INVOLVING HYDROCARBON RESOURCES BY**
3 **UNITED STATES PERSONS.**

4 Notwithstanding any other provision of law (includ-
5 ing a regulation), United States persons (including agents
6 and affiliates of those United States persons) may—

7 (1) engage in any transaction necessary for the
8 exploration for and extraction of hydrocarbon re-
9 sources from any portion of any foreign exclusive
10 economic zone that is contiguous to the exclusive
11 economic zone of the United States; and

12 (2) export without license authority all equip-
13 ment necessary for the exploration for or extraction
14 of hydrocarbon resources described in paragraph (1).

15 **SEC. 303. TRAVEL IN CONNECTION WITH AUTHORIZED HY-**
16 **DROCARBON EXPLORATION AND EXTRAC-**
17 **TION ACTIVITIES.**

18 Section 910 of the Trade Sanctions Reform and Ex-
19 port Enhancement Act of 2000 (22 U.S.C. 7209) is
20 amended by inserting after subsection (b) the following:

21 “(c) GENERAL LICENSE AUTHORITY FOR TRAVEL-
22 RELATED EXPENDITURES BY PERSONS ENGAGING IN
23 HYDROCARBON EXPLORATION AND EXTRACTION ACTIVI-
24 TIES.—

25 “(1) IN GENERAL.—The Secretary of the
26 Treasury shall, authorize under a general license the

1 travel-related transactions listed in section
2 515.560(e) of title 31, Code of Federal Regulations,
3 for travel to, from or within Cuba in connection with
4 exploration for and the extraction of hydrocarbon re-
5 sources in any part of a foreign maritime Exclusive
6 Economic Zone that is contiguous to the United
7 States' Exclusive Economic Zone.

8 “(2) PERSONS AUTHORIZED.—Persons author-
9 ized to travel to Cuba under this section include full-
10 time employees, executives, agents, and consultants
11 of oil and gas producers, distributors, and ship-
12 pers.”.

13 **SEC. 304. MORATORIUM OF OIL AND GAS LEASING IN CER-**
14 **TAIN AREAS OF THE GULF OF MEXICO.**

15 (a) IN GENERAL.—Section 104(a) of the Gulf of
16 Mexico Energy Security Act of 2006 (43 U.S.C. 1331
17 note; Public Law 109–432) is amended—

18 (1) by striking paragraph (1);

19 (2) in paragraph (2), by striking “125 miles”
20 and inserting “45 miles”;

21 (3) in paragraph (3), by striking “100 miles”
22 each place it appears and inserting “45 miles”; and

23 (4) by redesignating paragraphs (2) and (3) as
24 paragraphs (1) and (2), respectively.

25 (b) REGULATIONS.—

1 (1) IN GENERAL.—The Secretary of the Inte-
2 rior shall promulgate regulations that establish ap-
3 propriate environmental safeguards for the explo-
4 ration and production of oil and natural gas on the
5 outer Continental Shelf.

6 (2) MINIMUM REQUIREMENTS.—At a minimum,
7 the regulations shall include—

8 (A) provisions requiring surety bonds of
9 sufficient value to ensure the mitigation of any
10 foreseeable incident;

11 (B) provisions assigning liability to the
12 leaseholder in the event of an incident causing
13 damage or loss, regardless of the negligence of
14 the leaseholder or lack of negligence;

15 (C) provisions no less stringent than those
16 contained in the Spill Prevention, Control, and
17 Countermeasure regulations promulgated under
18 the Oil Pollution Act of 1990 (33 U.S.C. 2701
19 et seq.);

20 (D) provisions ensuring that—

21 (i) no facility for the exploration or
22 production of resources is visible to the un-
23 assisted eye from any shore of any coastal
24 State; and

1 (ii) the impact of offshore production
2 facilities on coastal vistas is otherwise miti-
3 gated;

4 (E) provisions to ensure, to the maximum
5 extent practicable, that exploration and produc-
6 tion activities will result in no significant ad-
7 verse effect on fish or wildlife (including habi-
8 tat), subsistence resources, or the environment;
9 and

10 (F) provisions that will impose seasonal
11 limitations on activity to protect breeding,
12 spawning, and wildlife migration patterns.

13 (c) CONFORMING AMENDMENT.—Section 105 of the
14 Department of the Interior, Environment, and Related
15 Agencies Appropriations Act, 2006 (Public Law 109-54;
16 119 Stat. 521) (as amended by section 103(d) of the Gulf
17 of Mexico Energy Security Act of 2006 (43 U.S.C. 1331
18 note; Public Law 109-432)) is amended by inserting “and
19 any other area that the Secretary of the Interior may offer
20 for leasing, preleasing, or any related activity under sec-
21 tion 104 of that Act” after “2006”).

1 **SEC. 305. INVENTORY OF OUTER CONTINENTAL SHELF OIL**
2 **AND NATURAL GAS RESOURCES OFF SOUTH-**
3 **EASTERN COAST OF THE UNITED STATES.**

4 (a) **IN GENERAL.**—The Secretary of the Interior (re-
5 ferred to in this section as the “Secretary”) may conduct
6 an inventory of oil and natural gas resources beneath the
7 waters of the outer Continental Shelf (as defined in sec-
8 tion 2 of the Outer Continental Shelf Lands Act (43
9 U.S.C. 1331)) off of the coast of the States of Virginia,
10 North Carolina, South Carolina, or Georgia in accordance
11 with this section.

12 (b) **BEST AVAILABLE TECHNOLOGY.**—In conducting
13 the inventory, the Secretary shall use the best technology
14 available to obtain accurate resource estimates.

15 (c) **REQUEST BY GOVERNOR.**—The Secretary may
16 conduct an inventory under this section off the coast of
17 a State described in subsection (a) only if the Governor
18 of the State requests the inventory.

19 (d) **REPORTS.**—The Secretary shall submit to Con-
20 gress and the requesting Governor a report on any inven-
21 tory conducted under this section.

22 (e) **AUTHORIZATION OF APPROPRIATIONS.**—There
23 are authorized to be appropriated such sums as are nec-
24 essary to carry out this section.

1 **SEC. 306. ENHANCED OIL RECOVERY.**

2 Section 354(e)(4)(B) of the Energy Policy Act of
3 2005 (42 U.S.C. 15910(e)(4)(B)) is amended—

4 (1) in clause (iii), by striking “and” at the end;

5 (2) in clause (iv), by striking the period at the
6 end and inserting “; and”; and

7 (3) by adding at the end the following:

8 “(v) are carried out in geologically
9 challenging fields.”.

10 **TITLE IV—MANAGEMENT OF**
11 **ENERGY RISKS**

12 **SEC. 401. BUREAU OF INTERNATIONAL ENERGY POLICY.**

13 Section 101 of the National Security Act of 1947 (50
14 U.S.C. 402) is amended by adding at the end the fol-
15 lowing:

16 (1) by redesignating subsection (i) (as added by
17 section 301 of Public Law 105–292 (112 Stat.
18 2800)) as subsection (k); and

19 (2) by adding at the end the following:

20 “(1) BUREAU OF INTERNATIONAL ENERGY POL-
21 ICY.—

22 “(1) ESTABLISHMENT.—There is established
23 within the National Security Council a Bureau of
24 International Energy.

25 “(2) DUTIES.—The Bureau shall, in conjunc-
26 tion with the Secretary of Defense, the Secretary of

1 State, and the Secretary of Energy, prepare and
2 submit to Congress an annual energy security re-
3 port.”.

4 **SEC. 402. STRATEGIC ENERGY INFRASTRUCTURE EQUIP-**
5 **MENT RESERVE.**

6 (a) ESTABLISHMENT.—The Secretary may establish
7 and operate a strategic energy infrastructure equipment
8 reserve.

9 (b) USE.—The reserve shall be used and operated
10 for—

11 (1) the protection, conservation, maintenance,
12 and testing of strategic energy infrastructure equip-
13 ment; and

14 (2) the provision of strategic energy infrastruc-
15 ture equipment whenever and to the extent that—

16 (A) the Secretary, with the approval of the
17 President, finds that the equipment is needed
18 for energy security purposes; and

19 (B) the provision of the equipment is au-
20 thorized by a joint resolution of Congress.

21 (c) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated such sums as are nec-
23 essary to carry out this section.