

1 “(b) DOLLAR LIMITATIONS.—The deduction allowed
2 by subsection (a) with respect to each qualified vehicle
3 shall not exceed—

4 “(1) \$7,500 if such vehicle is placed in service
5 during the 90-day period beginning on the date of
6 the enactment of this section,

7 “(2) \$5,000 if such vehicle is placed in service
8 during the 90-day period beginning on the day after
9 the period described in paragraph (1), and

10 “(3) \$2,500 if such vehicle is placed in service
11 after the period described in paragraph (2).

12 “(c) DEFINITIONS.—For purposes of this section—

13 “(1) QUALIFIED VEHICLE.—

14 “(A) IN GENERAL.—The term ‘qualified
15 vehicle’ means a motor vehicle which is a pas-
16 senger automobile or a light truck—

17 “(i) the original use of which com-
18 mences with the taxpayer,

19 “(ii) which is acquired for use or lease
20 by the taxpayer and not for resale,

21 “(iii) which is made by a manufac-
22 turer,

23 “(iv) which is placed in service by the
24 taxpayer on or after the date of the enact-

1 ment of this section and before January 1,
2 2010.

3 “(B) EXCEPTIONS.—Such term shall not
4 include—

5 “(i) property referred to in section
6 50(b)(1) (relating to property used outside
7 the United States), or

8 “(ii) property of a character subject to
9 the allowance for depreciation or amortiza-
10 tion.

11 “(2) MOTOR VEHICLE.—The term ‘motor vehi-
12 cle’ has the meaning given such term by section
13 30(c)(2).

14 “(3) OTHER TERMS.—The terms ‘passenger
15 automobile’, ‘light truck’, and ‘manufacturer’ have
16 the meanings given such terms in regulations pre-
17 scribed by the Administrator of the Environmental
18 Protection Agency for purposes of the administra-
19 tion of title II of the Clean Air Act (42 U.S.C. 7521
20 et seq.).

21 “(d) DEDUCTION FOR CONSUMER LOANS TO PUR-
22 CHASE QUALIFIED VEHICLES; EXCLUSION FROM LEND-
23 ER’S GROSS INCOME.—In the case of interest on any loan
24 secured by a qualified vehicle and used by the purchaser
25 to purchase such vehicle—

1 “(1) such interest shall not be treated as per-
2 sonal interest for purposes of section 163(h), and

3 “(2) the gross income of the lender shall not in-
4 clude 50 percent of such interest received or accrued
5 on such loan during the taxable year.

6 “(e) DEDUCTION FOR STATE AND LOCAL SALES
7 TAXES.—In the case of a purchase of a qualified vehicle,
8 there shall be allowed as a deduction the amount of gen-
9 eral sales taxes (within the meaning of section 164(b)(5))
10 paid or incurred during the taxable year on such purchase.

11 “(f) SPECIAL RULES.—

12 “(1) REDUCTION IN BASIS.—For purposes of
13 this subtitle, the basis of any property for which a
14 deduction is allowable under subsection (a) shall be
15 reduced by the amount of the deduction so allowed.

16 “(2) RECAPTURE.—The Secretary shall, by reg-
17 ulations, provide for recapturing the benefit of any
18 deduction allowable under subsection (a) with re-
19 spect to any property which ceases to be property el-
20 igible for such deduction (including recapture in the
21 case of a lease period of less than the economic life
22 of a vehicle).”.

23 “(b) DEDUCTIONS ALLOWED WHETHER OR NOT TAX-
24 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)

1 of section 62 of such Code is amended by inserting after
2 paragraph (21) the following new paragraph:

3 “(22) DEDUCTIONS RELATING TO PURCHASE
4 OF PASSENGER VEHICLE DURING 2009.—The deduc-
5 tions allowed by subsection (a), (d), and (e) of sec-
6 tion 224.”.

7 (c) CONFORMING AMENDMENTS.—

8 (1) Subsection (a) of section 1016 of such Code
9 is amended by striking “and” at the end of para-
10 graph (36), by striking the period at the end of
11 paragraph (37) and inserting “, and”, and by add-
12 ing at the end the following new paragraph:

13 “(38) to the extent provided in section
14 224(f)(1).”.

15 (2) The table of sections for such part VII is
16 amended by redesignating the item relating to sec-
17 tion 224 as relating to section 225 and by inserting
18 after the item relating to section 223 the following
19 new item:

“Sec. 224. Incentives to consumers and lenders for the purchase of a passenger
vehicle during 2009.”

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years ending on or after
22 the date of the enactment of this Act.

