



Press Release of Senator Orrin G. Hatch

Wednesday, July 8, 2009

Hatch Introduces Bill to Spur Use of Natural Gas Vehicles

Natural gas vehicles emit fewer pollutants and run on energy source that is abundant domestically

WASHINGTON – U.S. Senate Majority Leader Harry Reid (D-NV) and Senators Orrin Hatch (R-UT) and Robert Menendez (D-NJ) were joined today by energy-independence advocate T. Boone Pickens to tout new legislation that would boost vehicles that run on clean natural gas. The NAT GAS Act, introduced today by Menendez and co-sponsored by Reid and Hatch, would extend and increase tax credits for natural gas vehicles and refueling.

"We saw last summer how the wild fluctuations in oil prices helped to wreck our economy and we've seen how pollutants from dirty fuels are wrecking our planet," said Menendez. "Our economic crisis has shined a spotlight on the urgent need for alternative, cleaner and cheaper sources of energy that we don't have to import. By making it easier and cheaper to own a vehicle that runs on natural gas, we can help families save money on energy, create new manufacturing jobs and clean our air."

"Each day, our nation consumes about 21 million barrels of oil- more than 25 percent of the world's oil supply. Nearly 70% is imported from outside our borders. With only 3% of the world's oil reserves, we cannot produce our way to a safe and secure energy future," Reid said. "I'm proud to join with Senators Menendez and Hatch in introducing legislation that will help encourage the development of natural gas vehicles to help save consumers and operators thousands of dollars per year, protect our environment, and decrease our dependence on foreign energy. We must get serious about using cleaner burning natural gas and renewable energy, and this legislation is a strong step in the right direction."

Hatch said, "Natural gas is an important alternative fuel to help pave the way to energy independence, which will not only help keep us safer, but will also help reduce the high cost of fuel and, thus, high utility bills across the board. In our current economic downturn, it's crucial to provide appropriate incentives that lead to lower prices for all Americans. This piece of legislation does just that while also helping clean up our environment; I am a proud co-sponsor."

"I am proud to stand with Senator Menendez and co-sponsors Senate Majority Leader Reid and Senator Hatch in support of this important natural gas legislation," said Mr. Pickens. "This bipartisan legislation does more to reduce our foreign oil dependency crisis than any other piece of legislation in the past 40 years. As I have said many times before and will continue to say, natural gas is cleaner, cheaper, it's abundant and it's American. This bill will accelerate the use of natural gas in vehicles and is the only way I know to quickly and effectively reduce our dependence on foreign oil. For too long, our dependence on foreign oil has been one of the factors influencing our foreign policy and if we can eliminate that issue by using our own domestic natural gas resources I am confident that it will benefit our national security, our economy and the environment."

BACKGROUND ON LEGISLATION

- **Extends for 10 years the alternative fuel credits for natural gas used as a vehicle fuel, the purchase of natural gas-fueled vehicle, and the installation of natural gas vehicle refueling property credit**

- Expands and modify the alternative fueled vehicle and refueling property tax credits as follows:

Makes all dedicated natural gas-fueled vehicles eligible for a credit equal to 80% of the vehicle's incremental cost. Only some dedicated natural gas vehicles currently can qualify for an 80% federal tax credit

Makes all bi-fuel natural gas-fueled vehicles eligible for a credit equal to 50% of the vehicle's incremental cost. This is the first time bi-fuel vehicles would be eligible for a federal tax credit!!

Increase the allowable incremental cost limits to more accurately reflect the cost of producing or converting natural gas vehicles:

For light-duty vehicle, the purchase tax credit cap would be increased by to \$12,500 (currently \$5,000)

For all other vehicle weight classes, the purchase tax credit cap would be doubled

Increases the refueling property tax credit from \$50,000 to \$100,000 per station

- Allows the natural gas vehicle and natural gas fueling infrastructure credits to be transferred by the taxpayer back to the seller or to the lessor

- Allows state and local governmental entities to issue tax exempt bonds in order to finance natural gas vehicle projects

- **Allows 100% of the cost of a natural gas vehicle manufacturing facility that is placed in service before January 1, 2015 to be expensed and to be treated as a deduction in the taxable year in which the facility was placed in service. This decreases to 50% after December 31, 2014 and is phased out by January 1, 2020**

- **Requires that when complying with mandatory federal fleet alternative fuel vehicle purchase requirements, federal agencies shall purchase dedicated alternative fuel vehicles unless the agency can show that alternative fuel is unavailable or that purchasing such vehicles would be impractical**

- **Provides for grants for light- and heavy-duty natural gas engine development**

BACKGROUND ON NATURAL GAS

- * * • **According to the EPA, cars running on natural gas cut overall toxic emissions by 93-95 percent**
- **Natural gas is an abundant resource, with 98% of natural gas used in the U.S. originating right here in North America**
- **There are nearly 10 million natural gas vehicles in the world**
- * * • **Natural gas has the ability to displace 100 percent of the petroleum used in heavy-duty vehicles.**