

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 113

To amend the Internal Revenue Code of 1986 to allow individuals a temporary refundable credit for the purchase of a new domestic passenger vehicle.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. BURTON of Indiana introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a temporary refundable credit for the purchase of a new domestic passenger vehicle.

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 This Act may be cited as the “Buy American Motor  
5 Vehicles Act of 1993”.

6 **SEC. 2. STATEMENT OF PURPOSE.**

7 It is the purpose of this Act to stimulate economic  
8 growth by encouraging the purchase of new domestic pas-  
9 senger vehicles through the provision of a temporary tax  
10 credit, which a purchaser may assign in exchange for an

1 equal reduction in the purchase price of the vehicle from  
2 the amount such price would have been if this Act had  
3 not been enacted.

4 **SEC. 3. TEMPORARY REFUNDABLE CREDIT FOR PURCHASE**  
5 **OF NEW DOMESTIC PASSENGER VEHICLES.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-  
7 chapter A of chapter 1 of the Internal Revenue Code of  
8 1986 (relating to refundable credits) is amended by redес-  
9 ignating section 35 as section 36 and by inserting after  
10 section 34 the following new section:

11 **“SEC. 35. PURCHASE OF NEW DOMESTIC PASSENGER VEHI-**  
12 **CLE.**

13 “(a) ALLOWANCE OF CREDIT.—

14 “(1) IN GENERAL.—In the case of an individual  
15 who purchases a new domestic passenger vehicle,  
16 there shall be allowed as a credit against the tax im-  
17 posed by this chapter for the taxable year in which  
18 the purchase is made an amount equal to the appli-  
19 cable percentage of the purchase price of the vehicle.

20 “(2) APPLICABLE PERCENTAGE.—For purposes  
21 of paragraph (1), the applicable percentage is—

22 “(A) 15 percent, in the case of a vehicle  
23 purchased in calendar year 1993, and

24 “(B) 7.5 percent, in the case of a vehicle pur-  
25 chased in calendar year 1994.

1           “(3) LIMITATION.—The credit allowed by para-  
2 graph (1) for any taxpayer shall not exceed—

3           “(A) \$2,000, in the case of taxable years  
4 ending on or before December 31, 1993, and

5           “(B) \$1,000, in the case of taxable years  
6 ending after such date.

7           “(b) ASSIGNMENT OF CREDIT.—Under regulations  
8 prescribed by the Secretary—

9           “(1) an individual qualifying for a credit under  
10 subsection (a) may, at the time of purchase of the  
11 vehicle, assign the right to the credit to the retail  
12 dealer from whom the vehicle is purchased in ex-  
13 change for a purchase price reduction of equal value,

14           “(2) such retail dealer may assign such right to  
15 the manufacturer of the vehicle, and

16           “(3) such manufacturer shall be allowed to use  
17 such credit against the tax imposed by this chapter  
18 on such manufacturer.

19           “(c) NEW DOMESTIC PASSENGER VEHICLE.—For  
20 purposes of this section—

21           “(1) IN GENERAL.—The term ‘new domestic  
22 passenger vehicle’ means any domestic vehicle  
23 which—

24           “(A) is a passenger vehicle (within the  
25 meaning of section 4001(b)), and

1           “(B) is purchased by the taxpayer in the  
2           1st retail sale of the vehicle (within the mean-  
3           ing of section 4001(a)).

4           “(2) DOMESTIC VEHICLE.—The term ‘domestic  
5           vehicle’ means any vehicle if—

6                   “(A) the vehicle is produced by a domestic  
7                   vehicle manufacturer at a manufacturing facil-  
8                   ity located within the United States or Canada,  
9                   and

10                   “(B) such manufacturer includes on the  
11                   label required by section 3 of the Automobile  
12                   Information Disclosure Act (15 U.S.C. 1232)  
13                   information concerning—

14                           “(i) whether the vehicle is a domestic  
15                           vehicle eligible for the credit allowed by  
16                           this section, and

17                           “(ii) the percentage of the value of all  
18                           parts used in the production of the vehicle  
19                           which is attributable to parts produced by  
20                           domestic parts manufacturers.

21           “(3) DOMESTIC MANUFACTURERS.—

22                   “(A) DOMESTIC VEHICLE MANUFAC-  
23                   TURER.—The term ‘domestic vehicle manufac-  
24                   turer’ means a manufacturer (whether or not a  
25                   related source) of motor vehicles which—

1           “(i) has 1 or more motor vehicle man-  
2           ufacturing facilities located within the  
3           United States which produce motor vehi-  
4           cles for interstate sale or export, or both,  
5           and

6           (ii) with respect to its production of  
7           motor vehicles in the facilities referred to  
8           in clause (i) during the most recently com-  
9           pleted calendar year, utilized motor vehicle  
10          parts produced by domestic manufacturers  
11          which constituted 60 percent or more of  
12          the total value of all motor vehicle parts  
13          used in such production.

14          “(B) DOMESTIC PARTS MANUFACTURER.—  
15          The term ‘domestic parts manufacturer’ means  
16          a manufacturer of motor vehicle parts which—

17               “(i) has 1 or more motor vehicle parts  
18               manufacturing facilities located within the  
19               United States or Canada, and

20               “(ii) either—

21                       “(I) is not a related source,

22                       “(II) is not affiliated with a re-  
23                       lated source, or

24                       “(III) is affiliated with a related  
25                       source, but with respect to its produc-

1           tion of motor vehicle parts in the fa-  
2           cilities referred to in clause (i) during  
3           the most recent full calendar year,  
4           utilized materials and components  
5           produced by, or purchased or other-  
6           wise obtained (directly or indirectly)  
7           from, related sources to an extent not  
8           exceeding 25 percent of the total value  
9           of such production.

10           “(4) RELATED SOURCES, OWNERSHIP, AND AF-  
11           FILIAION.—

12           “(A) RELATED SOURCE.—The term ‘relat-  
13           ed source’ means—

14           “(i) a natural person who is a citizen  
15           of Japan, and

16           “(ii) a corporation or other legal en-  
17           tity, wherever located, if owned or con-  
18           trolled by—

19           “(I) natural persons who are citi-  
20           zens of Japan, or

21           “(II) another corporation or  
22           other legal entity which is owned or  
23           controlled by natural persons who are  
24           citizens of Japan, unless such cor-  
25           poration or other legal entity would

1                   qualify as a domestic parts manufac-  
2                   turer under paragraph (3)(B).

3                   “(B) OWN OR CONTROL.—The term ‘own  
4                   or control’ means—

5                   “(i) in the case of a corporation, the  
6                   holding of at least 50 percent (by vote or  
7                   value) of the capital structure of the cor-  
8                   poration, and

9                   “(ii) in the case of any other kind of  
10                  legal entity, the holding of interests rep-  
11                  resenting at least 50 percent of the capital  
12                  structure of the entity.

13                  “(C) AFFILIATED.—A domestic parts man-  
14                  ufacturer shall be considered to be affiliated  
15                  with a related source if—

16                  “(i) in the case of a domestic parts  
17                  manufacturer which is a corporation, a re-  
18                  lated source holds at least 2.5 percent but  
19                  less than 50 percent (by vote or value) of  
20                  the capital structure of the corporation,  
21                  and

22                  “(ii) in the case of a domestic parts  
23                  manufacturer which is any other kind of  
24                  legal entity, a related source holds inter-  
25                  ests representing at least 2.5 percent, but

1 less than 50 percent, of the capital struc-  
2 ture of the entity.

3 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-  
4 poses of this section—

5 “(1) PURCHASE PRICE.—Purchase price shall  
6 be determined under rules similar to the rules of  
7 section 4011(d)(1).

8 “(2) VALUE.—The term ‘value’ when applied  
9 to—

10 “(A) materials and components used in  
11 production of motor vehicles parts, or

12 “(B) motor vehicle parts used in the pro-  
13 duction of motor vehicles,

14 refers to the cost of such materials, components, or  
15 parts to the manufacturer of such parts or vehicles  
16 as determined for purposes of applying this title (in-  
17 cluding, in the case of purchases of materials, com-  
18 ponents, and parts involving related sources, entities  
19 owned or controlled by related sources, or entities  
20 affiliated with related sources, determinations based  
21 on the application of the transfer price rules).

22 “(3) UNITED STATES.—The term ‘United  
23 States’ includes the Commonwealth of Puerto Rico  
24 and the possessions of the United States.

1       “(e) REGULATIONS.—Not later than 60 days after  
2 the date of the enactment of this section, the Secretary  
3 shall prescribe any regulations appropriate to carry out  
4 the purposes of this section, including regulations to pre-  
5 vent the avoidance of any limitation or requirement of this  
6 section.

7       “(f) TERMINATION.—This section shall not apply to  
8 any vehicle purchased after December 31, 1994.”

9       (b) CLERICAL AMENDMENT.—The table of sections  
10 for such subpart C is amended by striking the item relat-  
11 ing to section 35 and inserting the following new items:

“Sec. 35. Purchase of new domestic passenger vehicle.  
“Sec. 36. Overpayments of tax.”

12       (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to vehicles purchased after Decem-  
14 ber 31, 1992.

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