



Tax Reduction Letter

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Internal Revenue Code Section 4064

Gas guzzler tax.

(a) Imposition of tax. There is hereby imposed on the sale by the manufacturer of each automobile a tax determined in accordance with the following table:

If the fuel economy of the model type in which the automobile falls is: The tax is:

At least 22.5	0
At least 21.5 but less than 22.5	\$1,000
At least 20.5 but less than 21.5	\$1,300
At least 19.5 but less than 20.5	\$1,700
At least 18.5 but less than 19.5	\$2,100
At least 17.5 but less than 18.5	\$2,600
At least 16.5 but less than 17.5	\$3,000
At least 15.5 but less than 16.5	\$3,700
At least 14.5 but less than 15.5	\$4,500
At least 13.5 but less than 14.5	\$5,400
At least 12.5 but less than 13.5	\$6,400
Less than 12.5	\$7,700

(b) Definitions. For purposes of this section—

(1) Automobile.

(A) In general. The term 'automobile' means any 4-wheeled vehicle propelled by fuel—

(i) which is manufactured primarily for use on public streets, roads, and highways (except any vehicle operated exclusively on a rail or rails), and

(ii) which is rated at 6,000 pounds unloaded gross vehicle weight or less.

(B) Exception for certain vehicles. The term 'automobile' does not include any vehicle which is treated as a nonpassenger automobile under the rules which were prescribed by the Secretary of Transportation for purposes of *section 32901 of title 49, United States Code*, and which were in effect on the date of the enactment of this section.

(C) Exception for emergency vehicles. The term 'automobile' does not include any vehicle sold for use and used—

(i) as an ambulance or combination ambulance-hearse,

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

(iii) for other emergency uses prescribed by the Secretary by regulations.

(2) Fuel economy. The term 'fuel economy' means the average number of miles traveled by an automobile per gallon of gasoline (or equivalent amount of other fuel) consumed, as determined by the EPA Administrator in accordance with procedures established under subsection (c).

(3) Model type. The term 'model type' means a particular class of automobile as determined by regulation by the EPA Administrator.

(4) Model year. The term 'model year', with reference to any specific calendar year, means a manufacturer's annual production period (as determined by the EPA Administrator) which includes January 1 of such calendar year. If a manufacturer has no annual production period, the term 'model year' means the calendar year.

(5) Manufacturer.

(A) In general. The term 'manufacturer' includes a producer or importer.

(B) Lengthening treated as manufacture. For purposes of this section, subchapter G of this chapter, and *section 6416(b)(3)*, the lengthening of an automobile by any person shall be treated as the manufacture of an automobile by such person.

(6) EPA Administrator. The term 'EPA Administrator' means the Administrator of the Environmental Protection Agency.

(7) Fuel. The term 'fuel' means gasoline and diesel fuel. The Secretary (after consultation with the Secretary of Transportation) may, by regulation, include any product of petroleum or natural gas within the meaning of such term if he determines that such inclusion is consistent with the need of the Nation to conserve energy.

(c) Determination of fuel economy. For purposes of this section—

(1) In general. Fuel economy for any model type shall be measured in accordance with testing and calculation procedures established by the EPA Administrator by regulation. Procedures so established shall be the procedures utilized by the EPA Administrator for model year 1975 (weighted 55 percent urban cycle, and 45 percent highway cycle), or procedures which yield comparable results. Procedures under this subsection, to the extent practicable, shall require that fuel economy tests be conducted in conjunction with emissions tests conducted under section 206 of the Clean Air Act. The EPA Administrator shall report any measurements of fuel economy to the Secretary.

(2) Special rule for fuels other than gasoline. The EPA Administrator shall by regulation determine that quantity of any other fuel which is the equivalent of one gallon of gasoline.

(3) Time by which regulations must be issued. Testing and calculation procedures applicable to a model year, and any amendment to such procedures (other than a technical or clerical amendment), shall be promulgated not less than 12 months before the model year to which such procedures apply.