$0.50/Gallon Nat Gas Federal Tax Credit Extension Included in Inflation Reduction Act

Washington, DC – NGVAmerica announces its success in securing a three-year extension of the Alternative Fuels Tax Credit (AFTC). The extensive advocacy effort captained by NGVAmerica culminated in passage of H.R. 5376, the Inflation Reduction Act (IRA) of 2022, approved today by the U.S. House of Representatives.

The large climate and energy package negotiated by Senate Majority Leader Charles Schumer (D-NY) and Senator Joe Manchin (D-WV) was previously approved by the U.S. Senate on August 7th. The bill is expected to be signed into law by the President next week. This action will extend the $0.50/gallon AFTC through December 31, 2024.

“If we want clean air, we need clean trucks and buses,” said NGVAmerica President Daniel Gage. “By extending the AFTC through 2024, Congress signals how important clean technology natural gas vehicles are to growing our economy, improving our air quality, and enhancing our energy security while reducing our carbon footprint.”

Natural gas vehicles are powered by American fuel, American technology, and American innovation. No commercially available, scalable heavy-duty powertrain solution runs cleaner than natural gas. AFTC’s extension is important to provide investment certainty for fleets working to reduce their environmental footprint and address clean air and climate change sustainability goals.

“This legislation provides the added needed incentive for fleets of all sizes – public and private – to transition to clean natural gas transportation fuel,” said Gage. “Heavy-duty vehicles are the fastest growing vehicle segment and among the largest contributors of pollutant and greenhouse gas emissions in the transportation sector. Natural gas vehicles are zero emission equivalent and can be carbon-neutral – even negative – depending on the natural gas source.”

With this credit, America’s transit agencies can continue to invest in cleaner, commercially available and proven natural gas buses without reducing service or increasing fares, school districts can provide exhaust-free rides to school by replacing their dirty legacy fleets, and freight haulers and package delivery companies can afford to replace aging diesel trucks with the cleanest heavy-duty truck on the market, which runs entirely on natural gas.

In addition to securing the $0.50/gallon credit, NGVAmerica is advancing a similar $1.00/gallon tax credit for dispensers of renewable natural gas used for transportation. Last month, Senators Richard Burr (R-NC) and Mark Warner (D-VA) introduced the Renewable Natural Gas Incentive Act (S. 4568) a bipartisan effort to provide a tax credit for heavy-duty vehicles that use renewable natural gas (RNG) to further support clean and efficient transportation across America. Full text of the bill can be found HERE.

In addition to the three-year AFTC extension, the IRA package approved today advances additional items important to the heavy-duty clean technology vehicle and RNG production industries:

Clean Fuel Production Tax Credit §45Z

Production Tax Credit §45

Investment Tax Credit §48

Alternative Fuel Refueling Tax Credit §30C

Clean Vehicle Credit §30D & Used Clean Vehicle Credit §25E

Qualified Commercial Clean Vehicle §45W