

118TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide a credit for the purchase of certain new electric bicycles.

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IN THE SENATE OF THE UNITED STATES

Mr. SCHATZ (for himself and Mr. MARKEY) introduced the following bill; which was read twice and referred to the Committee on

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**A BILL**

To amend the Internal Revenue Code of 1986 to provide a credit for the purchase of certain new electric bicycles.

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 “Electric Bicycle Incen-  
5 tive Kickstart for the Environment Act” or as the “E-  
6 BIKE Act”.

7 **SEC. 2. CREDIT FOR CERTAIN NEW ELECTRIC BICYCLES.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 36B the fol-  
2 lowing new section:

3 **“SEC. 36C. ELECTRIC BICYCLES.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
5 dividual, there shall be allowed as a credit against the tax  
6 imposed by this chapter for the taxable year an amount  
7 equal to 30 percent of the cost of each qualified electric  
8 bicycle placed in service by the taxpayer during such tax-  
9 able year.

10 “(b) LIMITATIONS.—

11 “(1) LIMITATION ON COST PER BICYCLE TAKEN  
12 INTO ACCOUNT.—The amount taken into account  
13 under subsection (a) as the cost of any qualified  
14 electric bicycle shall not exceed \$5,000.

15 “(2) LIMITATION ON NUMBER OF BICYCLES.—

16 In the case of any taxpayer for any taxable year, the  
17 number of qualified electric bicycles taken into ac-  
18 count under subsection (a) shall not exceed the ex-  
19 cess (if any) of—

20 “(A) 1 (2 in the case of a joint return), re-  
21 duced by

22 “(B) the aggregate number of qualified  
23 electric bicycles taken into account by the tax-  
24 payer under subsection (a) for the 2 preceding  
25 taxable years.

1 “(3) PHASEOUT BASED ON INCOME.—

2 “(A) PHASEOUT BASED ON MODIFIED AD-  
3 JUSTED GROSS INCOME.—The credit allowed  
4 under subsection (a) shall be reduced by \$100  
5 for each \$1,000 (or fraction thereof) by which  
6 the taxpayer’s modified adjusted gross income  
7 exceeds—

8 “(i) \$300,000 in the case of a joint  
9 return or a surviving spouse (as defined in  
10 section 2(a)),

11 “(ii) \$225,000 in the case of a head  
12 of household (as defined in section 2(b)),  
13 and

14 “(iii) \$150,000 in the case of a tax-  
15 payer not described in clause (i) or (ii).

16 “(B) SPECIAL RULE FOR MODIFIED AD-  
17 JUSTED GROSS INCOME TAKEN INTO AC-  
18 COUNT.—The modified adjusted gross income  
19 of the taxpayer that is taken into account for  
20 purposes of subparagraph (A) shall be the less-  
21 er of—

22 “(i) the modified adjusted gross in-  
23 come for the taxable year with respect to  
24 which the credit is claimed, or

1                   “(ii) the modified adjusted gross in-  
2                   come for the immediately preceding taxable  
3                   year.

4                   “(C) MODIFIED ADJUSTED GROSS IN-  
5                   COME.—For purposes of subparagraph (A), the  
6                   term ‘modified adjusted gross income’ means  
7                   adjusted gross income increased by any amount  
8                   excluded from gross income under section 911,  
9                   931, or 933.

10                  “(c) QUALIFIED ELECTRIC BICYCLE.—For purposes  
11 of this section—

12                   “(1) IN GENERAL.—The term ‘qualified electric  
13                   bicycle’ means a bicycle or tricycle—

14                   “(A) the original use of which commences  
15                   with the taxpayer,

16                   “(B) which is acquired for use by the tax-  
17                   payer and not for resale,

18                   “(C) which is not property of a character  
19                   subject to an allowance for depreciation or am-  
20                   ortization in the hands of the taxpayer,

21                   “(D) which is made by a qualified manu-  
22                   facturer and is labeled with the qualified vehicle  
23                   identification number assigned to such bicycle  
24                   or tricycle by such manufacturer,

1           “(E) with respect to which the aggregate  
2 amount paid for such acquisition does not ex-  
3 ceed \$8,000,

4           “(F) which is a class 1 electric bicycle or  
5 tricycle, a class 2 electric bicycle or tricycle, or  
6 a class 3 electric bicycle or tricycle,

7           “(G) which is equipped with—

8                 “(i) fully operable pedals,

9                 “(ii) a saddle or seat for the rider,

10                and

11                 “(iii) an electric motor of less than  
12 750 watts which is designed to provide as-  
13 sistance in propelling the bicycle or tricycle  
14 and—

15                         “(I) does not provide such assist-  
16 ance if the bicycle or tricycle is mov-  
17 ing in excess of 20 miler per hour, or

18                         “(II) if such motor only provides  
19 such assistance when the rider is ped-  
20 aling, does not provide such assistance  
21 if the bicycle or tricycle is moving in  
22 excess of 28 miles per hour,

23           “(H) which is not equipped with any motor  
24 other than the motor described in subparagraph  
25 (G)(iii),

1           “(I) which is not capable of exceeding the  
2           speed limitation in paragraph (2) by means of  
3           any electronic switch, setting or software modi-  
4           fication provided or made available by the man-  
5           ufacturer, and

6           “(J) which has a drive system that has  
7           been certified by an accredited laboratory to  
8           Underwriters Laboratory (UL) standard UL  
9           2849, or a battery that has been certified to  
10          any of the battery safety standards listed in  
11          such standard UL 2849 or such other drive sys-  
12          tem or battery safety standard as may be recog-  
13          nized by the United States Consumer Product  
14          Safety Commission.

15          “(2) CLASS 1 ELECTRIC BICYCLE OR TRI-  
16          CYCLE.—The term ‘class 1 electric bicycle or tri-  
17          cycle’ means a two- or three-wheeled vehicle  
18          equipped with an electric motor that provides assist-  
19          ance only when the rider is pedaling, that is not ca-  
20          pable of providing assistance when the speed of the  
21          vehicle exceeds 20 miles per hour, and that is not a  
22          class 3 electric bicycle or tricycle.

23          “(3) CLASS 2 ELECTRIC BICYCLE OR TRI-  
24          CYCLE.—The term ‘class 2 electric bicycle or tri-  
25          cycle’ means a two- or three-wheeled vehicle

1 equipped with an electric motor that may be used to  
2 propel the vehicle without the need of any additional  
3 assistance, and that is not capable of providing as-  
4 sistance when the speed of the vehicle exceeds 20  
5 miles per hour.

6 “(4) CLASS 3 ELECTRIC BICYCLE OR TRI-  
7 CYCLE.—The term ‘class 3 electric bicycle or tri-  
8 cycle’ means a two- or three-wheeled vehicle  
9 equipped with an electric motor that provides assist-  
10 ance only when the rider is pedaling, and that is not  
11 capable of providing assistance when the speed of  
12 the vehicle exceeds 28 miles per hour.

13 “(d) SPECIAL RULE FOR BICYCLES USED BY AN IN-  
14 DIVIDUAL IN A TRADE OR BUSINESS.—In the case of any  
15 bicycle or tricycle with respect to which the taxpayer elects  
16 (at such time and in such manner as the Secretary may  
17 provide) the application of this subsection—

18 “(1) subsections (e)(1)(C) and (f)(2) shall not  
19 apply with respect to such bicycle or tricycle, and

20 “(2) no deduction (including any deduction for  
21 depreciation or amortization) or credit (other than  
22 the credit allowed under this section) shall be al-  
23 lowed for the cost of such bicycle or tricycle.

24 “(e) VIN NUMBER REQUIREMENT.—

1           “(1) IN GENERAL.—No credit shall be allowed  
2 under subsection (a) with respect to any qualified  
3 electric bicycle unless the taxpayer includes the  
4 qualified vehicle identification number of such bicy-  
5 cle on the return of tax for the taxable year.

6           “(2) QUALIFIED VEHICLE IDENTIFICATION  
7 NUMBER.—For purposes of this section, the term  
8 ‘qualified vehicle identification number’ means, with  
9 respect to any qualified electric bicycle, the vehicle  
10 identification number assigned to such bicycle by a  
11 qualified manufacturer pursuant to the methodology  
12 referred to in paragraph (3)(A).

13           “(3) QUALIFIED MANUFACTURER.—For pur-  
14 poses of this section, the term ‘qualified manufac-  
15 turer’ means any manufacturer of qualified electric  
16 bicycles which enters into an agreement with the  
17 Secretary which provides that such manufacturer  
18 will—

19           “(A) assign a vehicle identification number  
20 to each qualified electric bicycle produced by  
21 such manufacturer utilizing a methodology that  
22 will ensure that such number (including any al-  
23 phanumeric) is unique to such bicycle (by uti-  
24 lizing numbers or letters which are unique to



1 such manufacturer or by such other method as  
2 the Secretary may provide),

3 “(B) label such bicycle with such number  
4 in such manner as the Secretary may provide,  
5 and

6 “(C) make periodic written reports to the  
7 Secretary (at such times and in such manner as  
8 the Secretary may provide) of the vehicle identi-  
9 fication numbers so assigned and including  
10 such information as the Secretary may require  
11 with respect to the qualified electric bicycle to  
12 which such number was so assigned.

13 “(f) SPECIAL RULES.—

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

18 “(2) NO DOUBLE BENEFIT.—The amount of  
19 any deduction or other credit allowable under this  
20 chapter for a qualified electric bicycle for which a  
21 credit is allowable under subsection (a) shall be re-  
22 duced by the amount of credit allowed under such  
23 subsection for such bicycle.

24 “(3) PROPERTY USED OUTSIDE UNITED STATES  
25 NOT QUALIFIED.—No credit shall be allowable under

1 subsection (a) with respect to any property referred  
2 to in section 50(b)(1).

3 “(4) RECAPTURE.—The Secretary shall, by reg-  
4 ulations or other guidance, provide for recapturing  
5 the benefit of any credit allowable under subsection  
6 (a) with respect to any property which ceases to be  
7 property eligible for such credit.

8 “(5) ELECTION NOT TO TAKE CREDIT.—No  
9 credit shall be allowed under subsection (a) for any  
10 qualified electric bicycle if the taxpayer elects to not  
11 have this section apply to such bicycle.

12 “(g) TREATMENT OF CERTAIN POSSESSIONS.—

13 “(1) PAYMENTS TO POSSESSIONS WITH MIRROR  
14 CODE TAX SYSTEMS.—The Secretary shall pay to  
15 each possession of the United States which has a  
16 mirror code tax system amounts equal to the loss (if  
17 any) to that possession by reason of the application  
18 of the provisions of this section (determined without  
19 regard to this subsection). Such amounts shall be  
20 determined by the Secretary based on information  
21 provided by the government of the respective posses-  
22 sion.

23 “(2) PAYMENTS TO OTHER POSSESSIONS.—The  
24 Secretary shall pay to each possession of the United  
25 States which does not have a mirror code tax system

1 amounts estimated by the Secretary as being equal  
2 to the aggregate benefits (if any) that would have  
3 been provided to residents of such possession by rea-  
4 son of the provisions of this section if a mirror code  
5 tax system had been in effect in such possession.  
6 The preceding sentence shall not apply unless the re-  
7 spective possession has a plan which has been ap-  
8 proved by the Secretary under which such possession  
9 will promptly distribute such payments to its resi-  
10 dents.

11 “(3) MIRROR CODE TAX SYSTEM; TREATMENT  
12 OF PAYMENTS.—Rules similar to the rules of para-  
13 graphs (3), (4), and (5) of section 21(h) shall apply  
14 for purposes of this section.

15 “(h) TRANSFER OF CREDIT.—

16 “(1) IN GENERAL.—Subject to such regulations  
17 or other guidance as the Secretary determines nec-  
18 essary or appropriate, if the taxpayer who acquires  
19 a qualified electric bicycle is an individual and elects  
20 the application of this subsection with respect to  
21 such qualified electric bicycle, the credit which would  
22 (but for this subsection) be allowed to such taxpayer  
23 with respect to such qualified electric bicycle shall be  
24 allowed to the eligible entity specified in such elec-  
25 tion (and not to such taxpayer).

1           “(2) ELIGIBLE ENTITY.—For purposes of this  
2 paragraph, the term ‘eligible entity’ means, with re-  
3 spect to the qualified electric bicycle for which the  
4 credit is allowed under subsection (a), the retailer  
5 which sold such qualified electric bicycle to the tax-  
6 payer and has—

7                   “(A) subject to paragraph (4), registered  
8 with the Secretary for purposes of this para-  
9 graph, at such time, and in such form and  
10 manner, as the Secretary may prescribe,

11                   “(B) prior to the election described in  
12 paragraph (1) and no later than at the time of  
13 such sale, disclosed to the taxpayer purchasing  
14 such qualified electric bicycle—

15                           “(i) the retail price,

16                           “(ii) the value of the credit allowed or  
17 other incentive available for the purchase  
18 of such qualified electric bicycle,

19                           “(iii) all fees associated with the pur-  
20 chase of such qualified electric bicycle, and

21                           “(iv) the amount provided by the re-  
22 tailer to such taxpayer as a condition of  
23 the election described in paragraph (1),

24                   “(C) made payment to such taxpayer  
25 (whether in cash or in the form of a partial

1 payment or down payment for the purchase of  
2 such qualified electric bicycle) in an amount  
3 equal to the credit otherwise allowable to such  
4 taxpayer, and

5 “(D) with respect to any incentive other-  
6 wise available for the purchase of a qualified  
7 electric bicycle for which a credit is allowed  
8 under this section, including any incentive in  
9 the form of a rebate or discount provided by the  
10 retailer or manufacturer, ensured that—

11 “(i) the availability or use of such in-  
12 centive shall not limit the ability of a tax-  
13 payer to make an election described in  
14 paragraph (1), and

15 “(ii) such election shall not limit the  
16 value or use of such incentive.

17 “(3) TIMING.—An election described in para-  
18 graph (1) shall be made by the taxpayer not later  
19 than the date on which the qualified electric bicycle  
20 for which the credit is allowed under subsection (a)  
21 is purchased.

22 “(4) REVOCATION OF REGISTRATION.—Upon  
23 determination by the Secretary that a retailer has  
24 failed to comply with the requirements described in  
25 paragraph (2), the Secretary may revoke the reg-

1       istration (as described in subparagraph (A) of such  
2       paragraph) of such retailer.

3           “(5) TAX TREATMENT OF PAYMENTS.—With  
4       respect to any payment described in paragraph  
5       (2)(C), such payment—

6           “(A) shall not be includible in the gross in-  
7       come of the taxpayer, and

8           “(B) with respect to the retailer, shall not  
9       be deductible under this title.

10          “(6) APPLICATION OF CERTAIN OTHER RE-  
11       QUIREMENTS.—In the case of any election under  
12       paragraph (1) with respect to any qualified electric  
13       bicycle—

14           “(A) the amount of the reduction under  
15       subsection (b) shall be determined with respect  
16       to the modified adjusted gross income of the  
17       taxpayer for the taxable year preceding the tax-  
18       able year in which such qualified electric bicycle  
19       was acquired (and not with respect to such in-  
20       come for the taxable year in which such quali-  
21       fied electric bicycle was acquired),

22           “(B) the requirements of paragraphs (1)  
23       and (2) of subsection (f) shall apply to the tax-  
24       payer who acquired the qualified electric bicycle  
25       in the same manner as if the credit determined

1 under this section with respect to such qualified  
2 electric bicycle were allowed to such taxpayer,  
3 and

4 “(C) subsection (f)(5) shall not apply.

5 “(7) ADVANCE PAYMENT TO REGISTERED RE-  
6 TAILERS.—

7 “(A) IN GENERAL.—The Secretary shall  
8 establish a program to make advance payments  
9 to any eligible entity in an amount equal to the  
10 cumulative amount of the credits allowed under  
11 subsection (a) with respect to any qualified elec-  
12 tric bicycles sold by such entity for which an  
13 election described in paragraph (1) has been  
14 made.

15 “(B) EXCESSIVE PAYMENTS.—Rules simi-  
16 lar to the rules of section 6417(c)(6) shall apply  
17 for purposes of this paragraph.

18 “(8) RETAILER.—For purposes of this sub-  
19 section, the term ‘retailer’ means a person engaged  
20 in the trade or business of selling qualified electric  
21 bicycles in a State, the District of Columbia, the  
22 Commonwealth of Puerto Rico, or any other terri-  
23 tory or possession of the United States.”.

24 (b) CONFORMING AMENDMENTS.—

1           (1) Section 1016(a) of the Internal Revenue  
2 Code of 1986 is amended by striking “and” at the  
3 end of paragraph (37), by striking the period at the  
4 end of paragraph (38) and inserting “, and”, and by  
5 adding at the end the following new paragraph:

6           “(39) to the extent provided in section  
7 36C(f)(1).”.

8           (2) Section 6211(b)(4)(A) of such Code is  
9 amended by inserting “36C,” after “36B,”.

10           (3) Section 6213(g)(2) of such Code is amend-  
11 ed—

12           (A) in subparagraph (U), by striking  
13 “and” at the end,

14           (B) in subparagraph (V), by striking the  
15 period at the end and inserting “, and”, and

16           (C) by adding at the end the following:

17           “(W) an omission of a correct vehicle iden-  
18 tification number required under section 36C(e)  
19 (relating to electric bicycles credit) to be in-  
20 cluded on a return.”.

21           (4) Section 6501(m) of such Code is amended  
22 by inserting “36C(f)(5),” after “35(g)(11),”.

23           (5) Section 1324(b)(2) of title 31, United  
24 States Code, is amended by inserting “36C,” after  
25 “36B,”.



1           (c) CLERICAL AMENDMENT.—The table of sections  
2 for subpart C of part IV of subchapter A of chapter 1  
3 of the Internal Revenue Code of 1986 is amended by add-  
4 ing at the end the following new item:

“Sec. 36C. Electric bicycles.”.

5           (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to property placed in service after  
7 the date of the enactment of this Act, in taxable years  
8 ending after such date.

9           (e) TREASURY REPORT.—Not later than 3 years  
10 after the date of the enactment of this Act, the Secretary  
11 of the Treasury (or the Secretary’s delegate) shall make  
12 publicly available a written report specifying the number  
13 of taxpayers claiming the credit allowed under section 36C  
14 of the Internal Revenue Code of 1986 (as added by this  
15 section) and the aggregate dollar amount of such credits  
16 so allowed. Such information shall be stated separately for  
17 taxable years beginning in 2023 and 2024, and shall be  
18 stated separately with respect to each such years with re-  
19 spect to taxpayers in each of the income brackets to which  
20 section 1 of such Code applies.