

119TH CONGRESS  
1ST SESSION

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

To amend the Internal Revenue Code of 1986 to establish an enhanced deduction for wages paid to automobile manufacturing workers, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

Mr. MORENO (for himself, Mr. SHEEHY, Mr. BANKS, and Mr. JUSTICE) 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 establish an enhanced deduction for wages paid to automobile manufacturing workers, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Transportation Freedom Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

## 2

TITLE I—SUPPORT FOR AMERICAN AUTOMOBILE  
MANUFACTURING

Sec. 101. Enhanced deduction for wages paid to automobile manufacturing workers.

## TITLE II—MULTIPOLLUTANT EMISSIONS STANDARDS

Sec. 201. Repeal of multipollutant emissions standards for light-duty and medium-duty vehicles.

Sec. 202. Repeal of phase 3 heavy-duty vehicle greenhouse gas emissions standards.

Sec. 203. Repeal of CAFE standards rules.

## TITLE III—EMISSIONS WAIVERS

Sec. 301. Elimination of vehicle emissions waivers.

TITLE IV—FEDERAL GREENHOUSE GAS EMISSIONS STANDARDS  
AND CAFE STANDARDS

## Subtitle A—Establishment of New Passenger Automobile Standards

Sec. 401. Definitions.

Sec. 402. Establishment of CAFE standards and greenhouse gas emissions standards.

Sec. 403. Compliance with fleet average carbon dioxide emissions standards.

Sec. 404. Authorization of appropriations.

## Subtitle B—Establishment of New Heavy-duty Vehicle Standards

Sec. 411. Establishment of heavy-duty vehicle greenhouse gas emissions standards.

1 **TITLE I—SUPPORT FOR AMER-**  
 2 **ICAN AUTOMOBILE MANU-**  
 3 **FACTURING**

4 **SEC. 101. ENHANCED DEDUCTION FOR WAGES PAID TO**  
 5 **AUTOMOBILE MANUFACTURING WORKERS.**

6 (a) IN GENERAL.—Part VI of subchapter B of chap-  
 7 ter 1 of the Internal Revenue Code of 1986 is amended  
 8 by adding at the end the following new section:

1 **“SEC. 199B. WAGES PAID TO AUTOMOBILE MANUFAC-**  
2 **TURING WORKERS.**

3 “(a) IN GENERAL.—In the case of any taxable year  
4 for which an election is made under subsection (g) by a  
5 qualifying taxpayer, there shall be allowed a deduction  
6 equal to 200 percent of an amount equal to the total  
7 amount of eligible wages paid or incurred by such taxpayer  
8 during such taxable year.

9 “(b) QUALIFYING TAXPAYER.—For purposes of this  
10 section, the term ‘qualifying taxpayer’ means an entity  
11 which, with respect to any taxable year—

12 “(1) is engaged in the production of auto-  
13 mobiles or automotive components in the United  
14 States,

15 “(2) with respect to any automobiles, light-duty  
16 trucks, and heavy-duty trucks sold by the entity for  
17 use in the United States during the preceding tax-  
18 able year, the final assembly (as defined in section  
19 30D(d)(5)) of not less than 75 percent of such vehi-  
20 cles occurred in the United States,

21 “(3) with respect to the manufacturing of fin-  
22 ished engines, transmissions, or advanced battery  
23 cells (including manufacturing pursuant to joint ven-  
24 tures or other collaborative manufacturing agree-  
25 ments) during the preceding taxable year, not less  
26 than 75 percent of such finished engines, trans-

1 missions, or advanced battery cells which were incor-  
2 porated into new automobiles, light-duty trucks, or  
3 heavy-duty trucks for sale by the entity were pro-  
4 duced in the United States,

5 “(4) during the preceding taxable year, did not  
6 transfer production outside of the United States of  
7 any automobile or automobile component manufac-  
8 tured in the United States,

9 “(5) during the preceding taxable year, with re-  
10 spect to all applicable individuals, offered—

11 “(A) coverage for the applicable individual  
12 under a group health plan in the platinum level  
13 of coverage (as described in section  
14 1302(d)(1)(D) of the Patient Protection and  
15 Affordable Care Act (42 U.S.C.  
16 18022(d)(1)(D))) or a higher level of coverage,  
17 and

18 “(B) participation in a defined benefit plan  
19 or defined contribution plan that meets the ap-  
20 plicable requirement of subsection (e),

21 “(6) during the preceding taxable year, with re-  
22 spect to all retired individuals who, prior to retire-  
23 ment, were applicable individuals, offered coverage  
24 for the retired individual under a group health plan  
25 in the platinum level of coverage (as described in

1 section 1302(d)(1)(D) of the Patient Protection and  
2 Affordable Care Act (42 U.S.C. 18022(d)(1)(D))) or  
3 a higher level of coverage,

4 “(7) with respect to every \$1,000,000,000 dis-  
5 tributed as non-recurring dividends, or in stock  
6 which was redeemed (within the meaning of section  
7 317(b)), by such entity during such taxable year,  
8 provided not less than \$2,000 to each applicable in-  
9 dividual through a profit-sharing plan, with such  
10 amount to be in addition to any prior commitment  
11 made by the entity pursuant to an existing profit-  
12 sharing plan, as determined as of the date of such  
13 distribution or redemption, and

14 “(8) maintained a neutral position during the  
15 preceding taxable year—

16 “(A) in any labor organization organizing  
17 effort, and

18 “(B) with respect to the exercise of em-  
19 ployees and labor organizations of their rights  
20 under the National Labor Relations Act (29  
21 U.S.C. 151 et seq.).

22 “(c) ELIGIBLE WAGES.—

23 “(1) IN GENERAL.—For purposes of this sec-  
24 tion, the term ‘eligible wages’ means any wages paid  
25 or incurred by a qualifying taxpayer during the tax-

1       able year to any applicable individual, provided that  
2       the wages paid to such individual during such tax-  
3       able year are not less than the 75th percentile of  
4       wages paid for the occupation of the individual (as  
5       designated in accordance with the Standard Occupa-  
6       tional Classification System) with respect to the ap-  
7       plicable 4-digit industry group code of the North  
8       American Industry Classification System.

9               “(2) LIMITATION.—The amount of wages which  
10       may be taken into account under subsection (a)(1)  
11       with respect to any applicable individual shall not  
12       exceed \$150,000 per taxable year.

13               “(d) APPLICABLE INDIVIDUAL.—For purposes of this  
14       section, the term ‘applicable individual’ means an indi-  
15       vidual directly engaged in the manufacturing of auto-  
16       mobiles or automotive components in the United States.

17               “(e) PENSION REQUIREMENTS.—

18               “(1) DEFINED BENEFIT PENSION PLANS.—The  
19       requirement described in this subsection with respect  
20       to a defined benefit plan is that such plan is pro-  
21       jected to provide an applicable individual with not  
22       less than 50 percent wage replacement upon retire-  
23       ment, for the entire length of the individual’s retire-  
24       ment, provided the applicable individual is employed

1 by the qualifying taxpayer and a participant in the  
2 plan for a minimum of 30 years.

3 “(2) DEFINED CONTRIBUTION PENSION  
4 PLANS.—The requirement described in this sub-  
5 section with respect to a defined contribution plan is  
6 that such plan is a qualified cash or deferred ar-  
7 rangement as defined in section 401(k) under the  
8 terms of which the employer contribution is not less  
9 than 10 percent of the participating employee’s  
10 wages during the preceding tax year.

11 “(f) DENIAL OF DEDUCTION FOR TRADE OR BUSI-  
12 NESS EXPENSES.—No deduction shall be allowed under  
13 section 162(a) with respect to any wages or contributions  
14 taken into account in determining the deduction under  
15 subsection (a).

16 “(g) ELECTION.—Subsection (a) shall apply only  
17 with respect to such portion of the eligible wages paid or  
18 incurred by the qualifying taxpayer, or contributions made  
19 by such taxpayer, during the taxable year as are elected  
20 by such taxpayer.

21 “(h) CERTIFICATION.—No deduction shall be allowed  
22 under subsection (a) unless the taxpayer submits to the  
23 Secretary (at such times and in such manner as the Sec-  
24 retary provides) a certification that the applicable require-  
25 ments under this section have been satisfied.”

1 (b) ADJUSTED FINANCIAL STATEMENT INCOME.—  
2 Section 56A(c) of the Internal Revenue Code of 1986 is  
3 amended—

4 (1) by redesignating paragraph (15) as para-  
5 graph (16), and

6 (2) by inserting after paragraph (14) the fol-  
7 lowing new paragraph:

8 “(15) WAGES PAID TO AUTOMOBILE MANUFAC-  
9 TURING WORKERS.—Adjusted financial statement in-  
10 come shall be—

11 “(A) reduced by the deduction for eligible  
12 wages allowed under section 199B to the extent  
13 of the amount allowed as deductions in com-  
14 puting taxable income for the taxable year, and

15 “(B) appropriately adjusted—

16 “(i) to disregard any wages taken into  
17 account on the taxpayer’s applicable finan-  
18 cial statement that were also taken into ac-  
19 count in determining the amount of the de-  
20 duction allowed under section 199B, and

21 “(ii) to take into account any other  
22 item specified by the Secretary in order to  
23 provide that such wages are accounted for  
24 in the same manner as accounted for  
25 under this chapter.”.



1 (c) CLERICAL AMENDMENT.—The table of sections  
2 for part VI of subchapter B of chapter 1 of such Code  
3 is amended by adding at the end the following new item:

“Sec. 199B. Wages paid to automobile manufacturing workers.”.

4 (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 the date of enactment of this Act.

## 7 **TITLE II—MULTIPOLLUTANT** 8 **EMISSIONS STANDARDS**

### 9 **SEC. 201. REPEAL OF MULTIPOLLUTANT EMISSIONS** 10 **STANDARDS FOR LIGHT-DUTY AND MEDIUM-** 11 **DUTY VEHICLES.**

12 The final rule of the Administrator of the Environ-  
13 mental Protection Agency entitled “Multi-Pollutant Emis-  
14 sions Standards for Model Years 2027 and Later Light-  
15 Duty and Medium-Duty Vehicles” (89 Fed. Reg. 27842  
16 (April 18, 2024)) shall have no force or effect.

### 17 **SEC. 202. REPEAL OF PHASE 3 HEAVY-DUTY VEHICLE** 18 **GREENHOUSE GAS EMISSIONS STANDARDS.**

19 The final rule of the Administrator of the Environ-  
20 mental Protection Agency entitled “Greenhouse Gas  
21 Emissions Standards for Heavy-Duty Vehicles—Phase 3”  
22 (89 Fed. Reg. 29440 (April 22, 2024)) shall have no force  
23 or effect.

1 **SEC. 203. REPEAL OF CAFE STANDARDS RULES.**

2 The final rules of the National Highway Traffic Safe-  
3 ty Administration entitled “Corporate Average Fuel Econ-  
4 omy Standards for Passenger Cars and Light Trucks for  
5 Model Years 2027 and Beyond and Fuel Efficiency Stand-  
6 ards for Heavy-Duty Pickup Trucks and Vans for Model  
7 Years 2030 and Beyond” (89 Fed. Reg. 52540 (June 24,  
8 2024)) and “Corporate Average Fuel Economy Standards  
9 for Passenger Cars and Light Trucks for Model Years  
10 2027-2032 and Fuel Efficiency Standards for Heavy-Duty  
11 Pickup Trucks and Vans for Model Years 2030-2035; Cor-  
12 rection” (89 Fed. Reg. 60832 (July 29, 2024)) shall have  
13 no force or effect.

14 **TITLE III—EMISSIONS WAIVERS**

15 **SEC. 301. ELIMINATION OF VEHICLE EMISSIONS WAIVERS.**

16 (a) AMENDMENT.—Section 209(b) of the Clean Air  
17 Act (42 U.S.C. 7543(b)) is amended by adding at the end  
18 the following:

19 “(4) NO FURTHER WAIVERS.—Notwithstanding  
20 any other provision of this section, beginning on the  
21 date of enactment of this paragraph, the Adminis-  
22 trator shall not grant a waiver under paragraph (1)  
23 to enforce a standard for the control of emissions  
24 from new motor vehicles or new motor vehicle en-  
25 gines that differs from a standard established under  
26 this Act by the Administrator.”.

1 (b) REVOCATION OF EXISTING STANDARDS.—Each  
2 waiver issued under section 209(b) of the Clean Air Act  
3 (42 U.S.C. 7543(b)) before the date of enactment of this  
4 Act, including any waiver issued under that section to the  
5 State of California for zero-emission vehicle mandates, is  
6 revoked.

7 (c) REPEAL.—

8 (1) IN GENERAL.—Section 177 of the Clean Air  
9 Act (42 U.S.C. 7507) is repealed.

10 (2) CONFORMING AMENDMENT.—Section  
11 249(e)(3) of the Clean Air Act (42 U.S.C.  
12 7589(e)(3)) is amended by striking the second sen-  
13 tence.

14 **TITLE IV—FEDERAL GREEN-**  
15 **HOUSE GAS EMISSIONS**  
16 **STANDARDS AND CAFE**  
17 **STANDARDS**

18 **Subtitle A—Establishment of New**  
19 **Passenger Automobile Standards**

20 **SEC. 401. DEFINITIONS.**

21 In this subtitle:

22 (1) ADMINISTRATOR.—The term “Adminis-  
23 trator” means the Administrator of the Environ-  
24 mental Protection Agency.

1           (2) CAFE STANDARDS.—The term “CAFE  
2 standards” means the Corporate Average Fuel  
3 Economy standards required under section 32902(a)  
4 of title 49, United States Code.

5           (3) GREENHOUSE GAS EMISSIONS.—The term  
6 “greenhouse gas emissions” means emissions of car-  
7 bon dioxide, methane, nitrous oxide, and other gases  
8 that contribute to climate change.

9           (4) SECRETARY.—The term “Secretary” means  
10 the Secretary of Transportation.

11 **SEC. 402. ESTABLISHMENT OF CAFE STANDARDS AND**  
12 **GREENHOUSE GAS EMISSIONS STANDARDS.**

13 (a) NEW STANDARDS.—

14           (1) CAFE STANDARDS.—Not later than 180  
15 days after the date of enactment of this Act, the  
16 Secretary, in consultation with the Secretary of En-  
17 ergy and the Administrator, shall establish CAFE  
18 standards for passenger automobiles (as defined in  
19 section 32901(a) of title 49, United States Code)  
20 and light-duty trucks (as defined in section  
21 86.1803–01 of title 40, Code of Federal Regulations  
22 (or a successor regulation)) for model years 2027  
23 through 2035 in accordance with this section.

24           (2) EPA EMISSIONS STANDARDS.—Not later  
25 than 180 days after the date of enactment of this

1 Act, and notwithstanding any other provision of law,  
2 the Administrator, in coordination with the Sec-  
3 retary, shall establish standards for greenhouse gas  
4 emissions from new motor vehicles and new motor  
5 vehicle engines (as those terms are defined in section  
6 216 of the Clean Air Act (42 U.S.C. 7550)) under  
7 section 202 of the Clean Air Act (42 U.S.C. 7521)  
8 for model years 2027 through 2035 in accordance  
9 with this section.

10 (b) REQUIREMENTS.—

11 (1) BASES.—The CAFE standards and green-  
12 house gas emissions standards established under  
13 paragraphs (1) and (2), respectively, of subsection

14 (a) shall—

15 (A) be based on economic practicability  
16 and reflect achievable technological advance-  
17 ments based on market readiness and afford-  
18 ability; and

19 (B) be based on evidence from industry ca-  
20 pacity, historical data, and independent expert  
21 assessments to determine feasibility and eco-  
22 nomic impact, including on motor vehicle manu-  
23 facturing job quality and stability.

24 (2) CAFE STANDARDS.—Notwithstanding any  
25 other provision of law, in establishing the CAFE

1 standards under subsection (a)(1), the Secretary  
2 may not consider the fuel economy of dedicated  
3 automobiles in any baseline fleet or scenario.

4 (3) GREENHOUSE GAS STANDARDS.—Notwith-  
5 standing any other provision of law, the greenhouse  
6 gas emissions standards established under sub-  
7 section (a)(2)—

8 (A) shall be technologically feasible and  
9 economically practicable for vehicles of any  
10 weight class or category when operated on re-  
11 formulated gasoline that complies with section  
12 211(o) of the Clean Air Act (42 U.S.C.  
13 7545(o)); and

14 (B) shall not require, directly or indirectly,  
15 the production or sale of vehicles operated on  
16 electricity.

17 (c) CONSULTATION.—

18 (1) IN GENERAL.—In establishing the CAFE  
19 standards and greenhouse gas emissions standards  
20 required under paragraphs (1) and (2), respectively,  
21 of subsection (a), the Secretary and the Adminis-  
22 trator shall, after providing adequate notice, consult  
23 with manufacturers (as defined in section 32901(a)  
24 of title 49, United States Code), energy producers,  
25 consumer groups, and other relevant stakeholders.

1           (2) USE OF FEEDBACK.—Any feedback received  
2           from an entity described in paragraph (1) during a  
3           consultation described in that paragraph shall be  
4           considered by the Secretary and the Administrator  
5           to ensure the CAFE standards and greenhouse gas  
6           emissions standards required under paragraphs (1)  
7           and (2), respectively, of subsection (a) are techno-  
8           logically and economically achievable.

9           (d) REPORTS; ADJUSTMENT OF STANDARDS.—

10           (1) REPORTS.—The Secretary and the Adminis-  
11           trator shall each submit to Congress a biennial re-  
12           port detailing progress toward achieving the applica-  
13           ble standards established under subsection (a) for  
14           2035.

15           (2) ADJUSTMENT OF STANDARDS.—Based on  
16           findings in a report submitted under paragraph (1),  
17           including market conditions, technological advance-  
18           ments, and economic impact assessments, the Sec-  
19           retary and the Administrator, as applicable, may ad-  
20           just the CAFE standards and greenhouse gas emis-  
21           sions standards required under paragraphs (1) and  
22           (2), respectively, of subsection (a).

23           (e) CONTINUATION OF CURRENT STANDARDS.—If  
24           the Secretary and the Administrator do not establish the  
25           CAFE standards and greenhouse gas emissions standards

1 required under paragraphs (1) and (2), respectively, of  
2 subsection (a) by the deadlines described in those para-  
3 graphs, the CAFE standards and greenhouse gas emis-  
4 sions standards for model year 2025 shall continue in ef-  
5 fect through model year 2035.

6 **SEC. 403. COMPLIANCE WITH FLEET AVERAGE CARBON DI-**  
7 **OXIDE EMISSIONS STANDARDS.**

8 (a) GREENHOUSE GAS EMISSIONS STANDARDS.—  
9 Section 206 of the Clean Air Act (42 U.S.C. 7525) is  
10 amended by adding at the end the following:

11 “(i) DEEMED COMPLIANCE.—If a manufacturer com-  
12 plies with the applicable Corporate Average Fuel Economy  
13 standards required under section 32902(a) of title 49,  
14 United States Code, in a model year with respect to the  
15 passenger automobiles, non-passenger automobiles, and  
16 work trucks (as those terms are defined in section  
17 32901(a) of that title) manufactured by the manufacturer,  
18 including through payment of civil penalties pursuant to  
19 section 32919 of that title or through the purchase of  
20 credits available to the manufacturer under section 32903  
21 of that title, the manufacturer shall be considered to be  
22 in compliance with fleet-average greenhouse gas emissions  
23 standards under section 202, including fleet-average car-  
24 bon dioxide emissions standards, that are applicable to  
25 those vehicles in that model year.”.



1 (b) CAFE STANDARDS.—Section 32902 of title 49,  
2 United States Code, is amended by adding at the end the  
3 following:

4 “(1) DEEMED COMPLIANCE.—If a manufacturer com-  
5 plies with the fleet-average greenhouse gas emissions  
6 standards under section 202 of the Clean Air Act (42  
7 U.S.C. 7521), including fleet-average carbon dioxide emis-  
8 sions standards, for light-duty vehicles and medium-duty  
9 vehicles (as those terms are defined in section 86.1803–  
10 01 of title 40, Code of Federal Regulations (or a successor  
11 regulation) for a model year, including through purchased  
12 credits, the manufacturer shall be considered to be in com-  
13 pliance with the average fuel economy standard prescribed  
14 under this section applicable to those vehicles in that  
15 model year.”.

16 **SEC. 404. AUTHORIZATION OF APPROPRIATIONS.**

17 There are authorized to be appropriated such sums  
18 as are necessary to carry out this subtitle and the amend-  
19 ments made by this subtitle.

20 **Subtitle B—Establishment of New**  
21 **Heavy-duty Vehicle Standards**

22 **SEC. 411. ESTABLISHMENT OF HEAVY-DUTY VEHICLE**  
23 **GREENHOUSE GAS EMISSIONS STANDARDS.**

24 (a) DEFINITIONS.—In this section:

1           (1) ADMINISTRATOR.—The term “Adminis-  
2           trator” means the Administrator of the Environ-  
3           mental Protection Agency.

4           (2) GREENHOUSE GAS EMISSIONS.—The term  
5           “greenhouse gas emissions” means emissions of car-  
6           bon dioxide, methane, nitrous oxide, and other gases  
7           that contribute to climate change.

8           (b) NEW STANDARDS.—

9           (1) IN GENERAL.—Not later than 180 days  
10          after the date of enactment of this Act, the Adminis-  
11          trator, in consultation with the Secretary of Trans-  
12          portation, shall publish in the Federal Register new  
13          greenhouse gas emissions standards for heavy-duty  
14          trucks beginning no earlier than model year 2027.

15          (2) INTERIM STANDARDS.—During the period  
16          beginning on the date of enactment of this Act and  
17          ending on the date on which the new greenhouse gas  
18          emissions standards established under paragraph (1)  
19          is finalized, the greenhouse gas emissions standards  
20          for heavy-duty trucks shall be the standards for  
21          model year 2024 as described in the final rule of the  
22          Administrator and the Administrator of the National  
23          Highway Traffic Safety Administration entitled  
24          “Greenhouse Gas Emissions and Fuel Efficiency  
25          Standards for Medium- and Heavy-Duty Engines

1 and Vehicles—Phase 2” (81 Fed. Reg. 73478 (Octo-  
2 ber 25, 2016)).

3 (c) REQUIREMENTS.—The greenhouse gas emissions  
4 standards established under subsection (b)(1) shall—

5 (1) reflect achievable technological advance-  
6 ments based on market readiness and affordability;  
7 and

8 (2) be based on evidence from industry capac-  
9 ity, historical market adoption data, technological  
10 advancements, and independent expert assessments  
11 to determine feasibility and economic impact, includ-  
12 ing on motor vehicle manufacturing job quality and  
13 stability.

14 (d) CONSULTATION.—In establishing the greenhouse  
15 gas emissions standards under subsection (b)(1), the Ad-  
16 ministrator shall, after providing adequate notice, consult  
17 with manufacturers, automotive dealers, end users, energy  
18 producers, consumer groups, and other relevant stake-  
19 holders.