H. R. 404

To amend the Internal Revenue Code of 1986 to extend and modify the credits for alcohol used as a fuel, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2011

Mr. FORTENBERRY introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to extend and modify the credits for alcohol used as a fuel, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Renewable Fuels for America’s Future Act of 2011”. 
SEC. 2. REDUCTION IN CREDIT FOR FUEL REQUIRED TO MEET RENEWABLE FUEL OBLIGATION.

(a) IN GENERAL.—Subsection (d) of section 40 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(8) Alcohol required to meet renewable fuel obligation not taken into account.—

“(A) IN GENERAL.—Alcohol used to meet the renewable fuel obligation applicable to the taxpayer shall not be taken into account for purposes of determining a credit under this section.

“(B) RENEWABLE FUEL OBLIGATION.—For purposes of subparagraph (A), the term ‘renewable fuel obligation’ means the renewable fuel obligation determined under section 211(o)(3) of the Clean Air Act (42 U.S.C. 7545(o)(3)).

“(C) USE OF RINS.—Determinations for purposes of subparagraph (A) shall be made through the use of renewable identification numbers received from the taxpayer by the Administrator of the Environmental Protection Agency pursuant to regulations issued under section 211(o) of such Act.”
(b) Excise Tax Credit and Payment.—

(1) Excise Tax.—Subsection (b) of section 6426 of such Code, as amended by section 4 of this Act, is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

“(6) Alcohol Required to Meet Renewable Fuel Obligation Not Taken Into Account.—

“(A) In General.—Alcohol used to meet the renewable fuel obligation applicable to the taxpayer shall not be taken into account for purposes of determining a credit under this subsection.

“(B) Renewable Fuel Obligation.—For purposes of subparagraph (A), the term ‘renewable fuel obligation’ means the renewable fuel obligation determined under section 211(o)(3) of the Clean Air Act (42 U.S.C. 7545(o)(3)).

“(C) Use of RINs.—Determinations for purposes of subparagraph (A) shall be made through the use of renewable identification numbers received from the taxpayer by the Administrator of the Environmental Protection...
Agency pursuant to regulations issued under section 211(o) of such Act.”.

(2) Payment.—Paragraph (2) of section 6427(e) of such Code is amended by adding at the end the following: “For purposes of this subsection, alternative fuel shall not include any alcohol used to meet the renewable fuel obligation (as defined in section 6426(e)(6)) applicable to the taxpayer”.

(c) Effective Date.—The amendments made by this section shall apply to fuel produced or sold after December 31, 2010.

SEC. 3. Extension of income tax credit for alcohol used as fuel.

(a) In General.—Paragraph (1) of section 40(e) of the Internal Revenue Code of 1986 is amended—

(1) by striking “December 31, 2011” in subparagraph (A) and inserting “December 31, 2016”, and

(2) by striking “January 1, 2012” in subparagraph (B) and inserting “January 1, 2017”.

(b) Cellulosic Biofuel.—Subparagraph (H) of section 40(b)(6) of such Code is amended by striking “January 1, 2013” and inserting “January 1, 2017”.

(c) Reduced Amount for Ethanol Blenders.— Paragraph (2) of section 40(h) of such Code is amended
by striking “2011” both places it appears and inserting “2016”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 4. EXTENSION OF EXCISE TAX CREDIT FOR ALCOHOL USED AS FUEL.

(a) IN GENERAL.—Paragraph (6) of section 6426(b) of the Internal Revenue Code of 1986 is amended by striking “December 31, 2011” and inserting “December 31, 2016”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 5. EXTENSION OF PAYMENT FOR ALCOHOL FUEL MIXTURE.

(a) IN GENERAL.—Subparagraph (A) of section 6427(e)(6) of the Internal Revenue Code of 1986 is amended by striking “December 31, 2011” and inserting “December 31, 2016”.

(b) EFFECTIVE DATE.—The amendment made by this subsection shall apply to sales and uses after December 31, 2010.
SEC. 6. EXTENSION OF ADDITIONAL DUTIES ON ETHANOL.

Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States are each amended in the effective period column by striking “1/1/2012” and inserting “1/1/2017”.

SEC. 7. ENSURING THE AVAILABILITY OF DUAL FUELED AUTOMOBILES AND LIGHT DUTY TRUCKS.

(a) IN GENERAL.—Chapter 329 of title 49, United States Code, is amended by inserting after section 32902 the following:

“§ 32902A. Requirement to manufacture dual fueled automobiles and light duty trucks

“(a) IN GENERAL.—For each model year listed in the following table, each manufacturer shall ensure that the percentage of automobiles and light duty trucks manufactured by the manufacturer for sale in the United States that are dual fueled automobiles and light duty trucks is not less than the percentage set forth for that model year in the following table:

<table>
<thead>
<tr>
<th>Model Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model years 2013 and 2014</td>
<td>50 percent</td>
</tr>
<tr>
<td>Model year 2015 and each subsequent model year</td>
<td>90 percent</td>
</tr>
</tbody>
</table>

“(b) EXCEPTION.—Subsection (a) shall not apply to automobiles or light duty trucks that operate only on electricity.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 329 of title 49, United States Code, is amend-
ed by inserting after the item relating to section 32902
the following:

“32902A. Requirement to manufacture dual fueled automobiles and light duty
trucks.”.

(c) RULEMAKING.—Not later than 1 year after the
date of the enactment of this section, the Secretary of
Transportation shall prescribe regulations to carry out the
amendments made by this section.

SEC. 8. BLENDER PUMP PROMOTION.

(a) BLENDER PUMP GRANT PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) BLENDER PUMP.—The term “blender
pump” means an automotive fuel dispensing
pump capable of dispensing at least 3 different
blends of gasoline and ethanol, as selected by
the pump operator, including blends ranging
from 0 percent ethanol to 85 percent denatured
ethanol, as determined by the Secretary.

(B) E–85 FUEL.—The term “E–85 fuel”
means a blend of gasoline approximately 85
percent of the content of which is ethanol.

(C) ETHANOL FUEL BLEND.—The term
“ethanol fuel blend” means a blend of gasoline
and ethanol, with a minimum of 0 percent and
maximum of 85 percent of the content of which
is denatured ethanol.
(D) Secretary.—The term “Secretary” means the Secretary of Energy.

(2) Grants.—The Secretary shall make grants under this subsection to eligible facilities (as determined by the Secretary) to pay the Federal share of—

(A) installing blender pump fuel infrastructure, including infrastructure necessary—

(i) for the direct retail sale of ethanol fuel blends (including E–85 fuel), including blender pumps and storage tanks; and

(ii) to directly market ethanol fuel blends (including E–85 fuel) to gas retailers, including inline blending equipment, pumps, storage tanks, and loadout equipment; and

(B) providing subgrants to direct retailers of ethanol fuel blends (including E–85 fuel) for the purpose of installing fuel infrastructure for the direct retail sale of ethanol fuel blends (including E–85 fuel), including blender pumps and storage tanks.

(3) Federal share.—The Federal share of the cost of a project carried out under this sub-
section shall be 50 percent of the total cost of the project.

(4) Authorization of Appropriations.—There are authorized to be appropriated to the Secretary to carry out this subsection, to remain available until expended—

(A) $50,000,000 for fiscal year 2012;

(B) $100,000,000 for fiscal year 2013;

(C) $200,000,000 for fiscal year 2014;

(D) $300,000,000 for fiscal year 2015;

and

(E) $350,000,000 for fiscal year 2016.

(b) Installation of Blender Pumps by Major Fuel Distributors at Owned Stations and Branded Stations.—Section 211(o) of the Clean Air Act (42 U.S.C. 7545(o)) is amended by adding at the end the following:

“(13) Installation of Blender Pumps by Major Fuel Distributors at Owned Stations and Branded Stations.—

“(A) Definitions.—In this paragraph:

“(i) E–85 fuel.—The term ‘E–85 fuel’ means a blend of gasoline approximately 85 percent of the content of which is ethanol.
“(ii) ETHANOL FUEL BLEND.—The term ‘ethanol fuel blend’ means a blend of gasoline and ethanol, with a minimum of 0 percent and maximum of 85 percent of the content of which is denatured ethanol.

“(iii) MAJOR FUEL DISTRIBUTOR.—

“(I) IN GENERAL.—The term ‘major fuel distributor’ means any person that owns a refinery and directly markets the output of a refinery.

“(II) EXCLUSION.—The term ‘major fuel distributor’ does not include any person that owns less than 50 retail fueling stations.

“(iv) SECRETARY.—The term ‘Secretary’ means the Secretary of Energy, acting in consultation with the Administrator and the Secretary of Agriculture.

“(B) REGULATIONS.—The Secretary shall promulgate regulations to ensure that each major fuel distributor that sells or introduces gasoline into commerce in the United States through majority-owned stations or branded stations installs or otherwise makes available 1
or more blender pumps that dispense E–85 fuel
and ethanol fuel blends (including any other
equipment necessary, such as tanks, to ensure
that the pumps function properly) for a period
of not less than 5 years at not less than the ap-
icable percentage of the majority-owned sta-
tions and the branded stations of the major fuel
distributor specified in subparagraph (C).

“(C) APPLICABLE PERCENTAGE.—For the
purpose of subparagraph (B), the applicable
percentage of the majority-owned stations and
the branded stations shall be determined in ac-
cordance with the following table:

“Applicable percentage of
majority-owned stations
and branded stations

<table>
<thead>
<tr>
<th>Calendar year:</th>
<th>Percent:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>20</td>
</tr>
<tr>
<td>2016</td>
<td>35</td>
</tr>
<tr>
<td>2018 and each calendar year thereafter</td>
<td>50</td>
</tr>
</tbody>
</table>

“(D) GEOGRAPHIC DISTRIBUTION.—

“(i) IN GENERAL.—Subject to clause
(ii), in promulgating regulations under
subparagraph (B), the Secretary shall en-
sure that each major fuel distributor de-
scribed in that subparagraph installs or
otherwise makes available 1 or more blend-
er pumps that dispense E–85 fuel and eth-
anol fuel blends at not less than a minimum percentage (specified in the regulations) of the majority-owned stations and the branded stations of the major fuel distributors in each State.

“(ii) REQUIREMENT.—In specifying the minimum percentage under clause (i), the Secretary shall ensure that each major fuel distributor installs or otherwise makes available 1 or more blender pumps described in that clause in each State in which the major fuel distributor operates.

“(E) FINANCIAL RESPONSIBILITY.—In promulgating regulations under subparagraph (B), the Secretary shall ensure that each major fuel distributor described in that subparagraph assumes full financial responsibility for the costs of installing or otherwise making available the blender pumps described in that subparagraph and any other equipment necessary (including tanks) to ensure that the pumps function properly.

“(F) PRODUCTION CREDITS FOR EXCEEDING BLENDER PUMPS INSTALLATION REQUIREMENT.—
“(i) **EARNING AND PERIOD FOR APPLYING CREDITS.**—If the percentage of the majority-owned stations and the branded stations of a major fuel distributor at which the major fuel distributor installs blender pumps in a particular calendar year exceeds the percentage required under subparagraph (C), the major fuel distributor shall earn credits under this paragraph, which may be applied to any of the 3 consecutive calendar years immediately after the calendar year for which the credits are earned.

“(ii) **TRADING CREDITS.**—Subject to clause (iii), a major fuel distributor that has earned credits under clause (i) may sell the credits to another major fuel distributor to enable the purchaser to meet the requirement under subparagraph (C).

“(iii) **EXCEPTION.**—A major fuel distributor may not use credits purchased under clause (ii) to fulfill the geographic distribution requirement in subparagraph (D).”

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