

111TH CONGRESS  
2D SESSION

# H. R. 5490

To amend the Internal Revenue Code of 1986 to allow a credit against excise taxes with respect to distilled spirits and wine for certain distilled spirits or wine produced from domestic agricultural waste or byproducts.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2010

Ms. GINNY BROWN-WAITE of Florida introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against excise taxes with respect to distilled spirits and wine for certain distilled spirits or wine produced from domestic agricultural waste or byproducts.

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. EXCISE TAX CREDIT FOR CERTAIN DISTILLED**  
4 **SPIRITS PRODUCED FROM DOMESTIC AGRI-**  
5 **CULTURAL WASTE OR BYPRODUCTS.**

6 (a) IN GENERAL.—Subchapter B of chapter 65 of the  
7 Internal Revenue Code of 1986 is amended by adding at  
8 the end the following new section:

1 **“SEC. 6433. CREDIT FOR CERTAIN DISTILLED SPIRITS PRO-**  
 2 **DUCTED FROM AGRICULTURAL WASTE OR BY-**  
 3 **PRODUCTS.**

4 “(a) IN GENERAL.—There shall be allowed against  
 5 the taxes imposed by chapter 51 an amount equal to the  
 6 sum of the credits determined under subsections (b) and  
 7 (c).

8 “(b) CREDIT FOR DISTILLED SPIRITS PRODUCED  
 9 FROM DOMESTIC AGRICULTURAL WASTE OR BYPROD-  
 10 UCTS.—

11 “(1) IN GENERAL.—For purposes of this sec-  
 12 tion, the credit determined under this subsection is  
 13 an amount equal to the product of—

14 “(A) 10 percent of the rate in effect under  
 15 section 5001(a), multiplied by

16 “(B) the number of proof gallons of rum  
 17 produced in the United States by the taxpayer  
 18 using domestic agricultural waste or domestic  
 19 agricultural byproducts as the principal dis-  
 20 tilling source.

21 “(2) RUM.—For purposes of this subsection,  
 22 the term ‘rum’ has the meaning given such term by  
 23 section 7652(e)(3).

24 “(3) CREDIT AVAILABLE TO PRODUCER.—The  
 25 credit determined under this subsection shall be al-  
 26 lowed only to the producer of the rum described in

1 paragraph (1)(B), without regard to whether the tax  
2 on such rum under section 5001(a) is paid by such  
3 producer or by any other person.

4 “(4) VALUE ADDED REQUIREMENT.—Any proof  
5 gallon of rum shall in no event be treated as pro-  
6 duced in the United States for purposes of this sub-  
7 section unless the sum of—

8 “(A) the cost or value of the rum produced  
9 in the United States, plus

10 “(B) the direct costs of processing oper-  
11 ations performed in the United States,

12 equals or exceeds 50 percent of the value of such  
13 rum as of the time of its sale at retail (determined  
14 without regard to the tax imposed by section 5001).

15 “(c) CREDIT FOR CERTAIN DISTILLED SPIRITS OR  
16 WINE PRODUCED FROM DOMESTIC CITRUS WASTE OR  
17 BYPRODUCTS.—

18 “(1) IN GENERAL.—For purposes of this sec-  
19 tion, the credit determined under this subsection is  
20 an amount equal to the product of—

21 “(A) the number of gallons of distilled  
22 spirits or wines which are produced in the  
23 United States by the taxpayer using domestic  
24 citrus waste or domestic citrus byproducts as

1 the principal distilling or fermenting source,  
2 multiplied by

3 “(B) 10 percent of the rate applicable to  
4 such distilled spirits or wine under section  
5 5041(b).

6 “(2) COORDINATION WITH CREDIT FOR SMALL  
7 DOMESTIC PRODUCERS.—In the case of any wine to  
8 which paragraph (1)(A) and section 5041(c) both  
9 apply, the amount of the credit otherwise allowed  
10 under section 5041(c) with respect to such wine  
11 shall be reduced by the amount of the credit under  
12 this subsection.

13 “(3) CREDIT AVAILABLE TO PRODUCER.—The  
14 credit determined under this subsection shall be al-  
15 lowed only to the producer of the distilled spirits or  
16 wines described in paragraph (1)(A), without regard  
17 to whether the tax on such distilled spirits or wines  
18 under section 5041(a) is paid by such producer or  
19 by any other person.

20 “(4) VALUE ADDED REQUIREMENT.—Any gal-  
21 lon of distilled spirits or wines shall in no event be  
22 treated as produced in the United States for pur-  
23 poses of this subsection unless the sum of—

24 “(A) the cost or value of the distilled spir-  
25 its or wines produced in the United States, plus

“Sec. 6433. Credit for certain distilled spirits produced from agricultural waste or byproducts.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distilled spirits and wine produced after the date of the enactment of this Act.

•HR 5490 IH