

110th CONGRESS

2d Session

H. R. 6943

To amend the Internal Revenue Code of 1986 to provide for a credit for algae derived fuels, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

September 18, 2008

Mr. BILBRAY (for himself, Mr. KENNEDY, Mr. BARTLETT of Maryland, Mr. ISSA, Mr. HUNTER, and Mrs. BONO MACK) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for a credit for algae derived fuels, and for other purposes.

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

SECTION 1. ALGAE DERIVED FUEL CREDIT.

(a) In General- Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 40A the following new section:

SEC. 40B. ALGAE DERIVED FUEL CREDIT.

(a) General Rule- For purposes of section 38, the algae derived fuel credit determined under this section for the taxable year is an amount equal to the product of \$1.50 and the gallons of algae derived fuel--

(1) produced by the taxpayer and sold at retail for use as a fuel or used during the taxable year by the taxpayer in a trade or business, or

(2) used by the taxpayer in the production of a mixture with another fuel and sold for use as a fuel or used by the taxpayer during the taxable year for use as a fuel in a trade or business.

(b) Coordination With Credit Against Excise Tax- The amount of the credit determined under this section with respect to any algae derived fuel shall be properly reduced to take into account any benefit provided with respect to such algae derived fuel solely by reason of the application of section 6426 or 6427(e).

`(c) Definition of Algae Derived Fuel- For purposes of this section--

`(1) The term `algae derived fuel' means a liquid hydrocarbon product that is substantially similar to current commercial fuels derived from petroleum and is derived from the biomass of algal organisms. Such term shall not include any liquid with respect to which a credit may be determined under section 40 or 40A.

`(2) The term `algal organisms' means single or multi-cellular organisms which are inherently photosynthetic and aquatic.

`(d) Mixture or Algae Derived Fuel Not Used as a Fuel, etc- For purposes of this section, rules similar to the rules of paragraphs (3) and (4) of section 40A(d) shall apply.

`(e) Termination- This section shall not apply to any sale or use after December 31, 2012.'

(b) Credit Treated as Part of General Business Credit- Section 38(b) of such Code is amended by striking `plus' at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting `, plus', and by inserting after paragraph (33) the following new paragraph:

`(34) the biodiesel fuels credit determined under section 40B(a).'

(c) Credit Included in Income- Section 87 of such Code is amended by striking `and' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting `, and', and by inserting after paragraph (2) the following new paragraph:

`(3) the algae derived fuels credit determined with respect to the taxpayer for the taxable year under section 40B(a).'

(d) Deduction for Unused Credit- Section 196(c) of such Code is amended by striking `and' at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting `, and', and by adding at the end the following new paragraph:

`(14) the algae derived fuels credit determined under section 40B(a).'

(e) Clerical Amendment- The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 40A the following new item:

`Sec. 40B. Algae derived fuel credit.'

(f) Effective Date- The amendments made by this section shall apply to fuels sold or used in taxable years beginning after the date of the enactment of this Act.

SEC. 2. EXCISE TAX CREDIT PARITY FOR ALGAE DERIVED FUEL.

(a) Allowance of Credit- Paragraph (1) of section 6426(a) of the Internal Revenue Code of 1986 is amended by striking `and (e)' and inserting `(e), and (f)'

(b) Algae Derived Fuel Mixture Credit- Section 6426 of the Internal Revenue Code of 1986 is amended by redesignating subsections (f), (g), and (h) as subsections (g), (h), and (i), respectively,

and by inserting after subsection (e) the following new subsection:

`(f) Algae Derived Fuel Mixture Credit-

`(1) IN GENERAL- For purposes of this section, the algae derived fuel credit is the product of \$1.50 and the number of gallons--

`(A) of algae derived fuel produced by the taxpayer and sold at retail for use as a fuel or used by the taxpayer in a trade or business of the taxpayer, and

`(B) of algae derived fuel used by the taxpayer in producing any mixture of such fuel with any other fuel subsequently sold for use as a fuel or used by the taxpayer for use as a fuel in a trade or business of the taxpayer.

`(2) ALGAE DERIVED FUEL- For the purposes of this section, the term `algae derived fuel' shall have the same meaning given such term in section 40B.

`(3) TERMINATION- This subsection shall not apply to any sale or use after December 31, 2012.'.

(c) Effective Date- The amendments made by this section shall apply to fuels sold or used for any period after the date of the enactment of this Act.

SEC. 3. PARITY REGARDING PAYMENTS FOR FUEL MIXTURE.

(a) In General- Paragraph (1) of section 6427(e) of the Internal Revenue Code of 1986 is amended by inserting `or algae derived fuel mixture credit' after `alternative fuel mixture credit'.

(b) Termination- Paragraph (5) of section 6427(e) of such Code is amended by striking `and' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting `, and', by inserting after subparagraph (D) the following new subparagraph:

`(E) any algae based fuel mixture sold or used after December 31, 2012.'.

(c) Conforming Amendment- The heading for section 6427(e) of such Code is amended by striking `and Biodiesel Mixtures' and inserting `, Biodiesel Mixtures, and Algae Derived Mixtures'.

(d) Effective Date- The amendments made by this section shall apply to fuels sold or used for any period after the date of the enactment of this Act.

END