

110TH CONGRESS  
1ST SESSION

# H. R. 3118

To promote the production and use of ethanol.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2007

Mr. TERRY introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means and Science and Technology, 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

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## A BILL

To promote the production and use of ethanol.

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. PROHIBITION ON FRANCHISE AGREEMENT RE-**  
4 **STRICTIONS RELATED TO RENEWABLE FUEL**  
5 **INFRASTRUCTURE.**

6 (a) IN GENERAL.—Title I of the Petroleum Mar-  
7 keting Practices Act (15 U.S.C. 2801 et seq.) is amended  
8 by adding at the end the following:

1 **“SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLA-**  
2 **TION OF RENEWABLE FUEL PUMPS.**

3 “(a) DEFINITION.—In this section:

4 “(1) RENEWABLE FUEL.—The term ‘renewable  
5 fuel’ means any fuel—

6 “(A) at least 85 percent of the volume of  
7 which consists of ethanol; or

8 “(B) any mixture of biodiesel or renewable  
9 diesel (as defined in regulations adopted pursu-  
10 ant to section 211(o) of the Clean Air Act (40  
11 C.F.R., Part 80)) and diesel fuel, determined  
12 without regard to any use of kerosene and con-  
13 taining at least 10 percent biodiesel or renew-  
14 able diesel.

15 “(2) FRANCHISE-RELATED DOCUMENT.—The  
16 term ‘franchise-related document’ means—

17 “(A) a franchise under this Act; and

18 “(B) any other contract or directive of a  
19 franchisor relating to terms or conditions of the  
20 sale of fuel by a franchisee.

21 “(b) PROHIBITIONS.—

22 “(1) IN GENERAL.—Notwithstanding any provi-  
23 sion of a franchise-related document in effect on the  
24 date of enactment of this section, no franchisee or  
25 affiliate of a franchisee shall be restricted by its  
26 franchisor from—

1           “(A) installing on the marketing premises  
2 of the franchisee a renewable fuel pump or  
3 tank, except that the franchisee’s franchisor  
4 may restrict the installation of a tank on leased  
5 marketing premises of such franchisor;

6           “(B) converting an existing tank or pump  
7 on the marketing premises of the franchisee for  
8 renewable fuel use, so long as such tank or  
9 pump and the piping connecting them are ei-  
10 ther warranted by the manufacturer or certified  
11 by a recognized standards setting organization  
12 to be suitable for use with such renewable fuel;

13           “(C) advertising (including through the  
14 use of signage) the sale of any renewable fuel;

15           “(D) selling renewable fuel in any specified  
16 area on the marketing premises of the  
17 franchisee (including any area in which a name  
18 or logo of a franchisor or any other entity ap-  
19 pears);

20           “(E) purchasing renewable fuel from  
21 sources other than the franchisor if the  
22 franchisor does not offer its own renewable fuel  
23 for sale by the franchisee;

1           “(F) listing renewable fuel availability or  
2           prices, including on service station signs, fuel  
3           dispensers, or light poles; or

4           “(G) allowing for payment of renewable  
5           fuel with a credit card,

6           so long as such activities do not constitute willful  
7           adulteration, mislabeling, or misbranding of motor  
8           fuels or other trademark violations by the franchisee.

9           “(2) EFFECT OF PROVISION.—Any restriction  
10          described in paragraph (1) that is contained in a  
11          franchise-related document and in effect on the date  
12          of enactment of this section shall be considered to be  
13          null and void as of that date.

14          “(c) EXCEPTION TO 3-GRADE REQUIREMENT.—No  
15          franchise-related document that requires that 3 grades of  
16          gasoline be sold by the applicable franchisee shall prevent  
17          the franchisee from selling an renewable fuel in lieu of  
18          1, and only 1, grade of gasoline.”.

19          (b) ENFORCEMENT.—Section 105 of the Petroleum  
20          Marketing Practices Act (15 U.S.C. 2805) is amended by  
21          striking “102 or 103” each place it appears and inserting  
22          “102, 103, or 107”.

23          (c) CONFORMING AMENDMENTS.—

24                  (1) IN GENERAL.—Section 101(13) of the Pe-  
25          troleum Marketing Practices Act (15 U.S.C.

1 2801(13)) is amended by adjusting the indentation  
2 of subparagraph (C) appropriately.

3 (2) TABLE OF CONTENTS.—The table of con-  
4 tents of the Petroleum Marketing Practices Act (15  
5 U.S.C. 2801 note) is amended—

6 (A) by inserting after the item relating to  
7 section 106 the following:

“Sec. 107. Prohibition on restriction of installation of renewable fuel pumps.”;

8 and

9 (B) by striking the item relating to section  
10 202 and inserting the following:

“Sec. 202. Automotive fuel rating testing and disclosure requirements.”.

11 **SEC. 2. SUPPLEMENTING CORN AS AN ETHANOL FEED-**  
12 **STOCK.**

13 (a) RESEARCH AND DEVELOPMENT PROGRAM.—The  
14 Secretary of Energy shall establish a program to make  
15 grants of not to exceed \$1,000,000 each to no more than  
16 10 universities for a 3-year program of demonstration of  
17 supplementing corn as an ethanol feedstock with sweet  
18 sorghum.

19 (b) PROGRAM GOALS.—The goals of the program  
20 under this section shall be to—

21 (1) enhance agronomic efficiency of the crop on  
22 marginal lands by—

1 (A) developing best management practices  
2 for maintaining high sorghum yields while using  
3 less water and nitrogen than corn;

4 (B) identifying and selecting plants with a  
5 high sugar content; and

6 (C) developing cold tolerant sweet sorghum  
7 varieties to enable two crops to be grown per  
8 season;

9 (2) enhance ethanol processing potential in the  
10 crop by—

11 (A) developing a robust technology for cen-  
12 tralized and ethanol production facilities that  
13 pair high-performing sweet sorghum lines with  
14 different yeasts to produce the best process for  
15 converting sweet sorghum juice into ethanol;

16 (B) conducting process and chemical anal-  
17 yses of sweet sorghum sap fermentation;

18 (C) introducing cellulosic hydrolyzing en-  
19 zymes into sweet sorghum to promote biomass  
20 conversion; and

21 (D) performing life-cycle analysis of sweet  
22 sorghum-ethanol, including energy yield, effi-  
23 ciency, and greenhouse gas reduction;

1           (3) establish a sweet sorghum production sys-  
2           tem optimized for the region of the university con-  
3           ducting the research;

4           (4) improve sweet sorghum lines with higher  
5           sugar production and performance with minimal ag-  
6           ricultural inputs;

7           (5) optimize sugar fermentation using selected  
8           yeast strains;

9           (6) develop sweet sorghum lines with improved  
10          cold tolerance and cellulosic degradation; and

11          (7) develop agricultural models for predicting  
12          agricultural performance and ethanol yield under  
13          various growing conditions.

14          (c) AWARD CRITERIA.—The Secretary shall award  
15          grants under this section only to universities that—

16               (1) have access to multiple lines of sweet sor-  
17               ghum for research; and

18               (2) are located in a State where sweet sorghum  
19               is anticipated to grow well on marginal lands.

20          (d) AUTHORIZATION OF APPROPRIATIONS.—There  
21          are authorized to be appropriated to the Secretary for car-  
22          rying out this section \$10,000,000.

1 **SEC. 3. CLOSED LOOP ETHANOL PROJECT LOAN GUARAN-**  
2 **TEES.**

3 (a) CLEAN AIR ACT AMENDMENTS.—Section 212 of  
4 the Clean Air Act (42 U.S.C. 7546) is amended—

5 (1) in subsection (a)—

6 (A) by redesignating paragraphs (1)  
7 through (3) as paragraphs (2) through (4), re-  
8 spectively; and

9 (B) by inserting before paragraph (2), as  
10 so redesignated by subparagraph (A) of this  
11 paragraph, the following new paragraph:

12 “(1) CLOSED LOOP ETHANOL.—The term  
13 ‘closed loop ethanol’ means a facility in which—

14 “(A) solid and liquid waste is collected  
15 from agricultural animals in a concentrated lo-  
16 cation together with cellulosic and other bio  
17 mass from agricultural crops;

18 “(B) such waste is used to generate fuel;

19 “(C) such fuel is used to produce ethanol  
20 at the same location; and

21 “(D) the need for fossil fuel in the produc-  
22 tion of ethanol and the drying of distillers  
23 grains is reasonably expected to be at least 90  
24 percent less than in a comparably sized tradi-  
25 tional ethanol facility powered by fossil fuel.”;



1           (1) by striking “30 percent” in subsection (a)  
2           and inserting “50 percent”, and

3           (2) by striking “\$30,000” in subsection (b)(1)  
4           and inserting “\$50,000”.

5           (b) EXTENSION OF CREDIT.—Subsection (g) section  
6 30C of such Code (relating to termination) is amended  
7 to read as follows:

8           “(g) TERMINATION OF AVAILABILITY OF CREDIT.—  
9 This section shall not apply to property placed in service  
10 after December 31, 2014.”.

11          (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to property placed in service after  
13 the date of the enactment of this Act, in taxable years  
14 ending after such date.

15 **SEC. 5. REFUELING PROPERTY FOR BIODIESEL AND RE-**  
16 **NEWABLE BIODIESEL.**

17          (a) IN GENERAL.—Paragraph (1) of section 179A(e)  
18 of the Internal Revenue Code of 1986 is amended by strik-  
19 ing “and” at the end of subparagraph (E), by striking  
20 the period at the end of subparagraph (F) and inserting  
21 “, and”, and by inserting after subparagraph (F) the fol-  
22 lowing new subparagraph:

23                   “(G) any mixture of diesel fuel (as defined  
24                   in section 4083(a)(3)), determined without re-  
25                   gard to any use of kerosene, at least 20 percent

1 of which is 1 or more of the following: biodiesel  
2 or renewable biodiesel, as such terms are de-  
3 fined in section 40A.”.

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

8 **SEC. 6. INCREASE IN CREDIT FOR RESEARCH RELATING TO**  
9 **ALTERNATIVE AND RENEWABLE ENERGY**  
10 **PROCESSES.**

11 (a) IN GENERAL.—Section 41 of the Internal Rev-  
12 enue Code of 1986 is amended by redesignating subsection  
13 (h) as subsection (i) and by inserting after subsection (g)  
14 the following new subsection:

15 “(h) INCREASE IN CREDIT AMOUNT FOR RESEARCH  
16 RELATING TO ALTERNATIVE AND RENEWABLE ENERGY  
17 PROCESSES.—

18 “(1) IN GENERAL.—In the case of any expense  
19 or payment relating to a qualified resource—

20 “(A) subsection (a) shall be applied by  
21 substituting ‘40 percent’ for ‘10 percent’ each  
22 place it occurs,

23 “(B) subsection (e)(4) shall be applied by  
24 substituting ‘6 percent’ for ‘3 percent’ in sub-  
25 paragraph (A)(i), ‘8 percent’ for ‘4 percent’ in

1           subparagraph (A)(ii), and ‘10 percent’ for ‘5  
2           percent’ in subparagraph (A)(iii),

3           “(C) subsection (c)(5) shall be applied by  
4           substituting ‘24 percent’ for ‘12 percent’ in  
5           subparagraph (A) and ‘12 percent’ for ‘6 per-  
6           cent’ in subparagraph (B)(ii), and

7           “(D) such expense or payment shall be  
8           taken into account for purposes of this section  
9           after taking into account expenses and pay-  
10          ments which do not relate to a qualified re-  
11          source.

12          “(2) QUALIFIED RESOURCE.—For purposes of  
13          paragraph (1), the term ‘qualified resource’ means—

14                 “(A) any clean-burning fuel (as defined in  
15                 section 179A(e)(1), other than diesel fuel), and

16                 “(B) any closed-loop system, including any  
17                 anaerobic digester.”.

18          (b) ALLOWANCE AGAINST ALTERNATIVE MINIMUM  
19          TAX.—Subparagraph (B) of section 38(e)(4) of such Code  
20          is amended by striking “and” at the end of clause (i), by  
21          striking the period at the end of clause (ii) and inserting  
22          “, and”, and by inserting after clause (ii) the following  
23          new clause:

24                         “(iii) the credit determined under sec-  
25                         tion 41 to the extent that such credit is at-

1                   tributable to the increase for research re-  
2                   lating to alternative and renewable energy  
3                   processes under subsection (h) thereof.”.

4           (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to property placed in service after  
6 December 31, 2007.

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