

110TH CONGRESS
2^D SESSION

H. R. 7249

To amend the Internal Revenue Code of 1986 to provide a tax credit to farmers to offset high energy prices, to encourage the use of renewable energy, and to reduce prices to consumers.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 2, 2008

Mr. HOLT 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 a tax credit to farmers to offset high energy prices, to encourage the use of renewable energy, and to reduce prices to consumers.

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.**

4 This Act may be cited as the “Renewable Power for
5 Agriculture Incentive Program Act of 2008”.

1 **SEC. 2. CREDIT TO FARMERS TO OFFSET HIGH ENERGY**
 2 **COSTS, ENCOURAGE USE OF RENEWABLE EN-**
 3 **ERGY, AND REDUCED PRICES TO CON-**
 4 **SUMERS.**

5 (a) IN GENERAL.—Subpart D of part IV of sub-
 6 chapter A of chapter 1 of the Internal Revenue Code of
 7 1986 is amended by adding at the end the following new
 8 section:

9 **“SEC. 45Q. FARMER’S RENEWABLE ENERGY CREDIT.**

10 “(a) DETERMINATION OF CREDITS FOR 2008.—

11 “(1) IN GENERAL.—In the case of the tax-
 12 payer’s taxable year which includes December 31,
 13 2008, the farmer’s renewable energy credit deter-
 14 mined under this section is an amount equal to the
 15 excessive fuel cost paid or incurred by the taxpayer
 16 during such taxable year for any creditable fuel used
 17 by the taxpayer in the trade or business of farming.

18 “(2) EXCESSIVE FUEL COST.—For purposes of
 19 this subsection—

20 “(A) IN GENERAL.—The term ‘excessive
 21 fuel cost’ means, with respect to any creditable
 22 fuel, the excess (if any) of—

23 “(i) the amount paid or incurred by
 24 the taxpayer for such fuel, over

25 “(ii) the adjusted base price for such
 26 fuel.

1 “(B) ADJUSTED BASE PRICE.—The term
2 ‘adjusted base price’ means, with respect to any
3 creditable fuel, the average price for such fuel
4 on September 6, 2004, for the region in which
5 the taxpayer purchased such fuel (as deter-
6 mined by Secretary using data of the Energy
7 Information Agency of the Department of En-
8 ergy).

9 “(b) DETERMINATION OF CREDITS AFTER 2008.—
10 In the case of any taxable year of the taxpayer beginning
11 after December 31, 2008—

12 “(1) IN GENERAL.—In the case of an eligible
13 taxpayer, the farmer’s renewable energy credit deter-
14 mined under this section is an amount equal to the
15 product of—

16 “(A) the annual fuel reduction amount,
17 multiplied by

18 “(B) the average fuel price.

19 “(2) CREDIT ELIGIBILITY CONDITIONED ON
20 USE OF PRIOR YEAR CREDIT.—No credit shall be al-
21 lowed to any taxpayer under this subsection, unless
22 the taxpayer demonstrates to the satisfaction of the
23 Secretary that such taxpayer has used the credit al-
24 lowed to the taxpayer under this section for the pre-
25 ceding taxable year as follows:

1 “(A) 50 percent of the amount of such
2 credit has been used to reduce the prices to
3 consumers of the agricultural commodities pro-
4 duced by the taxpayer in the trade or business
5 of farming.

6 “(B) In the case of any creditable fuel
7 other than electricity, 50 percent of the amount
8 of such credit has been used to substitute re-
9 newable energy for the fossil fuels used by the
10 taxpayer in the trade or business of farming.

11 “(C) In the case of electricity, 50 percent
12 of the amount of such credit has been used to
13 either—

14 “(i) substitute electricity produced by
15 the taxpayer from renewable resources for
16 the electricity purchased from the grid and
17 used by the taxpayer in the trade or busi-
18 ness of farming, or

19 “(ii) decrease the amount of electricity
20 used by the taxpayer in the trade or busi-
21 ness of farming by increasing efficiency.

22 “(3) DEFINITIONS.—For purposes of this sub-
23 section—

24 “(A) ANNUAL FUEL REDUCTION
25 AMOUNT.—The term ‘annual fuel reduction

1 amount' means, with respect to any creditable
2 fuel for any taxable year, the excess of—

3 “(i) the amount of such creditable fuel
4 used by the taxpayer in the trade or busi-
5 ness of farming during the preceding tax-
6 able year, over

7 “(ii) the amount of such creditable
8 fuel used by the taxpayer in the trade or
9 business of farming during the taxable
10 year for which credit is being determined.

11 “(B) AVERAGE FUEL PRICE.—The term
12 ‘average fuel price’ means, with respect to any
13 creditable fuel for any taxable year, the average
14 price of such fuel during the calendar year pre-
15 ceeding the calendar year in which the taxable
16 year begins for the region in which the taxpayer
17 purchased such fuel (as determined by Sec-
18 retary using data of the Energy Information
19 Agency of the Department of Energy).

20 “(4) ELIGIBLE TAXPAYER.—The term ‘eligible
21 taxpayer’ means, with respect to any taxable year,
22 any taxpayer who—

23 “(A) was allowed a credit under this sec-
24 tion for the preceding taxable year, or

1 “(B) was not engaged in the trade or busi-
2 ness of farming for any preceding taxable year
3 which ended on or after December 31, 2008.

4 “(c) CREDITABLE FUEL.—For purposes of this sec-
5 tion, the term ‘creditable fuel’ means any fossil fuel and
6 electricity. This section shall be applied separately with re-
7 spect to electricity and with respect to each type of fossil
8 fuel.

9 “(d) TERMINATION.—No credit shall be allowed
10 under this section for any taxable year beginning after De-
11 cember 31, 2013.”.

12 (b) CREDIT TO BE PART OF GENERAL BUSINESS
13 CREDIT.—Subsection (b) of section 38 of such Code is
14 amended by striking “plus” at the end of paragraph (31),
15 by striking the period at the end of paragraph (32) and
16 inserting “, plus”, and by adding at the end the following
17 new paragraph:

18 “(33) the farmer’s renewable energy credit de-
19 termined under section 45Q.”.

20 (c) CLERICAL AMENDMENT.—The table of sections
21 for subpart D of part IV of subchapter A of chapter 1
22 of such Code is amended by adding at the end the fol-
23 lowing new item:

“Sec. 45Q. Farmer’s renewable energy credit.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years ending on or after
3 December 31, 2008.

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