

104TH CONGRESS
1ST SESSION

S. 1248

To amend the Internal Revenue Code of 1986 to allow the alcohol fuels credit to be allocated to patrons of a cooperative in certain cases.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 15 (legislative day, SEPTEMBER 5), 1995

Mr. WELLSTONE (for himself, Mr. PRESSLER, Mr. HARKIN, Mr. KERREY, Mr. CONRAD, and Mr. DORGAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow the alcohol fuels credit to be allocated to patrons of a cooperative in certain cases.

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. ALLOCATION OF ALCOHOL FUELS CREDIT TO**
4 **PATRONS OF A COOPERATIVE.**

5 (a) IN GENERAL.—Subsection (d) of section 40 of the
6 Internal Revenue Code of 1986 (relating to alcohol used
7 as fuel) is amended by adding at the end the following
8 new paragraph:

1 “(6) ALLOCATION OF SMALL ETHANOL PRO-
2 DUCER CREDIT TO PATRONS OF COOPERATIVE.—

3 “(A) IN GENERAL.—In the case of a coop-
4 erative organization described in section
5 1381(a), any portion of the credit determined
6 under subsection (a)(3) for the taxable year
7 may, at the election of the organization made
8 on a timely filed return (including extensions)
9 for such year, be apportioned pro rata among
10 patrons on the basis of the quantity or value of
11 business done with or for such patrons for the
12 taxable year. Such an election, once made, shall
13 be irrevocable for such taxable year.

14 “(B) TREATMENT OF ORGANIZATIONS AND
15 PATRONS.—The amount of the credit appor-
16 tioned to patrons pursuant to subparagraph
17 (A)—

18 “(i) shall not be included in the
19 amount determined under subsection (a)
20 for the taxable year of the organization,
21 and

22 “(ii) shall be included in the amount
23 determined under subsection (a) for the
24 taxable year of each patron in which the
25 patronage dividend for the taxable year re-

1 ferred to in subparagraph (A) is includible
2 in gross income.

3 “(C) SPECIAL RULE FOR DECREASING
4 CREDIT FOR TAXABLE YEAR.—If the amount of
5 the credit of a cooperative organization deter-
6 mined under subsection (a)(3) for a taxable
7 year is less than the amount of such credit
8 shown on the cooperative organization’s return
9 for such year, an amount equal to the excess of
10 such reduction over the amount not apportioned
11 to the patrons under subparagraph (A) for the
12 taxable year shall be treated as an increase in
13 tax imposed by this chapter on the organiza-
14 tion. Any such increase shall not be treated as
15 tax imposed by this chapter for purposes of de-
16 termining the amount of any credit under this
17 subpart or subpart A, B, E, or G of this part.”

18 (b) TECHNICAL AMENDMENT.—Section 1388 of such
19 Code (relating to definitions and special rules for coopera-
20 tive organizations) is amended by adding at the end the
21 following new subsection:

22 “(k) CROSS REFERENCE.—

**“For provisions relating to the apportionment of
 the alcohol fuels credit between cooperative organi-
 zations and their patrons, see section 40(d)(6).”**

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1994.

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