

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.

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. ALGAE DERIVED FUEL CREDIT.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by inserting after section 40A the fol-
7 lowing new section:

8 **“SEC. 40B. ALGAE DERIVED FUEL CREDIT.**

9 “(a) GENERAL RULE.—For purposes of section 38,
10 the algae derived fuel credit determined under this section

1 for the taxable year is an amount equal to the product
2 of \$1.50 and the gallons of algae derived fuel—

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

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

10 “(b) COORDINATION WITH CREDIT AGAINST EXCISE
11 TAX.—The amount of the credit determined under this
12 section with respect to any algae derived fuel shall be
13 properly reduced to take into account any benefit provided
14 with respect to such algae derived fuel solely by reason
15 of the application of section 6426 or 6427(e).

16 “(c) DEFINITION OF ALGAE DERIVED FUEL.—For
17 purposes of this section—

18 “(1) The term ‘algae derived fuel’ means a liq-
19 uid hydrocarbon product that is substantially similar
20 to current commercial fuels derived from petroleum
21 and is derived from the biomass of algal organisms.
22 Such term shall not include any liquid with respect
23 to which a credit may be determined under section
24 40 or 40A.

1 “(2) The term ‘algal organisms’ means single
2 or multi-cellular organisms which are inherently pho-
3 tosynthetic and aquatic.

4 “(d) MIXTURE OR ALGAE DERIVED FUEL NOT USED
5 AS A FUEL, ETC.—For purposes of this section, rules simi-
6 lar to the rules of paragraphs (3) and (4) of section
7 40A(d) shall apply.

8 “(e) TERMINATION.—This section shall not apply to
9 any sale or use after December 31, 2012.”.

10 (b) CREDIT TREATED AS PART OF GENERAL BUSI-
11 NESS CREDIT.—Section 38(b) of such Code is amended
12 by striking “plus” at the end of paragraph (32), by strik-
13 ing the period at the end of paragraph (33) and inserting
14 “, plus”, and by inserting after paragraph (33) the fol-
15 lowing new paragraph:

16 “(34) the biodiesel fuels credit determined
17 under section 40B(a).”.

18 (c) CREDIT INCLUDED IN INCOME.—Section 87 of
19 such Code is amended by striking “and” at the end of
20 paragraph (1), by striking the period at the end of para-
21 graph (2) and inserting “, and”, and by inserting after
22 paragraph (2) the following new paragraph:

23 “(3) the algae derived fuels credit determined
24 with respect to the taxpayer for the taxable year
25 under section 40B(a).”.

1 (d) DEDUCTION FOR UNUSED CREDIT.—Section
 2 196(e) of such Code is amended by striking “and” at the
 3 end of paragraph (12), by striking the period at the end
 4 of paragraph (13) and inserting “, and”, and by adding
 5 at the end the following new paragraph:

6 “(14) the algae derived fuels credit determined
 7 under section 40B(a).”.

8 (e) CLERICAL AMENDMENT.—The table of sections
 9 for subpart D of part IV of subchapter A of chapter 1
 10 of such Code is amended by inserting after the item relat-
 11 ing to section 40A the following new item:

“Sec. 40B. Algae derived fuel credit.”.

12 (f) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to fuels sold or used in taxable
 14 years beginning after the date of the enactment of this
 15 Act.

16 **SEC. 2. EXCISE TAX CREDIT PARITY FOR ALGAE DERIVED**
 17 **FUEL.**

18 (a) ALLOWANCE OF CREDIT.—Paragraph (1) of sec-
 19 tion 6426(a) of the Internal Revenue Code of 1986 is
 20 amended by striking “and (e)” and inserting “(e), and
 21 (f)”.

22 (b) ALGAE DERIVED FUEL MIXTURE CREDIT.—Sec-
 23 tion 6426 of the Internal Revenue Code of 1986 is amend-
 24 ed by redesignating subsections (f), (g), and (h) as sub-

1 sections (g), (h), and (i), respectively, and by inserting
2 after subsection (e) the following new subsection:

3 “(f) ALGAE DERIVED FUEL MIXTURE CREDIT.—

4 “(1) IN GENERAL.—For purposes of this sec-
5 tion, the algae derived fuel credit is the product of
6 \$1.50 and the number of gallons—

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

11 “(B) of algae derived fuel used by the tax-
12 payer in producing any mixture of such fuel
13 with any other fuel subsequently sold for use as
14 a fuel or used by the taxpayer for use as a fuel
15 in a trade or business of the taxpayer.

16 “(2) ALGAE DERIVED FUEL.—For the purposes
17 of this section, the term ‘algae derived fuel’ shall
18 have the same meaning given such term in section
19 40B.

20 “(3) TERMINATION.—This subsection shall not
21 apply to any sale or use after December 31, 2012.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to fuels sold or used for any period
24 after the date of the enactment of this Act.

1 **SEC. 3. PARITY REGARDING PAYMENTS FOR FUEL MIX-**
2 **TURE.**

3 (a) **IN GENERAL.**—Paragraph (1) of section 6427(e)
4 of the Internal Revenue Code of 1986 is amended by in-
5 serting “or algae derived fuel mixture credit” after “alter-
6 native fuel mixture credit”.

7 (b) **TERMINATION.**—Paragraph (5) of section
8 6427(e) of such Code is amended by striking “and” at
9 the end of subparagraph (C), by striking the period at the
10 end of subparagraph (D) and inserting “, and”, by insert-
11 ing after subparagraph (D) the following new subpara-
12 graph:

13 “(E) any algae based fuel mixture sold or
14 used after December 31, 2012.”.

15 (c) **CONFORMING AMENDMENT.**—The heading for
16 section 6427(e) of such Code is amended by striking “AND
17 BIODIESEL MIXTURES” and inserting “, BIODIESEL MIX-
18 TURES, AND ALGAE DERIVED MIXTURES”.

19 (d) **EFFECTIVE DATE.**—The amendments made by
20 this section shall apply to fuels sold or used for any period
21 after the date of the enactment of this Act.

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