

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3187

To reduce and eliminate the tax credit for alcohol fuel mixtures and the tariff on imported ethanol.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 13, 2009

Mr. CROWLEY (for himself, Mrs. BONO MACK, Mr. MORAN of Virginia, Mr. THOMPSON of California, Mr. SHADEGG, Mrs. MYRICK, Mr. GOODLATTE, Mr. STARK, Mr. RADANOVICH, Mr. MATHESON, Mr. MAFFEL, and Mr. MEEKS of New York) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To reduce and eliminate the tax credit for alcohol fuel mixtures and the tariff on imported 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. SHORT TITLE.**

4 This Act may be cited as the “Affordable Food and  
5 Fuel for America Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The Volumetric Excise Tax Credit was cre-  
9 ated to encourage gasoline refiners to blend domesti-

1 cally produced corn ethanol into the Nation's gaso-  
2 line supplies.

3 (2) The 54-cent temporary tariff on imported  
4 ethanol was created to encourage the development of  
5 a domestic grain ethanol industry.

6 (3) Domestic corn ethanol production has in-  
7 creased five-fold since 2000 to more than  
8 9,000,000,000 gallons of corn ethanol produced at  
9 more than 150 facilities.

10 (4) Domestic corn ethanol production will soon  
11 exceed 12,000,000,000 gallons, diverting at least  
12 one-third of the Nation's corn supply from food and  
13 feed to fuel.

14 (5) Federal ethanol mandates require gasoline  
15 refiners to blend 15,000,000,000 gallons of ethanol  
16 into gasoline supplies by 2015.

17 (6) The United States is now the world's larg-  
18 est producer of ethanol and our domestic corn eth-  
19 anol industry is no longer in need of tax subsidies  
20 or tariffs.

21 (7) In combination, the rapid growth of the  
22 corn ethanol industry and Federal ethanol mandates  
23 has made the tax credit for corn ethanol and tariff  
24 obsolete.

1           (8) Scarce Federal resources should be dedi-  
 2           cated to the development of new and emerging  
 3           sources of renewable energy, including biomass fuels  
 4           that meet environmental goals.

5 **SEC. 3. REDUCTION OF INCOME TAX CREDIT FOR ALCOHOL**  
 6 **USED AS A FUEL.**

7           (a) IN GENERAL.—The table in section 40(h)(2) of  
 8 the Internal Revenue Code of 1986 is amended by striking  
 9 the last row and inserting the following new rows:

2009 .....	28 cents	22 cents
2010 .....	21 cents	16 cents
2011 .....	16 cents	12 cents
2012 .....	11 cents	9 cents
2013 .....	7 cents	6 cents
2014 .....	0	0.

10           (b) CONFORMING AMENDMENTS.—

11           (1) EXTENSION OF CREDIT.—Section 40(e)(1)  
 12 of such Code is amended—

13           (A) by striking “2010” in subparagraph  
 14 (A) and inserting “2013,” and

15           (B) by striking “2011” in subparagraph  
 16 (B) and inserting “2014”.

17           (2) REPEAL OF DELAYED REDUCTION.—Section  
 18 40(h) of such Code is amended by striking para-  
 19 graph (3).

20           (c) EFFECTIVE DATE.—The amendments made by  
 21 this section shall apply to alcohol produced, and sold or

1 used, in taxable years beginning after the date of the en-  
 2 actment of this Act.

3 **SEC. 4. REDUCTION OF EXCISE TAX CREDIT FOR ALCOHOL**  
 4 **FUEL MIXTURES.**

5 (a) IN GENERAL.—Section 6426(b)(2)(A) of the In-  
 6 ternal Revenue Code of 1986 is amended by striking  
 7 “and” at the end of clause (i), by striking clause (ii), and  
 8 by inserting after clause (i) the following new clauses:

9 “(ii) in the case of calendar year  
 10 2009, 28 cents,

11 “(iii) in the case of calendar year  
 12 2010, 21 cents,

13 “(iv) in the case of calendar year  
 14 2011, 16 cents,

15 “(v) in the case of calendar year  
 16 2012, 11 cents,

17 “(vi) in the case of calendar year  
 18 2013, 7 cents, and

19 “(vii) in the case of calendar year  
 20 2014 and thereafter, zero cents.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 6426(b) of such Code is amended—

23 (A) by striking subparagraph (C) of para-  
 24 graph (2), and

25 (B) by striking paragraph (6).

1           (2) Section 6427(e)(5)(A) of such Code is  
2           amended by striking “2010” and inserting “2013”.

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to fuel sold or used after the date  
5 of the enactment of this Act.

6 **SEC. 5. REDUCTION AND ELIMINATION OF TARIFFS ON**  
7 **ETHANOL.**

8           (a) REDUCTION OF TEMPORARY TARIFF DUTY ON  
9 IMPORTED ETHANOL.—

10           (1) CALENDAR YEAR 2009.—

11           (A) IN GENERAL.—Heading 9901.00.50 of  
12 Subchapter 1 of Chapter 99 of the Harmonized  
13 Tariff Schedule of the United States is amend-  
14 ed by striking “14.27¢” each place it appears  
15 and inserting “8¢”.

16           (B) APPLICABILITY.—The amendment  
17 made by subparagraph (A) shall apply to goods  
18 entered, or withdrawn from warehouse for con-  
19 sumption, on or after January 1, 2009, and be-  
20 fore January 1, 2010.

21           (C) RETROACTIVE APPLICATION.—Not-  
22 withstanding section 514 of the Tariff Act of  
23 1930 (19 U.S.C. 1514) or any other provision  
24 of law, upon proper request filed with the Bu-  
25 reau of Customs and Border Protection before

1 the 90th day after the date of the enactment of  
2 this Act, any entry, or withdrawal from ware-  
3 house for consumption, of any good—

4 (i) that was made on or after January  
5 1, 2009 and before the date of the enact-  
6 ment of this Act; and

7 (ii) with respect to which there would  
8 have been a lower rate of duty if the  
9 amendment made by this subsection ap-  
10 plied to such entry, or withdrawal, shall be  
11 liquidated or reliquidated as if such  
12 amendment applied to such entry or with-  
13 drawal.

14 (2) CALENDAR YEAR 2010.—

15 (A) IN GENERAL.—Such heading is  
16 amended by striking “14.8¢” each place it ap-  
17 pears and inserting “6¢”.

18 (B) APPLICABILITY.—The amendment  
19 made by subparagraph (A) shall apply to goods  
20 entered, or withdrawn from warehouse for con-  
21 sumption, on or after January 1, 2010, and be-  
22 fore January 1, 2011.

23 (3) CALENDAR YEAR 2011.—

1 (A) IN GENERAL.—Such heading is  
2 amended by striking “11.1¢” each place it ap-  
3 pears and inserting “4¢”.

4 (B) APPLICABILITY.—The amendment  
5 made by subparagraph (A) shall apply to goods  
6 entered, or withdrawn from warehouse for con-  
7 sumption, on or after January 1, 2011, and be-  
8 fore January 1, 2012.

9 (4) CALENDAR YEAR 2012.—

10 (A) IN GENERAL.—Such heading is  
11 amended by striking “8.5¢” each place it ap-  
12 pears and inserting “3¢”.

13 (B) APPLICABILITY.—The amendment  
14 made by subparagraph (A) shall apply to goods  
15 entered, or withdrawn from warehouse for con-  
16 sumption, on or after January 1, 2012, and be-  
17 fore January 1, 2013.

18 (5) CALENDAR YEAR 2013.—

19 (A) IN GENERAL.—Such heading is  
20 amended by striking “5.8¢” each place it ap-  
21 pears and inserting “2¢”.

22 (B) APPLICABILITY.—The amendment  
23 made by subparagraph (A) shall apply to goods  
24 entered, or withdrawn from warehouse for con-

1           sumption, on or after January 1, 2013, and be-  
 2           fore January 1, 2014.

3           (b) DUTY-FREE TREATMENT BEGINNING IN 2014.—

4           (1) ADDITION OF ALTERNATIVE FUELS SUB-  
 5           CHAPTER.—Chapter 98 of the Harmonized Tariff  
 6           Schedule is amended by adding at the end the fol-  
 7           lowing new subchapter:

“Subchapter XXIII  
 Alternative Fuels

Head- ing/ Sub- heading	Article Description	Rates of Duty		
		1		2
		General	Special	
9823.01.01	Ethyl alcohol (provided for in subheadings 2207.10.60 and 2207.20) or any mixture containing such ethyl alcohol (provided for in heading 2710 or 3824) if such ethyl alcohol or mixture is to be used as a fuel or in producing a mixture of gasoline and alcohol, a mixture of a special fuel and alcohol, or any other mixture to be used as fuel (including motor fuel provided for in subheading 2710.11.15, 2710.19.15 or 2710.19.21), or is suitable for any such uses .....	Free	Free	20%”.

8           (2) CONFORMING AMENDMENTS.—Subchapter I  
 9           of chapter 99 of the Harmonized Tariff Schedule is  
 10          amended—

- 11                   (A) by striking heading 9901.00.50; and  
 12                   (B) by striking U.S. notes 2 and 3.

13           (3) EFFECTIVE DATE.—The amendments made  
 14          by this subsection shall apply with respect to goods  
 15          entered, or withdrawn from warehouse for consump-  
 16          tion, on or after January 1, 2014.



1 **SEC. 6. SENSE OF CONGRESS.**

2 (a) FINDINGS.—Congress finds that—

3 (1) the organization “Feeding America” for-  
4 merly known as America’s Second Harvest, issued  
5 the results of a national study on hunger and pov-  
6 erty in America and found that for 1 in 8 Americans  
7 hunger is a reality, that the numbers of hungry  
8 Americans is on the rise, and 37.3 million people  
9 lived in poverty, including over 7.6 million families,  
10 3.6 million seniors, and over 13.3 million children  
11 under the age of 18;

12 (2) the Department of Agriculture, Economic  
13 Research Service, found that an estimated 35.5 mil-  
14 lion Americans are food insecure, meaning their ac-  
15 cess to enough food is limited by a lack of money  
16 and other resources;

17 (3) the Center for Budget and Policy Priorities  
18 reports that “the current downturn is likely to cause  
19 significant increases both in the number of Ameri-  
20 cans who are poor and the number living in ‘deep  
21 poverty,’ with incomes below half of the poverty line.  
22 Because this recession is likely to be deep and the  
23 government safety net for very poor families who  
24 lack jobs has weakened significantly in recent years,  
25 increases in deep poverty in this recession are likely  
26 to be severe”;

1           (4) World Hunger Year (WHY), a non-profit  
2 organization which operates a national hunger hot-  
3 line with funding from the Department of Agri-  
4 culture, has experienced a significant increase in  
5 calls for food assistance or information about where  
6 to find food, shelter, child-care, or job-finding assist-  
7 ance; and

8           (5) the production of cellulosic and advanced  
9 biofuels in the United States will assist the Nation  
10 in becoming less vulnerable to foreign supplies of oil,  
11 will create a significant number of jobs, and could  
12 achieve significant reductions in the generation of  
13 greenhouse gas emissions as determined by several  
14 recent studies.

15       (b) SENSE OF CONGRESS.—It is the sense of Con-  
16 gress that the savings achieved under this Act should be  
17 used to combat hunger in the United States and to develop  
18 domestic supplies of cellulosic and advanced biofuels by  
19 being used to—

20           (1) increase the assistance provided for Federal  
21 nutrition programs administered by the Secretary of  
22 Agriculture, including school nutrition programs;

23           (2) provide assistance to non-profit organiza-  
24 tions dedicated to responding to the needs of low-in-  
25 come families in the United States; and

1           (3) provide loan guarantees or grants to compa-  
2           nies ready to construct cellulosic and advanced  
3           biofuel processing facilities in the United States.

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