

117TH CONGRESS  
2D SESSION

# S. 3787

To prohibit the importation of petroleum and petroleum products from the Russian Federation, to amend the Internal Revenue Code of 1986 to establish an income tax credit for the sale or blending of certain fuels containing ethanol and to extend tax incentives for biodiesel and renewable diesel, to amend the Clean Air Act with respect to the ethanol waiver for Reid vapor pressure limitations under that Act, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 8 (legislative day, MARCH 7), 2022

Ms. ERNST (for herself, Ms. KLOBUCHAR, Mr. GRASSLEY, Ms. DUCKWORTH, Ms. BALDWIN, Mr. MARSHALL, and Mrs. FISCHER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To prohibit the importation of petroleum and petroleum products from the Russian Federation, to amend the Internal Revenue Code of 1986 to establish an income tax credit for the sale or blending of certain fuels containing ethanol and to extend tax incentives for biodiesel and renewable diesel, to amend the Clean Air Act with respect to the ethanol waiver for Reid vapor pressure limitations under that Act, 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,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Home Front Energy  
3 Independence Act”.

4 **SEC. 2. PROHIBITION ON IMPORTATION OF PETROLEUM**  
5 **AND PETROLEUM PRODUCTS FROM THE RUS-**  
6 **SIAN FEDERATION.**

7       (a) PROHIBITION.—The importation of petroleum  
8 and petroleum products from the Russian Federation is  
9 prohibited.

10       (b) TERMINATION.—The prohibition under sub-  
11 section (a) shall terminate on the date on which the Presi-  
12 dent determines and reports to Congress that the Govern-  
13 ment of the Russian Federation recognizes the sovereignty  
14 and territorial integrity of Ukraine within its internation-  
15 ally recognized borders, extending to its territorial waters.

16       (c) EFFECTIVE DATE.—The prohibition under sub-  
17 section (a) applies with respect to articles entered, or with-  
18 drawn from warehouse for consumption, on or after the  
19 date that is 15 days after the date of the enactment of  
20 this Act.

21 **SEC. 3. CREDIT FOR SALE OR BLENDING OF ETHANOL**  
22 **FUELS.**

23       (a) IN GENERAL.—Subpart D of part IV of sub-  
24 chapter A of chapter 1 of the Internal Revenue Code of  
25 1986 is amended by adding at the end the following new  
26 section:

1 **“SEC. 45U. CREDIT FOR SALE OR BLENDING OF ETHANOL**  
 2 **FUELS.**

3 “(a) IN GENERAL.—For purposes of section 38, the  
 4 ethanol fuel credit determined under this section for any  
 5 taxable year is an amount equal to—

6 “(1) in the case of an applicable taxpayer which  
 7 is described in subsection (b)(1)(A)—

8 “(A) for each gallon of E15 blended by  
 9 such taxpayer, 5 cents, and

10 “(B) for each gallon of fuel blended by  
 11 such taxpayer which contains more than 15 vol-  
 12 ume percent ethanol, 10 cents, and

13 “(2) subject to subsection (c), in the case of an  
 14 applicable taxpayer which is described in subsection  
 15 (b)(1)(B)—

16 “(A) for each gallon of E15 sold by such  
 17 taxpayer, 5 cents, and

18 “(B) for each gallon of fuel sold by such  
 19 taxpayer which contains more than 15 volume  
 20 percent ethanol, 10 cents.

21 “(b) DEFINITIONS.—For purposes of this section—

22 “(1) APPLICABLE TAXPAYER.—The term ‘appli-  
 23 cable taxpayer’ means—

24 “(A) an oxygenate blender (as defined in  
 25 section 1090.80 of title 40, Code of Federal  
 26 Regulations), and

1 “(B) a retailer (as defined in paragraph  
2 (7) of section 101 of the Petroleum Marketing  
3 Practices Act (15 U.S.C. 2801)).

4 “(2) E15.—The term ‘E15’ means gasoline  
5 that contains more than 13 and no more than 15  
6 volume percent ethanol.

7 “(c) ELECTION.—

8 “(1) IN GENERAL.—

9 “(A) ELECTION BY OXYGENATE BLEND-  
10 ER.—Subsection (a)(1) shall apply with respect  
11 to any gallon of fuel described in such sub-  
12 section only if the applicable taxpayer described  
13 in subsection (b)(1)(A) elects to have such sub-  
14 section apply with respect to such gallon of fuel.

15 “(B) NOTIFICATION.—The applicable tax-  
16 payer described in subparagraph (A) shall pro-  
17 vide notice of their election with respect to any  
18 gallon of fuel described in such subparagraph to  
19 any applicable taxpayer described in subsection  
20 (b)(1)(B) to which such fuel is sold, with such  
21 notice to be provided on or before the date of  
22 such sale.

23 “(2) CREDIT FOR RETAILER AVAILABLE ONLY  
24 IF NOT CLAIMED BY OXYGENATE BLENDER.—Sub-  
25 section (a)(2) shall apply with respect to any gallon

1 of fuel described in such subsection only if the appli-  
 2 cable taxpayer described in subsection (b)(1)(A) has  
 3 not elected (pursuant to paragraph (1)) to apply  
 4 subsection (a)(1) with respect to such gallon of fuel.

5 “(d) REFUNDABLE CREDIT FOR SMALL RETAIL-  
 6 ERS.—For purposes of this title, in the case of a retailer  
 7 with not greater than 5 retail locations at the close of the  
 8 taxable year, the credit allowed under subsection (a)(2)  
 9 for such taxable year shall be treated as a credit allowable  
 10 under subpart C (and not allowable under this subpart)  
 11 for such taxable year.

12 “(e) TRANSFER OF CREDIT.—

13 “(1) IN GENERAL.—Subject to such regulations  
 14 or other guidance as the Secretary determines nec-  
 15 essary or appropriate, if, with respect to the credit  
 16 allowed under subsection (a) for any taxable year,  
 17 the applicable taxpayer elects the application of this  
 18 subsection for such taxable year with respect to all  
 19 (or any portion specified in such election) of such  
 20 credit, the eligible entity specified in such election,  
 21 and not the applicable taxpayer, shall be treated as  
 22 the taxpayer for purposes of this title with respect  
 23 to such credit (or such portion thereof).

24 “(2) ELIGIBLE ENTITY.—For purposes of this  
 25 subsection, the term ‘eligible entity’ means any per-

1 son within the supply chain for fuel described in  
 2 such section (a).”.

3 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 4 CREDIT.—Subsection (b) of section 38 of the Internal  
 5 Revenue Code of 1986 is amended by striking “plus” at  
 6 the end of paragraph (32), by striking the period at the  
 7 end of paragraph (33) and inserting “, plus”, and by add-  
 8 ing at the end the following new paragraph:

9 “(34) the credit for sale or blending of ethanol  
 10 fuels under section 45U to which subsection (d) of  
 11 such section does not apply.”.

12 (c) CONFORMING AMENDMENT.—The table of sec-  
 13 tions for subpart D of part IV of subchapter A of chapter  
 14 1 of the Internal Revenue Code of 1986 is amended by  
 15 adding at the end the following new item:

“Sec. 45U. Credit for sale or blending of ethanol fuels.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply to fuel blended or sold after De-  
 18 cember 31, 2021.

19 **SEC. 4. EXTENSION OF TAX INCENTIVES FOR BIODIESEL**  
 20 **AND RENEWABLE DIESEL.**

21 (a) INCOME TAX CREDIT.—

22 (1) IN GENERAL.—Section 40A(g) is amended  
 23 by striking “December 31, 2022” and inserting  
 24 “December 31, 2025”.

1           (2) EFFECTIVE DATE.—The amendment made  
2           by this subsection shall apply to fuel sold or used  
3           after December 31, 2022.

4           (b) EXCISE TAX INCENTIVES.—

5           (1) TERMINATION.—

6           (A) IN GENERAL.—Section 6426(c)(6) is  
7           amended by striking “December 31, 2022” and  
8           inserting “December 31, 2025”.

9           (B) PAYMENTS.—Section 6427(e)(6)(B) is  
10          amended by striking “December 31, 2022” and  
11          inserting “December 31, 2025”.

12          (2) EFFECTIVE DATE.—The amendments made  
13          by this subsection shall apply to fuel sold or used  
14          after December 31, 2022.

15 **SEC. 5. ETHANOL REID VAPOR PRESSURE LIMITATIONS**  
16 **AND E15 LABELING.**

17          (a) ETHANOL WAIVER.—

18           (1) REID VAPOR PRESSURE LIMITATION.—Sec-  
19          tion 211(h) of the Clean Air Act (42 U.S.C.  
20          7545(h)) is amended—

21           (A) in paragraph (4)—

22           (i) in the matter preceding subpara-  
23          graph (A), by inserting “or more” after  
24          “10 percent”; and

1 (ii) in subparagraph (C), by striking  
 2 “additional alcohol or”; and  
 3 (B) in paragraph (5)(A), by inserting “or  
 4 more” after “10 percent”.

5 (2) EXISTING WAIVERS.—Section 211(f)(4) of  
 6 the Clean Air Act (42 U.S.C. 7545(f)(4)) is amend-  
 7 ed—

8 (A) by striking “The Administrator, upon”  
 9 and inserting the following:

10 “(A) The Administrator, upon”; and

11 (B) by adding at the end the following:

12 “(B) A fuel or fuel additive that has been  
 13 granted a waiver under subparagraph (A) prior  
 14 to January 1, 2017, and meets all of the condi-  
 15 tions of that waiver, other than the waiver’s  
 16 limits for Reid Vapor Pressure, may be intro-  
 17 duced into commerce if the fuel or fuel additive  
 18 meets all other applicable Reid Vapor Pressure  
 19 requirements.”.

20 (b) E15 LABELING REQUIREMENTS.—Section 211(c)  
 21 of the Clean Air Act (42 U.S.C. 7545(c)) is amended by  
 22 adding at the end the following:

23 “(5) REVISIONS REQUIRED.—

1           “(A) IN GENERAL.—Not later than 6  
2 months after the date of enactment of this  
3 paragraph, the Administrator shall—

4           “(i) revise the regulations of the Ad-  
5 ministrator, and any other labeling re-  
6 quirements or conditions that the Adminis-  
7 trator has adopted pursuant to this sec-  
8 tion, to prescribe that retailers shall label  
9 gasoline that contains more than 10 per-  
10 cent, but not more than 15 percent, eth-  
11 anol to have only the following language:  
12 ‘Contains no more than 15% ethanol.’; and

13           “(ii) finalize the proposed rule of the  
14 Environmental Protection Agency entitled  
15 ‘E15 Fuel Dispenser Labeling and Com-  
16 patibility With Underground Storage  
17 Tanks’ (86 Fed. Reg. 5094 (January 19,  
18 2021)).

19           “(B) WAIVERS VALID.—Notwithstanding  
20 the change in labeling required by subpara-  
21 graph (A)(i), any waiver granted to gasoline  
22 that contains more than 10 percent, but not  
23 more than 15 percent, ethanol under subsection  
24 (f)(4) before the date of enactment of this para-  
25 graph shall remain valid.”.

1 **SEC. 6. GRANTS FOR EXPANDING DOMESTIC BIOFUEL CON-**  
 2 **SUMPTION.**

3 Title IX of the Farm Security and Rural Investment  
 4 Act of 2002 (7 U.S.C. 8101 et seq.) is amended by adding  
 5 at the end the following:

6 **“SEC. 9015. BIOFUEL INFRASTRUCTURE AND AGRICUL-**  
 7 **TURAL PRODUCT MARKET EXPANSION**  
 8 **GRANT PROGRAM.**

9 “(a) DEFINITION OF ELIGIBLE ENTITY.—In this sec-  
 10 tion, the term ‘eligible entity’ means—

11 “(1) a State or unit of local government;

12 “(2) a Tribal government;

13 “(3) an authority, agency, partnership, or in-  
 14 strumentality of an entity described in paragraph  
 15 (1) or (2); and

16 “(4) a group of entities described in paragraphs  
 17 (1) through (3).

18 “(b) ESTABLISHMENT.—Not later than 1 year after  
 19 the date of enactment of this section, the Secretary shall  
 20 establish a grant program to award grants to eligible enti-  
 21 ties to carry out the activities described in subsection (f).

22 “(c) PURPOSE.—The purposes of the grant program  
 23 established under subsection (b) shall be—

24 “(1) to increase the use of domestic agricultural  
 25 crops by expanding or aiding in the expansion of do-  
 26 mestic biofuel markets;

1           “(2) to aid in the development of new and addi-  
2           tional biofuel markets, marketing facilities, and uses  
3           for feedstock derived from agricultural crops and  
4           other biomass;

5           “(3) to stabilize prices in agricultural markets  
6           by increasing demand for feedstock derived from ag-  
7           ricultural crops;

8           “(4) to boost domestic production and use of  
9           biofuels to promote rural economic development and  
10          job creation; and

11          “(5) to support farm income by increasing de-  
12          mand for feedstock use and production.

13          “(d) APPLICATIONS.—An eligible entity desiring a  
14          grant under this section shall submit to the Secretary an  
15          application at the time, in the manner, and containing the  
16          information that the Secretary may require.

17          “(e) ELIGIBILITY CRITERIA.—In selecting an eligible  
18          entity to receive a grant under this section, the Secretary  
19          shall consider the extent to which the application of the  
20          eligible entity proposes—

21                 “(1) to convert existing pump infrastructure to  
22                 deliver ethanol blends with greater than 10 percent  
23                 ethanol;

24                 “(2) to diversify the geographic area selling eth-  
25                 anol blends with greater than 10 percent ethanol;

1           “(3) to support existing or emerging biodiesel,  
2           bioheat, and sustainable aviation fuel markets that  
3           have existing incentives;

4           “(4) to increase the use of existing fuel delivery  
5           infrastructure;

6           “(5) to enable or accelerate the deployment of  
7           renewable fuel infrastructure that would be unlikely  
8           to be completed without Federal assistance; and

9           “(6) to build and retrofit traditional and pipe-  
10          line biodiesel terminal operations (including rail  
11          lines) and home heating oil distribution centers or  
12          equivalent entities—

13                 “(A) to blend biodiesel; and

14                 “(B) to carry ethanol and biodiesel.

15          “(f) ELIGIBLE USE.—An eligible entity that receives  
16 a grant under this section may use the grant funds—

17                 “(1) to distribute to private or public entities  
18                 for costs related to incentivizing deployment of re-  
19                 newable fuel infrastructure;

20                 “(2) to convert existing pump infrastructure to  
21                 deliver ethanol blends greater than 10 percent and  
22                 biodiesel blends greater than 20 percent;

23                 “(3) to install fuel pumps and related infra-  
24                 structure dedicated to the distribution of higher eth-  
25                 anol blends (including E15 and E85) and higher

1       biodiesel blends up to B100 at fueling locations, in-  
2       cluding—

3               “(A) local fueling stations;

4               “(B) convenience stores;

5               “(C) hypermarket fueling stations; and

6               “(D) fleet facilities or similar entities; and

7               “(4) to build and retrofit traditional and pipe-  
8       line biodiesel terminal operations (including rail  
9       lines) and home heating oil distribution centers or  
10      equivalent entities—

11              “(A) to blend biodiesel; and

12              “(B) to carry ethanol and biodiesel.

13       “(g) CERTIFICATION REQUIREMENT.—Any infra-  
14      structure used or installed with grant funds provided  
15      under this section shall be certified by the Underwriters  
16      Laboratory as infrastructure that distributes blends with  
17      an ethanol content of 25 percent or greater.

18       “(h) FUNDING.—

19              “(1) FEDERAL SHARE.—The Federal share of  
20      the total cost of carrying out a project awarded a  
21      grant under this section shall not exceed 75 percent.

22              “(2) MAXIMUM PERCENTAGE FOR CERTAIN AC-  
23      TIVITIES.—An eligible entity receiving a grant under  
24      this section shall ensure that Federal funds do not  
25      exceed—

1           “(A) 75 percent of the per pump cost  
2           for—

3                   “(i) pumps that can dispense a range  
4                   of ethanol blends of E85 or lower (new  
5                   pumps or retrofit of existing pumps); and

6                   “(ii) dedicated E15 or E85 pumps  
7                   (new pumps or retrofit of existing pumps);

8           “(B) 50 percent of the terminal cost for  
9           terminals with B100 capabilities; or

10           “(C) 40 percent of the per tank cost for  
11           new storage tanks and related equipment asso-  
12           ciated with new facilities or additional capacity  
13           other than replacement of existing storage  
14           tanks and related equipment associated with ex-  
15           isting facilities.

16           “(i) AUTHORIZATION OF APPROPRIATIONS.—There is  
17           authorized to be appropriated to the Secretary to carry  
18           out this section \$100,000,000 for each of fiscal years 2022  
19           through 2031.”.

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