

119TH CONGRESS
1ST SESSION

H. R. 1707

To amend the Internal Revenue Code of 1986 to establish a tax credit
to incentivize the purchase of American agricultural commodities.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2025

Mr. KUSTOFF (for himself, Mr. COSTA, Mr. ALFORD, Mr. ROUZER, and Mr. CAREY) 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 establish
a tax credit to incentivize the purchase of American
agricultural commodities.

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 “Grown in America Act
5 of 2025”.

6 **SEC. 2. DOMESTICALLY PRODUCED AGRICULTURE CREDIT.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
 2 section:

3 **“SEC. 45BB. DOMESTICALLY PRODUCED AGRICULTURE**
 4 **CREDIT.**

5 “(a) IN GENERAL.—For purposes of section 38, the
 6 domestically produced agriculture credit determined under
 7 this section for any taxable year is an amount equal to
 8 the lesser of—

9 “(1)(A) the product of—

10 “(B) 25 percent of the total agricultural input
 11 costs of such taxpayer with respect to such taxable
 12 year, multiplied by

13 “(C) the applicable percentage of the taxpayer
 14 for the taxable year, or

15 “(2) \$100,000,000.

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

17 “(1) APPLICABLE PERCENTAGE.—For purposes
 18 of this section, the applicable percentage for a tax-
 19 payer for any taxable year is an amount (expressed
 20 as a percentage) equal to the quotient of—

21 “(A) the domestic agricultural input costs
 22 of such taxpayer for such taxable year, divided
 23 by

24 “(B) the total agricultural input costs of
 25 such taxpayer for such taxable year.

1 “(2) AGRICULTURAL COMMODITY.—

2 “(A) IN GENERAL.—The term ‘agricultural
3 commodity’ means a commodity specified in
4 subparagraph (B) that—

5 “(i) is marketed for human consump-
6 tion, or

7 “(ii) is used in the production or man-
8 ufacture of a product marketed for human
9 consumption.

10 “(B) COMMODITIES SPECIFIED.—The com-
11 modities described in this subparagraph are—

12 “(i) The commodities described in
13 subparagraphs (A), (B) excluding live ani-
14 mals, (C), and (E) of section 513 of the
15 Federal Agriculture Improvement and Re-
16 form Act of 1996, and

17 “(ii) the products of farm-raised fish
18 (as defined in section 1501 of the Agricul-
19 tural Act of 2014).

20 “(3) DOMESTIC AGRICULTURAL INPUT
21 COSTS.—The term ‘domestic agricultural input
22 costs’ means any expenses paid or incurred by the
23 taxpayer during any taxable year to purchase agri-
24 cultural commodities—

1 “(A) which are produced in the United
2 States, and

3 “(B) which the taxpayer uses in the course
4 of the trade or business of the taxpayer to
5 produce products—

6 “(i) in the United States, and

7 “(ii) sold for human consumption
8 without further processing.

9 “(4) FOREIGN AGRICULTURAL INPUT COSTS.—

10 The term ‘foreign agricultural input costs’ means
11 any expenses paid or incurred by the taxpayer dur-
12 ing any taxable year to purchase agricultural com-
13 modities—

14 “(A) which are produced outside the
15 United States, and

16 “(B) which the taxpayer uses in the course
17 of the trade or business of the taxpayer to
18 produce products—

19 “(i) in the United States, and

20 “(ii) sold for human consumption
21 without further processing.

22 “(5) TOTAL AGRICULTURAL INPUT COSTS.—

23 “(A) IN GENERAL.—Subject to subpara-
24 graph (B), the term ‘total agricultural input
25 costs’ means an amount equal to the sum of do-

1 mestic agricultural input costs and foreign agri-
2 cultural input costs of the taxpayer for any tax-
3 able year.

4 “(B) EXCEPTION.—The term ‘total agri-
5 cultural input costs’ shall not include any ex-
6 penses paid or incurred by the taxpayer during
7 the taxable year to purchase any agricultural
8 commodity identified and listed by the Sec-
9 retary of Agriculture under section 2(c) of the
10 Grown in America Act of 2025.

11 “(c) INELIGIBILITY FOR CREDIT.—

12 “(1) IN GENERAL.—In the case of any taxpayer
13 for which the 3-year average applicable percentage
14 for any taxable year does not exceed the applicable
15 threshold, the amount of the credit allowed under
16 subsection (a) shall be reduced to zero for such tax-
17 able year.

18 “(2) APPLICABLE THRESHOLD.—For purposes
19 of this subsection, the term ‘applicable threshold’
20 means—

21 “(A) in the case of taxable years beginning
22 in 2026, 50 percent,

23 “(B) in the case of taxable years beginning
24 in 2027, 55 percent,

1 “(C) in the case of taxable years beginning
2 in 2028, 60 percent,

3 “(D) in the case of taxable years beginning
4 in 2029, 65 percent,

5 “(E) in the case of taxable years beginning
6 in 2030, 70 percent.

7 “(F) in the case of taxable years beginning
8 in 2031, 75 percent,

9 “(G) in the case of taxable years beginning
10 in 2032, 80 percent, and

11 “(H) in the case of taxable years beginning
12 after December 31, 2033, 85 percent.

13 “(3) 3-YEAR AVERAGE APPLICABLE PERCENT-
14 AGE.—For purposes of this subsection, the term ‘3-
15 year average applicable percentage’ means, with re-
16 spect to a taxpayer and any taxable year, the
17 amount (expressed as a percentage) equal that is
18 equal to the quotient of—

19 “(A) the domestic agricultural input costs
20 of such taxpayer for the 3-year period ending
21 on the last day of such taxable year, divided by

22 “(B) the total agricultural input costs of
23 such taxpayer for such 3-year period.

24 “(d) COOPERATIVE ORGANIZATIONS.—

1 “(1) APPORTIONMENT OF CREDIT.—In the case
2 of an eligible cooperative organization described in
3 paragraph (4), any portion of the credit determined
4 under subsection (a) for the taxable year may, at the
5 election of the organization, be apportioned among
6 patrons eligible to share in patronage dividends on
7 the basis of the quantity or value of business done
8 with or for such patrons for the taxable year.

9 “(2) FORM AND EFFECT OF ELECTION.—An
10 election under subparagraph (A) for any taxable
11 year shall be made on a timely filed return for such
12 year.

13 “(3) ELECTION IRREVOCABLE.—An election
14 under subparagraph (A) shall be irrevocable for the
15 taxable year.

16 “(4) TREATMENT OF ORGANIZATIONS AND PA-
17 TRONS.—

18 “(A) ORGANIZATIONS.—The amount of the
19 credit not apportioned to patrons pursuant to
20 paragraph (1) shall be included in the amount
21 determined under subsection (a) for the taxable
22 year of the eligible cooperative organization.

23 “(B) PATRONS.—The amount of the credit
24 apportioned to patrons pursuant to paragraph
25 (1) shall be included in the amount determined

1 under subsection (a) for the first taxable year
2 of each patron ending on or after the last day
3 of the payment period (as defined in section
4 1382(d)) for the taxable year of the eligible co-
5 operative organization or, if earlier, for the tax-
6 able year of each patron ending on or after the
7 date on which the patron receives notice from
8 such cooperative of the apportionment.

9 “(5) SPECIAL RULE.—If the amount of the
10 credit of an eligible cooperative organization deter-
11 mined under subsection (a) for a taxable year is less
12 than the amount of such credit shown on the return
13 of the cooperative organization for such year, an
14 amount equal to the excess of—

15 “(A) such reduction, over

16 “(B) the amount not apportioned to such
17 patrons under subparagraph (A) for the taxable
18 year,

19 shall be treated as an increase in tax imposed by
20 this chapter on such organization. Such increase
21 shall not be treated as a tax imposed by this chapter
22 for purposes of determining the amount of any cred-
23 it under this chapter.

24 “(6) ELIGIBLE COOPERATIVE ORGANIZATION.—

25 For purposes of this subsection, the term ‘eligible

1 cooperative organization’ has the meaning given to
2 the term ‘specified agricultural or horticultural coop-
3 erative’ in section 199A(g)(4).

4 “(e) AGGREGATION RULE.—All persons which are
5 treated as a single employer under subsections (a) and (b)
6 of section 52 shall be treated as a single taxpayer for pur-
7 poses of this section.

8 “(f) REGULATIONS.—The Secretary may prescribe
9 such regulations and other guidance as may be necessary
10 or appropriate to carry out this section.”.

11 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
12 NESS CREDIT.—

13 (1) IN GENERAL.—Section 38(b) of such Code
14 is amended by adding at the end the following new
15 paragraph:

16 “(42) the domestically produced agriculture
17 credit determined under section 45U(a).”.

18 (2) LIMITATIONS.—Section 38(c) of such Code
19 is amended by adding at the end the following new
20 paragraph:

21 “(7) SPECIAL RULES FOR DOMESTICALLY PRO-
22 DUCED AGRICULTURE CREDIT.—In the case of the
23 portion of the credit determined under subsection
24 (a) which is attributable to the domestically pro-

1 duced agriculture credit determined under section
2 45BB—

3 “(A) this section and section 39 shall be
4 applied separately with respect to such credit,

5 “(B) in applying paragraph (1) to such
6 credit—

7 “(i) for purposes of subparagraph (A)
8 thereof, the tentative minimum tax shall be
9 treated as being zero,

10 “(ii) for purposes of subparagraph
11 (B) thereof, such subparagraph shall be
12 applied—

13 “(I) by substituting ‘50 percent’
14 for ‘25 percent’, and

15 “(II) by substituting ‘\$0’ for
16 ‘\$25,000’, and

17 “(iii) the limitation under paragraph
18 (1) (as modified by clause (ii)) shall be re-
19 duced by the credit allowed under sub-
20 section (a) for the taxable year (other than
21 the domestically produced agriculture cred-
22 it), and

23 “(C) with respect to the application of sec-
24 tion 39, subsection (a) of such section shall be
25 applied—

1 “(i) in paragraphs (1)(B) and (2)(B)
 2 thereof, by substituting ‘10 taxable years’
 3 for ‘20 taxable years’ each place it ap-
 4 pears, and

5 “(ii) in paragraph (2)(A), by sub-
 6 stituting ‘11 taxable years’ for ‘21 taxable
 7 years’.”.

8 (c) DOMESTICALLY UNAVAILABLE AGRICULTURAL
 9 COMMODITIES.—For purposes of section 45BB of such
 10 Code, the Secretary of Agriculture shall establish and
 11 maintain a list that identifies, with respect to each cal-
 12 endar year beginning after the date of enactment of this
 13 Act, the agricultural commodities (as defined in subsection
 14 (b)(2) of such section) that cannot feasibly be produced,
 15 grown, or raised domestically during such calendar year.

16 (d) CLERICAL AMENDMENT.—The table of sections
 17 for subpart D of part IV of subchapter A of chapter 1
 18 of such Code is amended by adding at the end the fol-
 19 lowing new item:

“Sec. 45BB. Domestically produced agriculture credit.”.

20 (e) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to taxable years beginning after
 22 December 31, 2025.

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