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.

IN THE SENATE OF THE UNITED STATES

Ms. Ernst introduced the following bill; which was read twice and referred to the Committee on ________________

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.

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

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

SEC. 2. PROHIBITION ON IMPORTATION OF PETROLEUM AND PETROLEUM PRODUCTS FROM THE RUSSIAN FEDERATION.

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

(b) TERMINATION.—The prohibition under subsection (a) shall terminate on the date on which the President determines and reports to Congress that the Government of the Russian Federation recognizes the sovereignty and territorial integrity of Ukraine within its internationally recognized borders, extending to its territorial waters.

(c) EFFECTIVE DATE.—The prohibition under subsection (a) applies with respect to articles entered, or withdrawn from warehouse for consumption, on or after the date that is 15 days after the date of the enactment of this Act.

SEC. 3. CREDIT FOR SALE OR BLENDING OF ETHANOL FUELS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:
“SEC. 45U. CREDIT FOR SALE OR BLENDING OF ETHANOL
FUELS.

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

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

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

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

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

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

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

“(b) Definitions.—For purposes of this section—

“(1) Applicable Taxpayer.—The term ‘appli-
cable taxpayer’ means—

“(A) an oxygenate blender (as defined in
section 1090.80 of title 40, Code of Federal
Regulations), and
“(B) a retailer (as defined in paragraph (7) of section 101 of the Petroleum Marketing Practices Act (15 U.S.C. 2801)).

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

“(c) ELECTION.—

“(1) IN GENERAL.—

“(A) ELECTION BY OXYGENATE BLENDER.—Subsection (a)(1) shall apply with respect to any gallon of fuel described in such subsection only if the applicable taxpayer described in subsection (b)(1)(A) elects to have such subsection apply with respect to such gallon of fuel.

“(B) NOTIFICATION.—The applicable taxpayer described in subparagraph (A) shall provide notice of their election with respect to any gallon of fuel described in such subparagraph to any applicable taxpayer described in subsection (b)(1)(B) to which such fuel is sold, with such notice to be provided on or before the date of such sale.

“(2) CREDIT FOR RETAILER AVAILABLE ONLY IF NOT CLAIMED BY OXYGENATE BLENDER.—Subsection (a)(2) shall apply with respect to any gallon
of fuel described in such subsection only if the applic-
cable taxpayer described in subsection (b)(1)(A) has
not elected (pursuant to paragraph (1)) to apply
subsection (a)(1) with respect to such gallon of fuel.
“(d) **Refundable Credit for Small Retail-
ers.**—For purposes of this title, in the case of a retailer
with not greater than 5 retail locations at the close of the
taxable year, the credit allowed under subsection (a)(2)
for such taxable year shall be treated as a credit allowable
under subpart C (and not allowable under this subpart)
for such taxable year.
“(e) **Transfer of Credit.**—
“(1) **In general.**—Subject to such regulations
or other guidance as the Secretary determines nec-
essary or appropriate, if, with respect to the credit
allowed under subsection (a) for any taxable year,
the applicable taxpayer elects the application of this
subsection for such taxable year with respect to all
(or any portion specified in such election) of such
credit, the eligible entity specified in such election,
and not the applicable taxpayer, shall be treated as
the taxpayer for purposes of this title with respect
to such credit (or such portion thereof).
“(2) **Eligible entity.**—For purposes of this
subsection, the term ‘eligible entity’ means any per-
son within the supply chain for fuel described in such section (a).”.

(b) Credit To Be Part of General Business Credit.—Subsection (b) of section 38 of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting “, plus”, and by adding at the end the following new paragraph:

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

(c) Conforming Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

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

(d) Effective Date.—The amendments made by this section shall apply to fuel blended or sold after December 31, 2021.

SEC. 4. Extension of Tax Incentives for Biodiesel and Renewable Diesel.

(a) Income Tax Credit.—

(1) In general.—Section 40A(g) is amended by striking “December 31, 2022” and inserting “December 31, 2025”.
(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to fuel sold or used after December 31, 2022.

(b) EXCISE TAX INCENTIVES.—

(1) TERMINATION.—

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

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

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

SEC. 5. ETHANOL REID VAPOR PRESSURE LIMITATIONS AND E15 LABELING.

(a) ETHANOL WAIVER.—

(1) REID VAPOR PRESSURE LIMITATION.—Section 211(h) of the Clean Air Act (42 U.S.C. 7545(h)) is amended—

(A) in paragraph (4)—

(i) in the matter preceding subparagraph (A), by inserting “or more” after “10 percent”; and
(ii) in subparagraph (C), by striking “additional alcohol or”; and
(B) in paragraph (5)(A), by inserting “or more” after “10 percent”.

(2) EXISTING WAIVERS.—Section 211(f)(4) of the Clean Air Act (42 U.S.C. 7545(f)(4)) is amended—
(A) by striking “The Administrator, upon” and inserting the following:
“(A) The Administrator, upon”; and
(B) by adding at the end the following:
“(B) A fuel or fuel additive that has been granted a waiver under subparagraph (A) prior to January 1, 2017, and meets all of the conditions of that waiver, other than the waiver’s limits for Reid Vapor Pressure, may be introduced into commerce if the fuel or fuel additive meets all other applicable Reid Vapor Pressure requirements.”.

(b) E15 LABELING REQUIREMENTS.—Section 211(c) of the Clean Air Act (42 U.S.C. 7545(c)) is amended by adding at the end the following:
“(5) Revisions required.—
“(A) IN GENERAL.—Not later than 6 months after the date of enactment of this paragraph, the Administrator shall—

“(i) revise the regulations of the Administrator, and any other labeling requirements or conditions that the Administrator has adopted pursuant to this section, to prescribe that retailers shall label gasoline that contains more than 10 percent, but not more than 15 percent, ethanol to have only the following language: ‘Contains no more than 15% ethanol.’; and

“(ii) finalize the proposed rule of the Environmental Protection Agency entitled ‘E15 Fuel Dispenser Labeling and Compatibility With Underground Storage Tanks’ (86 Fed. Reg. 5094 (January 19, 2021)).

“(B) WAIVERS VALID.—Notwithstanding the change in labeling required by subparagraph (A)(i), any waiver granted to gasoline that contains more than 10 percent, but not more than 15 percent, ethanol under subsection (f)(4) before the date of enactment of this paragraph shall remain valid.”.
SEC. 6. GRANTS FOR EXPANDING DOMESTIC BIOFUEL CONSUMER.

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

“SEC. 9015. BIOFUEL INFRASTRUCTURE AND AGRICULTURAL PRODUCT MARKET EXPANSION GRANT PROGRAM.

“(a) Definition of Eligible Entity.—In this section, the term ‘eligible entity’ means—

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

“(2) a Tribal government;

“(3) an authority, agency, partnership, or instrumentality of an entity described in paragraph (1) or (2); and

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

“(b) Establishment.—Not later than 1 year after the date of enactment of this section, the Secretary shall establish a grant program to award grants to eligible entities to carry out the activities described in subsection (f).

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

“(1) to increase the use of domestic agricultural crops by expanding or aiding in the expansion of domestic biofuel markets;
“(2) to aid in the development of new and additional biofuel markets, marketing facilities, and uses for feedstock derived from agricultural crops and other biomass;

“(3) to stabilize prices in agricultural markets by increasing demand for feedstock derived from agricultural crops;

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

“(5) to support farm income by increasing demand for feedstock use and production.

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

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

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

“(2) to diversify the geographic area selling ethanol blends with greater than 10 percent ethanol;
“(3) to support existing or emerging biodiesel, bioheat, and sustainable aviation fuel markets that have existing incentives;

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

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

“(6) to build and retrofit traditional and pipeline biodiesel terminal operations (including rail lines) and home heating oil distribution centers or equivalent entities—

“(A) to blend biodiesel; and

“(B) to carry ethanol and biodiesel.

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

“(1) to distribute to private or public entities for costs related to incentivizing deployment of renewable fuel infrastructure;

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

“(3) to install fuel pumps and related infrastructure dedicated to the distribution of higher ethanol blends (including E15 and E85) and higher
biodiesel blends up to B100 at fueling locations, including—

“(A) local fueling stations;
“(B) convenience stores;
“(C) hypermarket fueling stations; and
“(D) fleet facilities or similar entities; and
“(4) to build and retrofit traditional and pipeline biodiesel terminal operations (including rail lines) and home heating oil distribution centers or equivalent entities—

“(A) to blend biodiesel; and
“(B) to carry ethanol and biodiesel.

“(g) Certification Requirement.—Any infrastructure used or installed with grant funds provided under this section shall be certified by the Underwriters Laboratory as infrastructure that distributes blends with an ethanol content of 25 percent or greater.

“(h) Funding.—

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

“(2) Maximum Percentage for Certain Activities.—An eligible entity receiving a grant under this section shall ensure that Federal funds do not exceed—
“(A) 75 percent of the per pump cost

for—

“(i) pumps that can dispense a range

of ethanol blends of E85 or lower (new

pumps or retrofit of existing pumps); and

“(ii) dedicated E15 or E85 pumps

(new pumps or retrofit of existing pumps);

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

“(C) 40 percent of the per tank cost for

new storage tanks and related equipment asso-
ciated with new facilities or additional capacity

other than replacement of existing storage
tanks and related equipment associated with ex-
esting facilities.

“(i) AUTHORIZATION OF APPROPRIATIONS.—There is

authorized to be appropriated to the Secretary to carry

out this section $100,000,000 for each of fiscal years 2022

through 2031.”.