

109TH CONGRESS  
2D SESSION

**S. 3600**

To amend the Internal Revenue Code of 1986 to allow the allocation of the alternative fuel vehicle refueling property credit to patrons of agricultural cooperatives.

IN THE SENATE OF THE UNITED STATES

JUNE 29, 2006

Mr. HARKIN introduced the following bill; which was read twice and referred to the Committee on Finance

# A BILL

To amend the Internal Revenue Code of 1986 to allow the allocation of the alternative fuel vehicle refueling property credit to patrons of agricultural cooperatives.

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. ALLOCATION OF ALTERNATIVE FUEL VEHICLE  
4 REFUELING PROPERTY CREDIT TO PATRONS  
5 OF AGRICULTURAL COOPERATIVES.

6 (a) IN GENERAL.—Subsection (e) of section 30C of  
7 the Internal Revenue Code of 1986 (relating to special  
8 rules) is amended by adding at the end the following new  
9 paragraph:

1                   “(6) ALLOCATION OF CREDIT TO PATRONS OF  
2                   AGRICULTURAL COOPERATIVE.—

3                   “(A) ELECTION TO ALLOCATE.—

4                   “(i) IN GENERAL.—In the case of an  
5                   eligible cooperative organization, any por-  
6                   tion of the credit determined under sub-  
7                   section (a) for the taxable year may, at the  
8                   election of the organization, be apportioned  
9                   among patrons of the organization on the  
10                   basis of the amount of business done by  
11                   the patrons during the taxable year.

12                   “(ii) FORM AND EFFECT OF ELEC-  
13                   TION.—An election under clause (i) for any  
14                   taxable year shall be made on a timely  
15                   filed return for such year. Such election,  
16                   once made, shall be irrevocable for such  
17                   taxable year. Such election shall not take  
18                   effect unless the organization designates  
19                   the apportionment as such in a written no-  
20                   tice mailed to its patrons during the pay-  
21                   ment period described in section 1382(d).

22                   “(B) TREATMENT OF ORGANIZATIONS AND  
23                   PATRONS.—The amount of the credit appor-  
24                   tioned to any patrons under subparagraph  
25                   (A)—

1                     “(i) shall not be included in the  
2                     amount determined under subsection (a)  
3                     with respect to the organization for the  
4                     taxable year, and

5                     “(ii) shall be included in the amount  
6                     determined under subsection (a) for the  
7                     first taxable year of each patron ending on  
8                     or after the last day of the payment period  
9                     (as defined in section 1382(d)) for the tax-  
10                    able year of the organization or, if earlier,  
11                    for the taxable year of each patron ending  
12                    on or after the date on which the patron  
13                    receives notice from the cooperative of the  
14                    apportionment.

15                    “(C) SPECIAL RULES FOR DECREASE IN  
16                    CREDITS FOR TAXABLE YEAR.—If the amount  
17                    of the credit of a cooperative organization de-  
18                    termined under subsection (a) for a taxable  
19                    year is less than the amount of such credit  
20                    shown on the return of the cooperative organi-  
21                    zation for such year, an amount equal to the  
22                    excess of—

23                     “(i) such reduction, over

1                             “(ii) the amount not apportioned to  
2                             such patrons under subparagraph (A) for  
3                             the taxable year,

4                             shall be treated as an increase in tax imposed  
5                             by this chapter on the organization. Such in-  
6                             crease shall not be treated as tax imposed by  
7                             this chapter for purposes of determining the  
8                             amount of any credit under this chapter.

9                             “(D) ELIGIBLE COOPERATIVE DEFINED.—  
10                            For purposes of this section the term ‘eligible  
11                             cooperative’ means a cooperative organization  
12                             described in section 1381(a) which is owned  
13                             more than 50 percent by agricultural producers  
14                             or by entities owned by agricultural producers.  
15                             For this purpose an entity owned by an agricul-  
16                             tural producer is one that is more than 50 per-  
17                             cent owned by agricultural producers.”.

18                             (b) CONFORMING AMENDMENT.—The last sentence  
19                             of section 55(c)(1) is amended by inserting “30C(e)(6),”  
20                             after “section”.

21                             (c) EFFECTIVE DATE.—The amendment made by  
22                             this section shall apply to taxable years of cooperative or-  
23                             ganizations ending after the date of the enactment of this  
24                             Act.

