II

119TH CONGRESS
1ST SESSION

S. 1422

To amend the Internal Revenue Code of 1986 to prohibit the use of foreign feedstocks for purposes of the clean fuel production credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 10, 2025

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

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A BILL

To amend the Internal Revenue Code of 1986 to prohibit the use of foreign feedstocks for purposes of the clean fuel production credit, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Farmer First Fuel Incentives Act’’.

SEC. 2. PROHIBITION ON FOREIGN FEEDSTOCKS FOR CLEAN FUEL PRODUCTION CREDIT.

(a) PROHIBITION ON FOREIGN FEEDSTOCKS.—Section 45Z(f)(1)(A) of the Internal Revenue Code of 1986 is amended—

(1) in clause (i)(II)(bb), by striking ''and'' at the end,

(2) in clause (ii), by striking the period at the end and inserting '', and'', and

(3) by adding at the end the following new clause:

''(iii) such fuel is derived from a feedstock which was produced or grown in the United States.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transportation fuel sold after December 31, 2024.

SEC. 3. DETERMINATION OF EMISSIONS RATE.

(a) IN GENERAL.—Section 45Z(b)(1)(B) of the Internal Revenue Code of 1986 is amended by adding at the end the following new clause:

''(iv) EXCLUSION OF INDIRECT LAND USE CHANGES.—Notwithstanding clauses (ii) and (iii), the lifecycle greenhouse gas emissions shall be adjusted as necessary to exclude any emissions attributed to indirect land use change. Any such adjustment shall be based on regulations or methodologies determined by the Secretary in consultation with the Administrator of the Environmental Protection Agency and the Secretary of Agriculture.''.

(b) CONFORMING AMENDMENT.—Section 45Z(b)(1)(B)(i) of such Code is amended by striking ''clauses (ii) and (iii)'' and inserting ''clauses (ii), (iii), and (iv)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to emissions rates published for taxable years beginning after December 31, 2025.

SEC. 4. EXTENSION OF CLEAN FUEL PRODUCTION CREDIT.

Section 45Z(g) of the Internal Revenue Code of 1986 is amended by striking ''December 31, 2027'' and inserting ''December 31, 2034''.

SEC. 5. ROUNDING OF CLEAN FUEL PRODUCTION CREDIT EMISSIONS FACTOR.

(a) IN GENERAL.—Section 45Z(b)(2) of the Internal Revenue Code of 1986 is amended by striking ''0.1'' each place it appears and inserting ''0.01''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transportation fuel produced after December 31, 2024.

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