

117TH CONGRESS
1ST SESSION

H. R. 4854

To amend the Internal Revenue Code of 1986 to provide incentives for
livestock processing facilities.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2021

Mr. SMITH of Missouri (for himself and Mr. JOHNSON of South Dakota) 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 provide
incentives for livestock processing facilities.

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 “Feed America by
5 Incentivizing Rural Meat Packing Act” or as the “FAIR
6 Meat Packing Act”.

7 **SEC. 2. CREDIT FOR LIVESTOCK PROCESSING FACILITIES.**

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

1 1986 is amended by inserting after section 48C the fol-
 2 lowing new section:

3 **“SEC. 48D. LIVESTOCK PROCESSING FACILITIES CREDIT.**

4 “(a) IN GENERAL.—For purposes of section 46, the
 5 livestock processing facilities credit for any taxable year
 6 is an amount equal to 25 percent of the basis of each live-
 7 stock processing facility property placed in service by the
 8 taxpayer during such taxable year.

9 “(b) LIMITATION ON CREDIT AMOUNT.—The credit
 10 determined under subsection (a) with respect to any tax-
 11 payer for any taxable year shall not exceed \$250,000.

12 “(c) EXCLUSION OF CERTAIN LARGE PROC-
 13 ESSORS.—No credit shall be allowed under subsection (a)
 14 to any taxpayer for any taxable year if the gross receipts
 15 (within the meaning of section 448(c) of the Internal Rev-
 16 enue Code of 1986) of such taxpayer for such taxable year
 17 exceed \$100,000,000.

18 “(d) LIVESTOCK PROCESSING FACILITY PROP-
 19 erty.—For purposes of this section—

20 “(1) IN GENERAL.—The term ‘livestock proc-
 21 essing facility property’ means property with respect
 22 to which depreciation (or amortization in lieu of de-
 23 preciation) is allowable and which is part of a live-
 24 stock processing facility.

1 “(2) TRADE OR BUSINESS REQUIREMENT.—The
2 term ‘livestock processing facility property’ shall not
3 include any property unless such property is used in
4 the taxpayer’s trade or business of processing live-
5 stock.

6 “(e) OTHER DEFINITIONS.—For purposes of this
7 section—

8 “(1) LIVESTOCK PROCESSING FACILITY.—The
9 term ‘livestock processing facility’ means a facility
10 which slaughters livestock for processing into meat
11 and meat products, which participates in a meat and
12 poultry inspection program conducted by the De-
13 partment of Agriculture or the State in which such
14 facility is located, and at which an average of fewer
15 than 500 employees are employed on business days
16 during the taxable year. Such term shall include any
17 property used for the intake or storage of livestock,
18 the disposal or management of livestock waste, or
19 the packaging, handling, warehousing, or storage of
20 meat products, if such property is located on the
21 same site as such facility.

22 “(2) LIVESTOCK.—The term ‘livestock’ means
23 cattle, sheep, goats, bison, swine, and poultry.

24 “(f) SPECIAL RULES.—

1 “(1) CERTAIN PROGRESS EXPENDITURE RULES
2 MADE APPLICABLE.—Rules similar to the rules of
3 subsections (c)(4) and (d) of section 46 (as in effect
4 on the day before the date of the enactment of the
5 Revenue Reconciliation Act of 1990) shall apply for
6 purposes of subsection (a).

7 “(2) AGGREGATION RULE.—For purposes of
8 subsections (b) and (c), all members of the same
9 controlled group of corporations (within the meaning
10 of section 267(f)) and all persons under common
11 control (within the meaning of section 52(b) but de-
12 termined by treating an interest of more than 50
13 percent as a controlling interest) shall be treated as
14 1 person and the dollar limitation under subsection
15 (b) shall be allocated in such manner as the Sec-
16 retary may provide.

17 “(3) ELECTION TO NOT HAVE SECTION
18 APPLY.—No credit shall be determined under sub-
19 section (a) with respect to any taxpayer for any tax-
20 able year if such taxpayer make an election under
21 this paragraph (at such time and in such manner as
22 the Secretary may provide) to have such subsection
23 not apply for such taxable year.

1 “(g) TERMINATION.—No credit shall be allowed
 2 under subsection (a) with respect to any taxable year be-
 3 ginning after December 31, 2026.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 46 of such Code is amended by
 6 striking “and” at the end of paragraph (5), by strik-
 7 ing the period at the end of paragraph (6) and in-
 8 serting “, and”, and by adding at the end the fol-
 9 lowing new paragraph:

10 “(7) the livestock processing facilities credit.”.

11 (2) Section 49(a)(1)(C) of such Code is amend-
 12 ed by striking “and” at the end of clause (iv), by
 13 striking the period at the end of clause (v) and in-
 14 serting a comma, and by adding at the end the fol-
 15 lowing new clause:

16 “(vi) the basis of any livestock proc-
 17 essing facility property under section
 18 48D.”.

19 (3) Section 50(a)(2)(E) of such Code is amend-
 20 ed by striking “or 48C(b)(2)” and inserting
 21 “48C(b)(2), or 48D(d)(1)”.

22 (4) The table of sections for subpart E of part
 23 IV of subchapter A of chapter 1 of such Code is
 24 amended by inserting after the item relating to sec-
 25 tion 48C the following new item:

“Sec. 48D. Livestock processing facilities credit.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to periods after the date of the
 3 enactment of this Act under rules similar to the rules of
 4 section 48(m) of the Internal Revenue Code of 1986 (as
 5 in effect on the day before the date of the enactment of
 6 the Revenue Reconciliation Act of 1990).

7 **SEC. 3. REFUNDABLE CREDIT FOR STARTUP AND ORGANI-**
 8 **ZATIONAL EXPENDITURES WITH RESPECT TO**
 9 **LIVESTOCK PROCESSING FACILITIES.**

10 (a) IN GENERAL.—Subpart C of part IV of sub-
 11 chapter A of chapter 1 of the Internal Revenue Code of
 12 1986 is amended by inserting after section 36B the fol-
 13 lowing new section:

14 **“SEC. 36C. CREDIT FOR STARTUP AND ORGANIZATIONAL**
 15 **EXPENDITURES OF LIVESTOCK PROCESSING**
 16 **FACILITIES.**

17 “(a) IN GENERAL.—There shall be allowed as a cred-
 18 it against the tax imposed by this subtitle for any taxable
 19 year an amount equal to 90 percent of the sum of—

20 “(1) the qualified livestock processing facility
 21 start-up expenditures of the taxpayer for such tax-
 22 able year,

23 “(2) the qualified livestock processing facility
 24 corporate organizational expenditures of the tax-
 25 payer for such taxable year, plus

1 “(3) the qualified livestock processing facility
 2 partnership organizational expenditures of the tax-
 3 payer for such taxable year.

4 “(b) QUALIFIED LIVESTOCK PROCESSING FACILITY
 5 START-UP EXPENDITURES.—For purposes of this section,
 6 the term ‘qualified livestock processing facility start-up ex-
 7 penditures’ means, with respect to any taxpayer for any
 8 taxable year, the amount which would be allowed as a de-
 9 duction under section 195 to such taxpayer for such tax-
 10 able year with respect to any trade or business which
 11 slaughters livestock into meat or meat products if—

12 “(1) section 195(b)(1)(A)(ii) were applied—

13 “(A) by substituting ‘\$10,000’ for
 14 ‘\$5,000’, and

15 “(B) by substituting ‘\$60,000’ for
 16 ‘\$50,000’, and

17 “(2) subsection (f) of this section did not apply.

18 “(c) QUALIFIED LIVESTOCK PROCESSING FACILITY
 19 CORPORATE ORGANIZATIONAL EXPENDITURES.—For
 20 purposes of this section, the term ‘qualified livestock proc-
 21 essing facility corporate organizational expenditures’
 22 means, with respect to any taxable year of any corporation
 23 substantially all of the gross receipts (within the meaning
 24 of section 448(c) of the Internal Revenue Code of 1986)
 25 of which are reasonably expected to be derived from a

1 trade or business which slaughters livestock into meat or
 2 meat products, the amount which would be allowed as a
 3 deduction under section 248 to such corporation for such
 4 taxable year if—

5 “(1) section 248(a)(1)(B) were applied—

6 “(A) by substituting ‘\$10,000’ for
 7 ‘\$5,000’, and

8 “(B) by substituting ‘\$60,000’ for
 9 ‘\$50,000’,

10 “(2) in the case of any entity with a single
 11 owner that is disregarded as an entity separate from
 12 its owner, section 248 were applied as if such entity
 13 were a corporation, and

14 “(3) subsection (f) of this section did not apply.

15 “(d) QUALIFIED LIVESTOCK PROCESSING FACILITY
 16 PARTNERSHIP ORGANIZATIONAL EXPENDITURES.—For
 17 purposes of this section, the term ‘qualified livestock proc-
 18 essing facility partnership organizational expenditures’
 19 means, with respect to any taxable year of any partnership
 20 substantially all of the gross receipts (within the meaning
 21 of section 448(c) of the Internal Revenue Code of 1986)
 22 of which are reasonably expected to be derived from a
 23 trade or business which slaughters livestock into meat or
 24 meat products, the amount which would be allowed as a

1 deduction under section 709 with respect to such partner-
2 ship for such taxable year if—

3 “(1) section 709(b)(1)(A)(ii) were applied—

4 “(A) by substituting ‘\$10,000’ for
5 ‘\$5,000’, and

6 “(B) by substituting ‘\$60,000’ for
7 ‘\$50,000’, and

8 “(2) subsection (f) of this section did not apply.

9 “(e) LIVESTOCK.—For purposes of this section, the
10 term ‘livestock’ means cattle, elk, reindeer, bison, deer,
11 sheep, goats, swine, and poultry.

12 “(f) DENIAL OF DOUBLE BENEFIT.—Any deduction
13 or credit allowed under this title (other than this section)
14 with respect to any qualified livestock processing facility
15 start-up expenditures, qualified livestock processing facil-
16 ity corporate organizational expenditures, or qualified live-
17 stock processing facility partnership organizational ex-
18 penditures shall be reduced by the amount of the credit
19 determined under this section.

20 “(g) RECAPTURE.—If any credit is allowed under this
21 section to any taxpayer for any taxable year with respect
22 to any trade or business of processing livestock (including
23 with respect to any entity substantially all of the gross
24 receipts of which are with respect to the trade or business
25 of processing of livestock) and such trade or business

1 ceases to be conducted during the 3-taxable-year period
2 following the taxable in which such credit is so allowed,
3 the tax imposed under this chapter on such taxpayer for
4 the taxable year in which such trade or business ceases
5 shall be increased by the amount of the credit so allowed.

6 “(h) TERMINATION.—No credit shall be allowed
7 under subsection (a) with respect to any taxable year be-
8 ginning after December 31, 2026.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Section 6211(b)(4)(A) of such Code is
11 amended by inserting “36C,” after “36B,”.

12 (2) Paragraph (2) of section 1324(b) of title
13 31, United States Code, is amended by inserting
14 “36C,” after “36B,”.

15 (3) The table of sections for subpart C of part
16 IV of subchapter A of chapter 1 of the Internal Rev-
17 enue Code of 1986 is amended by inserting after the
18 item relating to section 36B the following new item:

“Sec. 36C. Credit for startup and organizational expenditures of livestock proc-
essing facilities.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable year ending after the
21 date of the enactment of this Act.

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