

117TH CONGRESS
1ST SESSION

H. R. 5176

To amend the Internal Revenue Code of 1986 to adjust the applicable percentage of the new markets tax credit, the application of such credit to certain agricultural trades or businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 3, 2021

Mr. THOMPSON of California 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 adjust the applicable percentage of the new markets tax credit, the application of such credit to certain agricultural trades or businesses, and for other purposes.

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 “Local Food Production
5 Enhancement Act of 2021”.

1 **SEC. 2. INCREASE IN CREDIT PERCENTAGE OF NEW MAR-**
2 **KETS TAX CREDIT.**

3 (a) IN GENERAL.—Section 45D(a)(2) of the Internal
4 Revenue Code of 1986 is amended to read as follows:

5 “(2) APPLICABLE PERCENTAGE.—For purposes
6 of paragraph (1)—

7 “(A) IN GENERAL.—In the case of any
8 qualified equity investment made after the date
9 of the enactment of Local Food Production En-
10 hancement Act of 2021, the applicable percent-
11 age is—

12 “(i) 6 percent with respect to the first
13 4 credit allowance dates, and

14 “(ii) 7 percent with respect to the re-
15 mainder of the credit allowance dates.

16 “(B) CERTAIN OLDER INVESTMENTS.—In
17 the case of any qualified equity investment
18 made on or before the date of the enactment of
19 the Local Food Production Enhancement Act of
20 2021, the applicable percentage is—

21 “(i) 5 percent with respect to the first
22 3 credit allowance dates, and

23 “(ii) 6 percent with respect to the re-
24 mainder of the credit allowance dates.”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to investments made after the date
 3 of the enactment of this Act.

4 **SEC. 3. CERTAIN FARMING OPERATIONS MADE ELIGIBLE**
 5 **FOR INVESTMENT UNDER THE NEW MAR-**
 6 **KETS TAX CREDIT.**

7 (a) IN GENERAL.—Section 45D(d)(3) of the Internal
 8 Revenue Code of 1986 is amended by striking “and” at
 9 the end of subparagraph (A), by striking the period at
 10 the end of subparagraph (B) and inserting “, and”, and
 11 by adding at the end the following new subparagraph:

12 “(C) a qualified farming business shall not
 13 fail to be treated as a qualified business by rea-
 14 son of paragraph (5)(B) thereof.”.

15 (b) QUALIFIED FARMING BUSINESS.—Section
 16 45D(d) of such Code is amended by adding at the end
 17 the following new paragraph:

18 “(4) QUALIFIED FARMING BUSINESS.—For pur-
 19 poses of this subsection—

20 “(A) IN GENERAL.—The term ‘qualified
 21 farming business’ means any trade or business
 22 of farming if—

23 “(i) all of such farming is conducted
 24 in a qualified area or an area adjacent to
 25 a qualified area, and

1 “(ii) such trade or business has in ef-
2 fect a local distribution plan, a surplus
3 stock distribution plan, and a local work-
4 force plan, each of which is certified by the
5 Secretary.

6 “(B) QUALIFIED AREA.—

7 “(i) IN GENERAL.—The term ‘quali-
8 fied area’ means—

9 “(I) any low-income community
10 if at least 500 individuals (or at least
11 33 percent) of the population of such
12 community lives more than 0.5 miles
13 (10 miles if such community is in a
14 rural area) from a large grocery store,
15 and

16 “(II) any population census tract
17 adjacent to a low-income community
18 described in subclause (I).

19 “(ii) LARGE GROCERY STORE.—For
20 purposes of this subparagraph, the term
21 ‘large grocery store’ means any means any
22 single retail grocery store location which
23 includes all of the major food departments
24 and has annual sales of at least
25 \$2,000,000.

1 “(C) LOCAL DISTRIBUTION PLAN.—The
2 term ‘local distribution plan’ means, with re-
3 spect any trade or business, having the fol-
4 lowing in effect with respect to such trade or
5 business:

6 “(i) A list of grocery retailers within
7 5 miles of the principal location of such
8 trade or business (20 miles if such prin-
9 cipal location is in a rural area).

10 “(ii) A documented offer to distribute
11 agricultural or horticultural products to at
12 least 80 percent of such grocery retailers.

13 “(iii) A documented agreement to pro-
14 vide fresh produce year-round to grocery
15 retailers who agree to such offer.

16 “(D) LOCAL WORKFORCE PLAN.—The
17 term ‘local workforce plan’ means, with respect
18 to any trade or business, having the following
19 in effect with respect to such trade or busi-
20 ness—

21 “(i) a documented commitment to hir-
22 ing locally including—

23 “(I) a list of local media such
24 trade or business will use to publicize
25 job openings,

1 “(II) a list of local job centers,
 2 trade schools, and other workforce de-
 3 velopment organizations, and

4 “(III) a written plan to carry out
 5 agreements with entities listed under
 6 subclause (II) to hire locally when fea-
 7 sible, and

8 “(ii) a list of local youth science, tech-
 9 nology, engineering, and math programs
 10 supported or operated by the trade or busi-
 11 ness.

12 “(E) SURPLUS STOCK DISTRIBUTION
 13 PLAN.—The term ‘surplus stock distribution
 14 plan’ means, with respect to any trade or busi-
 15 ness, having in effect a plan for distributing
 16 surplus agricultural or horticultural products to
 17 food banks and other nonprofit food providers
 18 located in qualified areas.

19 “(F) FARMING.—The term ‘farming’
 20 means raising or harvesting any agricultural or
 21 horticultural commodity, not including the rais-
 22 ing, shearing, feeding, caring for, or manage-
 23 ment of animals.

1 “(G) RURAL AREA.—The term ‘rural area’
2 has the meaning given such term by section
3 1393(a)(2).”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect on the date of the enactment
6 of this Act.

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