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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 establish a credit against the excise tax on beer for brewers that donate spent grain for local agricultural use.

IN THE HOUSE OF REPRESENTATIVES

Mr. KELLY of Pennsylvania introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 establish a credit against the excise tax on beer for brewers that donate spent grain for local agricultural use.

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 “Brews to Barns Act
5 of 2026”.

1 **SEC. 2. BREWER SPENT GRAIN CREDIT.**

2 (a) IN GENERAL.—Subpart D of part 1 of subchapter
3 A of chapter 51 of the Internal Revenue Code of 1986
4 is amended by adding at the end the following new section:

5 **“SEC. 5057. CREDIT FOR SPENT GRAIN DONATED FOR**
6 **LOCAL AGRICULTURAL USE.**

7 “(a) IN GENERAL.—There shall be allowed as a cred-
8 it against the tax imposed by section 5051 for the calendar
9 year on beer brewed by a brewer an amount equal to the
10 product of—

11 “(1) \$0.08, multiplied by

12 “(2) the number of dry weight pounds of spent
13 grain byproduct contributed or gifted by the brewer
14 during the calendar year to an unrelated person for
15 local agricultural use by such person.

16 “(b) LIMITATION.—The credit allowed under sub-
17 section (a) shall not exceed an amount equal to—

18 “(1) for any period during a calendar year, the
19 total tax imposed for such period by section 5051 on
20 beer brewed and removed by the brewer, and

21 “(2) for all periods during a calendar year,
22 \$35,000.

23 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
24 pose of this section—

25 “(1) LOCAL AGRICULTURAL USE.—

1 “(A) IN GENERAL.—Agricultural use of
2 spent grain shall include use in composting, soil
3 amendment, mushroom cultivation, and as ani-
4 mal feed.

5 “(B) LOCAL.—No agricultural use shall be
6 considered local unless such use is not more
7 than 100 miles from the location of the beer
8 brewing process from which the spent grain by-
9 product was derived.

10 “(2) SPENT GRAIN BYPRODUCT.—

11 “(A) IN GENERAL.—The term ‘spent grain
12 byproduct’ means the byproduct material re-
13 maining from grain used by a brewer in the
14 production of beer.

15 “(B) DRY WEIGHT POUNDS.—The number
16 of pounds of spent grain byproduct taken into
17 account under subsection (a)(2) shall be deter-
18 mined based on the dry weight of all grain in-
19 gredients used in the beer brewing process from
20 which the spent grain byproduct was derived.

21 “(3) RECORDS.—Any brewer that makes a
22 claim for credit under this section shall keep such
23 records relating to such claim (in such form, con-
24 taining such information, and for such period) as
25 the Secretary shall by regulation prescribe, including

1 records of dry grain weight, receipts documenting
2 contributions or gifts of spent grain, and certifi-
3 cations of end-use and location from persons to
4 whom spent grains were contributed or gifted.”.

5 (b) CLERICAL AMENDMENT.—The table of sections
6 for subpart D of part 1 of subchapter A of chapter 51
7 of such Code is amended by adding at the end the fol-
8 lowing new item:

“Sec. 5057. Credit for spent grain donated for local agricultural use.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxes imposed on beer removed
11 after December 31, 2026.