

119TH CONGRESS
2D SESSION

H. R. 9407

To amend the Internal Revenue Code of 1986 to establish the small distiller domestic sourcing credit.

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 2026

Mr. HURD of Colorado (for himself and Ms. TOKUDA) 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 establish the small distiller domestic sourcing credit.

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 “Supporting Producers
5 through Incentives from Rural Ingredients and Tax Relief
6 Act” or the “SPIRIT Act”.

7 **SEC. 2. SMALL DISTILLER DOMESTIC SOURCING CREDIT.**

8 (a) IN GENERAL.—Subpart A of part I of subchapter
9 A of chapter 1 of the Internal Revenue Code of 1986 is
10 amended by adding at the end the following new section:

1 **“SEC. 5012. SMALL DISTILLER DOMESTIC SOURCING CRED-**
2 **IT.**

3 “(a) IN GENERAL.—In the case of an eligible dis-
4 tiller, the amount of the tax imposed under section
5 5001(a)(1) on distilled spirits produced in the United
6 States shall be reduced by \$2.35 per proof gallon.

7 “(b) ELIGIBLE DISTILLER.—For purposes of this
8 section—

9 “(1) IN GENERAL.—The term ‘eligible distiller’
10 means, with respect to a taxable year, a taxpayer—

11 “(A) that produced not more than 100,000
12 proof gallons during each of such taxable year
13 and the preceding taxable year, and

14 “(B) that produced not less than 90 per-
15 cent of the proof gallons produced by such tax-
16 payer during the taxable year are derived from
17 domestically harvested materials.

18 “(2) CONTROLLED GROUP.—For purposes of
19 paragraph (1), all persons which are treated as a
20 single employer under subsections (a) and (b) of sec-
21 tion 52 shall be treated as a single taxpayer.

22 “(3) CERTIFICATION.—In the case of a deter-
23 mination under subsection (a) which occurs during
24 a taxable year, a taxpayer may certify that such tax-
25 payer is an eligible distiller for such taxable year.

1 “(c) RECAPTURE.—In the case of any taxpayer which
2 is not an eligible distiller with respect to which a reduction
3 is determined under subsection (a) during any taxable
4 year, there is imposed a tax in an amount equal to the
5 reduction so determined for such taxable year.”.

6 (b) CLERICAL AMENDMENT.—The table of sections
7 for subpart A of part I of subchapter A of chapter 1 of
8 such Code is amended by adding at the end the following
9 new item:

“Sec. 5012. Small distiller domestic sourcing credit.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to spirits produced after December
12 31, 2025.

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