

114TH CONGRESS
2D SESSION

H. R. 4622

To amend the Internal Revenue Code of 1986 to improve and make permanent the credit for carbon dioxide sequestration.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 2016

Mr. CONAWAY (for himself, Mr. MCKINLEY, Mr. HARPER, Mr. TIPTON, Mrs. LUMMIS, Mr. CRAMER, Mr. JENKINS of West Virginia, Mr. VEASEY, Mr. BARR, Mr. MICHAEL F. DOYLE of Pennsylvania, Mr. BARTON, Mr. BUCSHON, Mr. PETERSON, Mr. MOOLENAAR, Mr. RODNEY DAVIS of Illinois, Mr. MURPHY of Pennsylvania, Mr. JOHNSON of Ohio, Mr. BOUTSTANY, and Mr. HUIZENGA of Michigan) 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 improve and make permanent the credit for carbon dioxide sequestration.

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 “Carbon Capture Act”.

1 **SEC. 2. CARBON DIOXIDE SEQUESTRATION CREDIT IM-**
2 **PROVED AND MADE PERMANENT.**

3 (a) CREDIT MADE PERMANENT.—Section 45Q of the
4 Internal Revenue Code of 1986 is amended by striking
5 subsection (e).

6 (b) INCREASE IN CREDIT FOR NEW FACILITIES.—

7 (1) IN GENERAL.—Section 45Q of such Code,
8 as amended by subsection (a), is amended by redес-
9 ignating subsections (b), (c), and (d) as subsections
10 (c), (d), and (e), respectively, and by inserting after
11 subsection (a) the following new subsection:

12 “(b) CREDIT RATES FOR NEW QUALIFIED FACILI-
13 TIES.—

14 “(1) IN GENERAL.—In the case of a taxable
15 year beginning in a calendar year after 2024 with
16 respect to a qualified facility at which carbon cap-
17 ture equipment is originally placed in service after
18 December 31, 2015—

19 “(A) subsection (a)(1) shall be applied by
20 substituting ‘\$30’ for ‘\$20’, and

21 “(B) subsection (a)(2) shall be applied by
22 substituting ‘\$30’ for ‘\$10’.

23 “(2) PHASE-UP.—In the case of a qualified fa-
24 cility at which carbon capture equipment is origi-
25 nally placed in service during a calendar year after

1 2015 and before 2025 and any taxable year begin-
2 ning in such calendar year—

3 “(A) subsection (a)(1) shall be applied by
4 substituting for ‘\$20’ the dollar amount with
5 respect to each calendar year determined by
6 ratably increasing such dollar amount annually
7 from \$21.85 with respect to calendar year 2015
8 to \$30 with respect to calendar year 2025, and

9 “(B) subsection (a)(2) shall be applied by
10 substituting for ‘\$10’ the dollar amount with
11 respect to each calendar year determined by
12 ratably increasing such dollar amount annually
13 from \$10.92 with respect to calendar year 2015
14 to \$30 with respect to calendar year 2025.

15 “(3) INFLATION ADJUSTMENT.—In the case of
16 any taxable year beginning in a calendar year after
17 2025 with respect to a qualified facility at which
18 carbon capture equipment is originally placed in
19 service after December 31, 2015, there shall be sub-
20 stituted for each \$30 amount contained in para-
21 graph (1) an amount equal to the product of—

22 “(A) such dollar amount, multiplied by

23 “(B) the inflation adjustment factor for
24 such calendar year determined under section

1 43(b)(3)(B) for such calendar year, determined
2 by substituting ‘2024’ for ‘1990’.”.

3 (2) CONFORMING AMENDMENT.—Section
4 45Q(e)(7) of such Code, as redesignated by para-
5 graph (1), is amended by inserting “with respect to
6 a qualified facility at which carbon capture equip-
7 ment is originally placed in service before January
8 1, 2016” after “2009”.

9 (c) ELECTION TO ALLOW CREDIT TO PERSON THAT
10 DISPOSES OF, OR USES AS A TERTIARY INJECTANT, CAR-
11 BON DIOXIDE.—Section 45Q(e)(5) of such Code, as reded-
12 ignated by subsection (b), is amended—

13 (1) by striking “Any credit” and inserting the
14 following:

15 “(A) IN GENERAL.—Any credit”,

16 (2) by inserting “subparagraph (B) or” after
17 “except to the extent provided in”, and

18 (3) by adding at the end the following new sub-
19 paragraph:

20 “(B) ELECTION TO ALLOW CREDIT TO
21 PERSON THAT DISPOSES OF, OR USES AS TER-
22 TIARY INJECTANT, CARBON DIOXIDE.—If the
23 person described in subparagraph (A) makes an
24 election under this subparagraph (as such time
25 and in such manner as the Secretary may pre-

1 scribe), the credit determined under this sec-
2 tion—

3 “(i) shall be allowable to the person
4 that disposes of, or uses as a tertiary
5 injectant, the carbon dioxide, and

6 “(ii) shall not be allowable to the per-
7 son described in subparagraph (A).”.

8 (d) REDUCTION IN QUALIFIED FACILITY THRESH-
9 OLD.—Section 45Q(d)(3) of such Code, as redesignated
10 by subsection (b), is amended by striking “500,000” and
11 inserting “150,000”.

12 (e) EFFECTIVE DATES.—

13 (1) CREDIT MADE PERMANENT.—The amend-
14 ment made by subsection (a) shall apply to calendar
15 years beginning after 2015.

16 (2) INCREASE IN CREDIT FOR NEW FACILI-
17 TIES.—The amendments made by subsection (b)
18 shall apply to facilities at which carbon capture
19 equipment is originally placed in service after De-
20 cember 31, 2015.

21 (3) ELECTION TO ALLOW CREDIT TO PERSON
22 THAT DISPOSES OF, OR USES AS A TERTIARY
23 INJECTANT, CARBON DIOXIDE.—The amendments
24 made by subsection (c) shall apply to taxable years

1 beginning after the date of the enactment of this
2 Act.

3 (4) REDUCTION IN QUALIFIED FACILITY
4 THRESHOLD.—The amendments made by subsection
5 (d) shall apply to taxable years beginning after the
6 date of the enactment of this Act.

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