

S.L.C.  
*Heidi Heitkamp*

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To amend the Internal Revenue Code of 1986 to improve and extend the credit for carbon dioxide sequestration.

**IN THE SENATE OF THE UNITED STATES—114th Cong., 2d Sess.**

**H. R. 636**

	permanently
<b>AMENDMENT N<sup>o</sup> 3645</b>	and for other
By <u>Heitkamp</u>	
To: <u>AMDT NO 3464</u>	_____ and
11	ted
Page(s)	
<small>GPO: 2014 91-623 (mac)</small>	<b>HEITKAMP</b>

(for herself, Mrs. CAPITO, Mr. DONNELLY, Mr. TESTER, Mr. BLUNT, Mr. BARRASSO, and Mr. COATS) to the amendment (No. 3464) proposed by Mr. THUNE (for himself and Mr. NELSON)

Viz:

- 1 At the appropriate place, insert the following:
- 2 **SEC. \_\_\_\_ . EXTENSION OF ENHANCED CARBON DIOXIDE**
- 3 **SEQUESTRATION CREDIT.**
- 4 (a) **SHORT TITLE.**—This section may be cited as the
- 5 “Carbon Capture Act”.
- 6 (b) **IN GENERAL.**—

1           (1) INCREASE IN CREDIT RATE FOR CERTAIN  
2 CARBON CAPTURE EQUIPMENT.—Section 45Q(a) of  
3 the Internal Revenue Code of 1986 is amended—

4           (A) in paragraph (1)—

5                 (i) by amending subparagraph (A) to  
6 read as follows:

7                 “(A) captured by the taxpayer using quali-  
8 fied carbon capture equipment which is origi-  
9 nally placed in service at a qualified facility be-  
10 fore the date of the enactment of the Carbon  
11 Capture Act, and”, and

12                 (ii) in subparagraph (B), by striking  
13 “and” at the end,

14           (B) in paragraph (2)—

15                 (i) by amending subparagraph (A) to  
16 read as follows:

17                 “(A) captured by the taxpayer using quali-  
18 fied carbon capture equipment which is origi-  
19 nally placed in service at a qualified facility be-  
20 fore the date of the enactment of the Carbon  
21 Capture Act,”, and

22                 (ii) in subparagraph (C), by striking  
23 the period at the end and inserting a  
24 comma, and

1 (C) by adding at the end the following new  
2 paragraphs:

3 “(3) the applicable dollar amount (as deter-  
4 mined under subsection (b)(1)) per metric ton of  
5 qualified carbon dioxide which is—

6 “(A) captured by the taxpayer using quali-  
7 fied carbon capture equipment which is origi-  
8 nally placed in service at a qualified facility on  
9 or after the date of the enactment of the Car-  
10 bon Capture Act, during the 10-year period be-  
11 ginning on the date the equipment was origi-  
12 nally placed in service, and

13 “(B) disposed of by the taxpayer in secure  
14 geological storage and not used by the taxpayer  
15 as described in paragraph (4)(B), and

16 “(4) the applicable dollar amount (as deter-  
17 mined under subsection (b)(1)) per metric ton of  
18 qualified carbon dioxide which is—

19 “(A) captured by the taxpayer using quali-  
20 fied carbon capture equipment which is origi-  
21 nally placed in service at a qualified facility on  
22 or after the date of the enactment of the Car-  
23 bon Capture Act, during the 10-year period be-  
24 ginning on the date the equipment was origi-  
25 nally placed in service,

1           “(B) used by the taxpayer as a tertiary  
2 injectant in a qualified enhanced oil or natural  
3 gas recovery project, and

4           “(C) disposed of by the taxpayer in secure  
5 geological storage.”.

6           (2) APPLICABLE DOLLAR AMOUNT; ADDITIONAL  
7 EQUIPMENT; ELECTION.—Section 45Q of such Code  
8 is amended—

9           (A) by redesignating subsections (b)  
10 through (e) as subsections (c) through (f), re-  
11 spectively, and

12           (B) by inserting after subsection (a) the  
13 following new subsection:

14           “(b) APPLICABLE DOLLAR AMOUNT; ADDITIONAL  
15 EQUIPMENT; ELECTION.—

16           “(1) APPLICABLE DOLLAR AMOUNT.—

17           “(A) IN GENERAL.—The applicable dollar  
18 amount shall be an amount equal to—

19           “(i) for any taxable year beginning in  
20 a calendar year after 2015 and ending be-  
21 fore 2026—

22           “(I) for purposes of paragraph  
23 (3) of subsection (a), the dollar  
24 amount established by linear inter-  
25 polation between \$22.66 and \$30 for

1 each calendar year during such pe-  
2 riod, and

3 “(II) for purposes of paragraph  
4 (4) of such subsection, the dollar  
5 amount established by linear inter-  
6 polation between \$12.83 and \$30 for  
7 each calendar year during such pe-  
8 riod, and

9 “(ii) for any taxable year beginning in  
10 a calendar year after 2025, an amount  
11 equal to the product of \$30 and the infla-  
12 tion adjustment factor for such calendar  
13 year determined under section 43(b)(3)(B)  
14 for such calendar year, determined by sub-  
15 stituting ‘2024’ for ‘1990’.

16 “(B) ROUNDING.—The applicable dollar  
17 amount determined under subparagraph (A)  
18 shall be rounded to the nearest cent.

19 “(2) INSTALLATION OF ADDITIONAL CARBON  
20 CAPTURE EQUIPMENT ON EXISTING QUALIFIED FA-  
21 CILITY.—In the case of a qualified facility placed in  
22 service before the date of the enactment of the Car-  
23 bon Capture Act, for which additional qualified car-  
24 bon capture equipment is placed in service on or  
25 after the date of the enactment of the Carbon Cap-

1       ture Act, the amount of qualified carbon dioxide  
2       which is captured by the taxpayer shall be equal  
3       to—

4               “(A) for purposes of paragraph (1)(A) and  
5       (2)(A) of subsection (a), the lesser of—

6                   “(i) the total amount of qualified car-  
7       bon dioxide captured at such facility for  
8       the taxable year, or

9                   “(ii) the total amount of the carbon  
10      dioxide capture capacity of the qualified  
11      carbon capture equipment in service at  
12      such facility on the day before the date of  
13      the enactment of the Carbon Capture Act,  
14      and

15               “(B) for purposes of paragraph (3)(A) and  
16      (4)(A) of such subsection, an amount (not less  
17      than zero) equal to the excess of—

18                   “(i) the amount described in clause (i)  
19      of subparagraph (A), over

20                   “(ii) the amount described in clause  
21      (ii) of such subparagraph.

22               “(3) ELECTION.—For purposes of determining  
23      the carbon dioxide sequestration credit under this  
24      section, a taxpayer may elect to have the dollar  
25      amounts applicable under paragraph (1) or (2) of

1 subsection (a) apply in lieu of the dollar amounts  
2 applicable under paragraph (3) or (4) of such sub-  
3 section for each metric ton of qualified carbon diox-  
4 ide which is captured by the taxpayer using qualified  
5 carbon capture equipment which is originally placed  
6 in service at a qualified facility on or after the date  
7 of the enactment of the Carbon Capture Act.”.

8 (3) ELECTION TO ALLOW CREDIT TO PERSON  
9 THAT DISPOSES OF OR USES THE CARBON DIOX-  
10 IDE.—Paragraph (5) of section 45Q(e) of such  
11 Code, as redesignated by paragraph (2)(A), is  
12 amended to read as follows:

13 “(5) CREDIT ATTRIBUTABLE TO TAXPAYER.—

14 “(A) IN GENERAL.—Except as provided  
15 subparagraph (B) or in any regulations pre-  
16 scribed by the Secretary, any credit under this  
17 section shall be attributable to—

18 “(i) in the case of qualified carbon di-  
19 oxide captured using qualified carbon cap-  
20 ture equipment which is originally placed  
21 in service at a qualified facility before the  
22 date of the enactment of the Carbon Cap-  
23 ture Act, the person that captures and  
24 physically or contractually ensures the dis-

1 disposal of or the use as a tertiary injectant  
2 of such qualified carbon dioxide, and

3 “(ii) in the case of qualified carbon di-  
4 oxide captured using qualified carbon cap-  
5 ture equipment which is originally placed  
6 in service at a qualified facility on or after  
7 the date of the enactment of the Carbon  
8 Capture Act, the person that owns the  
9 qualified carbon capture equipment and  
10 physically or contractually ensures the cap-  
11 ture and disposal of or the use as a ter-  
12 tiary injectant of such qualified carbon di-  
13 oxide.

14 “(B) ELECTION.—If the person described  
15 in subparagraph (A) makes an election under  
16 this subparagraph in such time and manner as  
17 the Secretary may prescribe by regulations, the  
18 credit under this section—

19 “(i) shall be allowable to the person  
20 that disposes of the qualified carbon diox-  
21 ide or uses the qualified carbon dioxide as  
22 a tertiary injectant, and

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



1           (4) DEFINITION OF QUALIFIED FACILITY AND  
2 QUALIFIED CARBON CAPTURE EQUIPMENT.—Sub-  
3 section (d) of section 45Q of such Code, as redesign-  
4 nated by paragraph (2)(A), is amended to read as  
5 follows:

6           “(d) QUALIFIED FACILITY AND QUALIFIED CARBON  
7 CAPTURE EQUIPMENT.—

8           “(1) QUALIFIED FACILITY.—For purposes of  
9 this section, the term ‘qualified facility’ means any  
10 industrial facility—

11           “(A)(i) the construction of which begins  
12 before January 1, 2022, and—

13           “(I) the original planning and design  
14 for such facility includes installation of  
15 qualified carbon capture equipment, or

16           “(II) construction of qualified carbon  
17 capture equipment begins before such date,  
18 or

19           “(ii) which is placed in service before Jan-  
20 uary 1, 2022, and includes installation of quali-  
21 fied carbon capture equipment, provided that  
22 construction of such carbon capture equipment  
23 begins before such date, and

24           “(B) which captures—

1                   “(i) in the case of an electricity gener-  
2                   ating facility, not less than 500,000 metric  
3                   tons of qualified carbon dioxide during the  
4                   taxable year, or

5                   “(ii) in the case of facility not de-  
6                   scribed in clause (i), not less than 100,000  
7                   metric tons of qualified carbon dioxide dur-  
8                   ing the taxable year.

9                   “(2) QUALIFIED CARBON CAPTURE EQUIP-  
10                  MENT.—For purposes of this section, the term  
11                  ‘qualified carbon capture equipment’ means—

12                   “(A) carbon capture equipment placed in  
13                  service before January 1, 2022, and

14                   “(B) carbon capture equipment the con-  
15                  struction of which begins before such date.”.

16                  (5) APPLICATION OF SECTION.—Subsection (f)  
17                  of section 45Q of such Code, as redesignated by  
18                  paragraph (2)(A), is amended to read as follows:

19                  “(f) APPLICATION OF SECTION FOR CERTAIN CAR-  
20                  BON CAPTURE EQUIPMENT.—In the case of any qualified  
21                  carbon capture equipment placed in service before the date  
22                  of the enactment of the Carbon Capture Act, the credit  
23                  under this section shall apply with respect to qualified car-  
24                  bon dioxide captured using such equipment before the end  
25                  of the calendar year in which the Secretary, in consulta-

1 tion with the Administrator of the Environmental Protec-  
2 tion Agency, certifies that 75,000,000 metric tons of  
3 qualified carbon dioxide have been taken into account in  
4 accordance with paragraphs (1) and (2) of subsection  
5 (a).”.

6 (6) REGULATIONS.—Section 45Q of such Code  
7 is amended by adding at the end the following new  
8 subsection:

9 “(g) REGULATIONS.—The Secretary may prescribe  
10 such regulations and other guidance as may be necessary  
11 or appropriate to carry out this section, including regula-  
12 tions or other guidance to—

13 “(1) ensure proper allocation under subsection  
14 (a) for qualified carbon dioxide captured by a tax-  
15 payer during the taxable year ending after the date  
16 of the enactment of the Carbon Capture Act, and

17 “(2) determine whether a facility satisfies the  
18 requirements under subsection (d)(1) during such  
19 taxable year.”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall take effect on the date of the enactment  
22 of this Act.