

116TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide for a 5-year extension of the carbon oxide sequestration credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mrs. CAPITO (for herself, Mr. WHITEHOUSE, Mr. BARRASSO, Mr. CRAMER, Mr. HOEVEN, and Ms. SMITH) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for a 5-year extension of the carbon oxide sequestration credit, 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 “45Q Carbon Capture,
5 Utilization, and Storage Tax Credit Amendments Act of
6 2020”.

1 **SEC. 2. EXTENSION OF CREDIT FOR CARBON OXIDE SE-**
2 **QUESTRATION.**

3 Section 45Q(d)(1) of the Internal Revenue Code of
4 1986 is amended by striking “January 1, 2024” and in-
5 serting “January 1, 2029”.

6 **SEC. 3. ELECTIVE PAYMENT FOR CARBON OXIDE SEQUE-**
7 **STRATION AND QUALIFYING ADVANCED COAL**
8 **PROJECTS.**

9 (a) IN GENERAL.—Subchapter B of chapter 65 of the
10 Internal Revenue Code of 1986 is amended by adding at
11 the end the following new section:

12 **“SEC. 6431. ELECTIVE PAYMENT FOR CARBON OXIDE SE-**
13 **QUESTRATION AND QUALIFYING ADVANCED**
14 **COAL PROJECTS.**

15 “(a) ENERGY PROPERTY.—In the case of a taxpayer
16 making an election (at such time and in such manner as
17 the Secretary may provide) under this section with respect
18 to any portion of—

19 “(1) a carbon oxide sequestration credit which
20 would (without regard to this section) be determined
21 under section 45Q with respect to such taxpayer, or

22 “(2) a qualifying advanced coal project credit
23 which would (without regard to this section) be de-
24 termined under section 48A with respect to such
25 taxpayer,

1 such taxpayer shall be treated as making a payment
2 against the tax imposed by subtitle A for the taxable year
3 equal to the amount of such portion.

4 “(b) TIMING.—The payment described in subsection
5 (a) shall be treated as made on the later of the due date
6 of the return of tax for such taxable year or the date on
7 which such return is filed.

8 “(c) EXCLUSION FROM GROSS INCOME.—Gross in-
9 come of the taxpayer shall be determined without regard
10 to this section.

11 “(d) DENIAL OF DOUBLE BENEFIT.—Solely for pur-
12 poses of section 38, in the case of a taxpayer making an
13 election under this section, the carbon oxide sequestration
14 credit determined under section 45Q or the qualifying ad-
15 vanced coal project credit determined under section 48A
16 shall be reduced by the amount of the portion of such
17 credit with respect to which the taxpayer makes such elec-
18 tion.

19 “(e) SPECIAL RULES.—In the case of a taxpayer
20 making an election under this section with respect to the
21 qualifying advanced coal project credit determined under
22 section 48A, the credit subject to such an election shall
23 be determined notwithstanding—

24 “(1) section 50(b)(3), and

1 oxide sequestration credit determined
2 under section 45Q(a),

3 “(III) the credit allowed under
4 section 38 for the taxable year which
5 is properly allocable to the investment
6 credit determined under section 46,
7 but only to the extent properly allo-
8 cable to the qualifying advanced coal
9 project credit determined under sec-
10 tion 48A, plus”.

11 (b) APPLICATION TO TAXABLE YEARS BEGINNING
12 AFTER 2025.—Subparagraph (B) of section 59A(b)(2) of
13 the Internal Revenue Code of 1986 is amended to read
14 as follows:

15 “(B) by applying subparagraph (B)(ii)
16 thereof without regard to subclauses (I) and
17 (IV).”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to base erosion payments (as de-
20 fined in section 59A(d) of the Internal Revenue Code of
21 1986) paid or incurred in taxable years beginning after
22 December 31, 2017.