

113TH CONGRESS  
1ST SESSION

# H. R. 3084

To amend the Internal Revenue Code of 1986 to provide a credit for the production of renewable chemicals.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 2013

Mr. PASCRELL (for himself, Mr. STOCKMAN, Ms. SCHWARTZ, Ms. LINDA T. SÁNCHEZ of California, and Mr. NEAL) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for the production of renewable chemicals.

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; FINDINGS; SENSE OF CONGRESS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Qualifying Renewable Chemical Production Tax Credit  
6 Act of 2013”.

7 (b) **FINDINGS.**—Congress finds that a successful bio-  
8 based products industry represents—

9 (1) a historic opportunity to add jobs to the  
10 United States chemicals and plastics sectors,

1           (2) an opportunity to increase energy security  
2 in the United States and Western Hemisphere,

3           (3) a prime opportunity to reduce the depend-  
4 ence of the United States on foreign oil,

5           (4) an opportunity to increase the supply of pe-  
6 troleum products available to the fuel markets,  
7 thereby keeping costs of petroleum-based products  
8 low,

9           (5) the prospect of driving business to down-  
10 stream facilities by integrating bio-based products  
11 production into existing networks, and

12           (6) a great opportunity to attract capital to  
13 both new and existing facilities.

14       (c) SENSE OF CONGRESS.—It is the sense of Con-  
15 gress that the United States should encourage domestic  
16 production of renewable chemicals.

17 **SEC. 2. CREDIT FOR THE PRODUCTION OF RENEWABLE**  
18 **CHEMICALS.**

19       (a) IN GENERAL.—Subpart D of part IV of sub-  
20 chapter A of chapter 1 of the Internal Revenue Code of  
21 1986 is amended by adding at the end the following new  
22 section:

1 **“SEC. 45S. CREDIT FOR PRODUCTION OF RENEWABLE**  
2 **CHEMICALS.**

3 “(a) IN GENERAL.—For purposes of section 38, the  
4 renewable chemicals production credit for any taxable year  
5 is an amount (determined separately for each renewable  
6 chemical produced by the taxpayer) equal to \$0.15 per  
7 pound of eligible content of renewable chemical produced  
8 by the taxpayer during the taxable year.

9 “(b) LIMITATION.—The credit determined under sub-  
10 section (a) with respect to any renewable chemical pro-  
11 duced by any taxpayer during any taxable year shall not  
12 exceed the credit amount allocated by the Secretary to the  
13 taxpayer with respect to such chemical for such taxable  
14 year under subsection (e).

15 “(c) ELIGIBLE CONTENT.—For purposes of this sec-  
16 tion—

17 “(1) IN GENERAL.—The term ‘eligible content’  
18 means, with respect to any renewable chemical, the  
19 biobased content percentage of the total mass of or-  
20 ganic carbon in such chemical.

21 “(2) BIOBASED CONTENT PERCENTAGE.—The  
22 term ‘biobased content percentage’ means, with re-  
23 spect to any renewable chemical, the biobased con-  
24 tent of such chemical (expressed as a percentage)  
25 determined by testing representative samples using

1 the American Society for Testing and Materials  
2 (ASTM) D6866.

3 “(d) RENEWABLE CHEMICAL.—For purposes of this  
4 section—

5 “(1) IN GENERAL.—The term ‘renewable chem-  
6 ical’ means any chemical which—

7 “(A) is produced by the taxpayer in the  
8 United States (or in a territory or possession of  
9 the United States) from renewable biomass,

10 “(B) is sold, or used, by the taxpayer—

11 “(i) for the production of chemical  
12 products, polymers, plastics, or formulated  
13 products, or

14 “(ii) as chemicals, polymers, plastics,  
15 or formulated products, and

16 “(C) is not sold or used for the production  
17 of any food, feed, or fuel.

18 “(2) EXCEPTIONS.—Such term shall not in-  
19 clude any chemical if—

20 “(A) the biobased content percentage of  
21 such chemical is less than 25 percent,

22 “(B) 10,000,000 pounds or more of such  
23 chemical was produced during calendar year  
24 2000 from renewable biomass,

1           “(C) such chemical is not either the prod-  
2           uct of, or reliant upon, biological conversion,  
3           thermal conversion, or a combination of biologi-  
4           cal and thermal conversion, of renewable bio-  
5           mass, or

6           “(D) such chemical is composed of renew-  
7           able chemicals that are eligible for a credit  
8           under this section.

9           “(3) RENEWABLE BIOMASS.—The term ‘renew-  
10          able biomass’ has the meaning given such term in  
11          section 9001(12) of the Farm Security and Rural  
12          Investment Act of 2002 (7 U.S.C. 8101(12)).

13          “(e) ALLOCATION OF CREDIT AMOUNTS.—

14                 “(1) IN GENERAL.—Not later than 180 days  
15                 after enactment of this section, the Secretary, in  
16                 consultation with the Secretary of Agriculture, shall  
17                 establish a program to allocate credit amounts under  
18                 this section to applicants for taxable years.

19                 “(2) LIMITATIONS.—

20                         “(A) AGGREGATE LIMITATION.—The total  
21                         amount of credits that may be allocated under  
22                         such program shall not exceed \$500,000,000.

23                         “(B) TAXPAYER LIMITATION.—The  
24                         amount of credits that may be allocated to any  
25                         taxpayer for any taxable year under such pro-

1           gram shall not exceed \$25,000,000. For pur-  
2           poses of the preceding sentence, all persons  
3           treated as a single employer under subsection  
4           (a) or (b) of section 52, or subsection (m) or  
5           (o) of section 414, shall be treated as one per-  
6           son.

7           “(3) SELECTION CRITERIA.—In determining  
8           which taxpayers to make allocations of credit  
9           amount under this section, the Secretary shall take  
10          into consideration—

11                 “(A) the number of jobs created and main-  
12                 tained (directly and indirectly) in the United  
13                 States (including territories and possessions of  
14                 the United States) as result of such allocation  
15                 during the credit period and thereafter,

16                 “(B) the degree to which the production of  
17                 the renewable chemical demonstrates reduced  
18                 dependence on imported feedstocks, petroleum,  
19                 non-renewable resources, or other fossil fuels,

20                 “(C) the technological innovation involved  
21                 in the production method of the renewable  
22                 chemical,

23                 “(D) the energy efficiency and reduction in  
24                 lifecycle greenhouse gases of the renewable

1 chemical or of the production method of the re-  
2 newable chemical, and

3 “(E) whether there is a reasonable expect-  
4 tation of commercial viability.

5 “(4) REDISTRIBUTION.—If a credit amount al-  
6 located to a taxpayer for a taxable year with respect  
7 to any renewable chemical (determined without re-  
8 gard to this paragraph) exceeds the amount of the  
9 credit with respect to such chemical determined  
10 under this section on the taxpayer’s return for such  
11 taxable year—

12 “(A) the credit amount allocated to such  
13 taxpayer for such taxable year with respect to  
14 such renewable chemical shall be treated as  
15 being the amount so determined on the tax-  
16 payer’s return, and

17 “(B) such excess may be reallocated by the  
18 Secretary consistent with the requirements of  
19 paragraphs (2)(B) and (3).

20 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-  
21 retary shall, upon making an allocation of credit  
22 amount under this section, publicly disclose the iden-  
23 tity of the applicant and the amount of the credit  
24 with respect to such applicant.

1       “(f) TERMINATION.—Notwithstanding any other pro-  
2 vision of this section, the Secretary may not allocate any  
3 credit amount under this section to any taxable year which  
4 begins more than 5 years after the date of the enactment  
5 of this section.”.

6       (b) CREDIT TO BE PART OF GENERAL BUSINESS  
7 CREDIT.—

8           (1) IN GENERAL.—Subsection (b) of section 38  
9 of such Code is amended by striking “plus” at the  
10 end of paragraph (35), by striking the period at the  
11 end of paragraph (36) and inserting “, plus”, and  
12 by adding at the end the following new paragraph:

13           “(37) the renewable chemicals production credit  
14 determined under section 45S(a).”.

15           (2) CREDIT ALLOWABLE AGAINST ALTERNATIVE  
16 MINIMUM TAX.—Subparagraph (B) of section  
17 38(c)(4) of such Code is amended by redesignating  
18 clauses (vii) through (ix) as clauses (viii) through  
19 (x), respectively, and by inserting after clause (vi)  
20 the following new clause:

21           “(vii) the credit determined under sec-  
22 tion 45S,”.

23       (c) CLERICAL AMENDMENT.—The table of sections  
24 for subpart D of part IV of subchapter A of chapter 1



1 of such Code is amended by adding at the end the fol-  
2 lowing new item:

“Sec. 45S. Credit for production of renewable chemicals.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to chemicals produced after the  
5 date of the enactment of this Act, in taxable years ending  
6 after such date.

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