

114TH CONGRESS  
1ST SESSION

# H. R. 4040

To amend the Internal Revenue Code of 1986 to modify and extend certain tax incentives relating to energy.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 17, 2015

Mr. BLUMENAUER (for himself, Ms. EDWARDS, Mr. McDERMOTT, Mr. PASCRELL, Mr. HONDA, Mr. VAN HOLLEN, Ms. MCCOLLUM, Mr. LOWENTHAL, Mr. TED LIEU of California, Mr. HIGGINS, Mr. NEAL, Ms. LINDA T. SÁNCHEZ of California, Ms. LEE, Mr. QUIGLEY, Mr. CARTWRIGHT, Ms. NORTON, Mr. RANGEL, Mr. HUFFMAN, and Mr. GRIJALVA) 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 modify and extend certain tax incentives relating to energy.

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, ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Bridge to a Clean Energy Future Act of 2015”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
 2 shall be considered to be made to a section or other provi-  
 3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents for  
 5 this Act is as follows:

Sec. 1. Short title, etc.

#### TITLE I—EXTENSION AND MODIFICATION OF ENERGY TAX PROVISIONS

- Sec. 101. Extension and modification of credit for nonbusiness energy property.
- Sec. 102. Extension of credit for new qualified fuel cell motor vehicles.
- Sec. 103. Extension of credit for alternative fuel vehicle refueling property.
- Sec. 104. Extension of second generation biofuel producer credit.
- Sec. 105. Extension and reform of biodiesel tax incentives.
- Sec. 106. Extension of credits with respect to facilities producing energy from certain renewable resources.
- Sec. 107. Extension of credit for energy-efficient new homes.
- Sec. 108. Extension of special allowance for second generation biofuel plant property.
- Sec. 109. Extension and modification of energy efficient commercial buildings deduction.
- Sec. 110. Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Sec. 111. Extension of excise tax credits relating to alternative fuels.

#### TITLE II—ADDITIONAL PROVISIONS

- Sec. 201. Extension of energy credit for certain property under construction.
- Sec. 202. Modifications in credit for combined heat and power system property.
- Sec. 203. Energy credit for waste heat to power property.
- Sec. 204. Investment tax credit for community wind projects having generation capacity of not more than 20 megawatts.
- Sec. 205. Extension of publicly traded partnership ownership structure to energy power generation projects, transportation fuels, and related energy activities.
- Sec. 206. Additional advanced energy manufacturing credit allocations.

#### TITLE III—ENDING OIL AND GAS TAX SUBSIDIES

- Sec. 301. Amortization of geological and geophysical expenditures.
- Sec. 302. Producing oil and gas from marginal wells.
- Sec. 303. Enhanced oil recovery credit.
- Sec. 304. Intangible drilling and development costs in the case of oil and gas wells.
- Sec. 305. Repeal of percentage depletion for oil and gas wells.
- Sec. 306. Repeal of deduction for tertiary injectants.
- Sec. 307. Repeal of exception to passive loss limitations for working interests in oil and gas properties.

Sec. 308. Deduction for income attributable to domestic production activities not allowed with respect to oil and gas activities.

Sec. 309. Prohibition on using last-in, first-out accounting for oil and gas companies.

Sec. 310. Modifications of foreign tax credit rules applicable to dual capacity taxpayers.

1 **TITLE I—EXTENSION AND MODI-**  
 2 **FICATION OF ENERGY TAX**  
 3 **PROVISIONS**

4 **SEC. 101. EXTENSION AND MODIFICATION OF CREDIT FOR**  
 5 **NONBUSINESS ENERGY PROPERTY.**

6 (a) IN GENERAL.—Paragraph (2) of section 25C(g)  
 7 is amended by striking “December 31, 2014” and insert-  
 8 ing “December 31, 2016”.

9 (b) UPDATED ENERGY STAR REQUIREMENTS FOR  
 10 WINDOWS, DOORS, SKYLIGHTS, AND ROOFING.—

11 (1) IN GENERAL.—Paragraph (1) of section  
 12 25C(e) is amended by striking “which meets” and  
 13 all that follows through “requirements”).

14 (2) ENERGY EFFICIENT BUILDING ENVELOPE  
 15 COMPONENT.—Subsection (c) of section 25C is  
 16 amended by redesignating paragraphs (2) and (3) as  
 17 paragraphs (3) and (4), respectively, and by insert-  
 18 ing after paragraph (1) the following new para-  
 19 graph:

20 “(2) ENERGY EFFICIENT BUILDING ENVELOPE  
 21 COMPONENT.—The term ‘energy efficient building

1 envelope component’ means a building envelope com-  
2 ponent which meets—

3 “(A) applicable Energy Star program re-  
4 quirements, in the case of a roof or roof prod-  
5 ucts,

6 “(B) version 6.0 Energy Star program re-  
7 quirements, in the case of an exterior window,  
8 a skylight, or an exterior door, and

9 “(C) the prescriptive criteria for such com-  
10 ponent established by the 2009 International  
11 Energy Conservation Code, as such Code (in-  
12 cluding supplements) is in effect on the date of  
13 the enactment of the American Recovery and  
14 Reinvestment Tax Act of 2009, in the case of  
15 any other component.”.

16 (3) CONFORMING AMENDMENT.—Subparagraph  
17 (D) of section 25C(c)(3), as so redesignated, is  
18 amended to read as follows:

19 “(D) any roof or roof products which are  
20 installed on a dwelling unit and are specifically  
21 and primarily designed to reduce the heat gain  
22 of such dwelling unit.”.

23 (c) SEPARATE STANDARDS FOR TANKLESS AND  
24 STORAGE WATER HEATERS.—

1           (1) IN GENERAL.—Subparagraph (D) of section  
2           25C(d)(3) is amended by striking “which has either”  
3           and all that follows and inserting “which has ei-  
4           ther—

5                       “(i) in the case of a storage water  
6                       heater, an energy factor of at least 0.80 or  
7                       a thermal efficiency of at least 90 percent,  
8                       and

9                       “(ii) in the case of any other water  
10                      heater, an energy factor of at least 0.90 or  
11                      a thermal efficiency of at least 90 percent,  
12                      and”.

13           (2) STORAGE WATER HEATERS.—Paragraph (3)  
14           of section 25C(d) is amended by adding at the end  
15           the following flush sentence:

16           “For purposes of subparagraph (D)(i), the term  
17           ‘storage water heater’ means a water heater that has  
18           a water storage capacity of more than 20 gallons but  
19           not more than 55 gallons.”.

20           (d) MODIFICATION OF TESTING STANDARDS FOR  
21           BIOMASS STOVES.—Subparagraph (E) of section  
22           25C(d)(3) is amended by inserting before the period the  
23           following: “, when tested using the higher heating value  
24           of the fuel and in accordance with the Canadian Standards  
25           Administration B415.1 test protocol”.

1 (e) SEPARATE STANDARD FOR OIL HOT WATER  
2 BOILERS.—Paragraph (4) of section 25C(d) is amended  
3 by striking “95” and inserting “95 (90 in the case of an  
4 oil hot water boiler)”.

5 (f) INSTALLATION COSTS FOR QUALIFIED ENERGY  
6 EFFICIENCY IMPROVEMENTS.—Paragraph (1) of sub-  
7 section (c) of section 25C is amended by adding at the  
8 end the following flush sentence:

9 “Such term includes expenditures for labor costs  
10 properly allocable to the onsite preparation, assem-  
11 bly, or original installation of the component.”.

12 (g) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to property placed in service after  
14 December 31, 2014.

15 **SEC. 102. EXTENSION OF CREDIT FOR NEW QUALIFIED**  
16 **FUEL CELL MOTOR VEHICLES.**

17 (a) IN GENERAL.—Paragraph (1) of section 30B(k)  
18 is amended by striking “December 31, 2014” and insert-  
19 ing “December 31, 2016”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to property purchased after De-  
22 cember 31, 2014.

1 **SEC. 103. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**  
2 **VEHICLE REFUELING PROPERTY.**

3 (a) IN GENERAL.—Subsection (g) of section 30C is  
4 amended by striking “December 31, 2014” and inserting  
5 “December 31, 2016”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to property placed in service after  
8 December 31, 2014.

9 **SEC. 104. EXTENSION OF SECOND GENERATION BIOFUEL**  
10 **PRODUCER CREDIT.**

11 (a) IN GENERAL.—Clause (i) of section 40(b)(6)(J)  
12 is amended by striking “January 1, 2015” and inserting  
13 “January 1, 2017”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 this subsection shall apply to qualified second generation  
16 biofuel production after December 31, 2014.

17 **SEC. 105. EXTENSION AND REFORM OF BIODIESEL TAX IN-**  
18 **CENTIVES.**

19 (a) INCOME TAX CREDIT.—

20 (1) EXTENSION.—

21 (A) CREDITS FOR BIODIESEL AND RENEW-  
22 ABLE DIESEL USED AS FUEL.—Subsection (g)  
23 of section 40A is amended by striking “Decem-  
24 ber 31, 2014” and inserting “December 31,  
25 2016”.

1 (B) EFFECTIVE DATE.—The amendment  
2 made by this paragraph shall apply to fuel sold  
3 or used after December 31, 2014.

4 (2) REFORM OF INCOME TAX CREDIT.—

5 (A) IN GENERAL.—So much of section  
6 40A as precedes subsection (c) is amended to  
7 read as follows:

8 **“SEC. 40A. BIODIESEL FUELS CREDIT.**

9 “(a) IN GENERAL.—For purposes of section 38, in  
10 the case of an eligible taxpayer, the biodiesel fuels credit  
11 determined under this section for the taxable year is \$1.00  
12 for each gallon of biodiesel produced by the taxpayer which  
13 during the taxable year—

14 “(1) is sold by the producer of such biodiesel to  
15 another person—

16 “(A) for use by such other person’s trade  
17 or business as a fuel or in the production of a  
18 biodiesel mixture (other than casual off-farm  
19 production), or

20 “(B) who sells such biodiesel at retail to  
21 another person and places such biodiesel in the  
22 fuel tank of such other person, or

23 “(2) is used by such producer for any purpose  
24 described in paragraph (1).

25 “(b) INCREASED CREDIT FOR SMALL PRODUCERS.—



1           “(1) IN GENERAL.—In the case of any eligible  
2           small biodiesel producer, subsection (a) shall be ap-  
3           plied by increasing the dollar amount contained  
4           therein by 10 cents.

5           “(2) LIMITATION.—Paragraph (1) shall only  
6           apply with respect to the first 15,000,000 gallons of  
7           biodiesel produced by any eligible small biodiesel  
8           producer during any taxable year.”.

9           (B) DEFINITIONS AND SPECIAL RULES.—  
10           Section 40A(d) is amended by striking all that  
11           follows paragraph (1) and inserting the fol-  
12           lowing:

13           “(2) ELIGIBLE TAXPAYER.—

14           “(A) IN GENERAL.—The term ‘eligible tax-  
15           payer’ means, with respect to any gallon of bio-  
16           diesel, the producer of such gallon if such pro-  
17           ducer has paid the tax imposed by section 4081  
18           on such biodiesel.

19           “(B) SPECIAL RULE FOR ELIGIBLE DIS-  
20           CRETIONARY BLENDERS.—For purposes of this  
21           section (other than subsection (b)), an eligible  
22           discretionary blender shall be treated as the  
23           producer of any gallon of biodiesel which is  
24           used to make a qualified biodiesel mixture if—

1           “(i) the producer of such biodiesel  
2           (determined without regard to this sub-  
3           paragraph)—

4                   “(I) did not pay the tax imposed  
5                   under section 4081 with respect to  
6                   such gallon, and

7                   “(II) assigns the credit allowed  
8                   under this section to the eligible dis-  
9                   cretionary blender in such form and  
10                  manner as provided by the Secretary,  
11                  and

12                  “(ii) such eligible discretionary blend-  
13                  er pays the tax imposed under section  
14                  4081 with respect to such gallon.

15           For purposes of the preceding sentence, an eli-  
16           gible discretionary blender shall be treated as  
17           producing a gallon of biodiesel in the taxable  
18           year in which the sale or use of the qualified  
19           biodiesel mixture occurs.

20                  “(C) ELIGIBLE DISCRETIONARY BLEND-  
21                  ER.—For purposes of subparagraph (B), the  
22                  term ‘eligible discretionary blender’ means any  
23                  person who—

1           “(i) is registered under section 4101  
2           as a blender of qualified biodiesel mixtures,  
3           and

4           “(ii) has used 10,000,000 or more  
5           gallons of biodiesel in the production of  
6           qualified biodiesel mixtures in the pre-  
7           ceding taxable year.

8           “(3) BIODIESEL MIXTURE; QUALIFIED BIO-  
9           DIESEL MIXTURE.—

10           “(A) BIODIESEL MIXTURE.—The term  
11           ‘biodiesel mixture’ means a mixture which con-  
12           sists of biodiesel and diesel fuel (as defined in  
13           section 4083(a)(3)), determined without regard  
14           to any use of kerosene.

15           “(B) QUALIFIED BIODIESEL MIXTURE.—

16           “(i) IN GENERAL.—The term ‘quali-  
17           fied biodiesel mixture’ means a biodiesel  
18           mixture which is produced by an eligible  
19           discretionary blender and—

20                   “(I) sold by such eligible discre-  
21                   tionary blender to any person for use  
22                   as a fuel, or

23                   “(II) used by such eligible discre-  
24                   tionary blender as a fuel.

1                   “(ii) SALE OR USE MUST BE IN  
2                   TRADE OR BUSINESS, ETC.—A biodiesel  
3                   mixture shall not be treated as a qualified  
4                   biodiesel mixture unless the sale or use de-  
5                   scribed in clause (i) is in a trade or busi-  
6                   ness of the eligible discretionary blender.

7                   “(4) BIODIESEL NOT USED FOR A QUALIFIED  
8                   PURPOSE.—If—

9                   “(A) any credit was determined with re-  
10                  spect to any biodiesel under this section, and

11                  “(B) any person uses such biodiesel for a  
12                  purpose not described in subsection (a),

13                  then there is hereby imposed on such person a tax  
14                  equal to the product of the rate applicable under  
15                  subsection (a) and the number of gallons of such  
16                  biodiesel.

17                  “(5) PASS-THRU IN THE CASE OF ESTATES AND  
18                  TRUSTS.—Under regulations prescribed by the Sec-  
19                  retary, rules similar to the rules of subsection (d) of  
20                  section 52 shall apply.

21                  “(6) LIMITATION TO BIODIESEL WITH CONNEC-  
22                  TION TO THE UNITED STATES.—No credit shall be  
23                  determined under subsection (a) with respect to bio-  
24                  diesel unless such biodiesel is produced in the United  
25                  States. For purposes of this paragraph, the term

1 ‘United States’ includes any possession of the  
2 United States.”.

3 (C) RULES FOR SMALL BIODIESEL PRO-  
4 DUCERS.—

5 (i) IN GENERAL.—Section 40A(e) is  
6 amended—

7 (I) by striking “agri-biodiesel”  
8 each place it appears in paragraphs  
9 (1) and (5)(A) and inserting “bio-  
10 diesel”,

11 (II) by striking “subsection  
12 (b)(4)(C)” each place it appears in  
13 paragraphs (2) and (3) and inserting  
14 “subsection (b)(2)”, and

15 (III) by striking “subsection  
16 (a)(3)” each place it appears in para-  
17 graphs (5)(A), (6)(A)(i), and (6)(B)(i)  
18 and inserting “subsection (b)”.

19 (ii) The heading for subsection (e) of  
20 section 40A is amended by striking “AGRI-  
21 BODIESEL” and inserting “BIODIESEL”.

22 (iii) The headings for paragraphs (1)  
23 and (6) of section 40A(e) are each amend-  
24 ed by striking “AGRI-BIODIESEL” and in-  
25 serting “BIODIESEL”.

1 (D) CONFORMING AMENDMENTS RELATED  
2 TO RENEWABLE DIESEL.—Section 40A(f) is  
3 amended—

4 (i) by striking “Subsection (b)(4)”  
5 and inserting “Subsection (b)”, and

6 (ii) by striking paragraph (4) and in-  
7 serting the following:

8 “(4) CERTAIN AVIATION FUEL.—Except as pro-  
9 vided in the last 3 sentences of paragraph (3), the  
10 term ‘renewable diesel’ shall include fuel derived  
11 from biomass which meets the requirements of a De-  
12 partment of Defense specification for military jet  
13 fuel or an American Society for Testing and Mate-  
14 rials specification for aviation turbine fuel.”.

15 (E) REGISTRATION OF ELIGIBLE DISCRE-  
16 TIONARY BLENDERS.—Section 4101(a)(1) is  
17 amended—

18 (i) by striking “and” before “every  
19 person producing second generation  
20 biofuel”, and

21 (ii) by inserting “, and every person  
22 producing qualified biodiesel mixtures (as  
23 defined in section 40A(d)(3)) 10,000,000  
24 or more gallons per year” after “section  
25 40(b)(6)(E))”.

1 (F) CLERICAL AMENDMENT.—The table of  
2 sections for subpart D of part IV of subchapter  
3 A of chapter 1 is amended by striking the item  
4 relating to section 40A and inserting the fol-  
5 lowing new item:

“Sec. 40A. Biodiesel fuels credit.”.

6 (G) EFFECTIVE DATE.—The amendments  
7 made by this paragraph shall apply to fuel sold  
8 or used after December 31, 2015.

9 (b) EXCISE TAX INCENTIVES.—

10 (1) EXTENSION.—

11 (A) IN GENERAL.—Paragraph (6) of sec-  
12 tion 6426(c) is amended by striking “December  
13 31, 2014” and inserting “December 31, 2016”.

14 (B) PAYMENTS.—Subparagraph (B) of  
15 section 6427(e)(6) is amended by striking “De-  
16 cember 31, 2014” and inserting “December 31,  
17 2016”.

18 (C) EFFECTIVE DATE.—The amendments  
19 made by this paragraph shall apply to fuel sold  
20 or used after December 31, 2014.

21 (D) SPECIAL RULE FOR CERTAIN PERIODS  
22 DURING 2015.—Notwithstanding any other pro-  
23 vision of law, in the case of any biodiesel mix-  
24 ture credit properly determined under section  
25 6426(c) of the Internal Revenue Code of 1986

1 for periods after December 31, 2014, and on or  
2 before the last day of the first calendar quarter  
3 ending after the date of the enactment of this  
4 Act, such credit shall be allowed, and any re-  
5 fund or payment attributable to such credit (in-  
6 cluding any payment under section 6427(e) of  
7 such Code) shall be made, only in such manner  
8 as the Secretary of the Treasury (or the Sec-  
9 retary's delegate) shall provide. Such Secretary  
10 shall issue guidance within 30 days after the  
11 date of the enactment of this Act providing for  
12 a one-time submission of claims covering peri-  
13 ods described in the preceding sentence. Such  
14 guidance shall provide for a 180-day period for  
15 the submission of such claims (in such manner  
16 as prescribed by such Secretary) to begin not  
17 later than 30 days after such guidance is  
18 issued. Such claims shall be paid by such Sec-  
19 retary not later than 60 days after receipt. If  
20 such Secretary has not paid pursuant to a claim  
21 filed under this subsection within 60 days after  
22 the date of the filing of such claim, the claim  
23 shall be paid with interest from such date de-  
24 termined by using the overpayment rate and  
25 method under section 6621 of such Code.



1 (2) REFORM OF EXCISE TAX CREDIT.—

2 (A) IN GENERAL.—Subsection (c) of sec-  
3 tion 6426 is amended—

4 (i) by striking all that precedes para-  
5 graph (6) and inserting the following:

6 “(c) BIODIESEL PRODUCTION CREDIT.—

7 “(1) IN GENERAL.—For purposes of this sec-  
8 tion, in the case of an eligible taxpayer, the biodiesel  
9 production credit is \$1.00 for each gallon of bio-  
10 diesel produced by the taxpayer and which—

11 “(A) is sold by such producer to another  
12 person—

13 “(i) for use by such other person’s  
14 trade or business as a fuel or in the pro-  
15 duction of a biodiesel mixture (other than  
16 casual off-farm production), or

17 “(ii) who sells such biodiesel at retail  
18 to another person and places such biodiesel  
19 in the fuel tank of such other person, or

20 “(B) is used by such producer for any pur-  
21 pose described in subparagraph (A).

22 “(2) SPECIAL RULE FOR ELIGIBLE DISCRE-  
23 TIONARY BLENDEES.—For purposes of this sub-  
24 section and section 6427(e)(3), an eligible discre-  
25 tionary blender shall be treated as the producer of

1 any gallon of biodiesel which is used to make a  
2 qualified biodiesel mixture if—

3 “(A) the producer of such biodiesel (deter-  
4 mined without regard to this subparagraph)—

5 “(i) did not pay the tax imposed  
6 under section 4081 with respect to such  
7 gallon, and

8 “(ii) assigns the credit allowed under  
9 this section to the eligible discretionary  
10 blender in such form and manner as pro-  
11 vided by the Secretary, and

12 “(B) such eligible discretionary blender  
13 pays the tax imposed under section 4081 with  
14 respect to such gallon.

15 For purposes of the preceding sentence, an eligible  
16 discretionary blender shall not be treated as pro-  
17 ducing a gallon of biodiesel before the date on which  
18 the sale or use of the qualified biodiesel mixture oc-  
19 curs.

20 “(3) DEFINITIONS.—Any term used in this sub-  
21 section which is also used in section 40A shall have  
22 the meaning given such term by section 40A.”, and

23 (ii) by redesignating paragraph (6), as  
24 amended by paragraph (1)(A), as para-  
25 graph (4).

1 (B) PRODUCER REGISTRATION REQUIRE-  
2 MENT.—Subsection (a) of section 6426 is  
3 amended by striking “subsections (d) and (e)”  
4 in the flush sentence at the end and inserting  
5 “subsections (c), (d), and (e)”.

6 (C) RECAPTURE.—

7 (i) IN GENERAL.—Subsection (f) of  
8 section 6426 is amended—

9 (I) by striking “or biodiesel”  
10 each place it appears in subpara-  
11 graphs (A) and (B)(i) of paragraph  
12 (1),

13 (II) by striking “or biodiesel mix-  
14 ture” in paragraph (1)(A), and

15 (III) by redesignating paragraph  
16 (2) as paragraph (3) and by inserting  
17 after paragraph (1) the following new  
18 paragraph:

19 “(2) BIODIESEL.—If any credit was determined  
20 under this section or paid pursuant to section  
21 6427(e) with respect to the production of any bio-  
22 diesel and any person uses such biodiesel for a pur-  
23 pose not described in subsection (c)(1), then there is  
24 hereby imposed on such person a tax equal to \$1 for  
25 each gallon of such biodiesel.”.

1 (ii) CONFORMING AMENDMENTS.—

2 (I) Paragraph (3) of section  
3 6426(f), as redesignated by clause  
4 (i)(III), is amended by inserting “or  
5 (2)” after “paragraph (1)”.

6 (II) The heading for paragraph  
7 (1) of section 6426(f) is amended by  
8 striking “IMPOSITION OF TAX” and  
9 inserting “IN GENERAL”.

10 (D) LIMITATION.—Section 6426(i) is  
11 amended—

12 (i) in paragraph (2)—

13 (I) by striking “biodiesel or”, and

14 (II) by striking “BIODIESEL  
15 AND” in the heading, and

16 (ii) by inserting after paragraph (2)

17 the following new paragraph:

18 “(3) BIODIESEL.—No credit shall be deter-  
19 mined under this section with respect to biodiesel  
20 unless such biodiesel is produced in the United  
21 States.”.

22 (E) CLERICAL AMENDMENTS.—

23 (i) The heading of section 6426 is  
24 amended by striking “**ALCOHOL FUEL,**  
25 **BIODIESEL, AND ALTERNATIVE FUEL**

1           **MIXTURES**” and inserting “**ALCOHOL**  
2           **FUEL MIXTURES, BIODIESEL PRODUC-**  
3           **TION, AND ALTERNATIVE FUEL MIX-**  
4           **TURES**”.

5           (ii) The item relating to section 6426  
6           in the table of sections for subchapter B of  
7           chapter 65 is amended by striking “alcohol  
8           fuel, biodiesel, and alternative fuel mix-  
9           tures” and inserting “alcohol fuel mix-  
10          tures, biodiesel production, and alternative  
11          fuel mixtures”.

12          (F) EFFECTIVE DATE.—The amendments  
13          made by this paragraph shall apply to fuel sold  
14          or used after December 31, 2015.

15          (3) REFORM OF EXCISE PAYMENTS OF CRED-  
16          IT.—

17               (A) IN GENERAL.—Subsection (e) of sec-  
18               tion 6427, as amended by paragraph (1)(B), is  
19               amended—

20                       (i) by striking “or the biodiesel mix-  
21                       ture credit” in paragraph (1),

22                       (ii) by redesignating paragraphs (3)  
23                       through (6) as paragraphs (4) through (7),  
24                       respectively, and by inserting after para-  
25                       graph (2) the following new paragraph:

1           “(3) BIODIESEL PRODUCTION CREDIT.—If any  
2 person produces biodiesel and sells or uses such bio-  
3 diesel as provided in section 6426(c)(1), the Sec-  
4 retary shall pay (without interest) to such person an  
5 amount equal to the biodiesel production credit with  
6 respect to such biodiesel.”,

7                   (iii) by striking “paragraph (1) or  
8 (2)” each place it appears in paragraphs  
9 (4) and (6), as redesignated by paragraph  
10 (2), and inserting “paragraph (1), (2), or  
11 (3)”,

12                   (iv) by striking “alternative fuel” each  
13 place it appears in paragraphs (4) and (6),  
14 as redesignated by paragraph (2), and in-  
15 serting “fuel”, and

16                   (v) by striking “biodiesel mixture (as  
17 defined in section 6426(c)(3))” in para-  
18 graph (7)(B), as so redesignated, and in-  
19 serting “biodiesel (within the meaning of  
20 section 40A)”.

21           (B) EFFECTIVE DATE.—The amendments  
22 made by this paragraph shall apply to fuel sold  
23 or used after December 31, 2015.

24           (c) TREATMENT OF BIODIESEL AS A TAXABLE  
25 FUEL.—

1 (1) IN GENERAL.—

2 (A) TAXABLE FUEL INCLUDES BIO-  
3 DIESEL.—Paragraph (1) of section 4083(a) is  
4 amended by striking “and” at the end of sub-  
5 paragraph (B), by striking the period at the  
6 end of subparagraph (C) and inserting “, and”,  
7 and by adding at the end the following new sub-  
8 paragraph:

9 “(D) biodiesel.”.

10 (B) BIODIESEL DEFINED.—Subsection (a)  
11 of section 4083 is amended by adding at the  
12 end the following new paragraph:

13 “(4) BIODIESEL.—The term ‘biodiesel’ has the  
14 meaning given such term under section 40A(d)(1),  
15 determined without regard to the last sentence  
16 thereof.”.

17 (2) BIODIESEL PRODUCTION FACILITIES  
18 TREATED AS REFINERIES.—

19 (A) IN GENERAL.—Subsection (a) of sec-  
20 tion 4081 is amended by adding at the end the  
21 following new paragraph:

22 “(5) BIODIESEL PRODUCTION FACILITIES AND  
23 BLENDING FACILITIES TREATED AS REFINERIES.—  
24 For purposes of this part—

1           “(A) any facility which is used to produce  
2           biodiesel, and

3           “(B) any biodiesel blending facility,  
4           shall be treated as a refinery with respect to bio-  
5           diesel.”.

6           (B) BIODIESEL BLENDING FACILITY DE-  
7           FINED.—Section 4083 is amended by adding at  
8           the end the following new subsection:

9           “(e) BIODIESEL BLENDING FACILITY.—For pur-  
10          poses of this subpart, the term ‘biodiesel blending facility’  
11          means any facility that is operated by an eligible discre-  
12          tionary blender (as defined in section 40A(d)(2)(C)).”.

13          (C) BULK TRANSFERS.—Subparagraph  
14          (B) of section 4081(a)(1) is amended by adding  
15          at the end the following new clause:

16                 “(iii) SPECIAL RULES FOR BIO-  
17                 DIESEL.—The tax imposed by this para-  
18                 graph shall not apply to the removal or  
19                 entry of biodiesel to any refinery or ter-  
20                 minal if the person removing or entering  
21                 the biodiesel and the operator of the refin-  
22                 ery or terminal are registered under sec-  
23                 tion 4101.”.

24          (3) RATE OF TAX.—Subparagraph (A)(iii) of  
25          section 4081(a)(2) is amended by striking “diesel



1 fuel or kerosene” and inserting “diesel fuel, ker-  
2 osene, or biodiesel”.

3 (4) EXEMPTIONS.—

4 (A) IN GENERAL.—Section 4082 is amend-  
5 ed by striking “diesel fuel and kerosene” each  
6 place it appears in subsections (a), (c), and (g)  
7 and inserting “diesel fuel, kerosene, and bio-  
8 diesel”.

9 (B) CONFORMING AMENDMENT.—Subpara-  
10 graph (A) of section 4082(d)(1) is amended by  
11 inserting “biodiesel,” after “diesel fuel,”.

12 (5) OTHER CONFORMING AMENDMENTS.—

13 (A) The heading for paragraph (1) of sec-  
14 tion 4041(a) is amended by striking “DIESEL  
15 FUEL AND KEROSENE” and inserting “DIESEL  
16 FUEL, KEROSENE, AND BIODIESEL”.

17 (B) Paragraph (2) of section 6416(b) is  
18 amended by striking “diesel fuel or kerosene”  
19 and inserting “diesel fuel, kerosene, or bio-  
20 diesel”.

21 (C) Section 6427(l) is amended—

22 (i) by striking “diesel fuel or ker-  
23 osene” each place it appears in paragraphs  
24 (1) and (5)(A) and inserting “diesel fuel,  
25 kerosene, or biodiesel”,

1 (ii) by striking “DIESEL FUEL AND  
2 KEROSENE” in the heading and inserting  
3 “DIESEL FUEL, KEROSENE, AND BIO-  
4 DIESEL”, and

5 (iii) by striking “DIESEL FUEL OR  
6 KEROSENE” in the heading of paragraph  
7 (5) and inserting “DIESEL FUEL, KER-  
8 OSENE, OR BIODIESEL”.

9 (D) Section 6715(c)(1) is amended by  
10 striking “diesel fuel or kerosene” and inserting  
11 “diesel fuel, kerosene, or biodiesel”.

12 (6) EFFECTIVE DATE.—The amendments made  
13 by this subsection shall apply to biodiesel sold or  
14 used after December 31, 2015.

15 **SEC. 106. EXTENSION OF CREDITS WITH RESPECT TO FA-**  
16 **CILITIES PRODUCING ENERGY FROM CER-**  
17 **TAIN RENEWABLE RESOURCES.**

18 (a) IN GENERAL.—The following provisions of sec-  
19 tion 45(d) are each amended by striking “January 1,  
20 2015” each place it appears and inserting “January 1,  
21 2017”:

22 (1) Paragraph (1).

23 (2) Paragraph (2)(A).

24 (3) Paragraph (3)(A).

25 (4) Paragraph (4)(B).

1 (5) Paragraph (6).

2 (6) Paragraph (7).

3 (7) Paragraph (9).

4 (8) Paragraph (11)(B).

5 (b) EXTENSION OF ELECTION TO TREAT QUALIFIED  
6 FACILITIES AS ENERGY PROPERTY.—Clause (ii) of sec-  
7 tion 48(a)(5)(C) is amended by striking “January 1,  
8 2015” and inserting “January 1, 2017”.

9 (c) EFFECTIVE DATES.—The amendments made by  
10 this section shall take effect on January 1, 2015.

11 **SEC. 107. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**  
12 **NEW HOMES.**

13 (a) IN GENERAL.—Subsection (g) of section 45L is  
14 amended by striking “December 31, 2014” and inserting  
15 “December 31, 2016”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to homes acquired after December  
18 31, 2014.

19 **SEC. 108. EXTENSION OF SPECIAL ALLOWANCE FOR SEC-**  
20 **OND GENERATION BIOFUEL PLANT PROP-**  
21 **ERTY.**

22 (a) IN GENERAL.—Subparagraph (D) of section  
23 168(l)(2) is amended by striking “January 1, 2015” and  
24 inserting “January 1, 2017”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to property placed in service after  
3 December 31, 2014.

4 **SEC. 109. EXTENSION AND MODIFICATION OF ENERGY EF-**  
5 **FICIENT COMMERCIAL BUILDINGS DEDUC-**  
6 **TION.**

7 (a) IN GENERAL.—Subsection (h) of section 179D is  
8 amended by striking “December 31, 2014” and inserting  
9 “December 31, 2016”.

10 (b) ALLOCATIONS TO INDIAN TRIBAL GOVERN-  
11 MENTS.—Paragraph (4) of section 179D(d) is amended  
12 by striking “or local” and inserting “local, or Indian trib-  
13 al”.

14 (c) ALLOCATIONS TO CERTAIN NONPROFIT ORGANI-  
15 ZATIONS.—

16 (1) IN GENERAL.—Paragraph (4) of section  
17 179D(d), as amended by subsection (b), is amended  
18 by inserting “or by an organization that is described  
19 in section 501(c)(3) and exempt from tax under sec-  
20 tion 501(a),” after “political subdivision thereof,”.

21 (2) CLERICAL AMENDMENT.—The heading of  
22 paragraph (4) of section 179D(d) is amended by in-  
23 serting “AND PROPERTY HELD BY CERTAIN NON-  
24 PROFITS” after “PUBLIC PROPERTY”.

25 (d) UPDATED ASHRAE STANDARDS FOR 2016.—

1           (1) IN GENERAL.—Paragraph (1) of section  
2           179D(c) is amended by striking “Standard 90.1-  
3           2001” each place it appears and inserting “Stand-  
4           ard 90.1-2007”.

5           (2) CONFORMING AMENDMENTS.—

6           (A) Paragraph (2) of section 179D(c) is  
7           amended to read as follows:

8           “(2) STANDARD 90.1-2007.—The term ‘Standard  
9           90.1-2007’ means Standard 90.1-2007 of the Amer-  
10          ican Society of Heating, Refrigerating, and Air Con-  
11          ditioning Engineers and the Illuminating Engineer-  
12          ing Society of North America (as in effect on the  
13          day before the date of the adoption of Standard  
14          90.1-2010 of such Societies).”.

15          (B) Subsection (f) of section 179D is  
16          amended by striking “Standard 90.1-2001”  
17          each place it appears in paragraphs (1) and  
18          (2)(C)(i) and inserting “Standard 90.1-2007”.

19          (C) Paragraph (1) of section 179D(f) is  
20          amended—

21                 (i) by striking “Table 9.3.1.1” and in-  
22                 serting “Table 9.5.1”, and

23                 (ii) by striking “Table 9.3.1.2” and  
24                 inserting “Table 9.6.1”.

1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to property placed in  
3           service after December 31, 2015.

4           (e) EFFECTIVE DATE.—Except as provided in sub-  
5           section (d)(3), the amendments made by this section shall  
6           apply to property placed in service after December 31,  
7           2014.

8   **SEC. 110. EXTENSION OF SPECIAL RULE FOR SALES OR DIS-**  
9                           **POSITIONS TO IMPLEMENT FERC OR STATE**  
10                          **ELECTRIC RESTRUCTURING POLICY FOR**  
11                          **QUALIFIED ELECTRIC UTILITIES.**

12          (a) IN GENERAL.—Paragraph (3) of section 451(i)  
13          is amended by striking “January 1, 2015” and inserting  
14          “January 1, 2017”.

15          (b) EFFECTIVE DATE.—The amendment made by  
16          this section shall apply to dispositions after December 31,  
17          2014.

18   **SEC. 111. EXTENSION OF EXCISE TAX CREDITS RELATING**  
19                           **TO ALTERNATIVE FUELS.**

20          (a) EXTENSION OF ALTERNATIVE FUELS EXCISE  
21          TAX CREDITS.—

22                  (1) IN GENERAL.—Sections 6426(d)(5) and  
23                  6426(e)(3) are each amended by striking “December  
24                  31, 2014” and inserting “December 31, 2016”.

1           (2) OUTLAY PAYMENTS FOR ALTERNATIVE  
2           FUELS.—Subparagraph (C) of section 6427(e)(7), as  
3           redesignated by section 6(b)(3)(A)(ii), is amended by  
4           striking “December 31, 2014” and inserting “De-  
5           cember 31, 2016”.

6           (b) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to fuel sold or used after December  
8           31, 2014.

9           (c) SPECIAL RULE FOR CERTAIN PERIODS DURING  
10          2015.—Notwithstanding any other provision of law, in the  
11          case of any alternative fuel credit properly determined  
12          under section 6426(d) of such Code for such periods, such  
13          credit shall be allowed, and any refund or payment attrib-  
14          utable to such credit (including any payment under section  
15          6427(e) of such Code) shall be made, only in such manner  
16          as the Secretary of the Treasury (or the Secretary’s dele-  
17          gate) shall provide. Such Secretary shall issue guidance  
18          within 30 days after the date of the enactment of this Act  
19          providing for a one-time submission of claims covering pe-  
20          riods described in the preceding sentence. Such guidance  
21          shall provide for a 180-day period for the submission of  
22          such claims (in such manner as prescribed by such Sec-  
23          retary) to begin not later than 30 days after such guidance  
24          is issued. Such claims shall be paid by such Secretary not  
25          later than 60 days after receipt. If such Secretary has not

1 paid pursuant to a claim filed under this subsection within  
2 60 days after the date of the filing of such claim, the claim  
3 shall be paid with interest from such date determined by  
4 using the overpayment rate and method under section  
5 6621 of such Code.

## 6 **TITLE II—ADDITIONAL** 7 **PROVISIONS**

### 8 **SEC. 201. EXTENSION OF ENERGY CREDIT FOR CERTAIN** 9 **PROPERTY UNDER CONSTRUCTION.**

10 (a) **SOLAR ENERGY PROPERTY.**—Paragraphs  
11 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each  
12 amended by striking “periods ending” and inserting  
13 “property the construction of which begins”.

14 (b) **QUALIFIED FUEL CELL PROPERTY.**—Section  
15 48(c)(1)(D) is amended by striking “for any period after  
16 December 31, 2016” and inserting “the construction of  
17 which does not begin before January 1, 2017”.

18 (c) **QUALIFIED MICROTURBINE PROPERTY.**—Section  
19 48(c)(2)(D) is amended by striking “for any period after  
20 December 31, 2016” and inserting “the construction of  
21 which does not begin before January 1, 2017”.

22 (d) **COMBINED HEAT AND POWER SYSTEM PROP-**  
23 **ERTY.**—Section 48(c)(3)(A)(iv) is amended by striking  
24 “which is placed in service” and inserting “construction  
25 of which begins”.



1 (e) QUALIFIED SMALL WIND ENERGY PROPERTY.—  
 2 Section 48(c)(4)(C) is amended by striking “for any pe-  
 3 riod after December 31, 2016” and inserting “the con-  
 4 struction of which does not begin before January 1,  
 5 2017”.

6 (f) THERMAL ENERGY PROPERTY.—Section  
 7 48(a)(3)(A)(vii) is amended by striking “periods ending”  
 8 and inserting “property the construction of which begins”.

9 (g) EFFECTIVE DATE.—The amendments made by  
 10 this section shall take effect on the date of the enactment  
 11 of this Act.

12 **SEC. 202. MODIFICATIONS IN CREDIT FOR COMBINED HEAT**  
 13 **AND POWER SYSTEM PROPERTY.**

14 (a) INCREASED ENERGY PERCENTAGE.—Section  
 15 48(a)(2)(A)(i) is amended by striking “and” at the end  
 16 of subclause (III), by redesignating subclause (IV) as sub-  
 17 clause (V), and by inserting after subclause (III) the fol-  
 18 lowing new subclause:

19 “(IV) energy property described  
 20 in paragraph (3)(A)(v), and”.

21 (b) MODIFICATION OF CERTAIN CAPACITY LIMITA-  
 22 TIONS.—Section 48(c)(3)(B) is amended—

23 (1) by striking “15 megawatts” in clause (ii)  
 24 and inserting “25 megawatts”,

1           (2) by striking “20,000 horsepower” in clause  
2           (ii) and inserting “34,000 horsepower”, and  
3           (3) by striking clause (iii).

4           (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to periods after the date of the  
6 enactment of this Act, under rules similar to the rules of  
7 section 48(m) of the Internal Revenue Code of 1986 (as  
8 in effect on the day before the date of the enactment of  
9 the Revenue Reconciliation Act of 1990).

10 **SEC. 203. ENERGY CREDIT FOR WASTE HEAT TO POWER**  
11 **PROPERTY.**

12           (a) IN GENERAL.—Section 48(a)(3)(A) is amended  
13 by striking “or” at the end of clause (vi), by inserting  
14 “or” at the end of clause (vii), and by adding at the end  
15 the following new clause:

16                           “(viii) waste heat to power property.”.

17           (b) WASTE HEAT TO POWER PROPERTY.—Section  
18 48(c) is amended by adding at the end the following new  
19 paragraph:

20                           “(5) WASTE HEAT TO POWER PROPERTY.—

21   “(A) WASTE HEAT TO POWER PROP-  
22                           ERTY.—The term ‘waste heat to power prop-  
23                           erty’ means property comprising a system which  
24                           generates electricity through the recovery of a  
25                           qualified waste heat resource.

1           “(B) QUALIFIED WASTE HEAT RESOURCE  
2           DEFINED.—The term ‘qualified waste heat re-  
3           source’ means—

4                   “(i) exhaust heat or flared gas from  
5                   any industrial process,

6                   “(ii) waste gas or industrial tail gas  
7                   that would otherwise be flared, incinerated,  
8                   or vented,

9                   “(iii) a pressure drop in any gas for  
10                  an industrial or commercial process, or

11                  “(iv) such other forms of waste heat  
12                  resources as the Secretary may determine.

13           “(C) EXCEPTION.—The term ‘qualified  
14           waste heat resource’ does not include any heat  
15           resource from a process whose primary purpose  
16           is the generation of electricity utilizing a fossil  
17           fuel or nuclear energy.

18           “(D) TERMINATION.—The term ‘waste  
19           heat to power property’ shall not include any  
20           property placed in service after December 31,  
21           2016.”.

22           (c) INCREASED ENERGY PERCENTAGE.—Section  
23           48(a)(2)(A)(i), as amended by section 201, is amended by  
24           striking “and” at the end of subclause (IV) and by insert-  
25           ing after subclause (V) the following new subclause:

1 “(VI) energy property described  
2 in paragraph (3)(A)(viii), and”.

3 (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to periods after the date of the  
5 enactment of this Act, under rules similar to the rules of  
6 section 48(m) of the Internal Revenue Code of 1986 (as  
7 in effect on the day before the date of the enactment of  
8 the Revenue Reconciliation Act of 1990).

9 **SEC. 204. INVESTMENT TAX CREDIT FOR COMMUNITY WIND**  
10 **PROJECTS HAVING GENERATION CAPACITY**  
11 **OF NOT MORE THAN 20 MEGAWATTS.**

12 (a) **IN GENERAL.**—Paragraph (4) of section 48(c) is  
13 amended—

14 (1) by striking subparagraph (A) and inserting  
15 the following new subparagraph:

16 “(A) **IN GENERAL.**—The term ‘qualified  
17 small wind energy property’ means—

18 “(i) property which uses a qualifying  
19 small wind turbine to generate electricity,  
20 or

21 “(ii) property which uses 1 or more  
22 wind turbines with an aggregate nameplate  
23 capacity of more than 100 kilowatts but  
24 not more than 20 megawatts.”, and

1           (2) by redesignating subparagraph (C) as sub-  
2           paragraph (D) and by inserting after subparagraph  
3           (B) the following new subparagraph:

4                   “(C) REGULATIONS.—The Secretary shall  
5           prescribe such regulations as may be appro-  
6           priate to prevent improper division of property  
7           to attempt to meet the limitation under sub-  
8           paragraph (A)(ii).”.

9           (b) EFFECTIVE DATE.—The amendments made by  
10          this section shall apply to property placed in service after  
11          the date of the enactment of this Act.

12   **SEC. 205. EXTENSION OF PUBLICLY TRADED PARTNERSHIP**  
13                   **OWNERSHIP STRUCTURE TO ENERGY POWER**  
14                   **GENERATION PROJECTS, TRANSPORTATION**  
15                   **FUELS, AND RELATED ENERGY ACTIVITIES.**

16          (a) IN GENERAL.—Subparagraph (E) of section  
17          7704(d)(1) is amended—

18               (1) by striking “income and gains derived from  
19           the exploration” and inserting “income and gains  
20           derived from the following:

21                       “(i) MINERALS, NATURAL RE-  
22                       SOURCES, ETC.—The exploration”,

23               (2) by inserting “or” before “industrial  
24           source”,

1           (3) by inserting a period after “carbon diox-  
2       ide”, and

3           (4) by striking “, or the transportation or stor-  
4       age” and all that follows and inserting the following:

5                       “(ii) RENEWABLE ENERGY.—The gen-  
6                       eration of electric power (including the  
7                       leasing of tangible personal property used  
8                       for such generation) exclusively utilizing  
9                       any resource described in section 45(c)(1)  
10                      or energy property described in section 48  
11                      (determined without regard to any termi-  
12                      nation date), or in the case of a facility de-  
13                      scribed in paragraph (3) or (7) of section  
14                      45(d) (determined without regard to any  
15                      placed in service date or date by which  
16                      construction of the facility is required to  
17                      begin), the accepting or processing of such  
18                      resource.

19                      “(iii) ELECTRICITY STORAGE DE-  
20                      VICES.—The receipt and sale of electric  
21                      power that has been stored in a device di-  
22                      rectly connected to the grid.”.

23           (b) EFFECTIVE DATE.—The amendments made by  
24       this section shall take effect on the date of the enactment  
25       of this Act, in taxable years ending after such date.

1 **SEC. 206. ADDITIONAL ADVANCED ENERGY MANUFAC-**  
2 **TURING CREDIT ALLOCATIONS.**

3 (a) **ADDITIONAL ALLOCATION OF CREDITS.**—Section  
4 48C(d) is amended by adding at the end the following:

5 “(6) **ADDITIONAL ALLOCATION.**—

6 “(A) **IN GENERAL.**—In addition to credits  
7 allocated under paragraph (1), the Secretary, in  
8 consultation with the Secretary of Energy, is  
9 authorized to conduct an additional program to  
10 consider and award certifications for qualified  
11 investments eligible for credits under this sec-  
12 tion to qualifying advanced energy project spon-  
13 sors pursuant to applications from such spon-  
14 sors received after December 31, 2015.

15 “(B) **LIMITATION.**—The total amount of  
16 credits that may be allocated under subpara-  
17 graph (A) shall not exceed \$2,700,000,000.

18 “(C) **MODIFICATIONS TO APPLICABLE**  
19 **RULES.**—For purposes of this paragraph—

20 “(i) **APPLICATION PERIOD.**—The 2-  
21 year period described in paragraph (2)  
22 shall begin on January 1, 2016.

23 “(ii) **REALLOCATION.**—The 4-year pe-  
24 riod described in paragraph (4) shall begin  
25 the date of the enactment of this para-  
26 graph.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply to periods beginning after De-  
3 cember 31, 2015.

4 **TITLE III—ENDING OIL AND GAS**  
5 **TAX SUBSIDIES**

6 **SEC. 301. AMORTIZATION OF GEOLOGICAL AND GEO-**  
7 **PHYSICAL EXPENDITURES.**

8 (a) IN GENERAL.—Section 167(h) is amended—

9 (1) by striking “24-month period” in paragraph  
10 (1) and inserting “7-year period”, and

11 (2) by striking paragraph (5).

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to amounts paid or incurred in tax-  
14 able years beginning after December 31, 2015.

15 **SEC. 302. PRODUCING OIL AND GAS FROM MARGINAL**  
16 **WELLS.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-  
18 chapter A of chapter 1 is amended by striking section 45I  
19 (and by striking the item relating to such section in the  
20 table of sections for such subpart).

21 (b) CONFORMING AMENDMENT.—Section 38(b) is  
22 amended by striking paragraph (19).

23 (c) EFFECTIVE DATE.—The amendment made by  
24 subsection (a) shall apply to credits determined for taxable  
25 years beginning after December 31, 2015.



1 **SEC. 303. ENHANCED OIL RECOVERY CREDIT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-  
3 chapter A of chapter 1 is amended by striking section 43  
4 (and by striking the item relating to such section in the  
5 table of sections for such subpart).

6 (b) CONFORMING AMENDMENT.—Section 38(b) is  
7 amended by striking paragraph (6).

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to amounts paid or incurred in tax-  
10 able years beginning after December 31, 2015.

11 **SEC. 304. INTANGIBLE DRILLING AND DEVELOPMENT**  
12 **COSTS IN THE CASE OF OIL AND GAS WELLS.**

13 (a) IN GENERAL.—Subsection (c) of section 263 is  
14 amended by adding at the end the following new sentence:  
15 “This subsection shall not apply to amounts paid or in-  
16 curred by a taxpayer with respect to an oil or gas well  
17 after December 31, 2015.”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to amounts paid or incurred in tax-  
20 able years beginning after December 31, 2015.

21 **SEC. 305. REPEAL OF PERCENTAGE DEPLETION FOR OIL**  
22 **AND GAS WELLS.**

23 (a) IN GENERAL.—Part I of subchapter I of chapter  
24 1 is amended by striking section 613A (and the table of  
25 sections of such part is amended by striking the item relat-  
26 ing to such section).

1 (b) CONFORMING AMENDMENTS.—

2 (1) Subsection (d) of section 45H is amended—

3 (A) by striking “For purposes this section”

4 and inserting the following:

5 “(1) IN GENERAL.—For purposes of this sec-  
6 tion”,

7 (B) by striking “(within the meaning of  
8 section 613A(d)(3))”, and

9 (C) by adding at the end the following new  
10 paragraph:

11 “(2) RELATED PERSON.—For purposes of this  
12 subsection, a person is a related person with respect  
13 to the taxpayer if a significant ownership interest in  
14 either the taxpayer or such person is held by the  
15 other, or if a third person has a significant owner-  
16 ship interest in both the taxpayer and such person.  
17 For purposes of the preceding sentence, the term  
18 ‘significant ownership interest’ means—

19 “(A) with respect to any corporation, 5  
20 percent or more in value of the outstanding  
21 stock of such corporation,

22 “(B) with respect to a partnership, 5 per-  
23 cent or more interest in the profits or capital of  
24 such partnership, and

1           “(C) with respect to an estate or trust, 5  
2           percent or more of the beneficial interests in  
3           such estate or trust.

4           For purposes of determining a significant ownership  
5           interest, an interest owned by or for a corporation,  
6           partnership, trust, or estate shall be considered as  
7           owned directly both by itself and proportionately by  
8           its shareholders, partners, or beneficiaries, as the  
9           case may be.”.

10           (2) Section 56(g)(4)(F) is amended to read as  
11           follows:

12           “(F) DEPLETION.—The allowance for de-  
13           pletion with respect to any property placed in  
14           service in a taxable year beginning after De-  
15           cember 31, 1989, shall be cost depletion deter-  
16           mined under section 611.”.

17           (3) Section 57(a)(1) is amended by striking the  
18           last sentence.

19           (4) Section 291(b)(4) is amended by adding at  
20           the end the following: “Any reference in the pre-  
21           ceding sentence to section 613A shall be treated as  
22           a reference to such section as in effect prior to the  
23           date of the enactment of the Bridge to a Clean En-  
24           ergy Future Act of 2015.”.

1           (5) Section 613(d) is amended by striking “Ex-  
2           cept as provided in section 613A, in the case of” and  
3           inserting “In the case of”.

4           (6) Section 613(e) is amended—

5                 (A) by striking “or section 613A” in para-  
6                 graph (2), and

7                 (B) by striking “any amount described in  
8                 section 613A(d)(5)” in paragraph (3) and in-  
9                 serting “any lease bonus, advance royalty, or  
10                other amount payable without regard to produc-  
11                tion from property”.

12          (7) Section 705(a) is amended—

13                 (A) by inserting “and” at the end of para-  
14                 graph (1)(C),

15                 (B) by striking “; and” at the end of para-  
16                 graph (2)(B) and inserting a period, and

17                 (C) by striking paragraph (3).

18          (8) Section 776 is amended by striking sub-  
19          section (a) and by redesignating subsection (b) as  
20          subsection (a).

21          (9) Section 954(g)(2)(D) is amended by insert-  
22          ing “(as in effect before the date of the enactment  
23          of the Bridge to a Clean Energy Future Act of  
24          2015)” after “section 613A”.

1           (10) Section 993(c)(2)(C) is amended by strik-  
2           ing “section 613 or 613A” and inserting “section  
3           613 (determined without regard to subsection (d)  
4           thereof)”.

5           (11) Section 1202(e)(3)(D) is amended by  
6           striking “section 613 or 613A” and inserting “sec-  
7           tion 613 (determined without regard to subsection  
8           (d) thereof)”.

9           (12) Section 1367(a)(2) is amended by insert-  
10          ing “and” at the end of subparagraph (C), by strik-  
11          ing “, and” at the end of subparagraph (D) and in-  
12          serting a period, and by striking subparagraph (E).

13          (13) Section 1446(c) is amended by striking  
14          paragraph (2) and by redesignating paragraph (3)  
15          as paragraph (2).

16          (c) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply to property placed in service after  
18          December 31, 2015.

19          **SEC. 306. REPEAL OF DEDUCTION FOR TERTIARY**  
20          **INJECTANTS.**

21          (a) IN GENERAL.—Part VI of subchapter B of chap-  
22          ter 1 is amended by striking section 193 (and the table  
23          of sections of such subpart is amended by striking the item  
24          relating to such section).

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2015.

4 **SEC. 307. REPEAL OF EXCEPTION TO PASSIVE LOSS LIMITA-**  
5 **TIONS FOR WORKING INTERESTS IN OIL AND**  
6 **GAS PROPERTIES.**

7 (a) IN GENERAL.—Section 469(c)(3) is amended by  
8 adding at the end the following new subparagraph:

9 “(C) TERMINATION.—Subparagraph (A)  
10 shall not apply with respect to any taxable year  
11 beginning after the date of the enactment of  
12 this Act.”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2015.

16 **SEC. 308. DEDUCTION FOR INCOME ATTRIBUTABLE TO DO-**  
17 **MESTIC PRODUCTION ACTIVITIES NOT AL-**  
18 **LOWED WITH RESPECT TO OIL AND GAS AC-**  
19 **TIVITIES.**

20 (a) IN GENERAL.—Section 199(c)(4)(B) is amended  
21 by striking “and” at the end of clause (ii), by striking  
22 the period at the end of clause (iii) and inserting “, and”,  
23 and by inserting after clause (iii) the following new clause:

1                   “(iv) the production, refining, proc-  
2                   essing, transportation, or distribution of  
3                   oil, gas, or any primary product thereof.”.

4           (b) CONFORMING AMENDMENT.—Section 199(d) is  
5 amended by striking paragraph (9) and by redesignating  
6 paragraph (10) as paragraph (9).

7           (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2015.

10 **SEC. 309. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**  
11 **COUNTING FOR OIL AND GAS COMPANIES.**

12           (a) IN GENERAL.—Section 472 is amended by adding  
13 at the end the following new subsection:

14           “(h) OIL AND GAS COMPANIES.—

15                   “(1) IN GENERAL.—Notwithstanding any other  
16 provision of this section, a major integrated oil com-  
17 pany may not use the method provided in subsection  
18 (b) in inventorying of any goods.

19                   “(2) MAJOR INTEGRATED OIL COMPANY.—For  
20 purposes of this subsection, the term ‘major inte-  
21 grated oil company’ means, with respect to any tax-  
22 able year, a producer of crude oil—

23                           “(A) which has an average daily worldwide  
24 production of crude oil of at least 500,000 bar-  
25 rels for the taxable year,

1           “(B) which has gross receipts in excess of  
2           \$1,000,000,000 for the taxable year, and

3           “(C) the average daily refinery runs of the  
4           taxpayer and related persons for the taxable  
5           year exceed 75,000 barrels.

6           “(3) SPECIAL RULES.—

7           “(A) CRUDE PRODUCTION AND GROSS RE-  
8           CEIPTS.—For purposes of subparagraphs (A)  
9           and (B) of paragraph (2)—

10           “(i) CONTROLLED GROUPS AND COM-  
11           MON CONTROL.—All persons treated as a  
12           single employer under subsections (a) and  
13           (b) of section 52 shall be treated as 1 per-  
14           son.

15           “(ii) SHORT TAXABLE YEARS.—In the  
16           case of a short taxable year, the rule under  
17           section 448(c)(3)(B) shall apply.

18           “(B) AVERAGE DAILY REFINERY RUNS.—  
19           For purposes of paragraph (2)(C)—

20           “(i) IN GENERAL.—The average daily  
21           refinery runs for any taxable year shall be  
22           determined by dividing the aggregate refin-  
23           ery runs for the taxable year by the num-  
24           ber of days in the taxable year.



1           “(ii) RELATED PERSONS.—A person  
2 is a related person with respect to the tax-  
3 payer if a significant ownership interest in  
4 either the taxpayer or such person is held  
5 by the other, or if a third person has a sig-  
6 nificant ownership interest in both the tax-  
7 payer and such person.

8           “(iii) SIGNIFICANT OWNERSHIP IN-  
9 TEREST.—For purposes of clause (ii), the  
10 term ‘significant ownership interest’  
11 means—

12           “(I) with respect to any corpora-  
13 tion, 15 percent or more in value of  
14 the outstanding stock of such corpora-  
15 tion,

16           “(II) with respect to a partner-  
17 ship, 15 percent or more interest in  
18 the profits or capital of such partner-  
19 ship, and

20           “(III) with respect to an estate  
21 or trust, 15 percent or more of the  
22 beneficial interests in such estate or  
23 trust.

24 For purposes of determining a significant  
25 ownership interest, an interest owned by or

1           for a corporation, partnership, trust, or es-  
2           tate shall be considered as owned directly  
3           both by itself and proportionately by its  
4           shareholders, partners, or beneficiaries, as  
5           the case may be.”.

6           (b) EFFECTIVE DATE AND SPECIAL RULE.—

7           (1) IN GENERAL.—The amendment made by  
8           subsection (a) shall apply to taxable years beginning  
9           after December 31, 2015.

10          (2) CHANGE IN METHOD OF ACCOUNTING.—In  
11          the case of any taxpayer required by the amendment  
12          made by this section to change its method of ac-  
13          counting for its first taxable year beginning after the  
14          date of the enactment of this Act—

15                (A) such change shall be treated as initi-  
16                ated by the taxpayer,

17                (B) such change shall be treated as made  
18                with the consent of the Secretary of the Treas-  
19                ury, and

20                (C) the net amount of the adjustments re-  
21                quired to be taken into account by the taxpayer  
22                under section 481 of the Internal Revenue Code  
23                of 1986 shall be taken into account ratably over  
24                a period (not greater than 8 taxable years) be-  
25                ginning with such first taxable year.

1 **SEC. 310. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**  
2 **APPLICABLE TO DUAL CAPACITY TAXPAYERS.**

3 (a) IN GENERAL.—Section 901 is amended by redess-  
4 ignating subsection (n) as subsection (o) and by inserting  
5 after subsection (m) the following new subsection:

6 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY  
7 TAXPAYERS.—

8 “(1) GENERAL RULE.—Notwithstanding any  
9 other provision of this chapter, any amount paid or  
10 accrued by a dual capacity taxpayer to a foreign  
11 country or possession of the United States for any  
12 period with respect to combined foreign oil and gas  
13 income (as defined in section 907(b)(1)) shall not be  
14 considered a tax to the extent such amount exceeds  
15 the amount (determined in accordance with regula-  
16 tions) which would have been required to be paid if  
17 the taxpayer were not a dual capacity taxpayer.

18 “(2) DUAL CAPACITY TAXPAYER.—For pur-  
19 poses of this subsection, the term ‘dual capacity tax-  
20 payer’ means, with respect to any foreign country or  
21 possession of the United States, a person who—

22 “(A) is subject to a levy of such country or  
23 possession, and

24 “(B) receives (or will receive) directly or  
25 indirectly a specific economic benefit (as deter-

1           mined in accordance with regulations) from  
2           such country or possession.”.

3           (b) EFFECTIVE DATE.—

4           (1) IN GENERAL.—The amendments made by  
5           this section shall apply to taxes paid or accrued in  
6           taxable years beginning after December 31, 2015.

7           (2) CONTRARY TREATY OBLIGATIONS  
8           UPHELD.—The amendments made by this section  
9           shall not apply to the extent contrary to any treaty  
10          obligation of the United States.

○