

119TH CONGRESS
1ST SESSION

S. 425

To amend the Internal Revenue Code of 1986 to modify the carbon oxide sequestration credit to ensure parity for different uses and utilizations of qualified carbon oxide.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5, 2025

Mr. BARRASSO (for himself, Mr. LANKFORD, Mr. CASSIDY, Mr. HOEVEN, Mr. JUSTICE, and Mr. SHEEHY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to modify the carbon oxide sequestration credit to ensure parity for different uses and utilizations of qualified carbon oxide.

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 “Enhancing Energy Re-
5 covery Act”.

1 **SEC. 2. PARITY FOR DIFFERENT USES AND UTILIZATIONS**
 2 **OF QUALIFIED CARBON OXIDE.**

3 (a) IN GENERAL.—Section 45Q of the Internal Rev-
 4 enue Code of 1986 is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (2)(B)(ii), by adding
 7 “and” at the end,

8 (B) in paragraph (3), by striking subpara-
 9 graph (B) and inserting the following:

10 “(B)(i) disposed of by the taxpayer in se-
 11 cure geological storage and not used by the tax-
 12 payer as described in clause (ii) or (iii),

13 “(ii) used by the taxpayer as a tertiary
 14 injectant in a qualified enhanced oil or natural
 15 gas recovery project and disposed of by the tax-
 16 payer in secure geological storage, or

17 “(iii) utilized by the taxpayer in a manner
 18 described in subsection (f)(5).”, and

19 (C) by striking paragraph (4), and

20 (2) in subsection (b)—

21 (A) in paragraph (1)—

22 (i) by striking subparagraph (A) and
 23 inserting the following:

24 “(A) Except as provided in subparagraph
 25 (B) or (C), the applicable dollar amount shall
 26 be an amount equal to—

1 “(i) for any taxable year beginning in
 2 a calendar year after 2024 and before
 3 2027, \$17, and

4 “(ii) for any taxable year beginning in
 5 a calendar year after 2026, an amount
 6 equal to the product of \$17 and the infla-
 7 tion adjustment factor for such calendar
 8 year determined under section 43(b)(3)(B)
 9 for such calendar year, determined by sub-
 10 stituting ‘2025’ for ‘1990’.”, and

11 (ii) in subparagraph (B), by striking
 12 “shall be applied” and all that follows
 13 through the period and inserting “shall be
 14 applied by substituting ‘\$36’ for ‘\$17’ each
 15 place it appears.”,

16 (B) in paragraph (2)(B), by striking
 17 “paragraphs (3)(A) and (4)(A)” and inserting
 18 “paragraph (3)(A)”, and

19 (C) in paragraph (3), by striking “the dol-
 20 lar amounts applicable under paragraph (3) or
 21 (4)” and inserting “the dollar amount applica-
 22 ble under paragraph (3)”,

23 (3) in subsection (f)—

24 (A) in paragraph (5)(B)(i), by striking
 25 “(4)(B)(ii)” and inserting “(3)(B)(iii)”, and

1 (B) in paragraph (9), by striking “para-
2 graphs (3) and (4) of subsection (a)” and in-
3 serting “subsection (a)(3)”, and
4 (4) in subsection (h)(3)(A)(ii), by striking
5 “paragraph (3)(A) or (4)(A) of subsection (a)” and
6 inserting “subsection (a)(3)(A)”.

7 (b) CONFORMING AMENDMENT.—Section
8 6417(d)(3)(C)(i)(II)(bb) of the Internal Revenue Code of
9 1986 is amended by striking “paragraph (3)(A) or (4)(A)
10 of section 45Q(a)” and inserting “section 45Q(a)(3)(A)”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2024.

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