

112TH CONGRESS  
2D SESSION

# S. 3491

To cut taxes for innovative businesses that produce renewable chemicals.

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IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2012

Ms. STABENOW introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To cut taxes for innovative businesses that produce 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.**

4 This Act may be cited as the “Qualifying Renewable  
5 Chemical Production Tax Credit Act of 2012”.

6 **SEC. 2. CREDIT FOR THE PRODUCTION OF RENEWABLE**  
7 **CHEMICALS.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of  
10 1986 is amended by adding at the end the following new  
11 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 polymers,  
12 plastics, or formulated products, or

13 “(ii) as polymers, plastics, or formu-  
14 lated products, and

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

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

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

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

24 “(C) such chemical is not either the prod-  
25 uct of, or reliant upon, biological conversion,

1 thermal conversion, or a combination of biologi-  
 2 cal and thermal conversion, of renewable bio-  
 3 mass, or

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

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

11 “(e) ALLOCATION OF CREDIT AMOUNTS.—

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

17 “(2) LIMITATIONS.—

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

21 “(B) TAXPAYER LIMITATION.—The  
 22 amount of credits that may be allocated to any  
 23 taxpayer for any taxable year under such pro-  
 24 gram shall not exceed \$25,000,000. For pur-  
 25 poses of the preceding sentence, all persons

1           treated as a single employer under subsection  
2           (a) or (b) of section 52, or subsection (m) or  
3           (o) of section 414, shall be treated as one per-  
4           son.

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

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

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

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

21                   “(D) the energy efficiency and reduction in  
22                  lifecycle greenhouse gases of the renewable  
23                  chemical or of the production method of the re-  
24                  newable chemical, and

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

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

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

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

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

23           “(f) TERMINATION.—Notwithstanding any other pro-  
24           vision of this section, the Secretary may not allocate any  
25           credit amount under this section to any taxable year which

1 begins more than 5 years after the date of the enactment  
2 of this section.”.

3 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
4 CREDIT.—

5 (1) IN GENERAL.—Subsection (b) of section 38  
6 of such Code is amended by striking “plus” at the  
7 end of paragraph (35), by striking the period at the  
8 end of paragraph (36) and inserting “, plus”, and  
9 by adding at the end the following new paragraph:  
10 “(37) the renewable chemicals production credit  
11 determined under section 45S(a).”.

12 (2) CREDIT ALLOWABLE AGAINST ALTERNATIVE  
13 MINIMUM TAX.—Subparagraph (B) of section  
14 38(c)(4) of such Code is amended by redesignating  
15 clauses (vii) through (ix) as clauses (viii) through  
16 (x), respectively, and by inserting after clause (vi)  
17 the following new clause:

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

20 (c) CLERICAL AMENDMENT.—The table of sections  
21 for subpart D of part IV of subchapter A of chapter 1  
22 of such Code is amended by adding at the end the fol-  
23 lowing new item:

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

24 (d) EFFECTIVE DATE.—The amendments made by  
25 this section shall apply to chemicals produced after the

- 1 date of the enactment of this Act, in taxable years ending
- 2 after such date.

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