

115TH CONGRESS
1ST SESSION

H. R. 1655

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for facilities using a qualified methane conversion technology to provide transportation fuels and chemicals.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2017

Mr. MEEHAN (for himself, Mr. THOMPSON of Pennsylvania, Mr. BABIN, and Mr. LARSON of Connecticut) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for facilities using a qualified methane conversion technology to provide transportation fuels and 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 “Capitalizing on Amer-
5 ican Methane Act of 2017”.

1 **SEC. 2. INCENTIVES FOR INNOVATIVE FUEL PRODUCTION**
2 **THROUGH QUALIFIED METHANE CONVER-**
3 **SION TECHNOLOGY.**

4 (a) INCLUSION OF QUALIFIED METHANE CONVER-
5 SION TECHNOLOGY IN GASIFICATION PROJECT CREDIT.—

6 (1) IN GENERAL.—Paragraph (2) of section
7 48B(c) of the Internal Revenue Code of 1986 is
8 amended to read as follows:

9 “(2) GASIFICATION TECHNOLOGY.—The term
10 ‘gasification technology’ means—

11 “(A) any process which converts a solid or
12 liquid product from coal, petroleum residue,
13 biomass, or other materials which are recovered
14 for their energy or feedstock value into a syn-
15 thesis gas composed primarily of carbon mon-
16 oxide and hydrogen for direct use or subsequent
17 chemical or physical conversion, and

18 “(B) any qualified methane conversion
19 technology.”.

20 (2) QUALIFIED METHANE CONVERSION TECH-
21 NOLOGY.—Subsection (c) of section 48B of such
22 Code is amended by adding at the end the following
23 new paragraph:

24 “(9) QUALIFIED METHANE CONVERSION TECH-
25 NOLOGY.—

1 “(A) IN GENERAL.—The term ‘qualified
2 methane conversion technology’ means a proc-
3 ess consisting of the molecular conversion of a
4 fuel consisting principally of methane into hy-
5 drocarbons, and the subsequent use of such hy-
6 drocarbons, if such hydrocarbons are principally
7 intended to be used—

8 “(i) to replace or reduce the quantity
9 of petroleum present in a fuel used in
10 motor vehicles, motor vehicle engines,
11 nonroad vehicles, nonroad engines, or air-
12 craft if—

13 “(I) the lifecycle greenhouse gas
14 emissions associated with the produc-
15 tion and combustion is, on an ongoing
16 basis, not more than such emissions
17 from the equivalent conventional fuel
18 produced from conventional petroleum
19 sources,

20 “(II) the sulfur concentration is
21 not more than 2 parts per million,
22 and

23 “(III) such production is at a fa-
24 cility which, during the taxable year,
25 has an annual total production capac-

1 ity of not more than 150,000,000 gal-
 2 lons of liquid transportation fuel, or
 3 “(ii) for the production of chemicals
 4 (within the meaning of paragraph (7)(A)).

5 “(B) PRIMARY PURPOSE OF FACILITY.—If
 6 a facility uses qualified methane conversion
 7 technology to produce both fuels and chemicals,
 8 the requirements described in subparagraph
 9 (A)(i) shall apply only if the primary use of the
 10 facility is to produce fuels.

11 “(C) EXCLUSION.—The term ‘qualified
 12 methane conversion technology’ does not include
 13 technology that is part of a facility the con-
 14 struction of which begins after September 30,
 15 2027.”.

16 (3) INCREASE IN CREDIT AVAILABLE FOR
 17 METHANE CONVERSION PROJECTS.—

18 (A) IN GENERAL.—Paragraph (1) of sec-
 19 tion 48B(d) of such Code is amended by strik-
 20 ing “plus” at the end of subparagraph (A), by
 21 striking the period at the end of subparagraph
 22 (B) and inserting “, plus”, and by adding at
 23 the end the following new subparagraph:

1 “(C) \$500,000,000 for qualifying gasifi-
2 cation projects that rely primarily on qualified
3 methane conversion technology.

4 No qualifying gasification project shall receive more
5 than \$100,000,000 under the program.”.

6 (B) PERIOD OF ISSUANCE.—Paragraph (2)
7 of section 48B(d) of such Code is amended to
8 read as follows:

9 “(2) PERIOD OF ISSUANCE.—

10 “(A) IN GENERAL.—A certificate of eligi-
11 bility under subparagraphs (A) and (B) of
12 paragraph (1) may be issued only before Octo-
13 ber 1, 2027.

14 “(B) QUALIFIED METHANE CONVERSION
15 TECHNOLOGY.—A certificate of eligibility under
16 subparagraph (C) of paragraph (1) may be
17 issued only during the 10-fiscal year period be-
18 ginning on the first October 1 which is on or
19 after the date of the enactment of this para-
20 graph.”.

21 (C) SELECTION PRIORITIES.—Paragraph
22 (4) of section 48B(d) of such Code is amended
23 to read as follows:

24 “(4) SELECTION PRIORITIES.—

1 “(A) IN GENERAL.—In determining which
2 qualifying gasification projects, other than
3 projects using qualified methane conversion
4 technology, to certify under this section, the
5 Secretary shall—

6 “(i) give highest priority to projects
7 with the greatest separation and sequestra-
8 tion percentage of total carbon dioxide
9 emissions, and

10 “(ii) give high priority to applicant
11 participants who have a research partner-
12 ship with an eligible educational institution
13 (as defined in section 529(e)(5)).

14 “(B) CHEMICALS PROJECTS USING QUALI-
15 FIED METHANE CONVERSION TECHNOLOGY.—In
16 determining which qualifying gasification
17 projects that produce chemicals using qualified
18 methane conversion technology to certify under
19 this section, the Secretary shall give priority to
20 projects involving a production process that has
21 significant environmental benefits over the pro-
22 duction of the same chemical from petroleum
23 products.”.

24 (b) INCLUSION OF QUALIFIED METHANE CONVER-
25 SION TECHNOLOGY IN ALTERNATIVE FUEL CREDIT.—

1 Paragraph (2) of section 6426(d) of the Internal Revenue
2 Code of 1986 is amended by striking “and” at the end
3 of subparagraph (F), by striking the period at the end
4 of subparagraph (G) and inserting “, and”, and by adding
5 at the end the following new subparagraph:

6 “(H) liquid fuel produced through qualified
7 methane conversion technology (as defined in
8 section 48B(c)(9)(A)) at a facility the construc-
9 tion of which begins before October 1, 2027.”.

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

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