

119TH CONGRESS
1ST SESSION

S. 1842

To amend the Internal Revenue Code of 1986 to create a credit for carbon removal and storage for forest residues from wildfire management.

IN THE SENATE OF THE UNITED STATES

MAY 21, 2025

Mr. WHITEHOUSE (for himself and Mr. SCHIFF) 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 create a credit for carbon removal and storage for forest residues from wildfire management.

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 “Wildfire Reduction and
5 Carbon Removal Act of 2025”.

6 **SEC. 2. CREDIT FOR FOREST RESIDUE CARBON REMOVAL**
7 **AND STORAGE.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45BB. FOREST RESIDUE CARBON REMOVAL AND**
4 **STORAGE.**

5 “(a) GENERAL RULE.—For purposes of section 38,
6 the forest residue carbon removal and storage credit for
7 any taxable year is an amount equal to the applicable dol-
8 lar amount per metric ton of qualified carbon dioxide
9 equivalent which is—

10 “(1) captured by the taxpayer from qualified
11 forest residue biomass using biomass equipment
12 which was originally placed in service at a qualified
13 forest residue biomass carbon removal and storage
14 project on or after the date of the enactment of the
15 Wildfire Reduction and Carbon Removal Act of
16 2025, and

17 “(2) stored by the taxpayer in secure geological
18 storage or via long-duration utilization.

19 “(b) APPLICABLE DOLLAR AMOUNT.—For purposes
20 of this section—

21 “(1) IN GENERAL.—The applicable dollar
22 amount is—

23 “(A) \$36, in the case of qualified carbon
24 dioxide equivalent stored in secure geological
25 storage, and

1 “(B) \$12, in the case of qualified carbon
 2 dioxide equivalent stored via long-duration utili-
 3 zation.

4 “(2) ADJUSTMENT FOR INFLATION.—In the
 5 case of any taxable year beginning in a calendar
 6 year after 2026, the \$36 and \$12 amounts under
 7 paragraph (1) shall each be multiplied by the infla-
 8 tion adjustment factor determined under section
 9 43(b)(3)(B) for such calendar year, determined by
 10 substituting ‘2025’ for ‘1990’.

11 “(3) INCREASED CREDIT AMOUNT FOR CERTAIN
 12 FACILITIES.—

13 “(A) IN GENERAL.—In the case of quali-
 14 fied carbon dioxide equivalent which is de-
 15 scribed in subsection (a)(1) and which meets
 16 the requirements of paragraphs (3) and (4) of
 17 section 45Q(h) (determined after application of
 18 the modifications described in subparagraph
 19 (B)), the amount applicable shall be equal to
 20 such amount (determined without regard to this
 21 paragraph) multiplied by 5.

22 “(B) MODIFICATIONS.—The modifications
 23 described in this subparagraph are as follows:

24 “(i) In section 45Q(h)(3)(A), the term
 25 ‘qualified forest residue biomass carbon re-

1 removal and storage project’ shall be sub-
 2 stituted for ‘qualified facility’ each place it
 3 appears, and ‘such project’ shall be sub-
 4 stituted for ‘such facility’ each place it ap-
 5 pears.

6 “(ii) In section 45Q(h)(3)(A), the
 7 term ‘biomass equipment’ shall be sub-
 8 stituted for ‘carbon capture equipment’ in
 9 the matter before subparagraph (A).

10 “(iii) In section 45Q(h)(3)(A)(ii), by
 11 disregarding the phrase ‘for any portion of
 12 such taxable year which is within the pe-
 13 riod described in paragraph (3)(A) or
 14 (4)(A) of subsection (a)’.

15 “(c) INSTALLATION OF ADDITIONAL BIOMASS SYS-
 16 TEM EQUIPMENT AT EXISTING PROJECT.—In the case of
 17 a qualified forest residue biomass carbon removal and
 18 storage project placed in service before the date of the en-
 19 actment of the Wildfire Reduction and Carbon Removal
 20 Act of 2025 at which additional biomass equipment is
 21 placed in service on or after the date of the enactment
 22 of such Act, the amount of captured qualified carbon diox-
 23 ide equivalent taken into account for purposes of sub-
 24 section (a) is an amount (not less than zero) equal to the
 25 excess of—

1 “(1) the total amount of qualified carbon diox-
 2 ide equivalent captured at such project for the tax-
 3 able year, over

4 “(2) the total amount of the carbon dioxide
 5 equivalent capture capacity of the qualified forest
 6 residue biomass project in service at such project on
 7 the day before the date of the enactment of such
 8 Act.

9 “(d) QUALIFIED CARBON DIOXIDE EQUIVALENT.—
 10 For purposes of this section, the term ‘qualified carbon
 11 dioxide equivalent’ means the net metric tons of carbon
 12 dioxide equivalent which—

13 “(1) is captured through the disposal or utiliza-
 14 tion of the carbon embodied in qualified forest res-
 15 idue biomass, and

16 “(2) is measured and verified at the point of
 17 disposal or utilization based on, in accordance with
 18 the rules of subsection (f)—

19 “(A) project-level lifecycle analysis of
 20 greenhouse gas emissions, and

21 “(B) project-level monitoring, reporting,
 22 and verification.

23 “(e) QUALIFIED FOREST RESIDUE BIOMASS CARBON
 24 REMOVAL AND STORAGE PROJECT.—For purposes of this
 25 section—

1 “(1) IN GENERAL.—

2 “(A) IN GENERAL.—The term ‘qualified
3 forest residue biomass carbon removal and stor-
4 age project’ means any project which—

5 “(i) uses biomass equipment to store
6 qualified carbon dioxide equivalent in se-
7 cure geological storage or via long-duration
8 utilization, and

9 “(ii) stores not less than 1,000 metric
10 tons of qualified carbon dioxide equivalent
11 as described in clause (i) during the tax-
12 able year.

13 “(B) AGGREGATION OF FACILITIES.—The
14 term ‘qualified forest residue biomass carbon
15 removal and storage project’ may include mul-
16 tiple facilities which may be aggregated in order
17 to meet the requirement of subparagraph
18 (A)(ii).

19 “(2) QUALIFIED FOREST RESIDUE BIOMASS.—
20 The term ‘qualified forest residue biomass’ means
21 forest residues from the thinning of trees no greater
22 than 8 inches in diameter at breast height and other
23 residues (such as limbs and bark) which—

1 “(A) meet sustainability standards issued
2 pursuant to section 2(f) of the Wildfire Reduc-
3 tion and Carbon Removal Act of 2025, and

4 “(B) are produced from wildfire hazard re-
5 duction or ecological restoration activities iden-
6 tified—

7 “(i) in a final United States Forest
8 Service Land Management Plan or Bureau
9 of Land Management Resource Manage-
10 ment Plan, or

11 “(ii) by the United States Forest
12 Service as occurring in firesheds with sig-
13 nificant wildfire hazard potential and vege-
14 tation departure.

15 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—
16 For purposes of this section—

17 “(1) SECURE GEOLOGICAL STORAGE.—Carbon
18 dioxide equivalent shall be treated as stored in se-
19 cure geological storage only if such carbon dioxide
20 equivalent is stored in such wells or underground
21 storage mechanisms, including injection of bio-liq-
22 uids or bio-solids or engineered burial of biomass,
23 appropriate to the type of biomass carbon removal
24 as the Secretary shall identify in consultation with
25 the Secretary of Energy and the Administrator of

1 the Environmental Protection Agency as having
2 demonstrated the capability to store such carbon di-
3 oxide equivalent securely for at least a 1,000-year
4 period.

5 “(2) LONG-DURATION UTILIZATION.—Carbon
6 dioxide equivalent shall be treated as stored via long-
7 duration utilization if such carbon dioxide equivalent
8 is stored in the form of biochar, durable building
9 materials, or other products which remove carbon,
10 which are determined by the Secretary in collabora-
11 tion with the entities described in paragraph (1) to
12 have demonstrated the capability to store such car-
13 bon dioxide equivalent securely for at least a 100-
14 year period, as calculated based on a lifecycle anal-
15 ysis.

16 “(3) BIOMASS EQUIPMENT.—The term ‘biomass
17 equipment’ means any equipment used at a qualified
18 forest residue biomass carbon removal and storage
19 project to dispose of qualified forest residue biomass.

20 “(4) CREDIT NOT ALLOWED FOR ENHANCED
21 RECOVERY OPERATIONS.—No credit shall be allowed
22 under subsection (a) with respect to qualified carbon
23 dioxide equivalent which is used by the taxpayer as
24 a tertiary injectant in an enhanced oil or natural gas
25 recovery project.

1 “(5) COORDINATION WITH OTHER CREDITS.—

2 “(A) IN GENERAL.—No credit shall be al-
 3 lowed under this section with respect to any
 4 qualifying carbon dioxide removal project for
 5 any taxable year for which a credit determined
 6 under section 45Q or 48C is allowed for such
 7 taxable year.

8 “(B) SPECIAL RULE FOR QUALIFIED CAR-
 9 BON DIOXIDE REMOVAL PROJECTS INTEGRATED
 10 WITH CLEAN ENERGY GENERATION.—

11 “(i) IN GENERAL.—In the case of any
 12 qualifying carbon dioxide removal project
 13 which produces electricity, hydrogen, or
 14 fuel as an output of its qualifying carbon
 15 dioxide removal approach, no credit shall
 16 be allowed with respect to the production
 17 of such electricity, hydrogen, or fuel under
 18 section 40B, 45, 45V, 45Y, or 45Z unless
 19 such electricity, hydrogen, or fuel is con-
 20 sumed by such qualifying carbon dioxide
 21 removal project.

22 “(ii) ENERGY CREDIT AND CLEAN
 23 ELECTRICITY INVESTMENT CREDIT.—In
 24 the case of any qualifying carbon dioxide
 25 removal project which includes—

1 “(I) any energy property (as de-
 2 fined in section 48(a)(3)) which pro-
 3 duces electricity or hydrogen from the
 4 process of carbon dioxide removal, or

5 “(II) any qualified facility (as de-
 6 fined in section 48E(b)(3)) which pro-
 7 duces electricity or hydrogen from the
 8 process of carbon dioxide removal,
 9 no credit shall be allowed under section 48
 10 or 48E with respect to such energy prop-
 11 erty or qualified facility.

12 “(6) ONLY QUALIFIED CARBON DIOXIDE EQUIV-
 13 ALENT CAPTURED AND DISPOSED OF OR USED
 14 WITHIN THE UNITED STATES TAKEN INTO AC-
 15 COUNT.—The credit under this section shall apply
 16 only with respect to qualified carbon dioxide equiva-
 17 lent the capture and storage or disposal of which is
 18 within—

19 “(A) the United States (within the mean-
 20 ing of section 638(1)), or

21 “(B) a possession of the United States
 22 (within the meaning of section 638(2)).

23 “(7) CREDIT ATTRIBUTABLE TO TAXPAYER.—

24 “(A) IN GENERAL.—Except as provided in
 25 subparagraph (B) or in any regulations pre-

1 scribed by the Secretary, any credit under this
2 section shall be attributable to the person that
3 owns the biomass equipment and physically or
4 contractually ensures the capture and storage
5 or disposal of the qualified carbon dioxide
6 equivalent.

7 “(B) ELECTION.—If the person described
8 in subparagraph (A) makes an election under
9 this subparagraph in such time and manner as
10 the Secretary may prescribe by regulations, the
11 credit under this section—

12 “(i) shall be allowable to the person
13 that stores or disposes of the qualified car-
14 bon dioxide equivalent, and

15 “(ii) shall not be allowable to the per-
16 son described in subparagraph (A).

17 “(8) RECAPTURE.—The Secretary shall, by reg-
18 ulations, provide for recapturing the benefit of any
19 credit allowable under subsection (a) with respect to
20 any qualified carbon dioxide equivalent which ceases
21 to be stored or disposed of in a manner consistent
22 with the requirements of this section.

23 “(9) CREDIT REDUCED FOR TAX-EXEMPT
24 BONDS.—Rules similar to the rule under section
25 45(b)(3) shall apply for purposes of this section.

1 “(g) GUIDANCE.—Not later than January 1, 2026,
 2 the Secretary shall issue guidance regarding implementa-
 3 tion of this section, including standards on qualified forest
 4 residue biomass and determination of net qualified dioxide
 5 equivalent removals under this section.”.

6 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 7 CREDIT.—Subsection (b) of section 38 of the Internal
 8 Revenue Code of 1986 is amended by striking “plus” at
 9 the end of paragraph (40), by striking the period at the
 10 end of paragraph (41) and inserting “, plus”, and by add-
 11 ing at the end the following new paragraph:

12 “(42) the forest residue carbon removal and
 13 storage credit determined under section 45BB(a).”.

14 (c) ELECTIVE PAYMENT AND TRANSFER OF CRED-
 15 IT.—

16 (1) ELECTIVE PAYMENT.—Subsection (b) of
 17 section 6417 of the Internal Revenue Code of 1986
 18 is amended by adding at the end the following new
 19 paragraph:

20 “(13) The forest residue carbon removal and
 21 storage credit determined under section 45BB(a).”.

22 (2) TRANSFER.—Section 6418(f)(1)(A) of the
 23 Internal Revenue Code of 1986 is amended by add-
 24 ing at the end the following:

1 “(xii) The forest residue carbon re-
2 moval and storage credit determined under
3 section 45BB(a).”.

4 (d) CLERICAL AMENDMENT.—The table of sections
5 for subpart D of part IV of subchapter A of chapter 1
6 of the Internal Revenue Code of 1986 is amended by add-
7 ing at the end the following new item:

“Sec. 45BB. Forest residue carbon removal and storage.”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2025.

11 (f) SUSTAINABILITY STANDARDS RULEMAKING AND
12 PUBLIC COMMENT PERIOD.—

13 (1) RULEMAKING AUTHORITY.—The Secretary
14 of the Treasury, in consultation with the Secretary
15 of Agriculture and the Secretary of the Interior,
16 shall issue regulations to establish sustainability
17 standards for the identification of qualified forest
18 residue biomass for purposes of the forest residue
19 carbon removal and storage tax credit established by
20 this section. Such regulations shall—

21 (A) using the best available science, includ-
22 ing the 2023 Wildfire Hazard Potential map
23 produced by the Forest Service Fire Modeling
24 Institute and the 2023 Vegetation Condition
25 Class categorization produced by the Landscape

1 Fire and Resource Management Planning Tools
 2 program, identify firesheds with significant
 3 wildfire hazard potential and vegetation depart-
 4 ture from a fire-adapted historical baseline from
 5 which qualified forest residue biomass can be
 6 sourced;

7 (B) identify regional and ecosystem-spe-
 8 cific requirements to limit eligibility to practices
 9 and sites which—

10 (i) have minimal negative impacts on
 11 soil quality, soil fertility, soil erosion, soil
 12 carbon sequestration, and site productivity;

13 (ii) have minimal negative impacts on
 14 biodiversity, including soil microbiota,
 15 plants, and animals;

16 (iii) have minimal negative impacts on
 17 water quality and hydrological functioning;

18 (iv) have minimal impacts on reducing
 19 or displacing food production; and

20 (v) have minimal substitution for ex-
 21 isting economic uses of forest products, in-
 22 cluding considering reducing the maximum
 23 diameter of thinned trees considered to be
 24 qualified forest residue biomass; and

1 (C) consider direct and indirect impacts of
2 biomass sourcing and harvest.

3 (2) PUBLIC COMMENT REQUIREMENT.—Not
4 later than 6 months after the date of the enactment
5 of this Act, the Secretary of the Treasury shall pub-
6 lish in the Federal Register proposed regulations
7 that include sustainability standards for the forest
8 residue carbon removal and storage tax credit.

9 (3) PUBLIC COMMENT PERIOD.—

10 (A) DURATION.—The Secretary shall pro-
11 vide for a period of not less than 60 days after
12 the date of publication of the proposed regula-
13 tions during which the public may submit com-
14 ments on the proposed regulations.

15 (B) CONSIDERATION OF COMMENTS.—The
16 Secretary shall consider all comments received
17 during the public comment period before
18 issuing final regulations.

19 (4) FINAL REGULATIONS.—The Secretary shall
20 issue final regulations and establish sustainability
21 standards for the carbon removal tax credit estab-
22 lished under this section not later than 90 days after
23 the close of the public comment period, taking into
24 account feedback from the public and stakeholders.

1 (5) CONSIDERATION OF REVISION.—Every 5
2 years, the Secretary shall provide for a public com-
3 ment period to consider whether the sustainability
4 standards should be updated to reflect latest science.
5 The Secretary shall consider all comments received
6 during the public comment period before deter-
7 mining whether to update the regulations under the
8 same procedures as used to issue the original stand-
9 ards.

10 (g) CARBON DETERMINATION RULEMAKING AND
11 PUBLIC COMMENT PERIOD.—

12 (1) RULEMAKING AUTHORITY.—The Secretary
13 of the Treasury, in consultation with the Secretary
14 of Energy and the Administrator of the Environ-
15 mental Protection Agency, shall issue regulations to
16 establish greenhouse gas lifecycle analysis require-
17 ments and monitoring, reporting, and verification re-
18 quirements to determine qualified carbon dioxide
19 equivalent for the implementation of the forest res-
20 idue carbon removal and storage tax credit estab-
21 lished by this section. These regulations shall seek
22 to—

23 (A) to the greatest extent possible, identify
24 best available tools, models, or default values
25 for embodied or lifecycle emissions in order to

1 facilitate consistency and comparability across
2 qualified carbon dioxide removal approaches
3 with respect to—

4 (i) project-level greenhouse gas
5 lifecycle analysis;

6 (ii) project-level monitoring, reporting,
7 and verification; and

8 (iii) determination of net carbon diox-
9 ide removal;

10 (B) include reporting and verification re-
11 quirements which facilitate transparency and
12 evaluation of the net carbon dioxide removal
13 claimed by the taxpayer; and

14 (C) take into account best practices and
15 requirements from other carbon dioxide removal
16 accounting programs in order to minimize inef-
17 ficiencies and conflicting procedures.

18 (2) LIFECYCLE ANALYSIS.—Under the proposed
19 regulations, the project-level greenhouse gas lifecycle
20 analysis shall—

21 (A) include all processes, activities, and
22 greenhouse gas emissions associated with the
23 capture, storage, and utilization of carbon diox-
24 ide equivalent, including—

1 (i) any mass and energy inputs and
2 outputs from raw or processed materials,
3 including biomass feedstock production,
4 manufacture, processing, transport, stor-
5 age, use, and disposal;

6 (ii) direct land use change, estimated
7 indirect land use change, and other eco-
8 system perturbations that affect carbon
9 uptake of forests; and

10 (iii) long-term retention of carbon di-
11 oxide;

12 (B) only exclude any process from such
13 analysis if such process does not significantly
14 change the outcome of such analysis, with such
15 exclusion to be noted and justified;

16 (C) calculate net carbon dioxide equivalent
17 removal, including accounting for uncertainty
18 associated with the estimate of net carbon diox-
19 ide removal and taking into account any esti-
20 mated losses during carbon storage over a 100-
21 year period; and

22 (D) be consistent with the Best Practices
23 for Life Cycle Assessment of Biomass Carbon
24 Removal and Storage Technologies issued by

1 the Department of Energy on January 17,
2 2025.

3 (3) MONITORING, REPORTING, AND
4 VERIFICATION.—Under the proposed regulations, the
5 project-level monitoring, reporting, and verification
6 shall—

7 (A) develop traceability requirements to
8 verify the source and proportion of qualified
9 forest residue biomass used in a project;

10 (B) utilize independent third-party verifiers
11 and protocols for monitoring, reporting, and
12 verification;

13 (C) quantify uncertainty associated with
14 measurements and the resulting estimate of net
15 carbon dioxide removal; and

16 (D) include requirements for continued
17 monitoring of the qualified project for a period
18 determined by the Secretary, in consultation
19 with the Secretary of Energy and the Adminis-
20 trator of the Environmental Protection Agency,
21 to be appropriate.

22 (4) PUBLIC COMMENT REQUIREMENT.—Not
23 later than 6 months after the date of the enactment
24 of this Act, the Secretary of the Treasury shall pub-
25 lish in the Federal Register proposed regulations

1 that include lifecycle analysis and monitoring, re-
2 porting, and verification requirements for the forest
3 residue carbon removal and storage tax credit.

4 (5) PUBLIC COMMENT PERIOD.—

5 (A) DURATION.—The Secretary shall pro-
6 vide for a period of not less than 60 days after
7 the date of publication of the proposed regula-
8 tions during which the public may submit com-
9 ments on the proposed regulations.

10 (B) CONSIDERATION OF COMMENTS.—The
11 Secretary shall consider all comments received
12 during the public comment period before
13 issuing final regulations.

14 (6) FINAL REGULATIONS.—The Secretary shall
15 issue final regulations and establish lifecycle analysis
16 and monitoring, reporting, and verification for the
17 carbon removal tax credit established under this sec-
18 tion not later than 90 days after the close of the
19 public comment period, taking into account feedback
20 from the public and stakeholders.

21 (7) CONSIDERATION OF REVISION.—Every 5
22 years, the Secretary shall provide for a public com-
23 ment period to consider whether the lifecycle anal-
24 ysis and monitoring, reporting, and verification re-
25 quirements should be updated to reflect latest

1 science. The Secretary shall consider all comments
2 received during the public comment period before de-
3 termining whether to update the regulations under
4 the same procedures as used to issue the original re-
5 quirements.

6 (h) SECURE GEOLOGICAL STORAGE REGULA-
7 TIONS.—The Secretary of the Treasury, in consultation
8 with the Administrator of the Environmental Protection
9 Agency and the Secretary of Energy, shall establish regu-
10 lations for determining adequate security measures for the
11 geological storage of qualified carbon dioxide equivalent in
12 the form of injection of bio-liquids or bio-solids or engi-
13 neered burial of biomass for purposes of section 45BB of
14 the Internal Revenue Code of 1986 such that the qualified
15 carbon dioxide equivalent does not escape into the atmos-
16 phere over a 1,000-year period.

○