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119TH CONGRESS
1ST SESSION

S. 1964

To amend the Internal Revenue Code of 1986 to modify the energy efficient home improvement credit to include a credit for natural carbon sinks, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 5, 2025

Mrs. HYDE-SMITH introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to modify the energy efficient home improvement credit to include a credit for natural carbon sinks, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Solid American Hardwood Tax Credit Act’’.

SEC. 2. MODIFICATION OF ENERGY EFFICIENT HOME IMPROVEMENT CREDIT.

(a) INCLUSION OF CREDIT FOR NATURAL CARBON SINK EXPENDITURES.—

(1) IN GENERAL.—Section 25C(a) of the Internal Revenue Code of 1986 is amended by striking ‘‘and’’ at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ‘‘, and’’, and by adding at the end the following new paragraph:

‘‘(4) the amount of the natural carbon sink expenditures paid or incurred by the taxpayer during such taxable year.’’.

(2) NATURAL CARBON SINK EXPENDITURES.—Section 25C of such Code is amended by redesignating subsections (f), (g), and (h) as subsections (g), (h), and (i), respectively, and by inserting after subsection (e) the following new subsection:

‘‘(f) NATURAL CARBON SINK EXPENDITURES.—For purposes of this section—

‘‘(1) IN GENERAL.—The term ‘natural carbon sink expenditures’ means expenditures made by the taxpayer for any natural carbon sink if—

‘‘(A) such natural carbon sink is installed on or in connection with a dwelling unit located in the United States and owned and used by the taxpayer as the taxpayer’s principal residence (within the meaning of section 121), "(B) the original use of such natural carbon sink commences with the taxpayer, and

"(C) such natural carbon sink reasonably can be expected to remain in use for at least 5 years.

"(2) NATURAL CARBON SINK.—The term 'natural carbon sink' means—

"(A) any flooring, paneling, millwork, cabinetry doors, or cabinetry facing, or

"(B) any frame for a window or skylight, which is comprised of deciduous trees grown and processed in the United States.".

(b) EXTENSION OF CREDIT.—Section 25C(i)(2) of such Code, as redesignated by subsection (a)(2), is amended by striking "2032" and inserting "2035".

(c) CONFORMING AMENDMENT.—Section 1016(a)(33) of such Code is amended by striking "section 25C(g)" and inserting "section 25C(h)".

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

SEC. 3. TERMINATION OF INCREASED CREDIT FOR CARBON OXIDE SEQUESTRATION.

(a) IN GENERAL.—Section 45Q(h) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(6) TERMINATION.—Paragraph (1) shall not apply to any carbon capture equipment the construction of which begins after the date of the enactment of this paragraph (determined without regard to when construction of the qualified facility begins).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property the construction of which begins after the date of the enactment of this Act.

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