

119TH CONGRESS
1ST SESSION

S. 692

To amend the Internal Revenue Code of 1986 to modify the clean fuel production credit to provide a special rate for sustainable vessel fuel.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 24, 2025

Ms. HIRONO 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 clean fuel production credit to provide a special rate for sustainable vessel fuel.

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 “Sustainable Vessel
5 Fuel Act”.

6 **SEC. 2. SPECIAL RATE UNDER CLEAN FUEL PRODUCTION**

7 **CREDIT FOR SUSTAINABLE VESSEL FUEL.**

8 (a) IN GENERAL.—Section 45Z(a)(3) of the Internal
9 Revenue Code of 1986 is amended—

1 (1) in the heading, by inserting “AND SUSTAIN-
 2 ABLE VESSEL FUEL” after “SUSTAINABLE AVIATION
 3 FUEL”,

4 (2) in subparagraph (A), by inserting “or sus-
 5 tainable vessel fuel” after “sustainable aviation
 6 fuel”, and

7 (3) in subparagraph (B), by striking “this sub-
 8 paragraph (A)” and inserting “this section”.

9 (b) INCLUSION AS TRANSPORTATION FUEL.—Section
 10 45Z(d)(5) of the Internal Revenue Code of 1986 is amend-
 11 ed—

12 (1) by redesignating subparagraph (B) as sub-
 13 paragraph (C), and

14 (2) by inserting after subparagraph (A) the fol-
 15 lowing new subparagraph:

16 “(B) SUSTAINABLE VESSEL FUEL.—

17 “(i) IN GENERAL.—The term ‘trans-
 18 portation fuel’ shall include sustainable
 19 vessel fuel which satisfies the requirement
 20 under subparagraph (A)(iii).

21 “(ii) DEFINITION.—The term ‘sus-
 22 tainable vessel fuel’ means liquid fuel
 23 which—

24 “(I) is suitable for use as a fuel
 25 in a commercial vessel or ferry (as

1 such terms are defined in section
 2 4462(a)(4)) and is sold for such use,

3 “(II) is not derived from palm
 4 fatty acid distillates or petroleum,

5 “(III) as determined pursuant to
 6 subsection (b)(1), has an emissions
 7 rate of zero, and

8 “(IV) satisfies the requirements
 9 of any standards which have been
 10 identified by the Secretary pursuant
 11 to clause (iii).

12 “(iii) STANDARDS.—The Secretary
 13 shall identify any standards as are estab-
 14 lished by the American Society for Testing
 15 and Materials (or similar standards organi-
 16 zation) with respect to liquid fuel described
 17 in subclauses (I) through (III) of clause
 18 (ii) which the Secretary determines appro-
 19 priate to carry out the purposes of this
 20 subparagraph.”.

21 (c) TERMINATION.—Section 45Z(g) of the Internal
 22 Revenue Code of 1986 is amended by inserting “(or, in
 23 the case of transportation fuel which is sustainable vessel
 24 fuel, December 31, 2035)” after “December 31, 2027”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to fuel produced after December
3 31, 2025.

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