

111TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide for an energy carrier production tax credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. WYDEN introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for an energy carrier production tax credit, and for other purposes.

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 “Renewable Energy Al-
5 ternative Production Act” or the “REAP Act”.

6 **SEC. 2. CREDIT FOR PRODUCTION OF RENEWABLE EN-**
7 **ERGY.**

8 (a) IN GENERAL.—Section 45 of the Internal Rev-
9 enue Code of 1986 is amended by adding at the end the
10 following new subsection:

1 “(f) CREDIT ALLOWED FOR PRODUCTION OF NON-
2 ELECTRIC ENERGY.—

3 “(1) IN GENERAL.—The credit allowed under
4 subsection (a) shall be increased by an amount equal
5 to the product of—

6 “(A) the dollar amount determined under
7 paragraph (2), and

8 “(B) each million British thermal units
9 (mmBtu) of qualified fuel which is—

10 “(i) produced by the taxpayer—

11 “(I) from qualified energy re-
12 sources, and

13 “(II) at any facility during the
14 10-year period beginning on the date
15 such facility was placed in service,

16 “(ii) not used for the production of
17 electricity, and

18 “(iii) sold by the taxpayer to an unre-
19 lated person during the taxable year.

20 “(2) DOLLAR AMOUNT.—The dollar amount de-
21 termined under this paragraph shall be the amount
22 determined by the Secretary to be the equivalent, ex-
23 pressed in British thermal units, of the credit al-
24 lowed under subsection (a) for 1 kilowatt hour of
25 electricity.

1 “(3) REDUCTION FOR GRANTS, TAX EXEMPT
2 BONDS, SUBSIDIZED ENERGY FINANCING, AND
3 OTHER CREDITS.—Rules similar to the rules of sub-
4 section (b)(3) shall apply for purposes of paragraph
5 (1).

6 “(4) DEFINITIONS AND SPECIAL RULES.—For
7 purposes of this subsection—

8 “(A) QUALIFIED FUEL.—The term ‘quali-
9 fied fuel’ means an energy product which is
10 produced, extracted, converted, or synthesized
11 from a qualified energy resource through a con-
12 trolled process, including pyrolysis, electrolysis,
13 and anaerobic digestion, which results in a
14 product consisting of methane, synthesis gas,
15 hydrogen, steam, manufactured cellulosic fuels,
16 or any other form of energy provided under reg-
17 ulations by the Secretary and which is used
18 solely as a source of energy.

19 “(B) ALLOCATION OF CREDIT TO PATRONS
20 OF AGRICULTURAL COOPERATIVES.—Rules
21 similar to the rules of subsection (e)(11) shall
22 apply for purposes of paragraph (1).”.

23 (b) CONFORMING AMENDMENTS.—

1 tion 48 of the Internal Revenue Code of 1986 is amended
2 by adding at the end the following new paragraph:

3 “(5) QUALIFIED ONSITE RENEWABLE NON-
4 ELECTRIC ENERGY PRODUCTION PROPERTY.—

5 “(A) IN GENERAL.—The term ‘qualified
6 onsite renewable non-electric energy production
7 property’ means property which produces quali-
8 fied fuel—

9 “(i) from qualified energy resources,

10 “(ii) not used for the production of
11 electricity, and

12 “(iii) used primarily on the same site
13 where the production is located to replace
14 an equivalent amount of non-renewable
15 fuel (determined based on the number of
16 British thermal units of non-renewable fuel
17 consumed by the taxpayer in the prior tax-
18 able year) or to provide energy primarily
19 on such site for a use that did not exist
20 prior to the later of the date of the enact-
21 ment of this paragraph or the date such
22 property was placed in service.

23 “(B) DEFINITIONS.—For purposes of this
24 paragraph—

1 “(i) QUALIFIED FUEL.—The term
2 ‘qualified fuel’ means an energy product
3 which is produced, extracted, converted, or
4 synthesized from a qualified energy re-
5 source through a controlled process, in-
6 cluding pyrolysis, electrolysis, and anaer-
7 obic digestion, which results in a product
8 consisting of methane, synthesis gas, hy-
9 drogen, steam, manufactured cellulosic
10 fuels, or any other form of energy provided
11 under regulations by the Secretary and
12 which is used solely as a source of energy.

13 “(ii) QUALIFIED ENERGY RE-
14 SOURCES.—The term ‘qualified energy re-
15 sources’ has the meaning given such term
16 by paragraph (1) of section 45(c).

17 “(iii) TERMINATION.—The term
18 ‘qualified onsite renewable non-electric en-
19 ergy production property’ shall not include
20 any property for any period after the date
21 which is 10 years after the date of the en-
22 actment of the Renewable Energy Alter-
23 native Production Act.”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to periods after the date of the

1 enactment of this Act, under rules similar to the rules of
2 section 48(m) of the Internal Revenue Code of 1986 (as
3 in effect on the day before the date of the enactment of
4 the Revenue Reconciliation Act of 1990).

5 **SEC. 4. RENEWABLE NON-ELECTRIC ENERGY PRODUCTION**
6 **FACILITIES ELIGIBLE FOR NEW CLEAN RE-**
7 **NEWABLE ENERGY BONDS.**

8 (a) IN GENERAL.—Paragraph (1) of section 54C(d)
9 of the Internal Revenue Code of 1986 is amended to read
10 as follows:

11 “(1) QUALIFIED RENEWABLE ENERGY FACIL-
12 ITY.—The term ‘qualified renewable energy facility’
13 means a facility which is—

14 “(A)(i) a qualified facility (as determined
15 under section 45(d) without regard to para-
16 graphs (8) and (10) thereof and to any placed
17 in service date), or

18 “(ii) a facility which produces qualified
19 fuel (as defined in section 45(f)(4)(A)) which is
20 derived from qualified energy resources (within
21 the meaning of section 45(f)(4)(B)) and not
22 used for the production of electricity, and

23 “(B) owned by a public power provider, a
24 governmental body, or a cooperative electric
25 company.”.

1 (b) **EFFECTIVE DATE.**—The amendment made by
2 this section shall apply to obligations issued after the date
3 of the enactment of this Act.