

## **Energy Tax and Tax Credit Provisions in the House Ways and Means Committee Budget Reconciliation Bill**

The House Ways and Means Committee Budget Reconciliation Bill includes several energy tax provisions. The bill is currently being marked-up in the Ways and Means Committee before it goes to the House of Representatives for consideration. The energy tax provisions in the current version of the bill include:

- Extension of the section 45 credit for electricity produced from renewable resources (wind, solar) through 2033;
- Extension of the biodiesel, renewable diesel and alternative fuel tax credits through 2031;
- Creation of a new excise and income tax credit for the production of sustainable aviation fuel. The amount of the credit would be a base \$1.25 plus \$0.01 for every percentage point above 50% for which the aviation fuel is certified to reduce emissions in comparison with petroleum jet fuel. A certification as to the greenhouse gas reduction is required. If enacted, this credit would be claimed in a similar manner to the biodiesel credit (an excise tax credit under section 6426 with an excess payment under 6427 and an income tax credit under section 40B; the income tax credit is expressly included in gross income). The credit would expire at the end of 2031;
- Reinstatement of the Superfund tax: the legislation proposes to reinstate the superfund tax per barrel effective January 1, 2022. The rate would be indexed for inflation annually, effective calendar year 2023. The superfund tax is found in section 4611 of the Internal Revenue Code. It was last in effect in 1995. It is collected at the same time as the federal oil spill tax and would be reported on IRS Form 6627, attached to Form 720.

This House of Representatives is hoping to pass this legislation along with the Senate Infrastructure Bill, which notably includes reinstatement of the per ton taxes on chemicals manufactured, produced, or imported into the United States. These taxes would be reinstated through 2031 and would be double the tax rate currently in the Internal Revenue Code at the time of expiration in 1996. However, it is uncertain whether either piece of legislation will advance. There is disagreement among Democrats in the Senate over the size of the budget bill and the process for passing it, with Senator Joe Manchin (D-WV) proposing to move the infrastructure bill first. Democrats in the House have indicated that both pieces of legislation must move together.