

110TH CONGRESS  
1ST SESSION

# H. R. 1976

To amend the Internal Revenue Code of 1986 to modify the refined coal credit to include qualified coal waste sludge recycling.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2007

Mr. DOYLE (for himself, Mr. TIM MURPHY of Pennsylvania, Mr. ENGLISH of Pennsylvania, Mrs. CAPITO, Mr. MOLLOHAN, Mr. DINGELL, Mr. RAHALL, Mr. HOLDEN, and Mr. CARNEY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to modify the refined coal credit to include qualified coal waste sludge recycling.

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. MODIFICATION OF REFINED COAL CREDIT TO**  
4                       **INCLUDE QUALIFIED COAL WASTE SLUDGE**  
5                       **RECYCLING.**

6       (a) IN GENERAL.—Section 45 of the Internal Rev-  
7       enue Code of 1986 (relating to electricity produced from  
8       certain renewable resources, etc.) is amended—

1           (1) in subsection (b)(2) by inserting “the \$3.00  
2           amount in subsection (e)(8)(B),” after “the \$4.375  
3           amount in subsection (e)(8)(A),”,

4           (2) in subsection (b)(2) by striking “subsection  
5           (e)(8)(B)(i)” and inserting “subsection (e)(8)(C)(i”,

6           (3) in subsection (c)(7) by adding at the end  
7           the following:

8                     “(C) REFINED COAL FROM A QUALIFIED  
9                     COAL WASTE SLUDGE RECYCLING PROCESS.—  
10            Refined coal shall also include, without regard  
11            to subparagraphs (A) and (B) hereof, a solid  
12            fuel produced from a qualified coal waste sludge  
13            recycling process.”,

14           (4) in subsection (d)(8) by striking “2009.”  
15           and inserting “2009, or in the case of a facility that  
16           uses a qualified coal waste sludge recycling process,  
17           a facility that was placed in service not later than  
18           one year after the date of enactment of the credit  
19           under this section for refined coal from a qualified  
20           coal waste sludge recycling process. For purposes of  
21           this subsection, a qualified coal waste sludge recy-  
22           cling facility shall be treated as placed in service  
23           when such facility is in place and functioning to  
24           process coal with coal waste sludge. A ‘qualified coal  
25           waste sludge recycling facility’ includes a plant, com-

1       prised of one or more batch tanks and/or one or  
 2       more storage tanks, steam and spray pipes, proc-  
 3       essing pumps, variable speed drives, a flowmeter and  
 4       related electrical equipment, that processes coal and  
 5       liquefied coal waste sludge.”,

6               (5) in subsection (e)(8)(A) by inserting “(other  
 7       than refined coal from a qualified coal waste sludge  
 8       recycling process)” after “refined coal” the first  
 9       place it appears,

10              (6) in subsection (e)(8) by redesignating sub-  
 11       paragraphs (B) and (C) as subparagraphs (C) and  
 12       (D), respectively, and by inserting after subpara-  
 13       graph (A) the following new subparagraph:

14                       “(B) AVAILABILITY AND DETERMINATION  
 15                       OF CREDIT AMOUNT FOR REFINED COAL FROM  
 16                       A QUALIFIED COAL WASTE SLUDGE RECYCLING  
 17                       PROCESS.—In the case of a producer of refined  
 18                       coal from a qualified coal waste sludge recycling  
 19                       process, there shall be allowed a credit for the  
 20                       taxable year under this section of \$3.00 per  
 21                       barrel-of-oil equivalent of refined coal from a  
 22                       qualified coal waste sludge recycling process—

23                               “(i) produced by the taxpayer at a fa-  
 24                               cility using a refined coal from qualified  
 25                               coal waste sludge recycling process during

the period beginning on the date of enactment of this subparagraph and ending on the date that is four years from the later of the first day of the fifth full month after the date of enactment of this subparagraph or its placed-in-service date, and

“(ii) sold by the taxpayer—

“(I) to an unrelated person, and

“(II) during such period and tax-

able year.

For purposes of the preceding sentence, barrel-of-oil equivalent is the amount of refined coal from a qualified coal waste sludge recycling process that has a Btu content of 5.8 million.”,

(7) in subsection (e)(8)(C), as redesignated by paragraph (6), by striking “The amount” and inserting “Except for a facility producing refined coal from a qualified coal waste sludge recycling process, the amount”,

(8) in subsection (e)(8), as amended by paragraph (6), by adding at the end the following new subparagraph:

“(E) QUALIFIED COAL WASTE SLUDGE RECYCLING PROCESS.—

1                   “(i) DEFINITION.—For purposes of  
2                   this section, a ‘qualified coal waste sludge  
3                   recycling process’ means a process using a  
4                   facility to liquefy coal waste sludge and  
5                   distribute the liquefied coal waste sludge  
6                   on the coal to create a feedstock for the  
7                   manufacture of coke. The term ‘coal waste  
8                   sludge’ means the tar decanter sludge and  
9                   related byproducts of the coking process,  
10                  including such materials that have been  
11                  stored in ground, in tanks and in lagoons,  
12                  that have been treated as hazardous wastes  
13                  under applicable Federal environmental  
14                  rules absent liquefaction and processing  
15                  with coal into a feedstock for the manufac-  
16                  ture of coke. The process liquefies coal  
17                  waste sludge and distributes approximately  
18                  one-quarter to one-half gallon of liquefied  
19                  coal waste sludge per each ton of metallur-  
20                  gical coal. Liquefied coal waste sludge in  
21                  excess of such amounts would have adverse  
22                  effects on the operations and equipment of  
23                  the coke batteries that use refined coal  
24                  from a qualified coal waste sludge recy-  
25                  cling process as a feedstock for coke. Coal

1 waste sludge has an energy content rang-  
2 ing from 7,000 to 16,000 Btus per pound.

3 “(ii) INTERACTION BETWEEN SEC-  
4 TION 45 AND SECTION 45k; CROSS REF-  
5 ERENCE.—A taxpayer selling refined coal  
6 from a qualified coal waste sludge recy-  
7 cling process shall be entitled to a credit  
8 under this section for all such refined coal  
9 that meets the requirements of this sec-  
10 tion. The credit under this section shall be  
11 available notwithstanding the fact that  
12 such refined coal is purchased for use as a  
13 feedstock for coke by a taxpayer that has  
14 previously claimed credits under section  
15 45K for the production of coke or coke  
16 gas. For rules applicable to taxpayers pro-  
17 ducing coke or coke gas from refined coal  
18 from a qualified coal waste sludge recy-  
19 cling process, see section 45K(h).”, and

20 (9) in subsection (e)(9)(B) by striking “The  
21 term” and inserting “Except for a facility producing  
22 refined coal from a qualified coal waste sludge recy-  
23 cling process, the term”.

1 (b) NO DOUBLE BENEFIT; CROSS REFERENCE.—

2 Section 45K of such Code is amended by adding at the

3 end the following new subsection:

4 “(h) NO DOUBLE BENEFIT; CROSS REFERENCE.—

5 No credit shall be allowed under this section for coke or

6 coke gas manufactured from refined coal from a qualified

7 coal waste sludge recycling process (as defined by section

8 45(e)(8)(E)(i)) for which credits have been claimed under

9 section 45; provided that taxpayers may claim the credit

10 under this section for coke or coke gas produced from

11 feedstocks for which a refined coal credit under section

12 45 has not been claimed. For rules governing the inter-

13 action of section 45 and this section that are applicable

14 to taxpayers producing refined coal from a qualified coal

15 waste sludge recycling process, see section

16 45(e)(8)(E)(ii).”.

17 (c) EFFECTIVE DATE.—The amendments made by

18 this Act shall apply to refined coal produced after the date

19 of enactment of this Act.

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