

110TH CONGRESS  
2D SESSION

# H. R. 6544

To provide immediate relief from high fuel and food prices and to pursue alternatives in renewable energy.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 17, 2008

Mr. BURTON of Indiana introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Natural Resources, Armed Services, and Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide immediate relief from high fuel and food prices and to pursue alternatives in renewable energy.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Relief Now on the Road to Renewable Energy Act of  
6 2008”.

7 (b) TABLE OF CONTENTS.—The table of contents of  
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.

TITLE I—REFINERIES

Subtitle A—Tax Incentives

- Sec. 101. Issuance of guidance.
- Sec. 102. Tax-exempt financing of domestic use oil refinery facilities.
- Sec. 103. Designation and availability of Federal lands for oil and natural gas refineries.

Subtitle B—Availability of Federal Lands

- Sec. 111. Definitions.
- Sec. 112. State participation and presidential designation.
- Sec. 113. Process coordination and rules of procedure.
- Sec. 114. Alternative uses of land.

TITLE II—NUCLEAR ENERGY

- Sec. 201. Waste confidence.
- Sec. 202. ASME Nuclear Certification credit.

TITLE III—DRILLING

Subtitle A—Tax Provisions

- Sec. 301. Credit for producing fuel from nonconventional sources to apply to gas produced onshore from formations more than 15,000 feet deep.
- Sec. 302. Tax credit for carbon dioxide captured from industrial sources and used in enhanced oil and natural gas recovery.

Subtitle B—Termination of Congressional Moratoria on Oil and Gas Development on the Outer Continental Shelf

- Sec. 311. Termination of laws prohibiting expenditures for oil and natural gas leasing and preleasing activities regarding areas of the outer continental shelf.

Subtitle C—Oil and Gas Development on the Coastal Plain of Alaska

- Sec. 321. Short title.
- Sec. 322. Definitions.
- Sec. 323. Leasing program for lands within the Coastal Plain.
- Sec. 324. Lease sales.
- Sec. 325. Grant of leases by the Secretary.
- Sec. 326. Lease terms and conditions.
- Sec. 327. Coastal plain environmental protection.
- Sec. 328. Expedited judicial review.
- Sec. 329. Federal and State distribution of revenues.
- Sec. 330. Rights-of-way across the Coastal Plain.
- Sec. 331. Conveyance.
- Sec. 332. Local government impact aid and community service assistance.

TITLE IV—GAS PRICE TAX CREDIT FOR FAMILIES AND BUSINESSES

- Sec. 401. Deduction for certain commuting expenses of individuals.  
 Sec. 402. Tax credit for fuel expenses of truckers.

#### TITLE V—COAL-TO-LIQUID FUEL

##### Subtitle A—Coal to Liquid Fuel Activities

- Sec. 501. Short title.  
 Sec. 502. Definitions.  
 Sec. 503. Coal-to-liquid fuel loan guarantee program.  
 Sec. 504. Coal-to-liquid facilities loan program.  
 Sec. 505. Location of coal-to-liquid manufacturing facilities.  
 Sec. 506. Strategic Petroleum Reserve.  
 Sec. 507. Authorization to conduct research, development, testing, and evaluation of assured domestic fuels.  
 Sec. 508. Coal-to-liquid long-term fuel procurement and department of defense development.  
 Sec. 509. Report on emissions of Fischer-Tropsch products used as transportation fuels.

##### Subtitle B—Amendments to the Internal Revenue Code of 1986

- Sec. 511. Credit for investment in coal-to-liquid fuels projects.  
 Sec. 512. Temporary expensing for equipment used in coal-to-liquid fuels process.  
 Sec. 513. Extension of alternative fuel credit for fuel derived from coal through the Fischer-Tropsch process.  
 Sec. 514. Modifications to enhanced oil recovery credit.  
 Sec. 515. Allowance of enhanced oil, natural gas, and coalbed methane recovery, and capture and sequestration credit against the alternative minimum tax.

#### TITLE VI—ENERGY EFFICIENT TAX CREDIT FOR VEHICLES

- Sec. 601. Credit for hybrids and plug-in hybrids.

#### TITLE VII—EXTENSION AND MODIFICATION OF TAX PROVISIONS

- Sec. 700. Short title; etc.

##### Subtitle A—Extension of Clean Energy Production Incentives

- Sec. 701. Extension and modification of renewable energy production tax credit.  
 Sec. 702. Extension and modification of solar energy and fuel cell investment tax credit.  
 Sec. 703. Extension and modification of residential energy efficient property credit.  
 Sec. 704. Extension and modification of credit for clean renewable energy bonds.  
 Sec. 705. Extension of special rule to implement FERC restructuring policy.  
 Sec. 706. Extension of wind production tax credit.

##### Subtitle B—Extension of Incentives To Improve Energy Efficiency

- Sec. 711. Extension and modification of credit for energy efficiency improvements to existing homes.  
 Sec. 712. Extension and modification of tax credit for energy efficient new homes.

Sec. 713. Extension and modification of energy efficient commercial buildings deduction.

Sec. 714. Modification and extension of energy efficient appliance credit for appliances produced after 2007.

TITLE VIII—INCENTIVIZING THE EXTRACTION AND PROCESSING  
OF OIL SHALE

Sec. 801. Incentives for extraction and processing of oil shale.

TITLE IX—LAND FOR BIOFUEL PRODUCTION

Sec. 901. Lease of public lands for production of renewable biomass for biofuels.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) In recent months gas prices across the  
4 country have risen to as much as over \$4 per gallon.

5 (2) High fuel costs retard economic growth and  
6 diminish the quality of life for all Americans.

7 (3) The trucking industry is particularly hard  
8 hit by high fuel prices.

9 (4) The boutique fuel requirement, under which  
10 certain regions require certain blends of gasoline,  
11 contributes to the high price by impeding efficient  
12 transport of gasoline across the country.

13 (5) Hidden taxes on domestic oil companies are  
14 counterproductive and will inevitably be passed down  
15 to the consumer, raising the price and making us  
16 more dependent on foreign oil companies.

17 (6) Attempts to address the issue of high gaso-  
18 line costs by increasing government involvement in  
19 the market through measures such as price controls

1 will only lead to shortages, rationing, and a return  
2 of gasoline lines.

3 (7) The Federal regulations restricting drilling  
4 impose prohibitive costs on the development of new  
5 sources of energy, artificially inflating the price of  
6 gas.

7 (8) It has been estimated that oil shale deposits  
8 in Colorado, Utah, and Wyoming hold as little as 1.8  
9 trillion barrels of oil and as many as 8 trillion bar-  
10 rels.

11 (9) Federal gas taxes increase the price of oil  
12 thus burdening American families, business, and  
13 truckers.

14 (10) While oil companies already have gas  
15 leases, the most promising areas for oil and gas de-  
16 velopment are currently off limits (ANWR and the  
17 OCS).

18 (11) Allowing private parties to delay, or even  
19 halt, the construction of new refineries through liti-  
20 gation over the National Environmental Policy Act  
21 of 1969's Environmental Impact Statement require-  
22 ment reduces the supply of gas thus raising gas  
23 prices.

24 (12) Food sources should not be used for the  
25 production of fuel, driving up food prices. Rather, it

1 is essential to designate specific land for biofuels  
 2 while investing in technology that can produce eth-  
 3 anol from nonfood sources.

4 (13) It is necessary to invest in emission-free  
 5 energy sources, such as wind and solar energy tech-  
 6 nologies, to prepare for the future.

## 7 **TITLE I—REFINERIES**

### 8 **Subtitle A—Tax Incentives**

#### 9 **SEC. 101. ISSUANCE OF GUIDANCE.**

10 The Secretary of the Treasury shall, not later than  
 11 60 days after the date of the enactment of this Act, pre-  
 12 scribe the regulations described in paragraph (1) of sec-  
 13 tion 179C(b) of the Internal Revenue Code of 1986 (relat-  
 14 ing to election to expense certain refineries).

#### 15 **SEC. 102. TAX-EXEMPT FINANCING OF DOMESTIC USE OIL** 16 **REFINERY FACILITIES.**

17 (a) IN GENERAL.—

18 (1) TREATMENT AS EXEMPT FACILITY BOND.—

19 Subsection (a) of section 142 of the Internal Rev-  
 20 enue Code of 1986 (relating to exempt facility bond)  
 21 is amended by striking “or” at the end of paragraph  
 22 (14), by striking the period at the end of paragraph  
 23 (15) and inserting “, and”, and by inserting at the  
 24 end the following new paragraph:

25 “(16) domestic use oil refinery facilities.”.

1           (2) DOMESTIC USE OIL REFINERY FACILI-  
2           TIES.—Section 142 of such Code is amended by  
3           adding at the end the following new subsection:

4           “(n) DOMESTIC USE OIL REFINERY FACILITIES.—

5                 “(1) IN GENERAL.—For purposes of subsection  
6           (a)(16), the term ‘domestic use oil refinery facility’  
7           means any facility in the United States—

8                 “(A) which processes liquid fuel from  
9                 crude oil, and

10                 “(B) all of the output of which it is rea-  
11                 sonably certain ultimate consumption will occur  
12                 in the United States.

13           “(2) ELECTION TO TERMINATE TAX-EXEMPT  
14           BOND FINANCING BY CERTAIN REFINERIES.—In the  
15           case of a facility financed with bonds which would  
16           cease to be tax-exempt by reason of the failure to  
17           meet the domestic use requirement of this sub-  
18           section, rules similar to the rules of subsection (f)(4)  
19           shall apply for purposes of this section.”.

20           (b) EFFECTIVE DATE.—The amendments made by  
21           this section shall apply to bonds issued after the date of  
22           the enactment of this Act.

1 **SEC. 103. DESIGNATION AND AVAILABILITY OF FEDERAL**  
2 **LANDS FOR OIL AND NATURAL GAS REFIN-**  
3 **ERIES.**

4 (a) DESIGNATION.—Within 18 months after the date  
5 of enactment of this Act, the President shall designate at  
6 least ten sites on Federal lands that are suitable for the  
7 siting of an oil refinery or natural gas refinery (or both).

8 (b) AVAILABILITY OF LANDS.—Within 24 months  
9 after the date of enactment of this Act, the President shall  
10 make each site designated under subsection (a) available  
11 to the private sector for construction of an oil refinery or  
12 natural gas refinery (or both), as appropriate.

13 **Subtitle B—Availability of Federal**  
14 **Lands**

15 **SEC. 111. DEFINITIONS.**

16 For purposes of this subtitle—

17 (1) the term “base closure law” means the De-  
18 fense Base Closure and Realignment Act of 1990  
19 (part A of title XXIX of Public Law 101–510; 10  
20 U.S.C. 2687 note) and title II of the Defense Au-  
21 thorization Amendments and Base Closure and Re-  
22 alignment Act (Public Law 100–526; 10 U.S.C.  
23 2687 note);

24 (2) the term “closed military installation”  
25 means a military installation closed or approved for  
26 closure pursuant to a base closure law;



1           (3) the term “designated refinery” means a re-  
2 refinery designated under section 112(a);

3           (4) the term “Federal refinery authorization”—

4               (A) means any authorization required  
5 under Federal law, whether administered by a  
6 Federal or State administrative agency or offi-  
7 cial, with respect to siting, construction, expan-  
8 sion, or operation of a refinery; and

9               (B) includes any permits, special use au-  
10 thorizations, certifications, opinions, or other  
11 approvals required under Federal law with re-  
12 spect to siting, construction, expansion, or oper-  
13 ation of a refinery;

14          (5) the term “refinery” means—

15               (A) a facility designed and operated to re-  
16 ceive, load, unload, store, transport, process,  
17 and refine crude oil by any chemical or physical  
18 process, including distillation, fluid catalytic  
19 cracking, hydrocracking, coking, alkylation,  
20 etherification, polymerization, catalytic reform-  
21 ing, isomerization, hydrotreating, blending, and  
22 any combination thereof, in order to produce  
23 gasoline or other fuel; or

24               (B) a facility designed and operated to re-  
25 ceive, load, unload, store, transport, process,

1 and refine coal by any chemical or physical  
2 process, including liquefaction, in order to  
3 produce gasoline, diesel, or other liquid fuel as  
4 its primary output;

5 (6) the term “Secretary” means the Secretary  
6 of Energy; and

7 (7) the term “State” means a State, the Dis-  
8 trict of Columbia, the Commonwealth of Puerto  
9 Rico, and any other territory or possession of the  
10 United States.

11 **SEC. 112. STATE PARTICIPATION AND PRESIDENTIAL DES-**  
12 **IGNATION.**

13 (a) DESIGNATION REQUIREMENT.—Not later than  
14 90 days after the date of enactment of this Act, the Presi-  
15 dent shall designate no less than 3 closed military installa-  
16 tions, or portions thereof, subject to subsection (c)(2), that  
17 are appropriate for the purposes of siting a refinery.

18 (b) ANALYSIS OF REFINERY SITES.—In considering  
19 any site for possible designation under subsection (a), the  
20 President shall conduct an analysis of—

21 (1) the availability of crude oil supplies to the  
22 site, including supplies from domestic production of  
23 shale oil and tar sands and other strategic uncon-  
24 ventional fuels;

1           (2) the distribution of the Nation’s refined pe-  
2           troleum product demand;

3           (3) whether such site is in close proximity to  
4           substantial pipeline infrastructure, including both  
5           crude oil and refined petroleum product pipelines,  
6           and potential infrastructure feasibility;

7           (4) the need to diversify the geographical loca-  
8           tion of the domestic refining capacity;

9           (5) the effect that increased refined petroleum  
10          products from a refinery on that site may have on  
11          the price and supply of gasoline to consumers;

12          (6) the impact of locating a refinery on the site  
13          on the readiness and operations of the Armed  
14          Forces; and

15          (7) such other factors as the President con-  
16          siders appropriate.

17          (c) SALE OR DISPOSAL.—

18           (1) DESIGNATION.—Except as provided in  
19           paragraph (2), until the expiration of 2 years after  
20           the date of enactment of this Act, the Federal Gov-  
21           ernment shall not sell or otherwise dispose of the  
22           military installations designated pursuant to sub-  
23           section (a).

24           (2) GOVERNOR’S OBJECTION.—No site may be  
25           used for a refinery under this subtitle if, not later

1 than 60 days after designation of the site under sub-  
2 section (a), the Governor of the State in which the  
3 site is located transmits to the President an objec-  
4 tion to the designation, unless, not later than 60  
5 days after the President receives such objection, the  
6 Congress has by law overridden the objection.

7 (d) REDEVELOPMENT AUTHORITY.—With respect to  
8 a closed military installation, or portion thereof, des-  
9 igned by the President as a potentially suitable refinery  
10 site pursuant to subsection (a)—

11 (1) the redevelopment authority for the installa-  
12 tion, in preparing or revising the redevelopment plan  
13 for the installation, shall consider the feasibility and  
14 practicability of siting a refinery on the installation;  
15 and

16 (2) the Secretary of Defense, in managing and  
17 disposing of real property at the installation pursu-  
18 ant to the base closure law applicable to the installa-  
19 tion, shall give substantial deference to the rec-  
20 ommendations of the redevelopment authority, as  
21 contained in the redevelopment plan for the installa-  
22 tion, regarding the siting of a refinery on the instal-  
23 lation.

1 **SEC. 113. PROCESS COORDINATION AND RULES OF PROCE-**  
2 **DURE.**

3 (a) DESIGNATION AS LEAD AGENCY.—

4 (1) IN GENERAL.—The Department of Energy  
5 shall act as the lead agency for the purposes of co-  
6 ordinating all applicable Federal refinery authoriza-  
7 tions and related environmental reviews with respect  
8 to a designated refinery.

9 (2) OTHER AGENCIES.—Each Federal and  
10 State agency or official required to provide a Fed-  
11 eral refinery authorization shall cooperate with the  
12 Secretary and comply with the deadlines established  
13 by the Secretary.

14 (b) SCHEDULE.—

15 (1) SECRETARY'S AUTHORITY TO SET SCHED-  
16 ULE.—The Secretary shall establish a schedule for  
17 all Federal refinery authorizations with respect to a  
18 designated refinery. In establishing the schedule, the  
19 Secretary shall—

20 (A) ensure expeditious completion of all  
21 such proceedings; and

22 (B) accommodate the applicable schedules  
23 established by Federal law for such proceedings.

24 (2) FAILURE TO MEET SCHEDULE.—If a Fed-  
25 eral or State administrative agency or official does  
26 not complete a proceeding for an approval that is re-

1       quired for a Federal refinery authorization in ac-  
2       cordance with the schedule established by the Sec-  
3       retary under this subsection, the applicant may pur-  
4       sue remedies under subsection (d).

5       (c) CONSOLIDATED RECORD.—The Secretary shall,  
6       with the cooperation of Federal and State administrative  
7       agencies and officials, maintain a complete consolidated  
8       record of all decisions made or actions taken by the Sec-  
9       retary or by a Federal administrative agency or officer (or  
10      State administrative agency or officer acting under dele-  
11      gated Federal authority) with respect to any Federal re-  
12      finery authorization. Such record shall be the record for  
13      judicial review under subsection (d) of decisions made or  
14      actions taken by Federal and State administrative agen-  
15      cies and officials, except that, if the Court determines that  
16      the record does not contain sufficient information, the  
17      Court may remand the proceeding to the Secretary for fur-  
18      ther development of the consolidated record.

19      (d) JUDICIAL REVIEW.—

20           (1) IN GENERAL.—The United States Court of  
21      Appeals for the District of Columbia shall have  
22      original and exclusive jurisdiction over any civil ac-  
23      tion for the review of—

1 (A) an order or action, related to a Federal  
2 refinery authorization, by a Federal or State  
3 administrative agency or official; and

4 (B) an alleged failure to act by a Federal  
5 or State administrative agency or official acting  
6 pursuant to a Federal refinery authorization.

7 The failure of an agency or official to act on a Fed-  
8 eral refinery authorization in accordance with the  
9 Secretary's schedule established pursuant to sub-  
10 section (b) shall be considered inconsistent with Fed-  
11 eral law for the purposes of paragraph (2) of this  
12 subsection.

13 (2) COURT ACTION.—If the Court finds that an  
14 order or action described in paragraph (1)(A) is in-  
15 consistent with the Federal law governing such Fed-  
16 eral refinery authorization, or that a failure to act  
17 as described in paragraph (1)(B) has occurred, and  
18 the order, action, or failure to act would prevent the  
19 siting, construction, expansion, or operation of the  
20 designated refinery, the Court shall remand the pro-  
21 ceeding to the agency or official to take appropriate  
22 action consistent with the order of the Court. If the  
23 Court remands the order, action, or failure to act to  
24 the Federal or State administrative agency or offi-

1 cial, the Court shall set a reasonable schedule and  
2 deadline for the agency or official to act on remand.

3 (3) SECRETARY'S ACTION.—For any civil action  
4 brought under this subsection, the Secretary shall  
5 promptly file with the Court the consolidated record  
6 compiled by the Secretary pursuant to subsection  
7 (c).

8 (4) EXPEDITED REVIEW.—The Court shall set  
9 any civil action brought under this subsection for ex-  
10 pedited consideration.

11 (5) ATTORNEY'S FEES.—In any action chal-  
12 lenging a Federal refinery authorization that has  
13 been granted, reasonable attorney's fees and other  
14 expenses of litigation shall be awarded to the pre-  
15 vailing party. This paragraph shall not apply to any  
16 action seeking remedies for denial of a Federal refin-  
17 ery authorization or failure to act on an application  
18 for a Federal refinery authorization.

19 **SEC. 114. ALTERNATIVE USES OF LAND.**

20 Any land designated under section 112(a) that has  
21 not been used for an oil refinery within 10 years after  
22 such designation shall be made available for leasing for  
23 renewable energy development purposes, such as wind or  
24 solar energy installations or an ethanol refinery.



1       **TITLE II—NUCLEAR ENERGY**

2       **SEC. 201. WASTE CONFIDENCE.**

3           The Nuclear Regulatory Commission may not deny  
4 an application for a license, permit, or other authorization  
5 under the Atomic Energy Act of 1954 on the grounds that  
6 sufficient capacity does not exist, or will not become avail-  
7 able on a timely basis, for disposal of spent nuclear fuel  
8 or high-level radioactive waste from the facility for which  
9 the license, permit, or other authorization is sought.

10       **SEC. 202. ASME NUCLEAR CERTIFICATION CREDIT.**

11           (a) IN GENERAL.—Subpart D of part IV of sub-  
12 chapter A of chapter 1 of the Internal Revenue Code of  
13 1986 (relating to business related credits) is amended by  
14 adding at the end the following new section:

15       **“SEC. 45Q. ASME NUCLEAR CERTIFICATION CREDIT.**

16           “(a) IN GENERAL.—For purposes of section 38, the  
17 ASME Nuclear Certification credit determined under this  
18 section for any taxable year is an amount equal to 15 per-  
19 cent of the qualified nuclear expenditures paid or incurred  
20 by the taxpayer.

21           “(b) QUALIFIED NUCLEAR EXPENDITURES.—For  
22 purposes of this section, the term ‘qualified nuclear ex-  
23 penditures’ means any expenditure related to—

1           “(1) obtaining a certification under the Amer-  
2           ican Society of Mechanical Engineers Nuclear Com-  
3           ponent Certification program, or

4           “(2) increasing the taxpayer’s capacity to con-  
5           struct, fabricate, assemble, or install components—

6                   “(A) for any facility which uses nuclear en-  
7                   ergy to produce electricity, and

8                   “(B) with respect to the construction, fab-  
9                   rication, assembly, or installation of which the  
10                  taxpayer is certified under such program.

11          “(c) TIMING OF CREDIT.—The credit allowed under  
12          subsection (a) for any expenditures shall be allowed—

13                  “(1) in the case of a qualified nuclear expendi-  
14                  ture described in subsection (b)(1), for the taxable  
15                  year of such certification, and

16                  “(2) in the case of any other qualified nuclear  
17                  expenditure, for the taxable year in which such ex-  
18                  penditure is paid or incurred.

19          “(d) SPECIAL RULES.—

20                  “(1) BASIS ADJUSTMENT.—For purposes of  
21                  this subtitle, if a credit is allowed under this section  
22                  for an expenditure, the increase in basis which would  
23                  result (but for this subsection) for such expenditure  
24                  shall be reduced by the amount of the credit allowed  
25                  under this section.

1           “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-  
2           tion shall be allowed under this chapter for any  
3           amount taken into account in determining the credit  
4           under this section.

5           “(e) TERMINATION.—This section shall not apply to  
6           any expenditures paid or incurred in taxable years begin-  
7           ning after December 31, 2019.”.

8           (b) CONFORMING AMENDMENTS.—(1) Subsection (b)  
9           of section 38 is amended by striking “plus” at the end  
10          of paragraph (32), by striking the period at the end of  
11          paragraph (33) and inserting “, plus”, and by adding at  
12          the end the following new paragraph:

13                  “(34) the ASME Nuclear Certification credit  
14                  determined under section 45Q(a).”.

15          (2) Subsection (a) of section 1016 (relating to adjust-  
16          ments to basis) is amended by striking “and” at the end  
17          of paragraph (36), by striking the period at the end of  
18          paragraph (37) and inserting “, and”, and by adding at  
19          the end the following new paragraph:

20                  “(38) to the extent provided in section  
21                  45Q(e)(1).”.

22          (c) CLERICAL AMENDMENT.—The table of sections  
23          for subpart B of part IV of subchapter A of chapter 1  
24          of such Code (relating to other credits) is amended by add-  
25          ing at the end the following new section:

“Sec. 45R. Credit for carbon dioxide captured from industrial sources and used as a tertiary injectant in enhanced oil and natural gas recovery.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to expenditures paid or incurred  
 3 in taxable years beginning after December 31, 2007.

## 4 TITLE III—DRILLING

### 5 Subtitle A—Tax Provisions

6 SEC. 301. CREDIT FOR PRODUCING FUEL FROM NON-  
 7 CONVENTIONAL SOURCES TO APPLY TO GAS  
 8 PRODUCED ONSHORE FROM FORMATIONS  
 9 MORE THAN 15,000 FEET DEEP.

10 (a) IN GENERAL.—Subparagraph (B) of section  
 11 45K(c)(1) of the Internal Revenue Code of 1986 is amend-  
 12 ed by striking “or” at the end of clause (i), by striking  
 13 “and” at the end of clause (ii) and inserting “or”, and  
 14 by inserting after clause (ii) the following new clause:

15 “(iii) an onshore well from a forma-  
 16 tion more than 15,000 feet deep, and”.

17 (b) ELIGIBLE DEEP GAS WELLS.—Section 45K of  
 18 such Code is amended by adding at the end the following  
 19 new subsection:

20 “(h) ELIGIBLE DEEP GAS WELLS.—In the case of  
 21 a well producing qualified fuel described in subsection  
 22 (c)(1)(B)(iii)—

23 “(1) for purposes of subsection (e)(1)(A), such  
 24 well shall be treated as drilled before January 1,

1 1993, if such well is drilled after the date of the en-  
2 actment of this subsection, and

3 “(2) subsection (e)(2) shall not apply.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years ending after the  
6 date of the enactment of this Act.

7 **SEC. 302. TAX CREDIT FOR CARBON DIOXIDE CAPTURED**  
8 **FROM INDUSTRIAL SOURCES AND USED IN**  
9 **ENHANCED OIL AND NATURAL GAS RECOV-**  
10 **ERY.**

11 (a) IN GENERAL.—Subpart D of part IV of sub-  
12 chapter A of chapter 1 of the Internal Revenue Code of  
13 1986 (relating to business credits), as amended by this  
14 Act, is amended by adding at the end the following new  
15 section:

16 **“SEC. 45R. CREDIT FOR CARBON DIOXIDE CAPTURED FROM**  
17 **INDUSTRIAL SOURCES AND USED AS A TER-**  
18 **TIARY INJECTANT IN ENHANCED OIL AND**  
19 **NATURAL GAS RECOVERY.**

20 “(a) GENERAL RULE.—For purposes of section 38,  
21 the captured carbon dioxide tertiary injectant credit for  
22 any taxable year is an amount equal to the product of—

23 “(1) the credit amount, and

24 “(2) the qualified carbon dioxide captured from  
25 industrial sources and used as a tertiary injectant in

1 qualified enhanced oil and natural gas recovery  
2 which is attributable to the taxpayer.

3 “(b) CREDIT AMOUNT.—For purposes of this sec-  
4 tion—

5 “(1) IN GENERAL.—The credit amount is \$0.75  
6 per 1,000 standard cubic feet.

7 “(2) INFLATION ADJUSTMENT.—In the case of  
8 any taxable year beginning in a calendar year after  
9 2007, there shall be substituted for the \$0.75  
10 amount under paragraph (1) an amount equal to the  
11 product of—

12 “(A) \$0.75, multiplied by

13 “(B) the inflation adjustment factor for  
14 such calendar year determined under section  
15 43(b)(3)(B) for such calendar year, determined  
16 by substituting ‘2006’ for ‘1990’.

17 “(c) QUALIFIED CARBON DIOXIDE.—For purposes of  
18 this section—

19 “(1) IN GENERAL.—The term ‘qualified carbon  
20 dioxide’ means carbon dioxide captured from an an-  
21 thropogenic source that—

22 “(A) would otherwise be released into the  
23 atmosphere as industrial emission of green-  
24 house gas,

1           “(B) is measurable at the source of cap-  
2           ture,

3           “(C) is compressed, treated, and trans-  
4           ported via pipeline,

5           “(D) is sold as a tertiary injectant in  
6           qualified enhanced oil and natural gas recovery,  
7           and

8           “(E) is permanently sequestered in geologi-  
9           cal formations as a result of the enhanced oil  
10          and natural gas recovery process.

11          “(2) ANTHROPOGENIC SOURCE.—An anthropo-  
12          genic source of carbon dioxide is an industrial  
13          source, including any of the following types of  
14          plants, and facilities related to such plant—

15                 “(A) a coal and natural gas fired electrical  
16                 generating power station,

17                 “(B) a natural gas processing and treating  
18                 plant,

19                 “(C) an ethanol plant,

20                 “(D) a fertilizer plant, and

21                 “(E) a chemical plant.

22          “(3) DEFINITIONS.—

23                 “(A) QUALIFIED ENHANCED OIL AND NAT-  
24                 URAL GAS RECOVERY.—The term ‘qualified en-

1           hanced oil and natural gas recovery’ has the  
2           meaning given such term by section 43(c)(2).

3           “(B) TERTIARY INJECTANT.—The term  
4           ‘tertiary injectant’ has the same meaning as  
5           when used within section 193(b)(1).

6           “(d) OTHER DEFINITIONS AND SPECIAL RULES.—  
7           For purposes of this section—

8           “(1) ONLY CARBON DIOXIDE CAPTURED WITH-  
9           IN THE UNITED STATES TAKEN INTO ACCOUNT.—  
10          Sales shall be taken into account under this section  
11          only with respect to qualified carbon dioxide of  
12          which is within—

13                 “(A) the United States (within the mean-  
14                 ing of section 638(1)), or

15                 “(B) a possession of the United States  
16                 (within the meaning of section 638(2)).

17          “(2) RECYCLED CARBON DIOXIDE.—The term  
18          ‘qualified carbon dioxide’ includes the initial deposit  
19          of captured carbon dioxide used as a tertiary  
20          injectant. Such term does not include carbon dioxide  
21          that is re-captured, recycled, and re-injected as part  
22          of the enhanced oil and natural gas recovery process.

23          “(3) CREDIT ATTRIBUTABLE TO TAXPAYER.—  
24          Any credit under this section shall be attributable to  
25          the person that captures, treats, compresses, trans-



1       ports and sells the carbon dioxide for use as a ter-  
2       tiary injectant in enhanced oil and natural gas re-  
3       covery, except to the extent provided in regulations  
4       prescribed by the Secretary.”.

5       (b) CONFORMING AMENDMENT.—Section 38(b) of  
6       such Code (relating to general business credit), as amend-  
7       ed by this Act, is amended by striking “plus” at the end  
8       of paragraph (33), by striking the period at the end of  
9       paragraph (34) and inserting “, plus”, and by adding at  
10      the end of following new paragraph:

11               “(35) the captured carbon dioxide tertiary  
12      injectant credit determined under section 45R(a).”.

13      (c) CLERICAL AMENDMENT.—The table of sections  
14      for subpart B of part IV of subchapter A of chapter 1  
15      of such Code (relating to other credits) is amended by add-  
16      ing at the end the following new section:

    “Sec. 45R. Credit for carbon dioxide captured from industrial sources and used  
        as a tertiary injectant in enhanced oil and natural gas recov-  
        ery.”.

17      (d) EFFECTIVE DATE.—The amendments made by  
18      this section shall apply to taxable years beginning after  
19      the date of the enactment of this Act.

1 **Subtitle B—Termination of Con-**  
2 **gressional Moratoria on Oil and**  
3 **Gas Development on the Outer**  
4 **Continental Shelf**

5 **SEC. 311. TERMINATION OF LAWS PROHIBITING EXPENDI-**  
6 **TURES FOR OIL AND NATURAL GAS LEASING**  
7 **AND PRELEASING ACTIVITIES REGARDING**  
8 **AREAS OF THE OUTER CONTINENTAL SHELF.**

9 All provisions of existing Federal law prohibiting the  
10 spending of appropriated funds to conduct oil and natural  
11 gas leasing and preleasing activities for any area of the  
12 Outer Continental Shelf shall have no force or effect.

13 **Subtitle C—Oil and Gas Develop-**  
14 **ment on the Coastal Plain of**  
15 **Alaska**

16 **SEC. 321. SHORT TITLE.**

17 This subtitle may be cited as the “American-Made  
18 Energy and Good Jobs Act”.

19 **SEC. 322. DEFINITIONS.**

20 In this subtitle:

21 (1) **COASTAL PLAIN.**—The term “Coastal  
22 Plain” means that area described in appendix I to  
23 part 37 of title 50, Code of Federal Regulations.

1           (2) SECRETARY.—The term “Secretary”, except  
2           as otherwise provided, means the Secretary of the  
3           Interior or the Secretary’s designee.

4 **SEC. 323. LEASING PROGRAM FOR LANDS WITHIN THE**  
5 **COASTAL PLAIN.**

6           (a) IN GENERAL.—The Secretary shall take such ac-  
7           tions as are necessary—

8           (1) to establish and implement, in accordance  
9           with this subtitle and acting through the Director of  
10          the Bureau of Land Management in consultation  
11          with the Director of the United States Fish and  
12          Wildlife Service, a competitive oil and gas leasing  
13          program that will result in an environmentally sound  
14          program for the exploration, development, and pro-  
15          duction of the oil and gas resources of the Coastal  
16          Plain; and

17          (2) to administer the provisions of this subtitle  
18          through regulations, lease terms, conditions, restric-  
19          tions, prohibitions, stipulations, and other provisions  
20          that ensure the oil and gas exploration, development,  
21          and production activities on the Coastal Plain will  
22          result in no significant adverse effect on fish and  
23          wildlife, their habitat, subsistence resources, and the  
24          environment, including, in furtherance of this goal,  
25          by requiring the application of the best commercially

1 available technology for oil and gas exploration, de-  
2 velopment, and production to all exploration, devel-  
3 opment, and production operations under this sub-  
4 title in a manner that ensures the receipt of fair  
5 market value by the public for the mineral resources  
6 to be leased.

7 (b) REPEAL.—

8 (1) REPEAL.—Section 1003 of the Alaska Na-  
9 tional Interest Lands Conservation Act of 1980 (16  
10 U.S.C. 3143) is repealed.

11 (2) CONFORMING AMENDMENT.—The table of  
12 contents in section 1 of such Act is amended by  
13 striking the item relating to section 1003.

14 (c) COMPLIANCE WITH REQUIREMENTS UNDER CER-  
15 TAIN OTHER LAWS.—

16 (1) COMPATIBILITY.—For purposes of the Na-  
17 tional Wildlife Refuge System Administration Act of  
18 1966 (16 U.S.C. 668dd et seq.), the oil and gas  
19 leasing program and activities authorized by this  
20 section in the Coastal Plain are deemed to be com-  
21 patible with the purposes for which the Arctic Na-  
22 tional Wildlife Refuge was established, and no fur-  
23 ther findings or decisions are required to implement  
24 this determination.

1           (2) ADEQUACY OF THE DEPARTMENT OF THE  
2 INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT  
3 STATEMENT.—The “Final Legislative Environ-  
4 mental Impact Statement” (April 1987) on the  
5 Coastal Plain prepared pursuant to section 1002 of  
6 the Alaska National Interest Lands Conservation  
7 Act of 1980 (16 U.S.C. 3142) and section 102(2)(C)  
8 of the National Environmental Policy Act of 1969  
9 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the re-  
10 quirements under the National Environmental Policy  
11 Act of 1969 that apply with respect to prelease ac-  
12 tivities, including actions authorized to be taken by  
13 the Secretary to develop and promulgate the regula-  
14 tions for the establishment of a leasing program au-  
15 thorized by this subtitle before the conduct of the  
16 first lease sale.

17           (3) COMPLIANCE WITH NEPA FOR OTHER AC-  
18 TIONS.—Before conducting the first lease sale under  
19 this subtitle, the Secretary shall prepare an environ-  
20 mental impact statement under the National Envi-  
21 ronmental Policy Act of 1969 with respect to the ac-  
22 tions authorized by this Act that are not referred to  
23 in paragraph (2). Notwithstanding any other law,  
24 the Secretary is not required to identify nonleasing  
25 alternative courses of action or to analyze the envi-

1       ronmental effects of such courses of action. The Sec-  
2       retary shall only identify a preferred action for such  
3       leasing and a single leasing alternative, and analyze  
4       the environmental effects and potential mitigation  
5       measures for those two alternatives. The identifica-  
6       tion of the preferred action and related analysis for  
7       the first lease sale under this subtitle shall be com-  
8       pleted within 18 months after the date of enactment  
9       of this Act. The Secretary shall only consider public  
10      comments that specifically address the Secretary's  
11      preferred action and that are filed within 20 days  
12      after publication of an environmental analysis. Not-  
13      withstanding any other law, compliance with this  
14      paragraph is deemed to satisfy all requirements for  
15      the analysis and consideration of the environmental  
16      effects of proposed leasing under this subtitle.

17      (d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-  
18      ITY.—Nothing in this subtitle shall be considered to ex-  
19      pand or limit State and local regulatory authority.

20      (e) SPECIAL AREAS.—

21           (1) IN GENERAL.—The Secretary, after con-  
22      sultation with the State of Alaska, the city of  
23      Kaktovik, and the North Slope Borough, may des-  
24      ignate up to a total of 45,000 acres of the Coastal  
25      Plain as a Special Area if the Secretary determines

1 that the Special Area is of such unique character  
2 and interest so as to require special management  
3 and regulatory protection. The Secretary shall des-  
4 ignate as such a Special Area the Sadlerochit Spring  
5 area, comprising approximately 4,000 acres.

6 (2) MANAGEMENT.—Each such Special Area  
7 shall be managed so as to protect and preserve the  
8 area’s unique and diverse character including its  
9 fish, wildlife, and subsistence resource values.

10 (3) EXCLUSION FROM LEASING OR SURFACE  
11 OCCUPANCY.—The Secretary may exclude any Spe-  
12 cial Area from leasing. If the Secretary leases a Spe-  
13 cial Area, or any part thereof, for purposes of oil  
14 and gas exploration, development, production, and  
15 related activities, there shall be no surface occu-  
16 pancy of the lands comprising the Special Area.

17 (4) DIRECTIONAL DRILLING.—Notwithstanding  
18 the other provisions of this subsection, the Secretary  
19 may lease all or a portion of a Special Area under  
20 terms that permit the use of horizontal drilling tech-  
21 nology from sites on leases located outside the Spe-  
22 cial Area.

23 (f) LIMITATION ON CLOSED AREAS.—The Sec-  
24 retary’s sole authority to close lands within the Coastal

1 Plain to oil and gas leasing and to exploration, develop-  
2 ment, and production is that set forth in this subtitle.

3 (g) REGULATIONS.—

4 (1) IN GENERAL.—The Secretary shall pre-  
5 scribe such regulations as may be necessary to carry  
6 out this subtitle, including rules and regulations re-  
7 lating to protection of the fish and wildlife, their  
8 habitat, subsistence resources, and environment of  
9 the Coastal Plain, by no later than 15 months after  
10 the date of enactment of this Act.

11 (2) REVISION OF REGULATIONS.—The Sec-  
12 retary shall periodically review and, if appropriate,  
13 revise the rules and regulations issued under sub-  
14 section (a) to reflect any significant biological, envi-  
15 ronmental, or engineering data that come to the Sec-  
16 retary's attention.

17 **SEC. 324. LEASE SALES.**

18 (a) IN GENERAL.—Lands may be leased pursuant to  
19 this subtitle to any person qualified to obtain a lease for  
20 deposits of oil and gas under the Mineral Leasing Act (30  
21 U.S.C. 181 et seq.).

22 (b) PROCEDURES.—The Secretary shall, by regula-  
23 tion, establish procedures for—

24 (1) receipt and consideration of sealed nomina-  
25 tions for any area in the Coastal Plain for inclusion



1 in, or exclusion (as provided in subsection (e)) from,  
2 a lease sale;

3 (2) the holding of lease sales after such nomina-  
4 tion process; and

5 (3) public notice of and comment on designa-  
6 tion of areas to be included in, or excluded from, a  
7 lease sale.

8 (c) LEASE SALE BIDS.—Bidding for leases under  
9 this subtitle shall be by sealed competitive cash bonus bids.

10 (d) ACREAGE MINIMUM IN FIRST SALE.—In the first  
11 lease sale under this subtitle, the Secretary shall offer for  
12 lease those tracts the Secretary considers to have the  
13 greatest potential for the discovery of hydrocarbons, tak-  
14 ing into consideration nominations received pursuant to  
15 subsection (b)(1), but in no case less than 200,000 acres.

16 (e) TIMING OF LEASE SALES.—The Secretary  
17 shall—

18 (1) conduct the first lease sale under this sub-  
19 title within 22 months after the date of the enact-  
20 ment of this Act; and

21 (2) conduct additional sales so long as sufficient  
22 interest in development exists to warrant, in the Sec-  
23 retary's judgment, the conduct of such sales.

1 **SEC. 325. GRANT OF LEASES BY THE SECRETARY.**

2 (a) IN GENERAL.—The Secretary may grant to the  
3 highest responsible qualified bidder in a lease sale con-  
4 ducted pursuant to section 424 any lands to be leased on  
5 the Coastal Plain upon payment by the lessee of such  
6 bonus as may be accepted by the Secretary.

7 (b) SUBSEQUENT TRANSFERS.—No lease issued  
8 under this subtitle may be sold, exchanged, assigned, sub-  
9 let, or otherwise transferred except with the approval of  
10 the Secretary. Prior to any such approval the Secretary  
11 shall consult with, and give due consideration to the views  
12 of, the Attorney General.

13 **SEC. 326. LEASE TERMS AND CONDITIONS.**

14 An oil or gas lease issued pursuant to this subtitle  
15 shall—

16 (1) provide for the payment of a royalty of not  
17 less than 12½ percent in amount or value of the  
18 production removed or sold from the lease, as deter-  
19 mined by the Secretary under the regulations appli-  
20 cable to other Federal oil and gas leases;

21 (2) require that the lessee of lands within the  
22 Coastal Plain shall be fully responsible and liable for  
23 the reclamation of lands within the Coastal Plain  
24 and any other Federal lands that are adversely af-  
25 fected in connection with exploration, development,  
26 production, or transportation activities conducted

1 under the lease and within the Coastal Plain by the  
2 lessee or by any of the subcontractors or agents of  
3 the lessee;

4 (3) provide that the lessee may not delegate or  
5 convey, by contract or otherwise, the reclamation re-  
6 sponsibility and liability to another person without  
7 the express written approval of the Secretary;

8 (4) provide that the standard of reclamation for  
9 lands required to be reclaimed under this subtitle  
10 shall be, as nearly as practicable, a condition capable  
11 of supporting the uses which the lands were capable  
12 of supporting prior to any exploration, development,  
13 or production activities, or upon application by the  
14 lessee, to a higher or better use as approved by the  
15 Secretary;

16 (5) include requirements and restrictions to  
17 provide for reasonable protection of fish and wildlife,  
18 their habitat, subsistence resources, and the environ-  
19 ment as determined by the Secretary;

20 (6) prohibit the export of oil produced under  
21 the lease; and

22 (7) contain such other provisions as the Sec-  
23 retary determines necessary to ensure compliance  
24 with the provisions of this subtitle and the regula-  
25 tions issued under this subtitle.

1 **SEC. 327. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

2 (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD  
3 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—

4 The Secretary shall, consistent with the requirements of  
5 section 423, administer the provisions of this subtitle  
6 through regulations, lease terms, conditions, restrictions,  
7 prohibitions, stipulations, and other provisions that—

8 (1) ensure the oil and gas exploration, develop-  
9 ment, and production activities on the Coastal Plain  
10 will result in no significant adverse effect on fish  
11 and wildlife, their habitat, and the environment;

12 (2) require the application of the best commer-  
13 cially available technology for oil and gas explo-  
14 ration, development, and production on all new ex-  
15 ploration, development, and production operations;  
16 and

17 (3) ensure that the maximum amount of sur-  
18 face acreage covered by production and support fa-  
19 cilities, including airstrips and any areas covered by  
20 gravel berms or piers for support of pipelines, does  
21 not exceed 2,000 acres on the Coastal Plain.

22 (b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—

23 The Secretary shall also require, with respect to any pro-  
24 posed drilling and related activities, that—

25 (1) a site-specific analysis be made of the prob-  
26 able effects, if any, that the drilling or related activi-

1       ties will have on fish and wildlife, their habitat, sub-  
2       sistence resources, and the environment;

3           (2) a plan be implemented to avoid, minimize,  
4       and mitigate (in that order and to the extent prac-  
5       ticable) any significant adverse effect identified  
6       under paragraph (1); and

7           (3) the development of the plan shall occur  
8       after consultation with the agency or agencies hav-  
9       ing jurisdiction over matters mitigated by the plan.

10       (c) REGULATIONS TO PROTECT COASTAL PLAIN  
11 FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,  
12 AND THE ENVIRONMENT.—Before implementing the leas-  
13 ing program authorized by this subtitle, the Secretary  
14 shall prepare and promulgate regulations, lease terms,  
15 conditions, restrictions, prohibitions, stipulations, and  
16 other measures designed to ensure that the activities un-  
17 dertaken on the Coastal Plain under this subtitle are con-  
18 ducted in a manner consistent with the purposes and envi-  
19 ronmental requirements of this subtitle.

20       (d) COMPLIANCE WITH FEDERAL AND STATE ENVI-  
21 RONMENTAL LAWS AND OTHER REQUIREMENTS.—The  
22 proposed regulations, lease terms, conditions, restrictions,  
23 prohibitions, and stipulations for the leasing program  
24 under this subtitle shall require compliance with all appli-

1 cable provisions of Federal and State environmental law,  
2 and shall also require the following:

3 (1) Standards at least as effective as the safety  
4 and environmental mitigation measures set forth in  
5 items 1 through 29 at pages 167 through 169 of the  
6 “Final Legislative Environmental Impact State-  
7 ment” (April 1987) on the Coastal Plain.

8 (2) Seasonal limitations on exploration, develop-  
9 ment, and related activities, where necessary, to  
10 avoid significant adverse effects during periods of  
11 concentrated fish and wildlife breeding, denning,  
12 nesting, spawning, and migration.

13 (3) Design safety and construction standards  
14 for all pipelines and any access and service roads,  
15 that—

16 (A) minimize, to the maximum extent pos-  
17 sible, adverse effects upon the passage of mi-  
18 gratory species such as caribou; and

19 (B) minimize adverse effects upon the flow  
20 of surface water by requiring the use of cul-  
21 verts, bridges, and other structural devices.

22 (4) Prohibitions on general public access and  
23 use on all pipeline access and service roads.

24 (5) Stringent reclamation and rehabilitation re-  
25 quirements, consistent with the standards set forth

1 in this subtitle, requiring the removal from the  
2 Coastal Plain of all oil and gas development and  
3 production facilities, structures, and equipment upon  
4 completion of oil and gas production operations, ex-  
5 cept that the Secretary may exempt from the re-  
6 quirements of this paragraph those facilities, struc-  
7 tures, or equipment that the Secretary determines  
8 would assist in the management of the Arctic Na-  
9 tional Wildlife Refuge and that are donated to the  
10 United States for that purpose.

11 (6) Appropriate prohibitions or restrictions on  
12 access by all modes of transportation.

13 (7) Appropriate prohibitions or restrictions on  
14 sand and gravel extraction.

15 (8) Consolidation of facility siting.

16 (9) Appropriate prohibitions or restrictions on  
17 use of explosives.

18 (10) Avoidance, to the extent practicable, of  
19 springs, streams, and river system; the protection of  
20 natural surface drainage patterns, wetlands, and ri-  
21 parian habitats; and the regulation of methods or  
22 techniques for developing or transporting adequate  
23 supplies of water for exploratory drilling.

24 (11) Avoidance or minimization of air traffic-re-  
25 lated disturbance to fish and wildlife.

1           (12) Treatment and disposal of hazardous and  
2 toxic wastes, solid wastes, reserve pit fluids, drilling  
3 muds and cuttings, and domestic wastewater, includ-  
4 ing an annual waste management report, a haz-  
5 arduous materials tracking system, and a prohibition  
6 on chlorinated solvents, in accordance with applica-  
7 ble Federal and State environmental law.

8           (13) Fuel storage and oil spill contingency plan-  
9 ning.

10          (14) Research, monitoring, and reporting re-  
11 quirements.

12          (15) Field crew environmental briefings.

13          (16) Avoidance of significant adverse effects  
14 upon subsistence hunting, fishing, and trapping by  
15 subsistence users.

16          (17) Compliance with applicable air and water  
17 quality standards.

18          (18) Appropriate seasonal and safety zone des-  
19 ignations around well sites, within which subsistence  
20 hunting and trapping shall be limited.

21          (19) Reasonable stipulations for protection of  
22 cultural and archeological resources.

23          (20) All other protective environmental stipula-  
24 tions, restrictions, terms, and conditions deemed  
25 necessary by the Secretary.



1 (e) CONSIDERATIONS.—In preparing and promul-  
2 gating regulations, lease terms, conditions, restrictions,  
3 prohibitions, and stipulations under this section, the Sec-  
4 retary shall consider the following:

5 (1) The stipulations and conditions that govern  
6 the National Petroleum Reserve-Alaska leasing pro-  
7 gram, as set forth in the 1999 Northeast National  
8 Petroleum Reserve-Alaska Final Integrated Activity  
9 Plan/Environmental Impact Statement.

10 (2) The environmental protection standards  
11 that governed the initial Coastal Plain seismic explo-  
12 ration program under parts 37.31 to 37.33 of title  
13 50, Code of Federal Regulations.

14 (3) The land use stipulations for exploratory  
15 drilling on the KIC–ASRC private lands that are set  
16 forth in Appendix 2 of the August 9, 1983, agree-  
17 ment between Arctic Slope Regional Corporation and  
18 the United States.

19 (f) FACILITY CONSOLIDATION PLANNING.—

20 (1) IN GENERAL.—The Secretary shall, after  
21 providing for public notice and comment, prepare  
22 and update periodically a plan to govern, guide, and  
23 direct the siting and construction of facilities for the  
24 exploration, development, production, and transpor-  
25 tation of Coastal Plain oil and gas resources.

1           (2) OBJECTIVES.—The plan shall have the fol-  
2           lowing objectives:

3                   (A) Avoiding unnecessary duplication of fa-  
4                   cilities and activities.

5                   (B) Encouraging consolidation of common  
6                   facilities and activities.

7                   (C) Locating or confining facilities and ac-  
8                   tivities to areas that will minimize impact on  
9                   fish and wildlife, their habitat, and the environ-  
10                  ment.

11                  (D) Utilizing existing facilities wherever  
12                  practicable.

13                  (E) Enhancing compatibility between wild-  
14                  life values and development activities.

15           (g) ACCESS TO PUBLIC LANDS.—The Secretary  
16 shall—

17                   (1) manage public lands in the Coastal Plain  
18                   subject to subsections (a) and (b) of section 811 of  
19                   the Alaska National Interest Lands Conservation  
20                   Act (16 U.S.C. 3121); and

21                   (2) ensure that local residents shall have rea-  
22                   sonable access to public lands in the Coastal Plain  
23                   for traditional uses.

24 **SEC. 328. EXPEDITED JUDICIAL REVIEW.**

25           (a) FILING OF COMPLAINT.—

1           (1) DEADLINE.—Subject to paragraph (2), any  
2           complaint seeking judicial review of any provision of  
3           this Act or any action of the Secretary under this  
4           subtitle shall be filed—

5                   (A) except as provided in subparagraph

6                   (B), within the 90-day period beginning on the  
7                   date of the action being challenged; or

8                   (B) in the case of a complaint based solely  
9                   on grounds arising after such period, within 90  
10                  days after the complainant knew or reasonably  
11                  should have known of the grounds for the com-  
12                  plaint.

13           (2) VENUE.—Any complaint seeking judicial re-  
14           view of any provision of this subtitle or any action  
15           of the Secretary under this subtitle may be filed only  
16           in the United States Court of Appeals for the Dis-  
17           trict of Columbia.

18           (3) LIMITATION ON SCOPE OF CERTAIN RE-  
19           VIEW.—Judicial review of a Secretarial decision to  
20           conduct a lease sale under this subtitle, including  
21           the environmental analysis thereof, shall be limited  
22           to whether the Secretary has complied with the  
23           terms of this subtitle and shall be based upon the  
24           administrative record of that decision. The Sec-  
25           retary's identification of a preferred course of action

1 to enable leasing to proceed and the Secretary's  
2 analysis of environmental effects under this subtitle  
3 shall be presumed to be correct unless shown other-  
4 wise by clear and convincing evidence to the con-  
5 trary.

6 (b) LIMITATION ON OTHER REVIEW.—Actions of the  
7 Secretary with respect to which review could have been  
8 obtained under this section shall not be subject to judicial  
9 review in any civil or criminal proceeding for enforcement.

10 **SEC. 329. FEDERAL AND STATE DISTRIBUTION OF REVE-**  
11 **NUES.**

12 (a) IN GENERAL.—Notwithstanding any other provi-  
13 sion of law, of the amount of adjusted bonus, rental, and  
14 royalty revenues from Federal oil and gas leasing and op-  
15 erations authorized under this subtitle—

16 (1) 25 percent shall be paid to the State of  
17 Alaska; and

18 (2) except as provided in section 432(d), the  
19 balance shall be deposited into the Treasury as mis-  
20 cellaneous receipts.

21 (b) PAYMENTS TO ALASKA.—Payments to the State  
22 of Alaska under this section shall be made semiannually.

1 **SEC. 330. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

2 (a) IN GENERAL.—The Secretary shall issue rights-  
3 of-way and easements across the Coastal Plain for the  
4 transportation of oil and gas—

5 (1) except as provided in paragraph (2), under  
6 section 28 of the Mineral Leasing Act (30 U.S.C.  
7 185), without regard to title XI of the Alaska Na-  
8 tional Interest Lands Conservation Act (30 U.S.C.  
9 3161 et seq.); and

10 (2) under title XI of the Alaska National Inter-  
11 est Lands Conservation Act (30 U.S.C. 3161 et  
12 seq.), for access authorized by sections 1110 and  
13 1111 of that Act (16 U.S.C. 3170 and 3171).

14 (b) TERMS AND CONDITIONS.—The Secretary shall  
15 include in any right-of-way or easement issued under sub-  
16 section (a) such terms and conditions as may be necessary  
17 to ensure that transportation of oil and gas does not result  
18 in a significant adverse effect on the fish and wildlife, sub-  
19 sistence resources, their habitat, and the environment of  
20 the Coastal Plain, including requirements that facilities be  
21 sited or designed so as to avoid unnecessary duplication  
22 of roads and pipelines.

23 (c) REGULATIONS.—The Secretary shall include in  
24 regulations under section 423(g) provisions granting  
25 rights-of-way and easements described in subsection (a)  
26 of this section.

1 **SEC. 331. CONVEYANCE.**

2 In order to maximize Federal revenues by removing  
3 clouds on title to lands and clarifying land ownership pat-  
4 terns within the Coastal Plain, the Secretary, notwith-  
5 standing the provisions of section 1302(h)(2) of the Alas-  
6 ka National Interest Lands Conservation Act (16 U.S.C.  
7 3192(h)(2)), shall convey—

8 (1) to the Kaktovik Inupiat Corporation the  
9 surface estate of the lands described in paragraph 1  
10 of Public Land Order 6959, to the extent necessary  
11 to fulfill the Corporation's entitlement under sec-  
12 tions 12 and 14 of the Alaska Native Claims Settle-  
13 ment Act (43 U.S.C. 1611 and 1613) in accordance  
14 with the terms and conditions of the Agreement be-  
15 tween the Department of the Interior, the United  
16 States Fish and Wildlife Service, the Bureau of  
17 Land Management, and the Kaktovik Inupiat Cor-  
18 poration effective January 22, 1993; and

19 (2) to the Arctic Slope Regional Corporation  
20 the remaining subsurface estate to which it is enti-  
21 tled pursuant to the August 9, 1983, agreement be-  
22 tween the Arctic Slope Regional Corporation and the  
23 United States of America.

24 **SEC. 332. LOCAL GOVERNMENT IMPACT AID AND COMMU-**  
25 **NITY SERVICE ASSISTANCE.**

26 (a) **FINANCIAL ASSISTANCE AUTHORIZED.**—

1           (1) IN GENERAL.—The Secretary may use  
2 amounts available from the Coastal Plain Local Gov-  
3 ernment Impact Aid Assistance Fund established by  
4 subsection (d) to provide timely financial assistance  
5 to entities that are eligible under paragraph (2) and  
6 that are directly impacted by the exploration for or  
7 production of oil and gas on the Coastal Plain under  
8 this subtitle.

9           (2) ELIGIBLE ENTITIES.—The North Slope  
10 Borough, the City of Kaktovik, and any other bor-  
11 ough, municipal subdivision, village, or other com-  
12 munity in the State of Alaska that is directly im-  
13 pacted by exploration for, or the production of, oil  
14 or gas on the Coastal Plain under this Act, as deter-  
15 mined by the Secretary, shall be eligible for financial  
16 assistance under this section.

17       (b) USE OF ASSISTANCE.—Financial assistance  
18 under this section may be used only for—

19           (1) planning for mitigation of the potential ef-  
20 fects of oil and gas exploration and development on  
21 environmental, social, cultural, recreational, and sub-  
22 sistence values;

23           (2) implementing mitigation plans and main-  
24 taining mitigation projects;

1           (3) developing, carrying out, and maintaining  
2 projects and programs that provide new or expanded  
3 public facilities and services to address needs and  
4 problems associated with such effects, including fire-  
5 fighting, police, water, waste treatment, medivac,  
6 and medical services; and

7           (4) establishment of a coordination office, by  
8 the north slope borough, in the City of Kaktovik,  
9 which shall—

10           (A) coordinate with and advise developers  
11 on local conditions, impact, and history of the  
12 areas utilized for development; and

13           (B) provide to the Committee on Resources  
14 of the House of Representatives and the Com-  
15 mittee on Energy and Natural Resources of the  
16 Senate an annual report on the status of co-  
17 ordination between developers and the commu-  
18 nities affected by development.

19           (c) APPLICATION.—

20           (1) IN GENERAL.—Any community that is eligi-  
21 ble for assistance under this section may submit an  
22 application for such assistance to the Secretary, in  
23 such form and under such procedures as the Sec-  
24 retary may prescribe by regulation.



1           (2) NORTH SLOPE BOROUGH COMMUNITIES.—A  
2           community located in the North Slope Borough may  
3           apply for assistance under this section either directly  
4           to the Secretary or through the North Slope Bor-  
5           ough

6           (3) APPLICATION ASSISTANCE.—The Secretary  
7           shall work closely with and assist the North Slope  
8           Borough and other communities eligible for assist-  
9           ance under this section in developing and submitting  
10          applications for assistance under this section.

11          (d) ESTABLISHMENT OF FUND.—

12           (1) IN GENERAL.—There is established in the  
13          Treasury the Coastal Plain Local Government Im-  
14          pact Aid Assistance Fund.

15           (2) USE.—Amounts in the fund may be used  
16          only for providing financial assistance under this  
17          section.

18           (3) DEPOSITS.—Subject to paragraph (4), there  
19          shall be deposited into the fund amounts received by  
20          the United States as revenues derived from rents,  
21          bonuses, and royalties from Federal leases and lease  
22          sales authorized under this subtitle.

23           (4) LIMITATION ON DEPOSITS.—The total  
24          amount in the fund may not exceed \$11,000,000.

1           (5) INVESTMENT OF BALANCES.—The Sec-  
2           retary of the Treasury shall invest amounts in the  
3           fund in interest bearing government securities.

4           (e) AUTHORIZATION OF APPROPRIATIONS.—To pro-  
5           vide financial assistance under this section there is author-  
6           ized to be appropriated to the Secretary from the Coastal  
7           Plain Local Government Impact Aid Assistance Fund  
8           \$5,000,000 for each fiscal year.

9           **TITLE IV—GAS PRICE TAX CRED-**  
10           **IT FOR FAMILIES AND BUSI-**  
11           **NESSES**

12           **SEC. 401. DEDUCTION FOR CERTAIN COMMUTING EX-**  
13           **PENSES OF INDIVIDUALS.**

14           (a) IN GENERAL.—Part VII of subchapter B of chap-  
15           ter 1 of the Internal Revenue Code of 1986 (relating to  
16           additional itemized deductions) is amended by redesign-  
17           nating section 224 as section 225 and by inserting after  
18           section 223 the following new section:

19           **“SEC. 224. CERTAIN COMMUTING EXPENSES.**

20           “(a) IN GENERAL.—In the case of an individual,  
21           there shall be allowed as a deduction an amount equal to  
22           the applicable percentage of the amount paid or incurred  
23           by the taxpayer during the taxable year for qualified com-  
24           muting expenses of the taxpayer, his spouse, and depend-  
25           ents.

1       “(b) APPLICABLE PERCENTAGE.—For purposes of  
2 this section—

3               “(1) IN GENERAL.—The term ‘applicable per-  
4 centage’ means, with respect to the expenses of any  
5 individual in connection with a round-trip commute  
6 of a certain number of miles, the percentage deter-  
7 mined in accordance with the following table:

<b>“In the case of a round-trip commute of:</b>	<b>The applicable percentage is:</b>
Less than 10 miles .....	10 percent
At least 10 miles, but not greater than 15 miles .....	30 percent
At least 15 miles, but not greater than 25 miles .....	50 percent
At least 25 miles .....	75 percent.

8               “(2) SPECIAL RULE FOR HIGH GAS MILEAGE  
9 VEHICLES AND CARPOOLERS.—Notwithstanding  
10 paragraph (1), the applicable percentage shall be  
11 100 percent with respect to any round-trip commute  
12 which is made—

13                       “(A) in a motor vehicle which has a gaso-  
14 line equivalent fuel efficiency of more than 40  
15 miles per gallon, or

16                       “(B) in a motor vehicle while carrying car-  
17 pooling passengers.

18       “(c) DEFINITIONS RELATED TO COMMUTING.—For  
19 purposes of this section—

20               “(1) QUALIFIED COMMUTING EXPENSES.—The  
21 term ‘qualified commuting expenses’ means reason-  
22 able expenses paid or incurred for transportation in

1 connection with travel between an individual's resi-  
2 dence and place of employment.

3 “(2) ROUND-TRIP COMMUTE.—The term ‘round  
4 trip commute’ means the reasonable driving distance  
5 from an individual's residence to such individual's  
6 place of employment and back to such residence.”.

7 (b) CLERICAL AMENDMENT.—The table of sections  
8 for part VII of subchapter B of chapter 1 of such Code  
9 is amended by redesignating the item relating to section  
10 224 as an item relating to section 225 and inserting before  
11 such item the following new item:

“Sec. 224. Certain commuting expenses.”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 the date of the enactment of this Act.

15 **SEC. 402. TAX CREDIT FOR FUEL EXPENSES OF TRUCKERS.**

16 (a) IN GENERAL.—Subpart D of part IV of sub-  
17 chapter A of chapter 1 of the Internal Revenue Code of  
18 1986 (relating to business credits), as amended by this  
19 Act, is amended by adding at the end the following new  
20 section:

21 **“SEC. 45S. CREDIT FOR FUEL EXPENSES OF TRUCKERS.**

22 “(a) IN GENERAL.—For purposes of section 38, the  
23 trucker fuel expense credit for any taxable year is an  
24 amount equal to 25 percent of the aggregate amount paid  
25 or incurred by the taxpayer for diesel fuel used by the

1 taxpayer in the ordinary course of the trade or business  
2 of transporting goods by truck.

3 “(b) LIMITATION.—The credit determined under sub-  
4 section (a) shall not exceed \$2,500 with respect to any  
5 taxpayer for any taxable year.

6 “(c) SPECIAL RULES.—For purposes of this sec-  
7 tion—

8 “(1) AGGREGATION RULES.—All persons treat-  
9 ed as a single employer under subsection (a) or (b)  
10 of section 52 or subsection (m) or (o) of section 414  
11 shall be treated as one person.

12 “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-  
13 tion or credit shall be allowed under any other provi-  
14 sion of this chapter with respect to the amount of  
15 the credit determined under this section.”.

16 (b) CONFORMING AMENDMENT.—Section 38(b) of  
17 such Code (relating to general business credit), as amend-  
18 ed by this Act, is amended by striking “plus” at the end  
19 of paragraph (34), by striking the period at the end of  
20 paragraph (35) and inserting “, plus”, and by adding at  
21 the end of following new paragraph:

22 “(36) the trucker fuel expense credit deter-  
23 mined under section 45S(a).”.

24 (c) CLERICAL AMENDMENT.—The table of sections  
25 for subpart B of part IV of subchapter A of chapter 1

1 of such Code (relating to other credits) is amended by add-  
2 ing at the end the following new section:

3 (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 the date of the enactment of this Act.

6 **TITLE V—COAL-TO-LIQUID FUEL**  
7 **Subtitle A—Coal to Liquid Fuel**  
8 **Activities**

9 **SEC. 501. SHORT TITLE.**

10 This subtitle may be cited as the “Coal-to-Liquid  
11 Fuel Promotion Act of 2008”.

12 **SEC. 502. DEFINITIONS.**

13 In this subtitle:

14 (1) **COAL-TO-LIQUID.**—The term “coal-to-liq-  
15 uid” means—

16 (A) with respect to a process or tech-  
17 nology, the use of a feedstock, the majority of  
18 which is the coal resources of the United  
19 States, using the class of reactions known as  
20 Fischer-Tropsch, to produce synthetic fuel suit-  
21 able for transportation; and

22 (B) with respect to a facility, the portion  
23 of a facility related to producing the inputs to  
24 the Fischer-Tropsch process, the Fischer-  
25 Tropsch process, finished fuel production, or

1 the capture, transportation, or sequestration of  
2 byproducts of the use of a feedstock that is pri-  
3 marily domestic coal at the Fischer-Tropsch fa-  
4 cility, including carbon emissions.

5 (2) SECRETARY.—The term “Secretary” means  
6 the Secretary of Energy.

7 **SEC. 503. COAL-TO-LIQUID FUEL LOAN GUARANTEE PRO-**  
8 **GRAM.**

9 (a) ELIGIBLE PROJECTS.—Section 1703(b) of the  
10 Energy Policy Act of 2005 (42 U.S.C. 16513(b)) is  
11 amended by adding at the end the following:

12 “(11) Large-scale coal-to-liquid facilities (as de-  
13 fined in section 502 of the Coal-to-Liquid Fuel Pro-  
14 motion Act of 2008) that use a feedstock, the major-  
15 ity of which is the coal resources of the United  
16 States, to produce not less than 10,000 barrels a  
17 day of liquid transportation fuel.”.

18 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
19 1704 of the Energy Policy Act of 2005 (42 U.S.C. 16514)  
20 is amended by adding at the end the following:

21 “(c) COAL-TO-LIQUID PROJECTS.—

22 “(1) IN GENERAL.—There are authorized to be  
23 appropriated such sums as are necessary to provide  
24 the cost of guarantees for projects involving large-

1 scale coal-to-liquid facilities under section  
2 1703(b)(11).

3 “(2) ALTERNATIVE FUNDING.—If no appropria-  
4 tions are made available under paragraph (1), an eli-  
5 gible applicant may elect to provide payment to the  
6 Secretary, to be delivered if and at the time the ap-  
7 plication is approved, in the amount of the estimated  
8 cost of the loan guarantee to the Federal Govern-  
9 ment, as determined by the Secretary.

10 “(3) LIMITATIONS.—

11 “(A) IN GENERAL.—No loan guarantees  
12 shall be provided under this title for projects  
13 described in paragraph (1) after (as determined  
14 by the Secretary)—

15 “(i) the tenth such loan guarantee is  
16 issued under this title; or

17 “(ii) production capacity covered by  
18 such loan guarantees reaches 100,000 bar-  
19 rels per day of coal-to-liquid fuel.

20 “(B) INDIVIDUAL PROJECTS.—

21 “(i) IN GENERAL.—A loan guarantee  
22 may be provided under this title for any  
23 large-scale coal-to-liquid facility described  
24 in paragraph (1) that produces no more



1           than 20,000 barrels of coal-to-liquid fuel  
2           per day.

3           “(ii) NON-FEDERAL FUNDING RE-  
4           QUIREMENT.—To be eligible for a loan  
5           guarantee under this title, a large-scale  
6           coal-to-liquid facility described in para-  
7           graph (1) that produces more than 20,000  
8           barrels per day of coal-to-liquid fuel shall  
9           be eligible to receive a loan guarantee for  
10          the proportion of the cost of the facility  
11          that represents 20,000 barrels of coal-to-  
12          liquid fuel per day of production.

13          “(4) REQUIREMENTS.—

14                 “(A) GUIDELINES.—Not later than 180  
15                 days after the date of enactment of this sub-  
16                 section, the Secretary shall publish guidelines  
17                 for the coal-to-liquids loan guarantee applica-  
18                 tion process.

19                 “(B) APPLICATIONS.—Not later than 1  
20                 year after the date of enactment of this sub-  
21                 section, the Secretary shall begin to accept ap-  
22                 plications for coal-to-liquid loan guarantees  
23                 under this subsection.

24                 “(C) DEADLINE.—Not later than 1 year  
25                 from the date of acceptance of an application

1 under subparagraph (B), the Secretary shall  
2 evaluate the application and make final deter-  
3 minations under this subsection.

4 “(5) REPORTS TO CONGRESS.—The Secretary  
5 shall submit to the Committee on Energy and Nat-  
6 ural Resources of the Senate and the Committee on  
7 Energy and Commerce of the House of Representa-  
8 tives a report describing the status of the program  
9 under this subsection not later than each of—

10 “(A) 180 days after the date of enactment  
11 of this subsection;

12 “(B) 1 year after the date of enactment of  
13 this subsection; and

14 “(C) the dates on which the Secretary ap-  
15 proves the first and fifth applications for coal-  
16 to-liquid loan guarantees under this sub-  
17 section.”.

18 **SEC. 504. COAL-TO-LIQUID FACILITIES LOAN PROGRAM.**

19 (a) DEFINITION OF ELIGIBLE RECIPIENT.—In this  
20 section, the term “eligible recipient” means an individual,  
21 organization, or other entity that owns, operates, or plans  
22 to construct a coal-to-liquid facility that will produce at  
23 least 10,000 barrels per day of coal-to-liquid fuel.

24 (b) ESTABLISHMENT.—The Secretary shall establish  
25 a program under which the Secretary shall provide loans,

1 in a total amount not to exceed \$20,000,000, for use by  
2 eligible recipients to pay the Federal share of the cost of  
3 obtaining any services necessary for the planning, permit-  
4 ting, and construction of a coal-to-liquid facility.

5 (c) APPLICATION.—To be eligible to receive a loan  
6 under subsection (b), the eligible recipient shall submit to  
7 the Secretary an application at such time, in such manner,  
8 and containing such information as the Secretary may re-  
9 quire.

10 (d) NON-FEDERAL MATCH.—To be eligible to receive  
11 a loan under this section, an eligible recipient shall use  
12 non-Federal funds to provide a dollar-for-dollar match of  
13 the amount of the loan.

14 (e) REPAYMENT OF LOAN.—

15 (1) IN GENERAL.—To be eligible to receive a  
16 loan under this section, an eligible recipient shall  
17 agree to repay the original amount of the loan to the  
18 Secretary not later than 5 years after the date of the  
19 receipt of the loan.

20 (2) SOURCE OF FUNDS.—Repayment of a loan  
21 under paragraph (1) may be made from any financ-  
22 ing or assistance received for the construction of a  
23 coal-to-liquid facility described in subsection (a), in-  
24 cluding a loan guarantee provided under section

1 1703(b)(11) of the Energy Policy Act of 2005 (42  
2 U.S.C. 16513(b)(11)).

3 (f) REQUIREMENTS.—

4 (1) GUIDELINES.—Not later than 180 days  
5 after the date of enactment of this Act, the Sec-  
6 retary shall publish guidelines for the coal-to-liquids  
7 loan application process.

8 (2) APPLICATIONS.—Not later than 1 year  
9 after the date of enactment of this Act, the Sec-  
10 retary shall begin to accept applications for coal-to-  
11 liquid loans under this section.

12 (g) REPORTS TO CONGRESS.—Not later than each of  
13 180 days and 1 year after the date of enactment of this  
14 Act, the Secretary shall submit to the Committee on En-  
15 ergy and Natural Resources of the Senate and the Com-  
16 mittee on Energy and Commerce of the House of Rep-  
17 resentatives a report describing the status of the program  
18 under this section.

19 (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
20 authorized to be appropriated to carry out this section  
21 \$200,000,000, to remain available until expended.

22 **SEC. 505. LOCATION OF COAL-TO-LIQUID MANUFACTURING**  
23 **FACILITIES.**

24 The Secretary, in coordination with the head of any  
25 affected agency, shall promulgate such regulations as the

1 Secretary determines to be necessary to support the devel-  
2 opment on Federal land (including land of the Department  
3 of Energy, military bases, and military installations closed  
4 or realigned under the defense base closure and realign-  
5 ment) of coal-to-liquid manufacturing facilities and associ-  
6 ated infrastructure, including the capture, transportation,  
7 or sequestration of carbon dioxide.

8 **SEC. 506. STRATEGIC PETROLEUM RESERVE.**

9 (a) DEVELOPMENT, OPERATION, AND MAINTENANCE  
10 OF RESERVE.—Section 159 of the Energy Policy and Con-  
11 servation Act (42 U.S.C. 6239) is amended—

12 (1) by redesignating subsections (f), (g), (j),  
13 (k), and (l) as subsections (a), (b), (e), (f), and (g),  
14 respectively; and

15 (2) by inserting after subsection (b) (as redesign-  
16 nated by paragraph (1)) the following:

17 “(c) STUDY OF MAINTAINING COAL-TO-LIQUID  
18 PRODUCTS IN RESERVE.—Not later than 1 year after the  
19 date of enactment of the Coal-to-Liquid Fuel Promotion  
20 Act of 2008, the Secretary and the Secretary of Defense  
21 shall—

22 “(1) conduct a study of the feasibility and suit-  
23 ability of maintaining coal-to-liquid products in the  
24 Reserve; and

1           “(2) submit to the Committee on Energy and  
2           Natural Resources and the Committee on Armed  
3           Services of the Senate and the Committee on Energy  
4           and Commerce and the Committee on Armed Serv-  
5           ices of the House of Representatives a report de-  
6           scribing the results of the study.

7           “(d) CONSTRUCTION OF STORAGE FACILITIES.—As  
8           soon as practicable after the date of enactment of the  
9           Coal-to-Liquid Fuel Promotion Act of 2008, the Secretary  
10          may construct 1 or more storage facilities in the vicinity  
11          of pipeline infrastructure and at least 1 military base.”.

12          (b) PETROLEUM PRODUCTS FOR STORAGE IN RE-  
13          SERVE.—Section 160 of the Energy Policy and Conserva-  
14          tion Act (42 U.S.C. 6240) is amended—

15                 (1) in subsection (a)—

16                         (A) in paragraph (1), by inserting a semi-  
17                         colon at the end;

18                         (B) in paragraph (2), by striking “and” at  
19                         the end;

20                         (C) in paragraph (3), by striking the pe-  
21                         riod at the end and inserting “; and”; and

22                         (D) by adding at the end the following:

23                                 “(4) coal-to-liquid products (as defined in sec-  
24                                 tion 502 of the Coal-to-Liquid Fuel Promotion Act  
25                                 of 2008), as the Secretary determines to be appro-

1        appropriate, in a quantity not to exceed 20 percent of the  
2        total quantity of petroleum and petroleum products  
3        in the Reserve.”;

4            (2) in subsection (b), by redesignating para-  
5        graphs (3) through (5) as paragraphs (2) through  
6        (4), respectively; and

7            (3) by redesignating subsections (f) and (h) as  
8        subsections (d) and (e), respectively.

9        (c) CONFORMING AMENDMENTS.—Section 167 of the  
10       Energy Policy and Conservation Act (42 U.S.C. 6247) is  
11       amended—

12            (1) in subsection (b)—

13                    (A) by redesignating paragraphs (2) and  
14                    (3) as paragraphs (1) and (2), respectively; and

15                    (B) in paragraph (2) (as redesignated by  
16                    subparagraph (A)), by striking “section 160(f)”  
17                    and inserting “section 160(e)”; and

18            (2) in subsection (d), in the matter preceding  
19        paragraph (1), by striking “section 160(f)” and in-  
20        serting “section 160(e)”.

21       **SEC. 507. AUTHORIZATION TO CONDUCT RESEARCH, DE-**  
22                    **VELOPMENT, TESTING, AND EVALUATION OF**  
23                    **ASSURED DOMESTIC FUELS.**

24        Of the amount authorized to be appropriated for the  
25        Air Force for research, development, testing, and evalua-

1 tion, \$10,000,000 may be made available for the Air Force  
2 Research Laboratory to continue support efforts to test,  
3 qualify, and procure synthetic fuels developed from coal  
4 for aviation jet use.

5 **SEC. 508. COAL-TO-LIQUID LONG-TERM FUEL PROCURE-**  
6 **MENT AND DEPARTMENT OF DEFENSE DE-**  
7 **VELOPMENT.**

8 Section 2398a of title 10, United States Code is  
9 amended—

10 (1) in subsection (b)—

11 (A) by striking “The Secretary” and in-  
12 serting the following:

13 “(1) IN GENERAL.—The Secretary”; and

14 (B) by adding at the end the following:

15 “(2) COAL-TO-LIQUID PRODUCTION FACILI-  
16 TIES.—

17 “(A) IN GENERAL.—The Secretary of De-  
18 fense may enter into contracts or other agree-  
19 ments with private companies or other entities  
20 to develop and operate coal-to-liquid facilities  
21 (as defined in section 502 of the Coal-to-Liquid  
22 Fuel Promotion Act of 2008) on or near mili-  
23 tary installations.

24 “(B) CONSIDERATIONS.—In entering into  
25 contracts and other agreements under subpara-



1 graph (A), the Secretary shall consider land  
2 availability, testing opportunities, and proximity  
3 to raw materials.”;

4 (2) in subsection (d)—

5 (A) by striking “Subject to applicable pro-  
6 visions of law, any” and inserting “Any”; and

7 (B) by striking “1 or more years” and in-  
8 serting “up to 25 years”; and

9 (3) by adding at the end the following:

10 “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
11 are authorized to be appropriated such sums as are nec-  
12 essary to carry out this section.”.

13 **SEC. 509. REPORT ON EMISSIONS OF FISCHER-TROPSCH**  
14 **PRODUCTS USED AS TRANSPORTATION**  
15 **FUELS.**

16 (a) IN GENERAL.—In cooperation with the Adminis-  
17 trator of the Environmental Protection Agency, the Sec-  
18 retary of Defense, the Administrator of the Federal Avia-  
19 tion Administration, and the Secretary of Health and  
20 Human Services, the Secretary shall—

21 (1) carry out a research and demonstration pro-  
22 gram to evaluate the emissions of the use of Fischer-  
23 Tropsch fuel for transportation, including diesel and  
24 jet fuel;

1           (2) evaluate the effect of using Fischer-Tropsch  
2           transportation fuel on land and air engine exhaust  
3           emissions; and

4           (3) in accordance with subsection (e), submit to  
5           Congress a report on the effect on air quality and  
6           public health of using Fischer-Tropsch fuel in the  
7           transportation sector.

8           (b) GUIDANCE AND TECHNICAL SUPPORT.—The Sec-  
9           retary shall issue any guidance or technical support docu-  
10          ments necessary to facilitate the effective use of Fischer-  
11          Tropsch fuel and blends under this section.

12          (c) FACILITIES.—For the purpose of evaluating the  
13          emissions of Fischer-Tropsch transportation fuels, the  
14          Secretary shall—

15               (1) support the use and capital modification of  
16               existing facilities and the construction of new facili-  
17               ties at the research centers designated in section  
18               417 of the Energy Policy Act of 2005 (42 U.S.C.  
19               15977); and

20               (2) engage those research centers in the evalua-  
21               tion and preparation of the report required under  
22               subsection (a)(3).

23          (d) REQUIREMENTS.—The program described in sub-  
24          section (a)(1) shall consider—

1           (1) the use of neat (100 percent) Fischer-  
2       Tropsch fuel and blends of Fischer-Tropsch fuels  
3       with conventional crude oil-derived fuel for heavy-  
4       duty and light-duty diesel engines and the aviation  
5       sector; and

6           (2) the production costs associated with domes-  
7       tic production of those fuels and prices for con-  
8       sumers.

9       (e) REPORTS.—The Secretary shall submit to the  
10     Committee on Energy and Natural Resources of the Sen-  
11     ate and the Committee on Energy and Commerce of the  
12     House of Representatives—

13           (1) not later than 180 days after the date of  
14       enactment of this Act, an interim report on actions  
15       taken to carry out this section; and

16           (2) not later than 1 year after the date of en-  
17       actment of this Act, a final report on actions taken  
18       to carry out this section.

19       (f) AUTHORIZATION OF APPROPRIATIONS.—There  
20     are authorized to be appropriated such sums as are nec-  
21     essary to carry out this section.

1       **Subtitle B—Amendments to the**  
2       **Internal Revenue Code of 1986**

3       **SEC. 511. CREDIT FOR INVESTMENT IN COAL-TO-LIQUID**  
4               **FUELS PROJECTS.**

5           (a) IN GENERAL.—Section 46 of the Internal Rev-  
6       enue Code of 1986 (relating to amount of credit) is  
7       amended by striking “and” at the end of paragraph (3),  
8       by striking the period at the end of paragraph (4) and  
9       inserting “, and”, and by adding at the end the following  
10      new paragraph:

11               “(5) the qualifying coal-to-liquid fuels project  
12      credit.”.

13           (b) AMOUNT OF CREDIT.—Subpart E of part IV of  
14      subchapter A of chapter 1 of the Internal Revenue Code  
15      of 1986 (relating to rules for computing investment credit)  
16      is amended by inserting after section 48B the following  
17      new section:

18      **“SEC. 48C. QUALIFYING COAL-TO-LIQUID FUELS PROJECT**  
19               **CREDIT.**

20               “(a) IN GENERAL.—For purposes of section 46, the  
21      qualifying coal-to-liquid fuels project credit for any taxable  
22      year is an amount equal to 20 percent of the qualified  
23      investment for such taxable year.

24               “(b) QUALIFIED INVESTMENT.—

1           “(1) IN GENERAL.—For purposes of subsection  
2 (a), the qualified investment for any taxable year is  
3 the basis of property placed in service by the tax-  
4 payer during such taxable year which is part of a  
5 qualifying coal-to-liquid fuels project—

6           “(A)(i) the construction, reconstruction, or  
7 erection of which is completed by the taxpayer,  
8 or

9           “(ii) which is acquired by the taxpayer if  
10 the original use of such property commences  
11 with the taxpayer, and

12           “(B) with respect to which depreciation (or  
13 amortization in lieu of depreciation) is allow-  
14 able.

15           “(2) APPLICABLE RULES.—For purposes of this  
16 section, rules similar to the rules of subsection  
17 (a)(4) and (b) of section 48 shall apply.

18           “(c) DEFINITIONS.—For purposes of this section—

19           “(1) QUALIFYING COAL-TO-LIQUID FUELS  
20 PROJECT.—The term ‘qualifying coal-to-liquid fuels  
21 project’ means any domestic project which—

22           “(A) employs the class of reactions known  
23 as Fischer-Tropsch to produce at least 10,000  
24 barrels per day of transportation grade liquid  
25 fuels from a feedstock that is primarily domes-

1           tic coal (including any property which allows for  
2           the capture, transportation, or sequestration of  
3           by-products resulting from such process, includ-  
4           ing carbon emissions), and

5           “(B) any portion of the qualified invest-  
6           ment in which is certified under the qualifying  
7           coal-to-liquid program as eligible for credit  
8           under this section in an amount (not to exceed  
9           \$200,000,000) determined by the Secretary.

10          “(2) COAL.—The term ‘coal’ means any carbon-  
11          ized or semicarbonized matter, including peat.

12          “(d) QUALIFYING COAL-TO-LIQUID FUELS PROJECT  
13          PROGRAM.—

14                 “(1) IN GENERAL.—The Secretary, in consulta-  
15                 tion with the Secretary of Energy, shall establish a  
16                 qualifying coal-to-liquid fuels project program to  
17                 consider and award certifications for qualified in-  
18                 vestment eligible for credits under this section to 10  
19                 qualifying coal-to-liquid fuels project sponsors under  
20                 this section. The total qualified investment which  
21                 may be awarded eligibility for credit under the pro-  
22                 gram shall not exceed \$2,000,000,000.

23                 “(2) PERIOD OF ISSUANCE.—A certificate of  
24                 eligibility under paragraph (1) may be issued only

1 during the 10-fiscal year period beginning on Octo-  
2 ber 1, 2007.

3 “(3) SELECTION CRITERIA.—The Secretary  
4 shall not make a competitive certification award for  
5 qualified investment for credit eligibility under this  
6 section unless the recipient has documented to the  
7 satisfaction of the Secretary that—

8 “(A) the proposal of the award recipient is  
9 financially viable,

10 “(B) the recipient will provide sufficient  
11 information to the Secretary for the Secretary  
12 to ensure that the qualified investment is spent  
13 efficiently and effectively,

14 “(C) the fuels identified with respect to the  
15 gasification technology for such project will  
16 comprise at least 90 percent of the fuels re-  
17 quired by the project for the production of  
18 transportation grade liquid fuels,

19 “(D) the award recipient’s project team is  
20 competent in the planning and construction of  
21 coal gasification facilities and familiar with op-  
22 eration of the Fischer-Tropsch process, with  
23 preference given to those recipients with experi-  
24 ence which demonstrates successful and reliable  
25 operations of such process, and

1           “(E) the award recipient has met other cri-  
2           teria established and published by the Sec-  
3           retary.

4           “(e) DENIAL OF DOUBLE BENEFIT.—No deduction  
5 or other credit shall be allowed with respect to the basis  
6 of any property taken into account in determining the  
7 credit allowed under this section.”.

8           (c) CONFORMING AMENDMENTS.—

9           (1) Section 49(a)(1)(C) of the Internal Revenue  
10          Code of 1986 is amended by striking “and” at the  
11          end of clause (iii), by striking the period at the end  
12          of clause (iv) and inserting “, and”, and by adding  
13          after clause (iv) the following new clause:

14                   “(v) the basis of any property which  
15                   is part of a qualifying coal-to-liquid fuels  
16                   project under section 48C.”.

17          (2) The table of sections for subpart E of part  
18          IV of subchapter A of chapter 1 of such Code is  
19          amended by inserting after the item relating to sec-  
20          tion 48B the following new item:

“Sec. 48C. Qualifying coal-to-liquid fuels project credit.”.

21          (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to periods after the date of the  
23 enactment of this Act, under rules similar to the rules of  
24 section 48(m) of the Internal Revenue Code of 1986 (as



1 in effect on the day before the date of the enactment of  
2 the Revenue Reconciliation Act of 1990).

3 **SEC. 512. TEMPORARY EXPENSING FOR EQUIPMENT USED**  
4 **IN COAL-TO-LIQUID FUELS PROCESS.**

5 (a) IN GENERAL.—Part VI of subchapter B of chap-  
6 ter 1 of the Internal Revenue Code of 1986 is amended  
7 by inserting after section 179E the following new section:

8 **“SEC. 179F. ELECTION TO EXPENSE CERTAIN COAL-TO-LIQ-**  
9 **UID FUELS FACILITIES.**

10 “(a) TREATMENT AS EXPENSES.—A taxpayer may  
11 elect to treat the cost of any qualified coal-to-liquid fuels  
12 process property as an expense which is not chargeable  
13 to capital account. Any cost so treated shall be allowed  
14 as a deduction for the taxable year in which the expense  
15 is incurred.

16 “(b) ELECTION.—

17 “(1) IN GENERAL.—An election under this sec-  
18 tion for any taxable year shall be made on the tax-  
19 payer’s return of the tax imposed by this chapter for  
20 the taxable year. Such election shall be made in such  
21 manner as the Secretary may by regulations pre-  
22 scribe.

23 “(2) ELECTION IRREVOCABLE.—Any election  
24 made under this section may not be revoked except  
25 with the consent of the Secretary.

1       “(c) QUALIFIED COAL-TO-LIQUID FUELS PROCESS  
2 PROPERTY.—The term ‘qualified coal-to-liquid fuels proc-  
3 ess property’ means any property located in the United  
4 States—

5           “(1) which employs the Fischer-Tropsch process  
6 to produce transportation grade liquid fuels from a  
7 feedstock that is primarily domestic coal (including  
8 any property which allows for the capture, transpor-  
9 tation, or sequestration of by-products resulting  
10 from such process, including carbon emissions),

11           “(2) the original use of which commences with  
12 the taxpayer,

13           “(3) the construction of which—

14           “(A) except as provided in subparagraph  
15 (B), is subject to a binding construction con-  
16 tract entered into after the date of the enact-  
17 ment of this section and before January 1,  
18 2011, but only if there was no written binding  
19 construction contract entered into on or before  
20 such date of enactment, or

21           “(B) in the case of self-constructed prop-  
22 erty, began after the date of the enactment of  
23 this section and before January 1, 2011, and

1           “(4) which is placed in service by the taxpayer  
2           after the date of the enactment of this section and  
3           before January 1, 2016.

4           “(d) ELECTION TO ALLOCATE DEDUCTION TO COOP-  
5           ERATIVE OWNER.—If—

6           “(1) a taxpayer to which subsection (a) applies  
7           is an organization to which part I of subchapter T  
8           applies, and

9           “(2) one or more persons directly holding an  
10          ownership interest in the taxpayer are organizations  
11          to which part I of subchapter T apply,

12          the taxpayer may elect to allocate all or a portion of the  
13          deduction allowable under subsection (a) to such persons.  
14          Such allocation shall be equal to the person’s ratable share  
15          of the total amount allocated, determined on the basis of  
16          the person’s ownership interest in the taxpayer. The tax-  
17          able income of the taxpayer shall not be reduced under  
18          section 1382 by reason of any amount to which the pre-  
19          ceding sentence applies.

20          “(e) BASIS REDUCTION.—

21          “(1) IN GENERAL.—For purposes of this title,  
22          if a deduction is allowed under this section with re-  
23          spect to any qualified coal-to-liquid fuels process  
24          property, the basis of such property shall be reduced  
25          by the amount of the deduction so allowed.

1           “(2) ORDINARY INCOME RECAPTURE.—For  
2 purposes of section 1245, the amount of the deduc-  
3 tion allowable under subsection (a) with respect to  
4 any property which is of a character subject to the  
5 allowance for depreciation shall be treated as a de-  
6 duction allowed for depreciation under section 167.

7           “(f) APPLICATION WITH OTHER DEDUCTIONS AND  
8 CREDITS.—

9           “(1) OTHER DEDUCTIONS.—No deduction shall  
10 be allowed under any other provision of this chapter  
11 with respect to any expenditure with respect to  
12 which a deduction is allowed under subsection (a) to  
13 the taxpayer.

14           “(2) CREDITS.—No credit shall be allowed  
15 under section 38 with respect to any amount for  
16 which a deduction is allowed under subsection (a).

17           “(g) REPORTING.—No deduction shall be allowed  
18 under subsection (a) to any taxpayer for any taxable year  
19 unless such taxpayer files with the Secretary a report con-  
20 taining such information with respect to the operation of  
21 the property of the taxpayer as the Secretary shall re-  
22 quire.”.

23           (b) CONFORMING AMENDMENTS.—

24           (1) Section 1016(a) of the Internal Revenue  
25 Code of 1986 is amended by striking “and” at the

1 end of paragraph (36), by striking the period at the  
2 end of paragraph (37) and inserting “, and”, and by  
3 adding at the end the following new paragraph:

4 “(38) to the extent provided in section  
5 179F(e)(1).”.

6 (2) Section 1245(a) of such Code is amended  
7 by inserting “179F,” after “179D,” both places it  
8 appears in paragraphs (2)(C) and (3)(C).

9 (3) Section 263(a)(1) of such Code is amended  
10 by striking “or” at the end of subparagraph (J), by  
11 striking the period at the end of subparagraph (K)  
12 and inserting “, or”, and by inserting after subpara-  
13 graph (K) the following new subparagraph:

14 “(L) expenditures for which a deduction is  
15 allowed under section 179F.”.

16 (4) Section 312(k)(3)(B) of such Code is  
17 amended by striking “or 179E” each place it ap-  
18 pears in the heading and text and inserting “179E,  
19 or 179F”.

20 (5) The table of sections for part VI of sub-  
21 chapter B of chapter 1 of such Code is amended by  
22 inserting after the item relating to section 179E the  
23 following new item:

“Sec. 179F. Election to expense certain coal-to-liquid fuels facilities.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to properties placed in service after  
3 the date of the enactment of this Act.

4 **SEC. 513. EXTENSION OF ALTERNATIVE FUEL CREDIT FOR**  
5 **FUEL DERIVED FROM COAL THROUGH THE**  
6 **FISCHER-TROPSCH PROCESS.**

7 (a) ALTERNATIVE FUEL CREDIT.—Paragraph (4) of  
8 section 6426(d) of the Internal Revenue Code of 1986 is  
9 amended to read as follows:

10 “(4) TERMINATION.—This subsection shall not  
11 apply to—

12 “(A) any sale or use involving liquid fuel  
13 derived from a feedstock that is primarily do-  
14 mestic coal (including peat) through the Fisch-  
15 er-Tropsch process for any period after Sep-  
16 tember 30, 2020,

17 “(B) any sale or use involving liquified hy-  
18 drogen for any period after September 30,  
19 2014, and

20 “(C) any other sale or use for any period  
21 after September 30, 2009.”.

22 (b) PAYMENTS.—

23 (1) IN GENERAL.—Paragraph (5) of section  
24 6427(e) of the Internal Revenue Code of 1986 is  
25 amended by striking “and” and the end of subpara-

1 graph (C), by striking the period at the end of sub-  
 2 paragraph (D) and inserting “, and”, and by adding  
 3 at the end the following new subparagraph:

4 “(E) any alternative fuel or alternative fuel  
 5 mixture (as so defined) involving liquid fuel de-  
 6 rived from coal (including peat) through the  
 7 Fischer-Tropsch process sold or used after Sep-  
 8 tember 30, 2020.”.

9 (2) CONFORMING AMENDMENT.—Section  
 10 6427(e)(5)(C) of such Code is amended by striking  
 11 “subparagraph (D)” and inserting “subparagraphs  
 12 (D) and (E)”.

13 **SEC. 514. MODIFICATIONS TO ENHANCED OIL RECOVERY**  
 14 **CREDIT.**

15 (a) ENHANCED CREDIT FOR CARBON DIOXIDE IN-  
 16 JECTIONS.—Section 43 of the Internal Revenue Code of  
 17 1986 is amended by adding at the end the following new  
 18 subsection:

19 “(f) ENHANCED CREDIT FOR PROJECTS USING  
 20 QUALIFIED CARBON DIOXIDE.—

21 “(1) IN GENERAL.—For purposes of this sec-  
 22 tion—

23 “(A) the term ‘qualified project’ includes a  
 24 project described in paragraph (2), and

1           “(B) in the case of a project described in  
2 paragraph (2), subsection (a) shall be applied  
3 by substituting ‘50 percent’ for ‘15 percent’.

4           “(2) PROJECTS DESCRIBED.—A project is de-  
5 scribed in this paragraph if it begins or is substan-  
6 tially expanded after December 31, 2007, and

7           “(A) uses qualified carbon dioxide in an  
8 enhanced oil, natural gas, or coalbed methane  
9 recovery method, which involves flooding or in-  
10 jection, or

11           “(B) enables the capture or sequestration  
12 of qualified carbon dioxide.

13           “(3) DEFINITIONS.—For purposes of this sub-  
14 section—

15           “(A) ENHANCED OIL RECOVERY.—The  
16 term ‘enhanced oil recovery’ means recovery of  
17 oil by injecting or flooding with qualified carbon  
18 dioxide.

19           “(B) ENHANCED NATURAL GAS RECOV-  
20 ERY.—The term ‘enhanced natural gas recov-  
21 ery’ means recovery of natural gas by injecting  
22 or flooding with qualified carbon dioxide.

23           “(C) ENHANCED COALBED METHANE RE-  
24 COVERY.—The term ‘enhanced coalbed methane  
25 recovery’ means recovery of coalbed methane by



1 injecting or flooding with qualified carbon diox-  
2 ide.

3 “(D) QUALIFIED CARBON DIOXIDE.—The  
4 term ‘qualified carbon dioxide’ means carbon di-  
5 oxide which is produced from the gasification  
6 and subsequent refinement of a feedstock which  
7 is primarily domestic coal, at a facility which  
8 produces coal-to-liquid fuel.

9 “(E) CAPTURE OR SEQUESTRATION.—The  
10 term ‘capture or sequestration’ means any  
11 equipment or facility necessary to—

12 “(i) capture or separate qualified car-  
13 bon dioxide from other emissions,

14 “(ii) transport qualified carbon diox-  
15 ide, or

16 “(iii) process and use qualified carbon  
17 dioxide in a qualified project.

18 “(4) TERMINATION.—This subsection shall not  
19 apply to costs paid or incurred for any qualified  
20 project after December 31, 2020.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 43 of the Internal Revenue Code of  
23 1986 is amended—

24 (A) by striking “enhanced oil recovery  
25 credit” in subsection (a) and inserting “en-

1           hanced oil, natural gas, and coalbed methane  
2           recovery, and capture and sequestration credit”,

3                   (B) by striking “qualified enhanced oil re-  
4           covery costs” each place it appears and insert-  
5           ing “qualified costs”,

6                   (C) by striking “qualified enhanced oil re-  
7           covery project” each place it appears and in-  
8           serting “qualified project”, and

9                   (D) by striking the heading and inserting:

10   **“SEC. 43. ENHANCED OIL, NATURAL GAS, AND COALBED**  
11                   **METHANE RECOVERY, AND CAPTURE AND SE-**  
12                   **QUESTRATION CREDIT.”.**

13           (2) The item in the table of sections for subpart  
14           D of part IV of subchapter A of chapter 1 of such  
15           Code relating to section 43 is amended to read as  
16           follows:

          “Sec. 43. Enhanced oil, natural gas, and coalbed methane recovery, and cap-  
          ture and sequestration credit.”.

17           (c) **EFFECTIVE DATE.**—The amendments made by  
18           this section shall apply to costs paid or incurred in taxable  
19           years ending after December 31, 2007.

1 **SEC. 515. ALLOWANCE OF ENHANCED OIL, NATURAL GAS,**  
2 **AND COALBED METHANE RECOVERY, AND**  
3 **CAPTURE AND SEQUESTRATION CREDIT**  
4 **AGAINST THE ALTERNATIVE MINIMUM TAX.**

5 (a) IN GENERAL.—Subsection (c) of section 38 of the  
6 Internal Revenue Code of 1986 (relating to limitation  
7 based on amount of tax) is amended by redesignating  
8 paragraphs (4) and (5) as paragraphs (5) and (6), respec-  
9 tively, and by inserting after paragraph (3) the following  
10 new paragraph:

11 “(4) SPECIAL RULES FOR ENHANCED OIL, NAT-  
12 URAL GAS, AND COALBED METHANE RECOVERY, AND  
13 CAPTURE AND SEQUESTRATION CREDIT.—In the  
14 case of the enhanced oil, natural gas, and coalbed  
15 methane recovery, and capture and sequestration  
16 credit determined under section 43—

17 “(A) this section and section 39 shall be  
18 applied separately with respect to such credit,  
19 and

20 “(B) in applying paragraph (1) to such  
21 credit—

22 “(i) the tentative minimum tax shall  
23 be treated as being zero, and

24 “(ii) the limitation under paragraph  
25 (1) (as modified by clause (i)) shall be re-  
26 duced by the credit allowed under sub-

1 section (a) for the taxable year (other than  
2 the enhanced oil, natural gas, and coalbed  
3 methane recovery, and capture and seques-  
4 tration credit and the specified credits).”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 38(c)(2)(A)(ii)(II) of such Code is  
7 amended by inserting “the enhanced oil, natural gas,  
8 and coalbed methane recovery, and capture and se-  
9 questration credit,” after “employee credit,”.

10 (2) Section 38(c)(3)(A)(ii)(II) of such Code is  
11 amended by inserting “, the enhanced oil, natural  
12 gas, coalbed methane recovery, capture and seques-  
13 tration credit,” after “employee credit”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to taxable years ending after De-  
16 cember 31, 2007.

## 17 **TITLE VI—ENERGY EFFICIENT** 18 **TAX CREDIT FOR VEHICLES**

### 19 **SEC. 601. CREDIT FOR HYBRIDS AND PLUG-IN HYBRIDS.**

20 (a) IN GENERAL.—Subparagraph (A) of section  
21 30B(d)(2) of the Internal Revenue Code of 1986 (relating  
22 to credit amount for passenger automobiles and light  
23 trucks) is amended to read as follows:

24 “(A) CREDIT AMOUNT FOR PASSENGER  
25 AUTOMOBILES AND LIGHT TRUCKS.—

1           “(i) IN GENERAL.—In the case of a  
2           new qualified hybrid motor vehicle (other  
3           than a new qualified plug-in hybrid motor  
4           vehicle) which is a passenger automobile or  
5           light truck and which has a gross vehicle  
6           weight rating of not more than 8,500  
7           pounds, the amount determined under this  
8           paragraph is the sum of the amounts de-  
9           termined under subclauses (I), (II), and  
10          (III).

11                 “(I) FUEL ECONOMY.—The  
12           amount determined under this sub-  
13           clause is the amount which would be  
14           determined under subsection (c)(2)(A)  
15           if such vehicle were a vehicle referred  
16           to in such subsection.

17                 “(II) CONSERVATION CREDIT.—  
18           The amount determined under this  
19           subclause is the amount which would  
20           be determined under subsection  
21           (c)(2)(B) if such vehicle were a vehicle  
22           referred to in such subsection.

23                 “(III) DOMESTIC ACQUISITION.—  
24           In the case of a vehicle acquired for

1 use or lease by the taxpayer from a  
2 domestic corporation, \$1,000.

3 “(ii) NEW QUALIFIED PLUG-IN HY-  
4 BRID MOTOR VEHICLES.—In the case of a  
5 new qualified plug-in hybrid motor vehicle  
6 which is a passenger automobile or light  
7 truck and which has a gross vehicle weight  
8 rating of not more than 8,500 pounds, the  
9 amount determined under this paragraph  
10 is the sum of the amounts determined  
11 under subclauses (I), (II), (III), and (IV).

12 “(I) BASE AMOUNT.—The  
13 amount determined under this sub-  
14 clause is \$3,000.

15 “(II) FLEXIBLE FUEL.—In the  
16 case of a vehicle which is warrantied  
17 by its manufacturer to operate on a  
18 fuel described in section 30C(e)(1)(A),  
19 the amount determined under this  
20 subclause is \$150.

21 “(III) POWER OF TRACTION BAT-  
22 TERY.—In the case of vehicle which  
23 draws propulsion energy from a trac-  
24 tion battery of not less than 5 kWh,  
25 the amount determined under this

1                   subclause is \$500, plus \$250 for each  
2                   kWh that such battery exceeds 5  
3                   kWh. The amount determined under  
4                   this subclause shall not exceed  
5                   \$3,000.

6                   “(IV) DOMESTIC ACQUISITION.—  
7                   In the case of a vehicle acquired for  
8                   use or lease by the taxpayer from a  
9                   domestic corporation, \$1,000.”.

10           (b) NEW QUALIFIED PLUG-IN HYBRID MOTOR VEHI-  
11   CLE.—Subsection (d) of section 30B of such Code is  
12   amended by adding at the end the following new para-  
13   graph:

14                   “(4) NEW QUALIFIED PLUG-IN HYBRID MOTOR  
15   VEHICLE.—For purposes of this subsection, the term  
16   ‘new qualified plug-in hybrid motor vehicle’ means  
17   any new qualified hybrid motor vehicle which—

18                   “(A) meets or exceeds the Bin 5 Tier II  
19   emission standard established in regulations  
20   prescribed by the Administrator of the Environ-  
21   mental Protection Agency under section 202(i)  
22   of the Clean Air Act for that make and model  
23   year vehicle,

24                   “(B) draws propulsion energy from a trac-  
25   tion battery of not less than 4 kWh, and

1           “(C) is equipped with a means of re-  
2           charging its rechargeable energy storage system  
3           from an external source of electricity.”.

4           (c) APPLICATION OF LIMITATION ON NUMBER OF  
5   HYBRIDS ELIGIBLE FOR CREDIT.—

6           (1) IN GENERAL.—Subsection (f) of section  
7           30B of such Code is amended by adding at the end  
8           the following new paragraph:

9           “(6) SEPARATE APPLICATION TO NEW QUALI-  
10          FIED PLUG-IN HYBRID MOTOR VEHICLES.—In the  
11          case of a new qualified plug-in hybrid motor vehicle,  
12          this subsection shall be applied—

13                 “(A) separately with respect to such vehi-  
14                 cles by treating only new qualified plug-in hy-  
15                 brid motor vehicles as qualified vehicles,

16                 “(B) by substituting ‘100,000’ for ‘60,000’  
17                 in paragraph (2), and

18                 “(C) by substituting ‘the date of the enact-  
19                 ment of paragraph (6)’ for ‘December 31,  
20                 2005’ in paragraph (2).”.

21           (2) CONFORMING AMENDMENT.—Paragraph (5)  
22           of section 30B(f) of such Code is amended by insert-  
23           ing “other than a new qualified plug-in hybrid motor  
24           vehicle” after “subsection (d)(2)(A)”.



1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property placed in service after  
3 the date of the enactment of this Act, in taxable years  
4 ending after such date.

5 **TITLE VII—EXTENSION AND**  
6 **MODIFICATION OF TAX PRO-**  
7 **VISIONS**

8 **SEC. 700. SHORT TITLE; ETC.**

9 (a) SHORT TITLE.—This title may be cited as the  
10 “Clean Energy Tax Stimulus Act of 2008”.

11 (b) AMENDMENT OF 1986 CODE.—Except as other-  
12 wise expressly provided, whenever in this title an amend-  
13 ment or repeal is expressed in terms of an amendment  
14 to, or repeal of, a section or other provision, the reference  
15 shall be considered to be made to a section or other provi-  
16 sion of the Internal Revenue Code of 1986.

17 **Subtitle A—Extension of Clean**  
18 **Energy Production Incentives**

19 **SEC. 701. EXTENSION AND MODIFICATION OF RENEWABLE**  
20 **ENERGY PRODUCTION TAX CREDIT.**

21 (a) EXTENSION OF CREDIT.—Each of the following  
22 provisions of section 45(d) (relating to qualified facilities)  
23 is amended by striking “January 1, 2009” and inserting  
24 “January 1, 2010”:

25 (1) Paragraph (1).

- 1           (2) Clauses (i) and (ii) of paragraph (2)(A).  
 2           (3) Clauses (i)(I) and (ii) of paragraph (3)(A).  
 3           (4) Paragraph (4).  
 4           (5) Paragraph (5).  
 5           (6) Paragraph (6).  
 6           (7) Paragraph (7).  
 7           (8) Paragraph (8).  
 8           (9) Subparagraphs (A) and (B) of paragraph  
 9           (9).

10           (b) PRODUCTION CREDIT FOR ELECTRICITY PRO-  
 11           DUCED FROM MARINE RENEWABLES.—

12           (1) IN GENERAL.—Paragraph (1) of section  
 13           45(c) (relating to resources) is amended by striking  
 14           “and” at the end of subparagraph (G), by striking  
 15           the period at the end of subparagraph (H) and in-  
 16           serting “, and”, and by adding at the end the fol-  
 17           lowing new subparagraph:

18                       “(I) marine and hydrokinetic renewable en-  
 19                       ergy.”.

20           (2) MARINE RENEWABLES.—Subsection (c) of  
 21           section 45 is amended by adding at the end the fol-  
 22           lowing new paragraph:

23                       “(10) MARINE AND HYDROKINETIC RENEW-  
 24                       ABLE ENERGY.—

1           “(A) IN GENERAL.—The term ‘marine and  
2 hydrokinetic renewable energy’ means energy  
3 derived from—

4           “(i) waves, tides, and currents in  
5 oceans, estuaries, and tidal areas,

6           “(ii) free flowing water in rivers,  
7 lakes, and streams,

8           “(iii) free flowing water in an irriga-  
9 tion system, canal, or other man-made  
10 channel, including projects that utilize non-  
11 mechanical structures to accelerate the  
12 flow of water for electric power production  
13 purposes, or

14           “(iv) differentials in ocean tempera-  
15 ture (ocean thermal energy conversion).

16           “(B) EXCEPTIONS.—Such term shall not  
17 include any energy which is derived from any  
18 source which utilizes a dam, diversionary struc-  
19 ture (except as provided in subparagraph  
20 (A)(iii)), or impoundment for electric power  
21 production purposes.”.

22           (3) DEFINITION OF FACILITY.—Subsection (d)  
23 of section 45 is amended by adding at the end the  
24 following new paragraph:

1           “(11) MARINE AND HYDROKINETIC RENEW-  
2           ABLE ENERGY FACILITIES.—In the case of a facility  
3           producing electricity from marine and hydrokinetic  
4           renewable energy, the term ‘qualified facility’ means  
5           any facility owned by the taxpayer—

6                   “(A) which has a nameplate capacity rat-  
7                   ing of at least 150 kilowatts, and

8                   “(B) which is originally placed in service  
9                   on or after the date of the enactment of this  
10                  paragraph and before January 1, 2010.”.

11           (4) CREDIT RATE.—Subparagraph (A) of sec-  
12           tion 45(b)(4) is amended by striking “or (9)” and  
13           inserting “(9), or (11)”.

14           (5) COORDINATION WITH SMALL IRRIGATION  
15           POWER.—Paragraph (5) of section 45(d), as amend-  
16           ed by subsection (a), is amended by striking “Janu-  
17           ary 1, 2010” and inserting “the date of the enact-  
18           ment of paragraph (11)”.

19           (c) SALES OF ELECTRICITY TO REGULATED PUBLIC  
20           UTILITIES TREATED AS SALES TO UNRELATED PER-  
21           SONS.—Section 45(e)(4) (relating to related persons) is  
22           amended by adding at the end the following new sentence:  
23           “A taxpayer shall be treated as selling electricity to an  
24           unrelated person if such electricity is sold to a regulated  
25           public utility (as defined in section 7701(a)(33)).”.

1 (d) TRASH FACILITY CLARIFICATION.—Paragraph  
2 (7) of section 45(d) is amended—

3 (1) by striking “facility which burns” and in-  
4 sserting “facility (other than a facility described in  
5 paragraph (6)) which uses”, and

6 (2) by striking “COMBUSTION”.

7 (e) EFFECTIVE DATES.—

8 (1) EXTENSION.—The amendments made by  
9 subsection (a) shall apply to property originally  
10 placed in service after December 31, 2008.

11 (2) MODIFICATIONS.—The amendments made  
12 by subsections (b) and (c) shall apply to electricity  
13 produced and sold after the date of the enactment  
14 of this Act, in taxable years ending after such date.

15 (3) TRASH FACILITY CLARIFICATION.—The  
16 amendments made by subsection (d) shall apply to  
17 electricity produced and sold before, on, or after De-  
18 cember 31, 2007.

19 **SEC. 702. EXTENSION AND MODIFICATION OF SOLAR EN-**  
20 **ERGY AND FUEL CELL INVESTMENT TAX**  
21 **CREDIT.**

22 (a) EXTENSION OF CREDIT.—

23 (1) SOLAR ENERGY PROPERTY.—Paragraphs  
24 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating  
25 to energy credit) are each amended by striking

1 “January 1, 2009” and inserting “January 1,  
2 2017”.

3 (2) FUEL CELL PROPERTY.—Subparagraph (E)  
4 of section 48(c)(1) (relating to qualified fuel cell  
5 property) is amended by striking “December 31,  
6 2008” and inserting “December 31, 2016”.

7 (3) QUALIFIED MICROTURBINE PROPERTY.—  
8 Subparagraph (E) of section 48(c)(2) (relating to  
9 qualified microturbine property) is amended by  
10 striking “December 31, 2008” and inserting “De-  
11 cember 31, 2016”.

12 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-  
13 TERNATIVE MINIMUM TAX.—Subparagraph (B) of section  
14 38(c)(4) (relating to specified credits) is amended by strik-  
15 ing “and” at the end of clause (iii), by striking the period  
16 at the end of clause (iv) and inserting “, and”, and by  
17 adding at the end the following new clause:

18 “(v) the credit determined under sec-  
19 tion 46 to the extent that such credit is at-  
20 tributable to the energy credit determined  
21 under section 48.”.

22 (c) REPEAL OF DOLLAR PER KILOWATT LIMITATION  
23 FOR FUEL CELL PROPERTY.—

24 (1) IN GENERAL.—Section 48(c)(1) (relating to  
25 qualified fuel cell), as amended by subsection (a)(2),

1 is amended by striking subparagraph (B) and by re-  
2 designating subparagraphs (C), (D), and (E) as sub-  
3 paragraphs (B), (C), and (D), respectively.

4 (2) CONFORMING AMENDMENT.—Section  
5 48(a)(1) is amended by striking “paragraphs (1)(B)  
6 and (2)(B) of subsection (c)” and inserting “sub-  
7 section (c)(2)(B)”.

8 (d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN  
9 INTO ACCOUNT.—

10 (1) IN GENERAL.—Paragraph (3) of section  
11 48(a) is amended by striking the second sentence  
12 thereof.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Paragraph (1) of section 48(c), as  
15 amended by this section, is amended by striking  
16 subparagraph (C) and redesignating subpara-  
17 graph (D) as subparagraph (C).

18 (B) Paragraph (2) of section 48(c), as  
19 amended by subsection (a)(3), is amended by  
20 striking subparagraph (D) and redesignating  
21 subparagraph (E) as subparagraph (D).

22 (e) EFFECTIVE DATES.—

23 (1) EXTENSION.—The amendments made by  
24 subsection (a) shall take effect on the date of the en-  
25 actment of this Act.

1           (2) ALLOWANCE AGAINST ALTERNATIVE MIN-  
2           IMUM TAX.—The amendments made by subsection  
3           (b) shall apply to credits determined under section  
4           46 of the Internal Revenue Code of 1986 in taxable  
5           years beginning after the date of the enactment of  
6           this Act and to carrybacks of such credits.

7           (3) FUEL CELL PROPERTY AND PUBLIC ELEC-  
8           TRIC UTILITY PROPERTY.—The amendments made  
9           by subsections (c) and (d) shall apply to periods  
10          after the date of the enactment of this Act, in tax-  
11          able years ending after such date, under rules simi-  
12          lar to the rules of section 48(m) of the Internal Rev-  
13          enue Code of 1986 (as in effect on the day before  
14          the date of the enactment of the Revenue Reconcili-  
15          ation Act of 1990).

16 **SEC. 703. EXTENSION AND MODIFICATION OF RESIDENTIAL**  
17 **ENERGY EFFICIENT PROPERTY CREDIT.**

18          (a) EXTENSION.—Section 25D(g) (relating to termi-  
19          nation) is amended by striking “December 31, 2008” and  
20          inserting “December 31, 2009”.

21          (b) NO DOLLAR LIMITATION FOR CREDIT FOR  
22          SOLAR ELECTRIC PROPERTY.—

23                  (1) IN GENERAL.—Section 25D(b)(1) (relating  
24          to maximum credit) is amended by striking subpara-



1 graph (A) and by redesignating subparagraphs (B)  
2 and (C) as subparagraphs (A) and (B), respectively.

3 (2) CONFORMING AMENDMENTS.—Section  
4 25D(e)(4) is amended—

5 (A) by striking clause (i) in subparagraph  
6 (A),

7 (B) by redesignating clauses (ii) and (iii)  
8 in subparagraph (A) as clauses (i) and (ii), re-  
9 spectively, and

10 (C) by striking “, (2),” in subparagraph  
11 (C).

12 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
13 IMUM TAX.—

14 (1) IN GENERAL.—Subsection (c) of section  
15 25D is amended to read as follows:

16 “(c) LIMITATION BASED ON AMOUNT OF TAX;  
17 CARRYFORWARD OF UNUSED CREDIT.—

18 “(1) LIMITATION BASED ON AMOUNT OF  
19 TAX.—In the case of a taxable year to which section  
20 26(a)(2) does not apply, the credit allowed under  
21 subsection (a) for the taxable year shall not exceed  
22 the excess of—

23 “(A) the sum of the regular tax liability  
24 (as defined in section 26(b)) plus the tax im-  
25 posed by section 55, over

1           “(B) the sum of the credits allowable  
2 under this subpart (other than this section) and  
3 section 27 for the taxable year.

4           “(2) CARRYFORWARD OF UNUSED CREDIT.—

5           “(A) RULE FOR YEARS IN WHICH ALL  
6 PERSONAL CREDITS ALLOWED AGAINST REG-  
7 ULAR AND ALTERNATIVE MINIMUM TAX.—In  
8 the case of a taxable year to which section  
9 26(a)(2) applies, if the credit allowable under  
10 subsection (a) exceeds the limitation imposed by  
11 section 26(a)(2) for such taxable year reduced  
12 by the sum of the credits allowable under this  
13 subpart (other than this section), such excess  
14 shall be carried to the succeeding taxable year  
15 and added to the credit allowable under sub-  
16 section (a) for such succeeding taxable year.

17           “(B) RULE FOR OTHER YEARS.—In the  
18 case of a taxable year to which section 26(a)(2)  
19 does not apply, if the credit allowable under  
20 subsection (a) exceeds the limitation imposed by  
21 paragraph (1) for such taxable year, such ex-  
22 cess shall be carried to the succeeding taxable  
23 year and added to the credit allowable under  
24 subsection (a) for such succeeding taxable  
25 year.”.

1 (2) CONFORMING AMENDMENTS.—

2 (A) Section 23(b)(4)(B) is amended by in-  
3 serting “and section 25D” after “this section”.

4 (B) Section 24(b)(3)(B) is amended by  
5 striking “and 25B” and inserting “, 25B, and  
6 25D”.

7 (C) Section 25B(g)(2) is amended by strik-  
8 ing “section 23” and inserting “sections 23 and  
9 25D”.

10 (D) Section 26(a)(1) is amended by strik-  
11 ing “and 25B” and inserting “25B, and 25D”.

12 (d) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by  
14 this section shall apply to taxable years beginning  
15 after December 31, 2007.

16 (2) APPLICATION OF EGTRRA SUNSET.—The  
17 amendments made by subparagraphs (A) and (B) of  
18 subsection (c)(2) shall be subject to title IX of the  
19 Economic Growth and Tax Relief Reconciliation Act  
20 of 2001 in the same manner as the provisions of  
21 such Act to which such amendments relate.

1 **SEC. 704. EXTENSION AND MODIFICATION OF CREDIT FOR**  
2 **CLEAN RENEWABLE ENERGY BONDS.**

3 (a) EXTENSION.—Section 54(m) (relating to termi-  
4 nation) is amended by striking “December 31, 2008” and  
5 inserting “December 31, 2009”.

6 (b) INCREASE IN NATIONAL LIMITATION.—Section  
7 54(f) (relating to limitation on amount of bonds des-  
8 ignated) is amended—

9 (1) by inserting “, and for the period beginning  
10 after the date of the enactment of the Clean Energy  
11 Tax Stimulus Act of 2008 and ending before Janu-  
12 ary 1, 2010, \$400,000,000” after “\$1,200,000,000”  
13 in paragraph (1),

14 (2) by striking “\$750,000,000 of the” in para-  
15 graph (2) and inserting “\$750,000,000 of the  
16 \$1,200,000,000”, and

17 (3) by striking “bodies” in paragraph (2) and  
18 inserting “bodies, and except that the Secretary may  
19 not allocate more than  $\frac{1}{3}$  of the \$400,000,000 na-  
20 tional clean renewable energy bond limitation to fi-  
21 nance qualified projects of qualified borrowers which  
22 are public power providers nor more than  $\frac{1}{3}$  of such  
23 limitation to finance qualified projects of qualified  
24 borrowers which are mutual or cooperative electric  
25 companies described in section 501(c)(12) or section  
26 1381(a)(2)(C)”.

1 (c) PUBLIC POWER PROVIDERS DEFINED.—Section  
2 54(j) is amended—

3 (1) by adding at the end the following new  
4 paragraph:

5 “(6) PUBLIC POWER PROVIDER.—The term  
6 ‘public power provider’ means a State utility with a  
7 service obligation, as such terms are defined in sec-  
8 tion 217 of the Federal Power Act (as in effect on  
9 the date of the enactment of this paragraph).”, and

10 (2) by inserting “; PUBLIC POWER PROVIDER”  
11 before the period at the end of the heading.

12 (d) TECHNICAL AMENDMENT.—The third sentence of  
13 section 54(e)(2) is amended by striking “subsection  
14 (l)(6)” and inserting “subsection (l)(5)”.

15 (e) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to bonds issued after the date of  
17 the enactment of this Act.

18 **SEC. 705. EXTENSION OF SPECIAL RULE TO IMPLEMENT**

19 **FERC RESTRUCTURING POLICY.**

20 (a) QUALIFYING ELECTRIC TRANSMISSION TRANS-  
21 ACTION.—

22 (1) IN GENERAL.—Section 451(i)(3) (defining  
23 qualifying electric transmission transaction) is  
24 amended by striking “January 1, 2008” and insert-  
25 ing “January 1, 2010”.

1           (2) EFFECTIVE DATE.—The amendment made  
2           by this subsection shall apply to transactions after  
3           December 31, 2007.

4           (b) INDEPENDENT TRANSMISSION COMPANY.—

5           (1) IN GENERAL.—Section 451(i)(4)(B)(ii) (de-  
6           fining independent transmission company) is amend-  
7           ed by striking “December 31, 2007” and inserting  
8           “the date which is 2 years after the date of such  
9           transaction”.

10          (2) EFFECTIVE DATE.—The amendment made  
11          by this subsection shall take effect as if included in  
12          the amendments made by section 909 of the Amer-  
13          ican Jobs Creation Act of 2004.

14 **SEC. 706. EXTENSION OF WIND PRODUCTION TAX CREDIT.**

15          (a) IN GENERAL.—Paragraph (1) of section 45(d),  
16          as amended by this Act, is amended by striking “2010”  
17          and inserting “2019”.

18          (b) EFFECTIVE DATE.—The amendments made by  
19          this section shall apply to property originally placed in  
20          service on or after January 1, 2009.

1 **Subtitle B—Extension of Incentives**  
2 **To Improve Energy Efficiency**

3 **SEC. 711. EXTENSION AND MODIFICATION OF CREDIT FOR**  
4 **ENERGY EFFICIENCY IMPROVEMENTS TO EX-**  
5 **ISTING HOMES.**

6 (a) **EXTENSION OF CREDIT.**—Section 25C(g) (relat-  
7 ing to termination) is amended by striking “December 31,  
8 2007” and inserting “December 31, 2009”.

9 (b) **QUALIFIED BIOMASS FUEL PROPERTY.**—

10 (1) **IN GENERAL.**—Section 25C(d)(3) is amend-  
11 ed—

12 (A) by striking “and” at the end of sub-  
13 paragraph (D),

14 (B) by striking the period at the end of  
15 subparagraph (E) and inserting “, and”, and

16 (C) by adding at the end the following new  
17 subparagraph:

18 “(F) a stove which uses the burning of bio-  
19 mass fuel to heat a dwelling unit located in the  
20 United States and used as a residence by the  
21 taxpayer, or to heat water for use in such a  
22 dwelling unit, and which has a thermal effi-  
23 ciency rating of at least 75 percent.”.

24 (2) **BIOMASS FUEL.**—Section 25C(d) (relating  
25 to residential energy property expenditures) is

1 amended by adding at the end the following new  
2 paragraph:

3 “(6) BIOMASS FUEL.—The term ‘biomass fuel’  
4 means any plant-derived fuel available on a renew-  
5 able or recurring basis, including agricultural crops  
6 and trees, wood and wood waste and residues (in-  
7 cluding wood pellets), plants (including aquatic  
8 plants), grasses, residues, and fibers.”.

9 (c) MODIFICATIONS OF STANDARDS FOR ENERGY-  
10 EFFICIENT BUILDING PROPERTY.—

11 (1) ELECTRIC HEAT PUMPS.—Subparagraph  
12 (B) of section 25C(d)(3) is amended to read as fol-  
13 lows:

14 “(A) an electric heat pump which achieves  
15 the highest efficiency tier established by the  
16 Consortium for Energy Efficiency, as in effect  
17 on January 1, 2008.”.

18 (2) CENTRAL AIR CONDITIONERS.—Section  
19 25C(d)(3)(D) is amended by striking “2006” and  
20 inserting “2008”.

21 (3) WATER HEATERS.—Subparagraph (E) of  
22 section 25C(d) is amended to read as follows:

23 “(E) a natural gas, propane, or oil water  
24 heater which has either an energy factor of at



1           least 0.80 or a thermal efficiency of at least 90  
2           percent.”.

3           (4) OIL FURNACES AND HOT WATER BOIL-  
4           ERS.—Paragraph (4) of section 25C(d) is amended  
5           to read as follows:

6           “(4) QUALIFIED NATURAL GAS, PROPANE, AND  
7           OIL FURNACES AND HOT WATER BOILERS.—

8           “(A) QUALIFIED NATURAL GAS FUR-  
9           NACE.—The term ‘qualified natural gas fur-  
10          nace’ means any natural gas furnace which  
11          achieves an annual fuel utilization efficiency  
12          rate of not less than 95.

13          “(B) QUALIFIED NATURAL GAS HOT  
14          WATER BOILER.—The term ‘qualified natural  
15          gas hot water boiler’ means any natural gas hot  
16          water boiler which achieves an annual fuel utili-  
17          zation efficiency rate of not less than 90.

18          “(C) QUALIFIED PROPANE FURNACE.—  
19          The term ‘qualified propane furnace’ means any  
20          propane furnace which achieves an annual fuel  
21          utilization efficiency rate of not less than 95.

22          “(D) QUALIFIED PROPANE HOT WATER  
23          BOILER.—The term ‘qualified propane hot  
24          water boiler’ means any propane hot water boil-

1 er which achieves an annual fuel utilization effi-  
2 ciency rate of not less than 90.

3 “(E) QUALIFIED OIL FURNACES.—The  
4 term ‘qualified oil furnace’ means any oil fur-  
5 nace which achieves an annual fuel utilization  
6 efficiency rate of not less than 90.

7 “(F) QUALIFIED OIL HOT WATER BOIL-  
8 ER.—The term ‘qualified oil hot water boiler’  
9 means any oil hot water boiler which achieves  
10 an annual fuel utilization efficiency rate of not  
11 less than 90.”.

12 (d) EFFECTIVE DATE.—The amendments made this  
13 section shall apply to expenditures made after December  
14 31, 2007.

15 **SEC. 712. EXTENSION AND MODIFICATION OF TAX CREDIT**  
16 **FOR ENERGY EFFICIENT NEW HOMES.**

17 (a) EXTENSION OF CREDIT.—Subsection (g) of sec-  
18 tion 45L (relating to termination) is amended by striking  
19 “December 31, 2008” and inserting “December 31,  
20 2010”.

21 (b) ALLOWANCE FOR CONTRACTOR’S PERSONAL  
22 RESIDENCE.—Subparagraph (B) of section 45L(a)(1) is  
23 amended to read as follows:

1           “(B)(i) acquired by a person from such eli-  
2           gible contractor and used by any person as a  
3           residence during the taxable year, or

4           “(ii) used by such eligible contractor as a  
5           residence during the taxable year.”.

6           (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to homes acquired after December  
8 31, 2008.

9   **SEC. 713. EXTENSION AND MODIFICATION OF ENERGY EF-**  
10                           **FICIENT COMMERCIAL BUILDINGS DEDUC-**  
11                           **TION.**

12           (a) EXTENSION.—Section 179D(h) (relating to ter-  
13 mination) is amended by striking “December 31, 2008”  
14 and inserting “December 31, 2009”.

15           (b) ADJUSTMENT OF MAXIMUM DEDUCTION  
16 AMOUNT.—

17           (1) IN GENERAL.—Subparagraph (A) of section  
18 179D(b)(1) (relating to maximum amount of deduc-  
19 tion) is amended by striking “\$1.80” and inserting  
20 “\$2.25”.

21           (2) PARTIAL ALLOWANCE.—Paragraph (1) of  
22 section 179D(d) is amended—

23           (A) by striking “\$.60” and inserting  
24 “\$0.75”, and

1 (B) by striking “\$1.80” and inserting  
2 “\$2.25”.

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

6 **SEC. 714. MODIFICATION AND EXTENSION OF ENERGY EF-**  
7 **FICIENT APPLIANCE CREDIT FOR APPLI-**  
8 **ANCES PRODUCED AFTER 2007.**

9 (a) IN GENERAL.—Subsection (b) of section 45M (re-  
10 lating to applicable amount) is amended to read as follows:

11 “(b) APPLICABLE AMOUNT.—For purposes of sub-  
12 section (a)—

13 “(1) DISHWASHERS.—The applicable amount  
14 is—

15 “(A) \$45 in the case of a dishwasher which  
16 is manufactured in calendar year 2008 or 2009  
17 and which uses no more than 324 kilowatt  
18 hours per year and 5.8 gallons per cycle, and

19 “(B) \$75 in the case of a dishwasher  
20 which is manufactured in calendar year 2008,  
21 2009, or 2010 and which uses no more than  
22 307 kilowatt hours per year and 5.0 gallons per  
23 cycle (5.5 gallons per cycle for dishwashers de-  
24 signed for greater than 12 place settings).

1           “(2) CLOTHES WASHERS.—The applicable  
2 amount is—

3           “(A) \$75 in the case of a residential top-  
4 loading clothes washer manufactured in cal-  
5 endar year 2008 which meets or exceeds a 1.72  
6 modified energy factor and does not exceed a  
7 8.0 water consumption factor,

8           “(B) \$125 in the case of a residential top-  
9 loading clothes washer manufactured in cal-  
10 endar year 2008 or 2009 which meets or ex-  
11 ceeds a 1.8 modified energy factor and does not  
12 exceed a 7.5 water consumption factor,

13           “(C) \$150 in the case of a residential or  
14 commercial clothes washer manufactured in cal-  
15 endar year 2008, 2009, or 2010 which meets or  
16 exceeds 2.0 modified energy factor and does not  
17 exceed a 6.0 water consumption factor, and

18           “(D) \$250 in the case of a residential or  
19 commercial clothes washer manufactured in cal-  
20 endar year 2008, 2009, or 2010 which meets or  
21 exceeds 2.2 modified energy factor and does not  
22 exceed a 4.5 water consumption factor.

23           “(3) REFRIGERATORS.—The applicable amount  
24 is—

1           “(A) \$50 in the case of a refrigerator  
2           which is manufactured in calendar year 2008,  
3           and consumes at least 20 percent but not more  
4           than 22.9 percent less kilowatt hours per year  
5           than the 2001 energy conservation standards,

6           “(B) \$75 in the case of a refrigerator  
7           which is manufactured in calendar year 2008 or  
8           2009, and consumes at least 23 percent but no  
9           more than 24.9 percent less kilowatt hours per  
10          year than the 2001 energy conservation stand-  
11          ards,

12          “(C) \$100 in the case of a refrigerator  
13          which is manufactured in calendar year 2008,  
14          2009, or 2010, and consumes at least 25 per-  
15          cent but not more than 29.9 percent less kilo-  
16          watt hours per year than the 2001 energy con-  
17          servation standards, and

18          “(D) \$200 in the case of a refrigerator  
19          manufactured in calendar year 2008, 2009, or  
20          2010 and which consumes at least 30 percent  
21          less energy than the 2001 energy conservation  
22          standards.”.

23          (b) ELIGIBLE PRODUCTION.—

1           (1) SIMILAR TREATMENT FOR ALL APPLI-  
2           ANCES.—Subsection (c) of section 45M (relating to  
3           eligible production) is amended—

4                   (A) by striking paragraph (2),

5                   (B) by striking “(1) IN GENERAL” and all  
6           that follows through “the eligible” and inserting  
7           “The eligible”, and

8                   (C) by moving the text of such subsection  
9           in line with the subsection heading and redesign-  
10          nating subparagraphs (A) and (B) as para-  
11          graphs (1) and (2), respectively.

12          (2) MODIFICATION OF BASE PERIOD.—Para-  
13          graph (2) of section 45M(c), as amended by para-  
14          graph (1) of this section, is amended by striking “3-  
15          calendar year” and inserting “2-calendar year”.

16          (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—  
17          Subsection (d) of section 45M (defining types of energy  
18          efficient appliances) is amended to read as follows:

19               “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—  
20          For purposes of this section, the types of energy efficient  
21          appliances are—

22                   “(1) dishwashers described in subsection (b)(1),

23                   “(2) clothes washers described in subsection  
24          (b)(2), and

1           “(3) refrigerators described in subsection  
2 (b)(3).”.

3 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

4           (1) INCREASE IN LIMIT.—Paragraph (1) of sec-  
5 tion 45M(e) (relating to aggregate credit amount al-  
6 lowed) is amended to read as follows:

7           “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—  
8 The aggregate amount of credit allowed under sub-  
9 section (a) with respect to a taxpayer for any tax-  
10 able year shall not exceed \$75,000,000 reduced by  
11 the amount of the credit allowed under subsection  
12 (a) to the taxpayer (or any predecessor) for all prior  
13 taxable years beginning after December 31, 2007.”.

14           (2) EXCEPTION FOR CERTAIN REFRIGERATOR  
15 AND CLOTHES WASHERS.—Paragraph (2) of section  
16 45M(e) is amended to read as follows:

17           “(2) AMOUNT ALLOWED FOR CERTAIN REFRIG-  
18 ERATORS AND CLOTHES WASHERS.—Refrigerators  
19 described in subsection (b)(3)(D) and clothes wash-  
20 ers described in subsection (b)(2)(D) shall not be  
21 taken into account under paragraph (1).”.

22 (e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

23           (1) IN GENERAL.—Paragraph (1) of section  
24 45M(f) (defining qualified energy efficient appliance)  
25 is amended to read as follows:



1           “(1) QUALIFIED ENERGY EFFICIENT APPLI-  
2           ANCE.—The term ‘qualified energy efficient appli-  
3           ance’ means—

4                   “(A) any dishwasher described in sub-  
5                   section (b)(1),

6                   “(B) any clothes washer described in sub-  
7                   section (b)(2), and

8                   “(C) any refrigerator described in sub-  
9                   section (b)(3).”.

10           (2) CLOTHES WASHER.—Section 45M(f)(3) (de-  
11           fining clothes washer) is amended by inserting  
12           “commercial” before “residential” the second place  
13           it appears.

14           (3) TOP-LOADING CLOTHES WASHER.—Sub-  
15           section (f) of section 45M (relating to definitions) is  
16           amended by redesignating paragraphs (4), (5), (6),  
17           and (7) as paragraphs (5), (6), (7), and (8), respec-  
18           tively, and by inserting after paragraph (3) the fol-  
19           lowing new paragraph:

20                   “(4) TOP-LOADING CLOTHES WASHER.—The  
21                   term ‘top-loading clothes washer’ means a clothes  
22                   washer which has the clothes container compartment  
23                   access located on the top of the machine and which  
24                   operates on a vertical axis.”.

1           (4) REPLACEMENT OF ENERGY FACTOR.—Sec-  
2           tion 45M(f)(6), as redesignated by paragraph (3), is  
3           amended to read as follows:

4           “(6) MODIFIED ENERGY FACTOR.—The term  
5           ‘modified energy factor’ means the modified energy  
6           factor established by the Department of Energy for  
7           compliance with the Federal energy conservation  
8           standard.”.

9           (5) GALLONS PER CYCLE; WATER CONSUMP-  
10          TION FACTOR.—Section 45M(f) (relating to defini-  
11          tions), as amended by paragraph (3), is amended by  
12          adding at the end the following:

13          “(9) GALLONS PER CYCLE.—The term ‘gallons  
14          per cycle’ means, with respect to a dishwasher, the  
15          amount of water, expressed in gallons, required to  
16          complete a normal cycle of a dishwasher.

17          “(10) WATER CONSUMPTION FACTOR.—The  
18          term ‘water consumption factor’ means, with respect  
19          to a clothes washer, the quotient of the total weight-  
20          ed per-cycle water consumption divided by the cubic  
21          foot (or liter) capacity of the clothes washer.”.

22          (f) EFFECTIVE DATE.—The amendments made by  
23          this section shall apply to appliances produced after De-  
24          cember 31, 2007.

1 **TITLE VIII—INCENTIVIZING THE**  
2 **EXTRACTION AND PROC-**  
3 **ESSING OF OIL SHALE**

4 **SEC. 801. INCENTIVES FOR EXTRACTION AND PROCESSING**  
5 **OF OIL SHALE.**

6 (a) INVESTMENT TAX CREDIT FOR EXTRACTION AND  
7 PROCESSING OF OIL SHALE USING IN-SITU CONVERSION  
8 TECHNOLOGY.—

9 (1) IN GENERAL.—Subpart E of part IV of  
10 subchapter A of chapter 1 of the Internal Revenue  
11 Code of 1986, as amended by this Act, is amended  
12 by inserting after section 48C the following new sec-  
13 tion:

14 **“SEC. 48D. OIL SHALE EXTRACTION AND PROCESSING FA-**  
15 **CILITY.**

16 “(a) GENERAL RULE.—For purposes of section 46,  
17 the oil shale extraction and processing credit for any tax-  
18 able year is 30 percent of the cost of any qualified oil shale  
19 extraction and processing property.

20 “(b) QUALIFIED OIL SHALE EXTRACTION AND  
21 PROCESSING PROPERTY.—The term ‘qualified oil shale  
22 extraction and processing property’ means property of a  
23 character subject to the allowance for depreciation—

1           “(1) which is used in the United States solely  
2           to extract and process oil shale using in-situ conver-  
3           sion technology,

4           “(2) the original use of which commences with  
5           the taxpayer after the date of the enactment of this  
6           section,

7           “(3) which is acquired by the taxpayer by pur-  
8           chase (as defined in section 179(d)) after the date  
9           of the enactment of this subsection, but only if no  
10          written binding contract for the acquisition was in  
11          effect on or before the date of the enactment of this  
12          subsection, and

13          “(4) which is placed in service by the taxpayer  
14          before January 1, 2019.

15          “(c) SPECIAL RULE FOR CERTAIN SUBSIDIZED  
16          PROPERTY.—For purposes of this section, rules similar to  
17          the rules of section 48(a)(4) shall apply.

18          “(d) DENIAL OF DOUBLE BENEFIT.—A deduction or  
19          credit shall not be allowed under any other provision of  
20          this chapter for the cost taken into account under sub-  
21          section (a).”.

22          “(2) CREDIT TREATED AS PART OF INVESTMENT  
23          CREDIT.—Section 46, as amended by this Act, is  
24          amended by striking “and” at the end of paragraph  
25          (5), by striking the period at the end of paragraph

1 (6) and inserting “, and”, and by adding at the end  
 2 the following new paragraph:

3 “(7) the oil shale extraction and processing  
 4 credit.”.

5 (3) CONFORMING AMENDMENTS.—

6 (A) Section 49(a)(1)(C), as amended by  
 7 this Act, is amended by striking “and” at the  
 8 end of clause (v), by striking the period at the  
 9 end of clause (vi) and inserting “, and”, and by  
 10 adding at the end the following new clause:

11 “(vii) the basis of any qualified oil  
 12 shale extraction and processing property.”.

13 (B) The table of sections for subpart E of  
 14 part IV of subchapter A of chapter 1, as  
 15 amended by this Act, is amended by inserting  
 16 after the item relating to section 48C the fol-  
 17 lowing new item:

“Sec. 48D. Oil shale extraction and processing facility.”.

18 (b) EXPENSING OIL SHALE EXTRACTION AND PROC-  
 19 ESSING PROPERTY.—Part VI of subchapter B of chapter  
 20 1 of such Code is amended by inserting after section 179F  
 21 the following new section:

22 **“SEC. 179G. ELECTION TO EXPENSE CERTAIN OIL SHALE**  
 23 **EXTRACTION AND PROCESSING PROPERTY.**

24 “(a) TREATMENT AS EXPENSES.—A taxpayer may  
 25 elect to treat the cost of any qualified oil shale extraction

1 and processing property as an expense which is not  
2 chargeable to capital account. Any cost so treated shall  
3 be allowed as a deduction for the taxable year in which  
4 the expense is incurred.

5 “(b) ELECTION.—

6 “(1) IN GENERAL.—An election under this sec-  
7 tion for any taxable year shall be made on the tax-  
8 payer’s return of the tax imposed by this chapter for  
9 the taxable year. Such election shall be made in such  
10 manner as the Secretary may by regulations pre-  
11 scribe.

12 “(2) ELECTION IRREVOCABLE.—Any election  
13 made under this section may not be revoked except  
14 with the consent of the Secretary.

15 “(c) QUALIFIED OIL SHALE EXTRACTION AND PROC-  
16 ESSING PROPERTY.—For purposes of this section—

17 “(1) The term ‘qualified oil shale extraction  
18 and processing property’ means any property located  
19 in the United States—

20 “(A) the original use of which commences  
21 with the taxpayer and which original use is  
22 solely to extract or process oil shale, and

23 “(B) which is placed in service by the tax-  
24 payer after the date of the enactment of this  
25 section and before January 1, 2019.

1           “(d) ELECTION TO ALLOCATE DEDUCTION TO COOP-  
2 ERATIVE OWNER.—If—

3                   “(1) a taxpayer to which subsection (a) applies  
4 is an organization to which part I of subchapter T  
5 applies, and

6                   “(2) one or more persons directly holding an  
7 ownership interest in the taxpayer are organizations  
8 to which part I of subchapter T apply,

9 the taxpayer may elect to allocate all or a portion of the  
10 deduction allowable under subsection (a) to such persons.

11 Such allocation shall be equal to the person’s ratable share  
12 of the total amount allocated, determined on the basis of  
13 the person’s ownership interest in the taxpayer. The tax-  
14 able income of the taxpayer shall not be reduced under  
15 section 1382 by reason of any amount to which the pre-  
16 ceding sentence applies.

17           “(e) BASIS REDUCTION.—

18                   “(1) IN GENERAL.—For purposes of this title,  
19 if a deduction is allowed under this section with re-  
20 spect to any qualified oil shale extraction and proc-  
21 essing property, the basis of such property shall be  
22 reduced by the amount of the deduction so allowed.

23                   “(2) ORDINARY INCOME RECAPTURE.—For  
24 purposes of section 1245, the amount of the deduc-  
25 tion allowable under subsection (a) with respect to

1 any property which is of a character subject to the  
2 allowance for depreciation shall be treated as a de-  
3 duction allowed for depreciation under section 167.

4 “(f) APPLICATION WITH OTHER DEDUCTIONS AND  
5 CREDITS.—

6 “(1) OTHER DEDUCTIONS.—No deduction shall  
7 be allowed under any other provision of this chapter  
8 with respect to any expenditure with respect to  
9 which a deduction is allowed under subsection (a) to  
10 the taxpayer.

11 “(2) CREDITS.—No credit shall be allowed  
12 under section 38 with respect to any amount for  
13 which a deduction is allowed under subsection (a).

14 “(g) REPORTING.—No deduction shall be allowed  
15 under subsection (a) to any taxpayer for any taxable year  
16 unless such taxpayer files with the Secretary a report con-  
17 taining such information with respect to the operation of  
18 the property of the taxpayer as the Secretary shall re-  
19 quire.”.

20 (e) CONFORMING AMENDMENTS.—

21 (1) Section 1016(a) of such Code is amended  
22 by striking “and” at the end of paragraph (37), by  
23 striking the period at the end of paragraph (38) and  
24 inserting “, and”, and by adding at the end the fol-  
25 lowing new paragraph:



1           “(39) to the extent provided in section  
2           179G(e)(1).”.

3           (2) Section 1245(a) of such Code is amended  
4           by inserting “179G,” after “179F,” both places it  
5           appears in paragraphs (2)(C) and (3)(C).

6           (3) Section 263(a)(1) of such Code is amended  
7           by striking “or” at the end of subparagraph (L), by  
8           striking the period at the end of subparagraph (M)  
9           and inserting “, or”, and by inserting after subpara-  
10          graph (M) the following new subparagraph:

11                   “(N) expenditures for which a deduction is  
12                   allowed under section 179G.”.

13          (4) Section 312(k)(3)(B) of such Code is  
14          amended by striking “or 179F” each place it ap-  
15          pears in the heading and text and inserting “179F,  
16          or 179G”.

17          (5) The table of sections for part VI of sub-  
18          chapter B of chapter 1 of such Code is amended by  
19          inserting after the item relating to section 179F the  
20          following new item:

                  “Sec. 179G. Election to expense certain oil shale extraction and processing  
                  property.”.

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

1     **TITLE IX—LAND FOR BIOFUEL**  
2                     **PRODUCTION**

3     **SEC. 901. LEASE OF PUBLIC LANDS FOR PRODUCTION OF**  
4                     **RENEWABLE BIOMASS FOR BIOFUELS.**

5             Title II of the Federal Land Policy and Management  
6     Act of 1976 (43 U.S.C. 1711 et seq.) is amended by add-  
7     ing at the end the following new section:

8     **“SEC. 215. LEASE OF PUBLIC LANDS FOR PRODUCTION OF**  
9                     **RENEWABLE BIOMASS FOR BIOFUELS.**

10            “(a) **AUTHORITY TO LEASE LANDS.**—The Secretary  
11     may lease a tract of the public lands under this Act where,  
12     as a result of land use planning required under section  
13     202 of this Act, the Secretary determines that—

14            “(1) the tract is suitable for agricultural pro-  
15     duction; and

16            “(2) the lessee of the tract will use the tract for  
17     the production of renewable biomass to be used in  
18     the production of biofuels.

19            “(b) **EXCLUSION OF CERTAIN PUBLIC LANDS.**—This  
20     section does not apply with respect to the following land:

21            “(1) Land in a unit of the National Wilderness  
22     Preservation System.

23            “(2) Land included in the National Wild and  
24     Scenic Rivers Systems.

1           “(3) Land included in the National System of  
2 Trails.

3           “(4) Land designated as a National Monument.

4           “(5) Land regarding which other public objec-  
5 tives and values, including recreation and scenic val-  
6 ues, outweigh the benefit of using the land for the  
7 production of renewable biomass for biofuels, as de-  
8 termined by the Secretary.

9           “(c) CONSIDERATION.—The lease of public lands  
10 under this section shall be made at a rental rate deter-  
11 mined by the Secretary to be appropriate to promote the  
12 production of renewable biomass for biofuels.

13           “(d) COMPETITIVE BIDDING.—

14           “(1) IN GENERAL.—The lease of public lands  
15 under this section shall be conducted under competi-  
16 tive bidding procedures to be established by the Sec-  
17 retary.

18           “(2) MODIFICATION.—The Secretary may lease  
19 public lands under this section with modified com-  
20 petitive bidding or without competitive bidding—

21           “(A) to assure an equitable distribution of  
22 land among potential renters; or

23           “(B) to encourage farmers who are using  
24 other lands to produce feed grains for biofuels

1 production to return the other lands to crop  
2 production for food or feed use.

3 “(e) DEFINITIONS.—In this section:

4 “(1) BIOFUEL.—The term ‘biofuel’ means a  
5 fuel derived from renewable biomass.

6 “(2) RENEWABLE BIOMASS.—The term ‘renew-  
7 able biomass’ means—

8 “(A) renewable plant material, including  
9 feed grains and other agricultural commodities  
10 (other than trees); and

11 “(B) crop residue and other vegetative  
12 waste material (other than wood waste and  
13 wood residues).”.

○