

112TH CONGRESS  
2D SESSION

# H. R. 4953

To amend the Internal Revenue Code of 1986 to provide a credit for the production of renewable chemicals.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2012

Mr. PASCARELL (for himself and Mr. BILBRAY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for the production of renewable chemicals.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Qualifying Renewable  
5 Chemical Production Tax Credit Act of 2012”.

6 **SEC. 2. CREDIT FOR THE PRODUCTION OF RENEWABLE**  
7 **CHEMICALS.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 section:

3 **“SEC. 45S. CREDIT FOR PRODUCTION OF RENEWABLE**  
4 **CHEMICALS.**

5 “(a) IN GENERAL.—For purposes of section 46, the  
6 renewable chemicals production credit for any taxable year  
7 is an amount (determined separately for each renewable  
8 chemical produced by the taxpayer) equal to \$0.15 per  
9 pound of eligible content of renewable chemical produced  
10 by the taxpayer during the taxable year.

11 “(b) LIMITATION.—The credit determined under sub-  
12 section (a) with respect to any renewable chemical pro-  
13 duced by any taxpayer during any taxable year shall not  
14 exceed the credit amount allocated by the Secretary to the  
15 taxpayer with respect to such chemical for such taxable  
16 year under subsection (e).

17 “(c) ELIGIBLE CONTENT.—For purposes of this sec-  
18 tion—

19 “(1) IN GENERAL.—The term ‘eligible content’  
20 means, with respect to any renewable chemical, the  
21 biobased content percentage of the total mass of or-  
22 ganic carbon in such chemical.

23 “(2) BIOBASED CONTENT PERCENTAGE.—The  
24 term ‘biobased content percentage’ means, with re-  
25 spect to any renewable chemical, the biobased con-

1 tent of such chemical (expressed as a percentage)  
2 determined by testing representative samples using  
3 the American Society for Testing and Materials  
4 (ASTM) D6866.

5 “(d) RENEWABLE CHEMICAL.—For purposes of this  
6 section—

7 “(1) IN GENERAL.—The term ‘renewable chem-  
8 ical’ means any chemical which—

9 “(A) is produced by the taxpayer in the  
10 United States (or in a territory or possession of  
11 the United States) from renewable biomass,

12 “(B) is sold, or used, by the taxpayer—

13 “(i) for the production of polymers,  
14 plastics, or formulated products, or

15 “(ii) as polymers, plastics, or formu-  
16 lated products, and

17 “(C) is not sold or used for the production  
18 of any food, feed, or fuel.

19 “(2) EXCEPTIONS.—Such term shall not in-  
20 clude any chemical if—

21 “(A) the biobased content percentage of  
22 such chemical is less than 25 percent,

23 “(B) 10,000,000 pounds or more of such  
24 chemical was produced during calendar year  
25 2000 from renewable biomass,

1           “(C) such chemical is not either the prod-  
2           uct of, or reliant upon, biological conversion,  
3           thermal conversion, or a combination of biologi-  
4           cal and thermal conversion, of renewable bio-  
5           mass, or

6           “(D) such chemical is composed of renew-  
7           able chemicals that are eligible for a credit  
8           under this section.

9           “(3) RENEWABLE BIOMASS.—The term ‘renew-  
10          able biomass’ has the meaning given such term in  
11          section 9001(12) of the Farm Security and Rural  
12          Investment Act of 2002 (7 U.S.C. 8101(12)).

13          “(e) ALLOCATION OF CREDIT AMOUNTS.—

14           “(1) IN GENERAL.—Not later than 180 days  
15          after enactment of this section, the Secretary, in  
16          consultation with the Secretary of Agriculture, shall  
17          establish a program to allocate credit amounts under  
18          this section to applicants for taxable years.

19          “(2) LIMITATIONS.—

20           “(A) AGGREGATE LIMITATION.—The total  
21          amount of credits that may be allocated under  
22          such program shall not exceed \$500,000,000.

23           “(B) TAXPAYER LIMITATION.—The  
24          amount of credits that may be allocated to any  
25          taxpayer for any taxable year under such pro-

1           gram shall not exceed \$25,000,000. For pur-  
2           poses of the preceding sentence, all persons  
3           treated as a single employer under subsection  
4           (a) or (b) of section 52, or subsection (m) or  
5           (o) of section 414, shall be treated as one per-  
6           son.

7           “(3) SELECTION CRITERIA.—In determining  
8           which taxpayers to make allocations of credit  
9           amount under this section, the Secretary shall take  
10          into consideration—

11                 “(A) the number of jobs created and main-  
12                 tained (directly and indirectly) in the United  
13                 States (including territories and possessions of  
14                 the United States) as result of such allocation  
15                 during the credit period and thereafter,

16                 “(B) the degree to which the production of  
17                 the renewable chemical demonstrates reduced  
18                 dependence on imported feedstocks, petroleum,  
19                 non-renewable resources, or other fossil fuels,

20                 “(C) the technological innovation involved  
21                 in the production method of the renewable  
22                 chemical,

23                 “(D) the energy efficiency and reduction in  
24                 lifecycle greenhouse gases of the renewable

1 chemical or of the production method of the re-  
2 newable chemical, and

3 “(E) whether there is a reasonable expect-  
4 tation of commercial viability.

5 “(4) REDISTRIBUTION.—If a credit amount al-  
6 located to a taxpayer for a taxable year with respect  
7 to any renewable chemical (determined without re-  
8 gard to this paragraph) exceeds the amount of the  
9 credit with respect to such chemical determined  
10 under this section on the taxpayer’s return for such  
11 taxable year (determined by treating the amount of  
12 any payment under subsection (f) as shown on the  
13 taxpayer’s return)—

14 “(A) the credit amount allocated to such  
15 taxpayer for such taxable year with respect to  
16 such renewable chemical shall be treated as  
17 being the amount so determined on the tax-  
18 payer’s return, and

19 “(B) such excess may be reallocated by the  
20 Secretary consistent with the requirements of  
21 paragraphs (2)(B) and (3).

22 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-  
23 retary shall, upon making an allocation of credit  
24 amount under this section, publicly disclose the iden-

1           tity of the applicant and the amount of the credit  
2           with respect to such applicant.

3           “(f) TERMINATION.—Notwithstanding any other pro-  
4 vision of this section, the Secretary may not allocate any  
5 credit amount under this section to any taxable year which  
6 begins more than 5 years after the date of the enactment  
7 of this section.”.

8           (b) CREDIT TO BE PART OF GENERAL BUSINESS  
9 CREDIT.—

10           (1) IN GENERAL.—Subsection (b) of section 38  
11 of such Code is amended by striking “plus” at the  
12 end of paragraph (35), by striking the period at the  
13 end of paragraph (36) and inserting “, plus”, and  
14 by adding at the end the following new paragraph:

15           “(37) the renewable chemicals production credit  
16 determined under section 45S(a).”.

17           (2) CREDIT ALLOWABLE AGAINST ALTERNATIVE  
18 MINIMUM TAX.—Subparagraph (B) of section  
19 38(c)(4) of such Code is amended by redesignating  
20 clauses (vii) through (ix) as clauses (viii) through  
21 (x), respectively, and by inserting after clause (vi)  
22 the following new clause:

23           “(vii) the credit determined under sec-  
24 tion 45S,”.

1           (c) CLERICAL AMENDMENT.—The table of sections  
2 for subpart D of part IV of subchapter A of chapter 1  
3 of such Code is amended by adding at the end the fol-  
4 lowing new item:

“Sec. 45S. Credit for production of renewable chemicals.”.

5           (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to chemicals produced after the  
7 date of the enactment of this Act, in taxable years ending  
8 after such date.

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