

118TH CONGRESS
2D SESSION

S. 4389

To amend the Internal Revenue Code of 1986 to promote the increased use of renewable natural gas, to reduce greenhouse gas emissions and other harmful transportation-related emissions that contribute to poor air quality, and to increase job creation and economic opportunity throughout the United States.

IN THE SENATE OF THE UNITED STATES

MAY 22, 2024

Mr. TILLIS (for himself and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to promote the increased use of renewable natural gas, to reduce greenhouse gas emissions and other harmful transportation-related emissions that contribute to poor air quality, and to increase job creation and economic opportunity throughout the United States.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Renewable Natural
5 Gas Incentive Act of 2024”.

1 **SEC. 2. INCREASED CREDIT FOR RENEWABLE NATURAL**
 2 **GAS.**

3 (a) IN GENERAL.—Section 6426 of the Internal Rev-
 4 enue Code of 1986 is amended—

5 (1) in subsection (a)(2), by inserting “and (l)”
 6 after “subsection (d)”, and

7 (2) by adding at the end the following new sub-
 8 section:

9 “(l) RENEWABLE NATURAL GAS FUEL CREDIT.—

10 “(1) IN GENERAL.—For purposes of this sec-
 11 tion, the renewable natural gas fuel credit is the
 12 product of \$1.00 and the number of gallons of re-
 13 newable natural gas or gasoline gallon equivalents of
 14 a nonliquid renewable natural gas sold by the tax-
 15 payer for use as a fuel in a motor vehicle or motor-
 16 boat, sold by the taxpayer for use as a fuel in avia-
 17 tion, or so used by the taxpayer.

18 “(2) RENEWABLE NATURAL GAS.—For pur-
 19 poses of this section, the term ‘renewable natural
 20 gas’ means compressed or liquefied gas derived from
 21 biomass (as defined in section 45K(c)(3))—

22 “(A) which was produced by a person reg-
 23 istered under section 4101(a), and

24 “(B) with respect to which the producer
 25 has made a certification described in paragraph
 26 (4).

1 “(3) TREATMENT OF BLENDED RENEWABLE
2 NATURAL GAS.—

3 “(A) IN GENERAL.—Under regulations
4 prescribed by the Secretary, a sale of blended
5 renewable natural gas shall be treated as a sale
6 of renewable natural gas fuel if—

7 “(i) at the time the renewable natural
8 gas was blended with other compressed or
9 liquefied natural gas, the taxpayer had a
10 contract with the registered producer of
11 such renewable natural gas for the sale of
12 such gas for use as a fuel in a motor vehi-
13 cle or motorboat, or for use as a fuel in
14 aviation,

15 “(ii) such contract was entered into
16 before the sale of the blended renewable
17 natural gas and specifies the number of
18 gallons of renewable natural gas provided
19 for such purposes and the period for which
20 such contract is in effect, and

21 “(iii) the registered producer of such
22 fuel provides to the taxpayer the certifi-
23 cation described in paragraph (4).

24 “(B) LIMITATION.—The amount of blend-
25 ed renewable natural gas treated as renewable

1 natural gas under subparagraph (A) for any pe-
2 riod shall not exceed the number of gallons of
3 renewable natural gas specified under subpara-
4 graph (A)(ii) and certified by the producer
5 under paragraph (4) for such period.

6 “(C) BLENDED RENEWABLE NATURAL
7 GAS.—For purposes of this subsection, the term
8 ‘blended renewable natural gas’ means com-
9 pressed or liquefied natural gas which consists
10 of both renewable natural gas and other com-
11 pressed or liquefied natural gas.

12 “(4) CERTIFICATION.—A certification is de-
13 scribed in this subparagraph if such certification—

14 “(A) identifies the product produced and
15 the gallon equivalent of fuel acquired by the
16 taxpayer for a purpose described in paragraph
17 (1), and

18 “(B) is provided such form and manner as
19 prescribed by the Secretary.

20 “(5) GASOLINE GALLON EQUIVALENT.—For
21 purposes of this subsection, the term ‘gasoline gallon
22 equivalent’ means, with respect to any nonliquid re-
23 newable natural gas, the amount of such fuel having
24 a Btu content of 124,800 (higher heating value).

1 “(6) TERMINATION.—This subsection shall not
2 apply to any sale or use for any period after Decem-
3 ber 31, 2033.”.

4 (b) APPLICATION OF OTHER RULES.—

5 (1) REGISTRATION.—The last sentence of sec-
6 tion 6426(a) of the Internal Revenue Code of 1986
7 is amended by striking “subsections (d) and (e)”
8 and inserting “subsections (d), (e), and (l)”.

9 (2) DENIAL OF DOUBLE BENEFIT.—Section
10 6426(h) of such Code is amended by striking “sub-
11 section (d) or (e)” and inserting “subsection (d), (e),
12 or (l)”.

13 (3) FUEL MUST BE CONNECTED TO THE
14 UNITED STATES.—Section 6426(i) of such Code is
15 amended by inserting after paragraph (2) the fol-
16 lowing new paragraph:

17 “(3) RENEWABLE NATURAL GAS.—No credit
18 shall be determined under this section with respect
19 to any renewable natural gas which is produced out-
20 side the United States for use as a fuel outside the
21 United States.”.

22 (4) ENERGY EQUIVALENCY.—Section 6426(j) of
23 such Code is amended—

24 (A) by inserting “or renewable natural
25 gas,” after “alternative fuel”, and

1 (B) by inserting “or gas” after “such a
2 fuel”.

3 (c) PAYMENTS.—

4 (1) IN GENERAL.—Section 6427(e) of the Inter-
5 nal Revenue Code of 1986 is amended by redesignig-
6 nating paragraphs (3) through (6) as paragraphs
7 (4) through (7), respectively, and by inserting after
8 paragraph (2) the following new paragraph:

9 “(3) RENEWABLE NATURAL GAS.—If any per-
10 son sells or uses renewable natural gas (as defined
11 in section 6426(k)(2)) for a purpose described in
12 section 6426(k)(1) in such person’s trade or busi-
13 ness, the Secretary shall pay (without interest) to
14 such person an amount equal to the renewable nat-
15 ural gas fuel credit with respect to such fuel.”.

16 (2) TERMINATION.—Section 6427(e)(7) of such
17 Code, as redesignated by paragraph (1), is amended
18 by striking “and” at the end of subparagraph (D),
19 by striking the period at the end of subparagraph
20 (E) and inserting “, and”, and by adding at the end
21 the following new subparagraph:

22 “(F) any renewable natural gas (as defined
23 in section 6426(k)(2)) sold or used after De-
24 cember 31, 2033.”.

25 (3) CONFORMING AMENDMENTS.—

1 (A) Section 6427(e)(4) of such Code, as
2 redesignated by paragraph (1), is amended—

3 (i) by striking “paragraph (1) or (2)”
4 and inserting “paragraph (1), (2), or (3)”,
5 and

6 (ii) by striking “any mixture or alter-
7 native fuel” and inserting “any mixture,
8 alternative fuel, or renewable natural gas”.

9 (B) Section 6427(e)(6) of such Code, as
10 redesignated by paragraph (1), is amended by
11 striking “alternative fuel credit or alternative
12 fuel mixture credit” and inserting “alternative
13 fuel credit, alternative fuel mixture credit, or
14 renewable natural gas fuel credit”.

15 (C) Section 6427(e)(6) of such Code, as
16 redesignated by paragraph (1), is amended—

17 (i) by striking “paragraph (1) or (2)”
18 and inserting “paragraph (1), (2), or (3)”,
19 and

20 (ii) by striking “any mixture or alter-
21 native fuel” and inserting “any mixture,
22 alternative fuel, or renewable natural gas”.

23 (d) REGISTRATION.—Section 4101(a) of such Code
24 is amended—

1 (1) by striking “and” before “every person pro-
2 ducing second generation biofuel”, and

3 (2) by inserting “, and every person producing
4 renewable natural gas (as defined in section
5 6426(k)(2))” after “(as defined in section
6 40(b)(6)(E))”.

7 (e) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to fuel sold or used in calendar
9 quarters beginning after the date of the enactment of this
10 Act.

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