

114TH CONGRESS
2D SESSION

H. R. 5489

To amend the Internal Revenue Code of 1986 to make qualified biogas property and qualified manure resource recovery property eligible for the energy credit and to permit new clean renewable energy bonds to finance qualified biogas property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 2016

Mr. KIND (for himself, Mr. REED, Mr. WALZ, Mr. RIBBLE, Mr. WELCH, Mr. POCAN, Mr. SIMPSON, Ms. STEFANIK, Mr. VALADAO, Mr. MOOLENAAR, Ms. DELBENE, Mr. COURTNEY, Mr. GIBBS, and Mr. NEWHOUSE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Science, Space, 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

A BILL

To amend the Internal Revenue Code of 1986 to make qualified biogas property and qualified manure resource recovery property eligible for the energy credit and to permit new clean renewable energy bonds to finance qualified biogas property, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Agriculture Environ-
3 mental Stewardship Act of 2016”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Incentives and encouragement for the con-
7 servation and appropriate handling of nutrients con-
8 tained in organic matter are necessary.

9 (2) Biogas systems will save Federal, State, and
10 local taxpayers money by converting waste into use-
11 ful products, such as fuel, fertilizer, thermal heat,
12 feedstock for hydrogen fuel cells, and renewable
13 chemicals.

14 (3) Manure resource recovery systems will save
15 Federal, State, and local taxpayers money by recov-
16 ering the nutrients contained in organic matter from
17 their source, rather than recovering the nutrients
18 after they have entered landfills or waterways.

19 **SEC. 3. ENERGY CREDIT FOR QUALIFIED BIOGAS PROP-**
20 **ERTY AND QUALIFIED MANURE RESOURCE**
21 **RECOVERY PROPERTY.**

22 (a) IN GENERAL.—Section 48(a)(3)(A) of the Inter-
23 nal Revenue Code of 1986 is amended by striking “or”
24 at the end of clause (vi) and by adding at the end the
25 following new clauses:

26 “(viii) qualified biogas property, or

1 “(ix) qualified manure resource recov-
2 ery property,”.

3 (b) 30-PERCENT CREDIT.—Section 48(a)(2)(A)(i) of
4 such Code is amended by striking “and” at the end of
5 subclause (III), by striking “and” at the end of subclause
6 (IV), and by adding at the end the following new sub-
7 clauses:

8 “(V) qualified biogas property,
9 and
10 “(VI) qualified manure resource
11 recovery property, and”.

12 (c) DEFINITIONS.—Section 48(c) of such Code is
13 amended by adding at the end the following new para-
14 graphs:

15 “(5) QUALIFIED BIOGAS PROPERTY.—

16 “(A) IN GENERAL.—The term ‘qualified
17 biogas property’ means property comprising a
18 system which—

19 “(i) uses anaerobic digesters, or other
20 biological, chemical, thermal, or mechanical
21 processes (alone or in combination), to
22 convert biomass (as defined in section
23 45K(c)(3)) into a gas which consists of not
24 less than 52 percent methane, and

1 “(ii) captures such gas for use as a
2 fuel.

3 “(B) INCLUSION OF CERTAIN CLEANING
4 AND CONDITIONING EQUIPMENT.—Such term
5 shall include any property which cleans and
6 conditions the gas referred to in subparagraph
7 (A) for use as a fuel.

8 “(C) TERMINATION.—No credit shall be
9 determined under this section with respect to
10 any qualified biogas property for any period
11 after December 31, 2020.

12 “(6) QUALIFIED MANURE RESOURCE RECOVERY
13 PROPERTY.—

14 “(A) IN GENERAL.—The term ‘qualified
15 manure resource recovery property’ means
16 property comprising a system which uses phys-
17 ical, biological, chemical, thermal, or mechanical
18 processes to recover the nutrients nitrogen and
19 phosphorus from a non-treated digestate or ani-
20 mal manure by reducing or separating at least
21 50 percent of the concentration of such nutri-
22 ents, excluding any reductions during the incin-
23 eration, storage, composting, or field application
24 of the non-treated digestate or animal manure.

1 “(B) INCLUSION OF CERTAIN PROCESSING
2 EQUIPMENT.—Such term shall include—

3 “(i) any property which is used to re-
4 cover the nutrients referred to in subpara-
5 graph (A), such as—

6 “(I) biological reactors,

7 “(II) crystallizers,

8 “(III) reverse osmosis mem-
9 branes and other water purifiers,

10 “(IV) evaporators,

11 “(V) distillers,

12 “(VI) decanter centrifuges, and

13 “(VII) equipment that facilitates
14 the process of dissolved air flotation,
15 ammonia stripping, gasification, or
16 ozonation, and

17 “(ii) any thermal drier which treats
18 the nutrients recovered by the processes re-
19 ferred to in subparagraph (A).

20 “(C) TERMINATION.—No credit shall be
21 determined under this section with respect to
22 any qualified manure resource recovery prop-
23 erty for any period after December 31, 2020.”.

24 (d) DENIAL OF DOUBLE BENEFIT FOR QUALIFIED
25 BIOGAS PROPERTY.—Section 45(e) of such Code is

1 amended by adding at the end the following new para-
2 graph:

3 “(12) COORDINATION WITH ENERGY CREDIT
4 FOR QUALIFIED BIOGAS PROPERTY.—The term
5 ‘qualified facility’ shall not include any facility which
6 produces electricity from gas produced by qualified
7 biogas property (as defined in section 48(c)(5)) if a
8 credit is determined under section 48 with respect to
9 such property for the taxable year or any prior tax-
10 able year.”.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to periods after December 31,
13 2015, in taxable years ending after such date, under rules
14 similar to the rules of section 48(m) of such Code (as in
15 effect on the day before the date of the enactment of the
16 Revenue Reconciliation Act of 1990).

17 **SEC. 4. NEW CLEAN RENEWABLE ENERGY BONDS FOR**
18 **QUALIFIED BIOGAS PROPERTY AND QUALI-**
19 **FIED MANURE RESOURCE RECOVERY PROP-**
20 **ERTY.**

21 (a) IN GENERAL.—Section 54C(d)(1) of the Internal
22 Revenue Code of 1986 is amended by inserting “, a quali-
23 fied biogas property (as defined in section 48(c)(5)), or
24 a qualified manure resource recovery property (as defined
25 in section 48(c)(6))” before “owned by”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to obligations issued after the date
3 of the enactment of this Act.

4 **SEC. 5. STUDY OF BIOGAS.**

5 (a) IN GENERAL.—The Secretary of the Treasury
6 shall enter into an agreement with the National Renewable
7 Energy Laboratory to undertake a study of biogas that
8 addresses the following:

9 (1) The quality of biogas, including a compari-
10 son of biogas to natural gas and the identification
11 of any components of biogas which make biogas un-
12 suitable for injection into existing natural gas pipe-
13 lines.

14 (2) Methods for obtaining the highest energy
15 content in biogas, including the use of co-digestion
16 and identifying the optimal feed mixture.

17 (3) Recommendations for the expansion of
18 biogas production, including an analysis of the ex-
19 tent to which increasing the methane content of
20 biogas would result in the greater use of biogas and
21 an analysis of how the expanded use of biogas could
22 help meet the growing energy needs of the United
23 States.

24 (b) REPORT.—Not later than 2 years after the date
25 of the enactment of this Act, the Secretary shall submit

1 to Congress a report on the study conducted under sub-
2 section (a).

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