

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: In the nature of a substitute.

**IN THE SENATE OF THE UNITED STATES—117th Cong., 1st Sess.**

**H. R. 5376**

To provide for reconciliation pursuant to title II of S. Con.  
Res. 14.

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended  
to be proposed by \_\_\_\_\_

Viz:

1 Strike all after the enacting clause and insert the fol-  
2 lowing:

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Inflation Reduction  
5 Act of 2022”.

6 **TITLE I—COMMITTEE ON**  
7 **FINANCE**

8 **Subtitle A—Deficit Reduction**

9 **SEC. 10001. AMENDMENT OF 1986 CODE.**

10 Except as otherwise expressly provided, whenever in  
11 this subtitle an amendment or repeal is expressed in terms  
12 of an amendment to, or repeal of, a section or other provi-

1 sion, the reference shall be considered to be made to a  
2 section or other provision of the Internal Revenue Code  
3 of 1986.

4 **PART 1—CORPORATE TAX REFORM**

5 **SEC. 10101. CORPORATE ALTERNATIVE MINIMUM TAX.**

6 (a) IMPOSITION OF TAX.—

7 (1) IN GENERAL.—Paragraph (2) of section  
8 55(b) is amended to read as follows:

9 “(2) CORPORATIONS.—

10 “(A) APPLICABLE CORPORATIONS.—In the  
11 case of an applicable corporation, the tentative  
12 minimum tax for the taxable year shall be the  
13 excess of—

14 “(i) 15 percent of the adjusted finan-  
15 cial statement income for the taxable year  
16 (as determined under section 56A), over

17 “(ii) the corporate AMT foreign tax  
18 credit for the taxable year.

19 “(B) OTHER CORPORATIONS.—In the case  
20 of any corporation which is not an applicable  
21 corporation, the tentative minimum tax for the  
22 taxable year shall be zero.”.

23 (2) APPLICABLE CORPORATION.—Section 59 is  
24 amended by adding at the end the following new  
25 subsection:

1       “(k) APPLICABLE CORPORATION.—For purposes of  
2 this part—

3           “(1) APPLICABLE CORPORATION DEFINED.—

4                   “(A) IN GENERAL.—The term ‘applicable  
5 corporation’ means, with respect to any taxable  
6 year, any corporation (other than an S corpora-  
7 tion, a regulated investment company, or a real  
8 estate investment trust) which meets the aver-  
9 age annual adjusted financial statement income  
10 test of subparagraph (B) for one or more tax-  
11 able years which—

12                           “(i) are prior to such taxable year,

13                                   and

14                                   “(ii) end after December 31, 2021.

15                   “(B) AVERAGE ANNUAL ADJUSTED FINAN-  
16 CIAL STATEMENT INCOME TEST.—For purposes  
17 of this subsection—

18                           “(i) a corporation meets the average  
19 annual adjusted financial statement income  
20 test for a taxable year if the average an-  
21 nual adjusted financial statement income  
22 of such corporation for the 3-taxable-year  
23 period ending with such taxable year ex-  
24 ceeds \$1,000,000,000, and

1           “(ii) in the case of a corporation de-  
2           scribed in paragraph (2), such corporation  
3           meets the average annual adjusted finan-  
4           cial statement income test for a taxable  
5           year if—

6                       “(I) the corporation meets the re-  
7                       quirements of clause (i) for such tax-  
8                       able year (determined after the appli-  
9                       cation of paragraph (2)), and

10                      “(II) the average annual adjusted  
11                      financial statement income of such  
12                      corporation (determined without re-  
13                      gard to the application of paragraph  
14                      (2)) for the 3-taxable-year-period end-  
15                      ing with such taxable year is  
16                      \$100,000,000 or more.

17                      “(C) EXCEPTION.—Notwithstanding sub-  
18                      paragraph (A), the term ‘applicable corporation’  
19                      shall not include any corporation which other-  
20                      wise meets the requirements of subparagraph  
21                      (A) if—

22                               “(i) such corporation—

23                                       “(I) has a change in ownership,  
24                                       or

1                   “(II) has a specified number (to  
2                   be determined by the Secretary and  
3                   which shall, as appropriate, take into  
4                   account the facts and circumstances  
5                   of the taxpayer) of consecutive taxable  
6                   years, including the most recent tax-  
7                   able year, in which the corporation  
8                   does not meet the average annual ad-  
9                   justed financial statement income test  
10                  of subparagraph (B), and

11                  “(ii) the Secretary determines that it  
12                  would not be appropriate to continue to  
13                  treat such corporation as an applicable cor-  
14                  poration.

15                  The preceding sentence shall not apply to any  
16                  corporation if, after the Secretary makes the  
17                  determination described in clause (ii), such cor-  
18                  poration meets the average annual adjusted fi-  
19                  nancial statement income test of subparagraph  
20                  (B) for any taxable year beginning after the  
21                  first taxable year for which such determination  
22                  applies.

23                  “(D) SPECIAL RULES FOR DETERMINING  
24                  APPLICABLE CORPORATION STATUS.—Solely for  
25                  purposes of determining whether a corporation

1 is an applicable corporation under paragraph  
2 (1), all adjusted financial statement income of  
3 persons treated as a single employer with such  
4 corporation under subsection (a) or (b) of sec-  
5 tion 52 shall be treated as adjusted financial  
6 statement of income of such corporation, and  
7 adjusted financial statement income of such  
8 corporation shall be determined without regard  
9 to paragraphs (2)(D)(i) and (11) of section  
10 56A(c).

11 “(E) OTHER SPECIAL RULES.—

12 “(i) CORPORATIONS IN EXISTENCE  
13 FOR LESS THAN 3 YEARS.—If the corpora-  
14 tion was in existence for less than 3-tax-  
15 able years, subparagraph (B) shall be ap-  
16 plied on the basis of the period during  
17 which such corporation was in existence.

18 “(ii) SHORT TAXABLE YEARS.—Ad-  
19 justed financial statement income for any  
20 taxable year of less than 12 months shall  
21 be annualized by multiplying the adjusted  
22 financial statement income for the short  
23 period by 12 and dividing the result by the  
24 number of months in the short period.

1                   “(iii) TREATMENT OF PREDE-  
2                   CESSORS.—Any reference in this subpara-  
3                   graph to a corporation shall include a ref-  
4                   erence to any predecessor of such corpora-  
5                   tion.

6                   “(2) SPECIAL RULE FOR FOREIGN-PARENTED  
7                   CORPORATIONS.—

8                   “(A) IN GENERAL.—Solely for purposes of  
9                   determining whether a corporation meets the  
10                  average annual adjusted financial statement in-  
11                  come test under paragraph (1)(B)(ii)(I), in the  
12                  case of any corporation which for any taxable  
13                  year is a member of an international financial  
14                  reporting group the common parent of which is  
15                  a foreign corporation, such corporation shall in-  
16                  clude in the adjusted financial statement in-  
17                  come of such corporation for such taxable year  
18                  the adjusted financial statement income of all  
19                  foreign members of such group. Solely for pur-  
20                  poses of this subparagraph, adjusted financial  
21                  statement income shall be determined without  
22                  regard to paragraphs (2)(D)(i), (3), (4), and  
23                  (11) of section 56A(c).

24                  “(B) INTERNATIONAL FINANCIAL REPORT-  
25                  ING GROUP.—For purposes of subparagraph

1 (A), the term ‘international financial reporting  
2 group’ shall have the meaning given such term  
3 by section 163(n)(3).

4 “(C) COMMON PARENT.—For purposes of  
5 subparagraph (A), the term ‘common parent’  
6 has the meaning given such term under section  
7 163(n)(5).

8 “(3) REGULATIONS OR OTHER GUIDANCE.—  
9 The Secretary shall provide regulations or other  
10 guidance for the purposes of carrying out this sub-  
11 section, including regulations or other guidance—

12 “(A) providing a simplified method for de-  
13 termining whether a corporation meets the re-  
14 quirements of paragraph (1), and

15 “(B) addressing the application of this  
16 subsection to a corporation that experiences a  
17 change in ownership.”.

18 (3) REDUCTION FOR BASE EROSION AND ANTI-  
19 ABUSE TAX.—Section 55(a)(2) is amended by insert-  
20 ing “plus, in the case of an applicable corporation,  
21 the tax imposed by section 59A” before the period  
22 at the end.

23 (4) CONFORMING AMENDMENTS.—



1 (A) Section 55(a) is amended by striking  
2 “In the case of a taxpayer other than a cor-  
3 poration, there” and inserting “There”.

4 (B)(i) Section 55(b)(1) is amended—

5 (I) by striking so much as precedes  
6 subparagraph (A) and inserting the fol-  
7 lowing:

8 “(1) NONCORPORATE TAXPAYERS.—In the case  
9 of a taxpayer other than a corporation—”, and

10 (II) by adding at the end the fol-  
11 lowing new subparagraph:

12 “(D) ALTERNATIVE MINIMUM TAXABLE IN-  
13 COME.—The term ‘alternative minimum taxable  
14 income’ means the taxable income of the tax-  
15 payer for the taxable year—

16 “(i) determined with the adjustments  
17 provided in section 56 and section 58, and

18 “(ii) increased by the amount of the  
19 items of tax preference described in section  
20 57.

21 If a taxpayer is subject to the regular tax, such  
22 taxpayer shall be subject to the tax imposed by  
23 this section (and, if the regular tax is deter-  
24 mined by reference to an amount other than  
25 taxable income, such amount shall be treated as

1 the taxable income of such taxpayer for pur-  
2 poses of the preceding sentence).”.

3 (ii) Section 860E(a)(4) is amended by  
4 striking “55(b)(2)” and inserting  
5 “55(b)(1)(D)”.

6 (iii) Section 897(a)(2)(A)(i) is amended by  
7 striking “55(b)(2)” and inserting  
8 “55(b)(1)(D)”.

9 (C) Section 11(d) is amended by striking  
10 “the tax imposed by subsection (a)” and insert-  
11 ing “the taxes imposed by subsection (a) and  
12 section 55”.

13 (D) Section 12 is amended by adding at  
14 the end the following new paragraph:

15 “(5) For alternative minimum tax, see section  
16 55.”.

17 (E) Section 882(a)(1) is amended by in-  
18 serting “, 55,” after “section 11”.

19 (F) Section 6425(c)(1)(A) is amended to  
20 read as follows:

21 “(A) the sum of—

22 “(i) the tax imposed by section 11 or  
23 subchapter L of chapter 1, whichever is  
24 applicable, plus



1       “(b) APPLICABLE FINANCIAL STATEMENT.—For  
2 purposes of this section, the term ‘applicable financial  
3 statement’ means, with respect to any taxable year, an ap-  
4 plicable financial statement (as defined in section  
5 451(b)(3) or as specified by the Secretary in regulations  
6 or other guidance) which covers such taxable year.

7       “(c) GENERAL ADJUSTMENTS.—

8               “(1) STATEMENTS COVERING DIFFERENT TAX-  
9 ABLE YEARS.—Appropriate adjustments shall be  
10 made in adjusted financial statement income in any  
11 case in which an applicable financial statement cov-  
12 ers a period other than the taxable year.

13               “(2) SPECIAL RULES FOR RELATED ENTI-  
14 TIES.—

15                       “(A) CONSOLIDATED FINANCIAL STATE-  
16 MENTS.—If the financial results of a taxpayer  
17 are reported on the applicable financial state-  
18 ment for a group of entities, rules similar to the  
19 rules of section 451(b)(5) shall apply.

20                       “(B) CONSOLIDATED RETURNS.—Except  
21 as provided in regulations prescribed by the  
22 Secretary, if the taxpayer is part of an affili-  
23 ated group of corporations filing a consolidated  
24 return for any taxable year, adjusted financial  
25 statement income for such group for such tax-

1           able year shall take into account items on the  
2           group's applicable financial statement which are  
3           properly allocable to members of such group.

4           “(C) TREATMENT OF DIVIDENDS AND  
5           OTHER AMOUNTS.—In the case of any corpora-  
6           tion which is not included on a consolidated re-  
7           turn with the taxpayer, adjusted financial state-  
8           ment income of the taxpayer with respect to  
9           such other corporation shall be determined by  
10          only taking into account the dividends received  
11          from such other corporation (reduced to the ex-  
12          tent provided by the Secretary in regulations or  
13          other guidance) and other amounts which are  
14          includible in gross income or deductible as a  
15          loss under this chapter (other than amounts re-  
16          quired to be included under sections 951 and  
17          951A or such other amounts as provided by the  
18          Secretary) with respect to such other corpora-  
19          tion.

20          “(D) TREATMENT OF PARTNERSHIPS.—

21                 “(i) IN GENERAL.—Except as pro-  
22                 vided by the Secretary, if the taxpayer is  
23                 a partner in a partnership, adjusted finan-  
24                 cial statement income of the taxpayer shall  
25                 be adjusted to only take into account the

1 taxpayer's distributive share of adjusted fi-  
2 nancial statement income of such partner-  
3 ship.

4 “(ii) ADJUSTED FINANCIAL STATE-  
5 MENT INCOME OF PARTNERSHIPS.—For  
6 the purposes of this part, the adjusted fi-  
7 nancial statement income of a partnership  
8 shall be the partnership's net income or  
9 loss set forth on such partnership's appli-  
10 cable financial statement (adjusted under  
11 rules similar to the rules of this section).

12 “(3) ADJUSTMENTS TO TAKE INTO ACCOUNT  
13 CERTAIN ITEMS OF FOREIGN INCOME.—

14 “(A) IN GENERAL.—If, for any taxable  
15 year, a taxpayer is a United States shareholder  
16 of one or more controlled foreign corporations,  
17 the adjusted financial statement income of such  
18 taxpayer shall be adjusted to take into account  
19 such taxpayer's pro rata share (determined  
20 under rules similar to the rules under section  
21 951(a)(2)) of items taken into account in com-  
22 puting the net income or loss set forth on the  
23 applicable financial statement (as adjusted  
24 under rules similar to those that apply in deter-  
25 mining adjusted financial statement income) of

1 each such controlled foreign corporation with  
2 respect to which such taxpayer is a United  
3 States shareholder.

4 “(B) NEGATIVE ADJUSTMENTS.—In any  
5 case in which the adjustment determined under  
6 subparagraph (A) would result in a negative ad-  
7 justment for such taxable year—

8 “(i) no adjustment shall be made  
9 under this paragraph for such taxable  
10 year, and

11 “(ii) the amount of the adjustment  
12 determined under this paragraph for the  
13 succeeding taxable year (determined with-  
14 out regard to this paragraph) shall be re-  
15 duced by an amount equal to the negative  
16 adjustment for such taxable year.

17 “(4) EFFECTIVELY CONNECTED INCOME.—In  
18 the case of a foreign corporation, to determine ad-  
19 justed financial statement income, the principles of  
20 section 882 shall apply.

21 “(5) ADJUSTMENTS FOR CERTAIN TAXES.—Ad-  
22 justed financial statement income shall be appro-  
23 priately adjusted to disregard any Federal income  
24 taxes, or income, war profits, or excess profits taxes  
25 (within the meaning of section 901) with respect to

1 a foreign country or possession of the United States,  
2 which are taken into account on the taxpayer's ap-  
3 plicable financial statement. To the extent provided  
4 by the Secretary, the preceding sentence shall not  
5 apply to income, war profits, or excess profits taxes  
6 (within the meaning of section 901) that are im-  
7 posed by a foreign country or possession of the  
8 United States and taken into account on the tax-  
9 payer's applicable financial statement if the taxpayer  
10 does not choose to have the benefits of subpart A of  
11 part III of subchapter N for the taxable year. The  
12 Secretary shall prescribe such regulations or other  
13 guidance as may be necessary and appropriate to  
14 provide for the proper treatment of current and de-  
15 ferred taxes for purposes of this paragraph, includ-  
16 ing the time at which such taxes are properly taken  
17 into account.

18 “(6) ADJUSTMENT WITH RESPECT TO DIS-  
19 REGARDED ENTITIES.—Adjusted financial statement  
20 income shall be adjusted to take into account any  
21 adjusted financial statement income of a disregarded  
22 entity owned by the taxpayer.

23 “(7) SPECIAL RULE FOR COOPERATIVES.—In  
24 the case of a cooperative to which section 1381 ap-  
25 plies, the adjusted financial statement income (deter-



1       mined without regard to this paragraph) shall be re-  
2       duced by the amounts referred to in section 1382(b)  
3       (relating to patronage dividends and per-unit retain  
4       allocations) to the extent such amounts were not  
5       otherwise taken into account in determining ad-  
6       justed financial statement income.

7               “(8) RULES FOR ALASKA NATIVE CORPORA-  
8       TIONS.—Adjusted financial statement income shall  
9       be appropriately adjusted to allow—

10               “(A) cost recovery and depletion attrib-  
11       utable to property the basis of which is deter-  
12       mined under section 21(c) of the Alaska Native  
13       Claims Settlement Act (43 U.S.C. 1620(c)),  
14       and

15               “(B) deductions for amounts payable made  
16       pursuant to section 7(i) or section 7(j) of such  
17       Act (43 U.S.C. 1606(i) and 1606(j)) only at  
18       such time as the deductions are allowed for tax  
19       purposes.

20               “(9) AMOUNTS ATTRIBUTABLE TO ELECTIONS  
21       FOR DIRECT PAYMENT OF CERTAIN CREDITS.—Ad-  
22       justed financial statement income shall be appro-  
23       priately adjusted to disregard any amount treated as  
24       a payment against the tax imposed by subtitle A  
25       pursuant to an election under section 6417, to the

1 extent such amount was not otherwise taken into ac-  
2 count under paragraph (5).

3 “(10) CONSISTENT TREATMENT OF MORTGAGE  
4 SERVICING INCOME OF TAXPAYER OTHER THAN A  
5 REGULATED INVESTMENT COMPANY.—

6 “(A) IN GENERAL.—Adjusted financial  
7 statement income shall be adjusted so as not to  
8 include any item of income in connection with  
9 a mortgage servicing contract any earlier than  
10 when such income is included in gross income  
11 under any other provision of this chapter.

12 “(B) RULES FOR AMOUNTS NOT REP-  
13 RESENTING REASONABLE COMPENSATION.—  
14 The Secretary shall provide regulations to pre-  
15 vent the avoidance of taxes imposed by this  
16 chapter with respect to amounts not rep-  
17 resenting reasonable compensation (as deter-  
18 mined by the Secretary) with respect to a mort-  
19 gage servicing contract.

20 “(11) ADJUSTMENT WITH RESPECT TO DE-  
21 FINED BENEFIT PENSIONS.—

22 “(A) IN GENERAL.—Except as otherwise  
23 provided in rules prescribed by the Secretary in  
24 regulations or other guidance, adjusted finan-  
25 cial statement income shall be—

1           “(i) adjusted to disregard any amount  
2 of income, cost, or expense that would oth-  
3 erwise be included on the applicable finan-  
4 cial statement in connection with any cov-  
5 ered benefit plan,

6           “(ii) increased by any amount of in-  
7 come in connection with any such covered  
8 benefit plan that is included in the gross  
9 income of the corporation under any other  
10 provision of this chapter, and

11           “(iii) reduced by deductions allowed  
12 under any other provision of this chapter  
13 with respect to any such covered benefit  
14 plan.

15           “(B) COVERED BENEFIT PLAN.—For pur-  
16 poses of this paragraph, the term ‘covered ben-  
17 efit plan’ means—

18           “(i) a defined benefit plan (other than  
19 a multiemployer plan described in section  
20 414(f)) if the trust which is part of such  
21 plan is an employees’ trust described in  
22 section 401(a) which is exempt from tax  
23 under section 501(a),

24           “(ii) any qualified foreign plan (as de-  
25 fined in section 404A(e)), or

1                   “(iii) any other defined benefit plan  
2                   which provides post-employment benefits  
3                   other than pension benefits.

4                   “(12) TAX-EXEMPT ENTITIES.—In the case of  
5                   an organization subject to tax under section 511, ad-  
6                   justed financial statement income shall be appro-  
7                   priately adjusted to only take into account any ad-  
8                   justed financial statement income—

9                   “(A) of an unrelated trade or business (as  
10                   defined in section 513) of such organization, or

11                   “(B) derived from debt-financed property  
12                   (as defined in section 514) to the extent that  
13                   income from such property is treated as unre-  
14                   lated business taxable income.

15                   “(13) SECRETARIAL AUTHORITY TO ADJUST  
16                   ITEMS.—The Secretary shall issue regulations or  
17                   other guidance to provide for such adjustments to  
18                   adjusted financial statement income as the Secretary  
19                   determines necessary to carry out the purposes of  
20                   this section, including adjustments—

21                   “(A) to prevent the omission or duplication  
22                   of any item, and

23                   “(B) to carry out the principles of part II  
24                   of subchapter C of this chapter (relating to cor-  
25                   porate liquidations), part III of subchapter C of

1           this chapter (relating to corporate organizations  
2           and reorganizations), and part II of subchapter  
3           K of this chapter (relating to partnership con-  
4           tributions and distributions).

5           “(d) DEDUCTION FOR FINANCIAL STATEMENT NET  
6 OPERATING LOSS.—

7           “(1) IN GENERAL.—Adjusted financial state-  
8           ment income (determined after application of sub-  
9           section (c) and without regard to this subsection)  
10          shall be reduced by an amount equal to the lesser  
11          of—

12                   “(A) the aggregate amount of financial  
13                   statement net operating loss carryovers to the  
14                   taxable year, or

15                   “(B) 80 percent of adjusted financial  
16                   statement income computed without regard to  
17                   the deduction allowable under this subsection.

18           “(2) FINANCIAL STATEMENT NET OPERATING  
19          LOSS CARRYOVER.—A financial statement net oper-  
20          ating loss for any taxable year shall be a financial  
21          statement net operating loss carryover to each tax-  
22          able year following the taxable year of the loss. The  
23          portion of such loss which shall be carried to subse-  
24          quent taxable years shall be the amount of such loss

1 remaining (if any) after the application of paragraph  
2 (1).

3 “(3) FINANCIAL STATEMENT NET OPERATING  
4 LOSS DEFINED.—For purposes of this subsection,  
5 the term ‘financial statement net operating loss’  
6 means the amount of the net loss (if any) set forth  
7 on the corporation’s applicable financial statement  
8 (determined after application of subsection (c) and  
9 without regard to this subsection) for taxable years  
10 ending after December 31, 2019.

11 “(e) REGULATIONS AND OTHER GUIDANCE.—The  
12 Secretary shall provide for such regulations and other  
13 guidance as necessary to carry out the purposes of this  
14 section, including regulations and other guidance relating  
15 to the effect of the rules of this section on partnerships  
16 with income taken into account by an applicable corpora-  
17 tion.”.

18 (2) CLERICAL AMENDMENT.—The table of sec-  
19 tions for part VI of subchapter A of chapter 1 is  
20 amended by inserting after the item relating to sec-  
21 tion 56 the following new item:

“Sec. 56A. Adjusted financial statement income.”.

22 (c) CORPORATE AMT FOREIGN TAX CREDIT.—Sec-  
23 tion 59, as amended by this section, is amended by adding  
24 at the end the following new subsection:

25 “(l) CORPORATE AMT FOREIGN TAX CREDIT.—



1                   “(ii) the product of the amount of the  
2                   adjustment under section 56A(c)(3) and  
3                   the percentage specified in section  
4                   55(b)(2)(A)(i), and

5                   “(B) in the case of an applicable corpora-  
6                   tion that is a domestic corporation, the amount  
7                   of income, war profits, and excess profits taxes  
8                   (within the meaning of section 901) imposed by  
9                   any foreign country or possession of the United  
10                  States to the extent such taxes are—

11                  “(i) taken into account on the applica-  
12                  ble corporation’s applicable financial state-  
13                  ment, and

14                  “(ii) paid or accrued (for Federal in-  
15                  come tax purposes) by the applicable cor-  
16                  poration.

17                  “(2) CARRYOVER OF EXCESS TAX PAID.—For  
18                  any taxable year for which an applicable corporation  
19                  chooses to have the benefits of subpart A of part III  
20                  of subchapter N, the excess of the amount described  
21                  in paragraph (1)(A)(i) over the amount described in  
22                  paragraph (1)(A)(ii) shall increase the amount de-  
23                  scribed in paragraph (1)(A)(i) in any of the first 5  
24                  succeeding taxable years to the extent not taken into  
25                  account in a prior taxable year.



1           “(3) REGULATIONS OR OTHER GUIDANCE.—

2           The Secretary shall provide for such regulations or  
3           other guidance as is necessary to carry out the pur-  
4           poses of this subsection.”.

5           (d) TREATMENT OF GENERAL BUSINESS CREDIT.—

6           Section 38(c)(6)(E) is amended to read as follows:

7                   “(E) CORPORATIONS.—In the case of a  
8           corporation—

9                           “(i) the first sentence of paragraph  
10                           (1) shall be applied by substituting ‘25  
11                           percent of the taxpayer’s net income tax as  
12                           exceeds \$25,000’ for ‘the greater of’ and  
13                           all that follows,

14                                   “(ii) paragraph (2)(A) shall be applied  
15                                   without regard to clause (ii)(I) thereof,  
16                                   and

17   “(iii) paragraph (4)(A) shall be ap-  
18   plied without regard to clause (ii)(I) there-  
19   of.”.

20           (e) CREDIT FOR PRIOR YEAR MINIMUM TAX LIABIL-  
21           ITY.—

22                   (1) IN GENERAL.—Section 53(e) is amended to  
23           read as follows:

24                   “(e) APPLICATION TO APPLICABLE CORPORA-  
25           TIONS.—In the case of a corporation—

1           “(1) subsection (b)(1) shall be applied by sub-  
2           stituting ‘the net minimum tax for all prior taxable  
3           years beginning after 2022’ for ‘the adjusted net  
4           minimum tax imposed for all prior taxable years be-  
5           ginning after 1986’, and

6           “(2) the amount determined under subsection  
7           (c)(1) shall be increased by the amount of tax im-  
8           posed under section 59A for the taxable year.”.

9           (2) CONFORMING AMENDMENTS.—Section  
10          53(d) is amended—

11                   (A) in paragraph (2), by striking “, except  
12                   that in the case” and all that follows through  
13                   “treated as zero”, and

14                   (B) by striking paragraph (3).

15          (f) EFFECTIVE DATE.—The amendments made by  
16          this section shall apply to taxable years beginning after  
17          December 31, 2022.

18          **PART 2—CLOSING THE CARRIED INTEREST**

19                                   **LOOPHOLE**

20          **SEC. 10201. MODIFICATION OF RULES FOR PARTNERSHIP**

21                                   **INTERESTS HELD IN CONNECTION WITH THE**

22                                   **PERFORMANCE OF SERVICES.**

23          (a) IN GENERAL.—Section 1061 is amended by strik-  
24          ing subsections (a) and (b) and inserting the following new  
25          subsections:

1           “(a) IN GENERAL.—If one or more applicable part-  
2 nership interests are held by a taxpayer at any time during  
3 the taxable year, the taxpayer’s net applicable partnership  
4 gain for such taxable year shall be treated as short-term  
5 capital gain.

6           “(b) NET APPLICABLE PARTNERSHIP GAIN.—For  
7 purposes of this section—

8                 “(1) IN GENERAL.—The term ‘net applicable  
9 partnership gain’ means—

10                         “(A) the taxpayer’s net long-term capital  
11 gain determined by only taking into account  
12 gains and losses with respect to one or more ap-  
13 plicable partnership interests described in sub-  
14 section (a), and

15                         “(B) any other amounts which are—

16                                 “(i) includible in the gross income of  
17 the taxpayer with respect to one or more  
18 such applicable partnership interests, and

19                                 “(ii) treated as capital gain or subject  
20 to tax at the rate applicable to capital  
21 gain.

22           “(2) HOLDING PERIOD EXCEPTION.—

23                         “(A) IN GENERAL.—Net applicable part-  
24 nership gain shall be determined without regard

1 to any amount which is realized after the date  
2 that is 5 years after the latest of:

3 “(i) The date on which the taxpayer  
4 acquired substantially all of the applicable  
5 partnership interest with respect to which  
6 the amount is realized.

7 “(ii) The date on which the partner-  
8 ship in which such applicable partnership  
9 interest is held acquired substantially all of  
10 the assets held by such partnership.

11 “(iii) If the partnership described in  
12 clause (i) owns, directly or indirectly, inter-  
13 ests in one or more other partnerships, the  
14 dates determined by applying rules similar  
15 to the rules in clauses (i) and (ii) in the  
16 case of each such other partnership.

17 “(B) SHORTER HOLDING PERIOD IN CER-  
18 TAIN CIRCUMSTANCES.—Subparagraph (A)  
19 shall be applied by substituting ‘3 years’ for ‘5  
20 years’ in the case of—

21 “(i) a taxpayer (other than a trust or  
22 estate) with an adjusted gross income (de-  
23 termined without regard to sections 911,  
24 931 and 933) of less than \$400,000, and

1                   “(ii) any income with respect to any  
2                   applicable partnership interest that is at-  
3                   tributable to a real property trade or busi-  
4                   ness within the meaning of section  
5                   469(e)(7)(C).

6                   “(iii) The Secretary is directed to pro-  
7                   vide guidance regarding determination of  
8                   the amount described in subsection (a) as  
9                   applied in paragraph (1) hereof, and any  
10                  necessary and appropriate reporting by any  
11                  partnership to carry out the purposes of  
12                  this section. —

13                  “(3) SECTION 83 TO NOT APPLY.—This section  
14                  shall be applied without regard to section 83 and  
15                  any election in effect under section 83(b).

16                  “(4) SPECIAL RULE.—To the extent provided  
17                  by the Secretary, subsection (a) shall not apply to  
18                  income or gain attributable to any asset not held for  
19                  portfolio investment on behalf of third party inves-  
20                  tors.”.

21                  (b) MODIFICATIONS RELATED TO DEFINITION OF  
22                  APPLICABLE PARTNERSHIP INTEREST.—Section 1061(c)  
23                  is amended—

1           (1) in paragraph (1), by striking “to such other  
2           entity” and inserting “with respect to a trade or  
3           business that is not an applicable trade or business”,

4           (2) in paragraph (3), by striking “an interest in  
5           a partnership to the extent of the partnership’s pro-  
6           portionate interest in any of the foregoing” and in-  
7           serting “except as otherwise provided by the Sec-  
8           retary, an interest in a partnership if such partner-  
9           ship has a direct or indirect interest in any of the  
10          foregoing”, and

11          (3) in paragraph (4)—

12           (A) by striking “The term” and inserting  
13           “Except as otherwise provided by the Secretary,  
14           the term”, and

15           (B) in subparagraph (A), by striking “cor-  
16           poration” and inserting “C corporation”.

17          (c) RECOGNITION OF GAIN ON TRANSFERS OF AP-  
18          PLICABLE PARTNERSHIP INTERESTS TO UNRELATED  
19          PARTIES.—Section 1061(d) is amended to read as follows:

20           “(d) TRANSFER OF APPLICABLE PARTNERSHIP IN-  
21          TEREST.—If a taxpayer transfers any applicable partner-  
22          ship interest, gain shall be recognized notwithstanding any  
23          other provision of this subtitle.”.

1 (d) REGULATIONS.—Section 1061(e) is amended by  
2 striking the period at the end and inserting the following:

3 “, including regulations or other guidance to—

4 “(1) to prevent the avoidance of the purposes of  
5 this section, including through the distribution of  
6 property by a partnership and through carry waiv-  
7 ers, and

8 “(2) to provide for the application of this sec-  
9 tion to financial instruments, contracts or interests  
10 in entities other than partnerships to the extent nec-  
11 essary or appropriate to carry out the purposes of  
12 this section.”.

13 (e) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2022.

16 **PART 3—FUNDING THE INTERNAL REVENUE**  
17 **SERVICE AND IMPROVING TAXPAYER COM-**  
18 **PLIANCE**

19 **SEC. 10301. ENHANCEMENT OF INTERNAL REVENUE SERV-**  
20 **ICE RESOURCES.**

21 (a) APPROPRIATIONS.—

22 (1) IN GENERAL.—The following sums are ap-  
23 propriated, out of any money in the Treasury not  
24 otherwise appropriated, for the fiscal year ending  
25 September 30, 2022:

1 (A) INTERNAL REVENUE SERVICE.—

2 (i) IN GENERAL.—

3 (I) TAXPAYER SERVICES.—For  
4 necessary expenses of the Internal  
5 Revenue Service to provide taxpayer  
6 services, including pre-filing assistance  
7 and education, filing and account  
8 services, taxpayer advocacy services,  
9 and other services as authorized by 5  
10 U.S.C. 3109, at such rates as may be  
11 determined by the Commissioner,  
12 \$3,181,500,000, to remain available  
13 until September 30, 2031: *Provided*,  
14 That these amounts shall be in addi-  
15 tion to amounts otherwise available  
16 for such purposes.

17 (II) ENFORCEMENT.—For nec-  
18 essary expenses for tax enforcement  
19 activities of the Internal Revenue  
20 Service to determine and collect owed  
21 taxes, to provide legal and litigation  
22 support, to conduct criminal investiga-  
23 tions (including investigative tech-  
24 nology), to provide digital asset moni-  
25 toring and compliance activities, to



1 enforce criminal statutes related to  
2 violations of internal revenue laws and  
3 other financial crimes, to purchase  
4 and hire passenger motor vehicles (31  
5 U.S.C. 1343(b)), and to provide other  
6 services as authorized by 5 U.S.C.  
7 3109, at such rates as may be deter-  
8 mined by the Commissioner,  
9 \$45,637,400,000, to remain available  
10 until September 30, 2031: *Provided*,  
11 That these amounts shall be in addi-  
12 tion to amounts otherwise available  
13 for such purposes.

14 (III) OPERATIONS SUPPORT.—  
15 For necessary expenses of the Inter-  
16 nal Revenue Service to support tax-  
17 payer services and enforcement pro-  
18 grams, including rent payments; fa-  
19 cilities services; printing; postage;  
20 physical security; headquarters and  
21 other IRS-wide administration activi-  
22 ties; research and statistics of income;  
23 telecommunications; information tech-  
24 nology development, enhancement, op-  
25 erations, maintenance, and security;

1 the hire of passenger motor vehicles  
2 (31 U.S.C. 1343(b)); the operations of  
3 the Internal Revenue Service Over-  
4 sight Board; and other services as au-  
5 thorized by 5 U.S.C. 3109, at such  
6 rates as may be determined by the  
7 Commissioner, \$25,326,400,000, to  
8 remain available until September 30,  
9 2031: *Provided*, That these amounts  
10 shall be in addition to amounts other-  
11 wise available for such purposes.

12 (IV) BUSINESS SYSTEMS MOD-  
13 ERNIZATION.—For necessary expenses  
14 of the Internal Revenue Service’s  
15 business systems modernization pro-  
16 gram, including development of call-  
17 back technology and other technology  
18 to provide a more personalized cus-  
19 tomer service but not including the  
20 operation and maintenance of legacy  
21 systems, \$4,750,700,000, to remain  
22 available until September 30, 2031:  
23 *Provided*, That these amounts shall be  
24 in addition to amounts otherwise  
25 available for such purposes.

1                   (ii) TASK FORCE TO DESIGN AN IRS-  
2                   RUN FREE “DIRECT EFILE” TAX RETURN  
3                   SYSTEM.—For necessary expenses of the  
4                   Internal Revenue Service to deliver to Con-  
5                   gress, within nine months following the  
6                   date of the enactment of this Act, a report  
7                   on (I) the cost (including options for dif-  
8                   ferential coverage based on taxpayer ad-  
9                   justed gross income and return complexity)  
10                  of developing and running a free direct  
11                  efile tax return system, including costs to  
12                  build and administer each release, with a  
13                  focus on multi-lingual and mobile-friendly  
14                  features and safeguards for taxpayer data;  
15                  (II) taxpayer opinions, expectations, and  
16                  level of trust, based on surveys, for such a  
17                  free direct efile system; and (III) the opin-  
18                  ions of an independent third-party on the  
19                  overall feasibility, approach, schedule, cost,  
20                  organizational design, and Internal Rev-  
21                  enue Service capacity to deliver such a di-  
22                  rect efile tax return system, \$15,000,000,  
23                  to remain available until September 30,  
24                  2023: *Provided*, That these amounts shall

1                   be in addition to amounts otherwise avail-  
2                   able for such purposes.

3                   (B) TREASURY INSPECTOR GENERAL FOR  
4                   TAX ADMINISTRATION.—For necessary expenses  
5                   of the Treasury Inspector General for Tax Ad-  
6                   ministration in carrying out the Inspector Gen-  
7                   eral Act of 1978, as amended, including pur-  
8                   chase and hire of passenger motor vehicles (31  
9                   U.S.C. 1343(b)); and services authorized by 5  
10                  U.S.C. 3109, at such rates as may be deter-  
11                  mined by the Inspector General for Tax Admin-  
12                  istration, \$403,000,000, to remain available  
13                  until September 30, 2031: *Provided*, That these  
14                  amounts shall be in addition to amounts other-  
15                  wise available for such purposes.

16                  (C) OFFICE OF TAX POLICY.—For nec-  
17                  essary expenses of the Office of Tax Policy of  
18                  the Department of the Treasury to carry out  
19                  functions related to promulgating regulations  
20                  under the Internal Revenue Code of 1986,  
21                  \$104,533,803, to remain available until Sep-  
22                  tember 30, 2031: *Provided*, That these amounts  
23                  shall be in addition to amounts otherwise avail-  
24                  able for such purposes.

1 (D) UNITED STATES TAX COURT.—For  
2 necessary expenses of the United States Tax  
3 Court, including contract reporting and other  
4 services as authorized by 5 U.S.C. 3109;  
5 \$153,000,000, to remain available until Sep-  
6 tember 30, 2031: *Provided*, That these amounts  
7 shall be in addition to amounts otherwise avail-  
8 able for such purposes.

9 (E) TREASURY DEPARTMENTAL OF-  
10 FICES.—For necessary expenses of the Depart-  
11 mental Offices of the Department of the Treas-  
12 ury to provide for oversight and implementation  
13 support for actions by the Internal Revenue  
14 Service to implement this Act and the amend-  
15 ments made by this Act, \$50,000,000, to re-  
16 main available until September 30, 2031: *Pro-*  
17 *vided*, That these amounts shall be in addition  
18 to amounts otherwise available for such pur-  
19 poses.

20 (2) MULTI-YEAR OPERATIONAL PLAN.—

21 (A) IN GENERAL.—Not later than 6  
22 months after the date of the enactment of this  
23 Act, the Commissioner of Internal Revenue  
24 shall submit to Congress a plan detailing how  
25 the funds appropriated under paragraph

1 (1)(A)(i) will be spent over the ten-year period  
2 ending with fiscal year 2031.

3 (B) QUARTERLY UPDATES.—

4 (i) IN GENERAL.—Not later than the  
5 last day of each calendar quarter beginning  
6 during the applicable period, the Commis-  
7 sioner of Internal Revenue shall submit to  
8 Congress a report on the plan established  
9 under subparagraph (A), including—

10 (I) any updates to the plan;

11 (II) progress made in imple-  
12 menting the plan; and

13 (III) any changes in cir-  
14 cumstances or challenges in imple-  
15 menting the plan.

16 (ii) APPLICABLE PERIOD.—For pur-  
17 poses of clause (i), the applicable period is  
18 the period beginning 1 year after the date  
19 the report under subparagraph (A) is due  
20 and ending on September 30, 2031.

21 (C) REDUCTION IN APPROPRIATION.—

22 (i) IN GENERAL.—In the case of any  
23 failure to submit a plan required under  
24 subparagraph (A) or a report required  
25 under subparagraph (B) by the required

1 date, the amounts made available under  
2 paragraph (1)(A)(i) shall be reduced by  
3 \$100,000 for each day after such required  
4 date that report has not been submitted to  
5 Congress.

6 (ii) REQUIRED DATE.—For purposes  
7 of clause (i), the required date is the date  
8 that is 60 days after the date the plan or  
9 report is required to be submitted under  
10 subparagraph (A) or (B), as the case may  
11 be.

12 (3) NO TAX INCREASES ON CERTAIN TAX-  
13 PAYERS.—Nothing in this subsection is intended to  
14 increase taxes on any taxpayer with a taxable in-  
15 come below \$400,000.

16 (b) PERSONNEL FLEXIBILITIES.—The Secretary of  
17 the Treasury (or the Secretary's delegate) may use the  
18 funds made available under subsection (a)(1)(A), subject  
19 to such policies as the Secretary (or the Secretary's dele-  
20 gate) may establish, to take such personnel actions as the  
21 Secretary (or the Secretary's delegate) determines nec-  
22 essary to administer the Internal Revenue Code of 1986,  
23 including—

24 (1) utilizing direct hire authority to recruit and  
25 appoint qualified applicants, without regard to any

1 notice or preference requirements, directly to posi-  
2 tions in the competitive service;

3 (2) in addition to the authority under section  
4 7812(1) of the Internal Revenue Code of 1986, ap-  
5 pointing not more than 200 individuals to positions  
6 in the Internal Revenue Service under streamlined  
7 critical pay authority, except that—

8 (A) the authority to offer streamlined crit-  
9 ical pay under this paragraph shall expire on  
10 September 30, 2031; and

11 (B) the positions for which streamlined  
12 critical pay is authorized under this paragraph  
13 may include positions critical to the purposes  
14 described in subclauses (I), (II), and (III) of  
15 subsection (a)(1)(A)(i); and

16 (3) appointing not more than 300 individuals to  
17 positions in the Internal Revenue Service for  
18 which—

19 (A) the rate of basic pay may be estab-  
20 lished by the Secretary of the Treasury (or the  
21 Secretary's delegate) at a rate that does not ex-  
22 ceed the salary set in accordance with section  
23 104 of title 3, United States Code; and

24 (B) the total annual compensation paid to  
25 an employee in such a position, including allow-



1           ances, differentials, bonuses, awards, and simi-  
2           lar cash payments, may not exceed the max-  
3           imum amount of total annual compensation  
4           payable at the salary set in accordance with  
5           section 104 of title 3, United States Code.

6           **Subtitle B—Prescription Drug**  
7           **Pricing Reform**

8           **PART 1—LOWERING PRICES THROUGH DRUG**  
9           **PRICE NEGOTIATION**

10          **SEC. 11001. PROVIDING FOR LOWER PRICES FOR CERTAIN**  
11                 **HIGH-PRICED SINGLE SOURCE DRUGS.**

12           (a) PROGRAM TO LOWER PRICES FOR CERTAIN  
13          HIGH-PRICED SINGLE SOURCE DRUGS.—Title XI of the  
14          Social Security Act is amended by adding after section  
15          1184 (42 U.S.C. 1320e–3) the following new part:

16          **“PART E—PRICE NEGOTIATION PROGRAM TO**  
17                 **LOWER PRICES FOR CERTAIN HIGH-PRICED**  
18                 **SINGLE SOURCE DRUGS**

19          **“SEC. 1191. ESTABLISHMENT OF PROGRAM.**

20           “(a) IN GENERAL.—The Secretary shall establish a  
21          Drug Price Negotiation Program (in this part referred to  
22          as the ‘program’). Under the program, with respect to  
23          each price applicability period, the Secretary shall—

24                 “(1) publish a list of selected drugs in accord-  
25                 ance with section 1192;

1           “(2) enter into agreements with manufacturers  
2 of selected drugs with respect to such period, in ac-  
3 cordance with section 1193;

4           “(3) negotiate and, if applicable, renegotiate  
5 maximum fair prices for such selected drugs, in ac-  
6 cordance with section 1194;

7           “(4) carry out the publication and administra-  
8 tive duties and compliance monitoring in accordance  
9 with sections 1195 and 1196.

10          “(b) DEFINITIONS RELATING TO TIMING.—For pur-  
11 poses of this part:

12           “(1) INITIAL PRICE APPLICABILITY YEAR.—The  
13 term ‘initial price applicability year’ means a year  
14 (beginning with 2026).

15           “(2) PRICE APPLICABILITY PERIOD.—The term  
16 ‘price applicability period’ means, with respect to a  
17 qualifying single source drug, the period beginning  
18 with the first initial price applicability year with re-  
19 spect to which such drug is a selected drug and end-  
20 ing with the last year during which the drug is a se-  
21 lected drug.

22           “(3) SELECTED DRUG PUBLICATION DATE.—  
23 The term ‘selected drug publication date’ means,  
24 with respect to each initial price applicability year,

1 February 1 of the year that begins 2 years prior to  
2 such year.

3 “(4) NEGOTIATION PERIOD.—The term ‘nego-  
4 tiation period’ means, with respect to an initial price  
5 applicability year with respect to a selected drug, the  
6 period—

7 “(A) beginning on the sooner of—

8 “(i) the date on which the manufac-  
9 turer of the drug and the Secretary enter  
10 into an agreement under section 1193 with  
11 respect to such drug; or

12 “(ii) February 28 following the se-  
13 lected drug publication date with respect to  
14 such selected drug; and

15 “(B) ending on November 1 of the year  
16 that begins 2 years prior to the initial price ap-  
17 plicability year.

18 “(c) OTHER DEFINITIONS.—For purposes of this  
19 part:

20 “(1) MAXIMUM FAIR PRICE ELIGIBLE INDI-  
21 VIDUAL.—The term ‘maximum fair price eligible in-  
22 dividual’ means, with respect to a selected drug—

23 “(A) in the case such drug is dispensed to  
24 the individual at a pharmacy, by a mail order  
25 service, or by another dispenser, an individual

1           who is enrolled under a prescription drug plan  
2           under part D of title XVIII or an MA–PD plan  
3           under part C of such title if coverage is pro-  
4           vided under such plan for such selected drug;  
5           and

6                   “(B) in the case such drug is furnished or  
7           administered to the individual by a hospital,  
8           physician, or other provider of services or sup-  
9           plier, an individual who is enrolled under part  
10          B of title XVIII, including an individual who is  
11          enrolled under an MA plan under part C of  
12          such title, if such selected drug is covered under  
13          such part.

14                   “(2) MAXIMUM FAIR PRICE.—The term ‘max-  
15          imum fair price’ means, with respect to a year dur-  
16          ing a price applicability period and with respect to  
17          a selected drug (as defined in section 1192(c)) with  
18          respect to such period, the price negotiated pursuant  
19          to section 1194, and updated pursuant to section  
20          1195(b), as applicable, for such drug and year.

21                   “(3) REFERENCE PRODUCT.—The term ‘ref-  
22          erence product’ has the meaning given such term in  
23          section 351(i) of the Public Health Service Act.

24                   “(4) UNIT.—The term ‘unit’ means, with re-  
25          spect to a drug or biological product, the lowest

1 identifiable amount (such as a capsule or tablet, mil-  
2 ligram of molecules, or grams) of the drug or bio-  
3 logical product that is dispensed or furnished. The  
4 determination of a unit, with respect to a drug or  
5 biological product, pursuant to this paragraph shall  
6 not be subject to administrative or judicial review.

7 “(5) TOTAL EXPENDITURES.—The term ‘total  
8 expenditures’ includes, in the case of expenditures  
9 with respect to part D of title XVIII, the total gross  
10 covered prescription drug costs (as defined in section  
11 1860D–15(b)(3)). The term ‘total expenditures’ ex-  
12 cludes, in the case of expenditures with respect to  
13 part B of such title, expenditures for a drug or bio-  
14 logical product that are bundled or packaged into  
15 the payment for another service.

16 “(d) TIMING FOR INITIAL PRICE APPLICABILITY  
17 YEAR 2026.—Notwithstanding the provisions of this part,  
18 in the case of initial price applicability year 2026, the fol-  
19 lowing rules shall apply for purposes of implementing the  
20 program:

21 “(1) Subsection (b)(3) shall be applied by sub-  
22 stituting ‘September 1, 2023’ for ‘, with respect to  
23 each initial price applicability year, February 1 of  
24 the year that begins 2 years prior to such year’.

25 “(2) Subsection (b)(4) shall be applied—

1           “(A) in subparagraph (A)(ii), by sub-  
2           stituting ‘October 1, 2023’ for ‘February 28  
3           following the selected drug publication date  
4           with respect to such selected drug’; and

5           “(B) in subparagraph (B), by substituting  
6           ‘August 1, 2024’ for ‘November 1 of the year  
7           that begins 2 years prior to the initial price ap-  
8           plicability year’.

9           “(3) Section 1192 shall be applied—

10           “(A) in subsection (b)(1)(A), by sub-  
11           stituting ‘during the period beginning on June  
12           1, 2022, and ending on May 31, 2023’ for ‘dur-  
13           ing the most recent period of 12 months prior  
14           to the selected drug publication date (but end-  
15           ing not later than October 31 of the year prior  
16           to the year of such drug publication date), with  
17           respect to such year’;

18           “(B) in subsection (d)(1)(A), by sub-  
19           stituting ‘during the period beginning on June  
20           1, 2022, and ending on May 31, 2023’ for ‘dur-  
21           ing the most recent period for which data are  
22           available of at least 12 months prior to the se-  
23           lected drug publication date (but ending no  
24           later than October 31 of the year prior to the

1 year of such drug publication date), with re-  
2 spect to such year'; and

3 “(C) in subsection (e)(3)(B), by sub-  
4 stituting ‘during the period beginning on June  
5 1, 2022, and ending on May 31, 2023’ for ‘dur-  
6 ing the most recent period for which data are  
7 available of at least 12 months prior to the se-  
8 lected drug publication date (but ending no  
9 later than October 31 of the year prior to the  
10 year of such drug publication date), with re-  
11 spect to such year’.

12 “(4) Section 1193(a) shall be applied by sub-  
13 stituting ‘October 1, 2023’ for ‘February 28 fol-  
14 lowing the selected drug publication date with re-  
15 spect to such selected drug’.

16 “(5) Section 1194(b)(2) shall be applied—

17 “(A) in subparagraph (A), by substituting  
18 ‘October 2, 2023’ for ‘March 1 of the year of  
19 the selected drug publication date, with respect  
20 to the selected drug’;

21 “(B) in subparagraph (B), by substituting  
22 ‘February 1, 2024’ for ‘the June 1 following  
23 the selected drug publication date’; and

24 “(C) in subparagraph (E), by substituting  
25 ‘August 1, 2024’ for ‘the first day of November

1 following the selected drug publication date,  
2 with respect to the initial price applicability  
3 year ’.

4 “(6) Section 1195(a) shall be applied—

5 “(A) in paragraph (1), by substituting  
6 ‘September 1, 2024’ for ‘November 30 of the  
7 year that is 2 years prior to such initial price  
8 applicability year’; and

9 “(B) in paragraph (2), by substituting  
10 ‘March 1, 2025’ for ‘March 1 of the year prior  
11 to such initial price applicability year’.

12 **“SEC. 1192. SELECTION OF NEGOTIATION-ELIGIBLE DRUGS**  
13 **AS SELECTED DRUGS.**

14 “(a) IN GENERAL.—Not later than the selected drug  
15 publication date with respect to an initial price applica-  
16 bility year, in accordance with subsection (b), the Sec-  
17 retary shall select and publish a list of—

18 “(1) with respect to the initial price applica-  
19 bility year 2026, 10 negotiation-eligible drugs de-  
20 scribed in subparagraph (A) of subsection (d)(1),  
21 but not subparagraph (B) of such subsection, with  
22 respect to such year (or, all (if such number is less  
23 than 10) such negotiation-eligible drugs with respect  
24 to such year);



1           “(2) with respect to the initial price applica-  
2           bility year 2027, 15 negotiation-eligible drugs de-  
3           scribed in subparagraph (A) of subsection (d)(1),  
4           but not subparagraph (B) of such subsection, with  
5           respect to such year (or, all (if such number is less  
6           than 15) such negotiation-eligible drugs with respect  
7           to such year);

8           “(3) with respect to the initial price applica-  
9           bility year 2028, 15 negotiation-eligible drugs de-  
10          scribed in subparagraph (A) or (B) of subsection  
11          (d)(1) with respect to such year (or, all (if such  
12          number is less than 15) such negotiation-eligible  
13          drugs with respect to such year); and

14          “(4) with respect to the initial price applica-  
15          bility year 2029 or a subsequent year, 20 negotia-  
16          tion-eligible drugs described in subparagraph (A) or  
17          (B) of subsection (d)(1), with respect to such year  
18          (or, all (if such number is less than 20) such nego-  
19          tiation-eligible drugs with respect to such year); and  
20          Subject to subsection (c)(2) and section 1194(f)(5), each  
21          drug published on the list pursuant to the previous sen-  
22          tence shall be subject to the negotiation process under sec-  
23          tion 1194 for the negotiation period with respect to such  
24          initial price applicability year (and the renegotiation proc-

1 ess under such section as applicable for any subsequent  
2 year during the applicable price applicability period).

3 “(b) SELECTION OF DRUGS.—

4 “(1) IN GENERAL.—In carrying out subsection  
5 (a)(1), subject to paragraph (2), the Secretary shall,  
6 with respect to an initial price applicability year, do  
7 the following:

8 “(A) Rank negotiation-eligible drugs de-  
9 scribed in subsection (d)(1) according to the  
10 total expenditures for such drugs under parts B  
11 and D of title XVIII, as determined by the Sec-  
12 retary, during the most recent period of 12  
13 months prior to the selected drug publication  
14 date (but ending not later than October 31 of  
15 the year prior to the year of such drug publica-  
16 tion date), with respect to such year, for which  
17 data are available, with the negotiation-eligible  
18 drugs with the highest total expenditures being  
19 ranked the highest.

20 “(B) Select from such ranked drugs with  
21 respect to such year the negotiation-eligible  
22 drugs with the highest such rankings.

23 “(2) HIGH SPEND PART D DRUGS FOR 2026 AND  
24 2027.—With respect to the initial price applicability  
25 year 2026 and with respect to the initial price appli-

1       cability year 2027, the Secretary shall apply para-  
2       graph (1) as if the reference to ‘negotiation-eligible  
3       drugs described in subsection (d)(1)’ were a ref-  
4       erence to ‘negotiation-eligible drugs described in sub-  
5       section (d)(1)(A)’ and as if the reference to ‘total ex-  
6       penditures for such drugs under parts B and D of  
7       title XVIII’ were a reference to ‘total expenditures  
8       for such drugs under part D of title XVIII’.

9       “(c) SELECTED DRUG.—

10           “(1) IN GENERAL.—For purposes of this part,  
11       in accordance with subsection (e)(2) and subject to  
12       paragraph (2), each negotiation-eligible drug in-  
13       cluded on the list published under subsection (a)  
14       with respect to an initial price applicability year  
15       shall be referred to as a ‘selected drug’ with respect  
16       to such year and each subsequent year beginning be-  
17       fore the first year that begins at least 9 months  
18       after the date on which the Secretary determines at  
19       least one drug or biological product—

20           “(A) is approved or licensed (as applica-  
21       ble)—

22           “(i) under section 505(j) of the Fed-  
23       eral Food, Drug, and Cosmetic Act using  
24       such drug as the listed drug; or

1                   “(ii) under section 351(k) of the Pub-  
2                   lic Health Service Act using such drug as  
3                   the reference product; and

4                   “(B) is marketed pursuant to such ap-  
5                   proval or licensure.

6                   “(2) CLARIFICATION.—A negotiation-eligible  
7                   drug—

8                   “(A) that is included on the list published  
9                   under subsection (a) with respect to an initial  
10                  price applicability year; and

11                  “(B) for which the Secretary makes a de-  
12                  termination described in paragraph (1) before  
13                  or during the negotiation period with respect to  
14                  such initial price applicability year;

15                  shall not be subject to the negotiation process under  
16                  section 1194 with respect to such negotiation period  
17                  and shall continue to be considered a selected drug  
18                  under this part with respect to the number of nego-  
19                  tiation-eligible drugs published on the list under sub-  
20                  section (a) with respect to such initial price applica-  
21                  bility year.

22                  “(d) NEGOTIATION-ELIGIBLE DRUG.—

23                  “(1) IN GENERAL.—For purposes of this part,  
24                  subject to paragraph (2), the term ‘negotiation-eli-  
25                  ble drug’ means, with respect to the selected drug

1 publication date with respect to an initial price ap-  
2 plicability year, a qualifying single source drug, as  
3 defined in subsection (e), that is described in either  
4 of the following subparagraphs (or, with respect to  
5 the initial price applicability year 2026 or 2027, that  
6 is described in subparagraph (A)):

7 “(A) PART D HIGH SPEND DRUGS.—The  
8 qualifying single source drug is, determined in  
9 accordance with subsection (e)(2), among the  
10 50 qualifying single source drugs with the high-  
11 est total expenditures under part D of title  
12 XVIII, as determined by the Secretary in ac-  
13 cordance with paragraph (3), during the most  
14 recent period for which data are available of at  
15 least 12 months prior to the selected drug pub-  
16 lication date (but ending no later than October  
17 31 of the year prior to the year of such drug  
18 publication date), with respect to such year.

19 “(B) PART B HIGH SPEND DRUGS.—The  
20 qualifying single source drug is, determined in  
21 accordance with subsection (e)(2), among the  
22 50 qualifying single source drugs with the high-  
23 est total expenditures under part B of title  
24 XVIII, as determined by the Secretary in ac-

1 cordance with paragraph (3), during such most  
2 recent period, as described in clause (i).

3 “(2) EXCEPTION FOR SMALL BIOTECH  
4 DRUGS.—

5 “(A) IN GENERAL.—Subject to subpara-  
6 graph (C), the term ‘negotiation-eligible drug’  
7 shall not include, with respect to the initial  
8 price applicability years 2026, 2027, and 2028,  
9 a qualifying single source drug that meets ei-  
10 ther of the following:

11 “(i) PART D DRUGS.—The total ex-  
12 penditures for the qualifying single source  
13 drug under part D of title XVIII, as deter-  
14 mined by the Secretary in accordance with  
15 paragraph (3)(B), during 2021—

16 “(I) are equal to or less than 1  
17 percent of the total expenditures  
18 under such part D, as so determined,  
19 for all covered part D drugs (as de-  
20 fined in section 1860D–2(e)) during  
21 such year; and

22 “(II) are equal to at least 80 per-  
23 cent of the total expenditures under  
24 such part D, as so determined, for all  
25 covered part D drugs for which the

1 manufacturer of the drug has an  
2 agreement in effect under section  
3 1860D–14A during such year.

4 “(ii) PART B DRUGS.—The total ex-  
5 penditures for the qualifying single source  
6 drug under part B of title XVIII, as deter-  
7 mined by the Secretary in accordance with  
8 paragraph (3)(B), during 2021—

9 “(I) are equal to or less than 1  
10 percent of the total expenditures  
11 under such part B, as so determined,  
12 for all qualifying single source drugs  
13 covered under such part B during  
14 such year; and

15 “(II) are equal to at least 80 per-  
16 cent of the total expenditures under  
17 such part B, as so determined, for all  
18 qualifying single source drugs of the  
19 manufacturer that are covered under  
20 such part B during such year.

21 “(B) CLARIFICATIONS RELATING TO MAN-  
22 UFACTURERS.—

23 “(i) AGGREGATION RULE.—All per-  
24 sons treated as a single employer under  
25 subsection (a) or (b) of section 52 of the

1 Internal Revenue Code of 1986 shall be  
2 treated as one manufacturer for purposes  
3 of this paragraph.

4 “(ii) LIMITATION.—A drug shall not  
5 be considered to be a qualifying single  
6 source drug described in clause (i) or (ii)  
7 of subparagraph (A) if the manufacturer  
8 of such drug is acquired after 2021 by an-  
9 other manufacturer that does not meet the  
10 definition of a specified manufacturer  
11 under section 1860D–14C(g)(4)(B)(ii), ef-  
12 fective at the beginning of the plan year  
13 immediately following such acquisition or,  
14 in the case of an acquisition before 2025,  
15 effective January 1, 2025.

16 “(C) DRUGS NOT INCLUDED AS SMALL  
17 BIOTECH DRUGS.—The following shall not be  
18 considered a qualifying single source drug de-  
19 scribed in subparagraph (A):

20 “(i) A vaccine that is licensed under  
21 section 351 of the Public Health Service  
22 Act and is marketed pursuant to such sec-  
23 tion.



1                   “(ii) A new formulation, such as an  
2                   extended release formulation, of a quali-  
3                   fying single source drug.

4                   “(3) CLARIFICATIONS AND DETERMINATIONS.—

5                   “(A) PREVIOUSLY SELECTED DRUGS AND  
6                   SMALL BIOTECH DRUGS EXCLUDED.—In apply-  
7                   ing subparagraphs (A) and (B) of paragraph  
8                   (1), the Secretary shall not consider or count—

9                   “(i) drugs that are already selected  
10                  drugs; and

11                  “(ii) for initial price applicability  
12                  years 2026, 2027, and 2028, qualifying  
13                  single source drugs described in paragraph  
14                  (2)(A).

15                  “(B) USE OF DATA.—In determining  
16                  whether a qualifying single source drug satisfies  
17                  any of the criteria described in paragraph (1)  
18                  or (2), the Secretary shall use data that is ag-  
19                  gregated across dosage forms and strengths of  
20                  the drug, including new formulations of the  
21                  drug, such as an extended release formulation,  
22                  and not based on the specific formulation or  
23                  package size or package type of the drug.

24                  “(e) QUALIFYING SINGLE SOURCE DRUG.—



1 and is marketed under section 351 of such  
2 Act;

3 “(ii) for which, as of the selected drug  
4 publication date with respect to such initial  
5 price applicability year, at least 11 years  
6 will have elapsed since the date of such li-  
7 censure; and

8 “(iii) that is not the reference product  
9 for any biological product that is licensed  
10 and marketed under section 351(k) of such  
11 Act.

12 “(2) TREATMENT OF AUTHORIZED GENERIC  
13 DRUGS.—

14 “(A) IN GENERAL.—In the case of a quali-  
15 fying single source drug described in subpara-  
16 graph (A) or (B) of paragraph (1) that is the  
17 listed drug (as such term is used in section  
18 505(j) of the Federal Food, Drug, and Cos-  
19 metic Act) or a product described in clause (ii)  
20 of subparagraph (B), with respect to an author-  
21 ized generic drug, in applying the provisions of  
22 this part, such authorized generic drug and  
23 such listed drug or such product shall be treat-  
24 ed as the same qualifying single source drug.

1                   “(B) AUTHORIZED GENERIC DRUG DE-  
2                   FINED.—For purposes of this paragraph, the  
3                   term ‘authorized generic drug’ means—

4                   “(i) in the case of a drug, an author-  
5                   ized generic drug (as such term is defined  
6                   in section 505(t)(3) of the Federal Food,  
7                   Drug, and Cosmetic Act); and

8                   “(ii) in the case of a biological prod-  
9                   uct, a product that—

10                   “(I) has been licensed under sec-  
11                   tion 351(a) of such Act; and

12                   “(II) is marketed, sold, or dis-  
13                   tributed directly or indirectly to retail  
14                   class of trade under a different label-  
15                   ing, packaging (other than repack-  
16                   aging as the reference product in blis-  
17                   ter packs, unit doses, or similar pack-  
18                   aging for use in institutions), product  
19                   code, labeler code, trade name, or  
20                   trade mark than the reference prod-  
21                   uct.

22                   “(3) EXCLUSIONS.—In this part, the term  
23                   ‘qualifying single source drug’ does not include any  
24                   of the following:

1           “(A) CERTAIN ORPHAN DRUGS.—A drug  
2 that is designated as a drug for only one rare  
3 disease or condition under section 526 of the  
4 Federal Food, Drug, and Cosmetic Act and for  
5 which the only approved indication (or indica-  
6 tions) is for such disease or condition.

7           “(B) LOW SPEND MEDICARE DRUGS.—A  
8 drug or biological product with respect to which  
9 the total expenditures under parts B and D of  
10 title XVIII, as determined by the Secretary,  
11 during the most recent period for which data  
12 are available of at least 12 months prior to the  
13 selected drug publication date (but ending no  
14 later than October 31 of the year prior to the  
15 year of such drug publication date), with re-  
16 spect to such year, is less than—

17                   “(i) with respect to 2021,  
18                   \$200,000,000; or

19                   “(ii) with respect to a subsequent  
20 year, the dollar amount specified in this  
21 subparagraph for the previous year in-  
22 creased by the annual percentage increase  
23 in the consumer price index for all urban  
24 consumers (all items; United States city

1 average) for the 12-month period ending  
2 with September of such previous year.

3 “(C) PLASMA-DERIVED PRODUCTS.—A bio-  
4 logical product that is derived from human  
5 whole blood or plasma.

6 “(f) NO ADMINISTRATIVE OR JUDICIAL REVIEW.—  
7 The determination of negotiation-eligible drugs under sub-  
8 section (d), the determination of qualifying single source  
9 drugs under subsection (e), and the selection of drugs  
10 under this section are not subject to administrative or ju-  
11 dicial review.

12 **“SEC. 1193. MANUFACTURER AGREEMENTS.**

13 “(a) IN GENERAL.—For purposes of section  
14 1191(a)(2), the Secretary shall enter into agreements with  
15 manufacturers of selected drugs with respect to a price  
16 applicability period, by not later than February 28 fol-  
17 lowing the selected drug publication date with respect to  
18 such selected drug, under which—

19 “(1) during the negotiation period for the initial  
20 price applicability year for the selected drug, the  
21 Secretary and the manufacturer, in accordance with  
22 section 1194, negotiate to determine (and, by not  
23 later than the last date of such period, agree to) a  
24 maximum fair price for such selected drug of the

1 manufacturer in order for the manufacturer to pro-  
2 vide access to such price—

3 “(A) to maximum fair price eligible indi-  
4 viduals who with respect to such drug are de-  
5 scribed in subparagraph (A) of section  
6 1191(c)(1) and are dispensed such drug (and to  
7 pharmacies, mail order services, and other dis-  
8 pensers, with respect to such maximum fair  
9 price eligible individuals who are dispensed such  
10 drugs) during, subject to paragraph (2), the  
11 price applicability period; and

12 “(B) to hospitals, physicians, and other  
13 providers of services and suppliers with respect  
14 to maximum fair price eligible individuals who  
15 with respect to such drug are described in sub-  
16 paragraph (B) of such section and are fur-  
17 nished or administered such drug during, sub-  
18 ject to paragraph (2), the price applicability pe-  
19 riod;

20 “(2) the Secretary and the manufacturer shall,  
21 in accordance with section 1194, renegotiate (and,  
22 by not later than the last date of such period, agree  
23 to) the maximum fair price for such drug, in order  
24 for the manufacturer to provide access to such max-  
25 imum fair price (as so renegotiated)—

1           “(A) to maximum fair price eligible indi-  
2           viduals who with respect to such drug are de-  
3           scribed in subparagraph (A) of section  
4           1191(c)(1) and are dispensed such drug (and to  
5           pharmacies, mail order services, and other dis-  
6           pensers, with respect to such maximum fair  
7           price eligible individuals who are dispensed such  
8           drugs) during any year during the price appli-  
9           cability period (beginning after such renegoti-  
10          ation) with respect to such selected drug; and

11           “(B) to hospitals, physicians, and other  
12          providers of services and suppliers with respect  
13          to maximum fair price eligible individuals who  
14          with respect to such drug are described in sub-  
15          paragraph (B) of such section and are fur-  
16          nished or administered such drug during any  
17          year described in subparagraph (A);

18           “(3) subject to subsection (d), access to the  
19          maximum fair price (including as renegotiated pur-  
20          suant to paragraph (2)), with respect to such a se-  
21          lected drug, shall be provided by the manufacturer  
22          to—

23           “(A) maximum fair price eligible individ-  
24          uals, who with respect to such drug are de-  
25          scribed in subparagraph (A) of section



1 1191(c)(1), at the pharmacy, mail order service,  
2 or other dispenser at the point-of-sale of such  
3 drug (and shall be provided by the manufac-  
4 turer to the pharmacy, mail order service, or  
5 other dispenser, with respect to such maximum  
6 fair price eligible individuals who are dispensed  
7 such drugs), as described in paragraph (1)(A)  
8 or (2)(A), as applicable; and

9 “(B) hospitals, physicians, and other pro-  
10 viders of services and suppliers with respect to  
11 maximum fair price eligible individuals who  
12 with respect to such drug are described in sub-  
13 paragraph (B) of such section and are fur-  
14 nished or administered such drug, as described  
15 in paragraph (1)(B) or (2)(B), as applicable;

16 “(4) the manufacturer submits to the Sec-  
17 retary, in a form and manner specified by the Sec-  
18 retary, for the negotiation period for the price appli-  
19 cability period (and, if applicable, before any period  
20 of renegotiation pursuant to section 1194(f)) with  
21 respect to such drug—

22 “(A) information on the non-Federal aver-  
23 age manufacturer price (as defined in section  
24 8126(h)(5) of title 38, United States Code) for  
25 the drug for the applicable year or period; and

1                   “(B) information that the Secretary re-  
2                   quires to carry out the negotiation (or renegoti-  
3                   ation process) under this part; and

4                   “(5) the manufacturer complies with require-  
5                   ments determined by the Secretary to be necessary  
6                   for purposes of administering the program and mon-  
7                   itoring compliance with the program.

8                   “(b) AGREEMENT IN EFFECT UNTIL DRUG IS NO  
9                   LONGER A SELECTED DRUG.—An agreement entered into  
10                  under this section shall be effective, with respect to a se-  
11                  lected drug, until such drug is no longer considered a se-  
12                  lected drug under section 1192(c).

13                  “(c) CONFIDENTIALITY OF INFORMATION.—Informa-  
14                  tion submitted to the Secretary under this part by a man-  
15                  ufacturer of a selected drug that is proprietary informa-  
16                  tion of such manufacturer (as determined by the Sec-  
17                  retary) shall be used only by the Secretary or disclosed  
18                  to and used by the Comptroller General of the United  
19                  States for purposes of carrying out this part.

20                  “(d) NONDUPLICATION WITH 340B CEILING  
21                  PRICE.—Under an agreement entered into under this sec-  
22                  tion, the manufacturer of a selected drug shall not be re-  
23                  quired to provide access to the maximum fair price under  
24                  subsection (a)(3), with respect to such selected drug and  
25                  maximum fair price eligible individuals who are eligible to

1 be furnished, administered, or dispensed such selected  
2 drug at a covered entity described in section 340B(a)(4)  
3 of the Public Health Service Act, to such covered entity  
4 if such selected drug is subject to an agreement described  
5 in section 340B(a)(1) of such Act and the ceiling price  
6 (defined in section 340B(a)(1) of such Act) is lower than  
7 the maximum fair price for such selected drug, except that  
8 the manufacturer shall provide for the maximum fair price  
9 to such covered entity with respect to maximum fair price  
10 eligible individuals who are eligible to be furnished, admin-  
11 istered, or dispensed such selected drug at such entity at  
12 such ceiling price in a nonduplicated amount to the ceiling  
13 price if the maximum fair price is below the ceiling price  
14 for such selected drug.

15 **“SEC. 1194. NEGOTIATION AND RENEGOTIATION PROCESS.**

16 “(a) IN GENERAL.—For purposes of this part, under  
17 an agreement under section 1193 between the Secretary  
18 and a manufacturer of a selected drug (or selected drugs),  
19 with respect to the period for which such agreement is  
20 in effect and in accordance with subsections (b), (c), and  
21 (d), the Secretary and the manufacturer—

22 “(1) shall during the negotiation period with re-  
23 spect to such drug, in accordance with this section,  
24 negotiate a maximum fair price for such drug for  
25 the purpose described in section 1193(a)(1); and

1           “(2) renegotiate, in accordance with the process  
2           specified pursuant to subsection (f), such maximum  
3           fair price for such drug for the purpose described in  
4           section 1193(a)(2) if such drug is a renegotiation-el-  
5           igible drug under such subsection.

6           “(b) NEGOTIATION PROCESS REQUIREMENTS.—

7           “(1) METHODOLOGY AND PROCESS.—The Sec-  
8           retary shall develop and use a consistent method-  
9           ology and process, in accordance with paragraph (2),  
10          for negotiations under subsection (a) that aims to  
11          achieve the lowest maximum fair price for each se-  
12          lected drug.

13          “(2) SPECIFIC ELEMENTS OF NEGOTIATION  
14          PROCESS.—As part of the negotiation process under  
15          this section, with respect to a selected drug and the  
16          negotiation period with respect to the initial price  
17          applicability year with respect to such drug, the fol-  
18          lowing shall apply:

19                 “(A) SUBMISSION OF INFORMATION.—Not  
20                 later than March 1 of the year of the selected  
21                 drug publication date, with respect to the se-  
22                 lected drug, the manufacturer of the drug shall  
23                 submit to the Secretary, in accordance with sec-  
24                 tion 1193(a)(4), the information described in  
25                 such section.

1           “(B) INITIAL OFFER BY SECRETARY.—Not  
2 later than the June 1 following the selected  
3 drug publication date, the Secretary shall pro-  
4 vide the manufacturer of a selected drug with  
5 a written initial offer that contains the Sec-  
6 retary’s proposal for the maximum fair price of  
7 the drug and a list of the factors described in  
8 section 1194(e) that were used in developing  
9 such offer.

10           “(C) RESPONSE TO INITIAL OFFER.—

11           “(i) IN GENERAL.—Not later than 30  
12 days after the date of receipt of an initial  
13 offer under subparagraph (B), the manu-  
14 facturer shall either accept such offer or  
15 propose a counteroffer to such offer.

16           “(ii) COUNTEROFFER REQUIRE-  
17 MENTS.—If a manufacturer proposes a  
18 counteroffer, such counteroffer—

19                   “(I) shall be in writing; and

20                   “(II) shall be justified based on  
21 the factors described in subsection (e).

22           “(D) RESPONSE TO COUNTEROFFER.—  
23 After receiving a counteroffer under subpara-  
24 graph (C), the Secretary shall respond in writ-  
25 ing to such counteroffer.

1           “(E) DEADLINE.—All negotiations between  
2 the Secretary and the manufacturer of the se-  
3 lected drug shall end prior to the first day of  
4 November following the selected drug publica-  
5 tion date, with respect to the initial price appli-  
6 cability year.

7           “(F) LIMITATIONS ON OFFER AMOUNT.—  
8 In negotiating the maximum fair price of a se-  
9 lected drug, with respect to an initial price ap-  
10 plicability year for the selected drug, and, as  
11 applicable, in renegotiating the maximum fair  
12 price for such drug, with respect to a subse-  
13 quent year during the price applicability period  
14 for such drug, the Secretary shall not offer (or  
15 agree to a counteroffer for) a maximum fair  
16 price for the selected drug that—

17           “(i) exceeds the ceiling determined  
18 under subsection (c) for the selected drug  
19 and year; or

20           “(ii) as applicable, is less than the  
21 floor determined under subsection (d) for  
22 the selected drug and year.

23           “(G) TREATMENT OF DETERMINATION.—  
24 The determination of a maximum fair price

1 under this section is not subject to administra-  
2 tive or judicial review.

3 “(c) CEILING FOR MAXIMUM FAIR PRICE.—

4 “(1) GENERAL CEILING.—

5 “(A) IN GENERAL.—The maximum fair  
6 price negotiated under this section for a se-  
7 lected drug, with respect to the first year of the  
8 price applicability period with respect to such  
9 drug, shall not exceed the lower of the amount  
10 under subparagraph (B) or the amount under  
11 subparagraph (C).

12 “(B) SUBPARAGRAPH (B) AMOUNT.—An  
13 amount equal to the following:

14 “(i) COVERED PART D DRUG.—In the  
15 case of a covered part D drug (as defined  
16 in section 1860D–2(e)), the sum of the  
17 plan specific enrollment weighted amounts  
18 for each prescription drug plan or MA–PD  
19 plan (as determined under paragraph (2)).

20 “(ii) PART B DRUG OR BIOLOGICAL.—  
21 In the case of a drug or biological product  
22 covered under part B of title XVIII, the  
23 payment amount under section  
24 1847A(b)(4) for the drug or biological  
25 product for the year prior to the year of

1 the selected drug publication date with re-  
2 spect to the initial price applicability year  
3 for the drug or biological product.

4 “(C) SUBPARAGRAPH (C) AMOUNT.—An  
5 amount equal to the applicable percent de-  
6 scribed in paragraph (3), with respect to such  
7 drug, of the following:

8 “(i) INITIAL PRICE APPLICABILITY  
9 YEAR 2026.—In the case of a selected drug  
10 with respect to which such initial price ap-  
11 plicability year is 2026, the average non-  
12 Federal average manufacturer price for  
13 such drug for 2021 (or, in the case that  
14 there is not an average non-Federal aver-  
15 age manufacturer price available for such  
16 drug for 2021, for the first full year fol-  
17 lowing the market entry for such drug), in-  
18 creased by the percentage increase in the  
19 consumer price index for all urban con-  
20 sumers (all items; United States city aver-  
21 age) from September 2021 (or December  
22 of such first full year following the market  
23 entry), as applicable, to September of the  
24 year prior to the year of the selected drug



1 publication date with respect to such initial  
2 price applicability year.

3 “(ii) INITIAL PRICE APPLICABILITY  
4 YEAR 2027 AND SUBSEQUENT YEARS.—In  
5 the case of a selected drug with respect to  
6 which such initial price applicability year is  
7 2027 or a subsequent year, the lower of—

8 “(I) the average non-Federal av-  
9 erage manufacturer price for such  
10 drug for 2021 (or, in the case that  
11 there is not an average non-Federal  
12 average manufacturer price available  
13 for such drug for 2021, for the first  
14 full year following the market entry  
15 for such drug), increased by the per-  
16 centage increase in the consumer price  
17 index for all urban consumers (all  
18 items; United States city average)  
19 from September 2021 (or December  
20 of such first full year following the  
21 market entry), as applicable, to Sep-  
22 tember of the year prior to the year of  
23 the selected drug publication date  
24 with respect to such initial price appli-  
25 cability year; or

1                   “(II) the average non-Federal av-  
2                   erage manufacturer price for such  
3                   drug for the year prior to the selected  
4                   drug publication date with respect to  
5                   such initial price applicability year.

6                   “(2) PLAN SPECIFIC ENROLLMENT WEIGHTED  
7                   AMOUNT.—For purposes of paragraph (1)(B)(i), the  
8                   plan specific enrollment weighted amount for a pre-  
9                   scription drug plan or an MA–PD plan with respect  
10                  to a covered Part D drug is an amount equal to the  
11                  product of—

12                  “(A) the negotiated price of the drug  
13                  under such plan under part D of title XVIII,  
14                  net of all price concessions received by such  
15                  plan or pharmacy benefit managers on behalf of  
16                  such plan, for the most recent year for which  
17                  data is available; and

18                  “(B) a fraction—

19                          “(i) the numerator of which is the  
20                          total number of individuals enrolled in  
21                          such plan in such year; and

22                          “(ii) the denominator of which is the  
23                          total number of individuals enrolled in a  
24                          prescription drug plan or an MA–PD plan  
25                          in such year.

1           “(3) APPLICABLE PERCENT DESCRIBED.—For  
2 purposes of this subsection, the applicable percent  
3 described in this paragraph is the following:

4           “(A) SHORT-MONOPOLY DRUGS AND VAC-  
5 CINES.—With respect to a selected drug (other  
6 than an extended-monopoly drug and a long-  
7 monopoly drug), 75 percent.

8           “(B) EXTENDED-MONOPOLY DRUGS.—  
9 With respect to an extended-monopoly drug, 65  
10 percent.

11           “(C) LONG-MONOPOLY DRUGS.—With re-  
12 spect to a long-monopoly drug, 40 percent.

13           “(4) EXTENDED-MONOPOLY DRUG DEFINED.—

14           “(A) IN GENERAL.—In this part, subject  
15 to subparagraph (B), the term ‘extended-mo-  
16 nopoly drug’ means, with respect to an initial  
17 price applicability year, a selected drug for  
18 which at least 12 years, but fewer than 16  
19 years, have elapsed since the date of approval  
20 of such drug under section 505(c) of the Fed-  
21 eral Food, Drug, and Cosmetic Act or since the  
22 date of licensure of such drug under section  
23 351(a) of the Public Health Service Act, as ap-  
24 plicable.

1           “(B) EXCLUSIONS.—The term ‘extended-  
2 monopoly drug’ shall not include any of the fol-  
3 lowing:

4                   “(i) A vaccine that is licensed under  
5 section 351 of the Public Health Service  
6 Act and marketed pursuant to such sec-  
7 tion.

8                   “(ii) A selected drug for which a man-  
9 ufacturer had an agreement under this  
10 part with the Secretary with respect to an  
11 initial price applicability year that is before  
12 2030.

13           “(C) CLARIFICATION.—Nothing in sub-  
14 paragraph (B)(ii) shall limit the transition of a  
15 selected drug described in paragraph (3)(A) to  
16 a long-monopoly drug if the selected drug meets  
17 the definition of a long-monopoly drug.

18           “(5) LONG-MONOPOLY DRUG DEFINED.—

19                   “(A) IN GENERAL.—In this part, subject  
20 to subparagraph (B), the term ‘long-monopoly  
21 drug’ means, with respect to an initial price ap-  
22 plicability year, a selected drug for which at  
23 least 16 years have elapsed since the date of  
24 approval of such drug under section 505(c) of  
25 the Federal Food, Drug, and Cosmetic Act or

1           since the date of licensure of such drug under  
2           section 351(a) of the Public Health Service Act,  
3           as applicable.

4           “(B) EXCLUSION.—The term ‘long-monop-  
5           oly drug’ shall not include a vaccine that is li-  
6           censed under section 351 of the Public Health  
7           Service Act and marketed pursuant to such sec-  
8           tion.

9           “(6) AVERAGE NON-FEDERAL AVERAGE MANU-  
10          FACTURER PRICE.—In this part, the term ‘average  
11          non-Federal average manufacturer price’ means the  
12          average of the non-Federal average manufacturer  
13          price (as defined in section 8126(h)(5) of title 38,  
14          United States Code) for the 4 calendar quarters of  
15          the year involved.

16          “(d) TEMPORARY FLOOR FOR SMALL BIOTECH  
17          DRUGS.—In the case of a selected drug that is a quali-  
18          fying single source drug described in section 1192(d)(2)  
19          and with respect to which the first initial price applica-  
20          bility year of the price applicability period with respect to  
21          such drug is 2029 or 2030, the maximum fair price nego-  
22          tiated under this section for such drug for such initial  
23          price applicability year may not be less than 66 percent  
24          of the average non-Federal average manufacturer price for  
25          such drug (as defined in subsection (c)(6)) for 2021 (or,

1 in the case that there is not an average non-Federal aver-  
2 age manufacturer price available for such drug for 2021,  
3 for the first full year following the market entry for such  
4 drug), increased by the percentage increase in the con-  
5 sumer price index for all urban consumers (all items;  
6 United States city average) from September 2021 (or De-  
7 cember of such first full year following the market entry),  
8 as applicable, to September of the year prior to the se-  
9 lected drug publication date with respect to the initial  
10 price applicability year.

11 “(e) FACTORS.—For purposes of negotiating the  
12 maximum fair price of a selected drug under this part with  
13 the manufacturer of the drug, the Secretary shall consider  
14 the following factors (and, with respect to extended-mo-  
15 nopoly drugs and long-monopoly drugs, shall not, except  
16 in making a determination of a material change under  
17 subsection (f)(2)(D), consider factors other than those de-  
18 scribed in subparagraphs (B) and (C) of paragraph (1)):

19 “(1) MANUFACTURER-SPECIFIC INFORMA-  
20 TION.—The following information, with respect to  
21 such selected drug, including as submitted by the  
22 manufacturer:

23 “(A) Research and development costs of  
24 the manufacturer for the drug and the extent to

1           which the manufacturer has recouped research  
2           and development costs.

3           “(B) Market data for the drug.

4           “(C) Unit costs of production and distribu-  
5           tion of the drug.

6           “(D) Prior Federal financial support for  
7           novel therapeutic discovery and development  
8           with respect to the drug.

9           “(E) Data on patents and on existing and  
10          pending exclusivity for the drug.

11          “(F) National sales data for the drug.

12          “(G) Information on clinical trials for the  
13          drug.

14          “(2) INFORMATION ON ALTERNATIVE TREAT-  
15          MENTS.—The following information, with respect to  
16          such selected drug and therapeutic alternatives to  
17          such drug:

18                 “(A) The extent to which such drug rep-  
19                 resents a therapeutic advance as compared to  
20                 existing therapeutic alternatives and, to the ex-  
21                 tent such information is available, the costs of  
22                 such existing therapeutic alternatives.

23                 “(B) Approval by the Food and Drug Ad-  
24                 ministration of such drug and therapeutic alter-  
25                 natives of such drug.

1           “(C) Comparative effectiveness of such  
2           drug and therapeutic alternatives to such drug,  
3           taking into consideration the effects of such  
4           drug and therapeutic alternatives of such drug  
5           on specific populations, such as individuals with  
6           disabilities, the elderly, the terminally ill, chil-  
7           dren, and other patient populations.

8           “(D) The extent to which such drug and  
9           therapeutic alternatives to such drug address  
10          unmet medical needs for a condition for which  
11          treatment or diagnosis is not addressed ade-  
12          quately by available therapy.

13          In considering information described in subpara-  
14          graph (C), the Secretary shall not use evidence or  
15          findings from comparative clinical effectiveness re-  
16          search in a manner that treats extending the life of  
17          an elderly, disabled, or terminally ill individual as of  
18          lower value than extending the life of an individual  
19          who is younger, nondisabled, or not terminally ill.

20          “(f) RENEGOTIATION PROCESS.—

21                 “(1) IN GENERAL.—In the case of a renegoti-  
22                 ation-eligible drug (as defined in paragraph (2)) that  
23                 is selected under paragraph (3), the Secretary shall  
24                 provide for a process of renegotiation (for years (be-  
25                 ginning with 2028) during the price applicability pe-



1       riod, with respect to such drug) of the maximum fair  
2       price for such drug consistent with paragraph (4).

3           “(2) RENEGOTIATION-ELIGIBLE DRUG DE-  
4       FINED.—In this section, the term ‘renegotiation-eli-  
5       gible drug’ means a selected drug that is any of the  
6       following:

7           “(A) ADDITION OF NEW INDICATION.—A  
8       selected drug for which a new indication is  
9       added to the drug.

10          “(B) CHANGE OF STATUS TO AN EX-  
11       TENDED-MONOPOLY DRUG.—A selected drug  
12       that—

13           “(i) is not an extended-monopoly or a  
14       long-monopoly drug; and

15           “(ii) for which there is a change in  
16       status to that of an extended-monopoly  
17       drug.

18          “(C) CHANGE OF STATUS TO A LONG-MO-  
19       NOPOLY DRUG.—A selected drug that—

20           “(i) is not a long-monopoly drug; and

21           “(ii) for which there is a change in  
22       status to that of a long-monopoly drug.

23          “(D) MATERIAL CHANGES.—A selected  
24       drug for which the Secretary determines there  
25       has been a material change of any of the fac-

1           tors described in paragraph (1) or (2) of sub-  
2           section (e).

3           “(3) SELECTION OF DRUGS FOR RENEGOTI-  
4           ATION.—Each year the Secretary shall select among  
5           renegotiation-eligible drugs for renegotiation as fol-  
6           lows:

7                   “(A) ALL EXTENDED-MONOPOLY NEGOTIA-  
8                   TION-ELIGIBLE DRUGS.—The Secretary shall  
9                   select all renegotiation-eligible drugs described  
10                  in paragraph (2)(B).

11                  “(B) ALL LONG-MONOPOLY NEGOTIATION-  
12                  ELIGIBLE DRUGS.—The Secretary shall select  
13                  all renegotiation-eligible drugs described in  
14                  paragraph (2)(C).

15                  “(C) REMAINING DRUGS.—Among the re-  
16                  maining renegotiation-eligible drugs described  
17                  in subparagraphs (A) and (D) of paragraph (2),  
18                  the Secretary shall select renegotiation-eligible  
19                  drugs for which the Secretary expects renegoti-  
20                  ation is likely to result in a significant change  
21                  in the maximum fair price otherwise negotiated.

22                  “(4) RENEGOTIATION PROCESS.—The Secretary  
23                  shall specify the process for renegotiation of max-  
24                  imum fair prices with the manufacturer of a renegoti-  
25                  ation-eligible drug selected for renegotiation under

1       this subsection. Such process shall, to the extent  
2       practicable, be consistent with the methodology and  
3       process established under subsection (b) and in ac-  
4       cordance with subsections (c) and (d), and for pur-  
5       poses of applying subsections (c) and (d), the ref-  
6       erence to the first initial price applicability year of  
7       the price applicability period with respect to such  
8       drug shall be treated as the first initial price appli-  
9       cability year of such period for which the maximum  
10      fair price established pursuant to such renegotiation  
11      applies, including for applying subsection (c)(3)(B)  
12      in the case of renegotiation-eligible drugs described  
13      in paragraph (3)(A) of this subsection and sub-  
14      section (c)(3)(C) in the case of renegotiation-eligible  
15      drugs described in paragraph (3)(B) of this sub-  
16      section.

17           “(5) CLARIFICATION.—A renegotiation-eligible  
18      drug for which the Secretary makes a determination  
19      described in section 1192(c)(1) before or during the  
20      period of renegotiation shall not be subject to the re-  
21      negotiation process under this section.

22           “(6) NO ADMINISTRATIVE OR JUDICIAL RE-  
23      VIEW.—The determination of renegotiation-eligible  
24      drugs under paragraph (2) and the selection of re-

1 negotiation-eligible drugs under paragraph (3) are  
2 not subject to administrative or judicial review.

3 “(g) LIMITATION.—

4 “(1) IN GENERAL.—In no case shall the max-  
5 imum fair price negotiated under this section for a  
6 selected drug that is a qualifying single source drug  
7 described in section 1192(e)(1) apply before—

8 “(A) in the case the selected drug is a  
9 qualifying single source drug described in sub-  
10 paragraph (A) of section 1192(e)(1), the date  
11 that is 9 years after the day on which the drug  
12 was approved under section 505(c) of the Fed-  
13 eral Food, Drug, and Cosmetic Act; and

14 “(B) in the case the selected drug is a  
15 qualifying single source drug described in sub-  
16 paragraph (B) of section 1192(e)(1), the date  
17 that is 13 years after the day on which the  
18 drug was licensed under section 351(a) of the  
19 Public Health Service Act.

20 “(2) CLARIFICATION.—The maximum fair price  
21 for a selected drug described in subparagraph (A) or  
22 (B) of paragraph (1) shall take effect no later than  
23 the first day of the first calendar quarter that begins  
24 after the date described in subparagraph (A) or (B),  
25 as applicable.

1 **“SEC. 1195. PUBLICATION OF MAXIMUM FAIR PRICES.**

2 “(a) IN GENERAL.—With respect to an initial price  
3 applicability year and a selected drug with respect to such  
4 year—

5 “(1) not later than November 30 of the year  
6 that is 2 years prior to such initial price applicability  
7 year, the Secretary shall publish the maximum fair  
8 price for such drug negotiated with the manufac-  
9 turer of such drug under this part; and

10 “(2) not later than March 1 of the year prior  
11 to such initial price applicability year, the Secretary  
12 shall publish, subject to section 1193(c), the expla-  
13 nation for the maximum fair price with respect to  
14 the factors as applied under section 1194(e) for such  
15 drug described in paragraph (1).

16 “(b) UPDATES.—

17 “(1) SUBSEQUENT YEAR MAXIMUM FAIR  
18 PRICES.—For a selected drug, for each year subse-  
19 quent to the first initial price applicability year of  
20 the price applicability period with respect to such  
21 drug, with respect to which an agreement for such  
22 drug is in effect under section 1193, not later than  
23 November 30 of the year that is 2 years prior to  
24 such subsequent year, the Secretary shall publish  
25 the maximum fair price applicable to such drug and  
26 year, which shall be—



1           “(1) The establishment of procedures to ensure  
2           that the maximum fair price for a selected drug is  
3           applied before—

4                   “(A) any coverage or financial assistance  
5                   under other health benefit plans or programs  
6                   that provide coverage or financial assistance for  
7                   the purchase or provision of prescription drug  
8                   coverage on behalf of maximum fair price eligi-  
9                   ble individuals; and

10                   “(B) any other discounts.

11           “(2) The establishment of procedures to com-  
12           pute and apply the maximum fair price across dif-  
13           ferent strengths and dosage forms of a selected drug  
14           and not based on the specific formulation or package  
15           size or package type of such drug.

16           “(3) The establishment of procedures to carry  
17           out the provisions of this part, as applicable, with  
18           respect to—

19                   “(A) maximum fair price eligible individ-  
20                   uals who are enrolled under a prescription drug  
21                   plan under part D of title XVIII or an MA-PD  
22                   plan under part C of such title; and

23                   “(B) maximum fair price eligible individ-  
24                   uals who are enrolled under part B of such

1 title, including who are enrolled under an MA  
2 plan under part C of such title.

3 “(4) The establishment of a negotiation process  
4 and renegotiation process in accordance with section  
5 1194.

6 “(5) The establishment of a process for manu-  
7 facturers to submit information described in section  
8 1194(b)(2)(A).

9 “(6) The sharing with the Secretary of the  
10 Treasury of such information as is necessary to de-  
11 termine the tax imposed by section 4192 of the In-  
12 ternal Revenue Code of 1986 (relating to enforce-  
13 ment of this part).

14 “(7) The establishment of procedures for pur-  
15 poses of applying section 1192(d)(2)(B).

16 “(b) COMPLIANCE MONITORING.—The Secretary  
17 shall monitor compliance by a manufacturer with the  
18 terms of an agreement under section 1193 and establish  
19 a mechanism through which violations of such terms shall  
20 be reported.

21 **“SEC. 1197. CIVIL MONETARY PENALTIES.**

22 “(a) VIOLATIONS RELATING TO OFFERING OF MAX-  
23 IMUM FAIR PRICE.—Any manufacturer of a selected drug  
24 that has entered into an agreement under section 1193,  
25 with respect to a year during the price applicability period



1 with respect to such drug, that does not provide access  
2 to a price that is not more than the maximum fair price  
3 (or a lesser price) for such drug for such year—

4 “(1) to a maximum fair price eligible individual  
5 who with respect to such drug is described in sub-  
6 paragraph (A) of section 1191(c)(1) and who is dis-  
7 pensed such drug during such year (and to phar-  
8 macies, mail order services, and other dispensers,  
9 with respect to such maximum fair price eligible in-  
10 dividuals who are dispensed such drugs); or

11 “(2) to a hospital, physician, or other provider  
12 of services or supplier with respect to maximum fair  
13 price eligible individuals who with respect to such  
14 drug is described in subparagraph (B) of such sec-  
15 tion and is furnished or administered such drug by  
16 such hospital, physician, or provider or supplier dur-  
17 ing such year;

18 shall be subject to a civil monetary penalty equal to ten  
19 times the amount equal to the product of the number of  
20 units of such drug so furnished, dispensed, or adminis-  
21 tered during such year and the difference between the  
22 price for such drug made available for such year by such  
23 manufacturer with respect to such individual or hospital,  
24 physician, provider of services, or supplier and the max-  
25 imum fair price for such drug for such year.

1           “(b) VIOLATIONS OF CERTAIN TERMS OF AGREE-  
2 MENT.—Any manufacturer of a selected drug that has en-  
3 tered into an agreement under section 1193, with respect  
4 to a year during the price applicability period with respect  
5 to such drug, that is in violation of a requirement imposed  
6 pursuant to section 1193(a)(5), including the requirement  
7 to submit information pursuant to section 1193(a)(4),  
8 shall be subject to a civil monetary penalty equal to  
9 \$1,000,000 for each day of such violation.

10           “(c) FALSE INFORMATION.—Any manufacturer that  
11 knowingly provides false information pursuant to section  
12 1196(a)(7) shall be subject to a civil monetary penalty  
13 equal to \$100,000,000 for each item of such false informa-  
14 tion.

15           “(d) APPLICATION.—The provisions of section 1128A  
16 (other than subsections (a) and (b)) shall apply to a civil  
17 monetary penalty under this section in the same manner  
18 as such provisions apply to a penalty or proceeding under  
19 section 1128A(a).”.

20           (b) APPLICATION OF MAXIMUM FAIR PRICES AND  
21 CONFORMING AMENDMENTS.—

22                   (1) UNDER MEDICARE.—

23                           (A) APPLICATION TO PAYMENTS UNDER  
24 PART B.—Section 1847A(b)(1)(B) of the Social  
25 Security Act (42 U.S.C. 1395w-3a(b)(1)(B)) is

1 amended by inserting “or in the case of such a  
2 drug or biological product that is a selected  
3 drug (as referred to in section 1192(c)), with  
4 respect to a price applicability period (as de-  
5 fined in section 1191(b)(2)), 106 percent of the  
6 maximum fair price (as defined in section  
7 1191(c)(2)) applicable for such drug and a year  
8 during such period” after “paragraph (4)”.

9 (B) APPLICATION UNDER MA OF COST-  
10 SHARING FOR PART B DRUGS BASED OFF OF  
11 NEGOTIATED PRICE.—Section  
12 1852(a)(1)(B)(iv) of the Social Security Act  
13 (42 U.S.C. 1395w–22(a)(1)(B)(iv)) is amend-  
14 ed—

15 (i) by redesignating subclause (VII) as  
16 subclause (VIII); and

17 (ii) by inserting after subclause (VI)  
18 the following subclause:

19 “(VII) A drug or biological prod-  
20 uct that is a selected drug (as referred  
21 to in section 1192(c)).”.

22 (C) EXCEPTION TO PART D NON-INTER-  
23 FERENCE.—Section 1860D–11(i) of the Social  
24 Security Act (42 U.S.C. 1395w–111(i)) is  
25 amended—

1 (i) in paragraph (1), by striking  
2 “and” at the end;

3 (ii) in paragraph (2), by striking the  
4 period at the end and inserting “, except  
5 as provided under section 1860D–  
6 4(b)(3)(l); and”; and

7 (iii) by adding at the end the fol-  
8 lowing new paragraph:

9 “(3) may not institute a price structure for the  
10 reimbursement of covered part D drugs, except as  
11 provided under part E of title XI.”

12 (D) APPLICATION AS NEGOTIATED PRICE  
13 UNDER PART D.—Section 1860D–2(d)(1) of the  
14 Social Security Act (42 U.S.C. 1395w–  
15 102(d)(1)) is amended—

16 (i) in subparagraph (B), by inserting  
17 “, subject to subparagraph (D),” after  
18 “negotiated prices”; and

19 (ii) by adding at the end the following  
20 new subparagraph:

21 “(D) APPLICATION OF MAXIMUM FAIR  
22 PRICE FOR SELECTED DRUGS.—In applying this  
23 section, in the case of a covered part D drug  
24 that is a selected drug (as referred to in section  
25 1192(c)), with respect to a price applicability

1 period (as defined in section 1191(b)(2)), the  
2 negotiated prices used for payment (as de-  
3 scribed in this subsection) shall be no greater  
4 than the maximum fair price (as defined in sec-  
5 tion 1191(c)(2)) for such drug and for each  
6 year during such period plus any dispensing  
7 fees for such drug.”.

8 (E) COVERAGE OF SELECTED DRUGS.—  
9 Section 1860D–4(b)(3) of the Social Security  
10 Act (42 U.S.C. 1395w–104(b)(3)) is amended  
11 by adding at the end the following new sub-  
12 paragraph:

13 “(I) REQUIRED INCLUSION OF SELECTED  
14 DRUGS.—

15 “(i) IN GENERAL.—For 2026 and  
16 each subsequent year, the PDP sponsor of-  
17 fering a prescription drug plan shall in-  
18 clude each covered part D drug that is a  
19 selected drug under section 1192 for which  
20 an agreement for such drug is in effect  
21 under section 1193 with respect to the  
22 year.

23 “(ii) CLARIFICATION.—Nothing in  
24 clause (i) shall be construed as prohibiting  
25 a PDP sponsor from removing such a se-

1           lected drug from a formulary if such re-  
2           moval would be permitted under section  
3           423.120(b)(5)(iv) of title 42, Code of Fed-  
4           eral Regulations (or any successor regula-  
5           tion).”.

6           (F) INFORMATION FROM PRESCRIPTION  
7           DRUG PLANS AND MA-PD PLANS REQUIRED.—

8                   (i) PRESCRIPTION DRUG PLANS.—Sec-  
9                   tion 1860D-12(b) of the Social Security  
10                   Act (42 U.S.C. 1395w-112(b)) is amended  
11                   by adding at the end the following new  
12                   paragraph:

13                   “(8) PROVISION OF INFORMATION RELATED TO  
14                   MAXIMUM FAIR PRICES.—Each contract entered into  
15                   with a PDP sponsor under this part with respect to  
16                   a prescription drug plan offered by such sponsor  
17                   shall require the sponsor to provide information to  
18                   the Secretary as requested by the Secretary in ac-  
19                   cordance with section 1194(g).”.

20                   (ii) MA-PD PLANS.—Section  
21                   1857(f)(3) of the Social Security Act (42  
22                   U.S.C. 1395w-27(f)(3)) is amended by  
23                   adding at the end the following new sub-  
24                   paragraph:

1                   “(E) PROVISION OF INFORMATION RE-  
2                   LATED TO MAXIMUM FAIR PRICES.—Section  
3                   1860D–12(b)(8).”.

4                   (2) DRUG PRICE NEGOTIATION PROGRAM  
5                   PRICES INCLUDED IN BEST PRICE.—Section  
6                   1927(c)(1)(C) of the Social Security Act (42 U.S.C.  
7                   1396r–8(c)(1)(C)) is amended—

8                   (A) in clause (i)(VI), by striking “any  
9                   prices charged” and inserting “subject to clause  
10                  (ii)(V), any prices charged”; and

11                  (B) in clause (ii)—

12                   (i) in subclause (III), by striking “;  
13                   and” at the end;

14                   (ii) in subclause (IV), by striking the  
15                   period at the end and inserting “; and”;  
16                   and

17                   (iii) by adding at the end the fol-  
18                   lowing new subclause:

19                   “(V) in the case of a rebate pe-  
20                   riod and a covered outpatient drug  
21                   that is a selected drug (as referred to  
22                   in section 1192(e)) during such rebate  
23                   period, shall be inclusive of the max-  
24                   imum fair price (as defined in section

1 1191(e)(2)) for such drug with re-  
2 spect to such period.”.

3 (3) MAXIMUM FAIR PRICES EXCLUDED FROM  
4 AVERAGE MANUFACTURER PRICE.—Section  
5 1927(k)(1)(B)(i) of the Social Security Act (42  
6 U.S.C. 1396r-8(k)(1)(B)(i)) is amended—

7 (A) in subclause (IV) by striking “; and”  
8 at the end;

9 (B) in subclause (V) by striking the period  
10 at the end and inserting “; and”; and

11 (C) by adding at the end the following new  
12 subclause:

13 “(VI) any reduction in price paid  
14 during the rebate period to the manu-  
15 facturer for a drug by reason of appli-  
16 cation of part E of title XI.”.

17 (c) IMPLEMENTATION FOR 2026 THROUGH 2028.—  
18 The Secretary of Health and Human Services shall imple-  
19 ment this section, including the amendments made by this  
20 section, for 2026, 2027, and 2028 by program instruction  
21 or other forms of program guidance.



1 **SEC. 11002. SPECIAL RULE TO DELAY SELECTION AND NE-**  
2 **GOTIATION OF BIOLOGICS FOR BIOSIMILAR**  
3 **MARKET ENTRY.**

4 (a) IN GENERAL.—Part E of title XI of the Social  
5 Security Act, as added by section 11001, is amended—

6 (1) in section 1192—

7 (A) in subsection (a), in the flush matter  
8 following paragraph (2), by inserting “and sub-  
9 section (b)(3)” after “the previous sentence”;

10 (B) in subsection (b)—

11 (i) in paragraph (1), by adding at the  
12 end the following new subparagraph:

13 “(C) In the case of a biological product for  
14 which the inclusion of the biological product as  
15 a selected drug on a list published under sub-  
16 section (a) has been delayed under subsection  
17 (f)(2), remove such biological product from the  
18 rankings under subparagraph (A) before mak-  
19 ing the selections under subparagraph (B).”;  
20 and

21 (ii) by adding at the end the following  
22 new paragraph:

23 “(3) INCLUSION OF DELAYED BIOLOGICAL  
24 PRODUCTS.—Pursuant to subparagraphs (B)(ii)(I)  
25 and (C)(i) of subsection (f)(2), the Secretary shall  
26 select and include on the list published under sub-

1 section (a) the biological products described in such  
2 subparagraphs. Such biological products shall count  
3 towards the required number of drugs to be selected  
4 under subsection (a)(1).”;

5 (C) by redesignating subsection (f) as sub-  
6 section (g);

7 (D) by inserting after subsection (e) the  
8 following new subsection:

9 “(f) SPECIAL RULE TO DELAY SELECTION AND NE-  
10 GOTIATION OF BIOLOGICS FOR BIOSIMILAR MARKET  
11 ENTRY.—

12 “(1) APPLICATION.—

13 “(A) IN GENERAL.—Subject to subpara-  
14 graph (B), in the case of a biological product  
15 that would (but for this subsection) be an ex-  
16 tended-monopoly drug (as defined in section  
17 1194(c)(4)) included as a selected drug on the  
18 list published under subsection (a) with respect  
19 to an initial price applicability year, the rules  
20 described in paragraph (2) shall apply if the  
21 Secretary determines that there is a high likeli-  
22 hood (as described in paragraph (3)) that a bio-  
23 similar biological product (for which such bio-  
24 logical product will be the reference product)  
25 will be licensed and marketed under section

1 351(k) of the Public Health Service Act before  
2 the date that is 2 years after the selected drug  
3 publication date with respect to such initial  
4 price applicability year.

5 “(B) REQUEST REQUIRED.—

6 “(i) IN GENERAL.—The Secretary  
7 shall not provide for a delay under—

8 “(I) paragraph (2)(A) unless a  
9 request is made for such a delay by a  
10 manufacturer of a biosimilar biological  
11 product prior to the selected drug  
12 publication date for the list published  
13 under subsection (a) with respect to  
14 the initial price applicability year for  
15 which the biological product would  
16 have been included as a selected drug  
17 on such list but for subparagraph  
18 (2)(A); or

19 “(II) paragraph (2)(B)(iii) unless  
20 a request is made for such a delay by  
21 such a manufacturer prior to the se-  
22 lected drug publication date for the  
23 list published under subsection (a)  
24 with respect to the initial price appli-  
25 cability year that is 1 year after the

1 initial price applicability year for  
2 which the biological product described  
3 in subsection (a) would have been in-  
4 cluded as a selected drug on such list  
5 but for paragraph (2)(A).

6 “(ii) INFORMATION AND DOCU-  
7 MENTS.—

8 “(I) IN GENERAL.—A request  
9 made under clause (i) shall be sub-  
10 mitted to the Secretary by such man-  
11 ufacturer at a time and in a form and  
12 manner specified by the Secretary,  
13 and contain—

14 “(aa) information and docu-  
15 ments necessary for the Sec-  
16 retary to make determinations  
17 under this subsection, as speci-  
18 fied by the Secretary; and

19 “(bb) all agreements related  
20 to the biosimilar biological prod-  
21 uct filed with the Federal Trade  
22 Commission or the Assistant At-  
23 torney General pursuant to sub-  
24 sections (a) and (c) of section  
25 1112 of the Medicare Prescrip-

1                   tion Drug, Improvement, and  
2                   Modernization Act of 2003.

3                   “(II) ADDITIONAL INFORMATION  
4                   AND DOCUMENTS.—After the Sec-  
5                   retary has reviewed the request and  
6                   materials submitted under subclause  
7                   (I), the manufacturer shall submit  
8                   any additional information and docu-  
9                   ments requested by the Secretary nec-  
10                  essary to make determinations under  
11                  this subsection.

12                  “(C) AGGREGATION RULE.—

13                  “(i) IN GENERAL.—All persons treat-  
14                  ed as a single employer under subsection  
15                  (a) or (b) of section 52 of the Internal  
16                  Revenue Code of 1986, or in a partnership,  
17                  shall be treated as one manufacturer for  
18                  purposes of paragraph (2)(D)(iv).

19                  “(ii) PARTNERSHIP DEFINED.—In  
20                  clause (i), the term ‘partnership’ means a  
21                  syndicate, group, pool, joint venture, or  
22                  other organization through or by means of  
23                  which any business, financial operation, or  
24                  venture is carried on by the manufacturer

1 of the biological product and the manufac-  
2 turer of the biosimilar biological product.

3 “(2) RULES DESCRIBED.—The rules described  
4 in this paragraph are the following:

5 “(A) DELAYED SELECTION AND NEGOTIA-  
6 TION FOR 1 YEAR.—If a determination of high  
7 likelihood is made under paragraph (3), the  
8 Secretary shall delay the inclusion of the bio-  
9 logical product as a selected drug on the list  
10 published under subsection (a) until such list is  
11 published with respect to the initial price appli-  
12 cability year that is 1 year after the initial price  
13 applicability year for which the biological prod-  
14 uct would have been included as a selected drug  
15 on such list.

16 “(B) IF NOT LICENSED AND MARKETED  
17 DURING THE INITIAL DELAY.—

18 “(i) IN GENERAL.—If, during the  
19 time period between the selected drug pub-  
20 lication date on which the biological prod-  
21 uct would have been included on the list as  
22 a selected drug pursuant to subsection (a)  
23 but for subparagraph (A) and the selected  
24 drug publication date with respect to the  
25 initial price applicability year that is 1

1 year after the initial price applicability  
2 year for which such biological product  
3 would have been included as a selected  
4 drug on such list, the Secretary determines  
5 that the biosimilar biological product for  
6 which the manufacturer submitted the re-  
7 quest under paragraph (1)(B)(i)(II) (and  
8 for which the Secretary previously made a  
9 high likelihood determination under para-  
10 graph (3)) has not been licensed and mar-  
11 keted under such section 351(k), the Sec-  
12 retary shall, at the request of such manu-  
13 facturer—

14 “(I) reevaluate whether there is a  
15 high likelihood (as described in para-  
16 graph (3)) that such biosimilar bio-  
17 logical product will be licensed and  
18 marketed under such section 351(k)  
19 before the selected drug publication  
20 date that is 2 years after the selected  
21 drug publication date for which such  
22 biological product would have been in-  
23 cluded as a selected drug on such list  
24 published but for subparagraph (A);  
25 and





1 after the initial price applicability year  
2 for which such biological product  
3 would have been included as a selected  
4 drug on such list but for subpara-  
5 graph (A); and

6 “(II) the manufacturer of such  
7 biological product shall pay a rebate  
8 under paragraph (4) with respect to  
9 the year for which such manufacturer  
10 would have provided access to a max-  
11 imum fair price for such biological  
12 product but for subparagraph (A).

13 “(iii) SECOND 1-YEAR DELAY.—If the  
14 Secretary determines that there is a high  
15 likelihood that such biosimilar biological  
16 product will be licensed and marketed (as  
17 described in clause (i)(I)) and a significant  
18 amount of progress has been made by the  
19 manufacturer of such biosimilar biological  
20 product towards such licensure and mar-  
21 keting (as described in clause (i)(II)), the  
22 Secretary shall delay the inclusion of the  
23 biological product as a selected drug on the  
24 list published under subsection (a) until  
25 the selected drug publication date of such

1 list with respect to the initial price applica-  
2 bility year that is 2 years after the initial  
3 price applicability year for which such bio-  
4 logical product would have been included  
5 as a selected drug on such list but for this  
6 subsection.

7 “(C) IF NOT LICENSED AND MARKETED  
8 DURING THE YEAR TWO DELAY.—If, during the  
9 time period between the selected drug publica-  
10 tion date of the list for which the biological  
11 product would have been included as a selected  
12 drug but for subparagraph (B)(iii) and the se-  
13 lected drug publication date with respect to the  
14 initial price applicability year that is 2 years  
15 after the initial price applicability year for  
16 which such biological product would have been  
17 included as a selected drug on such list but for  
18 this subsection, the Secretary determines that  
19 such biosimilar biological product has not been  
20 licensed and marketed—

21 “(i) the Secretary shall include such  
22 biological product as a selected drug on  
23 such list with respect to the initial price  
24 applicability year that is 2 years after the  
25 initial price applicability year for which

1 such biological product would have been in-  
2 cluded as a selected drug on such list; and

3 “(ii) the manufacturer of such biologi-  
4 cal product shall pay a rebate under para-  
5 graph (4) with respect to the years for  
6 which such manufacturer would have pro-  
7 vided access to a maximum fair price for  
8 such biological product but for this sub-  
9 section.

10 “(D) LIMITATIONS ON DELAYS.—

11 “(i) LIMITED TO 2 YEARS.—In no  
12 case shall the Secretary delay the inclusion  
13 of a biological product on the list published  
14 under subsection (a) for more than 2  
15 years.

16 “(ii) EXCLUSION OF BIOLOGICAL  
17 PRODUCTS THAT TRANSITIONED TO A  
18 LONG-MONOPOLY DRUG DURING THE  
19 DELAY.—In the case of a biological prod-  
20 uct for which the inclusion on the list pub-  
21 lished pursuant to subsection (a) was de-  
22 layed by 1 year under subparagraph (A)  
23 and for which there would have been a  
24 change in status to a long-monopoly drug  
25 (as defined in section 1194(c)(5)) if such

1 biological product had been a selected  
2 drug, in no case may the Secretary provide  
3 for a second 1-year delay under subpara-  
4 graph (B)(iii).

5 “(iii) EXCLUSION OF BIOLOGICAL  
6 PRODUCTS IF MORE THAN 1 YEAR SINCE  
7 LICENSURE.—In no case shall the Sec-  
8 retary delay the inclusion of a biological  
9 product on the list published under sub-  
10 section (a) if more than 1 year has elapsed  
11 since the biosimilar biological product has  
12 been licensed under section 351(k) and  
13 marketing has not commenced for such  
14 biosimilar biological product.

15 “(iv) CERTAIN MANUFACTURERS OF  
16 BIOSIMILAR BIOLOGICAL PRODUCTS EX-  
17 CLUDED.—In no case shall the Secretary  
18 delay the inclusion of a biological product  
19 as a selected drug on the list published  
20 under subsection (a) if the manufacturer  
21 of the biosimilar biological product de-  
22 scribed in paragraph (1)(A)—

23 “(I) is the same as the manufac-  
24 turer of the reference product de-  
25 scribed in such paragraph or is treat-

1 ed as being the same pursuant to  
2 paragraph (1)(C);

3 “(II) has—

4 “(aa) in the past 5 years,  
5 been subject to exclusion under  
6 section 1128(b)(7) or to the im-  
7 position of civil monetary pen-  
8 alties under section 1128A; or

9 “(bb) an integrity agreement  
10 in effect with the Inspector Gen-  
11 eral of the Department of Health  
12 and Human Services that was  
13 entered into in lieu of exclusion  
14 under section 1128(b)(7);

15 “(III) is currently subject to a  
16 cease and desist order or an injunc-  
17 tion in a proceeding or civil action  
18 brought by the Federal Trade Com-  
19 mission except for proceedings or ac-  
20 tions related solely to a merger or ac-  
21 quisition; or

22 “(IV) has entered into any agree-  
23 ment described in paragraph  
24 (1)(B)(ii)(I)(bb) with the manufac-  
25 turer of the reference product de-

1                   scribed in paragraph (1)(A) that re-  
2                   quires or incentivizes the manufac-  
3                   turer of the biosimilar biological prod-  
4                   uct to submit a request described in  
5                   paragraph (1)(B).

6                   “(E) PUBLIC NOTIFICATION.—If the Sec-  
7                   retary delays the inclusion of a biological prod-  
8                   uct as a selected drug on the list published  
9                   under this section pursuant to subparagraph  
10                  (A) or (B)(iii), the Secretary shall, within 30  
11                  days of making the determination with respect  
12                  to such delay, provide notification to the public  
13                  of such delay in a form and manner determined  
14                  by the Secretary.

15                  “(3) HIGH LIKELIHOOD.—

16                  “(A) IN GENERAL.—For purposes of this  
17                  subsection, there is a high likelihood described  
18                  in paragraph (1) or paragraph (2), as applica-  
19                  ble, if the Secretary finds that—

20                  “(i) an application for licensure under  
21                  such section 351(k) for the biosimilar bio-  
22                  logical product has been accepted for re-  
23                  view or approved by the Food and Drug  
24                  Administration; and

1           “(ii) information from documents de-  
2           scribed in paragraph (1)(B)(ii) submitted  
3           by the manufacturer requesting a delay  
4           under paragraph (1)(B) to the Secretary  
5           provides clear and convincing evidence that  
6           such biosimilar biological product will,  
7           within the time period specified under  
8           paragraph (1)(A) or (2)(B)(i)(I), be mar-  
9           keted.

10           “(B) ITEMS DESCRIBED.—The items de-  
11           scribed in this subparagraph are the following:

12           “(i) The manufacturing schedule for  
13           such biosimilar biological product sub-  
14           mitted to the Food and Drug Administra-  
15           tion during its review of the application  
16           under such section 351(k).

17           “(ii) Disclosures (in filings by the  
18           manufacturer of such biosimilar biological  
19           product with the Securities and Exchange  
20           Commission required under section 12(b),  
21           12(g), 13(a), or 15(d) of the Securities Ex-  
22           change Act of 1934 about capital invest-  
23           ment, revenue expectations, and actions  
24           taken by the manufacturer that are typical  
25           of the normal course of business in the

1 year (or the 2 years, as applicable) before  
2 marketing of a biosimilar biological prod-  
3 uct) that pertain to the marketing of such  
4 biosimilar biological product, or com-  
5 parable documentation that is distributed  
6 to the shareholders of privately held com-  
7 panies.

8 “(iii) Agreements filed with the Fed-  
9 eral Trade Commission or the Assistant  
10 Attorney General pursuant to subsections  
11 (a) and (c) of section 1112 of the Medicare  
12 Prescription Drug, Improvement, and  
13 Modernization Act of 2003.

14 “(4) REBATE.—

15 “(A) IN GENERAL.—For purposes of sub-  
16 paragraphs (B)(ii)(II) and (C)(ii) of paragraph  
17 (2), in the case of a biological product for which  
18 the inclusion on the list under subsection (a)  
19 was delayed under this subsection and for  
20 which the Secretary has negotiated and entered  
21 into an agreement under section 1193 with re-  
22 spect to such biological product, the manufac-  
23 turer shall be required to pay a rebate to the  
24 Secretary at such time and in such manner as  
25 determined by the Secretary.



1                   “(B) AMOUNT.—Subject to subparagraph  
2                   (C), the amount of the rebate under subpara-  
3                   graph (A) with respect to a biological product  
4                   shall be equal to the estimated amount—

5                   “(i) in the case of a biological product  
6                   that is a covered part D drug (as defined  
7                   in section 1860D–2(e)), that is the sum of  
8                   the products of—

9                   “(I) 75 percent of the amount by  
10                  which—

11                  “(aa) the average manufac-  
12                  turer price, as reported by the  
13                  manufacturer of such covered  
14                  part D drug under section 1927  
15                  (or, if not reported by such man-  
16                  ufacturer under section 1927, as  
17                  reported by such manufacturer to  
18                  the Secretary pursuant to the  
19                  agreement under section  
20                  1193(a)) for such biological prod-  
21                  uct, with respect to each of the  
22                  calendar quarters of the price ap-  
23                  plicability period that would have  
24                  applied but for this subsection;  
25                  exceeds

1                   “(bb) in the initial price ap-  
2                   plicability year that would have  
3                   applied but for a delay under—

4                                 “(AA)           paragraph  
5                                 (2)(A), the maximum fair  
6                                 price negotiated under sec-  
7                                 tion 1194 for such biological  
8                                 product under such agree-  
9                                 ment; or

10                                “(BB)           paragraph  
11                                (2)(B)(iii), such maximum  
12                                fair price, increased by the  
13                                annual percentage increase  
14                                in the consumer price index  
15                                for all urban consumers (all  
16                                items; United States city av-  
17                                erage) for the 12-month pe-  
18                                riod ending with September  
19                                of such previous year; and

20                                “(II) the number of units dis-  
21                                pensed under part D of title XVIII  
22                                for such covered part D drug during  
23                                each such quarter of such price appli-  
24                                cability period; and



1 in the consumer price index  
2 for all urban consumers (all  
3 items; United States city av-  
4 erage) for the 12-month pe-  
5 riod ending with September  
6 of such previous year; and

7 “(II) the number of units (ex-  
8 cluding units that are packaged into  
9 the payment amount for an item or  
10 service and are not separately payable  
11 under such part B) of the billing and  
12 payment code of such biological prod-  
13 uct administered or furnished under  
14 such part B during each such cal-  
15 endar quarter of such price applica-  
16 bility period.

17 “(C) SPECIAL RULE FOR DELAYED BIO-  
18 LOGICAL PRODUCTS THAT ARE LONG-MONOP-  
19 OLY DRUGS.—

20 “(i) IN GENERAL.—In the case of a  
21 biological product with respect to which a  
22 rebate is required to be paid under this  
23 paragraph, if such biological product quali-  
24 fies as a long-monopoly drug (as defined in  
25 section 1194(c)(5)) at the time of its inclu-

1 sion on the list published under subsection  
2 (a), in determining the amount of the re-  
3 bate for such biological product under sub-  
4 paragraph (B), the amount described in  
5 clause (ii) shall be substituted for the max-  
6 imum fair price described in clause (i)(I)  
7 or (ii)(I) of such subparagraph (B), as ap-  
8 plicable.

9 “(ii) AMOUNT DESCRIBED.—The  
10 amount described in this clause is an  
11 amount equal to 65 percent of the average  
12 non-Federal average manufacturer price  
13 for the biological product for 2021 (or, in  
14 the case that there is not an average non-  
15 Federal average manufacturer price avail-  
16 able for such biological product for 2021,  
17 for the first full year following the market  
18 entry for such biological product), in-  
19 creased by the percentage increase in the  
20 consumer price index for all urban con-  
21 sumers (all items; United States city aver-  
22 age) from September 2021 (or December  
23 of such first full year following the market  
24 entry), as applicable, to September of the  
25 year prior to the selected drug publication

1 date with respect to the initial price appli-  
2 cability year that would have applied but  
3 for this subsection.

4 “(D) REBATE DEPOSITS.—Amounts paid  
5 as rebates under this paragraph shall be depos-  
6 ited into—

7 “(i) in the case payment is made for  
8 such biological product under part B of  
9 title XVIII, the Federal Supplementary  
10 Medical Insurance Trust Fund established  
11 under section 1841; and

12 “(ii) in the case such biological prod-  
13 uct is a covered part D drug (as defined in  
14 section 1860D–2(e)), the Medicare Pre-  
15 scription Drug Account under section  
16 1860D–16 in such Trust Fund.

17 “(5) DETERMINATIONS.—The determinations of  
18 high likelihood and significant amount of progress  
19 under this subsection and the determinations re-  
20 quired under paragraph (2)(D)(iv) shall be based on  
21 information available to the Secretary, including in-  
22 formation required by the Secretary from the manu-  
23 facturer of the biosimilar biological product making  
24 a request for a delay under this subsection.

1           “(6) DEFINITIONS OF BIOSIMILAR BIOLOGICAL  
2           PRODUCT.—In this subsection, the term ‘biosimilar  
3           biological product’ has the meanings given such term  
4           in section 1847A(c)(6).”; and

5           (E) in subsection (g), as redesignated by  
6           subparagraph (C), by inserting “the application  
7           of subsection (f),” after “subsection (e),”;  
8           (2) in section 1193(a)(4)—

9           (A) in the matter preceding subparagraph  
10          (A), by inserting “and for section 1192(f)”  
11          after “section 1194(f)”;

12          (B) in subparagraph (A), by striking  
13          “and” at the end;

14          (C) by adding at the end the following new  
15          subparagraph:

16               “(C) information that the Secretary re-  
17               quires to carry out section 1192(f), including  
18               rebates under paragraph (4) of such section;  
19               and”;

20          (3) in section 1196(a)(7), by inserting “,  
21          1192(f)(1)(C),” after “sections 1192(d)(2)(B)”;

22          (4) in section 1197—

23               (A) by redesignating subsections (b), (c),  
24               and (d) as subsections (c), (d), and (e), respec-  
25               tively; and

1 (B) by inserting after subsection (a) the  
2 following new subsection:

3 “(b) VIOLATIONS RELATING TO PROVIDING RE-  
4 BATES.—Any manufacturer that fails to comply with the  
5 rebate requirements under section 1192(f)(4) shall be sub-  
6 ject to a civil monetary penalty equal to 10 times the  
7 amount of the rebate the manufacturer failed to pay under  
8 such section.”.

9 (b) CONFORMING AMENDMENTS FOR DISCLOSURE  
10 OF CERTAIN INFORMATION.—Section 1927(b)(3)(D) of  
11 the Social Security Act (42 U.S.C. 1396r–8(b)(3)(D)) is  
12 amended—

13 (1) in clause (vi), by striking “and” at the end;

14 (2) in clause (vii), by striking the period at the  
15 end and inserting “; and”; and

16 (3) by inserting after clause (vii) the following  
17 new clause:

18 “(viii) as the Secretary determines  
19 necessary to carry out section 1192(f), in-  
20 cluding rebates under paragraph (4) of  
21 such section.”.

22 (c) IMPLEMENTATION FOR 2026 THROUGH 2028.—  
23 The Secretary of Health and Human Services shall imple-  
24 ment this section, including the amendments made by this



1 section, for 2026, 2027, and 2028 by program instruction  
2 or other forms of program guidance.

3 **SEC. 11003. SELECTED DRUG MANUFACTURER EXCISE TAX**  
4 **IMPOSED DURING NONCOMPLIANCE PERI-**  
5 **ODS.**

6 (a) IN GENERAL.—Subtitle D of the Internal Rev-  
7 enue Code of 1986 is amended by adding at the end the  
8 following new chapter:

9 **“CHAPTER 50A—SELECTED DRUGS**

“Sec. 5000D. Selected drugs during noncompliance periods.

10 **“SEC. 5000D. SELECTED DRUGS DURING NONCOMPLIANCE**  
11 **PERIODS.**

12 “(a) IN GENERAL.—There is hereby imposed on the  
13 sale by the manufacturer, producer, or importer of any  
14 selected drug during a day described in subsection (b) a  
15 tax in an amount such that the applicable percentage is  
16 equal to the ratio of—

17 “(1) such tax, divided by

18 “(2) the sum of such tax and the price for  
19 which so sold.

20 “(b) NONCOMPLIANCE PERIODS.—A day is described  
21 in this subsection with respect to a selected drug if it is  
22 a day during one of the following periods:

23 “(1) The period beginning on the March 1st  
24 (or, in the case of initial price applicability year

1       2026, the October 2nd) immediately following the  
2       selected drug publication date and ending on the  
3       first date during which the manufacturer of the drug  
4       has in place an agreement described in subsection  
5       (a) of section 1193 of the Social Security Act with  
6       respect to such drug.

7               “(2) The period beginning on the November  
8       2nd immediately following the March 1st described  
9       in paragraph (1) (or, in the case of initial price ap-  
10       plicability year 2026, the August 2nd immediately  
11       following the October 2nd described in such para-  
12       graph) and ending on the first date during which the  
13       manufacturer of the drug and the Secretary of  
14       Health and Human Services have agreed to a max-  
15       imum fair price under such agreement.

16               “(3) In the case of a selected drug with respect  
17       to which the Secretary of Health and Human Serv-  
18       ices has specified a renegotiation period under such  
19       agreement, the period beginning on the first date  
20       after the last date of such renegotiation period and  
21       ending on the first date during which the manufac-  
22       turer of the drug has agreed to a renegotiated max-  
23       imum fair price under such agreement.

24               “(4) With respect to information that is re-  
25       quired to be submitted to the Secretary of Health

1 and Human Services under such agreement, the pe-  
2 riod beginning on the date on which such Secretary  
3 certifies that such information is overdue and ending  
4 on the date that such information is so submitted.

5 “(c) APPLICABLE PERCENTAGE.—For purposes of  
6 this section, the term ‘applicable percentage’ means—

7 “(1) in the case of sales of a selected drug dur-  
8 ing the first 90 days described in subsection (b) with  
9 respect to such drug, 65 percent,

10 “(2) in the case of sales of such drug during  
11 the 91st day through the 180th day described in  
12 subsection (b) with respect to such drug, 75 percent,

13 “(3) in the case of sales of such drug during  
14 the 181st day through the 270th day described in  
15 subsection (b) with respect to such drug, 85 percent,  
16 and

17 “(4) in the case of sales of such drug during  
18 any subsequent day, 95 percent.

19 “(d) SELECTED DRUG.—For purposes of this sec-  
20 tion—

21 “(1) IN GENERAL.—The term ‘selected drug’  
22 means any selected drug (within the meaning of sec-  
23 tion 1192(e) of the Social Security Act) which is  
24 manufactured or produced in the United States or

1 entered into the United States for consumption, use,  
2 or warehousing.

3 “(2) UNITED STATES.—The term ‘United  
4 States’ has the meaning given such term by section  
5 4612(a)(4).

6 “(3) COORDINATION WITH RULES FOR POSSES-  
7 SIONS OF THE UNITED STATES.—Rules similar to  
8 the rules of paragraphs (2) and (4) of section  
9 4132(e) shall apply for purposes of this section.

10 “(e) OTHER DEFINITIONS.—For purposes of this  
11 section, the terms ‘initial price applicability year’, ‘selected  
12 drug publication date’, and ‘maximum fair price’ have the  
13 meaning given such terms in section 1191 of the Social  
14 Security Act.

15 “(f) SPECIAL RULES.—

16 “(1) ANTI-ABUSE RULE.—In the case of a sale  
17 which was timed for the purpose of avoiding the tax  
18 imposed by this section, the Secretary may treat  
19 such sale as occurring during a day described in  
20 subsection (b).

21 “(2) PROHIBITION ON ADMINISTRATIVE AP-  
22 PEALS.—Any tax controversy with respect to the tax  
23 imposed by this section shall not be referred to, or  
24 considered by, the Internal Revenue Service Inde-  
25 pendent Office of Appeals.

1           “(g) EXPORTS.—Rules similar to the rules of section  
2 4662(e) (other than section 4662(e)(2)(A)(ii)(II)) shall  
3 apply for purposes of this chapter.

4           “(h) REGULATIONS.—The Secretary shall prescribe  
5 such regulations and other guidance as may be necessary  
6 or appropriate to carry out this section.”.

7           (b) NO DEDUCTION FOR EXCISE TAX PAYMENTS.—  
8 Section 275(a)(6) of the Internal Revenue Code of 1986  
9 is amended by inserting “50A,” after “46,”.

10          (c) CIVIL ACTIONS FOR REFUND.—Section 7422 of  
11 the Internal Revenue Code of 1986 is amended by insert-  
12 ing after subsection (g) the following new subsection:

13           “(h) SPECIAL RULES FOR EXCISE TAX IMPOSED BY  
14 CHAPTER 50A.—No suit or proceeding shall be main-  
15 tained in any court for the recovery of any tax imposed  
16 under section 5000D until payment has been made by the  
17 taxpayer in an amount equal to the full amount of the  
18 tax imposed under such section (including any interest or  
19 penalties in connection with such tax) with respect to any  
20 sales of a selected drug (as defined in section  
21 5000D(d)(1)) during the period for which a return is re-  
22 quired to be made with respect to such tax (as determined  
23 under regulations prescribed by the Secretary).”.

1 (d) CLERICAL AMENDMENT.—The table of chapters  
2 for subtitle D of the Internal Revenue Code of 1986 is  
3 amended by adding at the end the following new item:

“CHAPTER 50A—SELECTED DRUGS”.

4 (e) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to sales after the date of the enact-  
6 ment of this Act.

7 **SEC. 11004. FUNDING.**

8 In addition to amounts otherwise available, there is  
9 appropriated to the Centers for Medicare & Medicaid Serv-  
10 ices, out of any money in the Treasury not otherwise ap-  
11 propriated, \$3,000,000,000 for fiscal year 2022, to remain  
12 available until expended, to carry out the provisions of,  
13 including the amendments made by, this part.

14 **PART 2—PRESCRIPTION DRUG INFLATION**

15 **REBATES**

16 **SEC. 11101. MEDICARE PART B REBATE BY MANUFACTUR-**  
17 **ERS.**

18 (a) IN GENERAL.—Section 1847A of the Social Secu-  
19 rity Act (42 U.S.C. 1395w–3a) is amended—

20 (1) by redesignating subsection (i) as subsection  
21 (j) and by inserting after subsection (h) the fol-  
22 lowing subsection:

23 “(i) REBATE BY MANUFACTURERS FOR SINGLE  
24 SOURCE DRUGS AND BIOLOGICALS WITH PRICES IN-  
25 CREASING FASTER THAN INFLATION.—

1 “(1) REQUIREMENTS.—

2 “(A) SECRETARIAL PROVISION OF INFOR-  
3 MATION.—Not later than 6 months after the  
4 end of each calendar quarter beginning on or  
5 after January 1, 2023, the Secretary shall, for  
6 each part B rebatable drug, report to each  
7 manufacturer of such part B rebatable drug the  
8 following for such calendar quarter:

9 “(i) Information on the total number  
10 of billing units of the billing and payment  
11 code described in subparagraph (A)(i) of  
12 paragraph (3) with respect to such drug  
13 and calendar quarter.

14 “(ii) Information on the amount (if  
15 any) of the excess average sales price in-  
16 crease described in subparagraph (A)(ii) of  
17 such paragraph for such drug and calendar  
18 quarter.

19 “(iii) The rebate amount specified  
20 under such paragraph for such part B  
21 rebatable drug and calendar quarter.

22 “(B) MANUFACTURER REQUIREMENT.—  
23 For each calendar quarter beginning on or after  
24 January 1, 2023, the manufacturer of a part B  
25 rebatable drug shall, for such drug, not later

1 than 30 days after the date of receipt from the  
2 Secretary of the information described in sub-  
3 paragraph (A) for such calendar quarter, pro-  
4 vide to the Secretary a rebate that is equal to  
5 the amount specified in paragraph (3) for such  
6 drug for such calendar quarter.

7 “(C) TRANSITION RULE FOR REPORT-  
8 ING.—The Secretary may, for each part B  
9 rebatable drug, delay the timeframe for report-  
10 ing the information described in subparagraph  
11 (A) for calendar quarters beginning in 2023  
12 and 2024 until not later than September 30,  
13 2025.

14 “(2) PART B REBATABLE DRUG DEFINED.—

15 “(A) IN GENERAL.—In this subsection, the  
16 term ‘part B rebatable drug’ means a single  
17 source drug or biological (as defined in sub-  
18 paragraph (D) of subsection (c)(6)), including a  
19 biosimilar biological product (as defined in sub-  
20 paragraph (H) of such subsection) but exclud-  
21 ing a qualifying biosimilar biological product  
22 (as defined in subsection (b)(8)(B)(iii)), that  
23 would be payable under this part if such drug  
24 were furnished to an individual enrolled under



1 this part, except such term shall not include  
2 such a drug or biological—

3 “(i) if, as determined by the Sec-  
4 retary, the average total allowed charges  
5 for such drug or biological under this part  
6 for a year per individual that uses such a  
7 drug or biological are less than, subject to  
8 subparagraph (B), \$100; or

9 “(ii) that is a vaccine described in  
10 subparagraph (A) or (B) of section  
11 1861(s)(10).

12 “(B) INCREASE.—The dollar amount ap-  
13 plied under subparagraph (A)(i)—

14 “(i) for 2024, shall be the dollar  
15 amount specified under such subparagraph  
16 for 2023, increased by the percentage in-  
17 crease in the consumer price index for all  
18 urban consumers (United States city aver-  
19 age) for the 12-month period ending with  
20 June of the previous year; and

21 “(ii) for a subsequent year, shall be  
22 the dollar amount specified in this clause  
23 (or clause (i)) for the previous year (with-  
24 out application of subparagraph (C)), in-  
25 creased by the percentage increase in the

1 consumer price index for all urban con-  
2 sumers (United States city average) for  
3 the 12-month period ending with June of  
4 the previous year.

5 “(C) ROUNDING.—Any dollar amount de-  
6 termined under subparagraph (B) that is not a  
7 multiple of \$10 shall be rounded to the nearest  
8 multiple of \$10.

9 “(3) REBATE AMOUNT.—

10 “(A) IN GENERAL.—For purposes of para-  
11 graph (1), the amount specified in this para-  
12 graph for a part B rebatable drug assigned to  
13 a billing and payment code for a calendar quar-  
14 ter is, subject to subparagraphs (B) and (G)  
15 and paragraph (4), the estimated amount equal  
16 to the product of—

17 “(i) the total number of billing units  
18 determined under subparagraph (B) for  
19 the billing and payment code of such drug;  
20 and

21 “(ii) the amount (if any) by which—

22 “(I) the amount equal to—

23 “(aa) in the case of a part B  
24 rebatable drug described in para-  
25 graph (1)(B) of section

1 1847A(b), 106 percent of the  
2 amount determined under para-  
3 graph (4) of such section for  
4 such drug during the calendar  
5 quarter; or

6 “(bb) in the case of a part B  
7 rebatable drug described in para-  
8 graph (1)(C) of such section, the  
9 payment amount under such  
10 paragraph for such drug during  
11 the calendar quarter; exceeds

12 “(II) the inflation-adjusted pay-  
13 ment amount determined under sub-  
14 paragraph (C) for such part B  
15 rebatable drug during the calendar  
16 quarter.

17 “(B) TOTAL NUMBER OF BILLING  
18 UNITS.—For purposes of subparagraph (A)(i),  
19 the total number of billing units with respect to  
20 a part B rebatable drug is determined as fol-  
21 lows:

22 “(i) Determine the total number of  
23 units equal to—

24 “(I) the total number of units, as  
25 reported under subsection (c)(1)(B)

1 for each National Drug Code of such  
2 drug during the calendar quarter that  
3 is two calendar quarters prior to the  
4 calendar quarter as described in sub-  
5 paragraph (A), minus

6 “(II) the total number of units  
7 with respect to each National Drug  
8 Code of such drug for which payment  
9 was made under a State plan under  
10 title XIX (or waiver of such plan), as  
11 reported by States under section  
12 1927(b)(2)(A) for the rebate period  
13 that is the same calendar quarter as  
14 described in subclause (I).

15 “(ii) Convert the units determined  
16 under clause (i) to billing units for the bill-  
17 ing and payment code of such drug, using  
18 a methodology similar to the methodology  
19 used under this section, by dividing the  
20 units determined under clause (i) for each  
21 National Drug Code of such drug by the  
22 billing unit for the billing and payment  
23 code of such drug.

1                   “(iii) Compute the sum of the billing  
2                   units for each National Drug Code of such  
3                   drug in clause (ii).

4                   “(C) DETERMINATION OF INFLATION-AD-  
5                   JUSTED PAYMENT AMOUNT.—The inflation-ad-  
6                   justed payment amount determined under this  
7                   subparagraph for a part B rebatable drug for  
8                   a calendar quarter is—

9                   “(i) the payment amount for the bill-  
10                  ing and payment code for such drug in the  
11                  payment amount benchmark quarter (as  
12                  defined in subparagraph (D)); increased by

13                  “(ii) the percentage by which the re-  
14                  bate period CPI-U (as defined in subpara-  
15                  graph (F)) for the calendar quarter ex-  
16                  ceeds the benchmark period CPI-U (as de-  
17                  fined in subparagraph (E)).

18                  “(D) PAYMENT AMOUNT BENCHMARK  
19                  QUARTER.—The term ‘payment amount bench-  
20                  mark quarter’ means the calendar quarter be-  
21                  ginning July 1, 2021.

22                  “(E) BENCHMARK PERIOD CPI-U.—The  
23                  term ‘benchmark period CPI-U’ means the con-  
24                  sumer price index for all urban consumers  
25                  (United States city average) for January 2021.

1           “(F) REBATE PERIOD CPI-U.—The term  
2           ‘rebate period CPI-U’ means, with respect to a  
3           calendar quarter described in subparagraph  
4           (C), the greater of the benchmark period CPI-  
5           U and the consumer price index for all urban  
6           consumers (United States city average) for the  
7           first month of the calendar quarter that is two  
8           calendar quarters prior to such described cal-  
9           endar quarter.

10           “(G) REDUCTION OR WAIVER FOR SHORT-  
11           AGES AND SEVERE SUPPLY CHAIN DISRUP-  
12           TIONS.—The Secretary shall reduce or waive  
13           the amount under subparagraph (A) with re-  
14           spect to a part B rebatable drug and a calendar  
15           quarter—

16           “(i) in the case of a part B rebatable  
17           drug that is described as currently in  
18           shortage on the shortage list in effect  
19           under section 506E of the Federal Food,  
20           Drug, and Cosmetic Act at any point dur-  
21           ing the calendar quarter; or

22           “(ii) in the case of a biosimilar bio-  
23           logical product, when the Secretary deter-  
24           mines there is a severe supply chain dis-  
25           ruption during the calendar quarter, such

1 as that caused by a natural disaster or  
2 other unique or unexpected event.

3 “(4) SPECIAL TREATMENT OF CERTAIN DRUGS  
4 AND EXEMPTION.—

5 “(A) SUBSEQUENTLY APPROVED DRUGS.—

6 In the case of a part B rebatable drug first ap-  
7 proved or licensed by the Food and Drug Ad-  
8 ministration after December 1, 2020, clause (i)  
9 of paragraph (3)(C) shall be applied as if the  
10 term ‘payment amount benchmark quarter’  
11 were defined under paragraph (3)(D) as the  
12 third full calendar quarter after the day on  
13 which the drug was first marketed and clause  
14 (ii) of paragraph (3)(C) shall be applied as if  
15 the term ‘benchmark period CPI-U’ were de-  
16 fined under paragraph (3)(E) as if the ref-  
17 erence to ‘January 2021’ under such paragraph  
18 were a reference to ‘the first month of the first  
19 full calendar quarter after the day on which the  
20 drug was first marketed’.

21 “(B) TIMELINE FOR PROVISION OF RE-  
22 BATES FOR SUBSEQUENTLY APPROVED  
23 DRUGS.—In the case of a part B rebatable drug  
24 first approved or licensed by the Food and  
25 Drug Administration after December 1, 2020,

1 paragraph (1)(B) shall be applied as if the ref-  
2 erence to ‘January 1, 2023’ under such para-  
3 graph were a reference to ‘the later of the 6th  
4 full calendar quarter after the day on which the  
5 drug was first marketed or January 1, 2023’.

6 “(C) SELECTED DRUGS.—In the case of a  
7 part B rebatable drug that is a selected drug  
8 (as defined in section 1192(c)) with respect to  
9 a price applicability period (as defined in sec-  
10 tion 1191(b)(2)), in the case such drug is no  
11 longer considered to be a selected drug under  
12 section 1192(c), for each applicable period (as  
13 defined under subsection (g)(7)) beginning after  
14 the price applicability period with respect to  
15 such drug, clause (i) of paragraph (3)(C) shall  
16 be applied as if the term ‘payment amount  
17 benchmark quarter’ were defined under para-  
18 graph (3)(D) as the calendar quarter beginning  
19 January 1 of the last year during such price  
20 applicability period with respect to such selected  
21 drug and clause (ii) of paragraph (3)(C) shall  
22 be applied as if the term ‘benchmark period  
23 CPI–U’ were defined under paragraph (3)(E)  
24 as if the reference to ‘January 2021’ under



1           such paragraph were a reference to ‘the July of  
2           the year preceding such last year’.

3           “(5) APPLICATION TO BENEFICIARY COINSUR-  
4           ANCE.—In the case of a part B rebatable drug fur-  
5           nished on or after April 1, 2023, if the payment  
6           amount described in paragraph (3)(A)(ii)(I) (or, in  
7           the case of a part B rebatable drug that is a selected  
8           drug (as defined in section 1192(c)), the payment  
9           amount described in subsection (b)(1)(B) for such  
10          drug) for a calendar quarter exceeds the inflation  
11          adjusted payment for such quarter—

12                   “(A) in computing the amount of any coin-  
13                   surance applicable under this part to an indi-  
14                   vidual to whom such drug is furnished, the  
15                   computation of such coinsurance shall be equal  
16                   to 20 percent of the inflation-adjusted payment  
17                   amount determined under paragraph (3)(C) for  
18                   such part B rebatable drug; and

19                   “(B) the amount of such coinsurance for  
20                   such calendar quarter, as computed under sub-  
21                   paragraph (A), shall be applied as a percent, as  
22                   determined by the Secretary, to the payment  
23                   amount that would otherwise apply under sub-  
24                   paragraphs (B) or (C) of subsection (b)(1).

1           “(6) REBATE DEPOSITS.—Amounts paid as re-  
2           bates under paragraph (1)(B) shall be deposited into  
3           the Federal Supplementary Medical Insurance Trust  
4           Fund established under section 1841.

5           “(7) CIVIL MONEY PENALTY.—If a manufac-  
6           turer of a part B rebatable drug has failed to com-  
7           ply with the requirements under paragraph (1)(B)  
8           for such drug for a calendar quarter, the manufac-  
9           turer shall be subject to, in accordance with a proc-  
10          ess established by the Secretary pursuant to regula-  
11          tions, a civil money penalty in an amount equal to  
12          at least 125 percent of the amount specified in para-  
13          graph (3) for such drug for such calendar quarter.  
14          The provisions of section 1128A (other than sub-  
15          sections (a) (with respect to amounts of penalties or  
16          additional assessments) and (b)) shall apply to a  
17          civil money penalty under this paragraph in the  
18          same manner as such provisions apply to a penalty  
19          or proceeding under section 1128A(a).”; and

20                 (2) in subsection (j), as redesignated by para-  
21                 graph (1)—

22                         (A) in paragraph (4), by striking at the  
23                         end “and”;

24                         (B) in paragraph (5), by striking at the  
25                         end the period and inserting a semicolon; and

1 (C) by adding at the end the following new  
2 paragraphs:

3 “(6) the determination of units under sub-  
4 section (i);

5 “(7) the determination of whether a drug is a  
6 part B rebatable drug under subsection (i);

7 “(8) the calculation of the rebate amount under  
8 subsection (i); and

9 “(9) the computation of coinsurance under sub-  
10 section (i)(5); and

11 “(10) the computation of amounts paid under  
12 section 1833(a)(1)(EE).”.

13 (b) AMOUNTS PAYABLE; COST-SHARING.—Section  
14 1833 of the Social Security Act (42 U.S.C. 1395l) is  
15 amended—

16 (1) in subsection (a)(1)—

17 (A) in subparagraph (G), by inserting “,  
18 subject to subsection (i)(9),” after “the  
19 amounts paid”;

20 (B) in subparagraph (S), by striking “with  
21 respect to” and inserting “subject to subpara-  
22 graph (EE), with respect to”;

23 (C) by striking “and (DD)” and inserting  
24 “(DD)”; and

1 (D) by inserting before the semicolon at  
2 the end the following: “, and (EE) with respect  
3 to a part B rebatable drug (as defined in para-  
4 graph (2) of section 1847A(i)) furnished on or  
5 after April 1, 2023, for which the payment  
6 amount for a calendar quarter under paragraph  
7 (3)(A)(ii)(I) of such section (or, in the case of  
8 a part B rebatable drug that is a selected drug  
9 (as defined in section 1192(c) for which, the  
10 payment amount described in section  
11 1847A(b)(1)(B)) for such drug for such quarter  
12 exceeds the inflation-adjusted payment under  
13 paragraph (3)(A)(ii)(II) of such section for  
14 such quarter, the amounts paid shall be equal  
15 to the percent of the payment amount under  
16 paragraph (3)(A)(ii)(I) of such section or sec-  
17 tion 1847A(b)(1)(B), as applicable, that equals  
18 the difference between (i) 100 percent, and (ii)  
19 the percent applied under section  
20 1847A(i)(5)(B)”;

21 (2) in subsection (i), by adding at the end the  
22 following new paragraph:

23 “(9) In the case of a part B rebatable drug (as de-  
24 fined in paragraph (2) of section 1847A(i)) for which pay-  
25 ment under this subsection is not packaged into a payment

1 for a service furnished on or after April 1, 2023, under  
2 the revised payment system under this subsection, in lieu  
3 of calculation of coinsurance and the amount of payment  
4 otherwise applicable under this subsection, the provisions  
5 of section 1847A(i)(5) and paragraph (1)(EE) of sub-  
6 section (a), shall, as determined appropriate by the Sec-  
7 retary, apply under this subsection in the same manner  
8 as such provisions of section 1847A(i)(5) and subsection  
9 (a) apply under such section and subsection.”; and

10 (3) in subsection (t)(8), by adding at the end  
11 the following new subparagraph:

12 “(F) PART B REBATABLE DRUGS.—In the  
13 case of a part B rebatable drug (as defined in  
14 paragraph (2) of section 1847A(i), except if  
15 such drug does not have a copayment amount  
16 as a result of application of subparagraph (E))  
17 for which payment under this part is not pack-  
18 aged into a payment for a covered OPD service  
19 (or group of services) furnished on or after  
20 April 1, 2023, and the payment for such drug  
21 under this subsection is the same as the  
22 amount for a calendar quarter under paragraph  
23 (3)(A)(ii)(I) of section 1847A(i), under the sys-  
24 tem under this subsection, in lieu of calculation  
25 of the copayment amount and the amount of

1 payment otherwise applicable under this sub-  
2 section (other than the application of the limita-  
3 tion described in subparagraph (C)), the provi-  
4 sions of section 1847A(i)(5) and paragraph  
5 (1)(EE) of subsection (a), shall, as determined  
6 appropriate by the Secretary, apply under this  
7 subsection in the same manner as such provi-  
8 sions of section 1847A(i)(5) and subsection (a)  
9 apply under such section and subsection.”.

10 (c) CONFORMING AMENDMENTS.—

11 (1) TO PART B ASP CALCULATION.—Section  
12 1847A(c)(3) of the Social Security Act (42 U.S.C.  
13 1395w-3a(c)(3)) is amended by inserting “sub-  
14 section (i) or” before “section 1927”.

15 (2) EXCLUDING PART B DRUG INFLATION RE-  
16 BATE FROM BEST PRICE.—Section  
17 1927(e)(1)(C)(ii)(I) of the Social Security Act (42  
18 U.S.C. 1396r-8(e)(1)(C)(ii)(I)) is amended by in-  
19 serting “or section 1847A(i)” after “this section”.

20 (3) COORDINATION WITH MEDICAID REBATE IN-  
21 FORMATION DISCLOSURE.—Section 1927(b)(3)(D)(i)  
22 of the Social Security Act (42 U.S.C. 1396r-  
23 8(b)(3)(D)(i)) is amended by inserting “and the re-  
24 bate” after “the payment amount”.

1           (4) EXCLUDING PART B DRUG INFLATION RE-  
2           BATES FROM AVERAGE MANUFACTURER PRICE.—  
3           Section 1927(k)(1)(B)(i) of the Social Security Act  
4           (42 U.S.C. 1396r–8(k)(1)(B)(i)), as amended by  
5           section 11001(b)(3), is amended—

6                   (A) in subclause (V), by striking “and” at  
7           the end;

8                   (B) in subclause (VI), by striking the pe-  
9           riod at the end and inserting a semicolon; and

10                   (C) by adding at the end the following new  
11           subclause:

12                                   “(VII) rebates paid by manufac-  
13                                   turers under section 1847A(i); and”.

14           (d) FUNDING.—In addition to amounts otherwise  
15           available, there are appropriated to the Centers for Medi-  
16           care & Medicaid Services, out of any money in the Treas-  
17           ury not otherwise appropriated, \$80,000,000 for fiscal  
18           year 2022, including \$12,500,000 to carry out the provi-  
19           sions of, including the amendments made by, this section  
20           in fiscal year 2022, and \$7,500,000 to carry out the provi-  
21           sions of, including the amendments made by, this section  
22           in each of fiscal years 2023 through 2031, to remain avail-  
23           able until expended.

1 **SEC. 11102. MEDICARE PART D REBATE BY MANUFACTUR-**  
2 **ERS.**

3 (a) IN GENERAL.—Part D of title XVIII of the Social  
4 Security Act is amended by inserting after section 1860D–  
5 14A (42 U.S.C. 1395w–114a) the following new section:

6 **“SEC. 1860D–14B. MANUFACTURER REBATE FOR CERTAIN**  
7 **DRUGS WITH PRICES INCREASING FASTER**  
8 **THAN INFLATION.**

9 “(a) REQUIREMENTS.—

10 “(1) SECRETARIAL PROVISION OF INFORMA-  
11 TION.—Not later than 9 months after the end of  
12 each applicable period (as defined in subsection  
13 (g)(7)), subject to paragraph (3), the Secretary  
14 shall, for each part D rebatable drug, report to each  
15 manufacturer of such part D rebatable drug the fol-  
16 lowing for such period:

17 “(A) The amount (if any) of the excess an-  
18 nual manufacturer price increase described in  
19 subsection (b)(1)(A)(ii) for each dosage form  
20 and strength with respect to such drug and pe-  
21 riod.

22 “(B) The rebate amount specified under  
23 subsection (b) for each dosage form and  
24 strength with respect to such drug and period.

25 “(2) MANUFACTURER REQUIREMENTS.—For  
26 each applicable period, the manufacturer of a part D



1 rebatable drug, for each dosage form and strength  
2 with respect to such drug, not later than 30 days  
3 after the date of receipt from the Secretary of the  
4 information described in paragraph (1) for such pe-  
5 riod, shall provide to the Secretary a rebate that is  
6 equal to the amount specified in subsection (b) for  
7 such dosage form and strength with respect to such  
8 drug for such period.

9 “(3) TRANSITION RULE FOR REPORTING.—The  
10 Secretary may, for each rebatable covered part D  
11 drug, delay the timeframe for reporting the informa-  
12 tion and rebate amount described in subparagraphs  
13 (A) and (B) of such paragraph for the applicable pe-  
14 riods beginning October 1, 2022, and October 1,  
15 2023, until not later than December 31, 2025.

16 “(b) REBATE AMOUNT.—

17 “(1) IN GENERAL.—

18 “(A) CALCULATION.—For purposes of this  
19 section, the amount specified in this subsection  
20 for a dosage form and strength with respect to  
21 a part D rebatable drug and applicable period  
22 is, subject to subparagraph (C), paragraph  
23 (5)(B), and paragraph (6), the estimated  
24 amount equal to the product of—

1 “(i) subject to subparagraph (B) of  
2 this paragraph, the total number of units  
3 that are used to calculate the average man-  
4 ufacturer price of such dosage form and  
5 strength with respect to such part D  
6 rebatable drug, as reported by the manu-  
7 facturer of such drug under section 1927  
8 for each month, with respect to such pe-  
9 riod; and

10 “(ii) the amount (if any) by which—

11 “(I) the annual manufacturer  
12 price (as determined in paragraph  
13 (2)) paid for such dosage form and  
14 strength with respect to such part D  
15 rebatable drug for the period; exceeds

16 “(II) the inflation-adjusted pay-  
17 ment amount determined under para-  
18 graph (3) for such dosage form and  
19 strength with respect to such part D  
20 rebatable drug for the period.

21 “(B) EXCLUDED UNITS.—For purposes of  
22 subparagraph (A)(i), the Secretary shall exclude  
23 from the total number of units for a dosage  
24 form and strength with respect to a part D

1 rebatable drug, with respect to an applicable pe-  
2 riod, the following:

3 “(i) Units of each dosage form and  
4 strength of such part D rebatable drug for  
5 which payment was made under a State  
6 plan under title XIX (or waiver of such  
7 plan), as reported by States under section  
8 1927(b)(2)(A).

9 “(ii) Units of each dosage form and  
10 strength of such part D rebatable drug for  
11 which a rebate is paid under section  
12 1847A(i).

13 “(C) REDUCTION OR WAIVER FOR SHORT-  
14 AGES AND SEVERE SUPPLY CHAIN DISRUP-  
15 TIONS.—The Secretary shall reduce or waive  
16 the amount under subparagraph (A) with re-  
17 spect to a part D rebatable drug and an appli-  
18 cable period—

19 “(i) in the case of a part D rebatable  
20 drug that is described as currently in  
21 shortage on the shortage list in effect  
22 under section 506E of the Federal Food,  
23 Drug, and Cosmetic Act at any point dur-  
24 ing the applicable period;

1                   “(ii) in the case of a generic part D  
2                   rebtable drug (described in subsection  
3                   (g)(1)(C)(ii)) or a biosimilar (defined as a  
4                   biological product licensed under section  
5                   351(k) of the Public Health Service Act),  
6                   when the Secretary determines there is a  
7                   severe supply chain disruption during the  
8                   applicable period, such as that caused by a  
9                   natural disaster or other unique or unex-  
10                  pected event; and

11                  “(iii) in the case of a generic Part D  
12                  rebtable drug (as so described), if the  
13                  Secretary determines that without such re-  
14                  duction or waiver, the drug is likely to be  
15                  described as in shortage on such shortage  
16                  list during a subsequent applicable period.

17                  “(2) DETERMINATION OF ANNUAL MANUFAC-  
18                  TURER PRICE.—The annual manufacturer price de-  
19                  termined under this paragraph for a dosage form  
20                  and strength, with respect to a part D rebtable  
21                  drug and an applicable period, is the sum of the  
22                  products of—

23                  “(A) the average manufacturer price (as  
24                  defined in subsection (g)(6)) of such dosage  
25                  form and strength, as calculated for a unit of

1 such drug, with respect to each of the calendar  
2 quarters of such period; and

3 “(B) the ratio of—

4 “(i) the total number of units of such  
5 dosage form and strength reported under  
6 section 1927 with respect to each such cal-  
7 endar quarter of such period; to

8 “(ii) the total number of units of such  
9 dosage form and strength reported under  
10 section 1927 with respect to such period,  
11 as determined by the Secretary.

12 “(3) DETERMINATION OF INFLATION-ADJUSTED  
13 PAYMENT AMOUNT.—The inflation-adjusted payment  
14 amount determined under this paragraph for a dos-  
15 age form and strength with respect to a part D  
16 rebatable drug for an applicable period, subject to  
17 paragraph (5), is—

18 “(A) the benchmark period manufacturer  
19 price determined under paragraph (4) for such  
20 dosage form and strength with respect to such  
21 drug and period; increased by

22 “(B) the percentage by which the applica-  
23 ble period CPI-U (as defined in subsection  
24 (g)(5)) for the period exceeds the benchmark  
25 period CPI-U (as defined in subsection (g)(4)).

1           “(4) DETERMINATION OF BENCHMARK PERIOD  
2           MANUFACTURER PRICE.—The benchmark period  
3           manufacturer price determined under this paragraph  
4           for a dosage form and strength, with respect to a  
5           part D rebatable drug and an applicable period, is  
6           the sum of the products of—

7                   “(A) the average manufacturer price (as  
8                   defined in subsection (g)(6)) of such dosage  
9                   form and strength, as calculated for a unit of  
10                  such drug, with respect to each of the calendar  
11                  quarters of the payment amount benchmark pe-  
12                  riod (as defined in subsection (g)(3)); and

13                  “(B) the ratio of—

14                           “(i) the total number of units re-  
15                           ported under section 1927 of such dosage  
16                           form and strength with respect to each  
17                           such calendar quarter of such payment  
18                           amount benchmark period; to

19                           “(ii) the total number of units re-  
20                           ported under section 1927 of such dosage  
21                           form and strength with respect to such  
22                           payment amount benchmark period.

23           “(5) SPECIAL TREATMENT OF CERTAIN DRUGS  
24           AND EXEMPTION.—

1           “(A) SUBSEQUENTLY APPROVED DRUGS.—

2           In the case of a part D rebatable drug first ap-  
3           proved or licensed by the Food and Drug Ad-  
4           ministration after October 1, 2021, subpara-  
5           graphs (A) and (B) of paragraph (4) shall be  
6           applied as if the term ‘payment amount bench-  
7           mark period’ were defined under subsection  
8           (g)(3) as the first calendar year beginning after  
9           the day on which the drug was first marketed  
10          and subparagraph (B) of paragraph (3) shall be  
11          applied as if the term ‘benchmark period CPI-  
12          U’ were defined under subsection (g)(4) as if  
13          the reference to ‘January 2021’ under such  
14          subsection were a reference to ‘January of the  
15          first year beginning after the date on which the  
16          drug was first marketed’.

17           “(B) TREATMENT OF NEW FORMULA-  
18          TIONS.—

19           “(i) IN GENERAL.—In the case of a  
20          part D rebatable drug that is a line exten-  
21          sion of a part D rebatable drug that is an  
22          oral solid dosage form, the Secretary shall  
23          establish a formula for determining the re-  
24          bate amount under paragraph (1) and the  
25          inflation adjusted payment amount under

1 paragraph (3) with respect to such part D  
2 rebatable drug and an applicable period,  
3 consistent with the formula applied under  
4 subsection (c)(2)(C) of section 1927 for  
5 determining a rebate obligation for a re-  
6 bate period under such section.

7 “(ii) LINE EXTENSION DEFINED.—In  
8 this subparagraph, the term ‘line exten-  
9 sion’ means, with respect to a part D  
10 rebatable drug, a new formulation of the  
11 drug, such as an extended release formula-  
12 tion, but does not include an abuse-deter-  
13 rent formulation of the drug (as deter-  
14 mined by the Secretary), regardless of  
15 whether such abuse-deterrent formulation  
16 is an extended release formulation.

17 “(C) SELECTED DRUGS.—In the case of a  
18 part D rebatable drug that is a selected drug  
19 (as defined in section 1192(c)) with respect to  
20 a price applicability period (as defined in sec-  
21 tion 1191(b)(2)), in the case such drug is no  
22 longer considered to be a selected drug under  
23 section 1192(c), for each applicable period (as  
24 defined under subsection (g)(7)) beginning after  
25 the price applicability period with respect to



1 such drug, subparagraphs (A) and (B) of para-  
2 graph (4) shall be applied as if the term ‘pay-  
3 ment amount benchmark period’ were defined  
4 under subsection (g)(3) as the last year begin-  
5 ning during such price applicability period with  
6 respect to such selected drug and subparagraph  
7 (B) of paragraph (3) shall be applied as if the  
8 term ‘benchmark period CPI-U’ were defined  
9 under subsection (g)(4) as if the reference to  
10 ‘January 2021’ under such subsection were a  
11 reference to ‘January of the last year beginning  
12 during such price applicability period with re-  
13 spect to such drug’.

14 “(6) RECONCILIATION IN CASE OF REVISED  
15 AMP REPORTS.—The Secretary shall provide for a  
16 method and process under which, in the case of a  
17 manufacturer of a part D rebatable drug that sub-  
18 mits revisions to information submitted under sec-  
19 tion 1927 by the manufacturer with respect to such  
20 drug, the Secretary determines, pursuant to such re-  
21 visions, adjustments, if any, to the calculation of the  
22 amount specified in this subsection for a dosage  
23 form and strength with respect to such part D  
24 rebatable drug and an applicable period and rec-  
25 onciles any overpayments or underpayments in

1 amounts paid as rebates under this subsection. Any  
2 identified underpayment shall be rectified by the  
3 manufacturer not later than 30 days after the date  
4 of receipt from the Secretary of information on such  
5 underpayment.

6 “(c) REBATE DEPOSITS.—Amounts paid as rebates  
7 under subsection (b) shall be deposited into the Medicare  
8 Prescription Drug Account in the Federal Supplementary  
9 Medical Insurance Trust Fund established under section  
10 1841.

11 “(d) INFORMATION.—For purposes of carrying out  
12 this section, the Secretary shall use information submitted  
13 by manufacturers under section 1927(b)(3) and informa-  
14 tion submitted by States under section 1927(b)(2)(A).

15 “(e) CIVIL MONEY PENALTY.—If a manufacturer of  
16 a part D rebatable drug has failed to comply with the re-  
17 quirement under subsection (a)(2) with respect to such  
18 drug for an applicable period, the manufacturer shall be  
19 subject to, in accordance with a process established by the  
20 Secretary pursuant to regulations, a civil money penalty  
21 in an amount equal to 125 percent of the amount specified  
22 in subsection (b) for such drug for such period. The provi-  
23 sions of section 1128A (other than subsections (a) (with  
24 respect to amounts of penalties or additional assessments)  
25 and (b)) shall apply to a civil money penalty under this

1 subsection in the same manner as such provisions apply  
2 to a penalty or proceeding under section 1128A(a).

3 “(f) NO ADMINISTRATIVE OR JUDICIAL REVIEW.—

4 There shall be no administrative or judicial review of the  
5 following:

6 “(1) The determination of units under this sec-  
7 tion.

8 “(2) The determination of whether a drug is a  
9 part D rebatable drug under this section.

10 “(3) The calculation of the rebate amount  
11 under this section.

12 “(g) DEFINITIONS.—In this section:

13 “(1) PART D REBATABLE DRUG.—

14 “(A) IN GENERAL.—Except as provided in  
15 subparagraph (B), the term ‘part D rebatable  
16 drug’ means, with respect to an applicable pe-  
17 riod, a drug or biological described in subpara-  
18 graph (C) that would (without application of  
19 this section) be a covered part D drug (as such  
20 term is defined under section 1860D–2(e)).

21 “(B) EXCLUSION.—

22 “(i) IN GENERAL.—Such term shall,  
23 with respect to an applicable period, not  
24 include a drug or biological if the average  
25 annual total cost under this part for such

1 period per individual who uses such a drug  
2 or biological, as determined by the Sec-  
3 retary, is less than, subject to clause (ii),  
4 \$100, as determined by the Secretary  
5 using the most recent data available or, if  
6 data is not available, as estimated by the  
7 Secretary.

8 “(ii) INCREASE.—The dollar amount  
9 applied under clause (i)—

10 “(I) for the applicable period be-  
11 ginning October 1, 2023, shall be the  
12 dollar amount specified under such  
13 clause for the applicable period begin-  
14 ning October 1, 2022, increased by  
15 the percentage increase in the con-  
16 sumer price index for all urban con-  
17 sumers (United States city average)  
18 for the 12-month period beginning  
19 with October of 2023; and

20 “(II) for a subsequent applicable  
21 period, shall be the dollar amount  
22 specified in this clause for the pre-  
23 vious applicable period, increased by  
24 the percentage increase in the con-  
25 sumer price index for all urban con-

1                   sumers (United States city average)  
2                   for the 12-month period beginning  
3                   with October of the previous period.

4                   Any dollar amount specified under this  
5                   clause that is not a multiple of \$10 shall  
6                   be rounded to the nearest multiple of \$10.

7                   “(C) DRUG OR BIOLOGICAL DESCRIBED.—

8                   A drug or biological described in this subpara-  
9                   graph is a drug or biological that, as of the first  
10                  day of the applicable period involved, is—

11                  “(i) a drug approved under a new  
12                  drug application under section 505(c) of  
13                  the Federal Food, Drug, and Cosmetic  
14                  Act;

15                  “(ii) a drug approved under an abbrevi-  
16                  ated new drug application under section  
17                  505(j) of the Federal Food, Drug, and  
18                  Cosmetic Act, in the case where—

19                  “(I) the reference listed drug ap-  
20                  proved under section 505(c) of the  
21                  Federal Food, Drug, and Cosmetic  
22                  Act, including any ‘authorized generic  
23                  drug’ (as that term is defined in sec-  
24                  tion 505(t)(3) of the Federal Food,  
25                  Drug, and Cosmetic Act), is not being

1 marketed, as identified in the Food  
2 and Drug Administration’s National  
3 Drug Code Directory;

4 “(II) there is no other drug ap-  
5 proved under section 505(j) of the  
6 Federal Food, Drug, and Cosmetic  
7 Act that is rated as therapeutically  
8 equivalent (under the Food and Drug  
9 Administration’s most recent publica-  
10 tion of ‘Approved Drug Products with  
11 Therapeutic Equivalence Evaluations’)  
12 and that is being marketed, as identi-  
13 fied in the Food and Drug Adminis-  
14 tration’s National Drug Code Direc-  
15 tory;

16 “(III) the manufacturer is not a  
17 ‘first applicant’ during the ‘180-day  
18 exclusivity period’, as those terms are  
19 defined in section 505(j)(5)(B)(iv) of  
20 the Federal Food, Drug, and Cos-  
21 metic Act; and

22 “(IV) the manufacturer is not a  
23 ‘first approved applicant’ for a com-  
24 petitive generic therapy, as that term  
25 is defined in section 505(j)(5)(B)(v)

1 of the Federal Food, Drug, and Cos-  
2 metic Act; or

3 “(iii) a biological licensed under sec-  
4 tion 351 of the Public Health Service Act.

5 “(2) UNIT.—The term ‘unit’ means, with re-  
6 spect to a part D rebatable drug, the lowest dispen-  
7 sable amount (such as a capsule or tablet, milligram  
8 of molecules, or grams) of the part D rebatable  
9 drug, as reported under section 1927.

10 “(3) PAYMENT AMOUNT BENCHMARK PE-  
11 RIOD.—The term ‘payment amount benchmark pe-  
12 riod’ means the period beginning January 1, 2021,  
13 and ending in the month immediately prior to Octo-  
14 ber 1, 2021.

15 “(4) BENCHMARK PERIOD CPI-U.—The term  
16 ‘benchmark period CPI-U’ means the consumer  
17 price index for all urban consumers (United States  
18 city average) for January 2021.

19 “(5) APPLICABLE PERIOD CPI-U.—The term  
20 ‘applicable period CPI-U’ means, with respect to an  
21 applicable period, the consumer price index for all  
22 urban consumers (United States city average) for  
23 the first month of such applicable period.

24 “(6) AVERAGE MANUFACTURER PRICE.—The  
25 term ‘average manufacturer price’ has the meaning,

1 with respect to a part D rebatable drug of a manu-  
2 facturer, given such term in section 1927(k)(1), with  
3 respect to a covered outpatient drug of a manufac-  
4 turer for a rebate period under section 1927.

5 “(7) APPLICABLE PERIOD.—The term ‘applica-  
6 ble period’ means a 12-month period beginning with  
7 October 1 of a year (beginning with October 1,  
8 2022).

9 “(h) IMPLEMENTATION FOR 2022, 2023, AND  
10 2024.—The Secretary shall implement this section for  
11 2022, 2023, and 2024 by program instruction or other  
12 forms of program guidance.”

13 (b) CONFORMING AMENDMENTS.—

14 (1) TO PART B ASP CALCULATION.—Section  
15 1847A(c)(3) of the Social Security Act (42 U.S.C.  
16 1395w–3a(c)(3)), as amended by section  
17 11101(c)(1), is amended by striking “subsection (i)  
18 or section 1927” and inserting “subsection (i), sec-  
19 tion 1927, or section 1860D–14B”.

20 (2) EXCLUDING PART D DRUG INFLATION RE-  
21 BATE FROM BEST PRICE.—Section  
22 1927(e)(1)(C)(ii)(I) of the Social Security Act (42  
23 U.S.C. 1396r–8(c)(1)(C)(ii)(I)), as amended by sec-  
24 tion 11101(c)(2), is amended by striking “or section



1 1847A(i)” and inserting “, section 1847A(i), or sec-  
2 tion 1860D–14B”.

3 (3) COORDINATION WITH MEDICAID REBATE IN-  
4 FORMATION DISCLOSURE.—Section 1927(b)(3)(D)(i)  
5 of the Social Security Act (42 U.S.C. 1396r-  
6 8(b)(3)(D)(i)), as amended by section 11101(c)(3),  
7 is amended by striking “or to carry out section  
8 1847B” and inserting “or to carry out section  
9 1847B or section 1860D–14B”.

10 (4) EXCLUDING PART D DRUG INFLATION RE-  
11 BATES FROM AVERAGE MANUFACTURER PRICE.—  
12 Section 1927(k)(1)(B)(i) of the Social Security Act  
13 (42 U.S.C. 1396r–8(k)(1)(B)(i)), as amended by  
14 section 11001(b)(3) and section 11101(c)(4), is  
15 amended by adding at the end the following new  
16 subclause:

17 (A) in subclause (VI), by striking “and” at  
18 the end;

19 (B) in subclause (VII), by striking the pe-  
20 riod at the end and inserting a semicolon; and

21 (C) by adding at the end the following new  
22 subclause:

23 “(VIII) rebates paid by manufac-  
24 turers under section 1860D–14B.”.

1 (c) FUNDING.—In addition to amounts otherwise  
2 available, there are appropriated to the Centers for Medi-  
3 care & Medicaid Services, out of any money in the Treas-  
4 ury not otherwise appropriated, \$80,000,000 for fiscal  
5 year 2022, including \$12,500,000 to carry out the provi-  
6 sions of, including the amendments made by, this section  
7 in fiscal year 2022, and \$7,500,000 to carry out the provi-  
8 sions of, including the amendments made by, this section  
9 in each of fiscal years 2023 through 2031, to remain avail-  
10 able until expended.

11 **PART 3—PART D IMPROVEMENTS AND MAXIMUM**  
12 **OUT-OF-POCKET CAP FOR MEDICARE BENE-**  
13 **FICIARIES**

14 **SEC. 11201. MEDICARE PART D BENEFIT REDESIGN.**

15 (a) BENEFIT STRUCTURE REDESIGN.—Section  
16 1860D–2(b) of the Social Security Act (42 U.S.C. 1395w–  
17 102(b)) is amended—

18 (1) in paragraph (2)—

19 (A) in subparagraph (A), in the matter  
20 preceding clause (i), by inserting “for a year  
21 preceding 2025 and for costs above the annual  
22 deductible specified in paragraph (1) and up to  
23 the annual out-of-pocket threshold specified in  
24 paragraph (4)(B) for 2025 and each subsequent  
25 year” after “paragraph (3)”;

1 (B) in subparagraph (C)—

2 (i) in clause (i), in the matter pre-  
3 ceding subclause (I), by inserting “for a  
4 year preceding 2025,” after “paragraph  
5 (4),”; and

6 (ii) in clause (ii)(III), by striking  
7 “and each subsequent year” and inserting  
8 “through 2024”; and

9 (C) in subparagraph (D)—

10 (i) in clause (i)—

11 (I) in the matter preceding sub-  
12 clause (I), by inserting “for a year  
13 preceding 2025,” after “paragraph  
14 (4),”; and

15 (II) in subclause (I)(bb), by  
16 striking “a year after 2018” and in-  
17 serting “each of years 2019 through  
18 2024”; and

19 (ii) in clause (ii)(V), by striking  
20 “2019 and each subsequent year” and in-  
21 serting “each of years 2019 through  
22 2024”;

23 (2) in paragraph (3)(A)—

1 (A) in the matter preceding clause (i), by  
2 inserting “for a year preceding 2025,” after  
3 “and (4),”; and

4 (B) in clause (ii), by striking “for a subse-  
5 quent year” and inserting “for each of years  
6 2007 through 2024”; and

7 (3) in paragraph (4)—

8 (A) in subparagraph (A)—

9 (i) in clause (i)—

10 (I) by redesignating subclauses  
11 (I) and (II) as items (aa) and (bb),  
12 respectively, and moving the margin  
13 of each such redesignated item 2 ems  
14 to the right;

15 (II) in the matter preceding item  
16 (aa), as redesignated by subclause (I),  
17 by striking “is equal to the greater  
18 of—” and inserting “is equal to—

19 “(I) for a year preceding 2024,  
20 the greater of—”;

21 (III) by striking the period at the  
22 end of item (bb), as redesignated by  
23 subclause (I), and inserting “; and”;  
24 and

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1 (IV) by adding at the end the fol-  
2 lowing:

3 “(II) for 2024 and each suc-  
4 ceeding year, \$0.”; and

5 (ii) in clause (ii)—

6 (I) by striking “clause (i)(I)” and  
7 inserting “clause (i)(I)(aa)”;

8 (II) by adding at the end the fol-  
9 lowing new sentence: “The Secretary  
10 shall continue to calculate the dollar  
11 amounts specified in clause (i)(I)(aa),  
12 including with the adjustment under  
13 this clause, after 2023 for purposes of  
14 section 1860D–14(a)(1)(D)(iii).”;

15 (B) in subparagraph (B)—

16 (i) in clause (i)—

17 (I) in subclause (V), by striking  
18 “or” at the end;

19 (II) in subclause (VI)—

20 (aa) by striking “for a sub-  
21 sequent year” and inserting “for  
22 each of years 2021 through  
23 2024”; and

1 (bb) by striking the period  
2 at the end and inserting a semi-  
3 colon; and

4 (III) by adding at the end the  
5 following new subclauses:

6 “(VII) for 2025, is equal to  
7 \$2,000; or

8 “(VIII) for a subsequent year, is  
9 equal to the amount specified in this  
10 subparagraph for the previous year,  
11 increased by the annual percentage in-  
12 crease described in paragraph (6) for  
13 the year involved.”; and

14 (ii) in clause (ii), by striking “clause  
15 (i)(II)” and inserting “clause (i)”;  
16 (C) in subparagraph (C)—

17 (i) in clause (i), by striking “and for  
18 amounts” and inserting “and, for a year  
19 preceding 2025, for amounts”; and

20 (ii) in clause (iii)—

21 (I) by redesignating subclauses  
22 (I) through (IV) as items (aa)  
23 through (dd) and indenting appro-  
24 priately;

1 (II) by striking “if such costs are  
2 borne or paid” and inserting “if such  
3 costs—

4 “(I) are borne or paid—”; and

5 (III) in item (dd), by striking the  
6 period at the end and inserting “; or”;  
7 and

8 (IV) by adding at the end the fol-  
9 lowing new subclause:

10 “(II) for 2025 and subsequent  
11 years, are reimbursed through insur-  
12 ance, a group health plan, or certain  
13 other third party payment arrange-  
14 ments, but not including the coverage  
15 provided by a prescription drug plan  
16 or an MA–PD plan that is basic pre-  
17 scription drug coverage (as defined in  
18 subsection (a)(3)) or any payments by  
19 a manufacturer under the manufac-  
20 turer discount program under section  
21 1860D–14C.”; and

22 (D) in subparagraph (E), by striking “In  
23 applying” and inserting “For each of years  
24 2011 through 2024, in applying”.

1 (b) REINSURANCE PAYMENT AMOUNT.—Section  
2 1860D–15(b) of the Social Security Act (42 U.S.C.  
3 1395w–115(b)) is amended—

4 (1) in paragraph (1)—

5 (A) by striking “equal to 80 percent” and  
6 inserting “equal to—

7 “(A) for a year preceding 2025, 80 per-  
8 cent”;

9 (B) in subparagraph (A), as added by sub-  
10 paragraph (A), by striking the period at the  
11 end and inserting “; and”; and

12 (C) by adding at the end the following new  
13 subparagraph:

14 “(B) for 2025 and each subsequent year,  
15 the sum of—

16 “(i) with respect to applicable drugs  
17 (as defined in section 1860D–14C(g)(2)),  
18 an amount equal to 20 percent of such al-  
19 lowable reinsurance costs attributable to  
20 that portion of gross covered prescription  
21 drug costs as specified in paragraph (3) in-  
22 curred in the coverage year after such indi-  
23 vidual has incurred costs that exceed the  
24 annual out-of-pocket threshold specified in  
25 section 1860D–2(b)(4)(B); and



1                   “(ii) with respect to covered part D  
2                   drugs that are not applicable drugs (as so  
3                   defined), an amount equal to 40 percent of  
4                   such allowable reinsurance costs attrib-  
5                   utable to that portion of gross covered pre-  
6                   scription drug costs as specified in para-  
7                   graph (3) incurred in the coverage year  
8                   after such individual has incurred costs  
9                   that exceed the annual out-of-pocket  
10                  threshold specified in section 1860D-  
11                  2(b)(4)(B).”;

12                  (2) in paragraph (2)—

13                         (A) by striking “COSTS.—For purposes”  
14                         and inserting “COSTS.—

15                         “(A) IN GENERAL.—Subject to subpara-  
16                         graph (B), for purposes”; and

17                         (B) by adding at the end the following new  
18                         subparagraph:

19                         “(B) INCLUSION OF MANUFACTURER DIS-  
20                         COUNTS ON APPLICABLE DRUGS.—For purposes  
21                         of applying subparagraph (A), the term ‘allow-  
22                         able reinsurance costs’ shall include the portion  
23                         of the negotiated price (as defined in section  
24                         1860D-14C(g)(6)) of an applicable drug (as  
25                         defined in section 1860D-14C(g)(2)) that was

1           paid by a manufacturer under the manufacturer  
2           discount program under section 1860D–14C.”;  
3           and

4           (3) in paragraph (3)—

5                 (A) in the first sentence, by striking “For  
6                 purposes” and inserting “Subject to paragraph  
7                 (2)(B), for purposes”; and

8                 (B) in the second sentence, by inserting  
9                 “(or, with respect to 2025 and subsequent  
10                years, in the case of an applicable drug, as de-  
11                fined in section 1860D–14C(g)(2), by a manu-  
12                facturer)” after “by the individual or under the  
13                plan”.

14           (c) MANUFACTURER DISCOUNT PROGRAM.—

15                 (1) IN GENERAL.—Part D of title XVIII of the  
16                 Social Security Act (42 U.S.C. 1395w–101 through  
17                 42 U.S.C. 1395w–153), as amended by section  
18                 11102, is amended by inserting after section  
19                 1860D–14B the following new sections:

20           **“SEC. 1860D–14C. MANUFACTURER DISCOUNT PROGRAM.**

21                 “(a) ESTABLISHMENT.—The Secretary shall estab-  
22                 lish a manufacturer discount program (in this section re-  
23                 ferred to as the ‘program’). Under the program, the Sec-  
24                 retary shall enter into agreements described in subsection

1 (b) with manufacturers and provide for the performance  
2 of the duties described in subsection (c).

3 “(b) TERMS OF AGREEMENT.—

4 “(1) IN GENERAL.—

5 “(A) AGREEMENT.—An agreement under  
6 this section shall require the manufacturer to  
7 provide, in accordance with this section, dis-  
8 counted prices for applicable drugs of the man-  
9 ufacturer that are dispensed to applicable bene-  
10 ficiaries on or after January 1, 2025.

11 “(B) CLARIFICATION.—Nothing in this  
12 section shall be construed as affecting—

13 “(i) the application of a coinsurance  
14 of 25 percent of the negotiated price, as  
15 applied under paragraph (2)(A) of section  
16 1860D–2(b), for costs described in such  
17 paragraph; or

18 “(ii) the application of the copayment  
19 amount described in paragraph (4)(A) of  
20 such section, with respect to costs de-  
21 scribed in such paragraph.

22 “(C) TIMING OF AGREEMENT.—

23 “(i) SPECIAL RULE FOR 2025.—In  
24 order for an agreement with a manufac-  
25 turer to be in effect under this section with

1           respect to the period beginning on January  
2           1, 2025, and ending on December 31,  
3           2025, the manufacturer shall enter into  
4           such agreement not later than March 1,  
5           2024.

6           “(ii) 2026 AND SUBSEQUENT  
7           YEARS.—In order for an agreement with a  
8           manufacturer to be in effect under this  
9           section with respect to plan year 2026 or  
10          a subsequent plan year, the manufacturer  
11          shall enter into such agreement not later  
12          than a calendar quarter or semi-annual  
13          deadline established by the Secretary.

14          “(2) PROVISION OF APPROPRIATE DATA.—Each  
15          manufacturer with an agreement in effect under this  
16          section shall collect and have available appropriate  
17          data, as determined by the Secretary, to ensure that  
18          it can demonstrate to the Secretary compliance with  
19          the requirements under the program.

20          “(3) COMPLIANCE WITH REQUIREMENTS FOR  
21          ADMINISTRATION OF PROGRAM.—Each manufac-  
22          turer with an agreement in effect under this section  
23          shall comply with requirements imposed by the Sec-  
24          retary, as applicable, for purposes of administering  
25          the program, including any determination under

1       subparagraph (A) of subsection (c)(1) or procedures  
2       established under such subsection (c)(1).

3               “(4) LENGTH OF AGREEMENT.—

4                       “(A) IN GENERAL.—An agreement under  
5       this section shall be effective for an initial pe-  
6       riod of not less than 12 months and shall be  
7       automatically renewed for a period of not less  
8       than 1 year unless terminated under subpara-  
9       graph (B).

10               “(B) TERMINATION.—

11                       “(i) BY THE SECRETARY.—The Sec-  
12       retary shall provide for termination of an  
13       agreement under this section for a knowing  
14       and willful violation of the requirements of  
15       the agreement or other good cause shown.  
16       Such termination shall not be effective ear-  
17       lier than 30 days after the date of notice  
18       to the manufacturer of such termination.  
19       The Secretary shall provide, upon request,  
20       a manufacturer with a hearing concerning  
21       such a termination, and such hearing shall  
22       take place prior to the effective date of the  
23       termination with sufficient time for such  
24       effective date to be repealed if the Sec-  
25       retary determines appropriate.



1           “(1) ADMINISTRATION OF PROGRAM.—Admin-  
2           istering the program, including—

3                   “(A) the determination of the amount of  
4                   the discounted price of an applicable drug of a  
5                   manufacturer;

6                   “(B) the establishment of procedures to  
7                   ensure that, not later than the applicable num-  
8                   ber of calendar days after the dispensing of an  
9                   applicable drug by a pharmacy or mail order  
10                  service, the pharmacy or mail order service is  
11                  reimbursed for an amount equal to the dif-  
12                  ference between—

13                           “(i) the negotiated price of the appli-  
14                           cable drug; and

15                           “(ii) the discounted price of the appli-  
16                           cable drug;

17                   “(C) the establishment of procedures to  
18                   ensure that the discounted price for an applica-  
19                   ble drug under this section is applied before any  
20                   coverage or financial assistance under other  
21                   health benefit plans or programs that provide  
22                   coverage or financial assistance for the pur-  
23                   chase or provision of prescription drug coverage  
24                   on behalf of applicable beneficiaries as specified  
25                   by the Secretary; and

1           “(D) providing a reasonable dispute resolu-  
2           tion mechanism to resolve disagreements be-  
3           tween manufacturers, prescription drug plans  
4           and MA–PD plans, and the Secretary.

5           “(2) MONITORING COMPLIANCE.—The Sec-  
6           retary shall monitor compliance by a manufacturer  
7           with the terms of an agreement under this section.

8           “(3) COLLECTION OF DATA FROM PRESCRIP-  
9           TION DRUG PLANS AND MA–PD PLANS.—The Sec-  
10          retary may collect appropriate data from prescrip-  
11          tion drug plans and MA–PD plans in a timeframe  
12          that allows for discounted prices to be provided for  
13          applicable drugs under this section.

14          “(d) ADMINISTRATION.—

15                 “(1) IN GENERAL.—Subject to paragraph (2),  
16                 the Secretary shall provide for the implementation of  
17                 this section, including the performance of the duties  
18                 described in subsection (c).

19                 “(2) LIMITATION.—In providing for the imple-  
20                 mentation of this section, the Secretary shall not re-  
21                 ceive or distribute any funds of a manufacturer  
22                 under the program.

23          “(e) ENFORCEMENT.—



1           “(1) AUDITS.—Each manufacturer with an  
2 agreement in effect under this section shall be sub-  
3 ject to periodic audit by the Secretary.

4           “(2) CIVIL MONEY PENALTY.—

5           “(A) IN GENERAL.—A manufacturer that  
6 fails to provide discounted prices for applicable  
7 drugs of the manufacturer dispensed to applica-  
8 ble beneficiaries in accordance with such agree-  
9 ment shall be subject to a civil money penalty  
10 for each such failure in an amount the Sec-  
11 retary determines is equal to the sum of—

12           “(i) the amount that the manufac-  
13 turer would have paid with respect to such  
14 discounts under the agreement, which will  
15 then be used to pay the discounts which  
16 the manufacturer had failed to provide;  
17 and

18           “(ii) 25 percent of such amount.

19           “(B) APPLICATION.—The provisions of  
20 section 1128A (other than subsections (a) and  
21 (b)) shall apply to a civil money penalty under  
22 this paragraph in the same manner as such  
23 provisions apply to a penalty or proceeding  
24 under section 1128A(a).

1       “(f) CLARIFICATION REGARDING AVAILABILITY OF  
2 OTHER COVERED PART D DRUGS.—Nothing in this sec-  
3 tion shall prevent an applicable beneficiary from pur-  
4 chasing a covered part D drug that is not an applicable  
5 drug (including a generic drug or a drug that is not on  
6 the formulary of the prescription drug plan or MA–PD  
7 plan that the applicable beneficiary is enrolled in).

8       “(g) DEFINITIONS.—In this section:

9           “(1) APPLICABLE BENEFICIARY.—The term  
10 ‘applicable beneficiary’ means an individual who, on  
11 the date of dispensing a covered part D drug—

12           “(A) is enrolled in a prescription drug plan  
13 or an MA–PD plan;

14           “(B) is not enrolled in a qualified retiree  
15 prescription drug plan; and

16           “(C) has incurred costs, as determined in  
17 accordance with section 1860D–2(b)(4)(C), for  
18 covered part D drugs in the year that exceed  
19 the annual deductible specified in section  
20 1860D–2(b)(1).

21           “(2) APPLICABLE DRUG.—The term ‘applicable  
22 drug’, with respect to an applicable beneficiary—

23           “(A) means a covered part D drug—

24           “(i) approved under a new drug appli-  
25 cation under section 505(c) of the Federal

1 Food, Drug, and Cosmetic Act or, in the  
2 case of a biologic product, licensed under  
3 section 351 of the Public Health Service  
4 Act; and

5 “(ii)(I) if the PDP sponsor of the pre-  
6 scription drug plan or the MA organization  
7 offering the MA–PD plan uses a for-  
8 mulary, which is on the formulary of the  
9 prescription drug plan or MA–PD plan  
10 that the applicable beneficiary is enrolled  
11 in;

12 “(II) if the PDP sponsor of the pre-  
13 scription drug plan or the MA organization  
14 offering the MA–PD plan does not use a  
15 formulary, for which benefits are available  
16 under the prescription drug plan or MA–  
17 PD plan that the applicable beneficiary is  
18 enrolled in; or

19 “(III) is provided through an excep-  
20 tion or appeal; and

21 “(B) does not include a selected drug (as  
22 referred to under section 1192(c)) during a  
23 price applicability period (as defined in section  
24 1191(b)(2)) with respect to such drug.

1           “(3) APPLICABLE NUMBER OF CALENDAR  
2           DAYS.—The term ‘applicable number of calendar  
3           days’ means—

4                   “(A) with respect to claims for reimburse-  
5                   ment submitted electronically, 14 days; and

6                   “(B) with respect to claims for reimburse-  
7                   ment submitted otherwise, 30 days.

8           “(4) DISCOUNTED PRICE.—

9                   “(A) IN GENERAL.—The term ‘discounted  
10                  price’ means, subject to subparagraphs (B) and  
11                  (C), with respect to an applicable drug of a  
12                  manufacturer dispensed during a year to an ap-  
13                  plicable beneficiary—

14                           “(i) who has not incurred costs, as de-  
15                           termined in accordance with section  
16                           1860D–2(b)(4)(C), for covered part D  
17                           drugs in the year that are equal to or ex-  
18                           ceed the annual out-of-pocket threshold  
19                           specified in section 1860D–2(b)(4)(B)(i)  
20                           for the year, 90 percent of the negotiated  
21                           price of such drug; and

22                           “(ii) who has incurred such costs, as  
23                           so determined, in the year that are equal  
24                           to or exceed such threshold for the year,

1 80 percent of the negotiated price of such  
2 drug.

3 “(B) PHASE-IN FOR CERTAIN DRUGS DIS-  
4 PENSED TO LIS BENEFICIARIES.—

5 “(i) IN GENERAL.—In the case of an  
6 applicable drug of a specified manufacturer  
7 (as defined in clause (ii)) that is marketed  
8 as of the date of enactment of this sub-  
9 paragraph and dispensed for an applicable  
10 beneficiary who is a subsidy eligible indi-  
11 vidual (as defined in section 1860D-  
12 14(a)(3)), the term ‘discounted price’  
13 means the specified LIS percent (as de-  
14 fined in clause (iii)) of the negotiated price  
15 of the applicable drug of the manufacturer.

16 “(ii) SPECIFIED MANUFACTURER.—

17 “(I) IN GENERAL.—In this sub-  
18 paragraph, subject to subclause (II),  
19 the term ‘specified manufacturer’  
20 means a manufacturer of an applica-  
21 ble drug for which, in 2021—

22 “(aa) the manufacturer had  
23 a coverage gap discount agree-  
24 ment under section 1860D-14A;

1                   “(bb) the total expenditures  
2 for all of the specified drugs of  
3 the manufacturer covered by  
4 such agreement or agreements  
5 for such year and covered under  
6 this part during such year rep-  
7 resented less than 1.0 percent of  
8 the total expenditures under this  
9 part for all covered Part D drugs  
10 during such year; and

11                   “(cc) the total expenditures  
12 for all of the specified drugs of  
13 the manufacturer that are single  
14 source drugs and biological prod-  
15 ucts covered under part B during  
16 such year represented less than  
17 1.0 percent of the total expendi-  
18 tures under part B for all drugs  
19 or biological products covered  
20 under such part during such  
21 year.

22                   “(II) SPECIFIED DRUGS.—

23                   “(aa) IN GENERAL.—For  
24 purposes of this clause, the term  
25 ‘specified drug’ means, with re-

1 spect to a specified manufac-  
2 turer, for 2021, an applicable  
3 drug that is produced, prepared,  
4 propagated, compounded, con-  
5 verted, or processed by the man-  
6 ufacturer.

7 “(bb) AGGREGATION  
8 RULE.—All persons treated as a  
9 single employer under subsection  
10 (a) or (b) of section 52 of the In-  
11 ternal Revenue Code of 1986  
12 shall be treated as one manufac-  
13 turer for purposes of this sub-  
14 paragraph. For purposes of mak-  
15 ing a determination pursuant to  
16 the previous sentence, an agree-  
17 ment under this section shall re-  
18 quire that a manufacturer pro-  
19 vide and attest to such informa-  
20 tion as specified by the Secretary  
21 as necessary.

22 “(III) LIMITATION.—The term  
23 ‘specified manufacturer’ shall not in-  
24 clude a manufacturer described in  
25 subclause (I) if such manufacturer is

1 acquired after 2021 by another manu-  
2 facturer that is not a specified manu-  
3 facturer, effective at the beginning of  
4 the plan year immediately following  
5 such acquisition or, in the case of an  
6 acquisition before 2025, effective Jan-  
7 uary 1, 2025.

8 “(iii) SPECIFIED LIS PERCENT.—In  
9 this subparagraph, the ‘specified LIS per-  
10 cent’ means, with respect to a year—

11 “(I) for an applicable drug dis-  
12 pensed for an applicable beneficiary  
13 described in clause (i) who has not in-  
14 curred costs, as determined in accord-  
15 ance with section 1860D–2(b)(4)(C),  
16 for covered part D drugs in the year  
17 that are equal to or exceed the annual  
18 out-of-pocket threshold specified in  
19 section 1860D–2(b)(4)(B)(i) for the  
20 year—

21 “(aa) for 2025, 99 percent;

22 “(bb) for 2026, 98 percent;

23 “(cc) for 2027, 95 percent;

24 “(dd) for 2028, 92 percent;

25 and



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1 “(ee) for 2029 and each  
2 subsequent year, 90 percent; and

3 “(II) for an applicable drug dis-  
4 pensed for an applicable beneficiary  
5 described in clause (i) who has in-  
6 curred costs, as determined in accord-  
7 ance with section 1860D–2(b)(4)(C),  
8 for covered part D drugs in the year  
9 that are equal to or exceed the annual  
10 out-of-pocket threshold specified in  
11 section 1860D–2(b)(4)(B)(i) for the  
12 year—

13 “(aa) for 2025, 99 percent;  
14 “(bb) for 2026, 98 percent;  
15 “(cc) for 2027, 95 percent;  
16 “(dd) for 2028, 92 percent;  
17 “(ee) for 2029, 90 percent;  
18 “(ff) for 2030, 85 percent;

19 and

20 “(gg) for 2031 and each  
21 subsequent year, 80 percent.

22 “(C) PHASE-IN FOR SPECIFIED SMALL  
23 MANUFACTURERS.—

24 “(i) IN GENERAL.—In the case of an  
25 applicable drug of a specified small manu-

1            manufacturer (as defined in clause (ii)) that is  
2            marketed as of the date of enactment of  
3            this subparagraph and dispensed for an  
4            applicable beneficiary, the term ‘discounted  
5            price’ means the specified small manufac-  
6            turer percent (as defined in clause (iii)) of  
7            the negotiated price of the applicable drug  
8            of the manufacturer.

9            “(ii) SPECIFIED SMALL MANUFAC-  
10            TURER.—

11            “(I) IN GENERAL.—In this sub-  
12            paragraph, subject to subclause (III),  
13            the term ‘specified small manufac-  
14            turer’ means a manufacturer of an  
15            applicable drug for which, in 2021—

16            “(aa) the manufacturer is a  
17            specified manufacturer (as de-  
18            fined in subparagraph (B)(ii));  
19            and

20            “(bb) the total expenditures  
21            under part D for any one of the  
22            specified small manufacturer  
23            drugs of the manufacturer that  
24            are covered by the agreement or  
25            agreements under section

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1 1860D–14A of such manufac-  
2 turer for such year and covered  
3 under this part during such year  
4 are equal to or more than 80 per-  
5 cent of the total expenditures  
6 under this part for all specified  
7 small manufacturer drugs of the  
8 manufacturer that are covered by  
9 such agreement or agreements  
10 for such year and covered under  
11 this part during such year.

12 “(II) SPECIFIED SMALL MANU-  
13 FACTURER DRUGS.—

14 “(aa) IN GENERAL.—For  
15 purposes of this clause, the term  
16 ‘specified small manufacturer  
17 drugs’ means, with respect to a  
18 specified small manufacturer, for  
19 2021, an applicable drug that is  
20 produced, prepared, propagated,  
21 compounded, converted, or proc-  
22 essed by the manufacturer.

23 “(bb) AGGREGATION  
24 RULE.—All persons treated as a  
25 single employer under subsection

1 (a) or (b) of section 52 of the In-  
2 ternal Revenue Code of 1986  
3 shall be treated as one manufac-  
4 turer for purposes of this sub-  
5 paragraph. For purposes of mak-  
6 ing a determination pursuant to  
7 the previous sentence, an agree-  
8 ment under this section shall re-  
9 quire that a manufacturer pro-  
10 vide and attest to such informa-  
11 tion as specified by the Secretary  
12 as necessary.

13 “(III) LIMITATION.—The term  
14 ‘specified small manufacturer’ shall  
15 not include a manufacturer described  
16 in subclause (I) if such manufacturer  
17 is acquired after 2021 by another  
18 manufacturer that is not a specified  
19 small manufacturer, effective at the  
20 beginning of the plan year imme-  
21 diately following such acquisition or,  
22 in the case of an acquisition before  
23 2025, effective January 1, 2025.

24 “(iii) SPECIFIED SMALL MANUFAC-  
25 Turer Percent.—In this subparagraph,

1 the term ‘specified small manufacturer per-  
2 cent’ means, with respect to a year—

3 “(I) for an applicable drug dis-  
4 pensed for an applicable beneficiary  
5 who has not incurred costs, as deter-  
6 mined in accordance with section  
7 1860D–2(b)(4)(C), for covered part D  
8 drugs in the year that are equal to or  
9 exceed the annual out-of-pocket  
10 threshold specified in section 1860D–  
11 2(b)(4)(B)(i) for the year—

12 “(aa) for 2025, 99 percent;  
13 “(bb) for 2026, 98 percent;  
14 “(cc) for 2027, 95 percent;  
15 “(dd) for 2028, 92 percent;  
16 and

17 “(ee) for 2029 and each  
18 subsequent year, 90 percent; and

19 “(II) for an applicable drug dis-  
20 pensed for an applicable beneficiary  
21 who has incurred costs, as determined  
22 in accordance with section 1860D–  
23 2(b)(4)(C), for covered part D drugs  
24 in the year that are equal to or exceed  
25 the annual out-of-pocket threshold

1 specified in section 1860D–  
2 2(b)(4)(B)(i) for the year—

3 “(aa) for 2025, 99 percent;

4 “(bb) for 2026, 98 percent;

5 “(cc) for 2027, 95 percent;

6 “(dd) for 2028, 92 percent;

7 “(ee) for 2029, 90 percent;

8 “(ff) for 2030, 85 percent;

9 and

10 “(gg) for 2031 and each

11 subsequent year, 80 percent.

12 “(D) TOTAL EXPENDITURES.—For pur-  
13 poses of this paragraph, the term ‘total expend-  
14 itures’ includes, in the case of expenditures with  
15 respect to part D, the total gross covered pre-  
16 scription drug costs as defined in section  
17 1860D–15(b)(3). The term ‘total expenditures’  
18 excludes, in the case of expenditures with re-  
19 spect to part B, expenditures for a drug or bio-  
20 logical that are bundled or packaged into the  
21 payment for another service.

22 “(E) SPECIAL CASE FOR CERTAIN  
23 CLAIMS.—

24 “(i) CLAIMS SPANNING DEDUCT-  
25 IBLE.—In the case where the entire

1 amount of the negotiated price of an indi-  
2 vidual claim for an applicable drug with re-  
3 spect to an applicable beneficiary does not  
4 fall above the annual deductible specified  
5 in section 1860D–2(b)(1) for the year, the  
6 manufacturer of the applicable drug shall  
7 provide the discounted price under this  
8 section on only the portion of the nego-  
9 tiated price of the applicable drug that  
10 falls above such annual deductible.

11 “(ii) CLAIMS SPANNING OUT-OF-POCK-  
12 ET THRESHOLD.—In the case where the  
13 entire amount of the negotiated price of an  
14 individual claim for an applicable drug  
15 with respect to an applicable beneficiary  
16 does not fall entirely below or entirely  
17 above the annual out-of-pocket threshold  
18 specified in section 1860D–2(b)(4)(B)(i)  
19 for the year, the manufacturer of the ap-  
20 plicable drug shall provide the discounted  
21 price—

22 “(I) in accordance with subpara-  
23 graph (A)(i) on the portion of the ne-  
24 gotiated price of the applicable drug  
25 that falls below such threshold; and

1                                   “(II) in accordance with subpara-  
2                                   graph (A)(ii) on the portion of such  
3                                   price of such drug that falls at or  
4                                   above such threshold.

5                   “(5) MANUFACTURER.—The term ‘manufac-  
6                   turer’ means any entity which is engaged in the pro-  
7                   duction, preparation, propagation, compounding,  
8                   conversion, or processing of prescription drug prod-  
9                   ucts, either directly or indirectly by extraction from  
10                  substances of natural origin, or independently by  
11                  means of chemical synthesis, or by a combination of  
12                  extraction and chemical synthesis. Such term does  
13                  not include a wholesale distributor of drugs or a re-  
14                  tail pharmacy licensed under State law.

15                  “(6) NEGOTIATED PRICE.—The term ‘nego-  
16                  tiated price’ has the meaning given such term for  
17                  purposes of section 1860D–2(d)(1)(B), and, with re-  
18                  spect to an applicable drug, such negotiated price  
19                  shall include any dispensing fee and, if applicable,  
20                  any vaccine administration fee for the applicable  
21                  drug.

22                  “(7) QUALIFIED RETIREE PRESCRIPTION DRUG  
23                  PLAN.—The term ‘qualified retiree prescription drug  
24                  plan’ has the meaning given such term in section  
25                  1860D–22(a)(2).



1 **“SEC. 1860D-14D. SELECTED DRUG SUBSIDY PROGRAM.**

2 “With respect to covered part D drugs that would  
3 be applicable drugs (as defined in section 1860D-  
4 14C(g)(2)) but for the application of subparagraph (B)  
5 of such section, the Secretary shall provide a process  
6 whereby, in the case of an applicable beneficiary (as de-  
7 fined in section 1860D-14C(g)(1)) who, with respect to  
8 a year, is enrolled in a prescription drug plan or is enrolled  
9 in an MA-PD plan, has not incurred costs that are equal  
10 to or exceed the annual out-of-pocket threshold specified  
11 in section 1860D-2(b)(4)(B)(i), and is dispensed such a  
12 drug, the Secretary (periodically and on a timely basis)  
13 provides the PDP sponsor or the MA organization offering  
14 the plan, a subsidy with respect to such drug that is equal  
15 to 10 percent of the negotiated price (as defined in section  
16 1860D-14C(g)(6)) of such drug.”.

17 (2) SUNSET OF MEDICARE COVERAGE GAP DIS-  
18 COUNT PROGRAM.—Section 1860D-14A of the So-  
19 cial Security Act (42 U.S.C. 1395w-114a) is amend-  
20 ed—

21 (A) in subsection (a), in the first sentence,  
22 by striking “The Secretary” and inserting  
23 “Subject to subsection (h), the Secretary”; and

24 (B) by adding at the end the following new  
25 subsection:

26 “(h) SUNSET OF PROGRAM.—

1           “(1) IN GENERAL.—The program shall not  
2           apply with respect to applicable drugs dispensed on  
3           or after January 1, 2025, and, subject to paragraph  
4           (2), agreements under this section shall be termi-  
5           nated as of such date.

6           “(2) CONTINUED APPLICATION FOR APPLICA-  
7           BLE DRUGS DISPENSED PRIOR TO SUNSET.—The  
8           provisions of this section (including all responsibil-  
9           ities and duties) shall continue to apply on and after  
10          January 1, 2025, with respect to applicable drugs  
11          dispensed prior to such date.”.

12          (3) SELECTED DRUG SUBSIDY PAYMENTS FROM  
13          MEDICARE PRESCRIPTION DRUG ACCOUNT.—Section  
14          1860D–16(b)(1) of the Social Security Act (42  
15          U.S.C. 1395w–116(b)(1)) is amended—

16                 (A) in subparagraph (C), by striking  
17                 “and” at the end;

18                 (B) in subparagraph (D), by striking the  
19                 period at the end and inserting “; and”; and

20                 (C) by adding at the end the following new  
21                 subparagraph:

22                         “(E) payments under section 1860D–14D  
23                         (relating to selected drug subsidy payments).”.

24          (d) MEDICARE PART D PREMIUM STABILIZATION.—



1                   “(i) 2024.—The base beneficiary pre-  
2                   mium for a month in 2024 shall be equal  
3                   to the lesser of—

4                               “(I) the base beneficiary pre-  
5                               mium computed under paragraph (2)  
6                               for a month in 2023 increased by 6  
7                               percent; or

8                               “(II) the base beneficiary pre-  
9                               mium computed under paragraph (2)  
10                              for a month in 2024 that would have  
11                              applied if this paragraph had not been  
12                              enacted.

13                   “(ii) 2025.—The base beneficiary pre-  
14                   mium for a month in 2025 shall be equal  
15                   to the lesser of—

16                              “(I) the base beneficiary pre-  
17                              mium computed under clause (i) for a  
18                              month in 2024 increased by 6 per-  
19                              cent; or

20                              “(II) the base beneficiary pre-  
21                              mium computed under paragraph (2)  
22                              for a month in 2025 that would have  
23                              applied if this paragraph had not been  
24                              enacted.

1                   “(iii) 2026.—The base beneficiary  
2 premium for a month in 2026 shall be  
3 equal to the lesser of—

4                   “(I) the base beneficiary pre-  
5 mium computed under clause (ii) for  
6 a month in 2025 increased by 6 per-  
7 cent; or

8                   “(II) the base beneficiary pre-  
9 mium computed under paragraph (2)  
10 for a month in 2026 that would have  
11 applied if this paragraph had not been  
12 enacted.

13                   “(iv) 2027.—The base beneficiary  
14 premium for a month in 2027 shall be  
15 equal to the lesser of—

16                   “(I) the base beneficiary pre-  
17 mium computed under clause (iii) for  
18 a month in 2026 increased by 6 per-  
19 cent; or

20                   “(II) the base beneficiary pre-  
21 mium computed under paragraph (2)  
22 for a month in 2027 that would have  
23 applied if this paragraph had not been  
24 enacted.

1                   “(v) 2028.—The base beneficiary pre-  
2                   mium for a month in 2028 shall be equal  
3                   to the lesser of—

4                   “**(I)** the base beneficiary pre-  
5                   mium computed under clause (iv) for  
6                   a month in 2027 increased by 6 per-  
7                   cent; or

8                   “**(II)** the base beneficiary pre-  
9                   mium computed under paragraph (2)  
10                  for a month in 2028 that would have  
11                  applied if this paragraph had not been  
12                  enacted.

13                  “(vi) 2029.—The base beneficiary  
14                  premium for a month in 2029 shall be  
15                  equal to the lesser of—

16                  “**(I)** the base beneficiary pre-  
17                  mium computed under clause (v) for a  
18                  month in 2028 increased by 6 per-  
19                  cent; or

20                  “**(II)** the base beneficiary pre-  
21                  mium computed under paragraph (2)  
22                  for a month in 2029 that would have  
23                  applied if this paragraph had not been  
24                  enacted.

1           “(B) CLARIFICATION REGARDING 2030 AND  
2           SUBSEQUENT YEARS.—The base beneficiary  
3           premium for a month in 2030 or a subsequent  
4           year shall be computed under paragraph (2)  
5           without regard to this paragraph.”; and

6           (B) in subsection (b)(3)(A)(ii), by striking  
7           “subsection (a)(2)” and inserting “paragraph  
8           (2) or (8) of subsection (a) (as applicable)”.

9           (2) ADJUSTMENT TO BENEFICIARY PREMIUM  
10          PERCENTAGE FOR 2030 AND SUBSEQUENT YEARS.—  
11          Section 1860D–13(a) of the Social Security Act (42  
12          U.S.C. 1395w–113(a)), as amended by paragraph  
13          (1), is amended—

14                 (A) in paragraph (3)(A), by inserting “(or,  
15                 for 2030 and each subsequent year, the percent  
16                 specified under paragraph (9))” after “25.5  
17                 percent”; and

18                 (B) by adding at the end the following new  
19                 paragraph:

20                 “(9) PERCENT SPECIFIED.—

21                         “(A) IN GENERAL.—Subject to subpara-  
22                         graph (B), for purposes of paragraph (3)(A),  
23                         the percent specified under this paragraph for  
24                         2030 and each subsequent year is the percent  
25                         that the Secretary determines is necessary to

1 ensure that the base beneficiary premium com-  
2 puted under paragraph (2) for a month in 2030  
3 is equal to the lesser of—

4 “(i) the base beneficiary premium  
5 computed under paragraph (8)(A)(vi) for a  
6 month in 2029 increased by 6 percent; or

7 “(ii) the base beneficiary premium  
8 computed under paragraph (2) for a  
9 month in 2030 that would have applied if  
10 this paragraph had not been enacted.

11 “(B) FLOOR.—The percent specified under  
12 subparagraph (A) may not be less than 20 per-  
13 cent.”.

14 (3) CONFORMING AMENDMENTS.—

15 (A) Section 1854(b)(2)(B) of the Social  
16 Security Act 42 U.S.C. 1395w–24(b)(2)(B)) is  
17 amended by striking “section 1860D–13(a)(2)”  
18 and inserting “paragraph (2) or (8) (as applica-  
19 ble) of section 1860D–13(a)”.

20 (B) Section 1860D–11(g)(6) of the Social  
21 Security Act (42 U.S.C. 1395w–111(g)(6)) is  
22 amended by inserting “(or, for 2030 and each  
23 subsequent year, the percent specified under  
24 section 1860D–13(a)(9))” after “25.5 percent”.



1 (C) Section 1860D–13(a)(7)(B)(i) of the  
2 Social Security Act (42 U.S.C. 1395w–  
3 113(a)(7)(B)(i)) is amended—

4 (i) in subclause (I), by inserting “(or,  
5 for 2030 and each subsequent year, the  
6 percent specified under paragraph (9))”  
7 after “25.5 percent”; and

8 (ii) in subclause (II), by inserting  
9 “(or, for 2030 and each subsequent year,  
10 the percent specified under paragraph  
11 (9))” after “25.5 percent”.

12 (D) Section 1860D–15(a) of the Social Se-  
13 curity Act (42 U.S.C. 1395w–115(a)) is amend-  
14 ed—

15 (i) in the matter preceding paragraph  
16 (1), by inserting “(or, for each of 2024  
17 through 2029, the percent applicable as a  
18 result of the application of section 1860D–  
19 13(a)(8), or, for 2030 and each subsequent  
20 year, 100 percent minus the percent speci-  
21 fied under section 1860D–13(a)(9))” after  
22 “74.5 percent”; and

23 (ii) in paragraph (1)(B), by striking  
24 “paragraph (2) of section 1860D–13(a)”

1                   and inserting “paragraph (2) or (8) of sec-  
2                   tion 1860D–13(a) (as applicable)”.

3           (e) CONFORMING AMENDMENTS.—

4                   (1) Section 1860D–2 of the Social Security Act  
5                   (42 U.S.C. 1395w–102) is amended—

6                   (A) in subsection (a(2)(A)(i)(I), by striking  
7                   “, or an increase in the initial” and inserting  
8                   “or, for a year preceding 2025, an increase in  
9                   the initial”;

10                  (B) in subsection (c)(1)(C)—

11                   (i) in the subparagraph heading, by  
12                   striking “AT INITIAL COVERAGE LIMIT”;  
13                   and

14                   (ii) by inserting “for a year preceding  
15                   2025 or the annual out-of-pocket threshold  
16                   specified in subsection (b)(4)(B) for the  
17                   year for 2025 and each subsequent year”  
18                   after “subsection (b)(3) for the year” each  
19                   place it appears; and

20                   (C) in subsection (d)(1)(A), by striking “or  
21                   an initial” and inserting “or, for a year pre-  
22                   ceding 2025, an initial”.

23                   (2) Section 1860D–4(a)(4)(B)(i) of the Social  
24                   Security Act (42 U.S.C. 1395w–104(a)(4)(B)(i)) is

1 amended by striking “the initial” and inserting “for  
2 a year preceding 2025, the initial”.

3 (3) Section 1860D–14(a) of the Social Security  
4 Act (42 U.S.C. 1395w–114(a)) is amended—

5 (A) in paragraph (1)—

6 (i) in subparagraph (C), by striking  
7 “The continuation” and inserting “For a  
8 year preceding 2025, the continuation”;

9 (ii) in subparagraph (D)(iii), by strik-  
10 ing “1860D–2(b)(4)(A)(i)(I)” and insert-  
11 ing “1860D–2(b)(4)(A)(i)(I)(aa)”;

12 (iii) in subparagraph (E), by striking  
13 “The elimination” and inserting “For a  
14 year preceding 2024, the elimination”;

15 (B) in paragraph (2)—

16 (i) in subparagraph (C), by striking  
17 “The continuation” and inserting “For a  
18 year preceding 2025, the continuation”;

19 and

20 (ii) in subparagraph (E), by striking  
21 “1860D–2(b)(4)(A)(i)(I)” and inserting  
22 “1860D–2(b)(4)(A)(i)(I)(aa) (for a year  
23 preceding 2024)”.

24 (4) Section 1860D–21(d)(7) of the Social Secu-  
25 rity Act (42 U.S.C. 1395w–131(d)(7)) is amended

1 by striking “section 1860D–2(b)(4)(B)(i)” and in-  
2 sserting “section 1860D–2(b)(4)(C)(i)”.

3 (5) Section 1860D–22(a)(2)(A) of the Social  
4 Security Act (42 U.S.C. 1395w–132(a)(2)(A)) is  
5 amended—

6 (A) by striking “the value of any discount”  
7 and inserting the following: “the value of—

8 “(i) for years prior to 2025, any dis-  
9 count”;

10 (B) in clause (i), as inserted by subpara-  
11 graph (A) of this paragraph, by striking the pe-  
12 riod at the end and inserting “; and”; and

13 (C) by adding at the end the following new  
14 clause:

15 “(ii) for 2025 and each subsequent  
16 year, any discount provided pursuant to  
17 section 1860D–14C.”.

18 (6) Section 1860D–41(a)(6) of the Social Secu-  
19 rity Act (42 U.S.C. 1395w–151(a)(6)) is amended—

20 (A) by inserting “for a year before 2025”  
21 after “1860D–2(b)(3)”; and

22 (B) by inserting “for such year” before the  
23 period.

24 (7) Section 1860D–43 of the Social Security  
25 Act (42 U.S.C. 1395w–153) is amended—

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1 (A) in subsection (a)—

2 (i) by striking paragraph (1) and in-  
3 serting the following:

4 “(1) participate in—

5 “(A) for 2011 through 2024, the Medicare  
6 coverage gap discount program under section  
7 1860D–14A; and

8 “(B) for 2025 and each subsequent year,  
9 the manufacturer discount program under sec-  
10 tion 1860D–14C;”;

11 (ii) by striking paragraph (2) and in-  
12 serting the following:

13 “(2) have entered into and have in effect—

14 “(A) for 2011 through 2024, an agreement  
15 described in subsection (b) of section 1860D–  
16 14A with the Secretary; and

17 “(B) for 2025 and each subsequent year,  
18 an agreement described in subsection (b) of sec-  
19 tion 1860D–14C with the Secretary; and”;

20 (iii) in paragraph (3), by striking  
21 “such section” and inserting “section  
22 1860D–14A”; and

23 (B) by striking subsection (b) and insert-  
24 ing the following:

1           “(b) EFFECTIVE DATE.—Paragraphs (1)(A), (2)(A),  
2 and (3) of subsection (a) shall apply to covered part D  
3 drugs dispensed under this part on or after January 1,  
4 2011, and before January 1, 2025, and paragraphs (1)(B)  
5 and (2)(B) of such subsection shall apply to covered part  
6 D drugs dispensed under this part on or after January  
7 1, 2025.”.

8           (8) Section 1927 of the Social Security Act (42  
9 U.S.C. 1396r–8) is amended—

10                   (A) in subsection (c)(1)(C)(i)(VI), by in-  
11 serting before the period at the end the fol-  
12 lowing: “or under the manufacturer discount  
13 program under section 1860D–14C”; and

14                   (B) in subsection (k)(1)(B)(i)(V), by in-  
15 serting before the period at the end the fol-  
16 lowing: “or under section 1860D–14C”.

17           (f) IMPLEMENTATION FOR 2024 THROUGH 2026.—  
18 The Secretary shall implement this section, including the  
19 amendments made by this section, for 2024, 2025, and  
20 2026 by program instruction or other forms of program  
21 guidance.

22           (g) FUNDING.—In addition to amounts otherwise  
23 available, there are appropriated to the Centers for Medi-  
24 care & Medicaid Services, out of any money in the Treas-  
25 ury not otherwise appropriated, \$341,000,000 for fiscal

1 year 2022, including \$20,000,000 and \$65,000,000 to  
2 carry out the provisions of, including the amendments  
3 made by, this section in fiscal years 2022 and 2023, re-  
4 spectively, and \$32,000,000 to carry out the provisions of,  
5 including the amendments made by, this section in each  
6 of fiscal years 2024 through 2031, to remain available  
7 until expended.

8 **SEC. 11202. MAXIMUM MONTHLY CAP ON COST-SHARING**  
9 **PAYMENTS UNDER PRESCRIPTION DRUG**  
10 **PLANS AND MA-PD PLANS.**

11 (a) IN GENERAL.—Section 1860D–2(b) of the Social  
12 Security Act (42 U.S.C. 1395w–102(b)) is amended—

13 (1) in paragraph (2)—

14 (A) in subparagraph (A), by striking “and  
15 (D)” and inserting “, (D), and (E)”; and

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

18 “(E) MAXIMUM MONTHLY CAP ON COST-  
19 SHARING PAYMENTS.—

20 “(i) IN GENERAL.—For plan years be-  
21 ginning on or after January 1, 2025, each  
22 PDP sponsor offering a prescription drug  
23 plan and each MA organization offering an  
24 MA–PD plan shall provide to any enrollee  
25 of such plan, including an enrollee who is

1 a subsidy eligible individual (as defined in  
2 paragraph (3) of section 1860D–14(a)),  
3 the option to elect with respect to a plan  
4 year to pay cost-sharing under the plan in  
5 monthly amounts that are capped in ac-  
6 cordance with this subparagraph.

7 “(ii) DETERMINATION OF MAXIMUM  
8 MONTHLY CAP.—For each month in the  
9 plan year for which an enrollee in a pre-  
10 scription drug plan or an MA–PD plan has  
11 made an election pursuant to clause (i),  
12 the PDP sponsor or MA organization shall  
13 determine a maximum monthly cap (as de-  
14 fined in clause (iv)) for such enrollee.

15 “(iii) BENEFICIARY MONTHLY PAY-  
16 MENTS.—With respect to an enrollee who  
17 has made an election pursuant to clause  
18 (i), for each month described in clause (ii),  
19 the PDP sponsor or MA organization shall  
20 bill such enrollee an amount (not to exceed  
21 the maximum monthly cap) for the out-of-  
22 pocket costs of such enrollee in such  
23 month.

24 “(iv) MAXIMUM MONTHLY CAP DE-  
25 FINED.—In this subparagraph, the term



1                   ‘maximum monthly cap’ means, with re-  
2                   spect to an enrollee—

3                   “(I) for the first month for which  
4                   the enrollee has made an election pur-  
5                   suant to clause (i), an amount deter-  
6                   mined by calculating—

7                   “(aa) the annual out-of-  
8                   pocket threshold specified in  
9                   paragraph (4)(B) minus the in-  
10                  curred costs of the enrollee as de-  
11                  scribed in paragraph (4)(C); di-  
12                  vided by

13                  “(bb) the number of months  
14                  remaining in the plan year; and

15                  “(II) for a subsequent month, an  
16                  amount determined by calculating—

17                  “(aa) the sum of any re-  
18                  maining out-of-pocket costs owed  
19                  by the enrollee from a previous  
20                  month that have not yet been  
21                  billed to the enrollee and any ad-  
22                  ditional out-of-pocket costs in-  
23                  curred by the enrollee; divided by

24                  “(bb) the number of months  
25                  remaining in the plan year.

1 “(v) ADDITIONAL REQUIREMENTS.—

2 The following requirements shall apply  
3 with respect to the option to make an elec-  
4 tion pursuant to clause (i) under this sub-  
5 paragraph:

6 “(I) SECRETARIAL RESPONSIBIL-  
7 ITIES.—The Secretary shall provide  
8 information to part D eligible individ-  
9 uals on the option to make such elec-  
10 tion through educational materials, in-  
11 cluding through the notices provided  
12 under section 1804(a).

13 “(II) TIMING OF ELECTION.—An  
14 enrollee in a prescription drug plan or  
15 an MA–PD plan may make such an  
16 election—

17 “(aa) prior to the beginning  
18 of the plan year; or

19 “(bb) in any month during  
20 the plan year.

21 “(III) PDP SPONSOR AND MA OR-  
22 GANIZATION RESPONSIBILITIES.—  
23 Each PDP sponsor offering a pre-  
24 scription drug plan or MA organiza-  
25 tion offering an MA–PD plan—

1                   “(aa) may not limit the op-  
2                   tion for an enrollee to make such  
3                   an election to certain covered  
4                   part D drugs;

5                   “(bb) shall, prior to the plan  
6                   year, notify prospective enrollees  
7                   of the option to make such an  
8                   election in promotional materials;

9                   “(cc) shall include informa-  
10                  tion on such option in enrollee  
11                  educational materials;

12                  “(dd) shall have in place a  
13                  mechanism to notify a pharmacy  
14                  during the plan year when an en-  
15                  rollee incurs out-of-pocket costs  
16                  with respect to covered part D  
17                  drugs that make it likely the en-  
18                  rollee may benefit from making  
19                  such an election;

20                  “(ee) shall provide that a  
21                  pharmacy, after receiving a noti-  
22                  fication described in item (dd)  
23                  with respect to an enrollee, in-  
24                  forms the enrollee of such notifi-  
25                  cation;

1           “(ff) shall ensure that such  
2           an election by an enrollee has no  
3           effect on the amount paid to  
4           pharmacies (or the timing of  
5           such payments) with respect to  
6           covered part D drugs dispensed  
7           to the enrollee; and

8           “(gg) shall have in place a  
9           financial reconciliation process to  
10          correct inaccuracies in payments  
11          made by an enrollee under this  
12          subparagraph with respect to  
13          covered part D drugs during the  
14          plan year.

15          “(IV) FAILURE TO PAY AMOUNT  
16          BILLED.—If an enrollee fails to pay  
17          the amount billed for a month as re-  
18          quired under this subparagraph—

19                 “(aa) the election of the en-  
20                 rollee pursuant to clause (i) shall  
21                 be terminated and the enrollee  
22                 shall pay the cost-sharing other-  
23                 wise applicable for any covered  
24                 part D drugs subsequently dis-  
25                 pensed to the enrollee up to the

1 annual out-of-pocket threshold  
2 specified in paragraph (4)(B);  
3 and

4 “(bb) the PDP sponsor or  
5 MA organization may preclude  
6 the enrollee from making an elec-  
7 tion pursuant to clause (i) in a  
8 subsequent plan year.

9 “(V) CLARIFICATION REGARDING  
10 PAST DUE AMOUNTS.—Nothing in this  
11 subparagraph shall be construed as  
12 prohibiting a PDP sponsor or an MA  
13 organization from billing an enrollee  
14 for an amount owed under this sub-  
15 paragraph.

16 “(VI) TREATMENT OF UNSET-  
17 TLED BALANCES.—Any unsettled bal-  
18 ances with respect to amounts owed  
19 under this subparagraph shall be  
20 treated as plan losses and the Sec-  
21 retary shall not be liable for any such  
22 balances outside of those assumed as  
23 losses estimated in plan bids.”; and

24 (2) in paragraph (4)—

1 (A) in subparagraph (C), by striking “sub-  
2 paragraph (E)” and inserting “subparagraph  
3 (E) or subparagraph (F)”; and

4 (B) by adding at the end the following new  
5 subparagraph:

6 “(F) INCLUSION OF COSTS PAID UNDER  
7 MAXIMUM MONTHLY CAP OPTION.—In applying  
8 subparagraph (A), with respect to an enrollee  
9 who has made an election pursuant to clause (i)  
10 of paragraph (2)(E), costs shall be treated as  
11 incurred if such costs are paid by a PDP spon-  
12 sor or an MA organization under the option  
13 provided under such paragraph.”.

14 (b) APPLICATION TO ALTERNATIVE PRESCRIPTION  
15 DRUG COVERAGE.—Section 1860D–2(c) of the Social Se-  
16 curity Act (42 U.S.C. 1395w–102(c)) is amended by add-  
17 ing at the end the following new paragraph:

18 “(4) SAME MAXIMUM MONTHLY CAP ON COST-  
19 SHARING.—The maximum monthly cap on cost-shar-  
20 ing payments shall apply to coverage with respect to  
21 an enrollee who has made an election pursuant to  
22 clause (i) of subsection (b)(2)(E) under the option  
23 provided under such subsection.”.

24 (c) IMPLEMENTATION FOR 2025.—The Secretary  
25 shall implement this section, including the amendments

1 made by this section, for 2025 by program instruction or  
2 other forms of program guidance.

3 (d) FUNDING.—In addition to amounts otherwise  
4 available, there are appropriated to the Centers for Medi-  
5 care & Medicaid Services, out of any money in the Treas-  
6 ury not otherwise appropriated, \$10,000,000 for fiscal  
7 year 2023, to remain available until expended, to carry  
8 out the provisions of, including the amendments made by,  
9 this section.

10 **PART 4—REPEAL OF PRESCRIPTION DRUG**

11 **REBATE RULE**

12 **SEC. 11301. PROHIBITING IMPLEMENTATION OF RULE RE-**  
13 **LATING TO ELIMINATING THE ANTI-KICK-**  
14 **BACK STATUTE SAFE HARBOR PROTECTION**  
15 **FOR PRESCRIPTION DRUG REBATES.**

16 Section 90006 of division I of the Infrastructure In-  
17 vestment and Jobs Act (42 U.S.C. 1320a–7b note), as  
18 amended by section 13101 of division A of the Bipartisan  
19 Safer Communities Act, is amended by striking “, prior  
20 to January 1, 2027,”.

1                                   **PART 5—MISCELLANEOUS**  
2 **SEC. 11401. COVERAGE OF ADULT VACCINES REC-**  
3 **COMMENDED BY THE ADVISORY COMMITTEE**  
4 **ON IMMUNIZATION PRACTICES UNDER MEDI-**  
5 **CARE PART D.**

6           (a) ENSURING TREATMENT OF COST-SHARING AND  
7 DEDUCTIBLE IS CONSISTENT WITH TREATMENT OF VAC-  
8 CINES UNDER MEDICARE PART B.—Section 1860D–2 of  
9 the Social Security Act (42 U.S.C. 1395w–102), as  
10 amended by sections 11201 and 11202, is amended—

11                   (1) in subsection (b)—

12                           (A) in paragraph (1)(A), by striking “The  
13 coverage” and inserting “Subject to paragraph  
14 (8), the coverage”;

15                           (B) in paragraph (2)—

16                                   (i) in subparagraph (A), by inserting  
17 “and paragraph (8)” after “and (E)”;

18                                   (ii) in subparagraph (C)(i), in the  
19 matter preceding subclause (I), by striking  
20 “paragraph (4)” and inserting “para-  
21 graphs (4) and (8)”;

22                                   (iii) in subparagraph (D)(i), in the  
23 matter preceding subclause (I), by striking  
24 “paragraph (4)” and inserting “para-  
25 graphs (4) and (8)”;



1 (C) in paragraph (4)(A)(i), by striking  
2 “The coverage” and inserting “Subject to para-  
3 graph (8), the coverage”; and

4 (D) by adding at the end the following new  
5 paragraph:

6 “(8) TREATMENT OF COST-SHARING FOR  
7 ADULT VACCINES RECOMMENDED BY THE ADVISORY  
8 COMMITTEE ON IMMUNIZATION PRACTICES CON-  
9 SISTENT WITH TREATMENT OF VACCINES UNDER  
10 PART B.—

11 “(A) IN GENERAL.—For plan years begin-  
12 ning on or after January 1, 2023, with respect  
13 to an adult vaccine recommended by the Advi-  
14 sory Committee on Immunization Practices (as  
15 defined in subparagraph (B))—

16 “(i) the deductible under paragraph  
17 (1) shall not apply; and

18 “(ii) there shall be no coinsurance or  
19 other cost-sharing under this part with re-  
20 spect to such vaccine.

21 “(B) ADULT VACCINES RECOMMENDED BY  
22 THE ADVISORY COMMITTEE ON IMMUNIZATION  
23 PRACTICES.—For purposes of this paragraph,  
24 the term ‘adult vaccine recommended by the  
25 Advisory Committee on Immunization Prac-

1           tices’ means a covered part D drug that is a  
2           vaccine licensed under section 351 of the Public  
3           Health Service Act for use by adult populations  
4           and administered in accordance with rec-  
5           ommendations of the Advisory Committee on  
6           Immunization Practices of the Centers for Dis-  
7           ease Control and Prevention.”; and

8           (2) in subsection (c), by adding at the end the  
9           following new paragraph:

10           “(5) TREATMENT OF COST-SHARING FOR  
11           ADULT VACCINES RECOMMENDED BY THE ADVISORY  
12           COMMITTEE ON IMMUNIZATION PRACTICES.—The  
13           coverage is in accordance with subsection (b)(8).”.

14           (b) CONFORMING AMENDMENTS TO COST-SHARING  
15           FOR LOW-INCOME INDIVIDUALS.—Section 1860D–14(a)  
16           of the Social Security Act (42 U.S.C. 1395w–114(a)), as  
17           amended by section 11201, is amended—

18           (1) in paragraph (1)(D), in each of clauses (ii)  
19           and (iii), by striking “In the case” and inserting  
20           “Subject to paragraph (6), in the case”;

21           (2) in paragraph (2)—

22           (A) in subparagraph (B), by striking “A  
23           reduction” and inserting “Subject to section  
24           1860D–2(b)(8), a reduction”;

1 (B) in subparagraph (D), by striking “The  
2 substitution” and inserting “Subject to para-  
3 graph (6), the substitution”; and

4 (C) in subparagraph (E), by striking “and  
5 subsection (c)” and inserting “, paragraph (6)  
6 of this subsection, and subsection (c)”; and

7 (3) by adding at the end the following new  
8 paragraph:

9 “(6) NO APPLICATION OF COST-SHARING OR  
10 DEDUCTIBLE FOR ADULT VACCINES RECOMMENDED  
11 BY THE ADVISORY COMMITTEE ON IMMUNIZATION  
12 PRACTICES.—For plan years beginning on or after  
13 January 1, 2023, with respect to an adult vaccine  
14 recommended by the Advisory Committee on Immu-  
15 nization Practices (as defined in section 1860D-  
16 2(b)(8)(B))—

17 “(A) the deductible under section 1860D-  
18 2(b)(1) shall not apply; and

19 “(B) there shall be no cost-sharing under  
20 this section with respect to such vaccine.”.

21 (c) TEMPORARY RETROSPECTIVE SUBSIDY.—Section  
22 1860D-15 of the Social Security Act (42 U.S.C. 1395w-  
23 115) is amended by adding at the end the following new  
24 subsection:

1           “(h) TEMPORARY RETROSPECTIVE SUBSIDY FOR RE-  
2   DUCTION IN COST-SHARING FOR ADULT VACCINES REC-  
3   COMMENDED BY THE ADVISORY COMMITTEE ON IMMUNI-  
4   ZATION PRACTICES DURING 2023.—

5           “(1) IN GENERAL.—In addition to amounts  
6           otherwise payable under this section to a PDP spon-  
7           sor of a prescription drug plan or an MA organiza-  
8           tion offering an MA–PD plan, for plan year 2023,  
9           the Secretary shall provide the PDP sponsor or MA  
10          organization offering the plan subsidies in an  
11          amount equal to the aggregate reduction in cost-  
12          sharing by reason of the application of section  
13          1860D–2(b)(8) for individuals under the plan during  
14          the year.

15          “(2) TIMING.—The Secretary shall provide a  
16          subsidy under paragraph (1), as applicable, not later  
17          than 18 months following the end of the applicable  
18          plan year.”.

19          (d) RULE OF CONSTRUCTION.—Nothing in this sec-  
20          tion shall be construed as limiting coverage under part D  
21          of title XVIII of the Social Security Act for vaccines that  
22          are not recommended by the Advisory Committee on Im-  
23          munization Practices.

24          (e) IMPLEMENTATION FOR 2023 THROUGH 2025.—  
25          The Secretary shall implement this section, including the

1 amendments made by this section, for 2023, 2024, and  
2 2025, by program instruction or other forms of program  
3 guidance.

4 **SEC. 11402. PAYMENT FOR BIOSIMILAR BIOLOGICAL PROD-**  
5 **UCTS DURING INITIAL PERIOD.**

6 Section 1847A(c)(4) of the Social Security Act (42  
7 U.S.C. 1395w-3a(c)(4)) is amended—

8 (1) in each of subparagraphs (A) and (B), by  
9 redesignating clauses (i) and (ii) as subclauses (I)  
10 and (II), respectively, and moving such subclauses 2  
11 ems to the right;

12 (2) by redesignating subparagraphs (A) and  
13 (B) as clauses (i) and (ii) and moving such clauses  
14 2 ems to the right;

15 (3) by striking “UNAVAILABLE.—In the case”  
16 and inserting “UNAVAILABLE.—

17 “(A) IN GENERAL.—Subject to subpara-  
18 graph (B), in the case”; and

19 (4) by adding at the end the following new sub-  
20 paragraph:

21 “(B) LIMITATION ON PAYMENT AMOUNT  
22 FOR BIOSIMILAR BIOLOGICAL PRODUCTS DUR-  
23 ING INITIAL PERIOD.—In the case of a bio-  
24 similar biological product furnished on or after  
25 July 1, 2024, during the initial period described

1 in subparagraph (A) with respect to the bio-  
2 similar biological product, the amount payable  
3 under this section for the biosimilar biological  
4 product is the lesser of the following:

5 “(i) The amount determined under  
6 clause (ii) of such subparagraph for the  
7 biosimilar biological product.

8 “(ii) The amount determined under  
9 subsection (b)(1)(B) for the reference bio-  
10 logical product.”.

11 **SEC. 11403. TEMPORARY INCREASE IN MEDICARE PART B**  
12 **PAYMENT FOR CERTAIN BIOSIMILAR BIO-**  
13 **LOGICAL PRODUCTS.**

14 Section 1847A(b)(8) of the Social Security Act (42  
15 U.S.C. 1395w-3a(b)(8)) is amended—

16 (1) by redesignating subparagraphs (A) and  
17 (B) as clauses (i) and (ii), respectively, and moving  
18 the margin of each such redesignated clause 2 ems  
19 to the right;

20 (2) by striking “PRODUCT.—The amount” and  
21 inserting the following: “PRODUCT.—

22 “(A) IN GENERAL.—Subject to subpara-  
23 graph (B), the amount”; and

24 (3) by adding at the end the following new sub-  
25 paragraph:

1 “(B) TEMPORARY PAYMENT INCREASE.—

2 “(i) IN GENERAL.—In the case of a  
3 qualifying biosimilar biological product  
4 that is furnished during the applicable 5-  
5 year period for such product, the amount  
6 specified in this paragraph for such prod-  
7 uct with respect to such period is the sum  
8 determined under subparagraph (A), ex-  
9 cept that clause (ii) of such subparagraph  
10 shall be applied by substituting ‘8 percent’  
11 for ‘6 percent’.

12 “(ii) APPLICABLE 5-YEAR PERIOD.—  
13 For purposes of clause (i), the applicable  
14 5-year period for a qualifying biosimilar bi-  
15 ological product is—

16 “(I) in the case of such a product  
17 for which payment was made under  
18 this paragraph as of September 30,  
19 2022, the 5-year period beginning on  
20 October 1, 2022; and

21 “(II) in the case of such a prod-  
22 uct for which payment is first made  
23 under this paragraph during a cal-  
24 endar quarter during the period be-  
25 ginning October 1, 2022, and ending

1 December 31, 2027, the 5-year period  
2 beginning on the first day of such cal-  
3 endar quarter during which such pay-  
4 ment is first made.

5 “(iii) QUALIFYING BIOSIMILAR BIO-  
6 LOGICAL PRODUCT DEFINED.—For pur-  
7 poses of this subparagraph, the term  
8 ‘qualifying biosimilar biological product’  
9 means a biosimilar biological product de-  
10 scribed in paragraph (1)(C) with respect to  
11 which—

12 “(I) in the case of a product de-  
13 scribed in clause (ii)(I), the average  
14 sales price under paragraph (8)(A)(i)  
15 for a calendar quarter during the 5-  
16 year period described in such clause is  
17 not more than the average sales price  
18 under paragraph (4)(A) for such  
19 quarter for the reference biological  
20 product; and

21 “(II) in the case of a product de-  
22 scribed in clause (ii)(II), the average  
23 sales price under paragraph (8)(A)(i)  
24 for a calendar quarter during the 5-  
25 year period described in such clause is



1 not more than the average sales price  
2 under paragraph (4)(A) for such  
3 quarter for the reference biological  
4 product.”.

5 **SEC. 11404. EXPANDING ELIGIBILITY FOR LOW-INCOME**  
6 **SUBSIDIES UNDER PART D OF THE MEDI-**  
7 **CARE PROGRAM.**

8 Section 1860D–14(a) of the Social Security Act (42  
9 U.S.C. 1395w–114(a)), as amended by section 11201, is  
10 amended—

11 (1) in the subsection heading, by striking “IN-  
12 DIVIDUALS” and all that follows through “LINE”  
13 and inserting “CERTAIN INDIVIDUALS”;

14 (2) in paragraph (1)—

15 (A) by striking the paragraph heading and  
16 inserting “INDIVIDUALS WITH CERTAIN LOW IN-  
17 COMES”; and

18 (B) in the matter preceding subparagraph  
19 (A), by inserting “(or, with respect to a plan  
20 year beginning on or after January 1, 2024,  
21 150 percent)” after “135 percent”; and

22 (3) in paragraph (2)—

23 (A) by striking the paragraph heading and  
24 inserting “OTHER LOW-INCOME INDIVIDUALS”;  
25 and

1 (B) in the matter preceding subparagraph  
2 (A), by striking “In the case of a subsidy” and  
3 inserting “With respect to a plan year begin-  
4 ning before January 1, 2024, in the case of a  
5 subsidy”.

6 **SEC. 11405. IMPROVING ACCESS TO ADULT VACCINES**  
7 **UNDER MEDICAID AND CHIP.**

8 (a) **MEDICAID.—**

9 (1) **REQUIRING COVERAGE OF ADULT VACCINA-**  
10 **TIONS.—**

11 (A) **IN GENERAL.—**Section 1902(a)(10)(A)  
12 of the Social Security Act (42 U.S.C.  
13 1396a(a)(10)(A)) is amended in the matter pre-  
14 ceeding clause (i) by inserting “(13)(B),” after  
15 “(5),”.

16 (B) **MEDICALLY NEEDED.—**Section  
17 1902(a)(10)(C)(iv) of such Act (42 U.S.C.  
18 1396a(a)(10)(C)(iv)) is amended by inserting “,  
19 (13)(B),” after “(5)”.

20 (2) **NO COST SHARING FOR VACCINATIONS.—**

21 (A) **GENERAL COST-SHARING LIMITA-**  
22 **TIONS.—**Section 1916 of the Social Security  
23 Act (42 U.S.C. 1396o) is amended—

24 (i) in subsection (a)(2)—

1 (I) in subparagraph (G), by in-  
2 serting a comma after “State plan”;

3 (II) in subparagraph (H), by  
4 striking “; or” and inserting a  
5 comma;

6 (III) in subparagraph (I), by  
7 striking “; and” and inserting “, or”;  
8 and

9 (IV) by adding at the end the fol-  
10 lowing new subparagraph:

11 “(J) vaccines described in section  
12 1905(a)(13)(B) and the administration of such  
13 vaccines; and”;

14 (ii) in subsection (b)(2)—

15 (I) in subparagraph (G), by in-  
16 serting a comma after “State plan”;

17 (II) in subparagraph (H), by  
18 striking “; or” and inserting a  
19 comma;

20 (III) in subparagraph (I), by  
21 striking “; and” and inserting “, or”;  
22 and

23 (IV) by adding at the end the fol-  
24 lowing new subparagraph:

1           “(J) vaccines described in section  
2           1905(a)(13)(B) and the administration of such  
3           vaccines; and”.

4           (B) APPLICATION TO ALTERNATIVE COST  
5           SHARING.—Section 1916A(b)(3)(B) of the So-  
6           cial Security Act (42 U.S.C. 1396o–1(b)(3)(B))  
7           is amended by adding at the end the following  
8           new clause:

9                   “(xiv) Vaccines described in section  
10                   1905(a)(13)(B) and the administration of  
11                   such vaccines.”.

12           (3) INCREASED FMAP FOR ADULT VACCINES  
13           AND THEIR ADMINISTRATION.—Section 1905(b) of  
14           the Social Security Act (42 U.S.C. 1396d(b)) is  
15           amended—

16                   (A) by striking “and (5)” and inserting  
17                   “(5)”;

18                   (B) by striking “services and vaccines de-  
19                   scribed in subparagraphs (A) and (B) of sub-  
20                   section (a)(13), and prohibits cost-sharing for  
21                   such services and vaccines” and inserting “serv-  
22                   ices described in subsection (a)(13)(A), and  
23                   prohibits cost-sharing for such services”;

1 (C) by striking “medical assistance for  
2 such services and vaccines” and inserting “med-  
3 ical assistance for such services”; and

4 (D) by inserting “, and (6) during the first  
5 8 fiscal quarters beginning on or after the effec-  
6 tive date of this clause, in the case of a State  
7 which, as of the date of enactment of the Infla-  
8 tion Reduction Act of 2022, provides medical  
9 assistance for vaccines described in subsection  
10 (a)(13)(B) and their administration and pro-  
11 hibits cost-sharing for such vaccines, the Fed-  
12 eral medical assistance percentage, as deter-  
13 mined under this subsection and subsection (y),  
14 shall be increased by 1 percentage point with  
15 respect to medical assistance for such vaccines  
16 and their administration” before the first pe-  
17 riod.

18 (b) CHIP.—

19 (1) REQUIRING COVERAGE OF ADULT VACCINA-  
20 TIONS.—Section 2103(c) of the Social Security Act  
21 (42 U.S.C. 1397cc(c)) is amended by adding at the  
22 end the following paragraph:

23 “(12) REQUIRED COVERAGE OF APPROVED,  
24 RECOMMENDED ADULT VACCINES AND THEIR AD-  
25 MINISTRATION.—Regardless of the type of coverage

1 elected by a State under subsection (a), if the State  
2 child health plan or a waiver of such plan provides  
3 child health assistance or pregnancy-related assist-  
4 ance (as defined in section 2112) to an individual  
5 who is 19 years of age or older, such assistance shall  
6 include coverage of vaccines described in section  
7 1905(a)(13)(B) and their administration.”.

8 (2) NO COST-SHARING FOR VACCINATIONS.—  
9 Section 2103(e)(2) of such Act (42 U.S.C.  
10 1397cc(e)(2)) is amended by inserting “vaccines de-  
11 scribed in subsection (c)(12) (and the administration  
12 of such vaccines),” after “in vitro diagnostic prod-  
13 ucts described in subsection (c)(10) (and administra-  
14 tion of such products),”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section take effect on the 1st day of the 1st fiscal  
17 quarter that begins on or after the date that is 1 year  
18 after the date of enactment of this Act and shall apply  
19 to expenditures made under a State plan or waiver of such  
20 plan under title XIX of the Social Security Act (42 U.S.C.  
21 1396 through 1396w–6) or under a State child health plan  
22 or waiver of such plan under title XXI of such Act (42  
23 U.S.C. 1397aa through 1397mm) on or after such effec-  
24 tive date.

1       **Subtitle C—Affordable Care Act**  
2                               **Subsidies**

3       **SEC. 12001. IMPROVE AFFORDABILITY AND REDUCE PRE-**  
4                               **MIUM COSTS OF HEALTH INSURANCE FOR**  
5                               **CONSUMERS.**

6           (a)    IN GENERAL.—Clause   (iii)   of section  
7 36B(b)(3)(A) of the Internal Revenue Code of 1986 is  
8 amended—

9                   (1) by striking “in 2021 or 2022” and inserting  
10                   “after December 31, 2020, and before January 1,  
11                   2026”, and

12                   (2) by striking “2021 AND 2022” in the heading  
13                   and inserting “2021 THROUGH 2025”.

14           (b)    EXTENSION THROUGH 2025 OF RULE TO ALLOW  
15 CREDIT TO TAXPAYERS WHOSE HOUSEHOLD INCOME  
16 EXCEEDS 400 PERCENT OF THE POVERTY LINE.—Sec-  
17 tion 36B(c)(1)(E) of the Internal Revenue Code of 1986  
18 is amended—

19                   (1) by striking “in 2021 or 2022” and inserting  
20                   “after December 31, 2020, and before January 1,  
21                   2026”, and

22                   (2) by striking “2021 AND 2022” in the heading  
23                   and inserting “2021 THROUGH 2025”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2022.

## 4 **Subtitle D—Energy Security**

### 5 **SEC. 13001. AMENDMENT OF 1986 CODE.**

6 Except as otherwise expressly provided, whenever in  
7 this subtitle an amendment or repeal is expressed in terms  
8 of an amendment to, or repeal of, a section or other provi-  
9 sion, the reference shall be considered to be made to a  
10 section or other provision of the Internal Revenue Code  
11 of 1986.

### 12 **PART 1—CLEAN ELECTRICITY AND REDUCING**

#### 13 **CARBON EMISSIONS**

### 14 **SEC. 13101. EXTENSION AND MODIFICATION OF CREDIT**

#### 15 **FOR ELECTRICITY PRODUCED FROM CER-**

#### 16 **TAIN RENEWABLE RESOURCES.**

17 (a) IN GENERAL.—The following provisions of sec-  
18 tion 45(d) are each amended by striking “January 1,  
19 2022” each place it appears and inserting “January 1,  
20 2025”:

21 (1) Paragraph (2)(A).

22 (2) Paragraph (3)(A).

23 (3) Paragraph (6).

24 (4) Paragraph (7).

25 (5) Paragraph (9).



1 (6) Paragraph (11)(B).

2 (b) BASE CREDIT AMOUNT.—Section 45 is amend-  
3 ed—

4 (1) in subsection (a)(1), by striking “1.5 cents”  
5 and inserting “0.3 cents”, and

6 (2) in subsection (b)(2), by striking “1.5 cent”  
7 and inserting “0.3 cent”.

8 (c) APPLICATION OF EXTENSION TO GEOTHERMAL  
9 AND SOLAR.—Section 45(d)(4) is amended by striking  
10 “and which” and all that follows through “January 1,  
11 2022” and inserting “and the construction of which begins  
12 before January 1, 2025”.

13 (d) EXTENSION OF ELECTION TO TREAT QUALIFIED  
14 FACILITIES AS ENERGY PROPERTY.—Section  
15 48(a)(5)(C)(ii) is amended by striking “January 1, 2022”  
16 and inserting “January 1, 2025”.

17 (e) APPLICATION OF EXTENSION TO WIND FACILI-  
18 TIES.—

19 (1) IN GENERAL.—Section 45(d)(1) is amended  
20 by striking “January 1, 2022” and inserting “Janu-  
21 ary 1, 2025”.

22 (2) APPLICATION OF PHASEOUT PERCENT-  
23 AGE.—

24 (A) RENEWABLE ELECTRICITY PRODUC-  
25 TION CREDIT.—Section 45(b)(5) is amended by

1 inserting “which is placed in service before Jan-  
2 uary 1, 2022” after “using wind to produce  
3 electricity”.

4 (B) ENERGY CREDIT.—Section  
5 48(a)(5)(E) is amended by inserting “placed in  
6 service before January 1, 2022, and” before  
7 “treated as energy property”.

8 (3) QUALIFIED OFFSHORE WIND FACILITIES  
9 UNDER ENERGY CREDIT.—Section 48(a)(5)(F)(i) is  
10 amended by striking “offshore wind facility” and all  
11 that follows and inserting the following: “offshore  
12 wind facility, subparagraph (E) shall not apply.”.

13 (f) WAGE AND APPRENTICESHIP REQUIREMENTS.—  
14 Section 45(b) is amended by adding at the end the fol-  
15 lowing new paragraphs:

16 “(6) INCREASED CREDIT AMOUNT FOR QUALI-  
17 FIED FACILITIES.—

18 “(A) IN GENERAL.—In the case of any  
19 qualified facility which satisfies the require-  
20 ments of subparagraph (B), the amount of the  
21 credit determined under subsection (a) (deter-  
22 mined after the application of paragraphs (1)  
23 through (5) and without regard to this para-  
24 graph) shall be equal to such amount multiplied  
25 by 5.

1           “(B) QUALIFIED FACILITY REQUIRE-  
2           MENTS.—A qualified facility meets the require-  
3           ments of this subparagraph if it is one of the  
4           following:

5                   “(i) A facility with a maximum net  
6                   output of less than 1 megawatt (as meas-  
7                   ured in alternating current).

8                   “(ii) A facility the construction of  
9                   which begins prior to the date that is 60  
10                  days after the Secretary publishes guid-  
11                  ance with respect to the requirements of  
12                  paragraphs (7)(A) and (8).

13                  “(iii) A facility which satisfies the re-  
14                  quirements of paragraphs (7)(A) and (8).

15           “(7) PREVAILING WAGE REQUIREMENTS.—

16                   “(A) IN GENERAL.—The requirements de-  
17                   scribed in this subparagraph with respect to  
18                   any qualified facility are that the taxpayer shall  
19                   ensure that any laborers and mechanics em-  
20                   ployed by contractors and subcontractors in—

21                           “(i) the construction of such facility,  
22                           and

23                           “(ii) with respect to any taxable year,  
24                           for any portion of such taxable year which  
25                           is within the period described in subsection

1           (a)(2)(A)(ii), the alteration or repair of  
2           such facility,  
3           shall be paid wages at rates not less than the  
4           prevailing rates for construction, alteration, or  
5           repair of a similar character in the locality in  
6           which such facility is located as most recently  
7           determined by the Secretary of Labor, in ac-  
8           cordance with subchapter IV of chapter 31 of  
9           title 40, United States Code. For purposes of  
10          determining an increased credit amount under  
11          paragraph (6)(A) for a taxable year, the re-  
12          quirement under clause (ii) is applied to such  
13          taxable year in which the alteration or repair of  
14          the qualified facility occurs.”

15           “(B) CORRECTION AND PENALTY RELATED  
16          TO FAILURE TO SATISFY WAGE REQUIRE-  
17          MENTS.—

18           “(i) IN GENERAL.—In the case of any  
19          taxpayer which fails to satisfy the require-  
20          ment under subparagraph (A) with respect  
21          to the construction of any qualified facility  
22          or with respect to the alteration or repair  
23          of a facility in any year during the period  
24          described in subparagraph (A)(ii), such  
25          taxpayer shall be deemed to have satisfied



1 established under section 6621  
2 (determined by substituting ‘6  
3 percentage points’ for ‘3 percent-  
4 age points’ in subsection (a)(2)  
5 of such section) for the period  
6 described in such item, and

7 “(II) makes payment to the Sec-  
8 retary of a penalty in an amount  
9 equal to the product of—

10 “(aa) \$5,000, multiplied by  
11 “(bb) the total number of la-  
12 borers and mechanics who were  
13 paid wages at a rate below the  
14 rate described in subparagraph  
15 (A) for any period during such  
16 year.

17 “(ii) DEFICIENCY PROCEDURES NOT  
18 TO APPLY.—Subchapter B of chapter 63  
19 (relating to deficiency procedures for in-  
20 come, estate, gift, and certain excise taxes)  
21 shall not apply with respect to the assess-  
22 ment or collection of any penalty imposed  
23 by this paragraph.

24 “(iii) INTENTIONAL DISREGARD.—If  
25 the Secretary determines that any failure

1 described in clause (i) is due to intentional  
2 disregard of the requirements under sub-  
3 paragraph (A), such clause shall be ap-  
4 plied—

5 “(I) in subclause (I), by sub-  
6 stituting ‘three times the sum’ for ‘the  
7 sum’, and

8 “(II) in subclause (II), by sub-  
9 stituting ‘\$10,000’ for ‘5,000’ in item  
10 (aa) thereof.

11 “(iv) LIMITATION ON PERIOD FOR  
12 PAYMENT.—Pursuant to rules issued by  
13 the Secretary, in the case of a final deter-  
14 mination by the Secretary with respect to  
15 any failure by the taxpayer to satisfy the  
16 requirement under subparagraph (A), sub-  
17 paragraph (B)(i) shall not apply unless the  
18 payments described in subclauses (I) and  
19 (II) of such subparagraph are made by the  
20 taxpayer on or before the date which is  
21 180 days after the date of such determina-  
22 tion.

23 “(8) APPRENTICESHIP REQUIREMENTS.—The  
24 requirements described in this paragraph with re-







1 to the construction, alteration, or re-  
2 pair work on any qualified facility to  
3 which subclause (I) does not apply,  
4 makes payment to the Secretary of a  
5 penalty in an amount equal to the  
6 product of—

7 “(aa) \$50, multiplied by  
8 “(bb) the total labor hours  
9 for which the requirement de-  
10 scribed in such subparagraph was  
11 not satisfied with respect to the  
12 construction, alteration, or repair  
13 work on such qualified facility.

14 “(ii) GOOD FAITH EFFORT.—For pur-  
15 poses of clause (i), a taxpayer shall be  
16 deemed to have satisfied the requirements  
17 under this paragraph with respect to a  
18 qualified facility if such taxpayer has re-  
19 quested qualified apprentices from a reg-  
20 istered apprenticeship program, as defined  
21 in section 3131(e)(3)(B), and—

22 “(I) such request has been de-  
23 nied, provided that such denial is not  
24 the result of a refusal by the contrac-  
25 tors or subcontractors engaged in the

1 performance of construction, alter-  
2 ation, or repair work with respect to  
3 such qualified facility to comply with  
4 the established standards and require-  
5 ments of the registered apprenticeship  
6 program, or

7 “(II) the registered apprentice-  
8 ship program fails to respond to such  
9 request within 5 business days after  
10 the date on which such registered ap-  
11 prenticeship program received such  
12 request.

13 “(iii) INTENTIONAL DISREGARD.—If  
14 the Secretary determines that any failure  
15 described in subclause (i)(II) is due to in-  
16 tentional disregard of the requirements  
17 under subparagraphs (A) and (C), sub-  
18 clause (i)(II) shall be applied by sub-  
19 stituting ‘\$500’ for ‘\$50’ in item (aa)  
20 thereof.

21 “(E) DEFINITIONS.—For purposes of this  
22 paragraph—

23 “(i) LABOR HOURS.—The term ‘labor  
24 hours’—

1                   “(I) means the total number of  
2                   hours devoted to the performance of  
3                   construction, alteration, or repair  
4                   work by employees of the taxpayer  
5                   (including construction, alteration, or  
6                   repair work by any contractor or sub-  
7                   contractor), and

8                   “(II) excludes any hours worked  
9                   by—

10                                   “(aa) foremen,

11                                   “(bb) superintendents,

12                                   “(cc) owners, or

13                                   “(dd) persons employed in a  
14                   bona fide executive, administra-  
15                   tive, or professional capacity  
16                   (within the meaning of those  
17                   terms in part 541 of title 29,  
18                   Code of Federal Regulations).

19                   “(ii) QUALIFIED APPRENTICE.—The  
20                   term ‘qualified apprentice’ means an indi-  
21                   vidual who is an employee of the con-  
22                   tractor or subcontractor and who is par-  
23                   ticipating in a registered apprenticeship  
24                   program, as defined in section  
25                   3131(e)(3)(B).

1           “(9) REGULATIONS AND GUIDANCE.—The Sec-  
2           retary shall issue such regulations or other guidance  
3           as the Secretary determines necessary or appropriate  
4           to carry out the purposes of this subsection, includ-  
5           ing regulations or other guidance which provides for  
6           requirements for recordkeeping or information re-  
7           porting for purposes of administering the require-  
8           ments of this subsection.”.

9           (g) DOMESTIC CONTENT, PHASEOUT, AND ENERGY  
10          COMMUNITIES.—Section 45(b), as amended by subsection  
11          (f), is amended—

12                 (1) by redesignating paragraph (9) as para-  
13                 graph (12), and

14                 (2) by inserting after paragraph (8) the fol-  
15                 lowing:

16                 “(9) DOMESTIC CONTENT BONUS CREDIT  
17                 AMOUNT.—

18                         “(A) IN GENERAL.—In the case of any  
19                         qualified facility which satisfies the requirement  
20                         under subparagraph (B)(i), the amount of the  
21                         credit determined under subsection (a) (deter-  
22                         mined after the application of paragraphs (1)  
23                         through (8)) shall be increased by an amount  
24                         equal to 10 percent of the amount so deter-  
25                         mined.

1 “(B) REQUIREMENT.—

2 “(i) IN GENERAL.—The requirement  
3 described in this subclause is satisfied with  
4 respect to any qualified facility if the tax-  
5 payer certifies to the Secretary (at such  
6 time, and in such form and manner, as the  
7 Secretary may prescribe) that any steel,  
8 iron, or manufactured product which is a  
9 component of such facility (upon comple-  
10 tion of construction) was produced in the  
11 United States (as determined under sec-  
12 tion 661 of title 49, Code of Federal Regu-  
13 lations).

14 “(ii) STEEL AND IRON.—In the case  
15 of steel or iron, clause (i) shall be applied  
16 in a manner consistent with section 661.5  
17 of title 49, Code of Federal Regulations.

18 “(iii) MANUFACTURED PRODUCT.—  
19 For purposes of clause (i), the manufac-  
20 tured products which are components of a  
21 qualified facility upon completion of con-  
22 struction shall be deemed to have been pro-  
23 duced in the United States if not less than  
24 the adjusted percentage (as determined  
25 under subparagraph (C)) of the total costs

1 of all such manufactured products of such  
2 facility are attributable to manufactured  
3 products (including components) which are  
4 mined, produced, or manufactured in the  
5 United States.

6 “(C) ADJUSTED PERCENTAGE.—

7 “(i) IN GENERAL.—Subject to sub-  
8 clause (ii), for purposes of subparagraph  
9 (B)(iii), the adjusted percentage shall be  
10 40 percent.

11 “(ii) OFFSHORE WIND FACILITY.—  
12 For purposes of subparagraph (B)(iii), in  
13 the case of a qualified facility which is an  
14 offshore wind facility, the adjusted per-  
15 centage shall be 20 percent.

16 “(10) PHASEOUT FOR ELECTIVE PAYMENT.—

17 “(A) IN GENERAL.—In the case of a tax-  
18 payer making an election under section 6417  
19 with respect to a credit under this section, the  
20 amount of such credit shall be replaced with—

21 “(i) the value of such credit (deter-  
22 mined without regard to this paragraph),  
23 multiplied by

24 “(ii) the applicable percentage.

1           “(B) 100 PERCENT APPLICABLE PERCENT-  
2           AGE FOR CERTAIN QUALIFIED FACILITIES.—In  
3           the case of any qualified facility—

4                   “(i) which satisfies the requirements  
5                   under paragraph (9)(B) with respect to the  
6                   construction of such facility, or

7                   “(ii) with a maximum net output of  
8                   less than 1 megawatt (as measured in al-  
9                   ternating current),  
10           the applicable percentage shall be 100 percent.

11           “(C) PHASED DOMESTIC CONTENT RE-  
12           QUIREMENT.—Subject to subparagraph (D), in  
13           the case of any qualified facility which is not  
14           described in subparagraph (B), the applicable  
15           percentage shall be—

16                   “(i) if construction of such facility  
17                   began before January 1, 2024, 100 per-  
18                   cent, and

19                   “(ii) if construction of such facility  
20                   began in calendar year 2024, 90 percent.

21           “(D) EXCEPTION.—

22                   “(i) IN GENERAL.—For purposes of  
23                   this paragraph, the Secretary shall provide  
24                   exceptions to the requirements under this



1 paragraph for the construction of qualified  
2 facilities if—

3 “(I) the inclusion of steel, iron,  
4 or manufactured products which are  
5 produced in the United States in-  
6 creases the overall costs of construc-  
7 tion of qualified facilities by more  
8 than 25 percent, or

9 “(II) relevant steel, iron, or man-  
10 ufactured products are not produced  
11 in the United States in sufficient and  
12 reasonably available quantities or of a  
13 satisfactory quality.

14 “(ii) APPLICABLE PERCENTAGE.—In  
15 any case in which the Secretary provides  
16 an exception pursuant to clause (i), the ap-  
17 plicable percentage shall be 100 percent.

18 “(11) SPECIAL RULE FOR QUALIFIED FACILITY  
19 LOCATED IN ENERGY COMMUNITY.—

20 “(A) IN GENERAL.—In the case of a quali-  
21 fied facility which is located in an energy com-  
22 munity, the credit determined under subsection  
23 (a) (determined after the application of para-  
24 graphs (1) through (10), without the applica-  
25 tion of paragraph (9)) shall be increased by an

1 amount equal to 10 percent of the amount so  
2 determined.

3 “(B) ENERGY COMMUNITY.—For purposes  
4 of this paragraph, the term ‘energy community’  
5 means—

6 “(i) a brownfield site (as defined in  
7 subparagraphs (A), (B), and (D)(ii)(III) of  
8 section 101(39) of the Comprehensive En-  
9 vironmental Response, Compensation, and  
10 Liability Act of 1980 (42 U.S.C.  
11 9601(39))),

12 “(ii) an area which has (or, at any  
13 time during the period beginning after De-  
14 cember 31, 1999, had) significant employ-  
15 ment related to the extraction, processing,  
16 transport, or storage of coal, oil, or natural  
17 gas (as determined by the Secretary), or

18 “(iii) a census tract—

19 “(I) in which—

20 “(aa) after December 31,  
21 1999, a coal mine has closed, or

22 “(bb) after December 31,  
23 2009, a coal-fired electric gener-  
24 ating unit has been retired, or

1                   “(II) which is directly adjoining  
2                   to any census tract described in sub-  
3                   clause (I).”.

4           (h) CREDIT REDUCED FOR TAX-EXEMPT BONDS.—  
5 Section 45(b)(3) is amended to read as follows:

6           “(3) CREDIT REDUCED FOR TAX-EXEMPT  
7 BONDS.—The amount of the credit determined  
8 under subsection (a) with respect to any facility for  
9 any taxable year (determined after the application of  
10 paragraphs (1) and (2)) shall be reduced by the  
11 amount which is the product of the amount so deter-  
12 mined for such year and the lesser of 15 percent or  
13 a fraction—

14                   “(A) the numerator of which is the sum,  
15                   for the taxable year and all prior taxable years,  
16                   of proceeds of an issue of any obligations the  
17                   interest on which is exempt from tax under sec-  
18                   tion 103 and which is used to provide financing  
19                   for the qualified facility, and

20                   “(B) the denominator of which is the ag-  
21                   gregate amount of additions to the capital ac-  
22                   count for the qualified facility for the taxable  
23                   year and all prior taxable years.

1 The amounts under the preceding sentence for any  
2 taxable year shall be determined as of the close of  
3 the taxable year.”.

4 (i) ROUNDING ADJUSTMENT.—

5 (1) IN GENERAL.—Section 45(b)(2) is amended  
6 by striking the second sentence and inserting the fol-  
7 lowing: “If the 0.3 cent amount as increased under  
8 the preceding sentence is not a multiple of 0.05 cent,  
9 such amount shall be rounded to the nearest mul-  
10 tiple of 0.05 cent. In any other case, if an amount  
11 as increased under this paragraph is not a multiple  
12 of 0.1 cent, such amount shall be rounded to the  
13 nearest multiple of 0.1 cent.”.

14 (2) CONFORMING AMENDMENT.—Section  
15 45(b)(4)(A) is amended by striking “last sentence”  
16 and inserting “last two sentences”.

17 (j) HYDROPOWER.—

18 (1) ELIMINATION OF CREDIT RATE REDUCTION  
19 FOR QUALIFIED HYDROELECTRIC PRODUCTION AND  
20 MARINE AND HYDROKINETIC RENEWABLE EN-  
21 ERGY.—Section 45(b)(4)(A), as amended by the pre-  
22 ceding provisions of this section, is amended by  
23 striking “(7), (9), or (11)” and inserting “or (7)”.

24 (2) MARINE AND HYDROKINETIC RENEWABLE  
25 ENERGY.—Section 45 is amended—

1 (A) in subsection (c)(10)(A)—  
2 (i) in clause (iii), by striking “or”,  
3 (ii) in clause (iv), by striking the pe-  
4 riod at the end and inserting “, or” and  
5 (iii) by adding at the end the fol-  
6 lowing:  
7 “(v) pressurized water used in a pipe-  
8 line (or similar man-made water convey-  
9 ance) which is operated—  
10 “(I) for the distribution of water  
11 for agricultural, municipal, or indus-  
12 trial consumption, and  
13 “(II) not primarily for the gen-  
14 eration of electricity.”, and  
15 (B) in subsection (d)(11)(A), by striking  
16 “150” and inserting “25”.

17 (k) EFFECTIVE DATES.—

18 (1) IN GENERAL.—Except as provided in para-  
19 graphs (2) and (3), the amendments made by this  
20 section shall apply to facilities placed in service after  
21 December 31, 2021.

22 (2) CREDIT REDUCED FOR TAX-EXEMPT  
23 BONDS.—The amendment made by subsection (h)  
24 shall apply to facilities the construction of which be-  
25 gins after the date of enactment of this Act.

1           (3) DOMESTIC CONTENT, PHASEOUT, ENERGY  
2           COMMUNITIES, AND HYDROPOWER.—The amend-  
3           ments made by subsections (g) and (j) shall apply to  
4           facilities placed in service after December 31, 2022.

5 **SEC. 13102. EXTENSION AND MODIFICATION OF ENERGY**  
6           **CREDIT.**

7           (a) EXTENSION OF CREDIT.—The following provi-  
8           sions of section 48 are each amended by striking “January  
9           1, 2024” each place it appears and inserting “January  
10          1, 2025”:

11           (1) Subsection (a)(2)(A)(i)(II).

12           (2) Subsection (a)(3)(A)(ii).

13           (3) Subsection (c)(1)(D).

14           (4) Subsection (c)(2)(D).

15           (5) Subsection (c)(3)(A)(iv).

16           (6) Subsection (c)(4)(C).

17           (7) Subsection (c)(5)(D).

18           (b) FURTHER EXTENSION FOR CERTAIN ENERGY  
19           PROPERTY.—Section 48(a)(3)(A)(vii) is amended by  
20           striking “January 1, 2024” and inserting “January 1,  
21           2035”.

22           (c) PHASEOUT OF CREDIT.—Section 48(a) is amend-  
23           ed by striking paragraphs (6) and (7) and inserting the  
24           following new paragraph:

1           “(6) PHASEOUT FOR CERTAIN ENERGY PROP-  
2           ERTY.—In the case of any qualified fuel cell prop-  
3           erty, qualified small wind property, or energy prop-  
4           erty described in clause (i) or clause (ii) of para-  
5           graph (3)(A) the construction of which begins after  
6           December 31, 2019, and which is placed in service  
7           before January 1, 2022, the energy percentage de-  
8           termined under paragraph (2) shall be equal to 26  
9           percent.”.

10          (d) BASE ENERGY PERCENTAGE AMOUNT.—Section  
11 48(a) is amended—

12           (1) in paragraph (2)(A)—

13                 (A) in clause (i), by striking “30 percent”  
14                 and inserting “6 percent”, and

15                 (B) in clause (ii), by striking “10 percent”  
16                 and inserting “2 percent”, and

17           (2) in paragraph (5)(A)(ii), by striking “30 per-  
18           cent” and inserting “6 percent”.

19          (e) 6 PERCENT CREDIT FOR GEOTHERMAL.—Section  
20 48(a)(2)(A)(i)(II) is amended by striking “paragraph  
21 (3)(A)(i)” and inserting “clause (i) or (iii) of paragraph  
22 (3)(A)”.

23          (f) ENERGY STORAGE TECHNOLOGIES; QUALIFIED  
24 BIOGAS PROPERTY; MICROGRID CONTROLLERS; EXTEN-  
25 SION OF OTHER PROPERTY.—

1           (1) IN GENERAL.—Section 48(a)(3)(A) is  
2 amended by striking “or” at the end of clause (vii),  
3 and by adding at the end the following new clauses:

4                   “(ix) energy storage technology,  
5                   “(x) qualified biogas property, or  
6                   “(xi) microgrid controllers,”.

7           (2) APPLICATION OF 6 PERCENT CREDIT.—Sec-  
8 tion 48(a)(2)(A)(i) is amended by striking “and” at  
9 the end of subclauses (IV) and (V) and adding at  
10 the end the following new subclauses:

11                   “(VI) energy storage technology,  
12                   “(VII) qualified biogas property,  
13                   “(VIII) microgrid controllers,  
14                   and  
15                   “(IX) energy property described  
16                   in clauses (v) and (vii) of paragraph  
17                   (3)(A), and”.

18           (3) DEFINITIONS.—Section 48(c) is amended  
19 by adding at the end the following new paragraphs:

20           “(6) ENERGY STORAGE TECHNOLOGY.—

21                   “(A) IN GENERAL.—The term ‘energy  
22 storage technology’ means—

23                   “(i) property (other than property pri-  
24 marily used in the transportation of goods  
25 or individuals and not for the production



1 of electricity) which receives, stores, and  
2 delivers energy for conversion to electricity  
3 (or, in the case of hydrogen, which stores  
4 energy), and has a nameplate capacity of  
5 not less than 5 kilowatt hours, and

6 “(ii) thermal energy storage property.

7 “(B) MODIFICATIONS OF CERTAIN PROP-  
8 ERTY.—In the case of any property which ei-  
9 ther—

10 “(i) was placed in service before the  
11 date of enactment of this section and  
12 would be described in subparagraph (A)(i),  
13 except that such property has a capacity of  
14 less than 5 kilowatt hours and is modified  
15 in a manner that such property (after such  
16 modification) has a nameplate capacity of  
17 not less than 5 kilowatt hours, or

18 “(ii) is described in subparagraph  
19 (A)(i) and is modified in a manner that  
20 such property (after such modification) has  
21 an increase in nameplate capacity of not  
22 less than 5 kilowatt hours,

23 such property shall be treated as described in  
24 subparagraph (A)(i) except that the basis of  
25 any existing property prior to such modification

1 shall not be taken into account for purposes of  
2 this section. In the case of any property to  
3 which this subparagraph applies, subparagraph  
4 (D) shall be applied by substituting ‘modifica-  
5 tion’ for ‘construction’.

6 “(C) THERMAL ENERGY STORAGE PROP-  
7 ERTY.—

8 “(i) IN GENERAL.—Subject to clause  
9 (ii), for purposes of this paragraph, the  
10 term ‘thermal energy storage property’  
11 means a system which—

12 “(I) is directly connected to a  
13 heating, ventilation, or air condi-  
14 tioning system,

15 “(II) removes heat from, or adds  
16 heat to, a storage medium for subse-  
17 quent use, and

18 “(III) provides energy for the  
19 heating or cooling of the interior of a  
20 residential or commercial building.

21 “(ii) EXCLUSION.—The term ‘thermal  
22 energy storage property’ shall not in-  
23 clude—

24 “(I) a swimming pool,

1                   “(II) combined heat and power  
2                   system property, or

3                   “(III) a building or its structural  
4                   components.

5                   “(D) TERMINATION.—The term ‘energy  
6                   storage technology’ shall not include any prop-  
7                   erty the construction of which begins after De-  
8                   cember 31, 2024.

9                   “(7) QUALIFIED BIOGAS PROPERTY.—

10                  “(A) IN GENERAL.—The term ‘qualified  
11                  biogas property’ means property comprising a  
12                  system which—

13                         “(i) converts biomass (as defined in  
14                         section 45K(c)(3), as in effect on the date  
15                         of enactment of this paragraph) into a gas  
16                         which—

17                                 “(I) consists of not less than 52  
18                                 percent methane by volume, or

19                                 “(II) is concentrated by such sys-  
20                                 tem into a gas which consists of not  
21                                 less than 52 percent methane, and

22                                 “(ii) captures such gas for sale or pro-  
23                                 ductive use, and not for disposal via com-  
24                                 bustion.

1           “(B) INCLUSION OF CLEANING AND CON-  
2           DITIONING PROPERTY.—The term ‘qualified  
3           biogas property’ includes any property which is  
4           part of such system which cleans or conditions  
5           such gas.

6           “(C) TERMINATION.—The term ‘qualified  
7           biogas property’ shall not include any property  
8           the construction of which begins after Decem-  
9           ber 31, 2024.

10          “(8) MICROGRID CONTROLLER.—

11           “(A) IN GENERAL.—The term ‘microgrid  
12           controller’ means equipment which is—

13                   “(i) part of a qualified microgrid, and

14                   “(ii) designed and used to monitor  
15                   and control the energy resources and loads  
16                   on such microgrid.

17           “(B) QUALIFIED MICROGRID.—The term  
18           ‘qualified microgrid’ means an electrical system  
19           which—

20                   “(i) includes equipment which is capa-  
21                   ble of generating not less than 4 kilowatts  
22                   and not greater than 20 megawatts of elec-  
23                   tricity,

24                   “(ii) is capable of operating—

1                   “(I) in connection with the elec-  
2                   trical grid and as a single controllable  
3                   entity with respect to such grid, and

4                   “(II) independently (and discon-  
5                   nected) from such grid, and

6                   “(iii) is not part of a bulk-power sys-  
7                   tem (as defined in section 215 of the Fed-  
8                   eral Power Act (16 U.S.C. 824o)).

9                   “(C) TERMINATION.—The term ‘microgrid  
10                  controller’ shall not include any property the  
11                  construction of which begins after December  
12                  31, 2024.”.

13                  (4) DENIAL OF DOUBLE BENEFIT FOR QUALI-  
14                  FIED BIOGAS PROPERTY.—Section 45(e) is amended  
15                  by adding at the end the following new paragraph:

16                  “(12) COORDINATION WITH ENERGY CREDIT  
17                  FOR QUALIFIED BIOGAS PROPERTY.—The term  
18                  ‘qualified facility’ shall not include any facility which  
19                  produces electricity from gas produced by qualified  
20                  biogas property (as defined in section 48(c)(7)) if a  
21                  credit is allowed under section 48 with respect to  
22                  such property for the taxable year or any prior tax-  
23                  able year.”.

24                  (5) PHASEOUT OF CERTAIN ENERGY PROP-  
25                  ERTY.—Section 48(a), as amended by the preceding

1 provisions of this Act, is amended by adding at the  
2 end the following new paragraph:

3 “(7) PHASEOUT FOR CERTAIN ENERGY PROP-  
4 ERTY.—In the case of any energy property described  
5 in clause (vii) of paragraph (3)(A), the energy per-  
6 centage determined under paragraph (2) shall be  
7 equal to—

8 “(A) in the case of any property the con-  
9 struction of which begins before January 1,  
10 2033, and which is placed in service after De-  
11 cember 31, 2021, 6 percent,

12 “(B) in the case of any property the con-  
13 struction of which begins after December 31,  
14 2032, and before January 1, 2034, 5.2 percent,  
15 and

16 “(C) in the case of any property the con-  
17 struction of which begins after December 31,  
18 2033, and before January 1, 2035, 4.4 per-  
19 cent.”.

20 (6) PUBLIC UTILITY PROPERTY.—Paragraph  
21 (2) of section 50(d) is amended—

22 (A) by adding after the first sentence the  
23 following new sentence: “At the election of a  
24 taxpayer, this paragraph shall not apply to any

1 energy storage technology (as defined in section  
2 48(c)(6)), provided—”, and

3 (B) by adding the following new subpara-  
4 graphs:

5 “(A) no election under this paragraph shall  
6 be permitted if the making of such election is  
7 prohibited by a State or political subdivision  
8 thereof, by any agency or instrumentality of the  
9 United States, or by a public service or public  
10 utility commission or other similar body of any  
11 State or political subdivision that regulates pub-  
12 lic utilities as described in section  
13 7701(a)(33)(A),

14 “(B) an election under this paragraph  
15 shall be made separately with respect to each  
16 energy storage technology by the due date (in-  
17 cluding extensions) of the Federal tax return  
18 for the taxable year in which the energy storage  
19 technology is placed in service by the taxpayer,  
20 and once made, may be revoked only with the  
21 consent of the Secretary, and

22 “(C) an election shall not apply with re-  
23 spect to any energy storage technology if such  
24 energy storage technology has a maximum ca-

1           capacity equal to or less than 500 kilowatt  
2           hours.”.

3           (g) FUEL CELLS USING ELECTROMECHANICAL  
4 PROCESSES.—

5           (1) IN GENERAL.—Section 48(e)(1) is amend-  
6 ed—

7           (A) in subparagraph (A)(i)—

8           (i) by inserting “or electromechanical”  
9 after “electrochemical”, and

10           (ii) by inserting “(1 kilowatt in the  
11 case of a fuel cell power plant with a linear  
12 generator assembly)” after “0.5 kilowatt”,  
13 and

14           (B) in subparagraph (C)—

15           (i) by inserting “, or linear generator  
16 assembly,” after “a fuel cell stack assem-  
17 bly”, and

18           (ii) by inserting “or  
19 electromechanical” after “electrochemical”.

20           (2) LINEAR GENERATOR ASSEMBLY LIMITA-  
21 TION.—Section 48(e)(1) is amended by redesign-  
22 ating subparagraph (D) as subparagraph (E) and  
23 by inserting after subparagraph (C) the following  
24 new subparagraph:



1                   “(D) LINEAR GENERATOR ASSEMBLY.—  
2                   The term ‘linear generator assembly’ does not  
3                   include any assembly which contains rotating  
4                   parts.”.

5           (h) DYNAMIC GLASS.—Section 48(a)(3)(A)(ii) is  
6 amended by inserting “, or electrochromic glass which  
7 uses electricity to change its light transmittance properties  
8 in order to heat or cool a structure,” after “sunlight”.

9           (i) COORDINATION WITH LOW INCOME HOUSING  
10 TAX CREDIT.—Paragraph (3) of section 50(c) is amend-  
11 ed—

12                   (1) by striking “and” at the end of subpara-  
13 graph (A),

14                   (2) by striking the period at the end of sub-  
15 paragraph (B) and inserting “, and”, and

16                   (3) by adding at the end the following new sub-  
17 paragraph:

18                               “(C) paragraph (1) shall not apply for pur-  
19 poses of determining eligible basis under section  
20 42.”.

21           (j) INTERCONNECTION PROPERTY.—Section 48(a),  
22 as amended by the preceding provisions of this Act, is  
23 amended by adding at the end the following new para-  
24 graph:

25                   “(8) INTERCONNECTION PROPERTY.—

1           “(A) IN GENERAL.—For purposes of deter-  
2           mining the credit under subsection (a), energy  
3           property shall include amounts paid or incurred  
4           by the taxpayer for qualified interconnection  
5           property in connection with the installation of  
6           energy property (as defined in paragraph (3))  
7           which has a maximum net output of not greater  
8           than 5 megawatts (as measured in alternating  
9           current), to provide for the transmission or dis-  
10          tribution of the electricity produced or stored by  
11          such property, and which are properly charge-  
12          able to the capital account of the taxpayer.

13           “(B) QUALIFIED INTERCONNECTION PROP-  
14          ERTY.—The term ‘qualified interconnection  
15          property’ means, with respect to an energy  
16          project which is not a microgrid controller, any  
17          tangible property—

18                   “(i) which is part of an addition,  
19                   modification, or upgrade to a transmission  
20                   or distribution system which is required at  
21                   or beyond the point at which the energy  
22                   project interconnects to such transmission  
23                   or distribution system in order to accom-  
24                   modate such interconnection,

25                   “(ii) either—

1                   “(I) which is constructed, recon-  
2                   structed, or erected by the taxpayer,  
3                   or

4                   “(II) for which the cost with re-  
5                   spect to the construction, reconstruc-  
6                   tion, or erection of such property is  
7                   paid or incurred by such taxpayer,  
8                   and

9                   “(iii) the original use of which, pursu-  
10                  ant to an interconnection agreement, com-  
11                  mences with a utility.

12                  “(C) INTERCONNECTION AGREEMENT.—  
13                  The term ‘interconnection agreement’ means an  
14                  agreement with a utility for the purposes of  
15                  interconnecting the energy property owned by  
16                  such taxpayer to the transmission or distribu-  
17                  tion system of such utility.

18                  “(D) UTILITY.—For purposes of this para-  
19                  graph, the term ‘utility’ means the owner or op-  
20                  erator of an electrical transmission or distribu-  
21                  tion system which is subject to the regulatory  
22                  authority of a State or political subdivision  
23                  thereof, any agency or instrumentality of the  
24                  United States, a public service or public utility  
25                  commission or other similar body of any State

1 or political subdivision thereof, or the governing  
2 or ratemaking body of an electric cooperative.

3 “(E) SPECIAL RULE FOR INTERCONNEC-  
4 TION PROPERTY.—In the case of expenses paid  
5 or incurred for interconnection property,  
6 amounts otherwise chargeable to capital ac-  
7 count with respect to such expenses shall be re-  
8 duced under rules similar to the rules of section  
9 50(c).”.

10 (k) ENERGY PROJECTS, WAGE REQUIREMENTS, AND  
11 APPRENTICESHIP REQUIREMENTS.—Section 48(a), as  
12 amended by the preceding provisions of this Act, is amend-  
13 ed by adding at the end the following new paragraphs:

14 “(9) INCREASED CREDIT AMOUNT FOR ENERGY  
15 PROJECTS.—

16 “(A) IN GENERAL.—

17 “(i) RULE.—In the case of any energy  
18 project which satisfies the requirements of  
19 subparagraph (B), the amount of the cred-  
20 it determined under this subsection (deter-  
21 mined after the application of paragraphs  
22 (1) through (8) and without regard to this  
23 clause) shall be equal to such amount mul-  
24 tiplied by 5.

1                   “(ii) ENERGY PROJECT DEFINED.—  
2                   For purposes of this subsection, the term  
3                   ‘energy project’ means a project consisting  
4                   of one or more energy properties that are  
5                   part of a single project.

6                   “(B) PROJECT REQUIREMENTS.—A project  
7                   meets the requirements of this subparagraph if  
8                   it is one of the following:

9                   “(i) A project with a maximum net  
10                  output of less than 1 megawatt (as meas-  
11                  ured in alternating current) of electrical or  
12                  thermal energy.

13                  “(ii) A project the construction of  
14                  which begins before the date that is 60  
15                  days after the Secretary publishes guid-  
16                  ance with respect to the requirements of  
17                  paragraphs (10)(A) and (11).

18                  “(iii) A project which satisfies the re-  
19                  quirements of paragraphs (10)(A) and  
20                  (11).

21                  “(10) PREVAILING WAGE REQUIREMENTS.—

22                  “(A) IN GENERAL.—The requirements de-  
23                  scribed in this subparagraph with respect to  
24                  any energy project are that the taxpayer shall

1 ensure that any laborers and mechanics em-  
2 ployed by contractors and subcontractors in—

3 “(i) the construction of such energy  
4 project, and

5 “(ii) for the 5-year period beginning  
6 on the date such project is originally  
7 placed in service, the alteration or repair of  
8 such project,

9 shall be paid wages at rates not less than the  
10 prevailing rates for construction, alteration, or  
11 repair of a similar character in the locality in  
12 which such project is located as most recently  
13 determined by the Secretary of Labor, in ac-  
14 cordance with subchapter IV of chapter 31 of  
15 title 40, United States Code. Subject to sub-  
16 paragraph (C), for purposes of any determina-  
17 tion under paragraph (9)(A)(i) for the taxable  
18 year in which the energy project is placed in  
19 service, the taxpayer shall be deemed to satisfy  
20 the requirement under clause (ii) at the time  
21 such project is placed in service.

22 “(B) CORRECTION AND PENALTY RELATED  
23 TO FAILURE TO SATISFY WAGE REQUIRE-  
24 MENTS.—Rules similar to the rules of section  
25 45(b)(7)(B) shall apply.

1           “(C) RECAPTURE.—The Secretary shall,  
2           by regulations or other guidance, provide for re-  
3           capturing the benefit of any increase in the  
4           credit allowed under this subsection by reason  
5           of this paragraph with respect to any project  
6           which does not satisfy the requirements under  
7           subparagraph (A) (after application of subpara-  
8           graph (B)) for the period described in clause  
9           (ii) of subparagraph (A) (but which does not  
10          cease to be investment credit property within  
11          the meaning of section 50(a)). The period and  
12          percentage of such recapture shall be deter-  
13          mined under rules similar to the rules of section  
14          50(a).

15          “(11) APPRENTICESHIP REQUIREMENTS.—  
16          Rules similar to the rules of section 45(b)(8) shall  
17          apply.”.

18          (l) DOMESTIC CONTENT; PHASEOUT FOR ELECTIVE  
19          PAYMENT.—Section 48(a), as amended by the preceding  
20          provisions of this Act, is amended by adding at the end  
21          the following new paragraphs:

22          “(12) DOMESTIC CONTENT BONUS CREDIT  
23          AMOUNT.—

24                 “(A) IN GENERAL.—In the case of any en-  
25                 ergy project which satisfies the requirement

1 under subparagraph (B), for purposes of apply-  
2 ing paragraph (2) with respect to such prop-  
3 erty, the energy percentage shall be increased  
4 by the applicable credit rate increase.

5 “(B) REQUIREMENT.—Rules similar to the  
6 rules of section 45(b)(9)(B) shall apply.

7 “(C) APPLICABLE CREDIT RATE IN-  
8 CREASE.—For purposes of subparagraph (A),  
9 the applicable credit rate increase shall be—

10 “(i) in the case of an energy project  
11 which does not satisfy the requirements of  
12 paragraph (9)(B), 2 percentage points, and

13 “(ii) in the case of an energy project  
14 which satisfies the requirements of para-  
15 graph (9)(B), 10 percentage points.

16 “(13) PHASEOUT FOR ELECTIVE PAYMENT.—In  
17 the case of a taxpayer making an election under sec-  
18 tion 6417 with respect to a credit under this section,  
19 rules similar to the rules of section 45(b)(10) shall  
20 apply.”.

21 (m) SPECIAL RULE FOR PROPERTY FINANCED BY  
22 TAX-EXEMPT BONDS.—Section 48(a)(4) is amended to  
23 read as follows:

24 “(4) SPECIAL RULE FOR PROPERTY FINANCED  
25 BY TAX-EXEMPT BONDS.—Rules similar to the rule



1 under section 45(b)(3) shall apply for purposes of  
2 this section.”.

3 (n) TREATMENT OF CERTAIN CONTRACTS INVOLV-  
4 ING ENERGY STORAGE.—Section 7701(e) is amended—

5 (1) in paragraph (3)—

6 (A) in subparagraph (A)(i), by striking  
7 “or” at the end of subclause (II), by striking  
8 “and” at the end of subclause (III) and insert-  
9 ing “or”, and by adding at the end the fol-  
10 lowing new subclause:

11 “(IV) the operation of a storage  
12 facility, and”, and

13 (B) by adding at the end the following new  
14 subparagraph:

15 “(F) STORAGE FACILITY.—For purposes  
16 of subparagraph (A), the term ‘storage facility’  
17 means a facility which uses energy storage tech-  
18 nology within the meaning of section 48(c)(6).”,  
19 and

20 (2) in paragraph (4), by striking “or water  
21 treatment works facility” and inserting “water treat-  
22 ment works facility, or storage facility”.

23 (o) INCREASE IN CREDIT RATE FOR ENERGY COM-  
24 MUNITIES.—Section 48(a), as amended by the preceding

1 provisions of this Act, is amended by adding at the end  
2 the following new paragraph:

3           “(14) INCREASE IN CREDIT RATE FOR ENERGY  
4 COMMUNITIES.—

5           “(A) IN GENERAL.—In the case of any en-  
6 ergy project that is placed in service within an  
7 energy community (as defined in section  
8 45(b)(11)(B), as applied by substituting ‘energy  
9 project’ for ‘qualified facility’ each place it ap-  
10 pears), for purposes of applying paragraph (2)  
11 with respect to energy property which is part of  
12 such project, the energy percentage shall be in-  
13 creased by the applicable credit rate increase.

14           “(B) APPLICABLE CREDIT RATE IN-  
15 CREASE.—For purposes of subparagraph (A),  
16 the applicable credit rate increase shall be equal  
17 to—

18           “(i) in the case of any energy project  
19 which does not satisfy the requirements of  
20 paragraph (9)(B), 2 percentage points, and

21           “(ii) in the case of any energy project  
22 which satisfies the requirements of para-  
23 graph (9)(B), 10 percentage points.”.

1 (p) REGULATIONS.—Section 48(a), as amended by  
2 the preceding provisions of this Act, is amended by adding  
3 at the end the following new paragraph:

4 “(15) REGULATIONS AND GUIDANCE.—The  
5 Secretary shall issue such regulations or other guid-  
6 ance as the Secretary determines necessary or ap-  
7 propriate to carry out the purposes of this sub-  
8 section, including regulations or other guidance  
9 which provides for requirements for recordkeeping or  
10 information reporting for purposes of administering  
11 the requirements of this subsection.”.

12 (q) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in para-  
14 graphs (2) and (3), the amendments made by this  
15 section shall apply to property placed in service after  
16 December 31, 2021.

17 (2) OTHER PROPERTY.—The amendments  
18 made by subsections (f), (g), (h), (i), (j), (l), (n),  
19 and (o) shall apply to property placed in service  
20 after December 31, 2022.

21 (3) SPECIAL RULE FOR PROPERTY FINANCED  
22 BY TAX-EXEMPT BONDS.—The amendments made by  
23 subsection (m) shall apply to property the construc-  
24 tion of which begins after the date of enactment of  
25 this Act.

1 **SEC. 13103. INCREASE IN ENERGY CREDIT FOR SOLAR AND**  
2 **WIND FACILITIES PLACED IN SERVICE IN**  
3 **CONNECTION WITH LOW-INCOME COMMU-**  
4 **NITIES.**

5 (a) IN GENERAL.—Section 48 is amended by adding  
6 at the end the following new subsection:

7 “(e) SPECIAL RULES FOR CERTAIN SOLAR AND  
8 WIND FACILITIES PLACED IN SERVICE IN CONNECTION  
9 WITH LOW-INCOME COMMUNITIES.—

10 “(1) IN GENERAL.—In the case of any qualified  
11 solar and wind facility with respect to which the Sec-  
12 retary makes an allocation of environmental justice  
13 solar and wind capacity limitation under paragraph  
14 (4)—

15 “(A) the energy percentage otherwise de-  
16 termined under paragraph (2) or (5) of sub-  
17 section (a) with respect to any eligible property  
18 which is part of such facility shall be increased  
19 by—

20 “(i) in the case of a facility described  
21 in subclause (I) of paragraph (2)(A)(iii)  
22 and not described in subclause (II) of such  
23 paragraph, 10 percentage points, and

24 “(ii) in the case of a facility described  
25 in subclause (II) of paragraph (2)(A)(iii),  
26 20 percentage points, and

1           “(B) the increase in the credit determined  
2           under subsection (a) by reason of this sub-  
3           section for any taxable year with respect to all  
4           property which is part of such facility shall not  
5           exceed the amount which bears the same ratio  
6           to the amount of such increase (determined  
7           without regard to this subparagraph) as—

8                   “(i) the environmental justice solar  
9                   and wind capacity limitation allocated to  
10                  such facility, bears to

11                   “(ii) the total megawatt nameplate ca-  
12                   pacity of such facility, as measured in di-  
13                   rect current.

14           “(2) QUALIFIED SOLAR AND WIND FACILITY.—  
15           For purposes of this subsection—

16                   “(A) IN GENERAL.—The term ‘qualified  
17                   solar and wind facility’ means any facility—

18                           “(i) which generates electricity solely  
19                           from property described in section 45(d)(1)  
20                           or in clause (i) or (vi) of subsection  
21                           (a)(3)(A),

22                           “(ii) which has a maximum net output  
23                           of less than 5 megawatts (as measured in  
24                           alternating current), and

25                           “(iii) which—

1                   “(I) is located in a low-income  
2                   community (as defined in section  
3                   45D(e)) or on Indian land (as defined  
4                   in section 2601(2) of the Energy Pol-  
5                   icy Act of 1992 (25 U.S.C. 3501(2))),  
6                   or

7                   “(II) is part of a qualified low-in-  
8                   come residential building project or a  
9                   qualified low-income economic benefit  
10                  project.

11                  “(B) QUALIFIED LOW-INCOME RESIDEN-  
12                  TIAL BUILDING PROJECT.—A facility shall be  
13                  treated as part of a qualified low-income resi-  
14                  dential building project if—

15                  “(i) such facility is installed on a resi-  
16                  dential rental building which participates  
17                  in a covered housing program (as defined  
18                  in section 41411(a) of the Violence Against  
19                  Women Act of 1994 (34 U.S.C.  
20                  12491(a)(3)), a housing assistance pro-  
21                  gram administered by the Department of  
22                  Agriculture under title V of the Housing  
23                  Act of 1949, a housing program adminis-  
24                  tered by a tribally designated housing enti-  
25                  ty (as defined in section 4(22) of the Na-

1           tive American Housing Assistance and  
2           Self-Determination Act of 1996 (25 U.S.C.  
3           4103(22))) or such other affordable hous-  
4           ing programs as the Secretary may pro-  
5           vide, and

6                   “(ii) the financial benefits of the elec-  
7                   tricity produced by such facility are allo-  
8                   cated equitably among the occupants of the  
9                   dwelling units of such building.

10                   “(C) QUALIFIED LOW-INCOME ECONOMIC  
11           BENEFIT PROJECT.—A facility shall be treated  
12           as part of a qualified low-income economic ben-  
13           efit project if at least 50 percent of the finan-  
14           cial benefits of the electricity produced by such  
15           facility are provided to households with income  
16           of—

17                   “(i) less than 200 percent of the pov-  
18                   erty line (as defined in section  
19                   36B(d)(3)(A)) applicable to a family of the  
20                   size involved, or

21                   “(ii) less than 80 percent of area me-  
22                   dian gross income (as determined under  
23                   section 142(d)(2)(B)).

24                   “(D) FINANCIAL BENEFIT.—For purposes  
25           of subparagraphs (B) and (C), electricity ac-

1           required at a below-market rate shall not fail to  
2           be taken into account as a financial benefit.

3           “(3) ELIGIBLE PROPERTY.—For purposes of  
4           this section, the term ‘eligible property’ means en-  
5           ergy property which—

6                       “(A) is part of a facility described in sec-  
7                       tion 45(d)(1) for which an election was made  
8                       under subsection (a)(5), or

9                       “(B) is described in clause (i) or (vi) of  
10                      subsection (a)(3)(A),

11           including energy storage technology (as described in  
12           subsection (a)(3)(A)(ix)) installed in connection with  
13           such energy property.

14           “(4) ALLOCATIONS.—

15                       “(A) IN GENERAL.—Not later than 180  
16                       days after the date of enactment of this sub-  
17                       section, the Secretary shall establish a program  
18                       to allocate amounts of environmental justice  
19                       solar and wind capacity limitation to qualified  
20                       solar and wind facilities. In establishing such  
21                       program and to carry out the purposes of this  
22                       subsection, the Secretary shall provide proce-  
23                       dures to allow for an efficient allocation proc-  
24                       ess, including, when determined appropriate,  
25                       consideration of multiple projects in a single ap-



1           plication if such projects will be placed in serv-  
2           ice by a single taxpayer.

3           “(B) LIMITATION.—The amount of envi-  
4           ronmental justice solar and wind capacity limi-  
5           tation allocated by the Secretary under sub-  
6           paragraph (A) during any calendar year shall  
7           not exceed the annual capacity limitation with  
8           respect to such year.

9           “(C) ANNUAL CAPACITY LIMITATION.—For  
10          purposes of this paragraph, the term ‘annual  
11          capacity limitation’ means 1.8 gigawatts of di-  
12          rect current capacity for each of calendar years  
13          2023 and 2024, and zero thereafter.

14          “(D) CARRYOVER OF UNUSED LIMITA-  
15          TION.—If the annual capacity limitation for any  
16          calendar year exceeds the aggregate amount al-  
17          located for such year under this paragraph,  
18          such limitation for the succeeding calendar year  
19          shall be increased by the amount of such excess.  
20          No amount may be carried under the preceding  
21          sentence to any calendar year after 2024 except  
22          as provided in section 48D(h)(4)(D)(ii).

23          “(E) PLACED IN SERVICE DEADLINE.—

24                 “(i) IN GENERAL.—Paragraph (1)  
25                 shall not apply with respect to any prop-

1 erty which is placed in service after the  
2 date that is 4 years after the date of the  
3 allocation with respect to the facility of  
4 which such property is a part.

5 “(ii) APPLICATION OF CARRYOVER.—  
6 Any amount of environmental justice solar  
7 and wind capacity limitation which expires  
8 under clause (i) during any calendar year  
9 shall be taken into account as an excess  
10 described in subparagraph (D) (or as an  
11 increase in such excess) for such calendar  
12 year, subject to the limitation imposed by  
13 the last sentence of such subparagraph.

14 “(5) RECAPTURE.—The Secretary shall, by reg-  
15 ulations or other guidance, provide for recapturing  
16 the benefit of any increase in the credit allowed  
17 under subsection (a) by reason of this subsection  
18 with respect to any property which ceases to be  
19 property eligible for such increase (but which does  
20 not cease to be investment credit property within the  
21 meaning of section 50(a)). The period and percent-  
22 age of such recapture shall be determined under  
23 rules similar to the rules of section 50(a). To the ex-  
24 tent provided by the Secretary, such recapture may  
25 not apply with respect to any property if, within 12

1 months after the date the taxpayer becomes aware  
2 (or reasonably should have become aware) of such  
3 property ceasing to be property eligible for such in-  
4 crease, the eligibility of such property for such in-  
5 crease is restored. The preceding sentence shall not  
6 apply more than once with respect to any facility.”.

7 (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall take effect on January 1, 2023.

9 **SEC. 13104. EXTENSION AND MODIFICATION OF CREDIT**  
10 **FOR CARBON OXIDE SEQUESTRATION.**

11 (a) MODIFICATION OF CARBON OXIDE CAPTURE RE-  
12 QUIREMENTS.—

13 (1) IN GENERAL.—Section 45Q(d) is amended  
14 to read as follows:

15 “(d) QUALIFIED FACILITY.—For purposes of this  
16 section, the term ‘qualified facility’ means any industrial  
17 facility or direct air capture facility—

18 “(1) the construction of which begins before  
19 January 1, 2033, and either—

20 “(A) construction of carbon capture equip-  
21 ment begins before such date, or

22 “(B) the original planning and design for  
23 such facility includes installation of carbon cap-  
24 ture equipment, and

25 “(2) which—

1           “(A) in the case of a direct air capture fa-  
2           cility, captures not less than 1,000 metric tons  
3           of qualified carbon oxide during the taxable  
4           year,

5           “(B) in the case of an electricity gener-  
6           ating facility—

7                   “(i) captures not less than 18,750  
8                   metric tons of qualified carbon oxide dur-  
9                   ing the taxable year, and

10                   “(ii) with respect to any carbon cap-  
11                   ture equipment for the applicable electric  
12                   generating unit at such facility, has a cap-  
13                   ture design capacity of not less than 75  
14                   percent of the baseline carbon oxide pro-  
15                   duction of such unit, or

16           “(C) in the case of any other facility, cap-  
17           tures not less than 12,500 metric tons of quali-  
18           fied carbon oxide during the taxable year.”.

19           (2) DEFINITIONS.—

20                   (A) IN GENERAL.—Section 45Q(e) is  
21                   amended—

22                           (i) by redesignating paragraphs (1)  
23                           through (3) as paragraphs (3) through (5),  
24                           respectively, and

1 (ii) by inserting after “For purposes  
2 of this section—” the following new para-  
3 graphs:

4 “(1) APPLICABLE ELECTRIC GENERATING  
5 UNIT.—The term ‘applicable electric generating unit’  
6 means the principal electric generating unit for  
7 which the carbon capture equipment is originally  
8 planned and designed.

9 “(2) BASELINE CARBON OXIDE PRODUCTION.—  
10 “(A) IN GENERAL.—The term ‘baseline  
11 carbon oxide production’ means either of the  
12 following:

13 “(i) In the case of an applicable elec-  
14 tric generating unit which was originally  
15 placed in service more than 1 year prior to  
16 the date on which construction of the car-  
17 bon capture equipment begins, the average  
18 annual carbon oxide production, by mass,  
19 from such unit during the shorter of either  
20 the following periods:

21 “(I) The period beginning on the  
22 date such unit was placed in service  
23 and ending on the date on which con-  
24 struction of such equipment began.

1                   “(II) The 6-year period preceding  
2                   the date on which construction of  
3                   such equipment began.

4                   “(ii) In the case of an applicable elec-  
5                   tric generating unit which—

6                   “(I) as of the date on which con-  
7                   struction of the carbon capture equip-  
8                   ment begins, is not yet placed in serv-  
9                   ice, or

10                  “(II) was placed in service during  
11                  the 1-year period prior to the date on  
12                  which construction of the carbon cap-  
13                  ture equipment begins,

14                  the designed annual carbon oxide produc-  
15                  tion, by mass, as determined based on an  
16                  assumed capacity factor of 60 percent.

17                  “(B) CAPACITY FACTOR.—The term ‘ca-  
18                  pacity factor’ means the ratio (expressed as a  
19                  percentage) of the actual electric output from  
20                  the applicable electric generating unit to the po-  
21                  tential electric output from such unit.”.

22                  (B) CONFORMING AMENDMENT.—Section  
23                  142(o)(1)(B) is amended by striking “section  
24                  45Q(e)(1)” and inserting “section 45Q(e)(3)”.

1 (b) MODIFIED APPLICABLE DOLLAR AMOUNT.—Sec-  
2 tion 45Q(b)(1)(A) is amended—

3 (1) in clause (i)—

4 (A) in subclause (I), by striking “the dollar  
5 amount” and all that follows through “such pe-  
6 riod” and inserting “\$17”, and

7 (B) in subclause (II), by striking “the dol-  
8 lar amount” and all that follows through “such  
9 period” and inserting “\$12”, and

10 (2) in clause (ii)—

11 (A) in subclause (I), by striking “\$50” and  
12 inserting “\$17”, and

13 (B) in subclause (II), by striking “\$35”  
14 and inserting “\$12”.

15 (c) DETERMINATION OF APPLICABLE DOLLAR  
16 AMOUNT.—

17 (1) IN GENERAL.—Section 45Q(b)(1), as  
18 amended by the preceding provisions of this Act, is  
19 amended—

20 (A) by redesignating subparagraph (B) as  
21 subparagraph (D), and

22 (B) by inserting after subparagraph (A)  
23 the following new subparagraphs:

24 “(B) SPECIAL RULE FOR DIRECT AIR CAP-  
25 TURE FACILITIES.—In the case of any qualified

1 facility described in subsection (d)(2)(A) which  
2 is placed in service after December 31, 2022,  
3 the applicable dollar amount shall be an amount  
4 equal to the applicable dollar amount otherwise  
5 determined with respect to such qualified facil-  
6 ity under subparagraph (A), except that such  
7 subparagraph shall be applied—

8 “(i) by substituting ‘\$36’ for ‘\$17’  
9 each place it appears, and

10 “(ii) by substituting ‘\$26’ for ‘\$12’  
11 each place it appears.

12 “(C) APPLICABLE DOLLAR AMOUNT FOR  
13 ADDITIONAL CARBON CAPTURE EQUIPMENT.—  
14 In the case of any qualified facility which is  
15 placed in service before January 1, 2023, if any  
16 additional carbon capture equipment is installed  
17 at such facility and such equipment is placed in  
18 service after December 31, 2022, the applicable  
19 dollar amount shall be an amount equal to the  
20 applicable dollar amount otherwise determined  
21 under this paragraph, except that subparagraph  
22 (B) shall be applied—

23 “(i) by substituting ‘before January 1,  
24 2023’ for ‘after December 31, 2022’, and



1                   “(ii) by substituting ‘the additional  
2                   carbon capture equipment installed at such  
3                   qualified facility’ for ‘such qualified facil-  
4                   ity’.”.

5                   (2) CONFORMING AMENDMENTS.—

6                   (A) Section 45Q(b)(1)(A) is amended by  
7                   striking “The applicable dollar amount” and in-  
8                   serting “Except as provided in subparagraph  
9                   (B) or (C), the applicable dollar amount”.

10                   (B) Section 45Q(b)(1)(D), as redesignated  
11                   by paragraph (1)(A), is amended by striking  
12                   “subparagraph (A)” and inserting “subpara-  
13                   graph (A), (B), or (C)”.

14                   (d) INSTALLATION OF ADDITIONAL CARBON CAP-  
15                   TURE EQUIPMENT ON CERTAIN FACILITIES.—

16                   (1) IN GENERAL.—Section 45Q(b) is amended  
17                   by redesignating paragraph (3) as paragraph (4)  
18                   and by inserting after paragraph (2) the following  
19                   new paragraph:

20                   “(3) INSTALLATION OF ADDITIONAL CARBON  
21                   CAPTURE EQUIPMENT ON CERTAIN FACILITIES.—In  
22                   the case of a qualified facility described in para-  
23                   graph (1)(C), the amount of qualified carbon oxide  
24                   which is captured by the taxpayer for purposes of

1 subsection (a) shall be determined pursuant to para-  
2 graph (2), as applied—

3 “(A) in the matter preceding subparagraph  
4 (A)—

5 “(i) by substituting ‘January 1, 2023’  
6 for ‘the date of the enactment of the Bi-  
7 partisan Budget Act of 2018’, and

8 “(ii) by substituting ‘after December  
9 31, 2022’ for ‘on or after the date of the  
10 enactment of such Act’, and

11 “(B) in subparagraph (A)(ii), by sub-  
12 stituting ‘December 31, 2022’ for ‘the day be-  
13 fore the date of the enactment of the Bipartisan  
14 Budget Act of 2018’.”.

15 (2) CONFORMING AMENDMENT.—Section  
16 45Q(b)(2) is amended by striking “In the case” and  
17 inserting “Subject to paragraph (3), in the case”.

18 (e) WAGE AND APPRENTICESHIP REQUIREMENTS.—  
19 Section 45Q is amended by redesignating subsection (h)  
20 as subsection (i) and inserting after subsection (g) fol-  
21 lowing new subsection:

22 “(h) INCREASED CREDIT AMOUNT FOR QUALIFIED  
23 FACILITIES AND CARBON CAPTURE EQUIPMENT.—

24 “(1) IN GENERAL.—In the case of any qualified  
25 facility or any carbon capture equipment which sat-

1 isfy the requirements of paragraph (2), the amount  
2 of the credit determined under subsection (a) shall  
3 be equal to such amount (determined without regard  
4 to this sentence) multiplied by 5.

5 “(2) REQUIREMENTS.—The requirements de-  
6 scribed in this paragraph are that—

7 “(A) with respect to any qualified facility  
8 the construction of which begins on or after the  
9 date that is 60 days after the Secretary pub-  
10 lishes guidance with respect to the requirements  
11 of paragraphs (3)(A) and (4), as well as any  
12 carbon capture equipment placed in service at  
13 such facility—

14 “(i) subject to subparagraph (B) of  
15 paragraph (3), the taxpayer satisfies the  
16 requirements under subparagraph (A) of  
17 such paragraph with respect to such facil-  
18 ity and equipment, and

19 “(ii) the taxpayer satisfies the re-  
20 quirements under paragraph (4) with re-  
21 spect to the construction of such facility  
22 and equipment,

23 “(B) with respect to any carbon capture  
24 equipment the construction of which begins  
25 after the date that is 60 days after the Sec-

1           retary publishes guidance with respect to the  
2           requirements of paragraphs (3)(A) and (4), and  
3           which is installed at a qualified facility the con-  
4           struction of which began prior to such date—

5                   “(i) subject to subparagraph (B) of  
6                   paragraph (3), the taxpayer satisfies the  
7                   requirements under subparagraph (A) of  
8                   such paragraph with respect to such equip-  
9                   ment, and

10                   “(ii) the taxpayer satisfies the re-  
11                   quirements under paragraph (4) with re-  
12                   spect to the construction of such equip-  
13                   ment, or

14                   “(C) the construction of carbon capture  
15                   equipment begins prior to the date that is 60  
16                   days after the Secretary publishes guidance  
17                   with respect to the requirements of paragraphs  
18                   (3)(A) and (4), and such equipment is installed  
19                   at a qualified facility the construction of which  
20                   begins prior to such date.

21           “(3) PREVAILING WAGE REQUIREMENTS.—

22                   “(A) IN GENERAL.—The requirements de-  
23                   scribed in this subparagraph with respect to  
24                   any qualified facility and any carbon capture  
25                   equipment placed in service at such facility are

1           that the taxpayer shall ensure that any laborers  
2           and mechanics employed by contractors and  
3           subcontractors in—  
4                   “(i) the construction of such facility  
5                   or equipment, and  
6                   “(ii) with respect to any taxable year,  
7                   for any portion of such taxable year which  
8                   is within the period described in paragraph  
9                   (3)(A) or (4)(A) of subsection (a), the al-  
10                  teration or repair of such facility or such  
11                  equipment,  
12           shall be paid wages at rates not less than the  
13           prevailing rates for construction, alteration, or  
14           repair of a similar character in the locality in  
15           which such facility and equipment are located  
16           as most recently determined by the Secretary of  
17           Labor, in accordance with subchapter IV of  
18           chapter 31 of title 40, United States Code. For  
19           purposes of determining an increased credit  
20           amount under paragraph (1) for a taxable year,  
21           the requirement under clause (ii) of this sub-  
22           paragraph is applied to such taxable year in  
23           which the alteration or repair of qualified facil-  
24           ity occurs.

1                   “(B) CORRECTION AND PENALTY RELATED  
2                   TO FAILURE TO SATISFY WAGE REQUIRE-  
3                   MENTS.—Rules similar to the rules of section  
4                   45(b)(7)(B) shall apply.

5                   “(4) APPRENTICESHIP REQUIREMENTS.—Rules  
6                   similar to the rules of section 45(b)(8) shall apply.

7                   “(5) REGULATIONS AND GUIDANCE.—The Sec-  
8                   retary shall issue such regulations or other guidance  
9                   as the Secretary determines necessary or appropriate  
10                  to carry out the purposes of this subsection, includ-  
11                  ing regulations or other guidance which provides for  
12                  requirements for recordkeeping or information re-  
13                  porting for purposes of administering the require-  
14                  ments of this subsection.”.

15                  (f) CREDIT REDUCED FOR TAX-EXEMPT BONDS.—  
16                  Section 45Q(f) is amended—

17                  (1) by striking the second paragraph (3), as  
18                  added at the end of such section by section 80402(e)  
19                  of the Infrastructure Investment and Jobs Act (Pub-  
20                  lic Law 117-58), and

21                  (2) by adding at the end the following new  
22                  paragraph:

23                  “(8) CREDIT REDUCED FOR TAX-EXEMPT  
24                  BONDS.—Rules similar to the rule under section  
25                  45(b)(3) shall apply for purposes of this section.”.

1 (g) APPLICATION OF SECTION FOR CERTAIN CARBON  
2 CAPTURE EQUIPMENT.—Section 45Q(g) is amended by  
3 inserting “the earlier of January 1, 2023, and” before  
4 “the end of the calendar year”.

5 (h) ELECTION.—Section 45Q(f), as amended by sub-  
6 section (f), is amended by adding at the end the following  
7 new paragraph:

8 “(9) ELECTION.—For purposes of paragraphs  
9 (3) and (4) of subsection (a), a person described in  
10 paragraph (3)(A)(ii) may elect, at such time and in  
11 such manner as the Secretary may prescribe, to have  
12 the 12–year period begin on the first day of the first  
13 taxable year in which a credit under this section is  
14 claimed with respect to carbon capture equipment  
15 which is originally placed in service at a qualified fa-  
16 cility on or after the date of the enactment of the  
17 Bipartisan Budget Act of 2018 (after application of  
18 subsection (f)(6), where applicable) if—

19 “(A) no taxpayer claimed a credit under  
20 this section with respect to such carbon capture  
21 equipment for any prior taxable year,

22 “(B) the qualified facility at which such  
23 carbon capture equipment is placed in service is  
24 located in an area affected by a federally-de-  
25 clared disaster (as defined by section

1           165(i)(5)(A)) after the carbon capture equip-  
2           ment is originally placed in service, and

3                   “(C) such federally-declared disaster re-  
4           sults in a cessation of the operation of the  
5           qualified facility or the carbon capture equip-  
6           ment after such equipment is originally placed  
7           in service.”.

8           (i) REGULATIONS FOR BASELINE CARBON OXIDE  
9    PRODUCTION.—Subsection (i) of section 45Q, as redesi-  
10   nated by subsection (e), is amended—

11           (1) in paragraph (1), by striking “and”,

12           (2) in paragraph (2), by striking the period at  
13           the end and inserting “, and”, and

14           (3) by adding at the end the following new  
15           paragraph:

16                   “(3) for purposes of subsection (d)(2)(B)(ii),  
17           adjust the baseline carbon oxide production with re-  
18           spect to any applicable electric generating unit at  
19           any electricity generating facility if—

20                           “(A) after the date on which the carbon  
21           capture equipment is placed in service, modi-  
22           fications are made to such unit which result in  
23           a significant increase or decrease in carbon  
24           oxide production, or





1 **SEC. 13105. ZERO-EMISSION NUCLEAR POWER PRODUC-**  
2 **TION CREDIT.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-  
4 chapter A of chapter 1 is amended by adding at the end  
5 the following new section:

6 **“SEC. 45U. ZERO-EMISSION NUCLEAR POWER PRODUCTION**  
7 **CREDIT.**

8 “(a) AMOUNT OF CREDIT.—For purposes of section  
9 38, the zero-emission nuclear power production credit for  
10 any taxable year is an amount equal to the amount by  
11 which—

12 “(1) the product of—

13 “(A) 0.3 cents, multiplied by

14 “(B) the kilowatt hours of electricity—

15 “(i) produced by the taxpayer at a  
16 qualified nuclear power facility, and

17 “(ii) sold by the taxpayer to an unre-  
18 lated person during the taxable year, ex-  
19 ceeds

20 “(2) the reduction amount for such taxable  
21 year.

22 “(b) DEFINITIONS.—

23 “(1) QUALIFIED NUCLEAR POWER FACILITY.—

24 For purposes of this section, the term ‘qualified nu-  
25 clear power facility’ means any nuclear facility—



1 sold to an unrelated person during  
2 such taxable year, over

3 “(II) the amount equal to the  
4 product of—

5 “(aa) 2.5 cents, multiplied  
6 by

7 “(bb) the amount deter-  
8 mined under subsection  
9 (a)(1)(B).

10 “(B) TREATMENT OF CERTAIN RE-  
11 CEIPTS.—

12 “(i) IN GENERAL.—The amount de-  
13 termined under subparagraph (A)(ii)(I)  
14 shall include any amount received by the  
15 taxpayer during the taxable year with re-  
16 spect to the qualified nuclear power facility  
17 from a zero-emission credit program.

18 “(ii) ZERO-EMISSION CREDIT PRO-  
19 GRAM.—For purposes of this subpara-  
20 graph, the term ‘zero-emission credit pro-  
21 gram’ means any payments with respect to  
22 a qualified nuclear power facility as a re-  
23 sult of any Federal, State or local govern-  
24 ment program for, in whole or in part, the  
25 zero-emission, zero-carbon, or air quality

1 attributes of any portion of the electricity  
2 produced by such facility.

3 “(3) ELECTRICITY.—For purposes of this sec-  
4 tion, the term ‘electricity’ means the energy pro-  
5 duced by a qualified nuclear power facility from the  
6 conversion of nuclear fuel into electric power.

7 “(c) OTHER RULES.—

8 “(1) INFLATION ADJUSTMENT.—The 0.3 cent  
9 amount in subsection (a)(1)(A) and the 2.5 cent  
10 amount in subsection (b)(2)(A)(ii)(II)(aa) shall each  
11 be adjusted by multiplying such amount by the infla-  
12 tion adjustment factor (as determined under section  
13 45(e)(2), as applied by substituting ‘calendar year  
14 2023’ for ‘calendar year 1992’ in subparagraph (B)  
15 thereof) for the calendar year in which the sale oc-  
16 curs. If the 0.3 cent amount as increased under this  
17 paragraph is not a multiple of 0.05 cent, such  
18 amount shall be rounded to the nearest multiple of  
19 0.05 cent. If the 2.5 cent amount as increased under  
20 this paragraph is not a multiple of 0.1 cent, such  
21 amount shall be rounded to the nearest multiple of  
22 0.1 cent.

23 “(2) SPECIAL RULES.—Rules similar to the  
24 rules of paragraphs (1), (3), (4), and (5) of section  
25 45(e) shall apply for purposes of this section.

1 “(d) WAGE REQUIREMENTS.—

2 “(1) INCREASED CREDIT AMOUNT FOR QUALI-  
3 FIED NUCLEAR POWER FACILITIES.—In the case of  
4 any qualified nuclear power facility which satisfies  
5 the requirements of paragraph (2)(A), the amount of  
6 the credit determined under subsection (a) shall be  
7 equal to such amount (as determined without regard  
8 to this sentence) multiplied by 5.

9 “(2) PREVAILING WAGE REQUIREMENTS.—

10 “(A) IN GENERAL.—The requirements de-  
11 scribed in this subparagraph with respect to  
12 any qualified nuclear power facility are that the  
13 taxpayer shall ensure that any laborers and me-  
14 chanics employed by contractors and sub-  
15 contractors in the alteration or repair of such  
16 facility shall be paid wages at rates not less  
17 than the prevailing rates for alteration or repair  
18 of a similar character in the locality in which  
19 such facility is located as most recently deter-  
20 mined by the Secretary of Labor, in accordance  
21 with subchapter IV of chapter 31 of title 40,  
22 United States Code.

23 “(B) CORRECTION AND PENALTY RELATED  
24 TO FAILURE TO SATISFY WAGE REQUIRE-

1           MENTS.—Rules similar to the rules of section  
2           45(b)(7)(B) shall apply.

3           “(3) REGULATIONS AND GUIDANCE.—The Sec-  
4           retary shall issue such regulations or other guidance  
5           as the Secretary determines necessary or appropriate  
6           to carry out the purposes of this subsection, includ-  
7           ing regulations or other guidance which provides for  
8           requirements for recordkeeping or information re-  
9           porting for purposes of administering the require-  
10          ments of this subsection.

11          “(e) TERMINATION.—This section shall not apply to  
12          taxable years beginning after December 31, 2032.”.

13          (b) CONFORMING AMENDMENTS.—

14           (1) Section 38(b) is amended—

15           (A) in paragraph (32), by striking “plus”  
16           at the end,

17           (B) in paragraph (33), by striking the pe-  
18           riod at the end and inserting “, plus”, and

19           (C) by adding at the end the following new  
20           paragraph:

21           “(34) the zero-emission nuclear power produc-  
22           tion credit determined under section 45U(a).”.

23           (2) The table of sections for subpart D of part  
24           IV of subchapter A of chapter 1 is amended by add-  
25           ing at the end the following new item:

“Sec. 45U. Zero-emission nuclear power production credit.”.

1 (c) EFFECTIVE DATE.—This section shall apply to  
2 electricity produced and sold after December 31, 2023, in  
3 taxable years beginning after such date.

4 **PART 2—CLEAN FUELS**

5 **SEC. 13201. EXTENSION OF INCENTIVES FOR BIODIESEL,**  
6 **RENEWABLE DIESEL AND ALTERNATIVE**  
7 **FUELS.**

8 (a) BIODIESEL AND RENEWABLE DIESEL CREDIT.—  
9 Section 40A(g) is amended by striking “December 31,  
10 2022” and inserting “December 31, 2024”.

11 (b) BIODIESEL MIXTURE CREDIT.—

12 (1) IN GENERAL.—Section 6426(c)(6) is  
13 amended by striking “December 31, 2022” and in-  
14 serting “December 31, 2024”.

15 (2) FUELS NOT USED FOR TAXABLE PUR-  
16 POSES.—Section 6427(e)(6)(B) is amended by strik-  
17 ing “December 31, 2022” and inserting “December  
18 31, 2024”.

19 (c) ALTERNATIVE FUEL CREDIT.—Section  
20 6426(d)(5) is amended by striking “December 31, 2021”  
21 and inserting “December 31, 2024”.

22 (d) ALTERNATIVE FUEL MIXTURE CREDIT.—Section  
23 6426(e)(3) is amended by striking “December 31, 2021”  
24 and inserting “December 31, 2024”.



1 (e) PAYMENTS FOR ALTERNATIVE FUELS.—Section  
2 6427(e)(6)(C) is amended by striking “December 31,  
3 2021” and inserting “December 31, 2024”.

4 (f) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to fuel sold or used after December  
6 31, 2021.

7 (g) SPECIAL RULE.—Notwithstanding any other pro-  
8 vision of law, in the case of any alternative fuel credit  
9 properly determined under section 6426(d) of the Internal  
10 Revenue Code of 1986 for the period beginning on Janu-  
11 ary 1, 2022, and ending with the close of the last calendar  
12 quarter beginning before the date of the enactment of this  
13 Act, such credit shall be allowed, and any refund or pay-  
14 ment attributable to such credit (including any payment  
15 under section 6427(e) of such Code) shall be made, only  
16 in such manner as the Secretary of the Treasury (or the  
17 Secretary’s delegate) shall provide. Such Secretary shall  
18 issue guidance within 30 days after the date of the enact-  
19 ment of this Act providing for a one-time submission of  
20 claims covering periods described in the preceding sen-  
21 tence. Such guidance shall provide for a 180-day period  
22 for the submission of such claims (in such manner as pre-  
23 scribed by such Secretary) to begin not later than 30 days  
24 after such guidance is issued. Such claims shall be paid  
25 by such Secretary not later than 60 days after receipt.

1 If such Secretary has not paid pursuant to a claim filed  
2 under this subsection within 60 days after the date of the  
3 filing of such claim, the claim shall be paid with interest  
4 from such date determined by using the overpayment rate  
5 and method under section 6621 of such Code.

6 **SEC. 13202. EXTENSION OF SECOND GENERATION BIOFUEL**  
7 **INCENTIVES.**

8 (a) IN GENERAL.—Section 40(b)(6)(J)(i) is amended  
9 by striking “2022” and inserting “2025”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall apply to qualified second generation  
12 biofuel production after December 31, 2021.

13 **SEC. 13203. SUSTAINABLE AVIATION FUEL CREDIT.**

14 (a) IN GENERAL.—Subpart D of part IV of sub-  
15 chapter A of chapter 1 is amended by inserting after sec-  
16 tion 40A the following new section:

17 **“SEC. 40B. SUSTAINABLE AVIATION FUEL CREDIT.**

18 “(a) IN GENERAL.—For purposes of section 38, the  
19 sustainable aviation fuel credit determined under this sec-  
20 tion for the taxable year is, with respect to any sale or  
21 use of a qualified mixture which occurs during such tax-  
22 able year, an amount equal to the product of—

23 “(1) the number of gallons of sustainable avia-  
24 tion fuel in such mixture, multiplied by

25 “(2) the sum of—

1                   “(A) \$1.25, plus

2                   “(B) the applicable supplementary amount  
3                   with respect to such sustainable aviation fuel.

4           “(b) APPLICABLE SUPPLEMENTARY AMOUNT.—For  
5 purposes of this section, the term ‘applicable supple-  
6 mentary amount’ means, with respect to any sustainable  
7 aviation fuel, an amount equal to \$0.01 for each percent-  
8 age point by which the lifecycle greenhouse gas emissions  
9 reduction percentage with respect to such fuel exceeds 50  
10 percent. In no event shall the applicable supplementary  
11 amount determined under this subsection exceed \$0.50.

12           “(c) QUALIFIED MIXTURE.—For purposes of this  
13 section, the term ‘qualified mixture’ means a mixture of  
14 sustainable aviation fuel and kerosene if—

15                   “(1) such mixture is produced by the taxpayer  
16                   in the United States,

17                   “(2) such mixture is used by the taxpayer (or  
18                   sold by the taxpayer for use) in an aircraft,

19                   “(3) such sale or use is in the ordinary course  
20                   of a trade or business of the taxpayer, and

21                   “(4) the transfer of such mixture to the fuel  
22                   tank of such aircraft occurs in the United States.

23           “(d) SUSTAINABLE AVIATION FUEL.—

1           “(1) IN GENERAL.—For purposes of this sec-  
2           tion, the term ‘sustainable aviation fuel’ means liq-  
3           uid fuel which—

4                   “(A) meets the requirements of—

5                           “(i) ASTM International Standard  
6                           D7566, or

7                           “(ii) the Fischer Tropsch provisions of  
8                           ASTM International Standard D1655,  
9                           Annex A1,

10                   “(B) is not derived from coprocessing an  
11                   applicable material (or materials derived from  
12                   an applicable material) with a feedstock which  
13                   is not biomass,

14                   “(C) is not derived from palm fatty acid  
15                   distillates or petroleum, and

16                   “(D) has been certified in accordance with  
17                   subsection (e) as having a lifecycle greenhouse  
18                   gas emissions reduction percentage of at least  
19                   50 percent.

20           “(2) DEFINITIONS.—In this subsection—

21                   “(A) APPLICABLE MATERIAL.—The term  
22                   ‘applicable material’ means—

23                           “(i) monoglycerides, diglycerides, and  
24                           triglycerides,

25                           “(ii) free fatty acids, and

1 “(iii) fatty acid esters.

2 “(B) BIOMASS.—The term ‘biomass’ has  
3 the same meaning given such term in section  
4 45K(e)(3).

5 “(e) LIFECYCLE GREENHOUSE GAS EMISSIONS RE-  
6 Duction PERCENTAGE.—For purposes of this section, the  
7 term ‘lifecycle greenhouse gas emissions reduction per-  
8 centage’ means, with respect to any sustainable aviation  
9 fuel, the percentage reduction in lifecycle greenhouse gas  
10 emissions achieved by such fuel as compared with petro-  
11 leum-based jet fuel, as defined in accordance with—

12 “(1) the most recent Carbon Offsetting and Re-  
13 duction Scheme for International Aviation which has  
14 been adopted by the International Civil Aviation Or-  
15 ganization with the agreement of the United States,  
16 or

17 “(2) any similar methodology which satisfies  
18 the criteria under section 211(o)(1)(H) of the Clean  
19 Air Act (42 U.S.C. 7545(o)(1)(H)), as in effect on  
20 the date of enactment of this section.

21 “(f) REGISTRATION OF SUSTAINABLE AVIATION  
22 FUEL PRODUCERS.—No credit shall be allowed under this  
23 section with respect to any sustainable aviation fuel unless  
24 the producer of such fuel—

1           “(1) is registered with the Secretary under sec-  
2           tion 4101, and

3           “(2) provides—

4                   “(A) certification (in such form and man-  
5                   ner as the Secretary shall prescribe) from an  
6                   unrelated party demonstrating compliance  
7                   with—

8                           “(i) any general requirements, supply  
9                           chain traceability requirements, and infor-  
10                          mation transmission requirements estab-  
11                          lished under the Carbon Offsetting and  
12                          Reduction Scheme for International Avia-  
13                          tion described in paragraph (1) of sub-  
14                          section (e), or

15                           “(ii) in the case of any methodology  
16                           established under paragraph (2) of such  
17                           subsection, requirements similar to the re-  
18                           quirements described in clause (i), and

19                           “(B) such other information with respect  
20                          to such fuel as the Secretary may require for  
21                          purposes of carrying out this section.

22           “(g) COORDINATION WITH CREDIT AGAINST EXCISE  
23 TAX.—The amount of the credit determined under this  
24 section with respect to any sustainable aviation fuel shall,  
25 under rules prescribed by the Secretary, be properly re-

1 duced to take into account any benefit provided with re-  
2 spect to such sustainable aviation fuel solely by reason of  
3 the application of section 6426 or 6427(e).

4 “(h) TERMINATION.—This section shall not apply to  
5 any sale or use after December 31, 2024.”.

6 (b) CREDIT MADE PART OF GENERAL BUSINESS  
7 CREDIT.— Section 38(b), as amended by the preceding  
8 provisions of this Act, is amended by striking “plus” at  
9 the end of paragraph (33), by striking the period at the  
10 end of paragraph (34) and inserting “, plus”, and by in-  
11 serting after paragraph (34) the following new paragraph:

12 “(35) the sustainable aviation fuel credit deter-  
13 mined under section 40B.”.

14 (c) COORDINATION WITH BIODIESEL INCENTIVES.—

15 (1) IN GENERAL.—Section 40A(d)(1) is amend-  
16 ed by inserting “or 40B” after “determined under  
17 section 40”.

18 (2) CONFORMING AMENDMENT.—Section  
19 40A(f) is amended by striking paragraph (4).

20 (d) SUSTAINABLE AVIATION FUEL ADDED TO CRED-  
21 IT FOR ALCOHOL FUEL, BIODIESEL, AND ALTERNATIVE  
22 FUEL MIXTURES.—

23 (1) IN GENERAL.—Section 6426 is amended by  
24 adding at the end the following new subsection:

25 “(k) SUSTAINABLE AVIATION FUEL CREDIT.—

1           “(1) IN GENERAL.—For purposes of this sec-  
2           tion, the sustainable aviation fuel credit for the tax-  
3           able year is, with respect to any sale or use of a  
4           qualified mixture, an amount equal to the product  
5           of—

6                   “(A) the number of gallons of sustainable  
7                   aviation fuel in such mixture, multiplied by

8                   “(B) the sum of—

9                           “(i) \$1.25, plus

10                           “(ii) the applicable supplementary  
11                   amount with respect to such sustainable  
12                   aviation fuel.

13           “(2) DEFINITIONS.—Any term used in this sub-  
14           section which is also used in section 40B shall have  
15           the meaning given such term by section 40B.

16           “(3) REGISTRATION REQUIREMENT.—For pur-  
17           poses of this subsection, rules similar to the rules of  
18           section 40B(f) shall apply.”.

19           (2) CONFORMING AMENDMENTS.—

20                   (A) Section 6426 is amended—

21                           (i) in subsection (a)(1), by striking  
22                   “and (e)” and inserting “(e), and (k)”,  
23                   and



1 (ii) in subsection (h), by striking  
2 “under section 40 or 40A” and inserting  
3 “under section 40, 40A, or 40B”.

4 (B) Section 6427(e) is amended—

5 (i) in the heading, by striking “OR  
6 ALTERNATIVE FUEL” and inserting, “AL-  
7 TERNATIVE FUEL, OR SUSTAINABLE AVIA-  
8 TION FUEL”,

9 (ii) in paragraph (1), by inserting “or  
10 the sustainable aviation fuel mixture cred-  
11 it” after “alternative fuel mixture credit”,  
12 and

13 (iii) in paragraph (6)—

14 (I) in subparagraph (C), by strik-  
15 ing “and” at the end,

16 (II) in subparagraph (D), by  
17 striking the period at the end and in-  
18 serting “, and”, and

19 (III) by adding at the end the  
20 following new subparagraph:

21 “(E) any qualified mixture of sustainable  
22 aviation fuel (as defined in section 6426(k)(3))  
23 sold or used after December 31, 2024.”.

24 (C) Section 4101(a)(1) is amended by in-  
25 serting “every person producing sustainable

1 aviation fuel (as defined in section 40B),” be-  
2 fore “and every person producing second gen-  
3 eration biofuel”.

4 (D) The table of sections for subpart D of  
5 subchapter A of chapter 1 is amended by in-  
6 serting after the item relating to section 40A  
7 the following new item:

“Sec. 40B. Sustainable aviation fuel credit.”.

8 (e) AMOUNT OF CREDIT INCLUDED IN GROSS IN-  
9 COME.—Section 87 is amended by striking “and” in para-  
10 graph (1), by striking the period at the end of paragraph  
11 (2) and inserting “, and”, and by adding at the end the  
12 following new paragraph:

13 “(3) the sustainable aviation fuel credit deter-  
14 mined with respect to the taxpayer for the taxable  
15 year under section 40B(a).”.

16 (f) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to fuel sold or used after December  
18 31, 2022.

19 **SEC. 13204. CLEAN HYDROGEN.**

20 (a) CREDIT FOR PRODUCTION OF CLEAN HYDRO-  
21 GEN.—

22 (1) IN GENERAL.—Subpart D of part IV of  
23 subchapter A of chapter 1, as amended by the pre-  
24 ceding provisions of this Act, is amended by adding  
25 at the end the following new section:

1 **“SEC. 45V. CREDIT FOR PRODUCTION OF CLEAN HYDRO-**  
2 **GEN.**

3 “(a) AMOUNT OF CREDIT.—For purposes of section  
4 38, the clean hydrogen production credit for any taxable  
5 year is an amount equal to the product of—

6 “(1) the kilograms of qualified clean hydrogen  
7 produced by the taxpayer during such taxable year  
8 at a qualified clean hydrogen production facility dur-  
9 ing the 10-year period beginning on the date such  
10 facility was originally placed in service, multiplied by

11 “(2) the applicable amount (as determined  
12 under subsection (b)) with respect to such hydrogen.

13 “(b) APPLICABLE AMOUNT.—

14 “(1) IN GENERAL.—For purposes of subsection  
15 (a)(2), the applicable amount shall be an amount  
16 equal to the applicable percentage of \$0.60. If any  
17 amount as determined under the preceding sentence  
18 is not a multiple of 0.1 cent, such amount shall be  
19 rounded to the nearest multiple of 0.1 cent.

20 “(2) APPLICABLE PERCENTAGE.—For purposes  
21 of paragraph (1), the applicable percentage shall be  
22 determined as follows:

23 “(A) In the case of any qualified clean hy-  
24 drogen which is produced through a process  
25 that results in a lifecycle greenhouse gas emis-  
26 sions rate of—

1 “(i) not greater than 4 kilograms of  
2 CO<sub>2</sub>e per kilogram of hydrogen, and

3 “(ii) not less than 2.5 kilograms of  
4 CO<sub>2</sub>e per kilogram of hydrogen,  
5 the applicable percentage shall be 20 percent.

6 “(B) In the case of any qualified clean hy-  
7 drogen which is produced through a process  
8 that results in a lifecycle greenhouse gas emis-  
9 sions rate of—

10 “(i) less than 2.5 kilograms of CO<sub>2</sub>e  
11 per kilogram of hydrogen, and

12 “(ii) not less than 1.5 kilograms of  
13 CO<sub>2</sub>e per kilogram of hydrogen,  
14 the applicable percentage shall be 25 percent.

15 “(C) In the case of any qualified clean hy-  
16 drogen which is produced through a process  
17 that results in a lifecycle greenhouse gas emis-  
18 sions rate of—

19 “(i) less than 1.5 kilograms of CO<sub>2</sub>e  
20 per kilogram of hydrogen, and

21 “(ii) not less than 0.45 kilograms of  
22 CO<sub>2</sub>e per kilogram of hydrogen,  
23 the applicable percentage shall be 33.4 percent.

24 “(D) In the case of any qualified clean hy-  
25 drogen which is produced through a process

1           that results in a lifecycle greenhouse gas emis-  
2           sions rate of less than 0.45 kilograms of CO<sub>2</sub>e  
3           per kilogram of hydrogen, the applicable per-  
4           centage shall be 100 percent.

5           “(3) INFLATION ADJUSTMENT.—The \$0.60  
6           amount in paragraph (1) shall be adjusted by multi-  
7           plying such amount by the inflation adjustment fac-  
8           tor (as determined under section 45(e)(2), deter-  
9           mined by substituting ‘2022’ for ‘1992’ in subpara-  
10          graph (B) thereof) for the calendar year in which  
11          the qualified clean hydrogen is produced. If any  
12          amount as increased under the preceding sentence is  
13          not a multiple of 0.1 cent, such amount shall be  
14          rounded to the nearest multiple of 0.1 cent.

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

16                 “(1) LIFECYCLE GREENHOUSE GAS EMIS-  
17                 SIONS.—

18                         “(A) IN GENERAL.—Subject to subpara-  
19                         graph (B), the term ‘lifecycle greenhouse gas  
20                         emissions’ has the same meaning given such  
21                         term under subparagraph (H) of section  
22                         211(o)(1) of the Clean Air Act (42 U.S.C.  
23                         7545(o)(1)), as in effect on the date of enact-  
24                         ment of this section.

1                   “(B) GREET MODEL.—The term ‘lifecycle  
2 greenhouse gas emissions’ shall only include  
3 emissions through the point of production (well-  
4 to-gate), as determined under the most recent  
5 Greenhouse gases, Regulated Emissions, and  
6 Energy use in Transportation model (commonly  
7 referred to as the ‘GREET model’) developed  
8 by Argonne National Laboratory, or a successor  
9 model (as determined by the Secretary).

10                   “(2) QUALIFIED CLEAN HYDROGEN.—

11                   “(A) IN GENERAL.—The term ‘qualified  
12 clean hydrogen’ means hydrogen which is pro-  
13 duced through a process that results in a  
14 lifecycle greenhouse gas emissions rate of not  
15 greater than 4 kilograms of CO<sub>2</sub>e per kilogram  
16 of hydrogen.

17                   “(B) ADDITIONAL REQUIREMENTS.—Such  
18 term shall not include any hydrogen unless—

19                   “(i) such hydrogen is produced—

20                   “(I) in the United States (as de-  
21 fined in section 638(1)) or a posses-  
22 sion of the United States (as defined  
23 in section 638(2)),

24                   “(II) in the ordinary course of a  
25 trade or business of the taxpayer, and

1 “(III) for sale or use, and

2 “(ii) the production and sale or use of  
3 such hydrogen is verified by an unrelated  
4 party.

5 “(C) PROVISIONAL EMISSIONS RATE.—In  
6 the case of any hydrogen for which a lifecycle  
7 greenhouse gas emissions rate has not been de-  
8 termined for purposes of this section, a tax-  
9 payer producing such hydrogen may file a peti-  
10 tion with the Secretary for determination of the  
11 lifecycle greenhouse gas emissions rate with re-  
12 spect to such hydrogen.

13 “(3) QUALIFIED CLEAN HYDROGEN PRODUC-  
14 TION FACILITY.—The term ‘qualified clean hydrogen  
15 production facility’ means a facility—

16 “(A) owned by the taxpayer,

17 “(B) which produces qualified clean hydro-  
18 gen, and

19 “(C) the construction of which begins be-  
20 fore January 1, 2033.

21 “(d) SPECIAL RULES.—

22 “(1) TREATMENT OF FACILITIES OWNED BY  
23 MORE THAN 1 TAXPAYER.—Rules similar to the  
24 rules section 45(e)(3) shall apply for purposes of  
25 this section.

1           “(2) COORDINATION WITH CREDIT FOR CARBON  
2           OXIDE SEQUESTRATION.—No credit shall be allowed  
3           under this section with respect to any qualified clean  
4           hydrogen produced at a facility which includes car-  
5           bon capture equipment for which a credit is allowed  
6           to any taxpayer under section 45Q for the taxable  
7           year or any prior taxable year.

8           “(e) INCREASED CREDIT AMOUNT FOR QUALIFIED  
9           CLEAN HYDROGEN PRODUCTION FACILITIES.—

10           “(1) IN GENERAL.—In the case of any qualified  
11           clean hydrogen production facility which satisfies the  
12           requirements of paragraph (2), the amount of the  
13           credit determined under subsection (a) with respect  
14           to qualified clean hydrogen described in subsection  
15           (b)(2) shall be equal to such amount (determined  
16           without regard to this sentence) multiplied by 5.

17           “(2) REQUIREMENTS.—A facility meets the re-  
18           quirements of this paragraph if it is one of the fol-  
19           lowing:

20           “(A) A facility—

21           “(i) the construction of which begins  
22           prior to the date that is 60 days after the  
23           Secretary publishes guidance with respect  
24           to the requirements of paragraphs (3)(A)  
25           and (4), and



1                   “(ii) which meets the requirements of  
2                   paragraph (3)(A) with respect to alteration  
3                   or repair of such facility which occurs after  
4                   such date.

5                   “(B) A facility which satisfies the require-  
6                   ments of paragraphs (3)(A) and (4).

7                   “(3) PREVAILING WAGE REQUIREMENTS.—

8                   “(A) IN GENERAL.—The requirements de-  
9                   scribed in this subparagraph with respect to  
10                  any qualified clean hydrogen production facility  
11                  are that the taxpayer shall ensure that any la-  
12                  borers and mechanics employed by contractors  
13                  and subcontractors in—

14                         “(i) the construction of such facility,  
15                         and

16                         “(ii) with respect to any taxable year,  
17                         for any portion of such taxable year which  
18                         is within the period described in subsection  
19                         (a)(2), the alteration or repair of such fa-  
20                         cility,

21                         shall be paid wages at rates not less than the  
22                         prevailing rates for construction, alteration, or  
23                         repair of a similar character in the locality in  
24                         which such facility is located as most recently  
25                         determined by the Secretary of Labor, in ac-

1 cordance with subchapter IV of chapter 31 of  
2 title 40, United States Code. For purposes of  
3 determining an increased credit amount under  
4 paragraph (1) for a taxable year, the require-  
5 ment under clause (ii) of this subparagraph is  
6 applied to such taxable year in which the alter-  
7 ation or repair of qualified facility occurs.

8 “(B) CORRECTION AND PENALTY RELATED  
9 TO FAILURE TO SATISFY WAGE REQUIRE-  
10 MENTS.—Rules similar to the rules of section  
11 45(b)(7)(B) shall apply.

12 “(4) APPRENTICESHIP REQUIREMENTS.—Rules  
13 similar to the rules of section 45(b)(8) shall apply.

14 “(5) REGULATIONS AND GUIDANCE.—The Sec-  
15 retary shall issue such regulations or other guidance  
16 as the Secretary determines necessary or appropriate  
17 to carry out the purposes of this subsection, includ-  
18 ing regulations or other guidance which provides for  
19 requirements for recordkeeping or information re-  
20 porting for purposes of administering the require-  
21 ments of this subsection.

22 “(f) REGULATIONS.—Not later than 1 year after the  
23 date of enactment of this section, the Secretary shall issue  
24 regulations or other guidance to carry out the purposes

1 of this section, including regulations or other guidance for  
2 determining lifecycle greenhouse gas emissions.”.

3 (2) CREDIT REDUCED FOR TAX-EXEMPT  
4 BONDS.—Section 45V(d), as added by this section,  
5 is amended by adding at the end the following new  
6 paragraph:

7 “(3) CREDIT REDUCED FOR TAX-EXEMPT  
8 BONDS.—Rules similar to the rule under section  
9 45(b)(3) shall apply for purposes of this section.”.

10 (3) MODIFICATION OF EXISTING FACILITIES.—  
11 Section 45V(d), as added and amended by the pre-  
12 ceding provisions of this section, is amended by add-  
13 ing at the end the following new paragraph:

14 “(4) MODIFICATION OF EXISTING FACILI-  
15 TIES.—For purposes of subsection (a)(2), in the  
16 case of any facility which—

17 “(A) was originally placed in service before  
18 January 1, 2023, and, prior to the modification  
19 described in subparagraph (B), did not produce  
20 qualified clean hydrogen, and

21 “(B) after the date such facility was origi-  
22 nally placed in service—

23 “(i) is modified to produce qualified  
24 clean hydrogen, and

1                   “(ii) amounts paid or incurred with  
2                   respect to such modification are properly  
3                   chargeable to capital account of the tax-  
4                   payer,

5                   such facility shall be deemed to have been originally  
6                   placed in service as of the date that the property re-  
7                   quired to complete the modification described in sub-  
8                   paragraph (B) is placed in service.”.

9                   (4) CONFORMING AMENDMENTS.—

10                   (A) Section 38(b), as amended by the pre-  
11                   ceding provisions of this Act, is amended—

12                   (i) in paragraph (34), by striking  
13                   “plus” at the end,

14                   (ii) in paragraph (35), by striking the  
15                   period at the end and inserting “, plus”,  
16                   and

17                   (iii) by adding at the end the fol-  
18                   lowing new paragraph:

19                   “(36) the clean hydrogen production credit de-  
20                   termined under section 45V(a).”.

21                   (B) The table of sections for subpart D of  
22                   part IV of subchapter A of chapter 1, as  
23                   amended by the preceding provisions of this  
24                   Act, is amended by adding at the end the fol-  
25                   lowing new item:

“Sec. 45V. Credit for production of clean hydrogen.”.

1 (5) EFFECTIVE DATES.—

2 (A) IN GENERAL.—The amendments made  
3 by paragraphs (1) and (4) of this subsection  
4 shall apply to hydrogen produced after Decem-  
5 ber 31, 2022.

6 (B) CREDIT REDUCED FOR TAX-EXEMPT  
7 BONDS.—The amendment made by paragraph  
8 (2) shall apply to facilities the construction of  
9 which begins after the date of enactment of this  
10 Act.

11 (C) MODIFICATION OF EXISTING FACILI-  
12 TIES.—The amendment made by paragraph (3)  
13 shall apply to modifications made after Decem-  
14 ber 31, 2022.

15 (b) CREDIT FOR ELECTRICITY PRODUCED FROM RE-  
16 NEWABLE RESOURCES ALLOWED IF ELECTRICITY IS  
17 USED TO PRODUCE CLEAN HYDROGEN.—

18 (1) IN GENERAL.—Section 45(e), as amended  
19 by the preceding provisions of this Act, is amended  
20 by adding at the end the following new paragraph:

21 “(13) SPECIAL RULE FOR ELECTRICITY USED  
22 AT A QUALIFIED CLEAN HYDROGEN PRODUCTION  
23 FACILITY.—Electricity produced by the taxpayer  
24 shall be treated as sold by such taxpayer to an unre-  
25 lated person during the taxable year if—

1           “(A) such electricity is used during such  
2 taxable year by the taxpayer or a person related  
3 to the taxpayer at a qualified clean hydrogen  
4 production facility (as defined in section  
5 45V(c)(3)) to produce qualified clean hydrogen  
6 (as defined in section 45V(c)(2)), and

7           “(B) such use and production is verified  
8 (in such form or manner as the Secretary may  
9 prescribe) by an unrelated third party.”.

10           (2) SIMILAR RULE FOR ZERO-EMISSION NU-  
11 CLEAR POWER PRODUCTION CREDIT.—Subsection  
12 (c)(2) of section 45U, as added by section 13105 of  
13 this Act, is amended by striking “and (5)” and in-  
14 serting “(5), and (13)”.

15           (3) EFFECTIVE DATE.—The amendments made  
16 by this subsection shall apply to electricity produced  
17 after December 31, 2022.

18           (c) ELECTION TO TREAT CLEAN HYDROGEN PRO-  
19 Duction Facilities as Energy Property.—

20           (1) IN GENERAL.—Section 48(a), as amended  
21 by the preceding provisions of this Act, is amend-  
22 ed—

23           (A) by redesignating paragraph (15) as  
24 paragraph (16), and

1 (B) by inserting after paragraph (14) the  
2 following new paragraph:

3 “(15) ELECTION TO TREAT CLEAN HYDROGEN  
4 PRODUCTION FACILITIES AS ENERGY PROPERTY.—

5 “(A) IN GENERAL.—In the case of any  
6 qualified property (as defined in paragraph  
7 (5)(D)) which is part of a specified clean hydro-  
8 gen production facility—

9 “(i) such property shall be treated as  
10 energy property for purposes of this sec-  
11 tion, and

12 “(ii) the energy percentage with re-  
13 spect to such property is—

14 “(I) in the case of a facility  
15 which is designed and reasonably ex-  
16 pected to produce qualified clean hy-  
17 drogen which is described in a sub-  
18 paragraph (A) of section 45V(b)(2),  
19 1.2 percent,

20 “(II) in the case of a facility  
21 which is designed and reasonably ex-  
22 pected to produce qualified clean hy-  
23 drogen which is described in a sub-  
24 paragraph (B) of such section, 1.5  
25 percent,

1                   “(III) in the case of a facility  
2                   which is designed and reasonably ex-  
3                   pected to produce qualified clean hy-  
4                   drogen which is described in a sub-  
5                   paragraph (C) of such section, 2 per-  
6                   cent, and

7                   “(IV) in the case of a facility  
8                   which is designed and reasonably ex-  
9                   pected to produce qualified clean hy-  
10                  drogen which is described in subpara-  
11                  graph (D) of such section, 6 percent.

12                  “(B) DENIAL OF PRODUCTION CREDIT.—  
13                  No credit shall be allowed under section 45V or  
14                  section 45Q for any taxable year with respect to  
15                  any specified clean hydrogen production facility  
16                  or any carbon capture equipment included at  
17                  such facility.

18                  “(C) SPECIFIED CLEAN HYDROGEN PRO-  
19                  DUCTION FACILITY.—For purposes of this para-  
20                  graph, the term ‘specified clean hydrogen pro-  
21                  duction facility’ means any qualified clean hy-  
22                  drogen production facility (as defined in section  
23                  45V(c)(3))—

24                  “(i) which is placed in service after  
25                  December 31, 2022,



1 “(ii) with respect to which—

2 “(I) no credit has been allowed  
3 under section 45V or 45Q, and

4 “(II) the taxpayer makes an ir-  
5 revocable election to have this para-  
6 graph apply, and

7 “(iii) for which an unrelated third  
8 party has verified (in such form or manner  
9 as the Secretary may prescribe) that such  
10 facility produces hydrogen through a proc-  
11 ess which results in lifecycle greenhouse  
12 gas emissions which are consistent with the  
13 hydrogen that such facility was designed  
14 and expected to produce under subpara-  
15 graph (A)(ii).

16 “(D) QUALIFIED CLEAN HYDROGEN.—For  
17 purposes of this paragraph, the term ‘qualified  
18 clean hydrogen’ has the meaning given such  
19 term by section 45V(c)(2).

20 “(E) REGULATIONS.—The Secretary shall  
21 issue such regulations or other guidance as the  
22 Secretary determines necessary or appropriate  
23 to carry out the purposes of this section, includ-  
24 ing regulations or other guidance which recap-  
25 tures so much of any credit allowed under this

1 section as exceeds the amount of the credit  
2 which would have been allowed if the expected  
3 production were consistent with the actual  
4 verified production (or all of the credit so al-  
5 lowed in the absence of such verification).”.

6 (2) CONFORMING AMENDMENT.—Paragraph  
7 (9)(A)(i) of section 48(a), as added by section  
8 13102, is amended by inserting “and paragraph  
9 (15)” after “paragraphs (1) through (8)”.

10 (3) EFFECTIVE DATE.—The amendments made  
11 by this subsection shall apply to property placed in  
12 service after December 31, 2022, and, for any prop-  
13 erty the construction of which begins prior to Janu-  
14 ary 1, 2023, only to the extent of the basis thereof  
15 attributable to the construction, reconstruction, or  
16 erection after December 31, 2022.

17 (d) TERMINATION OF EXCISE TAX CREDIT FOR HY-  
18 DROGEN.—

19 (1) IN GENERAL.—Section 6426(d)(2) is  
20 amended by striking subparagraph (D) and by re-  
21 designating subparagraphs (E), (F), and (G) as sub-  
22 paragraphs (D), (E), and (F), respectively.

23 (2) CONFORMING AMENDMENT.—Section  
24 6426(e)(2) is amended by striking “(F)” and insert-  
25 ing “(E)”.

1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to fuel sold or used  
3           after December 31, 2022.

4           **PART 3—CLEAN ENERGY AND EFFICIENCY**  
5           **INCENTIVES FOR INDIVIDUALS**

6           **SEC. 13301. EXTENSION, INCREASE, AND MODIFICATIONS**  
7           **OF NONBUSINESS ENERGY PROPERTY CRED-**  
8           **IT.**

9           (a) EXTENSION OF CREDIT.—Section 25C(g)(2) is  
10          amended by striking “December 31, 2021” and inserting  
11          “December 31, 2032”.

12          (b) ALLOWANCE OF CREDIT.—Section 25C(a) is  
13          amended to read as follows:

14          “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
15          dividual, there shall be allowed as a credit against the tax  
16          imposed by this chapter for the taxable year an amount  
17          equal to 30 percent of the sum of—

18                 “(1) the amount paid or incurred by the tax-  
19                 payer for qualified energy efficiency improvements  
20                 installed during such taxable year, and

21                 “(2) the amount of the residential energy prop-  
22                 erty expenditures paid or incurred by the taxpayer  
23                 during such taxable year.”.

1           (c) APPLICATION OF ANNUAL LIMITATION IN LIEU  
2 OF LIFETIME LIMITATION.—Section 25C(b) is amended  
3 to read as follows:

4           “(b) LIMITATIONS.—

5                 “(1) IN GENERAL.—The credit allowed under  
6 this section with respect to any taxpayer for any tax-  
7 able year shall not exceed \$1,200.

8                 “(2) ENERGY PROPERTY.—The credit allowed  
9 under this section by reason of subsection (a)(2)  
10 with respect to any taxpayer for any taxable year  
11 shall not exceed, with respect to any item of quali-  
12 fied energy property, \$600.

13                 “(3) WINDOWS.—The credit allowed under this  
14 section by reason of subsection (a)(1) with respect to  
15 any taxpayer for any taxable year shall not exceed,  
16 in the aggregate with respect to all exterior windows  
17 and skylights, \$600.

18                 “(4) DOORS.—The credit allowed under this  
19 section by reason of subsection (a)(1) with respect to  
20 any taxpayer for any taxable year shall not exceed—

21                         “(A) \$250 in the case of any exterior door,  
22                         and

23                         “(B) \$500 in the aggregate with respect to  
24                         all exterior doors.

1           “(5) HEAT PUMP AND HEAT PUMP WATER  
2 HEATERS; BIOMASS STOVES AND BOILERS.—Not-  
3 withstanding paragraphs (1) and (2), the credit al-  
4 lowed under this section by reason of subsection  
5 (a)(2) with respect to any taxpayer for any taxable  
6 year shall not, in the aggregate, exceed \$2,000 with  
7 respect to amounts paid or incurred for property de-  
8 scribed in clauses (i) and (ii) of subsection (d)(2)(A)  
9 and in subsection (d)(2)(B).”.

10       (d) MODIFICATIONS RELATED TO QUALIFIED EN-  
11 ERGY EFFICIENCY IMPROVEMENTS.—

12           (1) STANDARDS FOR ENERGY EFFICIENT  
13 BUILDING ENVELOPE COMPONENTS.—Section  
14 25C(e)(2) is amended by striking “meets—” and all  
15 that follows through the period at the end and in-  
16 serting the following: “meets—

17                   “(A) in the case of an exterior window or  
18 skylight, Energy Star most efficient certifi-  
19 cation requirements,

20                   “(B) in the case of an exterior door, appli-  
21 cable Energy Star requirements, and

22                   “(C) in the case of any other component,  
23 the prescriptive criteria for such component es-  
24 tablished by the most recent International En-  
25 ergy Conservation Code standard in effect as of

1           the beginning of the calendar year which is 2  
2           years prior to the calendar year in which such  
3           component is placed in service.”.

4           (2) ROOFS NOT TREATED AS BUILDING ENVE-  
5           LOPE COMPONENTS.—Section 25C(e)(3) is amended  
6           by adding “and” at the end of subparagraph (B), by  
7           striking “, and” at the end of subparagraph (C) and  
8           inserting a period, and by striking subparagraph  
9           (D).

10           (3) AIR SEALING INSULATION ADDED TO DEFI-  
11           NITION OF BUILDING ENVELOPE COMPONENT.—Sec-  
12           tion 25C(c)(3)(A) is amended by inserting “, includ-  
13           ing air sealing material or system,” after “material  
14           or system”.

15           (e) MODIFICATION OF RESIDENTIAL ENERGY PROP-  
16           ERTY EXPENDITURES.—Section 25C(d) is amended to  
17           read as follows:

18           “(d) RESIDENTIAL ENERGY PROPERTY EXPENDI-  
19           TURES.—For purposes of this section—

20           “(1) IN GENERAL.—The term ‘residential en-  
21           ergy property expenditures’ means expenditures  
22           made by the taxpayer for qualified energy property  
23           which is—

1           “(A) installed on or in connection with a  
2 dwelling unit located in the United States and  
3 used as a residence by the taxpayer, and

4           “(B) originally placed in service by the tax-  
5 payer.

6 Such term includes expenditures for labor costs  
7 properly allocable to the onsite preparation, assem-  
8 bly, or original installation of the property.

9           “(2) QUALIFIED ENERGY PROPERTY.—The  
10 term ‘qualified energy property’ means any of the  
11 following:

12           “(A) Any of the following which meet or  
13 exceed the highest efficiency tier (not including  
14 any advanced tier) established by the Consor-  
15 tium for Energy Efficiency which is in effect as  
16 of the beginning of the calendar year in which  
17 the property is placed in service:

18           “(i) An electric or natural gas heat  
19 pump water heater.

20           “(ii) An electric or natural gas heat  
21 pump.

22           “(iii) A central air conditioner.

23           “(iv) A natural gas, propane, or oil  
24 water heater.

1                   “(v) A natural gas, propane, or oil  
2                   furnace or hot water boiler.

3                   “(B) A biomass stove or boiler which—

4                   “(i) uses the burning of biomass fuel  
5                   to heat a dwelling unit located in the  
6                   United States and used as a residence by  
7                   the taxpayer, or to heat water for use in  
8                   such a dwelling unit, and

9                   “(ii) has a thermal efficiency rating of  
10                  at least 75 percent (measured by the high-  
11                  er heating value of the fuel).

12                  “(C) Any oil furnace or hot water boiler  
13                  which—

14                  “(i) is placed in service after Decem-  
15                  ber 31, 2022, and before January 1, 2027,  
16                  and—

17                  “(I) meets or exceeds 2021 En-  
18                  ergy Star efficiency criteria, and

19                  “(II) is rated by the manufac-  
20                  turer for use with fuel blends at least  
21                  20 percent of the volume of which  
22                  consists of an eligible fuel, or

23                  “(ii) is placed in service after Decem-  
24                  ber 31, 2026, and—



1                   “(I) achieves an annual fuel utili-  
2                   zation efficiency rate of not less than  
3                   90, and

4                   “(II) is rated by the manufac-  
5                   turer for use with eligible fuel blends  
6                   of 50 percent or more.

7                   “(D) Any improvement to, or replacement  
8                   of, a panelboard, sub-panelboard, branch cir-  
9                   cuits, or feeders which—

10                   “(i) is installed in a manner con-  
11                   sistent with the National Electric Code,

12                   “(ii) has a load capacity of not less  
13                   than 200 amps,

14                   “(iii) is installed in conjunction  
15                   with—

16                   “(I) any qualified energy effi-  
17                   ciency improvements, or

18                   “(II) any qualified energy prop-  
19                   erty described in subparagraphs (A)  
20                   through (C) for which a credit is al-  
21                   lowed under this section for expendi-  
22                   tures with respect to such property,  
23                   and

1                   “(iv) enables the installation and use  
2                   of any property described in subclause (I)  
3                   or (II) of clause (iii).

4                   “(3) ELIGIBLE FUEL.—For purposes of para-  
5                   graph (2), the term ‘eligible fuel’ means—

6                   “(A) biodiesel and renewable diesel (within  
7                   the meaning of section 40A), and

8                   “(B) second generation biofuel (within the  
9                   meaning of section 40).”.

10                  (f) HOME ENERGY AUDITS.—

11                  (1) IN GENERAL.—Section 25C(a), as amended  
12                  by subsection (b), is amended by striking “and” at  
13                  the end of paragraph (1), by striking the period at  
14                  the end of paragraph (2) and inserting “, and”, and  
15                  by adding at the end the following new paragraph:

16                  “(3) the amount paid or incurred by the tax-  
17                  payer during the taxable year for home energy au-  
18                  dits.”.

19                  (2) LIMITATION.—Section 25C(b), as amended  
20                  by subsection (c), is amended adding at the end the  
21                  following new paragraph:

22                  “(6) HOME ENERGY AUDITS.—

23                  “(A) DOLLAR LIMITATION.—The amount  
24                  of the credit allowed under this section by rea-  
25                  son of subsection (a)(3) shall not exceed \$150.

1           “(B) SUBSTANTIATION REQUIREMENT.—  
2           No credit shall be allowed under this section by  
3           reason of subsection (a)(3) unless the taxpayer  
4           includes with the taxpayer’s return of tax such  
5           information or documentation as the Secretary  
6           may require.”.

7           (3) HOME ENERGY AUDITS.—

8           (A) IN GENERAL.—Section 25C is amend-  
9           ed by redesignating subsections (e), (f), and (g),  
10          as subsections (f), (g), and (h), respectively,  
11          and by inserting after subsection (d) the fol-  
12          lowing new subsection:

13          “(e) HOME ENERGY AUDITS.—For purposes of this  
14          section, the term ‘home energy audit’ means an inspection  
15          and written report with respect to a dwelling unit located  
16          in the United States and owned or used by the taxpayer  
17          as the taxpayer’s principal residence (within the meaning  
18          of section 121) which—

19                 “(1) identifies the most significant and cost-ef-  
20                 fective energy efficiency improvements with respect  
21                 to such dwelling unit, including an estimate of the  
22                 energy and cost savings with respect to each such  
23                 improvement, and

24                 “(2) is conducted and prepared by a home en-  
25                 ergy auditor that meets the certification or other re-

1 requirements specified by the Secretary in regulations  
2 or other guidance (as prescribed by the Secretary  
3 not later than 365 days after the date of the enact-  
4 ment of this subsection).”.

5 (B) CONFORMING AMENDMENT.—Section  
6 1016(a)(33) is amended by striking “section  
7 25C(f)” and inserting “section 25C(g)”.

8 (4) LACK OF SUBSTANTIATION TREATED AS  
9 MATHEMATICAL OR CLERICAL ERROR.—Section  
10 6213(g)(2) is amended—

11 (A) in subparagraph (P), by striking  
12 “and” at the end,

13 (B) in subparagraph (Q), by striking the  
14 period at the end and inserting “, and”, and

15 (C) by inserting after subparagraph (Q)  
16 the following:

17 “(R) an omission of information or docu-  
18 mentation required under section 25C(b)(6)(B)  
19 (relating to home energy audits) to be included  
20 on a return.”.

21 (g) IDENTIFICATION NUMBER REQUIREMENT.—

22 (1) IN GENERAL.—Section 25C, as amended by  
23 this section, is amended by redesignating subsection  
24 (h) as subsection (i) and by inserting after sub-  
25 section (g) the following new subsection:

1       “(h) PRODUCT IDENTIFICATION NUMBER REQUIRE-  
2     MENT.—

3               “(1) IN GENERAL.—No credit shall be allowed  
4     under subsection (a) with respect to any item of  
5     specified property placed in service after December  
6     31, 2024, unless—

7               “(A) such item is produced by a qualified  
8     manufacturer, and

9               “(B) the taxpayer includes the qualified  
10    product identification number of such item on  
11    the return of tax for the taxable year.

12              “(2) QUALIFIED PRODUCT IDENTIFICATION  
13    NUMBER.—For purposes of this section, the term  
14    ‘qualified product identification number’ means, with  
15    respect to any item of specified property, the prod-  
16    uct identification number assigned to such item by  
17    the qualified manufacturer pursuant to the method-  
18    ology referred to in paragraph (3).

19              “(3) QUALIFIED MANUFACTURER.—For pur-  
20    poses of this section, the term ‘qualified manufac-  
21    turer’ means any manufacturer of specified property  
22    which enters into an agreement with the Secretary  
23    which provides that such manufacturer will—

24              “(A) assign a product identification num-  
25    ber to each item of specified property produced

1 by such manufacturer utilizing a methodology  
2 that will ensure that such number (including  
3 any alphanumeric) is unique to each such item  
4 (by utilizing numbers or letters which are  
5 unique to such manufacturer or by such other  
6 method as the Secretary may provide),

7 “(B) label such item with such number in  
8 such manner as the Secretary may provide, and

9 “(C) make periodic written reports to the  
10 Secretary (at such times and in such manner as  
11 the Secretary may provide) of the product iden-  
12 tification numbers so assigned and including  
13 such information as the Secretary may require  
14 with respect to the item of specified property to  
15 which such number was so assigned.

16 “(4) SPECIFIED PROPERTY.—For purposes of  
17 this subsection, the term ‘specified property’ means  
18 any qualified energy property and any property de-  
19 scribed in subparagraph (B) or (C) of subsection  
20 (c)(3).”.

21 (2) OMISSION OF CORRECT PRODUCT IDENTI-  
22 FICATION NUMBER TREATED AS MATHEMATICAL OR  
23 CLERICAL ERROR.—Section 6213(g)(2), as amended  
24 by the preceding provisions of this Act, is amend-  
25 ed—

1 (A) in subparagraph (Q), by striking  
2 “and” at the end,

3 (B) in subparagraph (R), by striking the  
4 period at the end and inserting “, and”, and

5 (C) by inserting after subparagraph (R)  
6 the following:

7 “(S) an omission of a correct product iden-  
8 tification number required under section 25C(h)  
9 (relating to credit for nonbusiness energy prop-  
10 erty) to be included on a return.”.

11 (h) ENERGY EFFICIENT HOME IMPROVEMENT  
12 CREDIT.—

13 (1) IN GENERAL.—The heading for section 25C  
14 is amended by striking “**NONBUSINESS ENERGY**  
15 **PROPERTY**” and inserting “**ENERGY EFFICIENT**  
16 **HOME IMPROVEMENT CREDIT**”.

17 (2) CLERICAL AMENDMENT.—The table of sec-  
18 tions for subpart A of part IV of subchapter A of  
19 chapter 1 is amended by striking the item relating  
20 to section 25C and inserting after the item relating  
21 to section 25B the following item:

“Sec. 25C. Energy efficient home improvement credit.”.

22 (i) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as otherwise pro-  
24 vided by this subsection, the amendments made by

1 this section shall apply to property placed in service  
2 after December 31, 2022.

3 (2) EXTENSION OF CREDIT.—The amendments  
4 made by subsection (a) shall apply to property  
5 placed in service after December 31, 2021.

6 (3) IDENTIFICATION NUMBER REQUIREMENT.—  
7 The amendments made by subsection (g) shall apply  
8 to property placed in service after December 31,  
9 2024.

10 **SEC. 13302. RESIDENTIAL CLEAN ENERGY CREDIT.**

11 (a) EXTENSION OF CREDIT.—

12 (1) IN GENERAL.—Section 25D(h) is amended  
13 by striking “December 31, 2023” and inserting  
14 “December 31, 2034”.

15 (2) APPLICATION OF PHASEOUT.—Section  
16 25D(g) is amended—

17 (A) in paragraph (2), by striking “before  
18 January 1, 2023, 26 percent, and” and insert-  
19 ing “before January 1, 2022, 26 percent,” and

20 (B) by striking paragraph (3) and by in-  
21 serting after paragraph (2) the following new  
22 paragraphs:

23 “(3) in the case of property placed in service  
24 after December 31, 2021, and before January 1,  
25 2033, 30 percent,



1           “(4) in the case of property placed in service  
2 after December 31, 2032, and before January 1,  
3 2034, 26 percent, and

4           “(5) in the case of property placed in service  
5 after December 31, 2033, and before January 1,  
6 2035, 22 percent.”.

7           (b) RESIDENTIAL CLEAN ENERGY CREDIT FOR BAT-  
8 TERY STORAGE TECHNOLOGY; CERTAIN EXPENDITURES  
9 DISALLOWED.—

10           (1) ALLOWANCE OF CREDIT.—Paragraph (6) of  
11 section 25D(a) is amended to read as follows:

12           “(6) the qualified battery storage technology ex-  
13 penditures,”.

14           (2) DEFINITION OF QUALIFIED BATTERY STOR-  
15 AGE TECHNOLOGY EXPENDITURE.—Paragraph (6)  
16 of section 25D(d) is amended to read as follows:

17           “(6) QUALIFIED BATTERY STORAGE TECH-  
18 NOLOGY EXPENDITURE.—The term ‘qualified bat-  
19 tery storage technology expenditure’ means an ex-  
20 penditure for battery storage technology which—

21           “(A) is installed in connection with a  
22 dwelling unit located in the United States and  
23 used as a residence by the taxpayer, and

24           “(B) has a capacity of not less than 3 kilo-  
25 watt hours.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) The heading for section 25D is amended by  
3 striking “**ENERGY EFFICIENT PROPERTY**” and  
4 inserting “**CLEAN ENERGY CREDIT**”.

5 (2) The table of sections for subpart A of part  
6 IV of subchapter A of chapter 1 is amended by  
7 striking the item relating to section 25D and insert-  
8 ing the following:

“Sec. 25D. Residential clean energy credit.”.

9 (d) EFFECTIVE DATES.—

10 (1) IN GENERAL.—Except as provided in para-  
11 graph (2), the amendments made by this section  
12 shall apply to expenditures made after December 31,  
13 2021.

14 (2) RESIDENTIAL CLEAN ENERGY CREDIT FOR  
15 BATTERY STORAGE TECHNOLOGY; CERTAIN EXPEND-  
16 ITURES DISALLOWED.—The amendments made by  
17 subsection (b) shall apply to expenditures made after  
18 December 31, 2022.

19 **SEC. 13303. ENERGY EFFICIENT COMMERCIAL BUILDINGS**  
20 **DEDUCTION.**

21 (a) IN GENERAL.—

22 (1) MAXIMUM AMOUNT OF DEDUCTION.—Sub-  
23 section (b) of section 179D is amended to read as  
24 follows:

25 “(b) MAXIMUM AMOUNT OF DEDUCTION.—

1           “(1) IN GENERAL.—The deduction under sub-  
2           section (a) with respect to any building for any tax-  
3           able year shall not exceed the excess (if any) of—

4                   “(A) the product of—

5                           “(i) the applicable dollar value, and

6                           “(ii) the square footage of the build-  
7                   ing, over

8                   “(B) the aggregate amount of the deduc-  
9                   tions under subsections (a) and (f) with respect  
10                  to the building for the 3 taxable years imme-  
11                  diately preceding such taxable year (or, in the  
12                  case of any such deduction allowable to a per-  
13                  son other than the taxpayer, for any taxable  
14                  year ending during the 4-taxable-year period  
15                  ending with such taxable year).

16                  “(2) APPLICABLE DOLLAR VALUE.—For pur-  
17                  poses of paragraph (1)(A)(i), the applicable dollar  
18                  value shall be an amount equal to \$0.50 increased  
19                  (but not above \$1.00) by \$0.02 for each percentage  
20                  point by which the total annual energy and power  
21                  costs for the building are certified to be reduced by  
22                  a percentage greater than 25 percent.

23                  “(3) INCREASED CREDIT AMOUNT FOR CERTAIN  
24                  PROPERTY.—

1           “(A) IN GENERAL.—In the case of any  
2 property which satisfies the requirements of  
3 subparagraph (B), paragraph (2) shall be ap-  
4 plied by substituting ‘\$2.50’ for ‘\$0.50’, ‘\$.10’  
5 for ‘\$.02’, and ‘\$5.00’ for ‘\$1.00’.

6           “(B) PROPERTY REQUIREMENTS.—In the  
7 case of any energy efficient commercial building  
8 property, energy efficient building retrofit prop-  
9 erty, or property installed pursuant to a quali-  
10 fied retrofit plan, such property shall meet the  
11 requirements of this subparagraph if —

12           “(i) installation of such property be-  
13 gins prior to the date that is 60 days after  
14 the Secretary publishes guidance with re-  
15 spect to the requirements of paragraphs  
16 (4)(A) and (5), or

17           “(ii) installation of such property sat-  
18 isfies the requirements of paragraphs  
19 (4)(A) and (5).

20           “(4) PREVAILING WAGE REQUIREMENTS.—

21           “(A) IN GENERAL.—The requirements de-  
22 scribed in this subparagraph with respect to  
23 any property are that the taxpayer shall ensure  
24 that any laborers and mechanics employed by  
25 contractors and subcontractors in the installa-

1           tion of any property shall be paid wages at  
2           rates not less than the prevailing rates for con-  
3           struction, alteration, or repair of a similar char-  
4           acter in the locality in which such property is  
5           located as most recently determined by the Sec-  
6           retary of Labor, in accordance with subchapter  
7           IV of chapter 31 of title 40, United States  
8           Code.

9           “(B) CORRECTION AND PENALTY RELATED  
10          TO FAILURE TO SATISFY WAGE REQUIRE-  
11          MENTS.—Rules similar to the rules of section  
12          45(b)(7)(B) shall apply.

13          “(5) APPRENTICESHIP REQUIREMENTS.—Rules  
14          similar to the rules of section 45(b)(8) shall apply.”.

15          (2) MODIFICATION OF EFFICIENCY STAND-  
16          ARD.—Section 179D(c)(1)(D) is amended by strik-  
17          ing “50 percent” and inserting “25 percent”.

18          (3) REFERENCE STANDARD.—Section  
19          179D(c)(2) is amended by striking “the most re-  
20          cent” and inserting the following: “the more recent  
21          of—

22                 “(A) Standard 90.1-2007 published by the  
23                 American Society of Heating, Refrigerating,  
24                 and Air Conditioning Engineers and the Illu-

1           minating Engineering Society of North Amer-  
2           ica, or

3                   “(B) the most recent”.

4           (4) FINAL DETERMINATION; EXTENSION OF PE-  
5           RIOD; PLACED IN SERVICE DEADLINE.—Subpara-  
6           graph (B) of section 179D(c)(2), as amended by  
7           paragraph (3), is amended—

8                   (A) by inserting “for which the Depart-  
9                   ment of Energy has issued a final determina-  
10                  tion and” before “which has been affirmed”,

11                  (B) by striking “2 years” and inserting “4  
12                  years”, and

13                  (C) by striking “that construction of such  
14                  property begins” and inserting “such property  
15                  is placed in service”.

16           (5) ELIMINATION OF PARTIAL ALLOWANCE.—

17                   (A) IN GENERAL.—Section 179D(d) is  
18                   amended—

19                           (i) by striking paragraph (1), and

20                           (ii) by redesignating paragraphs (2)  
21                           through (6) as paragraphs (1) through (5),  
22                           respectively.

23           (B) CONFORMING AMENDMENTS.—

24                   (i) Section 179D(c)(1)(D) is amend-  
25                   ed—

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1 (I) by striking “subsection  
2 (d)(6)” and inserting “subsection  
3 (d)(5)”, and

4 (II) by striking “subsection  
5 (d)(2)” and inserting “subsection  
6 (d)(1)”.

7 (ii) Paragraph (2)(A) of section  
8 179D(d), as redesignated by subparagraph  
9 (A), is amended by striking “paragraph  
10 (2)” and inserting “paragraph (1)”.

11 (iii) Paragraph (4) of section  
12 179D(d), as redesignated by subparagraph  
13 (A), is amended by striking “paragraph  
14 (3)(B)(iii)” and inserting “paragraph  
15 (2)(B)(iii)”.

16 (iv) Section 179D is amended by  
17 striking subsection (f).

18 (v) Section 179D(h) is amended by  
19 striking “or (d)(1)(A)”.

20 (6) ALLOCATION OF DEDUCTION BY CERTAIN  
21 TAX-EXEMPT ENTITIES.—Paragraph (3) of section  
22 179D(d), as redesignated by paragraph (5)(A), is  
23 amended to read as follows:

24 “(3) ALLOCATION OF DEDUCTION BY CERTAIN  
25 TAX-EXEMPT ENTITIES.—

1           “(A) IN GENERAL.—In the case of energy  
2 efficient commercial building property installed  
3 on or in property owned by a specified tax-ex-  
4 empt entity, the Secretary shall promulgate reg-  
5 ulations or guidance to allow the allocation of  
6 the deduction to the person primarily respon-  
7 sible for designing the property in lieu of the  
8 owner of such property. Such person shall be  
9 treated as the taxpayer for purposes of this sec-  
10 tion.

11           “(B) SPECIFIED TAX-EXEMPT ENTITY.—  
12 For purposes of this paragraph, the term ‘spec-  
13 ified tax-exempt entity’ means—

14           “(i) the United States, any State or  
15 local government (or political subdivision  
16 thereof), any possession of the United  
17 States, or any agency or instrumentality of  
18 any of the foregoing,

19           “(ii) an Indian tribal government (as  
20 defined in section 30D(g)(9)) or Alaska  
21 Native Corporation (as defined in section 3  
22 of the Alaska Native Claims Settlement  
23 Act (43 U.S.C. 1602(m)), and

24           “(iii) any organization exempt from  
25 tax imposed by this chapter.”.



1           (7) ALTERNATIVE DEDUCTION FOR ENERGY EF-  
2           FICIENT BUILDING RETROFIT PROPERTY.—Section  
3           179D, as amended by the preceding provisions of  
4           this section, is amended by inserting after subsection  
5           (e) the following new subsection:

6           “(f) ALTERNATIVE DEDUCTION FOR ENERGY EFFI-  
7           CIENT BUILDING RETROFIT PROPERTY.—

8           “(1) IN GENERAL.—In the case of a taxpayer  
9           which elects (at such time and in such manner as  
10          the Secretary may provide) the application of this  
11          subsection with respect to any qualified building,  
12          there shall be allowed as a deduction for the taxable  
13          year which includes the date of the qualifying final  
14          certification with respect to the qualified retrofit  
15          plan of such building, an amount equal to the lesser  
16          of—

17                   “(A) the excess described in subsection (b)  
18                   (determined by substituting ‘energy use inten-  
19                   sity’ for ‘total annual energy and power costs’  
20                   in paragraph (2) thereof), or

21                   “(B) the aggregate adjusted basis (deter-  
22                   mined after taking into account all adjustments  
23                   with respect to such taxable year other than the  
24                   reduction under subsection (e)) of energy effi-  
25                   cient building retrofit property placed in service

1 by the taxpayer pursuant to such qualified retro-  
2 fit plan.

3 “(2) QUALIFIED RETROFIT PLAN.—For pur-  
4 poses of this subsection, the term ‘qualified retrofit  
5 plan’ means a written plan prepared by a qualified  
6 professional which specifies modifications to a build-  
7 ing which, in the aggregate, are expected to reduce  
8 such building’s energy use intensity by 25 percent or  
9 more in comparison to the baseline energy use inten-  
10 sity of such building. Such plan shall provide for a  
11 qualified professional to—

12 “(A) as of any date during the 1-year pe-  
13 riod ending on the date on which the property  
14 installed pursuant to such plan is placed in  
15 service, certify the energy use intensity of such  
16 building as of such date,

17 “(B) certify the status of property installed  
18 pursuant to such plan as meeting the require-  
19 ments of subparagraphs (B) and (C) of para-  
20 graph (3), and

21 “(C) as of any date that is more than 1  
22 year after the date on which the property in-  
23 stalled pursuant to such plan is placed in serv-  
24 ice, certify the energy use intensity of such  
25 building as of such date.

1           “(3) ENERGY EFFICIENT BUILDING RETROFIT  
2           PROPERTY.—For purposes of this subsection, the  
3           term ‘energy efficient building retrofit property’  
4           means property—

5                   “(A) with respect to which depreciation (or  
6                   amortization in lieu of depreciation) is allow-  
7                   able,

8                   “(B) which is installed on or in any quali-  
9                   fied building,

10                  “(C) which is installed as part of—

11                           “(i) the interior lighting systems,

12                           “(ii) the heating, cooling, ventilation,  
13                           and hot water systems, or

14                           “(iii) the building envelope, and

15                  “(D) which is certified in accordance with  
16                  paragraph (2)(B) as meeting the requirements  
17                  of subparagraphs (B) and (C).

18           “(4) QUALIFIED BUILDING.—For purposes of  
19           this subsection, the term ‘qualified building’ means  
20           any building which—

21                   “(A) is located in the United States, and

22                   “(B) was originally placed in service not  
23                   less than 5 years before the establishment of  
24                   the qualified retrofit plan with respect to such  
25                   building.

1           “(5) QUALIFYING FINAL CERTIFICATION.—For  
2 purposes of this subsection, the term ‘qualifying  
3 final certification’ means, with respect to any quali-  
4 fied retrofit plan, the certification described in para-  
5 graph (2)(C) if the energy use intensity certified in  
6 such certification is not more than 75 percent of the  
7 baseline energy use intensity of the building.

8           “(6) BASELINE ENERGY USE INTENSITY.—

9           “(A) IN GENERAL.—For purposes of this  
10 subsection, the term ‘baseline energy use inten-  
11 sity’ means the energy use intensity certified  
12 under paragraph (2)(A), as adjusted to take  
13 into account weather.

14           “(B) DETERMINATION OF ADJUSTMENT.—  
15 For purposes of subparagraph (A), the adjust-  
16 ments described in such subparagraph shall be  
17 determined in such manner as the Secretary  
18 may provide.

19           “(7) OTHER DEFINITIONS.—For purposes of  
20 this subsection—

21           “(A) ENERGY USE INTENSITY.—The term  
22 ‘energy use intensity’ means the annualized,  
23 measured site energy use intensity determined  
24 in accordance with such regulations or other

1 guidance as the Secretary may provide and  
2 measured in British thermal units.

3 “(B) QUALIFIED PROFESSIONAL.—The  
4 term ‘qualified professional’ means an indi-  
5 vidual who is a licensed architect or a licensed  
6 engineer and meets such other requirements as  
7 the Secretary may provide.

8 “(8) COORDINATION WITH DEDUCTION OTHER-  
9 WISE ALLOWED UNDER SUBSECTION (a).—

10 “(A) IN GENERAL.—In the case of any  
11 building with respect to which an election is  
12 made under paragraph (1), the term ‘energy ef-  
13 ficient commercial building property’ shall not  
14 include any energy efficient building retrofit  
15 property with respect to which a deduction is  
16 allowable under this subsection.

17 “(B) CERTAIN RULES NOT APPLICABLE.—

18 “(i) IN GENERAL.—Except as pro-  
19 vided in clause (ii), subsection (d) shall not  
20 apply for purposes of this subsection.

21 “(ii) ALLOCATION OF DEDUCTION BY  
22 CERTAIN TAX-EXEMPT ENTITIES.—Rules  
23 similar to subsection (d)(3) shall apply for  
24 purposes of this subsection.”.

1           (8)     INFLATION     ADJUSTMENT.—Section  
2     179D(g) is amended—

3           (A) by striking “2020” and inserting  
4     “2022”,

5           (B) by striking “or subsection (d)(1)(A)”,  
6     and

7           (C) by striking “2019” and inserting  
8     “2021”.

9     (b) APPLICATION TO REAL ESTATE INVESTMENT  
10  TRUST EARNINGS AND PROFITS.—Section 312(k)(3)(B)  
11  is amended—

12           (1) by striking “For purposes of computing the  
13     earnings and profits of a corporation” and inserting  
14     the following:

15                   “(i) IN GENERAL.—For purposes of  
16     computing the earnings and profits of a  
17     corporation, except as provided in clause  
18     (ii)”, and

19           (2) by adding at the end the following new  
20     clause:

21                   “(ii) SPECIAL RULE.—In the case of a  
22     corporation that is a real estate investment  
23     trust, any amount deductible under section  
24     179D shall be allowed in the year in which  
25     the property giving rise to such deduction

1 is placed in service (or, in the case of en-  
2 ergy efficient building retrofit property, the  
3 year in which the qualifying final certifi-  
4 cation is made).”.

5 (c) CONFORMING AMENDMENT.—Paragraph (1) of  
6 section 179D(d), as redesignated by subsection (a)(5)(A),  
7 is amended by striking “not later than the date that is  
8 2 years before the date that construction of such property  
9 begins” and inserting “not later than the date that is 4  
10 years before the date such property is placed in service”.

11 (d) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as otherwise pro-  
13 vided in this subsection, the amendments made by  
14 this section shall apply to taxable years beginning  
15 after December 31, 2022.

16 (2) ALTERNATIVE DEDUCTION FOR ENERGY EF-  
17 FICIENT BUILDING RETROFIT PROPERTY.—Sub-  
18 section (f) of section 179D of the Internal Revenue  
19 Code of 1986 (as amended by this section), and any  
20 other provision of such section solely for purposes of  
21 applying such subsection, shall apply to property  
22 placed in service after December 31, 2022 (in tax-  
23 able years ending after such date) if such property  
24 is placed in service pursuant to qualified retrofit

1 plan (within the meaning of such section) estab-  
2 lished after such date.

3 **SEC. 13304. EXTENSION, INCREASE, AND MODIFICATIONS**  
4 **OF NEW ENERGY EFFICIENT HOME CREDIT.**

5 (a) EXTENSION OF CREDIT.—Section 45L(g) is  
6 amended by striking “December 31, 2021” and inserting  
7 “December 31, 2032”.

8 (b) INCREASE IN CREDIT AMOUNTS.—Section  
9 45L(a)(2) is amended to read as follows:

10 “(2) APPLICABLE AMOUNT.—For purposes of  
11 paragraph (1), the applicable amount is an amount  
12 equal to—

13 “(A) in the case of a dwelling unit which  
14 is eligible to participate in the Energy Star  
15 Residential New Construction Program or the  
16 Energy Star Manufactured New Homes pro-  
17 gram—

18 “(i) which meets the requirements of  
19 subsection (c)(1)(A) (and which does not  
20 meet the requirements of subsection  
21 (c)(1)(B)), \$2,500, and

22 “(ii) which meets the requirements of  
23 subsection (c)(1)(B), \$5,000, and

24 “(B) in the case of a dwelling unit which  
25 is part of a building eligible to participate in



1 the Energy Star Multifamily New Construction  
2 Program—

3 “(i) which meets the requirements of  
4 subsection (c)(1)(A) (and which does not  
5 meet the requirements of subsection  
6 (c)(1)(B)), \$500, and

7 “(ii) which meets the requirements of  
8 subsection (c)(1)(B), \$1,000.”.

9 (c) MODIFICATION OF ENERGY SAVING REQUIRE-  
10 MENTS.—Section 45L(c) is amended to read as follows:

11 “(c) ENERGY SAVING REQUIREMENTS.—

12 “(1) IN GENERAL.—

13 “(A) IN GENERAL.—A dwelling unit meets  
14 the requirements of this subparagraph if such  
15 dwelling unit meets the requirements of para-  
16 graph (2) or (3) (whichever is applicable).

17 “(B) ZERO ENERGY READY HOME PRO-  
18 GRAM.—A dwelling unit meets the requirements  
19 of this subparagraph if such dwelling unit is  
20 certified as a zero energy ready home under the  
21 zero energy ready home program of the Depart-  
22 ment of Energy as in effect on January 1, 2023  
23 (or any successor program determined by the  
24 Secretary).

1           “(2) SINGLE-FAMILY HOME REQUIREMENTS.—

2           A dwelling unit meets the requirements of this para-  
3           graph if—

4                   “(A) such dwelling unit meets—

5                           “(i)(I) in the case of a dwelling unit  
6                           acquired before January 1, 2025, the En-  
7                           ergy Star Single-Family New Homes Na-  
8                           tional Program Requirements 3.1, or

9                           “(II) in the case of a dwelling unit ac-  
10                          quired after December 31, 2024, the En-  
11                          ergy Star Single-Family New Homes Na-  
12                          tional Program Requirements 3.2, and

13                          “(ii) the most recent Energy Star Sin-  
14                          gle-Family New Homes Program Require-  
15                          ments applicable to the location of such  
16                          dwelling unit (as in effect on the latter of  
17                          January 1, 2023, or January 1 of two cal-  
18                          endar years prior to the date the dwelling  
19                          unit was acquired), or

20                          “(B) such dwelling unit meets the most re-  
21                          cent Energy Star Manufactured Home National  
22                          program requirements as in effect on the latter  
23                          of January 1, 2023, or January 1 of two cal-  
24                          endar years prior to the date such dwelling unit  
25                          is acquired.

1           “(3) MULTI-FAMILY HOME REQUIREMENTS.—A  
2 dwelling unit meets the requirements of this para-  
3 graph if—

4           “(A) such dwelling unit meets the most re-  
5 cent Energy Star Multifamily New Construction  
6 National Program Requirements (as in effect  
7 on either January 1, 2023, or January 1 of  
8 three calendar years prior to the date the dwell-  
9 ing was acquired, whichever is later), and

10           “(B) such dwelling unit meets the most re-  
11 cent Energy Star Multifamily New Construction  
12 Regional Program Requirements applicable to  
13 the location of such dwelling unit (as in effect  
14 on either January 1, 2023, or January 1 of  
15 three calendar years prior to the date the dwell-  
16 ing was acquired, whichever is later).”.

17       (d) PREVAILING WAGE REQUIREMENT.—Section  
18 45L is amended by redesignating subsection (g) as sub-  
19 section (h) and by inserting after subsection (f) the fol-  
20 lowing new subsection:

21       “(g) PREVAILING WAGE REQUIREMENT.—

22           “(1) IN GENERAL.—In the case of a qualifying  
23 residence described in subsection (b)(2)(B) meeting  
24 the prevailing wage requirements of paragraph

1       (2)(A), the credit amount allowed with respect to  
2       such residence shall be—

3               “(A) \$2,500 in the case of a residence  
4               which meets the requirements of subparagraph  
5               (A) of subsection (c)(1) (and which does not  
6               meet the requirements of subparagraph (B) of  
7               such subsection), and

8               “(B) \$5,000 in the case of a residence  
9               which meets the requirements of subsection  
10              (c)(1)(B).

11       “(2) PREVAILING WAGE REQUIREMENTS.—

12              “(A) IN GENERAL.—The requirements de-  
13              scribed in this subparagraph with respect to  
14              any qualified residence are that the taxpayer  
15              shall ensure that any laborers and mechanics  
16              employed by contractors and subcontractors in  
17              the construction of such residence shall be paid  
18              wages at rates not less than the prevailing rates  
19              for construction, alteration, or repair of a simi-  
20              lar character in the locality in which such resi-  
21              dence is located as most recently determined by  
22              the Secretary of Labor, in accordance with sub-  
23              chapter IV of chapter 31 of title 40, United  
24              States Code.

1                   “(B) CORRECTION AND PENALTY RELATED  
2                   TO FAILURE TO SATISFY WAGE REQUIRE-  
3                   MENTS.—Rules similar to the rules of section  
4                   45(b)(7)(B) shall apply.

5                   “(3) REGULATIONS AND GUIDANCE.—The Sec-  
6                   retary shall issue such regulations or other guidance  
7                   as the Secretary determines necessary or appropriate  
8                   to carry out the purposes of this subsection, includ-  
9                   ing regulations or other guidance which provides for  
10                  requirements for recordkeeping or information re-  
11                  porting for purposes of administering the require-  
12                  ments of this subsection.”.

13                  (e) BASIS ADJUSTMENT.—Section 45L(e) is amended  
14                  by inserting after the first sentence the following: “This  
15                  subsection shall not apply for purposes of determining the  
16                  adjusted basis of any building under section 42.”.

17                  (f) EFFECTIVE DATES.—

18                   (1) IN GENERAL.—Except as provided in para-  
19                   graph (2), the amendments made by this section  
20                   shall apply to dwelling units acquired after Decem-  
21                   ber 31, 2022.

22                   (2) EXTENSION OF CREDIT.—The amendments  
23                   made by subsection (a) shall apply to dwelling units  
24                   acquired after December 31, 2021.



1           “(5) FINAL ASSEMBLY.—For purposes of para-  
2           graph (1)(G), the term ‘final assembly’ means the  
3           process by which a manufacturer produces a new  
4           clean vehicle at, or through the use of, a plant, fac-  
5           tory, or other place from which the vehicle is deliv-  
6           ered to a dealer or importer with all component  
7           parts necessary for the mechanical operation of the  
8           vehicle included with the vehicle, whether or not the  
9           component parts are permanently installed in or on  
10          the vehicle.”.

11          (c) DEFINITION OF NEW CLEAN VEHICLE.—

12           (1) IN GENERAL.—Section 30D(d), as amended  
13          by the preceding provisions of this section, is amend-  
14          ed—

15           (A) in the heading, by striking “QUALI-  
16          FIED PLUG-IN ELECTRIC DRIVE MOTOR” and  
17          inserting “CLEAN”,

18           (B) in paragraph (1)—

19           (i) in the matter preceding subpara-  
20          graph (A), by striking “qualified plug-in  
21          electric drive motor” and inserting  
22          “clean”,

23           (ii) in subparagraph (C), by inserting  
24          “qualified” before “manufacturer”,

25           (iii) in subparagraph (F)—

1 (I) in clause (i), by striking “4”  
2 and inserting “7”, and

3 (II) in clause (ii), by striking  
4 “and” at the end,

5 (iv) in subparagraph (G), by striking  
6 the period at the end and inserting “,  
7 and”, and

8 (v) by adding at the end the following:

9 “(H) for which the person who sells any  
10 vehicle to the taxpayer furnishes a report to the  
11 taxpayer and to the Secretary, at such time and  
12 in such manner as the Secretary shall provide,  
13 containing—

14 “(i) the name and taxpayer identifica-  
15 tion number of the taxpayer,

16 “(ii) the vehicle identification number  
17 of the vehicle, unless, in accordance with  
18 any applicable rules promulgated by the  
19 Secretary of Transportation, the vehicle is  
20 not assigned such a number,

21 “(iii) the battery capacity of the vehi-  
22 cle,

23 “(iv) verification that original use of  
24 the vehicle commences with the taxpayer,  
25 and



1 “(v) the maximum credit under this  
2 section allowable to the taxpayer with re-  
3 spect to the vehicle.”,

4 (C) in paragraph (3)—

5 (i) in the heading, by striking “MANU-  
6 FACTURER” and inserting “QUALIFIED  
7 MANUFACTURER”,

8 (ii) by striking “The term ‘manufac-  
9 turer’ has the meaning given such term in”  
10 and inserting “The term ‘qualified manu-  
11 facturer’ means any manufacturer (within  
12 the meaning of the”, and

13 (iii) by inserting “) which enters into  
14 a written agreement with the Secretary  
15 under which such manufacturer agrees to  
16 make periodic written reports to the Sec-  
17 retary (at such times and in such manner  
18 as the Secretary may provide) providing  
19 vehicle identification numbers and such  
20 other information related to each vehicle  
21 manufactured by such manufacturer as the  
22 Secretary may require” before the period  
23 at the end, and

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

1           “(6) NEW QUALIFIED FUEL CELL MOTOR VEHI-  
2           CLE.—For purposes of this section, the term ‘new  
3           clean vehicle’ shall include any new qualified fuel cell  
4           motor vehicle (as defined in section 30B(b)(3))  
5           which meets the requirements under subparagraphs  
6           (G) and (H) of paragraph (1).”.

7           (2) CONFORMING AMENDMENTS.—Section 30D  
8           is amended—

9                   (A) in subsection (a), by striking “new  
10                   qualified plug-in electric drive motor vehicle”  
11                   and inserting “new clean vehicle”, and

12                   (B) in subsection (b)(1), by striking “new  
13                   qualified plug-in electric drive motor vehicle”  
14                   and inserting “new clean vehicle”.

15           (d) ELIMINATION OF LIMITATION ON NUMBER OF  
16           VEHICLES ELIGIBLE FOR CREDIT.—Section 30D is  
17           amended by striking subsection (e).

18           (e) CRITICAL MINERAL AND BATTERY COMPONENT  
19           REQUIREMENTS.—

20                   (1) IN GENERAL.—Section 30D, as amended by  
21                   the preceding provisions of this section, is amended  
22                   by inserting after subsection (d) the following:

23                   “(e) CRITICAL MINERAL AND BATTERY COMPONENT  
24                   REQUIREMENTS.—

25                   “(1) CRITICAL MINERALS REQUIREMENT.—

1           “(A) IN GENERAL.—The requirement de-  
2           scribed in this subparagraph with respect to a  
3           vehicle is that, with respect to the battery from  
4           which the electric motor of such vehicle draws  
5           electricity, the percentage of the value of the  
6           applicable critical minerals (as defined in sec-  
7           tion 45X(c)(6)) contained in such battery that  
8           were—

9                   “(i) extracted or processed in any  
10                   country with which the United States has  
11                   a free trade agreement in effect, or

12                   “(ii) recycled in North America,  
13           is equal to or greater than the applicable per-  
14           centage (as certified by the qualified manufac-  
15           turer, in such form or manner as prescribed by  
16           the Secretary).

17           “(B) APPLICABLE PERCENTAGE.—For  
18           purposes of subparagraph (A), the applicable  
19           percentage shall be—

20                   “(i) in the case of a vehicle placed in  
21                   service after the date on which the pro-  
22                   posed guidance described in paragraph  
23                   (3)(B) is issued by the Secretary and be-  
24                   fore January 1, 2024, 40 percent,

1                   “(ii) in the case of a vehicle placed in  
2                   service during calendar year 2024, 50 per-  
3                   cent,

4                   “(iii) in the case of a vehicle placed in  
5                   service during calendar year 2025, 60 per-  
6                   cent,

7                   “(iv) in the case of a vehicle placed in  
8                   service during calendar year 2026, 70 per-  
9                   cent, and

10                   “(v) in the case of a vehicle placed in  
11                   service after December 31, 2026, 80 per-  
12                   cent.

13                   “(2) BATTERY COMPONENTS.—

14                   “(A) IN GENERAL.—The requirement de-  
15                   scribed in this subparagraph with respect to a  
16                   vehicle is that, with respect to the battery from  
17                   which the electric motor of such vehicle draws  
18                   electricity, the percentage of the value of the  
19                   components contained in such battery that were  
20                   manufactured or assembled in North America is  
21                   equal to or greater than the applicable percent-  
22                   age (as certified by the qualified manufacturer,  
23                   in such form or manner as prescribed by the  
24                   Secretary).

1           “(B) APPLICABLE PERCENTAGE.—For  
2 purposes of subparagraph (A), the applicable  
3 percentage shall be—

4           “(i) in the case of a vehicle placed in  
5 service after the date on which the pro-  
6 posed guidance described in paragraph  
7 (3)(B) is issued by the Secretary and be-  
8 fore January 1, 2024, 50 percent,

9           “(ii) in the case of a vehicle placed in  
10 service during calendar year 2024 or 2025,  
11 60 percent,

12           “(iii) in the case of a vehicle placed in  
13 service during calendar year 2026, 70 per-  
14 cent,

15           “(iv) in the case of a vehicle placed in  
16 service during calendar year 2027, 80 per-  
17 cent,

18           “(v) in the case of a vehicle placed in  
19 service during calendar year 2028, 90 per-  
20 cent,

21           “(vi) in the case of a vehicle placed in  
22 service after December 31, 2028, 100 per-  
23 cent.

24           “(3) REGULATIONS AND GUIDANCE.—

1           “(A) IN GENERAL.—The Secretary shall  
2           issue such regulations or other guidance as the  
3           Secretary determines necessary or appropriate  
4           to carry out the purposes of this subsection, in-  
5           cluding regulations or other guidance which  
6           provides for requirements for recordkeeping or  
7           information reporting for purposes of admin-  
8           istering the requirements of this subsection.

9           “(B) DEADLINE FOR PROPOSED GUID-  
10          ANCE.—Not later than December 31, 2022, the  
11          Secretary shall issue proposed guidance with re-  
12          spect to the requirements under this sub-  
13          section.”.

14          (2) EXCLUDED ENTITIES.—Section 30D(d), as  
15          amended by the preceding provisions of this section,  
16          is amended by adding at the end the following:

17                 “(7) EXCLUDED ENTITIES.—For purposes of  
18                 this section, the term ‘new clean vehicle’ shall not in-  
19                 clude—

20                         “(A) any vehicle placed in service after De-  
21                         cember 31, 2024, with respect to which any of  
22                         the applicable critical minerals contained in the  
23                         battery of such vehicle (as described in sub-  
24                         section (e)(1)(A)) were extracted, processed, or  
25                         recycled by a foreign entity of concern (as de-

1            fined in section 40207(a)(5) of the Infrastruc-  
2            ture Investment and Jobs Act (42 U.S.C.  
3            18741(a)(5))), or

4                  “(B) any vehicle placed in service after De-  
5            cember 31, 2023, with respect to which any of  
6            the components contained in the battery of such  
7            vehicle (as described in subsection (e)(2)(A))  
8            were manufactured or assembled by a foreign  
9            entity of concern (as so defined).”.

10        (f) SPECIAL RULES.—Section 30D(f) is amended by  
11 adding at the end the following:

12                  “(8) ONE CREDIT PER VEHICLE.—In the case  
13            of any vehicle, the credit described in subsection (a)  
14            shall only be allowed once with respect to such vehi-  
15            cle, as determined based upon the vehicle identifica-  
16            tion number of such vehicle.

17                  “(9) VIN REQUIREMENT.—No credit shall be  
18            allowed under this section with respect to any vehicle  
19            unless the taxpayer includes the vehicle identification  
20            number of such vehicle on the return of tax for the  
21            taxable year.

22                  “(10) LIMITATION BASED ON MODIFIED AD-  
23            JUSTED GROSS INCOME.—

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1           “(A) IN GENERAL.—No credit shall be al-  
2           lowed under subsection (a) for any taxable year  
3           if—

4                   “(i) the lesser of—

5                           “(I) the modified adjusted gross  
6                           income of the taxpayer for such tax-  
7                           able year, or

8                           “(II) the modified adjusted gross  
9                           income of the taxpayer for the pre-  
10                          ceding taxable year, exceeds

11                          “(ii) the threshold amount.

12           “(B) THRESHOLD AMOUNT.—For purposes  
13           of subparagraph (A)(ii), the threshold amount  
14           shall be—

15                          “(i) in the case of a joint return or a  
16                          surviving spouse (as defined in section  
17                          2(a)), \$300,000,

18                          “(ii) in the case of a head of house-  
19                          hold (as defined in section 2(b)),  
20                          \$225,000, and

21                          “(iii) in the case of a taxpayer not de-  
22                          scribed in clause (i) or (ii), \$150,000.

23           “(C) MODIFIED ADJUSTED GROSS IN-  
24           COME.—For purposes of this paragraph, the  
25           term ‘modified adjusted gross income’ means



1 adjusted gross income increased by any amount  
2 excluded from gross income under section 911,  
3 931, or 933.

4 “(11) MANUFACTURER’S SUGGESTED RETAIL  
5 PRICE LIMITATION.—

6 “(A) IN GENERAL.—No credit shall be al-  
7 lowed under subsection (a) for a vehicle with a  
8 manufacturer’s suggested retail price in excess  
9 of the applicable limitation.

10 “(B) APPLICABLE LIMITATION.—For pur-  
11 poses of subparagraph (A), the applicable limi-  
12 tation for each vehicle classification is as fol-  
13 lows:

14 “(i) VANS.—In the case of a van,  
15 \$80,000.

16 “(ii) SPORT UTILITY VEHICLES.—In  
17 the case of a sport utility vehicle, \$80,000.

18 “(iii) PICKUP TRUCKS.—In the case of  
19 a pickup truck, \$80,000.

20 “(iv) OTHER.—In the case of any  
21 other vehicle, \$55,000.

22 “(C) REGULATIONS AND GUIDANCE.—For  
23 purposes of this paragraph, the Secretary shall  
24 prescribe such regulations or other guidance as  
25 the Secretary determines necessary or appro-

1           prie for determining vehicle classifications  
2           using criteria similar to that employed by the  
3           Environmental Protection Agency and the De-  
4           partment of the Energy to determine size and  
5           class of vehicles.”.

6           (g) TRANSFER OF CREDIT.—

7           (1) IN GENERAL.—Section 30D is amended by  
8           striking subsection (g) and inserting the following:

9           “(g) TRANSFER OF CREDIT.—

10           “(1) IN GENERAL.—Subject to such regulations  
11           or other guidance as the Secretary determines nec-  
12           essary or appropriate, if the taxpayer who acquires  
13           a new clean vehicle elects the application of this sub-  
14           section with respect to such vehicle, the credit which  
15           would (but for this subsection) be allowed to such  
16           taxpayer with respect to such vehicle shall be al-  
17           lowed to the eligible entity specified in such election  
18           (and not to such taxpayer).

19           “(2) ELIGIBLE ENTITY.—For purposes of this  
20           subsection, the term ‘eligible entity’ means, with re-  
21           spect to the vehicle for which the credit is allowed  
22           under subsection (a), the dealer which sold such ve-  
23           hicle to the taxpayer and has—

24           “(A) subject to paragraph (4), registered  
25           with the Secretary for purposes of this para-

1 graph, at such time, and in such form and  
2 manner, as the Secretary may prescribe,

3 “(B) prior to the election described in  
4 paragraph (1) and not later than at the time of  
5 such sale, disclosed to the taxpayer purchasing  
6 such vehicle—

7 “(i) the manufacturer’s suggested re-  
8 tail price,

9 “(ii) the value of the credit allowed  
10 and any other incentive available for the  
11 purchase of such vehicle, and

12 “(iii) the amount provided by the  
13 dealer to such taxpayer as a condition of  
14 the election described in paragraph (1),

15 “(C) not later than at the time of such  
16 sale, made payment to such taxpayer (whether  
17 in cash or in the form of a partial payment or  
18 down payment for the purchase of such vehicle)  
19 in an amount equal to the credit otherwise al-  
20 lowable to such taxpayer, and

21 “(D) with respect to any incentive other-  
22 wise available for the purchase of a vehicle for  
23 which a credit is allowed under this section, in-  
24 cluding any incentive in the form of a rebate or

1 discount provided by the dealer or manufac-  
2 turer, ensured that—

3 “(i) the availability or use of such in-  
4 centive shall not limit the ability of a tax-  
5 payer to make an election described in  
6 paragraph (1), and

7 “(ii) such election shall not limit the  
8 value or use of such incentive.

9 “(3) TIMING.—An election described in para-  
10 graph (1) shall be made by the taxpayer not later  
11 than the date on which the vehicle for which the  
12 credit is allowed under subsection (a) is purchased.

13 “(4) REVOCATION OF REGISTRATION.—Upon  
14 determination by the Secretary that a dealer has  
15 failed to comply with the requirements described in  
16 paragraph (2), the Secretary may revoke the reg-  
17 istration (as described in subparagraph (A) of such  
18 paragraph) of such dealer.

19 “(5) TAX TREATMENT OF PAYMENTS.—With  
20 respect to any payment described in paragraph  
21 (2)(C), such payment—

22 “(A) shall not be includible in the gross in-  
23 come of the taxpayer, and

24 “(B) with respect to the dealer, shall not  
25 be deductible under this title.

1           “(6) APPLICATION OF CERTAIN OTHER RE-  
2           QUIREMENTS.—In the case of any election under  
3           paragraph (1) with respect to any vehicle—

4                   “(A) the requirements of paragraphs (1)  
5                   and (2) of subsection (f) shall apply to the tax-  
6                   payer who acquired the vehicle in the same  
7                   manner as if the credit determined under this  
8                   section with respect to such vehicle were al-  
9                   lowed to such taxpayer,

10                   “(B) paragraph (6) of such subsection  
11                   shall not apply, and

12                   “(C) the requirement of paragraph (9) of  
13                   such subsection (f) shall be treated as satisfied  
14                   if the eligible entity provides the vehicle identi-  
15                   fication number of such vehicle to the Secretary  
16                   in such manner as the Secretary may provide.

17           “(7) ADVANCE PAYMENT TO REGISTERED  
18           DEALERS.—

19                   “(A) IN GENERAL.—The Secretary shall  
20                   establish a program to make advance payments  
21                   to any eligible entity in an amount equal to the  
22                   cumulative amount of the credits allowed under  
23                   subsection (a) with respect to any vehicles sold  
24                   by such entity for which an election described  
25                   in paragraph (1) has been made.

1           “(B) EXCESSIVE PAYMENTS.—Rules simi-  
2           lar to the rules of section 6417(c)(6) shall apply  
3           for purposes of this paragraph.

4           “(C) TREATMENT OF ADVANCE PAY-  
5           MENTS.—For purposes of section 1324 of title  
6           31, United States Code, the payments under  
7           subparagraph (A) shall be treated in the same  
8           manner as a refund due from a credit provision  
9           referred to in subsection (b)(2) of such section.

10          “(8) DEALER.—For purposes of this sub-  
11          section, the term ‘dealer’ means a person licensed by  
12          a State, the District of Columbia, the Common-  
13          wealth of Puerto Rico, any other territory or posses-  
14          sion of the United States, an Indian tribal govern-  
15          ment, or any Alaska Native Corporation (as defined  
16          in section 3 of the Alaska Native Claims Settlement  
17          Act (43 U.S.C. 1602(m)) to engage in the sale of ve-  
18          hicles.

19          “(9) INDIAN TRIBAL GOVERNMENT.—For pur-  
20          poses of this subsection, the term ‘Indian tribal gov-  
21          ernment’ means the recognized governing body of  
22          any Indian or Alaska Native tribe, band, nation,  
23          pueblo, village, community, component band, or com-  
24          ponent reservation, individually identified (including  
25          parenthetically) in the list published most recently as

1 of the date of enactment of this subsection pursuant  
2 to section 104 of the Federally Recognized Indian  
3 Tribe List Act of 1994 (25 U.S.C. 5131).”.

4 (2) CONFORMING AMENDMENTS.—Section 30D,  
5 as amended by the preceding provisions of this sec-  
6 tion, is amended—

7 (A) in subsection (d)(1)(H) of such sec-  
8 tion—

9 (i) in clause (iv), by striking “and” at  
10 the end,

11 (ii) in clause (v), by striking the pe-  
12 riod at the end and inserting “, and”, and

13 (iii) by adding at the end the fol-  
14 lowing:

15 “(vi) in the case of a taxpayer who  
16 makes an election under subsection (g)(1),  
17 any amount described in subsection  
18 (g)(2)(C) which has been provided to such  
19 taxpayer.”, and

20 (B) in subsection (f)—

21 (i) by striking paragraph (3), and

22 (ii) in paragraph (8), by inserting “,  
23 including any vehicle with respect to which  
24 the taxpayer elects the application of sub-  
25 section (g)” before the period at the end.

1 (h) TERMINATION.—Section 30D is amended by add-  
2 ing at the end the following:

3 “(h) TERMINATION.—No credit shall be allowed  
4 under this section with respect to any vehicle placed in  
5 service after December 31, 2032.”.

6 (i) ADDITIONAL CONFORMING AMENDMENTS.—

7 (1) The heading of section 30D is amended by  
8 striking “**NEW QUALIFIED PLUG-IN ELECTRIC**  
9 **DRIVE MOTOR VEHICLES**” and inserting “**CLEAN**  
10 **VEHICLE CREDIT**”.

11 (2) Section 30B is amended—

12 (A) in subsection (h)(8), by striking “, ex-  
13 cept that no benefit shall be recaptured if such  
14 property ceases to be eligible for such credit by  
15 reason of conversion to a qualified plug-in elec-  
16 tric drive motor vehicle”, and

17 (B) by striking subsection (i).

18 (3) Section 38(b)(30) is amended by striking  
19 “qualified plug-in electric drive motor” and inserting  
20 “clean”.

21 (4) Section 6213(g)(2), as amended by the pre-  
22 ceding provisions of this Act, is amended—

23 (A) in subparagraph (R), by striking  
24 “and” at the end,



1 (B) in subparagraph (S), by striking the  
2 period at the end and inserting “, and”, and

3 (C) by inserting after subparagraph (S)  
4 the following:

5 “(T) an omission of a correct vehicle iden-  
6 tification number required under section  
7 30D(f)(9) (relating to credit for new clean vehi-  
8 cles) to be included on a return.”.

9 (5) Section 6501(m) is amended by striking  
10 “30D(e)(4)” and inserting “30D(f)(6)”.

11 (6) The table of sections for subpart B of part  
12 IV of subchapter A of chapter 1 is amended by  
13 striking the item relating to section 30D and insert-  
14 ing after the item relating to section 30C the fol-  
15 lowing item:

“Sec. 30D. Clean vehicle credit.”.

16 (j) GROSS-UP OF DIRECT SPENDING.—Beginning in  
17 fiscal year 2023 and each fiscal year thereafter, the por-  
18 tion of any credit allowed to an eligible entity (as defined  
19 in section 30D(g)(2) of the Internal Revenue Code of  
20 1986) pursuant to an election made under section 30D(g)  
21 of the Internal Revenue Code of 1986 that is direct spend-  
22 ing shall be increased by 6.0445 percent.

23 (k) EFFECTIVE DATES.—

24 (1) IN GENERAL.—Except as provided in para-  
25 graphs (2), (3), (4), and (5), the amendments made

1 by this section shall apply to vehicles placed in serv-  
2 ice after December 31, 2022.

3 (2) FINAL ASSEMBLY.—The amendments made  
4 by subsection (b) shall apply to vehicles sold after  
5 the date of enactment of this Act.

6 (3) PER VEHICLE DOLLAR LIMITATION AND RE-  
7 LATED REQUIREMENTS.—The amendments made by  
8 subsections (a) and (e) shall apply to vehicles placed  
9 in service after the date on which the proposed guid-  
10 ance described in paragraph (3)(B) of section  
11 30D(e) of the Internal Revenue Code of 1986 (as  
12 added by subsection (e)) is issued by the Secretary  
13 of the Treasury (or the Secretary’s delegate).

14 (4) TRANSFER OF CREDIT.—The amendments  
15 made by subsection (g) shall apply to vehicles placed  
16 in service after December 31, 2023.

17 (5) ELIMINATION OF MANUFACTURER LIMITA-  
18 TION.—The amendment made by subsection (d)  
19 shall apply to vehicles sold after December 31, 2022.

20 (l) TRANSITION RULE.—Solely for purposes of the  
21 application of section 30D of the Internal Revenue Code  
22 of 1986, in the case of a taxpayer that—

23 (1) after December 31, 2021, and before the  
24 date of enactment of this Act, purchased, or entered  
25 into a written binding contract to purchase, a new

1 qualified plug-in electric drive motor vehicle (as de-  
2 fined in section 30D(d)(1) of the Internal Revenue  
3 Code of 1986, as in effect on the day before the date  
4 of enactment of this Act), and

5 (2) placed such vehicle in service on or after the  
6 date of enactment of this Act,

7 such taxpayer may elect (at such time, and in such form  
8 and manner, as the Secretary of the Treasury, or the Sec-  
9 retary's delegate, may prescribe) to treat such vehicle as  
10 having been placed in service on the day before the date  
11 of enactment of this Act.

12 **SEC. 13402. CREDIT FOR PREVIOUSLY-OWNED CLEAN VEHI-**  
13 **CLES.**

14 (a) IN GENERAL.—Subpart A of part IV of sub-  
15 chapter A of chapter 1 is amended by inserting after sec-  
16 tion 25D the following new section:

17 **“SEC. 25E. PREVIOUSLY-OWNED CLEAN VEHICLES.**

18 “(a) ALLOWANCE OF CREDIT.—In the case of a  
19 qualified buyer who during a taxable year places in service  
20 a previously-owned clean vehicle, there shall be allowed as  
21 a credit against the tax imposed by this chapter for the  
22 taxable year an amount equal to the lesser of—

23 “(1) \$4,000, or

24 “(2) the amount equal to 30 percent of the sale  
25 price with respect to such vehicle.

1       “(b) LIMITATION BASED ON MODIFIED ADJUSTED  
2 GROSS INCOME.—

3           “(1) IN GENERAL.—No credit shall be allowed  
4 under subsection (a) for any taxable year if—

5               “(A) the lesser of—

6                   “(i) the modified adjusted gross in-  
7 come of the taxpayer for such taxable year,  
8 or

9                   “(ii) the modified adjusted gross in-  
10 come of the taxpayer for the preceding tax-  
11 able year, exceeds

12               “(B) the threshold amount.

13           “(2) THRESHOLD AMOUNT.—For purposes of  
14 paragraph (1)(B), the threshold amount shall be—

15               “(A) in the case of a joint return or a sur-  
16 viving spouse (as defined in section 2(a)),  
17 \$150,000,

18               “(B) in the case of a head of household (as  
19 defined in section 2(b)), \$112,500, and

20               “(C) in the case of a taxpayer not de-  
21 scribed in subparagraph (A) or (B), \$75,000.

22           “(3) MODIFIED ADJUSTED GROSS INCOME.—  
23 For purposes of this subsection, the term ‘modified  
24 adjusted gross income’ means adjusted gross income

1 increased by any amount excluded from gross in-  
2 come under section 911, 931, or 933.

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

4 “(1) PREVIOUSLY-OWNED CLEAN VEHICLE.—  
5 The term ‘previously-owned clean vehicle’ means,  
6 with respect to a taxpayer, a motor vehicle—

7 “(A) the model year of which is at least 2  
8 years earlier than the calendar year in which  
9 the taxpayer acquires such vehicle,

10 “(B) the original use of which commences  
11 with a person other than the taxpayer,

12 “(C) which is acquired by the taxpayer in  
13 a qualified sale, and

14 “(D) which—

15 “(i) meets the requirements of sub-  
16 paragraphs (C), (D), (E), (F), and (H)  
17 (except for clause (iv) thereof) of section  
18 30D(d)(1), or

19 “(ii) is a motor vehicle which—

20 “(I) satisfies the requirements  
21 under subparagraphs (A) and (B) of  
22 section 30B(b)(3), and

23 “(II) has a gross vehicle weight  
24 rating of less than 14,000 pounds.

1           “(2) QUALIFIED SALE.—The term ‘qualified  
2 sale’ means a sale of a motor vehicle—

3           “(A) by a dealer (as defined in section  
4 30D(g)(8)),

5           “(B) for a sale price which does not exceed  
6 \$25,000, and

7           “(C) which is the first transfer since the  
8 date of the enactment of this section to a quali-  
9 fied buyer other than the person with whom the  
10 original use of such vehicle commenced.

11           “(3) QUALIFIED BUYER.—The term ‘qualified  
12 buyer’ means, with respect to a sale of a motor vehi-  
13 cle, a taxpayer—

14           “(A) who is an individual,

15           “(B) who purchases such vehicle for use  
16 and not for resale,

17           “(C) with respect to whom no deduction is  
18 allowable with respect to another taxpayer  
19 under section 151, and

20           “(D) who has not been allowed a credit  
21 under this section for any sale during the 3-  
22 year period ending on the date of the sale of  
23 such vehicle.

24           “(4) MOTOR VEHICLE; CAPACITY.—The terms  
25 ‘motor vehicle’ and ‘capacity’ have the meaning

1 given such terms in paragraphs (2) and (4) of sec-  
2 tion 30D(d), respectively.

3 “(d) VIN NUMBER REQUIREMENT.—No credit shall  
4 be allowed under subsection (a) with respect to any vehicle  
5 unless the taxpayer includes the vehicle identification  
6 number of such vehicle on the return of tax for the taxable  
7 year.

8 “(e) APPLICATION OF CERTAIN RULES.—For pur-  
9 poses of this section, rules similar to the rules of section  
10 30D(f) (without regard to paragraph (10) or (11) thereof)  
11 shall apply for purposes of this section.

12 “(f) TERMINATION.—No credit shall be allowed  
13 under this section with respect to any vehicle acquired  
14 after December 31, 2032.”.

15 (b) TRANSFER OF CREDIT.—Section 25E, as added  
16 by subsection (a), is amended—

17 (1) by redesignating subsection (f) as sub-  
18 section (g), and

19 (2) by inserting after subsection (e) the fol-  
20 lowing:

21 “(f) TRANSFER OF CREDIT.—Rules similar to the  
22 rules of section 30D(g) shall apply.”.

23 (c) CONFORMING AMENDMENTS.—Section  
24 6213(g)(2), as amended by the preceding provisions of  
25 this Act, is amended—

1           (1) in subparagraph (S), by striking “and” at  
2           the end,

3           (2) in subparagraph (T), by striking the period  
4           at the end and inserting “, and”, and

5           (3) by inserting after subparagraph (T) the fol-  
6           lowing:

7                   “(U) an omission of a correct vehicle iden-  
8                   tification number required under section 25E(d)  
9                   (relating to credit for previously-owned clean  
10                   vehicles) to be included on a return.”.

11           (d) CLERICAL AMENDMENT.—The table of sections  
12 for subpart A of part IV of subchapter A of chapter 1  
13 is amended by inserting after the item relating to section  
14 25D the following new item:

          “Sec. 25E. Previously-owned clean vehicles.”.

15           (e) EFFECTIVE DATE.—

16                   (1) IN GENERAL.—Except as provided in para-  
17                   graph (2), the amendments made by this section  
18                   shall apply to vehicles acquired after December 31,  
19                   2022.

20                   (2) TRANSFER OF CREDIT.—The amendments  
21                   made by subsection (b) shall apply to vehicles ac-  
22                   quired after December 31, 2023.

23 **SEC. 13403. QUALIFIED COMMERCIAL CLEAN VEHICLES.**

24           (a) IN GENERAL.—Subpart D of part IV of sub-  
25 chapter A of chapter 1, as amended by the preceding pro-



1 visions of this Act, is amended by adding at the end the  
2 following new section:

3 **“SEC. 45W. CREDIT FOR QUALIFIED COMMERCIAL CLEAN**  
4 **VEHICLES.**

5 “(a) IN GENERAL.—For purposes of section 38, the  
6 qualified commercial clean vehicle credit for any taxable  
7 year is an amount equal to the sum of the credit amounts  
8 determined under subsection (b) with respect to each  
9 qualified commercial clean vehicle placed in service by the  
10 taxpayer during the taxable year.

11 “(b) PER VEHICLE AMOUNT.—

12 “(1) IN GENERAL.—Subject to paragraph (4),  
13 the amount determined under this subsection with  
14 respect to any qualified commercial clean vehicle  
15 shall be equal to the lesser of—

16 “(A) 15 percent of the basis of such vehi-  
17 cle (30 percent in the case of a vehicle not pow-  
18 ered by a gasoline or diesel internal combustion  
19 engine), or

20 “(B) the incremental cost of such vehicle.

21 “(2) INCREMENTAL COST.—For purposes of  
22 paragraph (1)(B), the incremental cost of any quali-  
23 fied commercial clean vehicle is an amount equal to  
24 the excess of the purchase price for such vehicle over  
25 such price of a comparable vehicle.

1           “(3) COMPARABLE VEHICLE.—For purposes of  
2 this subsection, the term ‘comparable vehicle’ means,  
3 with respect to any qualified commercial clean vehi-  
4 cle, any vehicle which is powered solely by a gasoline  
5 or diesel internal combustion engine and which is  
6 comparable in size and use to such vehicle.

7           “(4) LIMITATION.—The amount determined  
8 under this subsection with respect to any qualified  
9 commercial clean vehicle shall not exceed—

10                   “(A) in the case of a vehicle which has a  
11 gross vehicle weight rating of less than 14,000  
12 pounds, \$7,500, and

13                   “(B) in the case of a vehicle not described  
14 in subparagraph (A), \$40,000.

15           “(c) QUALIFIED COMMERCIAL CLEAN VEHICLE.—  
16 For purposes of this section, the term ‘qualified commer-  
17 cial clean vehicle’ means any vehicle which—

18                   “(1) meets the requirements of section  
19 30D(d)(1)(C) and is acquired for use or lease by the  
20 taxpayer and not for resale,

21                   “(2) either—

22                           “(A) meets the requirements of subpara-  
23 graph (D) of section 30D(d)(1) and is manufac-  
24 tured primarily for use on public streets, roads,

1 and highways (not including a vehicle operated  
2 exclusively on a rail or rails), or

3 “(B) is mobile machinery, as defined in  
4 section 4053(8) (including vehicles that are not  
5 designed to perform a function of transporting  
6 a load over the public highways),

7 “(3) either—

8 “(A) is propelled to a significant extent by  
9 an electric motor which draws electricity from a  
10 battery which has a capacity of not less than 15  
11 kilowatt hours (or, in the case of a vehicle  
12 which has a gross vehicle weight rating of less  
13 than 14,000 pounds, 7 kilowatt hours) and is  
14 capable of being recharged from an external  
15 source of electricity, or

16 “(B) is a motor vehicle which satisfies the  
17 requirements under subparagraphs (A) and (B)  
18 of section 30B(b)(3), and

19 “(4) is of a character subject to the allowance  
20 for depreciation.

21 “(d) SPECIAL RULES.—

22 “(1) IN GENERAL.—Subject to paragraph (2),  
23 rules similar to the rules under subsection (f) of sec-  
24 tion 30D shall apply for purposes of this section.

1           “(2) RECAPTURE.—The Secretary shall, by reg-  
2           ulations or other guidance, provide for recapturing  
3           the benefit of any credit allowed under subsection  
4           (a) with respect to any property which ceases to be  
5           property eligible for such credit.

6           “(3) VEHICLES PLACED IN SERVICE BY TAX-  
7           EXEMPT ENTITIES.—Subsection (c)(4) shall not  
8           apply to any vehicle which is not subject to a lease  
9           and which is placed in service by a tax-exempt entity  
10          described in clause (i), (ii), or (iv) of section  
11          168(h)(2)(A).

12          “(4) NO DOUBLE BENEFIT.—No credit shall be  
13          allowed under this section with respect to any vehicle  
14          for which a credit was allowed under section 30D.

15          “(e) VIN NUMBER REQUIREMENT.—No credit shall  
16          be determined under subsection (a) with respect to any  
17          vehicle unless the taxpayer includes the vehicle identifica-  
18          tion number of such vehicle on the return of tax for the  
19          taxable year.

20          “(f) REGULATIONS AND GUIDANCE.—The Secretary  
21          shall issue such regulations or other guidance as the Sec-  
22          retary determines necessary or appropriate to carry out  
23          the purposes of this section, including regulations or other  
24          guidance relating to determination of the incremental cost  
25          of any qualified commercial clean vehicle.

1       “(g) TERMINATION.—No credit shall be determined  
2 under this section with respect to any vehicle acquired  
3 after December 31, 2032.”.

4       (b) CONFORMING AMENDMENTS.—

5           (1) Section 38(b), as amended by the preceding  
6 provisions of this Act, is amended—

7               (A) in paragraph (35), by striking “plus”  
8 at the end,

9               (B) in paragraph (36), by striking the pe-  
10 riod at the end and inserting “, plus”, and

11              (C) by adding at the end the following new  
12 paragraph:

13              “(37) the qualified commercial clean vehicle  
14 credit determined under section 45W.”.

15           (2) Section 6213(g)(2), as amended by the pre-  
16 ceding provisions of this Act, is amended—

17               (A) in subparagraph (T), by striking  
18 “and” at the end,

19               (B) in subparagraph (U), by striking the  
20 period at the end and inserting “, and”, and

21               (C) by inserting after subparagraph (U)  
22 the following:

23               “(V) an omission of a correct vehicle iden-  
24 tification number required under section

1           45W(e) (relating to commercial clean vehicle  
2           credit) to be included on a return.”.

3           (3) The table of sections for subpart D of part  
4           IV of subchapter A of chapter 1, as amended by the  
5           preceding provisions of this Act, is amended by add-  
6           ing at the end the following new item:

“Sec. 45W. Qualified commercial clean vehicle credit.”.

7           (c) EFFECTIVE DATE.—The amendments made by  
8           this section shall apply to vehicles acquired after Decem-  
9           ber 31, 2022.

10 **SEC. 13404. ALTERNATIVE FUEL REFUELING PROPERTY**  
11 **CREDIT.**

12           (a) IN GENERAL.—Section 30C(g) is amended by  
13           striking “December 31, 2021” and inserting “December  
14           31, 2032”.

15           (b) CREDIT FOR PROPERTY OF A CHARACTER SUB-  
16           JECT TO DEPRECIATION.—

17           (1) IN GENERAL.—Section 30C(a) is amended  
18           by inserting “(6 percent in the case of property of  
19           a character subject to depreciation)” after “30 per-  
20           cent”.

21           (2) MODIFICATION OF CREDIT LIMITATION.—  
22           Subsection (b) of section 30C is amended—

23                   (A) in the matter preceding paragraph

24                   (1)—

1 (i) by striking “with respect to all”  
2 and inserting “with respect to any single  
3 item of”, and

4 (ii) by striking “at a location”, and  
5 (B) in paragraph (1), by striking “\$30,000  
6 in the case of a property” and inserting  
7 “\$100,000 in the case of any such item of prop-  
8 erty”.

9 (3) BIDIRECTIONAL CHARGING EQUIPMENT IN-  
10 CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHI-  
11 CLE REFUELING PROPERTY.—Section 30C(c) is  
12 amended to read as follows:

13 “(c) QUALIFIED ALTERNATIVE FUEL VEHICLE RE-  
14 FUELING PROPERTY.—For purposes of this section—

15 “(1) IN GENERAL.—The term ‘qualified alter-  
16 native fuel vehicle refueling property’ has the same  
17 meaning as the term ‘qualified clean-fuel vehicle re-  
18 fueling property’ would have under section 179A  
19 if—

20 “(A) paragraph (1) of section 179A(d) did  
21 not apply to property installed on property  
22 which is used as the principal residence (within  
23 the meaning of section 121) of the taxpayer,  
24 and

1           “(B) only the following were treated as  
2 clean-burning fuels for purposes of section  
3 179A(d):

4           “(i) Any fuel at least 85 percent of  
5 the volume of which consists of one or  
6 more of the following: ethanol, natural gas,  
7 compressed natural gas, liquified natural  
8 gas, liquefied petroleum gas, or hydrogen.

9           “(ii) Any mixture—

10           “(I) which consists of two or  
11 more of the following: biodiesel (as de-  
12 fined in section 40A(d)(1)), diesel fuel  
13 (as defined in section 4083(a)(3)), or  
14 kerosene, and

15           “(II) at least 20 percent of the  
16 volume of which consists of biodiesel  
17 (as so defined) determined without re-  
18 gard to any kerosene in such mixture.

19           “(iii) Electricity.

20           “(2) BIDIRECTIONAL CHARGING EQUIPMENT.—  
21 Property shall not fail to be treated as qualified al-  
22 ternative fuel vehicle refueling property solely be-  
23 cause such property—

24           “(A) is capable of charging the battery of  
25 a motor vehicle propelled by electricity, and



1           “(B) allows discharging electricity from  
2           such battery to an electric load external to such  
3           motor vehicle.”.

4           (c) CERTAIN ELECTRIC CHARGING STATIONS IN-  
5           CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHICLE  
6           REFUELING PROPERTY.—Section 30C is amended by re-  
7           designating subsections (f) and (g) as subsections (g) and  
8           (h), respectively, and by inserting after subsection (e) the  
9           following:

10          “(f) SPECIAL RULE FOR ELECTRIC CHARGING STA-  
11          TIONS FOR CERTAIN VEHICLES WITH 2 OR 3 WHEELS.—  
12          For purposes of this section—

13                 “(1) IN GENERAL.—The term ‘qualified alter-  
14                 native fuel vehicle refueling property’ includes any  
15                 property described in subsection (c) for the re-  
16                 charging of a motor vehicle described in paragraph  
17                 (2), but only if such property—

18                         “(A) meets the requirements of subsection  
19                         (a)(2), and

20                         “(B) is of a character subject to deprecia-  
21                         tion.

22                         “(2) MOTOR VEHICLE.—A motor vehicle is de-  
23                         scribed in this paragraph if the motor vehicle—

1           “(A) is manufactured primarily for use on  
2           public streets, roads, or highways (not including  
3           a vehicle operated exclusively on a rail or rails),

4           “(B) has at least 2, but not more than 3,  
5           wheels, and

6           “(C) is propelled by electricity.”.

7           (d) WAGE AND APPRENTICESHIP REQUIREMENTS.—  
8           Section 30C, as amended by this section, is further  
9           amended by redesignating subsections (g) and (h) as sub-  
10          sections (h) and (i) and by inserting after subsection (f)  
11          the following new subsection:

12          “(g) WAGE AND APPRENTICESHIP REQUIRE-  
13          MENTS.—

14           “(1) INCREASED CREDIT AMOUNT.—

15           “(A) IN GENERAL.—In the case of any  
16           qualified alternative fuel vehicle refueling  
17           project which satisfies the requirements of sub-  
18           paragraph (C), the amount of the credit deter-  
19           mined under subsection (a) for any qualified al-  
20           ternative fuel vehicle refueling property of a  
21           character subject to an allowance for deprecia-  
22           tion which is part of such project shall be equal  
23           to such amount (determined without regard to  
24           this sentence) multiplied by 5.

1           “(B) QUALIFIED ALTERNATIVE FUEL VE-  
2           HICLE REFUELING PROJECT.—For purposes of  
3           this subsection, the term ‘qualified alternative  
4           fuel vehicle refueling project’ means a project  
5           consisting of one or more properties that are  
6           part of a single project.

7           “(C) PROJECT REQUIREMENTS.—A project  
8           meets the requirements of this subparagraph if  
9           it is one of the following:

10           “(i) A project the construction of  
11           which begins prior to the date that is 60  
12           days after the Secretary publishes guid-  
13           ance with respect to the requirements of  
14           paragraphs (2)(A) and (3).

15           “(ii) A project which satisfies the re-  
16           quirements of paragraphs (2)(A) and (3).

17           “(2) PREVAILING WAGE REQUIREMENTS.—

18           “(A) IN GENERAL.—The requirements de-  
19           scribed in this subparagraph with respect to  
20           any qualified alternative fuel vehicle refueling  
21           project are that the taxpayer shall ensure that  
22           any laborers and mechanics employed by con-  
23           tractors and subcontractors in the construction  
24           of any qualified alternative fuel vehicle refueling  
25           property which is part of such project shall be

1           paid wages at rates not less than the prevailing  
2           rates for construction, alteration, or repair of a  
3           similar character in the locality in which such  
4           project is located as most recently determined  
5           by the Secretary of Labor, in accordance with  
6           subchapter IV of chapter 31 of title 40, United  
7           States Code.

8                   “(B) CORRECTION AND PENALTY RELATED  
9                   TO FAILURE TO SATISFY WAGE REQUIRE-  
10                   MENTS.—Rules similar to the rules of section  
11                   45(b)(7)(B) shall apply.

12                   “(3) APPRENTICESHIP REQUIREMENTS.—Rules  
13                   similar to the rules of section 45(b)(8) shall apply.

14                   “(4) REGULATIONS AND GUIDANCE.—The Sec-  
15                   retary shall issue such regulations or other guidance  
16                   as the Secretary determines necessary or appropriate  
17                   to carry out the purposes of this subsection, includ-  
18                   ing regulations or other guidance which provides for  
19                   requirements for recordkeeping or information re-  
20                   porting for purposes of administering the require-  
21                   ments of this subsection.”.

22           (e) ELIGIBLE CENSUS TRACTS.—Subsection (c) of  
23           section 30C, as amended by subsection (b)(3), is amended  
24           by adding at the end the following:

1           “(3) PROPERTY REQUIRED TO BE LOCATED IN  
2 ELIGIBLE CENSUS TRACTS.—

3           “(A) IN GENERAL.—Property shall not be  
4 treated as qualified alternative fuel vehicle re-  
5 fueling property unless such property is placed  
6 in service in an eligible census tract.

7           “(B) ELIGIBLE CENSUS TRACT.—

8           “(i) IN GENERAL.—For purposes of  
9 this paragraph, the term ‘eligible census  
10 tract’ means any population census tract  
11 which—

12                   “(I) is described in section  
13 45D(e), or

14                   “(II) is not an urban area.

15           “(ii) URBAN AREA.—For purposes of  
16 clause (i)(II), the term ‘urban area’ means  
17 a census tract (as defined by the Bureau  
18 of the Census) which, according to the  
19 most recent decennial census, has been  
20 designated as an urban area by the Sec-  
21 retary of Commerce.”.

22 (f) EFFECTIVE DATE.—

23           “(1) IN GENERAL.—Except as provided in para-  
24 graph (2), the amendments made by this section

1 shall apply to property placed in service after De-  
2 cember 31, 2022.

3 (2) EXTENSION.—The amendments made by  
4 subsection (a) shall apply to property placed in serv-  
5 ice after December 31, 2021.

6 **PART 5—INVESTMENT IN CLEAN ENERGY**

7 **MANUFACTURING AND ENERGY SECURITY**

8 **SEC. 13501. EXTENSION OF THE ADVANCED ENERGY**  
9 **PROJECT CREDIT.**

10 (a) EXTENSION OF CREDIT.—Section 48C is amend-  
11 ed by redesignating subsection (e) as subsection (f) and  
12 by inserting after subsection (d) the following new sub-  
13 section:

14 “(e) ADDITIONAL ALLOCATIONS.—

15 “(1) IN GENERAL.—Not later than 180 days  
16 after the date of enactment of this subsection, the  
17 Secretary shall establish a program to consider and  
18 award certifications for qualified investments eligible  
19 for credits under this section to qualifying advanced  
20 energy project sponsors.

21 “(2) LIMITATION.—

22 “(A) IN GENERAL.—The total amount of  
23 credits which may be allocated under the pro-  
24 gram established under paragraph (1) shall not  
25 exceed \$10,000,000,000, of which not greater

1 than \$6,000,000,000 may be allocated to quali-  
2 fied investments which are not located within  
3 energy communities described in clause (iii) of  
4 section 45(b)(11)(B).

5 “(B) NO PRIOR CERTIFICATION AND ALLO-  
6 CATION.—No credits may be allocated under  
7 the program established under paragraph (1)  
8 for any project which is located in a census  
9 tract which, prior to the date of enactment of  
10 this subsection, had received a certification and  
11 allocation of credits under subsection (d).

12 “(3) CERTIFICATIONS.—

13 “(A) APPLICATION REQUIREMENT.—Each  
14 applicant for certification under this subsection  
15 shall submit an application at such time and  
16 containing such information as the Secretary  
17 may require.

18 “(B) TIME TO MEET CRITERIA FOR CER-  
19 TIFICATION.—Each applicant for certification  
20 shall have 2 years from the date of acceptance  
21 by the Secretary of the application during  
22 which to provide to the Secretary evidence that  
23 the requirements of the certification have been  
24 met.

1           “(C) PERIOD OF ISSUANCE.—An applicant  
2           which receives a certification shall have 2 years  
3           from the date of issuance of the certification in  
4           order to place the project in service and to no-  
5           tify the Secretary that such project has been so  
6           placed in service, and if such project is not  
7           placed in service by that time period, then the  
8           certification shall no longer be valid. If any cer-  
9           tification is revoked under this subparagraph,  
10          the amount of the limitation under paragraph  
11          (2) shall be increased by the amount of the  
12          credit with respect to such revoked certification.

13          “(D) LOCATION OF PROJECT.—In the case  
14          of an applicant which receives a certification, if  
15          the Secretary determines that the project has  
16          been placed in service at a location which is ma-  
17          terially different than the location specified in  
18          the application for such project, the certifi-  
19          cation shall no longer be valid.

20          “(4) CREDIT RATE CONDITIONED UPON WAGE  
21          AND APPRENTICESHIP REQUIREMENTS.—

22          “(A) BASE RATE.—For purposes of alloca-  
23          tions under this subsection, the amount of the  
24          credit determined under subsection (a) shall be



1 determined by substituting ‘6 percent’ for ‘30  
2 percent’.

3 “(B) ALTERNATIVE RATE.—In the case of  
4 any project which satisfies the requirements of  
5 paragraphs (5)(A) and (6), subparagraph (A)  
6 shall not apply.

7 “(5) PREVAILING WAGE REQUIREMENTS.—

8 “(A) IN GENERAL.—The requirements de-  
9 scribed in this subparagraph with respect to a  
10 project are that the taxpayer shall ensure that  
11 any laborers and mechanics employed by con-  
12 tractors and subcontractors in the re-equipping,  
13 expansion, or establishment of a manufacturing  
14 facility shall be paid wages at rates not less  
15 than the prevailing rates for construction, alter-  
16 ation, or repair of a similar character in the lo-  
17 cality in which such project is located as most  
18 recently determined by the Secretary of Labor,  
19 in accordance with subchapter IV of chapter 31  
20 of title 40, United States Code.

21 “(B) CORRECTION AND PENALTY RELATED  
22 TO FAILURE TO SATISFY WAGE REQUIRE-  
23 MENTS.—Rules similar to the rules of section  
24 45(b)(7)(B) shall apply.

1           “(6) APPRENTICESHIP REQUIREMENTS.—Rules  
2 similar to the rules of section 45(b)(8) shall apply.

3           “(7) DISCLOSURE OF ALLOCATIONS.—The Sec-  
4 retary shall, upon making a certification under this  
5 subsection, publicly disclose the identity of the appli-  
6 cant and the amount of the credit with respect to  
7 such applicant.”.

8           (b) MODIFICATION OF QUALIFYING ADVANCED EN-  
9 ERGY PROJECTS.—Section 48C(c)(1)(A) is amended—

10           (1) by inserting “, any portion of the qualified  
11 investment of which is certified by the Secretary  
12 under subsection (e) as eligible for a credit under  
13 this section” after “means a project”,

14           (2) in clause (i)—

15           (A) by striking “a manufacturing facility  
16 for the production of” and inserting “an indus-  
17 trial or manufacturing facility for the produc-  
18 tion or recycling of”,

19           (B) in clause (I), by inserting “water,”  
20 after “sun,”,

21           (C) in clause (II), by striking “an energy  
22 storage system for use with electric or hybrid-  
23 electric motor vehicles” and inserting “energy  
24 storage systems and components”,

1 (D) in clause (III), by striking “grids to  
2 support the transmission of intermittent  
3 sources of renewable energy, including storage  
4 of such energy” and inserting “grid moderniza-  
5 tion equipment or components”,

6 (E) in subclause (IV), by striking “and se-  
7 quester carbon dioxide emissions” and inserting  
8 “, remove, use, or sequester carbon oxide emis-  
9 sions”,

10 (F) by striking subclause (V) and inserting  
11 the following:

12 “(V) equipment designed to re-  
13 fine, electrolyze, or blend any fuel,  
14 chemical, or product which is—

15 “(aa) renewable, or

16 “(bb) low-carbon and low-  
17 emission,”,

18 (G) by striking subclause (VI),

19 (H) by redesignating subclause (VII) as  
20 subclause (IX),

21 (I) by inserting after subclause (V) the fol-  
22 lowing new subclauses:

23 “(VI) property designed to  
24 produce energy conservation tech-

1 nologies (including residential, com-  
2 mercial, and industrial applications),

3 “(VII) light-, medium-, or heavy-  
4 duty electric or fuel cell vehicles, as  
5 well as—

6 “(aa) technologies, compo-  
7 nents, or materials for such vehi-  
8 cles, and

9 “(bb) associated charging or  
10 refueling infrastructure,

11 “(VIII) hybrid vehicles with a  
12 gross vehicle weight rating of not less  
13 than 14,000 pounds, as well as tech-  
14 nologies, components, or materials for  
15 such vehicles, or”, and

16 (J) in subclause (IX), as so redesignated,  
17 by striking “and” at the end, and

18 (3) by striking clause (ii) and inserting the fol-  
19 lowing:

20 “(ii) which re-equips an industrial or  
21 manufacturing facility with equipment de-  
22 signed to reduce greenhouse gas emissions  
23 by at least 20 percent through the installa-  
24 tion of—

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1 “(I) low- or zero-carbon process  
2 heat systems,

3 “(II) carbon capture, transport,  
4 utilization and storage systems,

5 “(III) energy efficiency and re-  
6 duction in waste from industrial proc-  
7 esses, or

8 “(IV) any other industrial tech-  
9 nology designed to reduce greenhouse  
10 gas emissions, as determined by the  
11 Secretary, or

12 “(iii) which re-equips, expands, or es-  
13 tablishes an industrial facility for the proc-  
14 essing, refining, or recycling of critical ma-  
15 terials (as defined in section 7002(a) of the  
16 Energy Act of 2020 (30 U.S.C.  
17 1606(a)).”.

18 (c) CONFORMING AMENDMENT.—Subparagraph (A)  
19 of section 48C(c)(2) is amended to read as follows:

20 “(A) which is necessary for—

21 “(i) the production or recycling of  
22 property described in clause (i) of para-  
23 graph (1)(A),

1                   “(ii) re-equipping an industrial or  
2                   manufacturing facility described in clause  
3                   (ii) of such paragraph, or

4                   “(iii) re-equipping, expanding, or es-  
5                   tablishing an industrial facility described in  
6                   clause (iii) of such paragraph.”.

7           (d) DENIAL OF DOUBLE BENEFIT.—48C(f), as re-  
8           designated by this section, is amended by striking “or  
9           48B” and inserting “48B, 48D, 45Q, or 45V”.

10          (e) EFFECTIVE DATE.—The amendments made by  
11          this section shall take effect on January 1, 2023.

12   **SEC. 13502. ADVANCED MANUFACTURING PRODUCTION**  
13                   **CREDIT.**

14          (a) IN GENERAL.—Subpart D of part IV of sub-  
15          chapter A of chapter 1, as amended by the preceding pro-  
16          visions of this Act, is amended by adding at the end the  
17          following new section:

18   **“SEC. 45X. ADVANCED MANUFACTURING PRODUCTION**  
19                   **CREDIT.**

20          “(a) IN GENERAL.—

21                   “(1) ALLOWANCE OF CREDIT.—For purposes of  
22                   section 38, the advanced manufacturing production  
23                   credit for any taxable year is an amount equal to the  
24                   sum of the credit amounts determined under sub-

1 section (b) with respect to each eligible component  
2 which is—

3 “(A) produced by the taxpayer, and

4 “(B) during the taxable year, sold by such  
5 taxpayer to an unrelated person.

6 “(2) PRODUCTION AND SALE MUST BE IN  
7 TRADE OR BUSINESS.—Any eligible component pro-  
8 duced and sold by the taxpayer shall be taken into  
9 account only if the production and sale described in  
10 paragraph (1) is in a trade or business of the tax-  
11 payer.

12 “(3) UNRELATED PERSON.—For purposes of  
13 this subsection, a taxpayer shall be treated as selling  
14 components to an unrelated person if such compo-  
15 nent is sold to such person by a person related to  
16 the taxpayer.

17 “(b) CREDIT AMOUNT.—

18 “(1) IN GENERAL.—Subject to paragraph (3),  
19 the amount determined under this subsection with  
20 respect to any eligible component, including any eli-  
21 gible component it incorporates, shall be equal to—

22 “(A) in the case of a thin film photovoltaic  
23 cell or a crystalline photovoltaic cell, an amount  
24 equal to the product of—

25 “(i) 4 cents, multiplied by

1                   “(ii) the capacity of such cell (ex-  
2                   pressed on a per direct current watt basis),

3                   “(B) in the case of a photovoltaic wafer,  
4                   \$12 per square meter,

5                   “(C) in the case of solar grade polysilicon,  
6                   \$3 per kilogram,

7                   “(D) in the case of a polymeric backsheet,  
8                   40 cents per square meter,

9                   “(E) in the case of a solar module, an  
10                  amount equal to the product of—

11                  “(i) 7 cents, multiplied by

12                  “(ii) the capacity of such module (ex-  
13                  pressed on a per direct current watt basis),

14                  “(F) in the case of a wind energy compo-  
15                  nent—

16                  “(i) if such component is a related  
17                  offshore wind vessel, an amount equal to  
18                  10 percent of the sales price of such vessel,  
19                  and

20                  “(ii) if such component is not de-  
21                  scribed in clause (i), an amount equal to  
22                  the product of—

23                  “(I) the applicable amount with  
24                  respect to such component (as deter-



1                   mined under paragraph (2)(A)), mul-  
2                   tplied by

3                   “**(II)** the total rated capacity (ex-  
4                   pressed on a per watt basis) of the  
5                   completed wind turbine for which such  
6                   component is designed,

7                   “(G) in the case of a torque tube, 87 cents  
8                   per kilogram,

9                   “(H) in the case of a structural fastener,  
10                  \$2.28 per kilogram,

11                  “(I) in the case of an inverter, an amount  
12                  equal to the product of—

13                   “(i) the applicable amount with re-  
14                   spect to such inverter (as determined  
15                   under paragraph (2)(B)), multiplied by

16                   “(ii) the capacity of such inverter (ex-  
17                   pressed on a per alternating current watt  
18                   basis),

19                  “(J) in the case of electrode active mate-  
20                  rials, an amount equal to 10 percent of the  
21                  costs incurred by the taxpayer with respect to  
22                  production of such materials,

23                  “(K) in the case of a battery cell, an  
24                  amount equal to the product of—

25                   “(i) \$35, multiplied by

1                   “(ii) subject to paragraph (4), the ca-  
2                   pacity of such battery cell (expressed on a  
3                   kilowatt-hour basis),

4                   “(L) in the case of a battery module, an  
5                   amount equal to the product of—

6                   “(i) \$10 (or, in the case of a battery  
7                   module which does not use battery cells,  
8                   \$45), multiplied by

9                   “(ii) subject to paragraph (4), the ca-  
10                  pacity of such battery module (expressed  
11                  on a kilowatt-hour basis), and

12                  “(M) in the case of any applicable critical  
13                  mineral, an amount equal to 10 percent of the  
14                  costs incurred by the taxpayer with respect to  
15                  production of such mineral.

16                  “(2) APPLICABLE AMOUNTS.—

17                  “(A) WIND ENERGY COMPONENTS.—For  
18                  purposes of paragraph (1)(F)(ii), the applicable  
19                  amount with respect to any wind energy compo-  
20                  nent shall be—

21                         “(i) in the case of a blade, 2 cents,

22                         “(ii) in the case of a nacelle, 5 cents,

23                         “(iii) in the case of a tower, 3 cents,

24                         and

1 “(iv) in the case of an offshore wind  
2 foundation—

3 “(I) which uses a fixed platform,  
4 2 cents, or

5 “(II) which uses a floating plat-  
6 form, 4 cents.

7 “(B) INVERTERS.—For purposes of para-  
8 graph (1)(I), the applicable amount with re-  
9 spect to any inverter shall be—

10 “(i) in the case of a central inverter,  
11 0.25 cents,

12 “(ii) in the case of a utility inverter,  
13 1.5 cents,

14 “(iii) in the case of a commercial in-  
15 verter, 2 cents,

16 “(iv) in the case of a residential in-  
17 verter, 6.5 cents, and

18 “(v) in the case of a microinverter or  
19 a distributed wind inverter, 11 cents.

20 “(3) PHASE OUT.—

21 “(A) IN GENERAL.—Subject to subpara-  
22 graph (C), in the case of any eligible component  
23 sold after December 31, 2029, the amount de-  
24 termined under this subsection with respect to

1 such component shall be equal to the product  
2 of—

3 “(i) the amount determined under  
4 paragraph (1) with respect to such compo-  
5 nent, as determined without regard to this  
6 paragraph, multiplied by

7 “(ii) the phase out percentage under  
8 subparagraph (B).

9 “(B) PHASE OUT PERCENTAGE.—The  
10 phase out percentage under this subparagraph  
11 is equal to—

12 “(i) in the case of an eligible compo-  
13 nent sold during calendar year 2030, 75  
14 percent,

15 “(ii) in the case of an eligible compo-  
16 nent sold during calendar year 2031, 50  
17 percent,

18 “(iii) in the case of an eligible compo-  
19 nent sold during calendar year 2032, 25  
20 percent,

21 “(iv) in the case of an eligible compo-  
22 nent sold after December 31, 2032, 0 per-  
23 cent.

24 “(C) EXCEPTION.—For purposes of deter-  
25 mining the amount under this subsection with

1           respect to any applicable critical mineral, this  
2           paragraph shall not apply.

3           “(4) LIMITATION ON CAPACITY OF BATTERY  
4           CELLS AND BATTERY MODULES.—

5                   “(A) IN GENERAL.—For purposes of sub-  
6           paragraph (K)(ii) or (L)(ii) of paragraph (1),  
7           the capacity determined under either subpara-  
8           graph with respect to a battery cell or battery  
9           module shall not exceed a capacity-to-power  
10          ratio of 100:1.

11                   “(B) CAPACITY-TO-POWER RATIO.—For  
12          purposes of this paragraph, the term ‘capacity-  
13          to-power ratio’ means, with respect to a battery  
14          cell or battery module, the ratio of the capacity  
15          of such cell or module to the maximum dis-  
16          charge amount of such cell or module.

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

18                   “(1) ELIGIBLE COMPONENT.—

19                           “(A) IN GENERAL.—The term ‘eligible  
20          component’ means—

21                                   “(i) any solar energy component,

22                                   “(ii) any wind energy component,

23                                   “(iii) any inverter described in sub-  
24          paragraphs (B) through (G) of paragraph

25          (2),

1                   “(iv) any qualifying battery compo-  
2                   nent, and

3                   “(v) any applicable critical mineral.

4                   “(B) APPLICATION WITH OTHER CRED-  
5                   ITS.—The term ‘eligible component’ shall not  
6                   include any property which is produced at a fa-  
7                   cility if the basis of any property which is part  
8                   of such facility is taken into account for pur-  
9                   poses of the credit allowed under section 48C  
10                  after the date of the enactment of this section.

11                  “(2) INVERTERS.—

12                  “(A) IN GENERAL.—The term ‘inverter’  
13                  means an end product which is suitable to con-  
14                  vert direct current electricity from 1 or more  
15                  solar modules or certified distributed wind en-  
16                  ergy systems into alternating current electricity.

17                  “(B) CENTRAL INVERTER.—The term  
18                  ‘central inverter’ means an inverter which is  
19                  suitable for large utility-scale systems and has  
20                  a capacity which is greater than 1,000 kilowatts  
21                  (expressed on a per alternating current watt  
22                  basis).

23                  “(C) COMMERCIAL INVERTER.—The term  
24                  ‘commercial inverter’ means an inverter  
25                  which—



1                   quent revisions to or modifications of such  
2                   Standard which have been approved by the  
3                   American National Standards Institute).

4                   “(E) MICROINVERTER.—The term ‘micro-  
5                   inverter’ means an inverter which—

6                   “(i) is suitable to connect with one  
7                   solar module,

8                   “(ii) has a rated output of—

9                   “(I) 120 or 240 volt single-phase  
10                  power, or

11                  “(II) 208 or 480 volt three-phase  
12                  power, and

13                  “(iii) has a capacity which is not  
14                  greater than 650 watts (expressed on a per  
15                  alternating current watt basis).

16                  “(F) RESIDENTIAL INVERTER.—The term  
17                  ‘residential inverter’ means an inverter which—

18                  “(i) is suitable for a residence,

19                  “(ii) has a rated output of 120 or 240  
20                  volt single-phase power, and

21                  “(iii) has a capacity which is not  
22                  greater than 20 kilowatts (expressed on a  
23                  per alternating current watt basis).

24                  “(G) UTILITY INVERTER.—The term ‘util-  
25                  ity inverter’ means an inverter which—



1                   “(i) is suitable for commercial or util-  
2                   ity-scale systems,

3                   “(ii) has a rated output of not less  
4                   than 600 volt three-phase power, and

5                   “(iii) has a capacity which is greater  
6                   than 125 kilowatts and not greater than  
7                   1000 kilowatts (expressed on a per alter-  
8                   nating current watt basis)

9                   “(3) SOLAR ENERGY COMPONENT.—

10                   “(A) IN GENERAL.—The term ‘solar en-  
11                   ergy component’ means any of the following:

12                   “(i) Solar modules.

13                   “(ii) Photovoltaic cells.

14                   “(iii) Photovoltaic wafers.

15                   “(iv) Solar grade polysilicon.

16                   “(v) Torque tubes or structural fas-  
17                   teners.

18                   “(vi) Polymeric backsheets.

19                   “(B) ASSOCIATED DEFINITIONS.—

20                   “(i) PHOTOVOLTAIC CELL.—The term  
21                   ‘photovoltaic cell’ means the smallest semi-  
22                   conductor element of a solar module which  
23                   performs the immediate conversion of light  
24                   into electricity.

1                   “(ii) PHOTOVOLTAIC WAFER.—The  
2                   term ‘photovoltaic wafer’ means a thin  
3                   slice, sheet, or layer of semiconductor ma-  
4                   terial of at least 240 square centimeters—  
5                   “(I) produced by a single manu-  
6                   facturer either—  
7                   “(aa) directly from molten  
8                   or evaporated solar grade  
9                   polysilicon or deposition of solar  
10                  grade thin film semiconductor  
11                  photon absorber layer, or  
12                  “(bb) through formation of  
13                  an ingot from molten polysilicon  
14                  and subsequent slicing, and  
15                  “(II) which comprises the sub-  
16                  strate or absorber layer of one or  
17                  more photovoltaic cells.  
18                  “(iii) POLYMERIC BACKSHEET.—The  
19                  term ‘polymeric backsheet’ means a sheet  
20                  on the back of a solar module which acts  
21                  as an electric insulator and protects the  
22                  inner components of such module from the  
23                  surrounding environment.

1 “(iv) SOLAR GRADE POLYSILICON.—

2 The term ‘solar grade polysilicon’ means

3 silicon which is—

4 “(I) suitable for use in photo-  
5 voltaic manufacturing, and

6 “(II) purified to a minimum pu-  
7 rity of 99.999999 percent silicon by  
8 mass.

9 “(v) SOLAR MODULE.—The term  
10 ‘solar module’ means the connection and  
11 lamination of photovoltaic cells into an en-  
12 vironmentally protected final assembly  
13 which is—

14 “(I) suitable to generate elec-  
15 tricity when exposed to sunlight, and

16 “(II) ready for installation with-  
17 out an additional manufacturing proc-  
18 ess.

19 “(vi) SOLAR TRACKER.—The term  
20 ‘solar tracker’ means a mechanical system  
21 that moves solar modules according to the  
22 position of the sun and to increase energy  
23 output.

24 “(vii) SOLAR TRACKER COMPO-  
25 NENTS.—

1                   “(I) TORQUE TUBE.—The term  
2                   ‘torque tube’ means a structural steel  
3                   support element (including longitu-  
4                   dinal purlins) which—

5                   “(aa) is part of a solar  
6                   tracker,

7                   “(bb) is of any cross-sec-  
8                   tional shape,

9                   “(cc) may be assembled  
10                  from individually manufactured  
11                  segments,

12                  “(dd) spans longitudinally  
13                  between foundation posts,

14                  “(ee) supports solar panels  
15                  and is connected to a mounting  
16                  attachment for solar panels (with  
17                  or without separate module inter-  
18                  face rails), and

19                  “(ff) is rotated by means of  
20                  a drive system.

21                  “(II) STRUCTURAL FASTENER.—  
22                  The term ‘structural fastener’ means  
23                  a component which is used—

24                  “(aa) to connect the me-  
25                  chanical and drive system compo-

1 nents of a solar tracker to the  
2 foundation of such solar tracker,  
3 “(bb) to connect torque  
4 tubes to drive assemblies, or  
5 “(cc) to connect segments of  
6 torque tubes to one another.

7 “(4) WIND ENERGY COMPONENT.—

8 “(A) IN GENERAL.—The term ‘wind en-  
9 ergy component’ means any of the following:

10 “(i) Blades.

11 “(ii) Nacelles.

12 “(iii) Towers.

13 “(iv) Offshore wind foundations.

14 “(v) Related offshore wind vessels.

15 “(B) ASSOCIATED DEFINITIONS.—

16 “(i) BLADE.—The term ‘blade’ means  
17 an airfoil-shaped blade which is responsible  
18 for converting wind energy to low-speed ro-  
19 tational energy.

20 “(ii) OFFSHORE WIND FOUNDA-  
21 TION.—The term ‘offshore wind founda-  
22 tion’ means the component (including tran-  
23 sition piece) which secures an offshore  
24 wind tower and any above-water turbine  
25 components to the seafloor using—

1                   “(I) fixed platforms, such as off-  
2                   shore wind monopiles, jackets, or  
3                   gravity-based foundations, or

4                   “(II) floating platforms and asso-  
5                   ciated mooring systems.

6                   “(iii) NACELLE.—The term ‘nacelle’  
7                   means the assembly of the drivetrain and  
8                   other tower-top components of a wind tur-  
9                   bine (with the exception of the blades and  
10                  the hub) within their cover housing.

11                  “(iv) RELATED OFFSHORE WIND VES-  
12                  SEL.—The term ‘related offshore wind ves-  
13                  sel’ means any vessel which is purpose-  
14                  built or retrofitted for purposes of the de-  
15                  velopment, transport, installation, oper-  
16                  ation, or maintenance of offshore wind en-  
17                  ergy components.

18                  “(v) TOWER.—The term ‘tower’  
19                  means a tubular or lattice structure which  
20                  supports the nacelle and rotor of a wind  
21                  turbine.

22                  “(5) QUALIFYING BATTERY COMPONENT.—

23                  “(A) IN GENERAL.—The term ‘qualifying  
24                  battery component’ means any of the following:

25                  “(i) Electrode active materials.

1 “(ii) Battery cells.

2 “(iii) Battery modules.

3 “(B) ASSOCIATED DEFINITIONS.—

4 “(i) ELECTRODE ACTIVE MATERIAL.—

5 The term ‘electrode active material’ means  
6 cathode materials, anode materials, anode  
7 foils, and electrochemically active mate-  
8 rials, including solvents, additives, and  
9 electrolyte salts that contribute to the elec-  
10 trochemical processes necessary for energy  
11 storage .

12 “(ii) BATTERY CELL.—The term ‘bat-  
13 tery cell’ means an electrochemical cell—

14 “(I) comprised of 1 or more posi-  
15 tive electrodes and 1 or more negative  
16 electrodes,

17 “(II) with an energy density of  
18 not less than 100 watt-hours per liter,  
19 and

20 “(III) capable of storing at least  
21 20 watt-hours of energy.

22 “(iii) BATTERY MODULE.—The term  
23 ‘battery module’ means a module—

24 “(I)(aa) in the case of a module  
25 using battery cells, with 2 or more

1 battery cells which are configured  
2 electrically, in series or parallel, to  
3 create voltage or current, as appro-  
4 priate, to a specified end use, or

5 “(bb) with no battery cells, and

6 “(II) with an aggregate capacity  
7 of not less than 7 kilowatt-hours (or,  
8 in the case of a module for a hydro-  
9 gen fuel cell vehicle, not less than 1  
10 kilowatt-hour).

11 “(6) APPLICABLE CRITICAL MINERALS.—The  
12 term ‘applicable critical mineral’ means any of the  
13 following:

14 “(A) ALUMINUM.—Aluminum which is—

15 “(i) converted to metallurgical grade  
16 bauxite, or

17 “(ii) purified to a minimum purity of  
18 99.99 percent aluminum by mass.

19 “(B) ANTIMONY.—Antimony which is—

20 “(i) converted to antimony trisulfide,  
21 or

22 “(ii) purified to a minimum purity of  
23 99 percent antimony by mass.

24 “(C) BARITE.—Barite which is—

25 “(i) converted to barium sulfate, or



1                   “(ii) purified to a minimum purity of  
2                   99 percent barite by mass.

3                   “(D) BERYLLIUM.—Beryllium which is—

4                   “(i) converted to copper-beryllium  
5                   master alloy, or

6                   “(ii) purified to a minimum purity of  
7                   99 percent beryllium by mass.

8                   “(E) CERIUM.—Cerium which is—

9                   “(i) converted to cerium oxide which  
10                  is purified to a minimum purity of 99.9  
11                  percent cerium oxide by mass, or

12                  “(ii) purified to a minimum purity of  
13                  99 percent cerium by mass.

14                  “(F) CESIUM.—Cesium which is—

15                  “(i) converted to cesium formate or  
16                  cesium carbonate, or

17                  “(ii) purified to a minimum purity of  
18                  99 percent cesium by mass.

19                  “(G) CHROMIUM.—Chromium which is—

20                  “(i) converted to ferrochromium con-  
21                  sisting of not less than 60 percent chro-  
22                  mium by mass, or

23                  “(ii) purified to a minimum purity of  
24                  99 percent chromium by mass.

25                  “(H) COBALT.—Cobalt which is—

1 “(i) converted to cobalt sulfate, or

2 “(ii) purified to a minimum purity of

3 99.6 percent cobalt by mass.

4 “(I) DYSPROSIUM.—Dysprosium which

5 is—

6 “(i) converted to not less than 99 per-

7 cent pure dysprosium iron alloy by mass,

8 or

9 “(ii) purified to a minimum purity of

10 99 percent dysprosium by mass.

11 “(J) EUROPIUM.—Europium which is—

12 “(i) converted to europium oxide

13 which is purified to a minimum purity of

14 99.9 percent europium oxide by mass, or

15 “(ii) purified to a minimum purity of

16 99 percent by mass.

17 “(K) FLUORSPAR.—Fluorspar which is—

18 “(i) converted to acid grade fluorspar

19 which is purified to a minimum purity of

20 97 percent calcium fluoride by mass, or

21 “(ii) purified to a minimum purity of

22 99 percent fluorspar by mass.

23 “(L) GADOLINIUM.—Gadolinium which

24 is—

1                   “(i) converted to gadolinium oxide  
2                   which is purified to a minimum purity of  
3                   99.9 percent gadolinium oxide by mass, or

4                   “(ii) purified to a minimum purity of  
5                   99 percent gadolinium by mass.

6                   “(M) GERMANIUM.—Germanium which  
7                   is—

8                   “(i) converted to germanium tetra-  
9                   chloride, or

10                   “(ii) purified to a minimum purity of  
11                   99 percent germanium by mass.

12                   “(N) GRAPHITE.—Graphite which is puri-  
13                   fied to a minimum purity of 99.9 percent gra-  
14                   phitic carbon by mass.

15                   “(O) INDIUM.—Indium which is—

16                   “(i) converted to—

17                   “(I) indium tin oxide, or

18                   “(II) indium oxide which is puri-  
19                   fied to a minimum purity of 99.9 per-  
20                   cent indium oxide by mass, or

21                   “(ii) purified to a minimum purity of  
22                   99 percent indium by mass.

23                   “(P) LITHIUM.—Lithium which is—

24                   “(i) converted to lithium carbonate or  
25                   lithium hydroxide, or

1                   “(ii) purified to a minimum purity of  
2                   99.9 percent lithium by mass.

3                   “(Q) MANGANESE.—Manganese which is—

4                   “(i) converted to manganese sulphate,  
5                   or

6                   “(ii) purified to a minimum purity of  
7                   99.7 percent manganese by mass.

8                   “(R) NEODYMIUM.—Neodymium which  
9                   is—

10                   “(i) converted to neodymium-praseo-  
11                   dymium oxide, or

12                   “(ii) purified to a minimum purity of  
13                   99 percent neodymium by mass.

14                   “(S) NICKEL.—Nickel which is—

15                   “(i) converted to nickel sulphate, or

16                   “(ii) purified to a minimum purity of  
17                   99 percent nickel by mass.

18                   “(T) NIOBIUM.—Niobium which is—

19                   “(i) converted to ferroniobium, or

20                   “(ii) purified to a minimum purity of  
21                   99 percent niobium by mass.

22                   “(U) TELLURIUM.—Tellurium which is—

23                   “(i) converted to cadmium telluride,  
24                   or

1                   “(ii) purified to a minimum purity of  
2                   99 percent tellurium by mass.

3                   “(V) TIN.—Tin which is—

4                   “(i) converted to indium tin oxide, or

5                   “(ii) purified to low alpha emitting tin  
6                   which—

7                   “(I) has a purity of greater than  
8                   99.99 percent by mass, and

9                   “(II) possesses an alpha emission  
10                  rate of not greater than 0.01 counts  
11                  per hour per centimeter square.

12                  “(W) TUNGSTEN.—Tungsten which is con-  
13                  verted to ammonium paratungstate or  
14                  ferrotungsten.

15                  “(X) VANADIUM.—Vanadium which is con-  
16                  verted to ferrovandium or vanadium pentoxide.

17                  “(Y) YTTRIUM.—Yttrium which is—

18                  “(i) converted to yttrium oxide which  
19                  is purified to a minimum purity of 99.9  
20                  percent yttrium oxide by mass, or

21                  “(ii) purified to a minimum purity of  
22                  99 percent yttrium by mass.

23                  “(Z) OTHER MINERALS.—Any of the fol-  
24                  lowing minerals, provided that such mineral is

- 1 purified to a minimum purity of 99 percent by  
2 mass:
- 3 “(i) Arsenic.
  - 4 “(ii) Bismuth.
  - 5 “(iii) Erbium.
  - 6 “(iv) Gallium.
  - 7 “(v) Hafnium.
  - 8 “(vi) Holmium.
  - 9 “(vii) Iridium.
  - 10 “(viii) Lanthanum.
  - 11 “(ix) Lutetium.
  - 12 “(x) Magnesium.
  - 13 “(xi) Palladium.
  - 14 “(xii) Platinum.
  - 15 “(xiii) Praseodymium.
  - 16 “(xiv) Rhodium.
  - 17 “(xv) Rubidium.
  - 18 “(xvi) Ruthenium.
  - 19 “(xvii) Samarium.
  - 20 “(xviii) Scandium.
  - 21 “(xix) Tantalum.
  - 22 “(xx) Terbium.
  - 23 “(xxi) Thulium.
  - 24 “(xxii) Titanium.
  - 25 “(xxiii) Ytterbium.

1 “(xxiv) Zinc.

2 “(xxv) Zirconium.

3 “(d) SPECIAL RULES.—In this section—

4 “(1) RELATED PERSONS.—Persons shall be  
5 treated as related to each other if such persons  
6 would be treated as a single employer under the reg-  
7 ulations prescribed under section 52(b).

8 “(2) ONLY PRODUCTION IN THE UNITED  
9 STATES TAKEN INTO ACCOUNT.—Sales shall be  
10 taken into account under this section only with re-  
11 spect to eligible components the production of which  
12 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 “(3) PASS-THRU IN THE CASE OF ESTATES AND  
18 TRUSTS.—Under regulations prescribed by the Sec-  
19 retary, rules similar to the rules of subsection (d) of  
20 section 52 shall apply.

21 “(4) SALE OF INTEGRATED COMPONENTS.—  
22 For purposes of this section, a person shall be treat-  
23 ed as having sold an eligible component to an unre-  
24 lated person if such component is integrated, incor-

1       porated, or assembled into another eligible compo-  
2       nent which is sold to an unrelated person.”.

3       (b) CONFORMING AMENDMENTS.—

4             (1) Section 38(b) of the Internal Revenue Code  
5       of 1986, as amended by the preceding provisions of  
6       this Act, is amended—

7             (A) in paragraph (36), by striking “plus”  
8       at the end,

9             (B) in paragraph (37), by striking the pe-  
10       riod at the end and inserting “, plus”, and

11            (C) by adding at the end the following new  
12       paragraph:

13            “(38) the advanced manufacturing production  
14       credit determined under section 45X(a).”.

15            (2) The table of sections for subpart D of part  
16       IV of subchapter A of chapter 1, as amended by the  
17       preceding provisions of this Act, is amended by add-  
18       ing at the end the following new item:

“Sec. 45X. Advanced manufacturing production credit.”.

19       (c) EFFECTIVE DATE.—The amendments made by  
20       this section shall apply to components produced and sold  
21       after December 31, 2022.

22                                   **PART 6—SUPERFUND**

23       **SEC. 13601. REINSTATEMENT OF SUPERFUND.**

24       (a) HAZARDOUS SUBSTANCE SUPERFUND FINANC-  
25       ING RATE.—



1           (1) EXTENSION.—Section 4611 is amended by  
2 striking subsection (e).

3           (2) ADJUSTMENT FOR INFLATION.—

4                 (A) Section 4611(c)(2)(A) is amended by  
5 striking “9.7 cents” and inserting “16.4 cents”.

6                 (B) Section 4611(c) is amended by adding  
7 at the end the following:

8           “(3) ADJUSTMENT FOR INFLATION.—

9                 “(A) IN GENERAL.—In the case of a year  
10 beginning after 2023, the amount in paragraph  
11 (2)(A) shall be increased by an amount equal  
12 to—

13                     “(i) such amount, multiplied by

14                     “(ii) the cost-of-living adjustment de-  
15 termined under section 1(f)(3) for the cal-  
16 endar year, determined by substituting  
17 ‘calendar year 2022’ for ‘calendar year  
18 2016’ in subparagraph (A)(ii) thereof.

19                 “(B) ROUNDING.—If any amount as ad-  
20 justed under subparagraph (A) is not a multiple  
21 of \$0.01, such amount shall be rounded to the  
22 next lowest multiple of \$0.01.”.

23           (b) AUTHORITY FOR ADVANCES.—Section  
24 9507(d)(3)(B) is amended by striking “December 31,  
25 1995” and inserting “December 31, 2032”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on January 1, 2023.

3 **PART 7—INCENTIVES FOR CLEAN ELECTRICITY**  
4 **AND CLEAN TRANSPORTATION**

5 **SEC. 13701. CLEAN ELECTRICITY PRODUCTION CREDIT.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-  
7 chapter A of chapter 1, as amended by the preceding pro-  
8 visions of this Act, is amended by adding at the end the  
9 following new section:

10 **“SEC. 45Y. CLEAN ELECTRICITY PRODUCTION CREDIT.**

11 “(a) AMOUNT OF CREDIT.—

12 “(1) IN GENERAL.—For purposes of section 38,  
13 the clean electricity production credit for any taxable  
14 year is an amount equal to the product of—

15 “(A) the kilowatt hours of electricity—

16 “(i) produced by the taxpayer at a  
17 qualified facility, and

18 “(ii)(I) sold by the taxpayer to an un-  
19 related person during the taxable year, or

20 “(II) in the case of a qualified facility  
21 which is equipped with a metering device  
22 which is owned and operated by an unre-  
23 lated person, sold, consumed, or stored by  
24 the taxpayer during the taxable year, mul-  
25 tiplied by

1           “(B) the applicable amount with respect to  
2 such qualified facility.

3           “(2) APPLICABLE AMOUNT.—

4           “(A) BASE AMOUNT.—Subject to sub-  
5 section (g)(7), in the case of any qualified facil-  
6 ity which is not described in clause (i) or (ii) of  
7 subparagraph (B) and does not satisfy the re-  
8 quirements described in clause (iii) of such sub-  
9 paragraph, the applicable amount shall be 0.3  
10 cents.

11           “(B) ALTERNATIVE AMOUNT.—Subject to  
12 subsection (g)(7), in the case of any qualified  
13 facility—

14           “(i) with a maximum net output of  
15 less than 1 megawatt (as measured in al-  
16 ternating current),

17           “(ii) the construction of which begins  
18 prior to the date that is 60 days after the  
19 Secretary publishes guidance with respect  
20 to the requirements of paragraphs (9) and  
21 (10) of subsection (g), or

22           “(iii) which—

23           “(I) satisfies the requirements  
24 under paragraph (9) of subsection (g),  
25 and

1                   “(II) with respect to the con-  
2                   struction of such facility, satisfies the  
3                   requirements under paragraph (10) of  
4                   subsection (g),

5                   the applicable amount shall be 1.5 cents.

6                   “(b) QUALIFIED FACILITY.—

7                   “(1) IN GENERAL.—

8                   “(A) DEFINITION.—Subject to subpara-  
9                   graphs (B), (C), and (D), the term ‘qualified  
10                  facility’ means a facility owned by the tax-  
11                  payer—

12                  “(i) which is used for the generation  
13                  of electricity,

14                  “(ii) which is placed in service after  
15                  December 31, 2024, and

16                  “(iii) for which the greenhouse gas  
17                  emissions rate (as determined under para-  
18                  graph (2)) is not greater than zero.

19                  “(B) 10-YEAR PRODUCTION CREDIT.—For  
20                  purposes of this section, a facility shall only be  
21                  treated as a qualified facility during the 10-year  
22                  period beginning on the date the facility was  
23                  originally placed in service.

24                  “(C) EXPANSION OF FACILITY; INCRE-  
25                  MENTAL PRODUCTION.—The term ‘qualified fa-

1           cility’ shall include either of the following in  
2           connection with a facility described in subpara-  
3           graph (A) (without regard to clause (ii) of such  
4           subparagraph) which was placed in service be-  
5           fore January 1, 2025, but only to the extent of  
6           the increased amount of electricity produced at  
7           the facility by reason of the following:

8                   “(i) A new unit which is placed in  
9                   service after December 31, 2024.

10                   “(ii) Any additions of capacity which  
11                   are placed in service after December 31,  
12                   2024.

13                   “(D) COORDINATION WITH OTHER CRED-  
14                   ITS.—The term ‘qualified facility’ shall not in-  
15                   clude any facility for which a credit determined  
16                   under section 45, 45J, 45Q, 45U, 48, 48A, or  
17                   48D is allowed under section 38 for the taxable  
18                   year or any prior taxable year.

19                   “(2) GREENHOUSE GAS EMISSIONS RATE.—

20                   “(A) IN GENERAL.—For purposes of this  
21                   section, the term ‘greenhouse gas emissions  
22                   rate’ means the amount of greenhouse gases  
23                   emitted into the atmosphere by a facility in the  
24                   production of electricity, expressed as grams of  
25                   CO<sub>2</sub>e per KWh.

1           “(B) FUEL COMBUSTION AND GASIFI-  
2           CATION.—In the case of a facility which pro-  
3           duces electricity through combustion or gasifi-  
4           cation, the greenhouse gas emissions rate for  
5           such facility shall be equal to the net rate of  
6           greenhouse gases emitted into the atmosphere  
7           by such facility (taking into account lifecycle  
8           greenhouse gas emissions, as described in sec-  
9           tion 211(o)(1)(H) of the Clean Air Act (42  
10          U.S.C. 7545(o)(1)(H))) in the production of  
11          electricity, expressed as grams of CO<sub>2</sub>e per  
12          KWh.

13           “(C) ESTABLISHMENT OF EMISSIONS  
14          RATES FOR FACILITIES.—

15           “(i) PUBLISHING EMISSIONS RATES.—  
16          The Secretary shall annually publish a  
17          table that sets forth the greenhouse gas  
18          emissions rates for types or categories of  
19          facilities, which a taxpayer shall use for  
20          purposes of this section.

21           “(ii) PROVISIONAL EMISSIONS  
22          RATE.—In the case of any facility for  
23          which an emissions rate has not been es-  
24          tablished by the Secretary, a taxpayer  
25          which owns such facility may file a petition

1 with the Secretary for determination of the  
2 emissions rate with respect to such facility.

3 “(D) CARBON CAPTURE AND SEQUESTRA-  
4 TION EQUIPMENT.—For purposes of this sub-  
5 section, the amount of greenhouse gases emit-  
6 ted into the atmosphere by a facility in the pro-  
7 duction of electricity shall not include any quali-  
8 fied carbon dioxide that is captured by the tax-  
9 payer and—

10 “(i) pursuant to any regulations es-  
11 tablished under paragraph (2) of section  
12 45Q(f), disposed of by the taxpayer in se-  
13 cure geological storage, or

14 “(ii) utilized by the taxpayer in a  
15 manner described in paragraph (5) of such  
16 section.

17 “(c) INFLATION ADJUSTMENT.—

18 “(1) IN GENERAL.—In the case of a calendar  
19 year beginning after 2024, the 0.3 cent amount in  
20 paragraph (2)(A) of subsection (a) and the 1.5 cent  
21 amount in paragraph (2)(B) of such subsection shall  
22 each be adjusted by multiplying such amount by the  
23 inflation adjustment factor for the calendar year in  
24 which the sale, consumption, or storage of the elec-  
25 tricity occurs. If the 0.3 cent amount as increased

1 under this paragraph is not a multiple of 0.05 cent,  
2 such amount shall be rounded to the nearest mul-  
3 tiple of 0.05 cent. If the 1.5 cent amount as in-  
4 creased under this paragraph is not a multiple of 0.1  
5 cent, such amount shall be rounded to the nearest  
6 multiple of 0.1 cent.

7 “(2) ANNUAL COMPUTATION.—The Secretary  
8 shall, not later than April 1 of each calendar year,  
9 determine and publish in the Federal Register the  
10 inflation adjustment factor for such calendar year in  
11 accordance with this subsection.

12 “(3) INFLATION ADJUSTMENT FACTOR.—The  
13 term ‘inflation adjustment factor’ means, with re-  
14 spect to a calendar year, a fraction the numerator  
15 of which is the GDP implicit price deflator for the  
16 preceding calendar year and the denominator of  
17 which is the GDP implicit price deflator for the cal-  
18 endar year 1992. The term ‘GDP implicit price  
19 deflator’ means the most recent revision of the im-  
20 plicit price deflator for the gross domestic product  
21 as computed and published by the Department of  
22 Commerce before March 15 of the calendar year.

23 “(d) CREDIT PHASE-OUT.—

24 “(1) IN GENERAL.—The amount of the clean  
25 electricity production credit under subsection (a) for



1 any qualified facility the construction of which be-  
2 gins during a calendar year described in paragraph  
3 (2) shall be equal to the product of—

4 “(A) the amount of the credit determined  
5 under subsection (a) without regard to this sub-  
6 section, multiplied by

7 “(B) the phase-out percentage under para-  
8 graph (2).

9 “(2) PHASE-OUT PERCENTAGE.—The phase-out  
10 percentage under this paragraph is equal to—

11 “(A) for a facility the construction of  
12 which begins during the first calendar year fol-  
13 lowing the applicable year, 100 percent,

14 “(B) for a facility the construction of  
15 which begins during the second calendar year  
16 following the applicable year, 75 percent,

17 “(C) for a facility the construction of  
18 which begins during the third calendar year fol-  
19 lowing the applicable year, 50 percent, and

20 “(D) for a facility the construction of  
21 which begins during any calendar year subse-  
22 quent to the calendar year described in sub-  
23 paragraph (C), 0 percent.

1           “(3) APPLICABLE YEAR.—For purposes of this  
2 subsection, the term ‘applicable year’ means the  
3 later of—

4                   “(A) the calendar year in which the Sec-  
5 retary determines that the annual greenhouse  
6 gas emissions from the production of electricity  
7 in the United States are equal to or less than  
8 25 percent of the annual greenhouse gas emis-  
9 sions from the production of electricity in the  
10 United States for calendar year 2022, or

11                   “(B) 2032.

12           “(e) DEFINITIONS.—For purposes of this section:

13                   “(1) CO<sub>2</sub>e PER KWh.—The term ‘CO<sub>2</sub>e per  
14 KWh’ means, with respect to any greenhouse gas,  
15 the equivalent carbon dioxide (as determined based  
16 on global warming potential) per kilowatt hour of  
17 electricity produced.

18                   “(2) GREENHOUSE GAS.—The term ‘greenhouse  
19 gas’ has the same meaning given such term under  
20 section 211(o)(1)(G) of the Clean Air Act (42  
21 U.S.C. 7545(o)(1)(G)), as in effect on the date of  
22 the enactment of this section.

23                   “(3) QUALIFIED CARBON DIOXIDE.—The term  
24 ‘qualified carbon dioxide’ means carbon dioxide cap-  
25 tured from an industrial source which—

1           “(A) would otherwise be released into the  
2           atmosphere as industrial emission of green-  
3           house gas,

4           “(B) is measured at the source of capture  
5           and verified at the point of disposal or utiliza-  
6           tion, and

7           “(C) is captured and disposed or utilized  
8           within the United States (within the meaning of  
9           section 638(1)) or a possession of the United  
10          States (within the meaning of section 638(2)).

11          “(f) GUIDANCE.—Not later than January 1, 2025,  
12          the Secretary shall issue guidance regarding implementa-  
13          tion of this section, including calculation of greenhouse  
14          gas emission rates for qualified facilities and determina-  
15          tion of clean electricity production credits under this sec-  
16          tion.

17          “(g) SPECIAL RULES.—

18                 “(1) ONLY PRODUCTION IN THE UNITED  
19                 STATES TAKEN INTO ACCOUNT.—Consumption,  
20                 sales, or storage shall be taken into account under  
21                 this section only with respect to electricity the pro-  
22                 duction of which is within—

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

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

3                   “(2) COMBINED HEAT AND POWER SYSTEM  
4                   PROPERTY.—

5                   “(A) IN GENERAL.—For purposes of sub-  
6                   section (a)—

7                   “(i) the kilowatt hours of electricity  
8                   produced by a taxpayer at a qualified facil-  
9                   ity shall include any production in the  
10                  form of useful thermal energy by any com-  
11                  bined heat and power system property  
12                  within such facility, and

13                  “(ii) the amount of greenhouse gases  
14                  emitted into the atmosphere by such facil-  
15                  ity in the production of such useful ther-  
16                  mal energy shall be included for purposes  
17                  of determining the greenhouse gas emis-  
18                  sions rate for such facility.

19                  “(B) COMBINED HEAT AND POWER SYS-  
20                  TEM PROPERTY.—For purposes of this para-  
21                  graph, the term ‘combined heat and power sys-  
22                  tem property’ has the same meaning given such  
23                  term by section 48(c)(3) (without regard to  
24                  subparagraphs (A)(iv), (B), and (D) thereof).

25                  “(C) CONVERSION FROM BTU TO KWH.—

1                   “(i) IN GENERAL.—For purposes of  
2                   subparagraph (A)(i), the amount of kilo-  
3                   watt hours of electricity produced in the  
4                   form of useful thermal energy shall be  
5                   equal to the quotient of—

6                                 “(I) the total useful thermal en-  
7                                 ergy produced by the combined heat  
8                                 and power system property within the  
9                                 qualified facility, divided by

10                                “(II) the heat rate for such facil-  
11                                ity.

12                               “(ii) HEAT RATE.—For purposes of  
13                               this subparagraph, the term ‘heat rate’  
14                               means the amount of energy used by the  
15                               qualified facility to generate 1 kilowatt  
16                               hour of electricity, expressed as British  
17                               thermal units per net kilowatt hour gen-  
18                               erated.

19                               “(3) PRODUCTION ATTRIBUTABLE TO THE TAX-  
20                               PAYER.—In the case of a qualified facility in which  
21                               more than 1 person has an ownership interest, ex-  
22                               cept to the extent provided in regulations prescribed  
23                               by the Secretary, production from the facility shall  
24                               be allocated among such persons in proportion to

1 their respective ownership interests in the gross  
2 sales from such facility.

3 “(4) RELATED PERSONS.—Persons shall be  
4 treated as related to each other if such persons  
5 would be treated as a single employer under the reg-  
6 ulations prescribed under section 52(b). In the case  
7 of a corporation which is a member of an affiliated  
8 group of corporations filing a consolidated return,  
9 such corporation shall be treated as selling electricity  
10 to an unrelated person if such electricity is sold to  
11 such a person by another member of such group.

12 “(5) PASS-THRU IN THE CASE OF ESTATES AND  
13 TRUSTS.—Under regulations prescribed by the Sec-  
14 retary, rules similar to the rules of subsection (d) of  
15 section 52 shall apply.

16 “(6) ALLOCATION OF CREDIT TO PATRONS OF  
17 AGRICULTURAL COOPERATIVE.—

18 “(A) ELECTION TO ALLOCATE.—

19 “(i) IN GENERAL.—In the case of an  
20 eligible cooperative organization, any por-  
21 tion of the credit determined under sub-  
22 section (a) for the taxable year may, at the  
23 election of the organization, be apportioned  
24 among patrons of the organization on the

1 basis of the amount of business done by  
2 the patrons during the taxable year.

3 “(ii) FORM AND EFFECT OF ELEC-  
4 TION.—An election under clause (i) for any  
5 taxable year shall be made on a timely  
6 filed return for such year. Such election,  
7 once made, shall be irrevocable for such  
8 taxable year. Such election shall not take  
9 effect unless the organization designates  
10 the apportionment as such in a written no-  
11 tice mailed to its patrons during the pay-  
12 ment period described in section 1382(d).

13 “(B) TREATMENT OF ORGANIZATIONS AND  
14 PATRONS.—The amount of the credit appor-  
15 tioned to any patrons under subparagraph  
16 (A)—

17 “(i) shall not be included in the  
18 amount determined under subsection (a)  
19 with respect to the organization for the  
20 taxable year, and

21 “(ii) shall be included in the amount  
22 determined under subsection (a) for the  
23 first taxable year of each patron ending on  
24 or after the last day of the payment period  
25 (as defined in section 1382(d)) for the tax-

1           able year of the organization or, if earlier,  
2           for the taxable year of each patron ending  
3           on or after the date on which the patron  
4           receives notice from the cooperative of the  
5           apportionment.

6           “(C) SPECIAL RULES FOR DECREASE IN  
7           CREDITS FOR TAXABLE YEAR.—If the amount  
8           of the credit of a cooperative organization de-  
9           termined under subsection (a) for a taxable  
10          year is less than the amount of such credit  
11          shown on the return of the cooperative organi-  
12          zation for such year, an amount equal to the  
13          excess of—

14                 “(i) such reduction, over

15                 “(ii) the amount not apportioned to  
16                 such patrons under subparagraph (A) for  
17                 the taxable year,

18          shall be treated as an increase in tax imposed  
19          by this chapter on the organization. Such in-  
20          crease shall not be treated as tax imposed by  
21          this chapter for purposes of determining the  
22          amount of any credit under this chapter.

23                 “(D) ELIGIBLE COOPERATIVE DEFINED.—  
24          For purposes of this section, the term ‘eligible  
25          cooperative’ means a cooperative organization



1 described in section 1381(a) which is owned  
2 more than 50 percent by agricultural producers  
3 or by entities owned by agricultural producers.  
4 For this purpose an entity owned by an agricul-  
5 tural producer is one that is more than 50 per-  
6 cent owned by agricultural producers.

7 “(7) INCREASE IN CREDIT IN ENERGY COMMU-  
8 NITIES.—In the case of any qualified facility which  
9 is located in an energy community (as defined in  
10 section 45(b)(11)(B)), for purposes of determining  
11 the amount of the credit under subsection (a) with  
12 respect to any electricity produced by the taxpayer  
13 at such facility during the taxable year, the applica-  
14 ble amount under paragraph (2) of such subsection  
15 shall be increased by an amount equal to 10 percent  
16 of the amount otherwise in effect under such para-  
17 graph (without application of subparagraph (B)).

18 “(8) CREDIT REDUCED FOR TAX-EXEMPT  
19 BONDS.—Rules similar to the rules of section  
20 45(b)(3) shall apply.

21 “(9) WAGE REQUIREMENTS.—Rules similar to  
22 the rules of section 45(b)(7) shall apply.

23 “(10) APPRENTICESHIP REQUIREMENTS.—  
24 Rules similar to the rules of section 45(b)(8) shall  
25 apply.

1           “(11) DOMESTIC CONTENT BONUS CREDIT  
2 AMOUNT.—

3           “(A) IN GENERAL.—In the case of any  
4 qualified facility which satisfies the requirement  
5 under subparagraph (B)(i), the amount of the  
6 credit determined under subsection (a) shall be  
7 increased by an amount equal to 10 percent of  
8 the amount so determined.

9           “(B) REQUIREMENT.—

10           “(i) IN GENERAL.—The requirement  
11 described in this subclause is satisfied with  
12 respect to any qualified facility if the tax-  
13 payer certifies to the Secretary (at such  
14 time, and in such form and manner, as the  
15 Secretary may prescribe) that any steel,  
16 iron, or manufactured product which is a  
17 component of such facility (upon comple-  
18 tion of construction) was produced in the  
19 United States (as determined under sec-  
20 tion 661 of title 49, Code of Federal Regu-  
21 lations).

22           “(ii) STEEL AND IRON.—In the case  
23 of steel or iron, clause (i) shall be applied  
24 in a manner consistent with section 661.5  
25 of title 49, Code of Federal Regulations.

1 “(iii) MANUFACTURED PRODUCT.—

2 For purposes of clause (i), the manufac-  
3 tured products which are components of a  
4 qualified facility upon completion of con-  
5 struction shall be deemed to have been pro-  
6 duced in the United States if not less than  
7 the adjusted percentage (as determined  
8 under subparagraph (C)) of the total costs  
9 of all such manufactured products of such  
10 facility are attributable to manufactured  
11 products (including components) which are  
12 mined, produced, or manufactured in the  
13 United States.

14 “(C) ADJUSTED PERCENTAGE.—

15 “(i) IN GENERAL.—Subject to sub-  
16 clause (ii), for purposes of subparagraph  
17 (B)(iii), the adjusted percentage shall be—

18 “(I) in the case of a facility the  
19 construction of which begins after De-  
20 cember 31, 2024, and before January  
21 1, 2026, 45 percent,

22 “(II) in the case of a facility the  
23 construction of which begins after De-  
24 cember 31, 2025, and before January  
25 1, 2027, 50 percent, and

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1                   “(III) in the case of a facility the  
2                   construction of which begins after De-  
3                   cember 31, 2026, 55 percent.

4                   “(ii) OFFSHORE WIND FACILITY.—  
5                   For purposes of subparagraph (B)(iii), in  
6                   the case of a qualified facility which is an  
7                   offshore wind facility, the adjusted per-  
8                   centage shall be—

9                   “(I) in the case of a facility the  
10                  construction of which begins after De-  
11                  cember 31, 2024, and before January  
12                  1, 2026, 27.5 percent,

13                  “(II) in the case of a facility the  
14                  construction of which begins after De-  
15                  cember 31, 2025, and before January  
16                  1, 2027, 35 percent,

17                  “(III) in the case of a facility the  
18                  construction of which begins after De-  
19                  cember 31, 2026, and before January  
20                  1, 2028, 45 percent, and

21                  “(IV) in the case of a facility the  
22                  construction of which begins after De-  
23                  cember 31, 2027, 55 percent.

24                  “(12) PHASEOUT FOR ELECTIVE PAYMENT.—

1           “(A) IN GENERAL.—In the case of a tax-  
2           payer making an election under section 6417  
3           with respect to a credit under this section, the  
4           amount of such credit shall be replaced with—

5                   “(i) the value of such credit (deter-  
6                   mined without regard to this paragraph),  
7                   multiplied by

8                   “(ii) the applicable percentage.

9           “(B) 100 PERCENT APPLICABLE PERCENT-  
10           AGE FOR CERTAIN QUALIFIED FACILITIES.—In  
11           the case of any qualified facility—

12                   “(i) which satisfies the requirements  
13                   under paragraph (11)(B) with respect to  
14                   the construction of such facility, or

15                   “(ii) with a maximum net output of  
16                   less than 1 megawatt (as measured in al-  
17                   ternating current),

18           the applicable percentage shall be 100 percent.

19           “(C) PHASED DOMESTIC CONTENT RE-  
20           QUIREMENT.—Subject to subparagraph (D), in  
21           the case of any qualified facility which is not  
22           described in subparagraph (B), the applicable  
23           percentage shall be—

1           “(i) if construction of such facility  
2 began in calendar year 2025, 85 percent,  
3 and

4           “(ii) if construction of such facility  
5 began after December 31, 2025, 0 percent.

6           “(D) EXCEPTION.—

7           “(i) IN GENERAL.—For purposes of  
8 this paragraph, the Secretary shall provide  
9 exceptions to the requirements under this  
10 paragraph for the construction of qualified  
11 facilities if—

12           “(I) the inclusion of steel, iron,  
13 or manufactured products which are  
14 produced in the United States in-  
15 creases the overall costs of construc-  
16 tion of qualified facilities by more  
17 than 25 percent, or

18           “(II) relevant steel, iron, or man-  
19 ufactured products are not produced  
20 in the United States in sufficient and  
21 reasonably available quantities or of a  
22 satisfactory quality.

23           “(ii) APPLICABLE PERCENTAGE.—In  
24 any case in which the Secretary provides

1 an exception pursuant to clause (i), the ap-  
2 plicable percentage shall be 100 percent.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 38(b), as amended by the preceding  
5 provisions of this Act, is amended—

6 (A) in paragraph (37), by striking “plus”  
7 at the end,

8 (B) in paragraph (38), by striking the pe-  
9 riod at the end and inserting “, plus”, and

10 (C) by adding at the end the following new  
11 paragraph:

12 “(39) the clean electricity production credit de-  
13 termined under section 45Y(a).”.

14 (2) The table of sections for subpart D of part  
15 IV of subchapter A of chapter 1, as amended by the  
16 preceding provisions of this Act, is amended by add-  
17 ing at the end the following new item:

“Sec. 45Y. Clean electricity production credit.”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to facilities placed in service after  
20 December 31, 2024.

21 **SEC. 13702. CLEAN ELECTRICITY INVESTMENT CREDIT.**

22 (a) IN GENERAL.—Subpart E of part IV of sub-  
23 chapter A of chapter 1 is amended by inserting after sec-  
24 tion 48C the following new section:

1 **“SEC. 48D. CLEAN ELECTRICITY INVESTMENT CREDIT.**

2 “(a) INVESTMENT CREDIT FOR QUALIFIED PROP-  
3 ERTY.—

4 “(1) IN GENERAL.—For purposes of section 46,  
5 the clean electricity investment credit for any taxable  
6 year is an amount equal to the applicable percentage  
7 of the qualified investment for such taxable year  
8 with respect to—

9 “(A) any qualified facility, and

10 “(B) any energy storage technology.

11 “(2) APPLICABLE PERCENTAGE.—

12 “(A) QUALIFIED FACILITIES.—Subject to  
13 paragraph (3)—

14 “(i) BASE RATE.—In the case of any  
15 qualified facility which is not described in  
16 subclause (I) or (II) of clause (ii) and does  
17 not satisfy the requirements described in  
18 subclause (III) of such clause, the applica-  
19 ble percentage shall be 6 percent.

20 “(ii) ALTERNATIVE RATE.—In the  
21 case of any qualified facility—

22 “(I) with a maximum net output  
23 of less than 1 megawatt (as measured  
24 in alternating current),

25 “(II) the construction of which  
26 begins prior to the date that is 60



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1 days after the Secretary publishes  
2 guidance with respect to the require-  
3 ments of paragraphs (3) and (4) of  
4 subsection (d), or

5 “(III) which—

6 “(aa) satisfies the require-  
7 ments of subsection (d)(3), and

8 “(bb) with respect to the  
9 construction of such facility, sat-  
10 isfies the requirements of sub-  
11 section (d)(4),

12 the applicable percentage shall be 30 per-  
13 cent.

14 “(B) ENERGY STORAGE TECHNOLOGY.—

15 Subject to paragraph (3)—

16 “(i) BASE RATE.—In the case of any  
17 energy storage technology which is not de-  
18 scribed in subclause (I) or (II) of clause  
19 (ii) and does not satisfy the requirements  
20 described in subclause (III) of such clause,  
21 the applicable percentage shall be 6 per-  
22 cent.

23 “(ii) ALTERNATIVE RATE.—In the  
24 case of any energy storage technology—

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1                   “(I) with a capacity of less than  
2                   1 megawatt,

3                   “(II) the construction of which  
4                   begins prior to the date that is 60  
5                   days after the Secretary publishes  
6                   guidance with respect to the require-  
7                   ments of paragraphs (3) and (4) of  
8                   subsection (d), or

9                   “(III) which—

10                   “(aa) satisfies the require-  
11                   ments of subsection (d)(3), and

12                   “(bb) with respect to the  
13                   construction of such property,  
14                   satisfies the requirements of sub-  
15                   section (d)(4),

16                   the applicable percentage shall be 30 per-  
17                   cent.

18                   “(3) INCREASE IN CREDIT RATE IN CERTAIN  
19                   CASES.—

20                   “(A) ENERGY COMMUNITIES.—

21                   “(i) IN GENERAL.—In the case of any  
22                   qualified investment with respect to a  
23                   qualified facility or with respect to energy  
24                   storage technology which is placed in serv-  
25                   ice within an energy community (as de-

1            fined in section 45(b)(11)(B)), for pur-  
2            poses applying paragraph (2) with respect  
3            to such property or investment, the appli-  
4            cable percentage shall be increased by the  
5            applicable credit rate increase.

6            “(ii) APPLICABLE CREDIT RATE IN-  
7            CREASE.—For purposes of clause (i), the  
8            applicable credit rate increase shall be an  
9            amount equal to—

10            “(I) in the case of any qualified  
11            investment with respect to a qualified  
12            facility described in paragraph  
13            (2)(A)(i) or with respect to energy  
14            storage technology described in para-  
15            graph (2)(B)(i), 2 percentage points,  
16            and

17            “(II) in the case of any qualified  
18            investment with respect to a qualified  
19            facility described in paragraph  
20            (2)(A)(ii) or with respect to energy  
21            storage technology described in para-  
22            graph (2)(B)(ii), 10 percentage  
23            points.

24            “(B) DOMESTIC CONTENT.—Rules similar  
25            to the rules of section 48(a)(12) shall apply.

1           “(b) QUALIFIED INVESTMENT WITH RESPECT TO A  
2 QUALIFIED FACILITY.—

3           “(1) IN GENERAL.—For purposes of subsection  
4 (a), the qualified investment with respect to any  
5 qualified facility for any taxable year is the sum  
6 of—

7           “(A) the basis of any qualified property  
8 placed in service by the taxpayer during such  
9 taxable year which is part of a qualified facility,  
10 plus

11           “(B) the amount of any expenditures  
12 which are—

13           “(i) paid or incurred by the taxpayer  
14 for qualified interconnection property—

15           “(I) in connection with a quali-  
16 fied facility which has a maximum net  
17 output of not greater than 5  
18 megawatts (as measured in alter-  
19 nating current), and

20           “(II) placed in service during the  
21 taxable year of the taxpayer, and

22           “(ii) properly chargeable to capital ac-  
23 count of the taxpayer.

1           “(2) QUALIFIED PROPERTY.—For purposes of  
2 this section, the term ‘qualified property’ means  
3 property—

4                   “(A) which is—

5                           “(i) tangible personal property, or

6                           “(ii) other tangible property (not in-  
7 cluding a building or its structural compo-  
8 nents), but only if such property is used as  
9 an integral part of the qualified facility,

10                   “(B) with respect to which depreciation (or  
11 amortization in lieu of depreciation) is allow-  
12 able, and

13                   “(C)(i) the construction, reconstruction, or  
14 erection of which is completed by the taxpayer,  
15 or

16                   “(ii) which is acquired by the taxpayer if  
17 the original use of such property commences  
18 with the taxpayer.

19           “(3) QUALIFIED FACILITY.—

20                   “(A) IN GENERAL.—For purposes of this  
21 section, the term ‘qualified facility’ means a fa-  
22 cility—

23                   “(i) which is used for the generation  
24 of electricity,

1 “(ii) which is placed in service after  
2 December 31, 2024, and

3 “(iii) for which the anticipated green-  
4 house gas emissions rate (as determined  
5 under subparagraph (B)(ii)) is not greater  
6 than zero.

7 “(B) ADDITIONAL RULES.—

8 “(i) EXPANSION OF FACILITY; INCRE-  
9 MENTAL PRODUCTION.—Rules similar to  
10 the rules of section 45Y(b)(1)(C) shall  
11 apply for purposes of this paragraph.

12 “(ii) GREENHOUSE GAS EMISSIONS  
13 RATE.—Rules similar to the rules of sec-  
14 tion 45Y(b)(2) shall apply for purposes of  
15 this paragraph.

16 “(C) EXCLUSION.—The term ‘qualified fa-  
17 cility’ shall not include any facility for which—

18 “(i) a renewable electricity production  
19 credit determined under section 45,

20 “(ii) an advanced nuclear power facil-  
21 ity production credit determined under sec-  
22 tion 45J,

23 “(iii) a carbon oxide sequestration  
24 credit determined under section 45Q,

1                   “(iv) a zero-emission nuclear power  
2                   production credit determined under section  
3                   45U,

4                   “(v) a clean electricity production  
5                   credit determined under section 45Y,

6                   “(vi) an energy credit determined  
7                   under section 48, or

8                   “(vii) a qualifying advanced coal  
9                   project credit under section 48A,  
10                  is allowed under section 38 for the taxable year  
11                  or any prior taxable year.

12                  “(4) QUALIFIED INTERCONNECTION PROP-  
13                  ERTY.—For purposes of this paragraph, the term  
14                  ‘qualified interconnection property’ has the meaning  
15                  given such term in section 48(a)(8)(B).

16                  “(5) COORDINATION WITH REHABILITATION  
17                  CREDIT.—The qualified investment with respect to  
18                  any qualified facility for any taxable year shall not  
19                  include that portion of the basis of any property  
20                  which is attributable to qualified rehabilitation ex-  
21                  penditures (as defined in section 47(c)(2)).

22                  “(6) DEFINITIONS.—For purposes of this sub-  
23                  section, the terms ‘CO<sub>2</sub>e per KWh’ and ‘greenhouse  
24                  gas emissions rate’ have the same meaning given  
25                  such terms under section 45Y.

1           “(c) QUALIFIED INVESTMENT WITH RESPECT TO  
2 ENERGY STORAGE TECHNOLOGY.—

3           “(1) QUALIFIED INVESTMENT.—For purposes  
4 of subsection (a), the qualified investment with re-  
5 spect to energy storage technology for any taxable  
6 year is the basis of any energy storage technology  
7 placed in service by the taxpayer during such taxable  
8 year.

9           “(2) ENERGY STORAGE TECHNOLOGY.—For  
10 purposes of this section, the term ‘energy storage  
11 technology’ has the meaning given such term in sec-  
12 tion 48(c)(6) (except that subparagraph (D) of such  
13 section shall not apply).

14           “(d) SPECIAL RULES.—

15           “(1) CERTAIN PROGRESS EXPENDITURE RULES  
16 MADE APPLICABLE.—Rules similar to the rules of  
17 subsections (c)(4) and (d) of section 46 (as in effect  
18 on the day before the date of the enactment of the  
19 Revenue Reconciliation Act of 1990) shall apply for  
20 purposes of subsection (a).

21           “(2) SPECIAL RULE FOR PROPERTY FINANCED  
22 BY SUBSIDIZED ENERGY FINANCING OR PRIVATE AC-  
23 TIVITY BONDS.—Rules similar to the rules of section  
24 45(b)(3) shall apply.



1           “(3) PREVAILING WAGE REQUIREMENTS.—  
2 Rules similar to the rules of section 48(a)(10) shall  
3 apply.

4           “(4) APPRENTICESHIP REQUIREMENTS.—Rules  
5 similar to the rules of section 45(b)(8) shall apply.

6           “(5) DOMESTIC CONTENT REQUIREMENT FOR  
7 ELECTIVE PAYMENT.—In the case of a taxpayer  
8 making an election under section 6417 with respect  
9 to a credit under this section, rules similar to the  
10 rules of section 45(b)(10) shall apply.

11          “(e) CREDIT PHASE-OUT.—

12           “(1) IN GENERAL.—The amount of the clean  
13 electricity investment credit under subsection (a) for  
14 any qualified investment with respect to any quali-  
15 fied facility or energy storage technology the con-  
16 struction of which begins during a calendar year de-  
17 scribed in paragraph (2) shall be equal to the prod-  
18 uct of—

19           “(A) the amount of the credit determined  
20 under subsection (a) without regard to this sub-  
21 section, multiplied by

22           “(B) the phase-out percentage under para-  
23 graph (2).

24           “(2) PHASE-OUT PERCENTAGE.—The phase-out  
25 percentage under this paragraph is equal to—

1           “(A) for any qualified investment with re-  
2           spect to any qualified facility or energy storage  
3           technology the construction of which begins  
4           during the first calendar year following the ap-  
5           plicable year, 100 percent,

6           “(B) for any qualified investment with re-  
7           spect to any qualified facility or energy storage  
8           technology the construction of which begins  
9           during the second calendar year following the  
10          applicable year, 75 percent,

11          “(C) for any qualified investment with re-  
12          spect to any qualified facility or energy storage  
13          technology the construction of which begins  
14          during the third calendar year following the ap-  
15          plicable year, 50 percent, and

16          “(D) for any qualified investment with re-  
17          spect to any qualified facility or energy storage  
18          technology the construction of which begins  
19          during any calendar year subsequent to the cal-  
20          endar year described in subparagraph (C), 0  
21          percent.

22          “(3) APPLICABLE YEAR.—For purposes of this  
23          subsection, the term ‘applicable year’ has the same  
24          meaning given such term in section 45Y(d)(3).

1           “(f) GREENHOUSE GAS.—In this section, the term  
2 ‘greenhouse gas’ has the same meaning given such term  
3 under section 45Y(e)(2).

4           “(g) RECAPTURE OF CREDIT.—For purposes of sec-  
5 tion 50, if the Secretary determines that the greenhouse  
6 gas emissions rate for a qualified facility is greater than  
7 10 grams of CO<sub>2</sub>e per KWh, any property for which a  
8 credit was allowed under this section with respect to such  
9 facility shall cease to be investment credit property in the  
10 taxable year in which the determination is made.

11           “(h) SPECIAL RULES FOR CERTAIN FACILITIES  
12 PLACED IN SERVICE IN CONNECTION WITH LOW-INCOME  
13 COMMUNITIES.—

14                   “(1) IN GENERAL.—In the case of any applica-  
15 ble facility with respect to which the Secretary  
16 makes an allocation of environmental justice capac-  
17 ity limitation under paragraph (4)—

18                           “(A) the applicable percentage otherwise  
19 determined under subsection (a)(2) with respect  
20 to any eligible property which is part of such  
21 facility shall be increased by—

22                                   “(i) in the case of a facility described  
23 in subclause (I) of paragraph (2)(A)(iii)  
24 and not described in subclause (II) of such  
25 paragraph, 10 percentage points, and

1                   “(ii) in the case of a facility described  
2                   in subclause (II) of paragraph (2)(A)(iii),  
3                   20 percentage points, and

4                   “(B) the increase in the credit determined  
5                   under subsection (a) by reason of this sub-  
6                   section for any taxable year with respect to all  
7                   property which is part of such facility shall not  
8                   exceed the amount which bears the same ratio  
9                   to the amount of such increase (determined  
10                  without regard to this subparagraph) as—

11                  “(i) the environmental justice capacity  
12                  limitation allocated to such facility, bears  
13                  to

14                  “(ii) the total megawatt nameplate ca-  
15                  pacity of such facility, as measured in di-  
16                  rect current.

17                  “(2) APPLICABLE FACILITY.—For purposes of  
18                  this subsection—

19                  “(A) IN GENERAL.—The term ‘applicable  
20                  facility’ means any qualified facility—

21                  “(i) which is not described in section  
22                  45Y(b)(2)(B),

23                  “(ii) which has a maximum net output  
24                  of less than 5 megawatts (as measured in  
25                  alternating current), and

1 “(iii) which—

2 “(I) is located in a low-income  
3 community (as defined in section  
4 45D(e)) or on Indian land (as defined  
5 in section 2601(2) of the Energy Pol-  
6 icy Act of 1992 (25 U.S.C. 3501(2))),  
7 or

8 “(II) is part of a qualified low-in-  
9 come residential building project or a  
10 qualified low-income economic benefit  
11 project.

12 “(B) QUALIFIED LOW-INCOME RESIDEN-  
13 TIAL BUILDING PROJECT.—A facility shall be  
14 treated as part of a qualified low-income resi-  
15 dential building project if—

16 “(i) such facility is installed on a resi-  
17 dential rental building which participates  
18 in a covered housing program (as defined  
19 in section 41411(a) of the Violence Against  
20 Women Act of 1994 (34 U.S.C.  
21 12491(a)(3)), a housing assistance pro-  
22 gram administered by the Department of  
23 Agriculture under title V of the Housing  
24 Act of 1949, a housing program adminis-  
25 tered by a tribally designated housing enti-

1 ty (as defined in section 4(22) of the Na-  
2 tive American Housing Assistance and  
3 Self-Determination Act of 1996 (25 U.S.C.  
4 4103(22))) or such other affordable hous-  
5 ing programs as the Secretary may pro-  
6 vide, and

7 “(ii) the financial benefits of the elec-  
8 tricity produced by such facility are allo-  
9 cated equitably among the occupants of the  
10 dwelling units of such building.

11 “(C) QUALIFIED LOW-INCOME ECONOMIC  
12 BENEFIT PROJECT.—A facility shall be treated  
13 as part of a qualified low-income economic ben-  
14 efit project if at least 50 percent of the finan-  
15 cial benefits of the electricity produced by such  
16 facility are provided to households with income  
17 of—

18 “(i) less than 200 percent of the pov-  
19 erty line (as defined in section  
20 36B(d)(3)(A)) applicable to a family of the  
21 size involved, or

22 “(ii) less than 80 percent of area me-  
23 dian gross income (as determined under  
24 section 142(d)(2)(B)).

1           “(D) FINANCIAL BENEFIT.—For purposes  
2           of subparagraphs (B) and (C), electricity ac-  
3           quired at a below-market rate shall not fail to  
4           be taken into account as a financial benefit.

5           “(3) ELIGIBLE PROPERTY.—For purposes of  
6           this subsection, the term ‘eligible property’ means a  
7           qualified investment with respect to any applicable  
8           facility.

9           “(4) ALLOCATIONS.—

10           “(A) IN GENERAL.—Not later than Janu-  
11           ary 1, 2025, the Secretary shall establish a pro-  
12           gram to allocate amounts of environmental jus-  
13           tice capacity limitation to applicable facilities.  
14           In establishing such program and to carry out  
15           the purposes of this subsection, the Secretary  
16           shall provide procedures to allow for an efficient  
17           allocation process, including, when determined  
18           appropriate, consideration of multiple projects  
19           in a single application if such projects will be  
20           placed in service by a single taxpayer.

21           “(B) LIMITATION.—The amount of envi-  
22           ronmental justice capacity limitation allocated  
23           by the Secretary under subparagraph (A) dur-  
24           ing any calendar year shall not exceed the an-

1           nual capacity limitation with respect to such  
2           year.

3                   “(C) ANNUAL CAPACITY LIMITATION.—For  
4           purposes of this paragraph, the term ‘annual  
5           capacity limitation’ means 1.8 gigawatts of di-  
6           rect current capacity for each calendar year  
7           during the period beginning on January 1,  
8           2025, and ending on December 31 of the appli-  
9           cable year (as defined in section 45Y(d)(3)),  
10          and zero thereafter.

11                   “(D) CARRYOVER OF UNUSED LIMITA-  
12          TION.—

13                   “(i) IN GENERAL.—If the annual ca-  
14           pacity limitation for any calendar year ex-  
15           ceeds the aggregate amount allocated for  
16           such year under this paragraph, such limi-  
17           tation for the succeeding calendar year  
18           shall be increased by the amount of such  
19           excess. No amount may be carried under  
20           the preceding sentence to any calendar  
21           year after the third calendar year following  
22           the applicable year (as defined in section  
23           45Y(d)(3)).

24                   “(ii) CARRYOVER FROM SECTION 48  
25          FOR CALENDAR YEAR 2025.—If the annual



1 capacity limitation for calendar year 2024  
2 under section 48(e)(4)(D) exceeds the ag-  
3 gregate amount allocated for such year  
4 under such section, such excess amount  
5 may be carried over and applied to the an-  
6 nual capacity limitation under this sub-  
7 section for calendar year 2025. The annual  
8 capacity limitation for calendar year 2025  
9 shall be increased by the amount of such  
10 excess.

11 “(E) PLACED IN SERVICE DEADLINE.—

12 “(i) IN GENERAL.—Paragraph (1)  
13 shall not apply with respect to any prop-  
14 erty which is placed in service after the  
15 date that is 4 years after the date of the  
16 allocation with respect to the facility of  
17 which such property is a part.

18 “(ii) APPLICATION OF CARRYOVER.—  
19 Any amount of environmental justice ca-  
20 pacity limitation which expires under  
21 clause (i) during any calendar year shall be  
22 taken into account as an excess described  
23 in subparagraph (D)(i) (or as an increase  
24 in such excess) for such calendar year,

1                   subject to the limitation imposed by the  
2                   last sentence of such subparagraph.

3                   “(5) RECAPTURE.—The Secretary shall, by reg-  
4                   ulations or other guidance, provide for recapturing  
5                   the benefit of any increase in the credit allowed  
6                   under subsection (a) by reason of this subsection  
7                   with respect to any property which ceases to be  
8                   property eligible for such increase (but which does  
9                   not cease to be investment credit property within the  
10                  meaning of section 50(a)). The period and percent-  
11                  age of such recapture shall be determined under  
12                  rules similar to the rules of section 50(a). To the ex-  
13                  tent provided by the Secretary, such recapture may  
14                  not apply with respect to any property if, within 12  
15                  months after the date the taxpayer becomes aware  
16                  (or reasonably should have become aware) of such  
17                  property ceasing to be property eligible for such in-  
18                  crease, the eligibility of such property for such in-  
19                  crease is restored. The preceding sentence shall not  
20                  apply more than once with respect to any facility.

21                  “(i) GUIDANCE.—Not later than January 1, 2025,  
22 the Secretary shall issue guidance regarding implementa-  
23 tion of this section.”.

24                  (b) CONFORMING AMENDMENTS.—

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1           (1) Paragraph (6) of section 46 is amended to  
2 read as follows:

3           “(6) the clean electricity investment credit.”.

4           (2) Section 49(a)(1)(C) is amended—

5                 (A) by striking “and” at the end of clause  
6 (iv),

7                 (B) by striking the period at the end of  
8 clause (v) and inserting a comma, and

9                 (C) by adding at the end the following new  
10 clauses:

11                         “(vi) the basis of any qualified prop-  
12 erty which is part of a qualified facility  
13 under section 48D, and

14                         “(vii) the basis of any energy storage  
15 technology under section 48D.”.

16           (3) Section 50(a)(2)(E) is amended by striking  
17 “or 48C(b)(2)” and inserting “48C(b)(2), or  
18 48D(e)”.

19           (4) Section 50(c)(3) is amended by inserting  
20 “or clean electricity investment credit” after “In the  
21 case of any energy credit”.

22           (5) The table of sections for subpart E of part  
23 IV of subchapter A of chapter 1 is amended by in-  
24 serting after the item relating to section 48C the fol-  
25 lowing new item:

“48D. Clean electricity investment credit.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2024.

4 **SEC. 13703. COST RECOVERY FOR QUALIFIED FACILITIES,**  
5 **QUALIFIED PROPERTY, AND ENERGY STOR-**  
6 **AGE TECHNOLOGY.**

7 (a) IN GENERAL.—Section 168(e)(3)(B) is amend-  
8 ed—

9 (1) in clause (vi)(III), by striking “and” at the  
10 end,

11 (2) in clause (vii), by striking the period at the  
12 end and inserting “, and”, and

13 (3) by inserting after clause (vii) the following:

14 “(viii) any qualified facility (as de-  
15 fined in section 45Y(b)(1)(A)), any quali-  
16 fied property (as defined in subsection  
17 (b)(2) of section 48D) which is a qualified  
18 investment (as defined in subsection (b)(1)  
19 of such section), or any energy storage  
20 technology (as defined in subsection (c)(2)  
21 of such section).”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to facilities and property placed  
24 in service after December 31, 2024.

1 **SEC. 13704. CLEAN FUEL PRODUCTION CREDIT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-  
3 chapter A of chapter 1, as amended by the preceding pro-  
4 visions of this Act, is amended by adding at the end the  
5 following new section:

6 **“SEC. 45Z. CLEAN FUEL PRODUCTION CREDIT.**

7 “(a) AMOUNT OF CREDIT.—

8 “(1) IN GENERAL.—For purposes of section 38,  
9 the clean fuel production credit for any taxable year  
10 is an amount equal to the product of—

11 “(A) the applicable amount per gallon (or  
12 gallon equivalent) with respect to any transpor-  
13 tation fuel which is—

14 “(i) produced by the taxpayer at a  
15 qualified facility, and

16 “(ii) sold by the taxpayer in a manner  
17 described in paragraph (4) during the tax-  
18 able year, and

19 “(B) the emissions factor for such fuel (as  
20 determined under subsection (b)).

21 “(2) APPLICABLE AMOUNT.—

22 “(A) BASE AMOUNT.—In the case of any  
23 transportation fuel produced at a qualified facil-  
24 ity which does not satisfy the requirements de-  
25 scribed in subparagraph (B), the applicable  
26 amount shall be 20 cents.

1           “(B) ALTERNATIVE AMOUNT.—In the case  
2 of any transportation fuel produced at a quali-  
3 fied facility which satisfies the requirements  
4 under paragraphs (6) and (7) of subsection (f),  
5 the applicable amount shall be \$1.00.

6           “(3) SPECIAL RATE FOR SUSTAINABLE AVIA-  
7 TION FUEL.—

8           “(A) IN GENERAL.—In the case of a trans-  
9 portation fuel which is sustainable aviation fuel,  
10 paragraph (2) shall be applied—

11           “(i) in the case of fuel produced at a  
12 qualified facility described in paragraph  
13 (2)(A), by substituting ‘35 cents’ for ‘20  
14 cents’, and

15           “(ii) in the case of fuel produced at a  
16 qualified facility described in paragraph  
17 (2)(B), by substituting ‘\$1.75’ for ‘\$1.00’.

18           “(B) SUSTAINABLE AVIATION FUEL.—For  
19 purposes of this subparagraph (A), the term  
20 ‘sustainable aviation fuel’ means liquid fuel  
21 which is sold for use in an aircraft and which—

22           “(i) meets the requirements of—

23           “(I) ASTM International Stand-  
24 ard D7566, or

1                   “(II) the Fischer Tropsch provi-  
2                   sions of ASTM International Stand-  
3                   ard D1655, Annex A1, and

4                   “(ii) is not derived from palm fatty  
5                   acid distillates or petroleum.

6                   “(4) SALE.—For purposes of paragraph (1),  
7                   the transportation fuel is sold in a manner described  
8                   in this paragraph if such fuel is sold by the taxpayer  
9                   to an unrelated person—

10                   “(A) for use by such person in the produc-  
11                   tion of a fuel mixture,

12                   “(B) for use by such person in a trade or  
13                   business, or

14                   “(C) who sells such fuel at retail to an-  
15                   other person and places such fuel in the fuel  
16                   tank of such other person.

17                   “(5) ROUNDING.—If any amount determined  
18                   under paragraph (1) is not a multiple of 1 cent,  
19                   such amount shall be rounded to the nearest cent.

20                   “(b) EMISSIONS FACTORS.—

21                   “(1) EMISSIONS FACTOR.—

22                   “(A) CALCULATION.—

23                   “(i) IN GENERAL.—The emissions fac-  
24                   tor of a transportation fuel shall be an  
25                   amount equal to the quotient of—

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1 “(I) an amount equal to—  
2 “(aa) 50 kilograms of CO<sub>2</sub>e  
3 per mmBTU, minus  
4 “(bb) the emissions rate for  
5 such fuel, divided by  
6 “(II) 50 kilograms of CO<sub>2</sub>e per  
7 mmBTU.

8 “(B) ESTABLISHMENT OF EMISSIONS  
9 RATE.—

10 “(i) IN GENERAL.—Subject to clauses  
11 (ii) and (iii), the Secretary shall annually  
12 publish a table which sets forth the emis-  
13 sions rate for similar types and categories  
14 of transportation fuels based on the  
15 amount of lifecycle greenhouse gas emis-  
16 sions (as described in section 211(o)(1)(H)  
17 of the Clean Air Act (42 U.S.C.  
18 7545(o)(1)(H)), as in effect on the date of  
19 the enactment of this section) for such  
20 fuels, expressed as kilograms of CO<sub>2</sub>e per  
21 mmBTU, which a taxpayer shall use for  
22 purposes of this section.

23 “(ii) NON-AVIATION FUEL.—In the  
24 case of any transportation fuel which is  
25 not a sustainable aviation fuel, the lifecycle



1 greenhouse gas emissions of such fuel shall  
2 be based on the most recent determina-  
3 tions under the Greenhouse gases, Regu-  
4 lated Emissions, and Energy use in Trans-  
5 portation model developed by Argonne Na-  
6 tional Laboratory, or a successor model (as  
7 determined by the Secretary).

8 “(iii) AVIATION FUEL.—In the case of  
9 any transportation fuel which is a sustain-  
10 able aviation fuel, the lifecycle greenhouse  
11 gas emissions of such fuel shall be deter-  
12 mined in accordance with—

13 “(I) the most recent Carbon Off-  
14 setting and Reduction Scheme for  
15 International Aviation which has been  
16 adopted by the International Civil  
17 Aviation Organization with the agree-  
18 ment of the United States, or

19 “(II) any similar methodology  
20 which satisfies the criteria under sec-  
21 tion 211(o)(1)(H) of the Clean Air  
22 Act (42 U.S.C. 7545(o)(1)(H)), as in  
23 effect on the date of enactment of this  
24 section.

25 “(C) ROUNDING OF EMISSIONS RATE.—

1                   “(i) IN GENERAL.—Subject to clause  
2                   (ii), the Secretary may round the emissions  
3                   rates under subparagraph (B) to the near-  
4                   est multiple of 5 kilograms of CO<sub>2</sub>e per  
5                   mmBTU.

6                   “(ii) EXCEPTION.—In the case of an  
7                   emissions rate that is between 2.5 kilo-  
8                   grams of CO<sub>2</sub>e per mmBTU and -2.5 kilo-  
9                   grams of CO<sub>2</sub>e per mmBTU, the Secretary  
10                  may round such rate to zero.

11                  “(D) PROVISIONAL EMISSIONS RATE.—In  
12                  the case of any transportation fuel for which an  
13                  emissions rate has not been established under  
14                  subparagraph (B), a taxpayer producing such  
15                  fuel may file a petition with the Secretary for  
16                  determination of the emissions rate with respect  
17                  to such fuel.

18                  “(2) ROUNDING.—If any amount determined  
19                  under paragraph (1)(A) is not a multiple of 0.1,  
20                  such amount shall be rounded to the nearest mul-  
21                  tiple of 0.1.

22                  “(c) INFLATION ADJUSTMENT.—

23                  “(1) IN GENERAL.—In the case of calendar  
24                  years beginning after 2024, the 20 cent amount in  
25                  subsection (a)(2)(A), the \$1.00 amount in sub-

1 section (a)(2)(B), the 35 cent amount in subsection  
2 (a)(3)(A)(i), and the \$1.75 amount in subsection  
3 (a)(3)(A)(ii) shall each be adjusted by multiplying  
4 such amount by the inflation adjustment factor for  
5 the calendar year in which the sale of the transpor-  
6 tation fuel occurs. If any amount as increased under  
7 the preceding sentence is not a multiple of 1 cent,  
8 such amount shall be rounded to the nearest mul-  
9 tiple of 1 cent.

10 “(2) INFLATION ADJUSTMENT FACTOR.—For  
11 purposes of paragraph (1), the inflation adjustment  
12 factor shall be the inflation adjustment factor deter-  
13 mined and published by the Secretary pursuant to  
14 section 45Y(c), determined by substituting ‘calendar  
15 year 2022’ for ‘calendar year 1992’ in paragraph (3)  
16 thereof.

17 “(d) DEFINITIONS.—In this section:

18 “(1) mmBTU.—The term ‘mmBTU’ means  
19 1,000,000 British thermal units.

20 “(2) CO<sub>2</sub>e.—The term ‘CO<sub>2</sub>e’ means, with re-  
21 spect to any greenhouse gas, the equivalent carbon  
22 dioxide (as determined based on relative global  
23 warming potential).

24 “(3) GREENHOUSE GAS.—The term ‘greenhouse  
25 gas’ has the same meaning given that term under

1 section 211(o)(1)(G) of the Clean Air Act (42  
2 U.S.C. 7545(o)(1)(G)), as in effect on the date of  
3 the enactment of this section.

4 “(4) QUALIFIED FACILITY.—The term ‘quali-  
5 fied facility’—

6 “(A) means a facility used for the produc-  
7 tion of transportation fuels, and

8 “(B) does not include any facility for  
9 which one of the following credits is allowed  
10 under section 38 for the taxable year:

11 “(i) The credit for production of clean  
12 hydrogen under section 45V.

13 “(ii) The credit determined under sec-  
14 tion 46 to the extent that such credit is at-  
15 tributable to the energy credit determined  
16 under section 48 with respect to any speci-  
17 fied clean hydrogen production facility for  
18 which an election is made under subsection  
19 (a)(16) of such section.

20 “(iii) The credit for carbon oxide se-  
21 questration under section 45Q.

22 “(5) TRANSPORTATION FUEL.—

23 “(A) IN GENERAL.—The term ‘transpor-  
24 tation fuel’ means a fuel which—

1 “(i) is suitable for use as a fuel in a  
2 highway vehicle or aircraft,

3 “(ii) has an emissions rate which is  
4 not greater than 50 kilograms of CO<sub>2e</sub> per  
5 mmBTU, and

6 “(iii) is not derived from coprocessing  
7 an applicable material (or materials de-  
8 rived from an applicable material) with a  
9 feedstock which is not biomass.

10 “(B) DEFINITIONS.—In this paragraph—

11 “(i) APPLICABLE MATERIAL.—The  
12 term ‘applicable material’ means—

13 “(I) monoglycerides, diglycerides,  
14 and triglycerides,

15 “(II) free fatty acids, and

16 “(III) fatty acid esters.

17 “(ii) BIOMASS.—The term ‘biomass’  
18 has the same meaning given such term in  
19 section 45K(c)(3).

20 “(e) GUIDANCE.—Not later than January 1, 2025,  
21 the Secretary shall issue guidance regarding implementa-  
22 tion of this section, including calculation of emissions fac-  
23 tors for transportation fuel, the table described in sub-  
24 section (b)(1)(B)(i), and the determination of clean fuel  
25 production credits under this section.

1 “(f) SPECIAL RULES.—

2 “(1) ONLY REGISTERED PRODUCTION IN THE  
3 UNITED STATES TAKEN INTO ACCOUNT.—

4 “(A) IN GENERAL.—No clean fuel produc-  
5 tion credit shall be determined under subsection  
6 (a) with respect to any transportation fuel un-  
7 less—

8 “(i) the taxpayer—

9 “(I) is registered as a producer  
10 of clean fuel under section 4101 at  
11 the time of production, and

12 “(II) in the case of any transpor-  
13 tation fuel which is a sustainable avia-  
14 tion fuel, provides—

15 “(aa) certification (in such  
16 form and manner as the Sec-  
17 retary shall prescribe) from an  
18 unrelated party demonstrating  
19 compliance with—

20 “(AA) any general re-  
21 quirements, supply chain  
22 traceability requirements,  
23 and information trans-  
24 mission requirements estab-  
25 lished under the Carbon Off-

1                    setting    and    Reduction  
2                    Scheme   for   International  
3                    Aviation   described   in   sub-  
4                    clause   (I)   of   subsection  
5                    (b)(1)(B)(iii), or

6                                   “(BB) in the case of  
7                    any methodology described  
8                    in subclause (II) of such  
9                    subsection,    requirements  
10                   similar to the requirements  
11                   described in subitem (AA),  
12                   and

13                                  “(bb) such other information  
14                   with respect to such fuel as the  
15                   Secretary may require for pur-  
16                   poses of carrying out this section,  
17                   and

18                                  “(ii) such fuel is produced in the  
19                   United States.

20                                  “(B) UNITED STATES.—For purposes of  
21                   this paragraph, the term ‘United States’ in-  
22                   cludes any possession of the United States.

23                                  “(2) PRODUCTION ATTRIBUTABLE TO THE TAX-  
24                   PAYER.—In the case of a facility in which more than  
25                   1 person has an ownership interest, except to the ex-

1       tent provided in regulations prescribed by the Sec-  
2       retary, production from the facility shall be allocated  
3       among such persons in proportion to their respective  
4       ownership interests in the gross sales from such fa-  
5       cility.

6           “(3) RELATED PERSONS.—Persons shall be  
7       treated as related to each other if such persons  
8       would be treated as a single employer under the reg-  
9       ulations prescribed under section 52(b). In the case  
10      of a corporation which is a member of an affiliated  
11      group of corporations filing a consolidated return,  
12      such corporation shall be treated as selling fuel to  
13      an unrelated person if such fuel is sold to such a  
14      person by another member of such group.

15           “(4) PASS-THRU IN THE CASE OF ESTATES AND  
16      TRUSTS.—Under regulations prescribed by the Sec-  
17      retary, rules similar to the rules of subsection (d) of  
18      section 52 shall apply.

19           “(5) ALLOCATION OF CREDIT TO PATRONS OF  
20      AGRICULTURAL COOPERATIVE.—Rules similar to the  
21      rules of section 45Y(g)(6) shall apply.

22           “(6) PREVAILING WAGE REQUIREMENTS.—

23           “(A) IN GENERAL.—Subject to subpara-  
24      graph (B), rules similar to the rules of section  
25      45(b)(7) shall apply.



1           “(B) SPECIAL RULE FOR FACILITIES  
2           PLACED IN SERVICE BEFORE JANUARY 1,  
3           2025.—For purposes of subparagraph (A), in  
4           the case of any qualified facility placed in serv-  
5           ice before January 1, 2025—

6                   “(i) clause (i) of section 45(b)(7)(A)  
7                   shall not apply, and

8                   “(ii) clause (ii) of such section shall  
9                   be applied by substituting ‘with respect to  
10                  any taxable year beginning after December  
11                  31, 2024, for which the credit is allowed  
12                  under this section’ for ‘with respect to any  
13                  taxable year, for any portion of such tax-  
14                  able year which is within the period de-  
15                  scribed in subsection (a)(2)(A)(ii)’.

16                  “(7) APPRENTICESHIP REQUIREMENTS.—Rules  
17                  similar to the rules of section 45(b)(8) shall apply.

18                  “(g) TERMINATION.—This section shall not apply to  
19                  transportation fuel sold after December 31, 2027.”.

20                  (b) CONFORMING AMENDMENTS.—

21                   (1) Section 25C(d)(3), as amended by the pre-  
22                   ceding provisions of this Act, is amended—

23                           (A) in subparagraph (A), by striking  
24                           “and” at the end,

1 (B) in subparagraph (B), by striking the  
2 period at the end and inserting “, and”, and

3 (C) by adding at the end the following new  
4 subparagraph:

5 “(C) transportation fuel (as defined in sec-  
6 tion 45Z(d)(5)).”.

7 (2) Section 30C(c)(1)(B), as amended by the  
8 preceding provisions of this Act, is amended by add-  
9 ing at the end the following new clause:

10 “(iv) Any transportation fuel (as de-  
11 fined in section 45Z(d)(5)).”.

12 (3) Section 38(b), as amended by the preceding  
13 provisions of this Act, is amended—

14 (A) in paragraph (38), by striking “plus”  
15 at the end,

16 (B) in paragraph (39), by striking the pe-  
17 riod at the end and inserting “, plus”, and

18 (C) by adding at the end the following new  
19 paragraph:

20 “(40) the clean fuel production credit deter-  
21 mined under section 45Z(a).”.

22 (4) The table of sections for subpart D of part  
23 IV of subchapter A of chapter 1, as amended by the  
24 preceding provisions of this Act, is amended by add-  
25 ing at the end the following new item:

“Sec. 45Z. Clean fuel production credit.”.

1           (5) Section 4101(a)(1), as amended by the pre-  
2           ceding provisions of this Act, is amended by insert-  
3           ing “every person producing a fuel eligible for the  
4           clean fuel production credit (pursuant to section  
5           45Z),” after “section 6426(k)(3),”.

6           (c) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to transportation fuel produced  
8           after December 31, 2024.

9           **PART 8—CREDIT MONETIZATION AND**

10           **APPROPRIATIONS**

11           **SEC. 13801. ELECTIVE PAYMENT FOR ENERGY PROPERTY**  
12                           **AND ELECTRICITY PRODUCED FROM CER-**  
13                           **TAIN RENEWABLE RESOURCES, ETC.**

14           (a) IN GENERAL.—Subchapter B of chapter 65 is  
15           amended by inserting after section 6416 the following new  
16           section:

17           **“SEC. 6417. ELECTIVE PAYMENT OF APPLICABLE CREDITS.**

18           “(a) IN GENERAL.—In the case of an applicable enti-  
19           ty making an election (at such time and in such manner  
20           as the Secretary may provide) under this section with re-  
21           spect to any applicable credit determined with respect to  
22           such entity, such entity shall be treated as making a pay-  
23           ment against the tax imposed by subtitle A (for the tax-  
24           able year with respect to which such credit was deter-  
25           mined) equal to the amount of such credit.

1       “(b) APPLICABLE CREDIT.—The term ‘applicable  
2 credit’ means each of the following:

3           “(1) So much of the credit for alternative fuel  
4 vehicle refueling property allowed under section 30C  
5 which, pursuant to subsection (d)(1) of such section,  
6 is treated as a credit listed in section 38(b).

7           “(2) So much of the renewable electricity pro-  
8 duction credit determined under section 45(a) as is  
9 attributable to qualified facilities which are originally  
10 placed in service after December 31, 2022.

11          “(3) So much of the credit for carbon oxide se-  
12 questration determined under section 45Q(a) as is  
13 attributable to carbon capture equipment which is  
14 originally placed in service after December 31, 2022.

15          “(4) The zero-emission nuclear power produc-  
16 tion credit determined under section 45U(a).

17          “(5) So much of the credit for production of  
18 clean hydrogen determined under section 45V(a) as  
19 is attributable to qualified clean hydrogen produc-  
20 tion facilities which are originally placed in service  
21 after December 31, 2012.

22          “(6) In the case of a tax-exempt entity de-  
23 scribed in clause (i), (ii), or (iv) of section  
24 168(h)(2)(A), the credit for qualified commercial ve-

1        hicles determined under section 45W by reason of  
2        subsection (d)(3) thereof.

3            “(7) The credit for advanced manufacturing  
4        production under section 45X(a).

5            “(8) The clean electricity production credit de-  
6        termined under section 45Y(a).

7            “(9) The clean fuel production credit deter-  
8        mined under section 45Z(a).

9            “(10) The energy credit determined under sec-  
10       tion 48.

11           “(11) The qualifying advanced energy project  
12       credit determined under section 48C.

13           “(12) The clean electricity investment credit de-  
14       termined under section 48D.

15        “(c) SPECIAL RULES.—For purposes of this sec-  
16       tion—

17            “(1) APPLICABLE ENTITY.—

18            “(A) IN GENERAL.—The term ‘applicable  
19        entity’ means any organization exempt from the  
20        tax imposed by subtitle A, any State or local  
21        government (or political subdivision thereof),  
22        the Tennessee Valley Authority, an Indian trib-  
23        al government (as defined in section  
24        30D(g)(9)), or any Alaska Native Corporation

1 (as defined in section 3 of the Alaska Native  
2 Claims Settlement Act (43 U.S.C. 1602(m)).

3 “(B) ELECTION WITH RESPECT TO CREDIT  
4 FOR PRODUCTION OF CLEAN HYDROGEN.—If a  
5 taxpayer other than an entity described in sub-  
6 paragraph (A) makes an election under this  
7 subparagraph with respect to any taxable year  
8 in which such taxpayer has placed in service a  
9 qualified clean hydrogen production facility (as  
10 defined in section 45V(c)(3)), such taxpayer  
11 shall be treated as an applicable entity for pur-  
12 poses of this section for such taxable year, but  
13 only with respect to the credit described in sub-  
14 section (b)(5).

15 “(C) ELECTION WITH RESPECT TO CREDIT  
16 FOR CARBON OXIDE SEQUESTRATION.—If a  
17 taxpayer other than an entity described in sub-  
18 paragraph (A) makes an election under this  
19 subparagraph with respect to any taxable year  
20 in which such taxpayer has, after December 31,  
21 2022, placed in service carbon capture equip-  
22 ment at a qualified facility (as defined in sec-  
23 tion 45Q(d)), such taxpayer shall be treated as  
24 an applicable entity for purposes of this section

1 for such taxable year, but only with respect to  
2 the credit described in subsection (b)(3).

3 “(D) ELECTION WITH RESPECT TO AD-  
4 VANCED MANUFACTURING PRODUCTION CRED-  
5 IT.—

6 “(i) IN GENERAL.—If a taxpayer  
7 other than an entity described in subpara-  
8 graph (A) makes an election under this  
9 subparagraph with respect to any taxable  
10 year in which such taxpayer has, after De-  
11 cember 31, 2022, produced eligible compo-  
12 nents (as defined in section 45X(c)(1)),  
13 such taxpayer shall be treated as an appli-  
14 cable entity for purposes of this section for  
15 such taxable year, but only with respect to  
16 the credit described in subsection (b)(7).

17 “(ii) LIMITATION.—

18 “(I) IN GENERAL.—Except as  
19 provided in subclause (II), if a tax-  
20 payer makes an election under this  
21 subparagraph with respect to any tax-  
22 able year, such taxpayer shall be  
23 treated as having made such election  
24 for each of the 4 succeeding taxable  
25 years ending before January 1, 2033.

1                   “(II) EXCEPTION.—A taxpayer  
2                   may elect to revoke the application of  
3                   the election made under this subpara-  
4                   graph to any taxable year described in  
5                   subclause (I). Any such election, if  
6                   made, shall apply to the applicable  
7                   year specified in such election and  
8                   each subsequent taxable year within  
9                   the period described in subclause (I).  
10                  Any election under this subclause may  
11                  not be subsequently revoked.

12                  “(E) OTHER RULES.—

13                         “(i) IN GENERAL.—An election made  
14                         under subparagraph (B), (C), or (D) shall  
15                         be made at such time and in such manner  
16                         as the Secretary may provide.

17                         “(ii) LIMITATION.—No election may  
18                         be made under subparagraph (B), (C), or  
19                         (D) with respect to any taxable year begin-  
20                         ning after December 31, 2032.

21                         “(2) APPLICATION.—In the case of any applica-  
22                         ble entity which makes the election described in sub-  
23                         section (a), any applicable credit shall be deter-  
24                         mined—



1           “(A) without regard to paragraphs (3) and  
2           (4)(A)(i) of section 50(b), and

3           “(B) by treating any property with respect  
4           to which such credit is determined as used in  
5           a trade or business of the applicable entity.

6           “(3) ELECTIONS.—

7           “(A) IN GENERAL.—

8           “(i) DUE DATE.—Any election under  
9           subsection (a) shall be made not later  
10          than—

11                   “(I) in the case of any govern-  
12                   ment, or political subdivision, de-  
13                   scribed in paragraph (1) and for  
14                   which no return is required under sec-  
15                   tion 6011 or 6033(a), such date as is  
16                   determined appropriate by the Sec-  
17                   retary, or

18                   “(II) in any other case, the due  
19                   date (including extensions of time) for  
20                   the return of tax for the taxable year  
21                   for which the election is made, but in  
22                   no event earlier than 180 days after  
23                   the date of the enactment of this sec-  
24                   tion.

1           “(ii) ADDITIONAL RULES.—Any elec-  
2           tion under subsection (a), once made, shall  
3           be irrevocable and shall apply (except as  
4           otherwise provided in this paragraph) with  
5           respect to any credit for the taxable year  
6           for which the election is made.

7           “(B) RENEWABLE ELECTRICITY PRODUC-  
8           TION CREDIT.—In the case of the credit de-  
9           scribed in subsection (b)(2), any election under  
10          subsection (a) shall—

11           “(i) apply separately with respect to  
12           each qualified facility,

13           “(ii) be made for the taxable year in  
14           which such qualified facility is originally  
15           placed in service, and

16           “(iii) shall apply to such taxable year  
17           and to any subsequent taxable year which  
18           is within the period described in subsection  
19           (a)(2)(A)(ii) of section 45 with respect to  
20           such qualified facility.

21           “(C) CREDIT FOR CARBON OXIDE SEQUES-  
22          TRATION.—

23           “(i) IN GENERAL.—In the case of the  
24           credit described in subsection (b)(3), any  
25           election under subsection (a) shall—



1                   ment for purposes of the credit described  
2                   in subsection (b)(3).

3                   “(iii) REVOCATION OF ELECTION.—In  
4                   the case of a taxpayer who makes an elec-  
5                   tion described in paragraph (1)(C) with re-  
6                   spect to carbon capture equipment, such  
7                   taxpayer may, at any time during the pe-  
8                   riod described in clause (i)(II)(aa), revoke  
9                   the application of such election with re-  
10                  spect to such equipment for any subse-  
11                  quent taxable years during such period.  
12                  Any such election, if made, shall apply to  
13                  the applicable year specified in such elec-  
14                  tion and each subsequent taxable year  
15                  within the period described in clause  
16                  (i)(II)(aa). Any election under this sub-  
17                  clause may not be subsequently revoked.

18                  “(D) CREDIT FOR PRODUCTION OF CLEAN  
19                  HYDROGEN.—

20                  “(i) IN GENERAL.—In the case of the  
21                  credit described in subsection (b)(5), any  
22                  election under subsection (a) shall—

23                                  “(I) apply separately with respect  
24                                  to each qualified clean hydrogen pro-  
25                                  duction facility,

1                   “(II) be made for the taxable  
2                   year in which such facility is placed in  
3                   service (or within the 1-year period  
4                   subsequent to the date of enactment  
5                   of this section in the case of facilities  
6                   placed in service before December 31,  
7                   2022), and

8                   “(III)(aa) in the case of a tax-  
9                   payer who makes an election described  
10                  in paragraph (1)(B), apply to such  
11                  taxable year and the 4 subsequent  
12                  taxable years with respect to such fa-  
13                  cility which end before January 1,  
14                  2033, and

15                  “(bb) in any other case, apply to  
16                  such taxable year and all subsequent  
17                  taxable years with respect to such fa-  
18                  cility.

19                  “(ii) PROHIBITION ON TRANSFER.—  
20                  For any taxable year described in clause  
21                  (i)(III)(aa) with respect to a qualified  
22                  clean hydrogen production facility, no elec-  
23                  tion may be made by the taxpayer under  
24                  section 6418(a) for such taxable year with

1           respect to such facility for purposes of the  
2           credit described in subsection (b)(5).

3                   “(iii) REVOCATION OF ELECTION.—In  
4           the case of a taxpayer who makes an elec-  
5           tion described in paragraph (1)(B) with re-  
6           spect to a qualified clean hydrogen produc-  
7           tion facility, such taxpayer may, at any  
8           time during the period described in clause  
9           (i)(III)(aa), revoke the application of such  
10          election with respect to such facility for  
11          any subsequent taxable years during such  
12          period. Any such election, if made, shall  
13          apply to the applicable year specified in  
14          such election and each subsequent taxable  
15          year within the period described in clause  
16          (i)(II)(aa). Any election under this sub-  
17          clause may not be subsequently revoked.

18                   “(E) CLEAN ELECTRICITY PRODUCTION  
19          CREDIT.—In the case of the credit described in  
20          subsection (b)(8), any election under subsection  
21          (a) shall—

22                           “(i) apply separately with respect to  
23                           each qualified facility,

24                           “(ii) be made for the taxable year in  
25                           which such facility is placed in service, and

1                   “(iii) shall apply to such taxable year  
2                   and to any subsequent taxable year which  
3                   is within the period described in subsection  
4                   (b)(1)(B) of section 45Y with respect to  
5                   such facility.

6                   “(4) TIMING.—The payment described in sub-  
7                   section (a) shall be treated as made on—

8                   “(A) in the case of any government, or po-  
9                   litical subdivision, described in paragraph (1)  
10                  and for which no return is required under sec-  
11                  tion 6011 or 6033(a), the later of the date that  
12                  a return would be due under section 6033(a) if  
13                  such government or subdivision were described  
14                  in that section or the date on which such gov-  
15                  ernment or subdivision submits a claim for  
16                  credit or refund (at such time and in such man-  
17                  ner as the Secretary shall provide), and

18                  “(B) in any other case, the later of the due  
19                  date (determined without regard to extensions)  
20                  of the return of tax for the taxable year or the  
21                  date on which such return is filed.

22                  “(5) ADDITIONAL INFORMATION.—As a condi-  
23                  tion of, and prior to, any amount being treated as  
24                  a payment which is made by an applicable entity  
25                  under subsection (a), the Secretary may require such

1 information or registration as the Secretary deems  
2 necessary or appropriate for purposes of preventing  
3 duplication, fraud, improper payments, or excessive  
4 payments under this section.

5 “(6) EXCESSIVE PAYMENT.—

6 “(A) IN GENERAL.—In the case of any  
7 amount treated as a payment which is made by  
8 the applicable entity under subsection (a) which  
9 the Secretary determines constitutes an exces-  
10 sive payment, the tax imposed on such entity by  
11 chapter 1 (regardless of whether such entity  
12 would otherwise be subject to tax under such  
13 chapter) for the taxable year in which such de-  
14 termination is made shall be increased by an  
15 amount equal to the sum of—

16 “(i) the amount of such excessive pay-  
17 ment, plus

18 “(ii) an amount equal to 20 percent of  
19 such excessive payment.

20 “(B) REASONABLE CAUSE.—Subparagraph  
21 (A) shall not apply if the applicable entity dem-  
22 onstrates to the satisfaction of the Secretary  
23 that the excessive payment resulted from rea-  
24 sonable cause.



1           “(C) EXCESSIVE PAYMENT DEFINED.—For  
2 purposes of this paragraph, the term ‘excessive  
3 payment’ means, with respect to a facility or  
4 property for which an election is made under  
5 this section for any taxable year, an amount  
6 equal to the excess of—

7           “(i) the amount treated as a payment  
8 which is made by the applicable entity  
9 under subsection (a) with respect to such  
10 facility or property for such taxable year,  
11 over

12           “(ii) the amount of the credit which,  
13 without application of this section, would  
14 be otherwise allowable (as determined pur-  
15 suant to paragraph (2) and without regard  
16 to section 38(c)) under this title with re-  
17 spect to such facility or property for such  
18 taxable year.

19           “(d) DENIAL OF DOUBLE BENEFIT.—In the case of  
20 an applicable entity making an election under this section  
21 with respect to an applicable credit, such credit shall be  
22 reduced to zero and shall, for any other purposes under  
23 this title, be deemed to have been allowed to such entity  
24 for such taxable year.

1       “(e) MIRROR CODE POSSESSIONS.—In the case of  
2 any possession of the United States with a mirror code  
3 tax system (as defined in section 24(k)), this section shall  
4 not be treated as part of the income tax laws of the United  
5 States for purposes of determining the income tax law of  
6 such possession unless such possession elects to have this  
7 section be so treated.

8       “(f) BASIS REDUCTION AND RECAPTURE.—Except  
9 as otherwise provided in subsection (c)(2)(A), rules similar  
10 to the rules of section 50 shall apply for purposes of this  
11 section.

12       “(g) REGULATIONS.—The Secretary shall issue such  
13 regulations or other guidance as may be necessary or ap-  
14 propriate to carry out the purposes of this section, includ-  
15 ing guidance to ensure that the amount of the payment  
16 or deemed payment made under this section is commensu-  
17 rate with the amount of the credit that would be otherwise  
18 allowable (determined without regard to section 38(c)).”.

19       (b) TRANSFER OF CERTAIN CREDITS.—Subchapter  
20 B of chapter 65, as amended by subsection (a), is amend-  
21 ed by inserting after section 6417 the following new sec-  
22 tion:

23       **“SEC. 6418. TRANSFER OF CERTAIN CREDITS.**

24       “(a) IN GENERAL.—In the case of an eligible tax-  
25 payer which elects to transfer all (or any portion specified

1 in the election) of an eligible credit determined with re-  
2 spect to such taxpayer for any taxable year to a taxpayer  
3 (referred to in this section as the ‘transferee taxpayer’)  
4 which is not related (within the meaning of section 267(b)  
5 or 707(b)(1)) to the eligible taxpayer, the transferee tax-  
6 payer specified in such election (and not the eligible tax-  
7 payer) shall be treated as the taxpayer for purposes of  
8 this title with respect to such credit (or such portion there-  
9 of).

10 “(b) TREATMENT OF PAYMENTS MADE IN CONNEC-  
11 TION WITH TRANSFER.—With respect to any amount paid  
12 by a transferee taxpayer to an eligible taxpayer as consid-  
13 eration for a transfer described in subsection (a), such  
14 consideration—

15 “(1) shall be required to be paid in cash,

16 “(2) shall not be includible in gross income of  
17 the eligible taxpayer, and

18 “(3) with respect to the transferee taxpayer,  
19 shall not be deductible under this title.

20 “(c) APPLICATION TO PARTNERSHIPS AND S COR-  
21 PORATIONS.—

22 “(1) IN GENERAL.—In the case of any eligible  
23 credit determined with respect to any facility or  
24 property held directly by a partnership or S corpora-  
25 tion, if such partnership or S corporation makes an

1 election under subsection (a) (in such manner as the  
2 Secretary may provide) with respect to such credit—

3 “(A) any amount received as consideration  
4 for a transfer described in such subsection shall  
5 be treated as tax exempt income for purposes of  
6 sections 705 and 1366, and

7 “(B) a partner’s distributive share of such  
8 tax exempt income shall be based on such part-  
9 ner’s distributive share of the otherwise eligible  
10 credit for each taxable year.

11 “(2) COORDINATION WITH APPLICATION AT  
12 PARTNER OR SHAREHOLDER LEVEL.—In the case of  
13 any facility or property held directly by a partner-  
14 ship or S corporation, no election by any partner or  
15 shareholder shall be allowed under subsection (a)  
16 with respect to any eligible credit determined with  
17 respect to such facility or property.

18 “(d) TAXABLE YEAR IN WHICH CREDIT TAKEN INTO  
19 ACCOUNT.—In the case of any credit (or portion thereof)  
20 with respect to which an election is made under subsection  
21 (a), such credit shall be taken into account in the first  
22 taxable year of the transferee taxpayer ending with, or  
23 after, the taxable year of the eligible taxpayer with respect  
24 to which the credit was determined.

25 “(e) LIMITATIONS ON ELECTION.—

1           “(1) TIME FOR ELECTION.—An election under  
2           subsection (a) to transfer any portion of an eligible  
3           credit shall be made not later than the due date (in-  
4           cluding extensions of time) for the return of tax for  
5           the taxable year for which the credit is determined,  
6           but in no event earlier than 180 days after the date  
7           of the enactment of this section. Any such election,  
8           once made, shall be irrevocable.

9           “(2) NO ADDITIONAL TRANSFERS.—No election  
10          may be made under subsection (a) by a transferee  
11          taxpayer with respect to any portion of an eligible  
12          credit which has been previously transferred to such  
13          taxpayer pursuant to this section.

14          “(f) DEFINITIONS.—For purposes of this section—

15               “(1) ELIGIBLE CREDIT.—

16                   “(A) IN GENERAL.—The term ‘eligible  
17                   credit’ means each of the following:

18                           “(i) So much of the credit for alter-  
19                           native fuel vehicle refueling property al-  
20                           lowed under section 30C which, pursuant  
21                           to subsection (d)(1) of such section, is  
22                           treated as a credit listed in section 38(b).

23                           “(ii) The renewable electricity produc-  
24                           tion credit determined under section 45(a).

1                   “(iii) The credit for carbon oxide se-  
2                   questration determined under section  
3                   45Q(a).

4                   “(iv) The zero-emission nuclear power  
5                   production credit determined under section  
6                   45U(a).

7                   “(v) The clean hydrogen production  
8                   credit determined under section 45V(a).

9                   “(vi) The advanced manufacturing  
10                  production credit determined under section  
11                  45X(a).

12                  “(vii) The clean electricity production  
13                  credit determined under section 45Y(a).

14                  “(viii) The clean fuel production cred-  
15                  it determined under section 45Z(a).

16                  “(ix) The energy credit determined  
17                  under section 48.

18                  “(x) The qualifying advanced energy  
19                  project credit determined under section  
20                  48C.

21                  “(xi) The clean electricity investment  
22                  credit determined under section 48D.

23                  “(B) ELECTION FOR CERTAIN CREDITS.—

24                  In the case of any eligible credit described in  
25                  clause (ii), (iii), (v), or (vii) of subparagraph

1 (A), an election under subsection (a) shall be  
2 made—

3 “(i) separately with respect to each  
4 facility for which such credit is determined,  
5 and

6 “(ii) for each taxable year during the  
7 10-year period beginning on the date such  
8 facility was originally placed in service (or,  
9 in the case of the credit described in clause  
10 (iii), for each year during the 12-year pe-  
11 riod beginning on the date the carbon cap-  
12 ture equipment was originally placed in  
13 service at such facility).

14 “(C) EXCEPTION FOR BUSINESS CREDIT  
15 CARRYFORWARDS OR CARRYBACKS.—The term  
16 ‘eligible credit’ shall not include any business  
17 credit carryforward or business credit carryback  
18 determined under section 39.

19 “(2) ELIGIBLE TAXPAYER.—The term ‘eligible  
20 taxpayer’ means any taxpayer which is not described  
21 in section 6417(c)(1)(A).

22 “(g) SPECIAL RULES.—For purposes of this sec-  
23 tion—

24 “(1) ADDITIONAL INFORMATION.—As a condi-  
25 tion of, and prior to, any transfer of any portion of

1 an eligible credit pursuant to subsection (a), the  
2 Secretary may require such information (including,  
3 in such form or manner as is determined appro-  
4 priate by the Secretary, such information returns) or  
5 registration as the Secretary deems necessary or ap-  
6 propriate for purposes of preventing duplication,  
7 fraud, improper payments, or excessive payments  
8 under this section.

9 “(2) EXCESSIVE PAYMENT.—

10 “(A) IN GENERAL.—In the case of any  
11 portion of an eligible credit which is transferred  
12 to a transferee taxpayer pursuant to subsection  
13 (a) which the Secretary determines constitutes  
14 an excessive payment, the tax imposed on the  
15 transferee taxpayer by chapter 1 (regardless of  
16 whether such entity would otherwise be subject  
17 to tax under such chapter) for the taxable year  
18 in which such determination is made shall be  
19 increased by an amount equal to the sum of—

20 “(i) the amount of such excessive pay-  
21 ment, plus

22 “(ii) an amount equal to 20 percent of  
23 such excessive payment.

24 “(B) REASONABLE CAUSE.—Subparagraph  
25 (A) shall not apply if the transferee taxpayer



1 demonstrates to the satisfaction of the Sec-  
2 retary that the excessive payment resulted from  
3 reasonable cause.

4 “(C) EXCESSIVE PAYMENT DEFINED.—For  
5 purposes of this paragraph, the term ‘excessive  
6 payment’ means, with respect to a facility or  
7 property for which an election is made under  
8 subsection (a) for any taxable year, an amount  
9 equal to the excess of—

10 “(i) the amount of the eligible credit  
11 claimed by the transferee taxpayer with re-  
12 spect to such facility or property for such  
13 taxable year, over

14 “(ii) the amount of such credit which,  
15 without application of this section, would  
16 be otherwise allowable (determined without  
17 regard to section 38(c)) under this title  
18 with respect to such facility or property for  
19 such taxable year.

20 “(3) BASIS REDUCTION.—In the case of any  
21 election under subsection (a) with respect to any  
22 portion of an eligible credit described in clauses (ix)  
23 through (xi) of subsection (f)(1)(A), subsection (c)  
24 of section 50 shall apply to the applicable investment  
25 credit property (as defined in subsection (a)(5) of

1 such section) as if such eligible credit was allowed to  
2 the eligible taxpayer.

3 “(4) PROHIBITION ON ELECTION OR TRANSFER  
4 WITH RESPECT TO PROGRESS EXPENDITURES.—This  
5 section shall not apply with respect to any amount  
6 of an eligible credit which is allowed pursuant to  
7 rules similar to the rules of subsections (c)(4) and  
8 (d) of section 46 (as in effect on the day before the  
9 date of the enactment of the Revenue Reconciliation  
10 Act of 1990).

11 “(h) REGULATIONS.—The Secretary shall issue such  
12 regulations or other guidance as may be necessary or ap-  
13 propriate to carry out the purposes of this section, includ-  
14 ing regulations or other guidance providing rules for deter-  
15 mining a partner’s distributive share of the tax exempt  
16 income described in subsection (c)(1).”.

17 (c) REAL ESTATE INVESTMENT TRUSTS.—Section  
18 50(d) is amended by adding at the end the following: “In  
19 the case of a real estate investment trust making an elec-  
20 tion under section 6418, paragraphs (1)(B) and (2)(B)  
21 of the section 46(e) referred to in paragraph (1) of this  
22 subsection shall not apply to any investment credit prop-  
23 erty of such real estate investment trust to which such  
24 election applies.”.

1 (d) 3-YEAR CARRYBACK FOR APPLICABLE CRED-  
2 ITS.—Section 39(a) is amended by adding at the end the  
3 following:

4 “(4) 3-YEAR CARRYBACK FOR APPLICABLE  
5 CREDITS.—Notwithstanding subsection (d), in the  
6 case of any applicable credit (as defined in section  
7 6417(b))—

8 “(A) this section shall be applied sepa-  
9 rately from the business credit (other than the  
10 applicable credit),

11 “(B) paragraph (1) shall be applied by  
12 substituting ‘each of the 3 taxable years’ for  
13 ‘the taxable year’ in subparagraph (A) thereof,  
14 and

15 “(C) paragraph (2) shall be applied—

16 “(i) by substituting ‘23 taxable years’  
17 for ‘21 taxable years’ in subparagraph (A)  
18 thereof, and

19 “(ii) by substituting ‘22 taxable years’  
20 for ‘20 taxable years’ in subparagraph (B)  
21 thereof.”.

22 (e) CLERICAL AMENDMENT.—The table of sections  
23 for subchapter B of chapter 65 is amended by inserting  
24 after the item relating to section 6416 the following new  
25 items:

“Sec. 6417. Elective payment of applicable credits.

“Sec. 6418. Transfer of certain credits.”.

1 (f) **EFFECTIVE DATE.**—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2022.

4 **SEC. 13802. APPROPRIATIONS.**

5 Immediately upon the enactment of this Act, in addi-  
6 tion to amounts otherwise available, there are appro-  
7 priated for fiscal year 2022, out of any money in the  
8 Treasury not otherwise appropriated, \$500,000,000 to re-  
9 main available until September 30, 2031, for necessary ex-  
10 penses for the Internal Revenue Service to carry out this  
11 subtitle (and the amendments made by this subtitle),  
12 which shall supplement and not supplant any other appro-  
13 priations that may be available for this purpose.

14 **PART IX—OTHER PROVISIONS**

15 **SEC. 13901. PERMANENT EXTENSION OF TAX RATE TO**  
16 **FUND BLACK LUNG DISABILITY TRUST FUND.**

17 (a) **IN GENERAL.**—Section 4121 is amended by strik-  
18 ing subsection (e).

19 (b) **EFFECTIVE DATE.**—The amendment made by  
20 this section shall apply to sales in calendar quarters begin-  
21 ning after the date of the enactment of this Act.

1 **SEC. 13902. INCREASE IN RESEARCH CREDIT AGAINST PAY-**  
2 **ROLL TAX FOR SMALL BUSINESSES.**

3 (a) IN GENERAL.—Clause (i) of section 41(h)(4)(B)  
4 is amended—

5 (1) by striking “AMOUNT.—The amount” and  
6 inserting “AMOUNT.—

7 “(I) IN GENERAL.—The  
8 amount”, and

9 (2) by adding at the end the following new sub-  
10 clause:

11 “(II) INCREASE.—In the case of  
12 taxable years beginning after Decem-  
13 ber 31, 2022, the amount in subclause  
14 (I) shall be increased by \$250,000.”.

15 (b) ALLOWANCE OF CREDIT.—

16 (1) IN GENERAL.—Paragraph (1) of section  
17 3111(f) is amended—

18 (A) by striking “for a taxable year, there  
19 shall be allowed” and inserting “for a taxable  
20 year—

21 “(A) there shall be allowed”,

22 (B) by striking “equal to the” and insert-  
23 ing “equal to so much of the”,

24 (C) by striking the period at the end and  
25 inserting “as does not exceed the limitation of  
26 subclause (I) of section 41(h)(4)(B)(i) (applied

1 without regard to subclause (II) thereof), and”,  
2 and

3 (D) by adding at the end the following new  
4 subparagraph:

5 “(B) there shall be allowed as a credit  
6 against the tax imposed by subsection (b) for  
7 the first calendar quarter which begins after the  
8 date on which the taxpayer files the return  
9 specified in section 41(h)(4)(A)(ii) an amount  
10 equal to so much of the payroll tax credit por-  
11 tion determined under section 41(h)(2) as is  
12 not allowed as a credit under subparagraph  
13 (A).”.

14 (2) LIMITATION.—Paragraph (2) of section  
15 3111(f) is amended—

16 (A) by striking “paragraph (1)” and in-  
17 serting “paragraph (1)(A)”, and

18 (B) by inserting “, and the credit allowed  
19 by paragraph (1)(B) shall not exceed the tax  
20 imposed by subsection (b) for any calendar  
21 quarter,” after “calendar quarter”.

22 (3) CARRYOVER.—Paragraph (3) of section  
23 3111(f) is amended by striking “the credit” and in-  
24 serting “any credit”.

1 (4) DEDUCTION ALLOWED.—Paragraph (4) of  
2 section 3111(f) is amended—

3 (A) by striking “credit” and inserting  
4 “credits”, and

5 (B) by striking “subsection (a)” and in-  
6 serting “subsection (a) or (b)”.

7 (c) AGGREGATION RULES.—Clause (ii) of section  
8 41(h)(5)(B) is amended by striking “the \$250,000  
9 amount” and inserting “each of the \$250,000 amounts”.

10 (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2022.

13 **TITLE II—COMMITTEE ON AGRI-**  
14 **CULTURE, NUTRITION, AND**  
15 **FORESTRY**

16 **Subtitle A—General Provisions**

17 **SEC. 20001. DEFINITION OF SECRETARY.**

18 In this title, the term “Secretary” means the Sec-  
19 retary of Agriculture.

20 **Subtitle B—Conservation**

21 **SEC. 21001. ADDITIONAL AGRICULTURAL CONSERVATION**  
22 **INVESTMENTS.**

23 (a) APPROPRIATIONS.—In addition to amounts other-  
24 wise available (and subject to subsection (b)), there are  
25 appropriated to the Secretary, out of any money in the

1 Treasury not otherwise appropriated, to remain available  
2 until September 30, 2031 (subject to the condition that  
3 no such funds may be disbursed after September 30,  
4 2031)—

5 (1) to carry out, using the facilities and au-  
6 thorities of the Commodity Credit Corporation, the  
7 environmental quality incentives program under sub-  
8 chapter A of chapter 4 of subtitle D of title XII of  
9 the Food Security Act of 1985 (16 U.S.C. 3839aa  
10 through 3839aa-8)—

11 (A)(i) \$250,000,000 for fiscal year 2023;

12 (ii) \$1,750,000,000 for fiscal year 2024;

13 (iii) \$3,000,000,000 for fiscal year 2025;

14 and

15 (iv) \$3,450,000,000 for fiscal year 2026;

16 and

17 (B) subject to the conditions on the use of  
18 the funds that—

19 (i) section 1240B(f)(1) of the Food  
20 Security Act of 1985 (16 U.S.C. 3839aa-  
21 2(f)(1)) shall not apply;

22 (ii) section 1240H(c)(2) of the Food  
23 Security Act of 1985 (16 U.S.C. 3839aa-  
24 8(c)(2)) shall be applied—



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1 (I) by substituting  
2 “\$50,000,000” for “\$25,000,000”;  
3 and

4 (II) with the Secretary  
5 prioritizing proposals that utilize diet  
6 and feed management to reduce en-  
7 teric methane emissions from  
8 ruminants;

9 (iii) the funds shall be available for 1  
10 or more agricultural conservation practices  
11 or enhancements that the Secretary deter-  
12 mines directly improve soil carbon or re-  
13 duce nitrogen losses or greenhouse gas  
14 emissions, or capture or sequester green-  
15 house gas emissions, associated with agri-  
16 cultural production; and

17 (iv) the Secretary shall prioritize  
18 projects and activities that mitigate or ad-  
19 dress climate change through the manage-  
20 ment of agricultural production, including  
21 by reducing or avoiding greenhouse gas  
22 emissions;

23 (2) to carry out, using the facilities and au-  
24 thorities of the Commodity Credit Corporation, the  
25 conservation stewardship program under subchapter

1 B of that chapter (16 U.S.C. 3839aa–21 through  
2 3839aa–25)—

3 (A)(i) \$250,000,000 for fiscal year 2023;

4 (ii) \$500,000,000 for fiscal year 2024;

5 (iii) \$1,000,000,000 for fiscal year 2025;

6 and

7 (iv) \$1,500,000,000 for fiscal year 2026;

8 and

9 (B) subject to the conditions on the use of  
10 the funds that—

11 (i) the funds shall only be available  
12 for—

13 (I) 1 or more agricultural con-  
14 servation practices or enhancements  
15 that the Secretary determines directly  
16 improve soil carbon or reduce nitrogen  
17 losses or greenhouse gas emissions, or  
18 capture or sequester greenhouse gas  
19 emissions, associated with agricultural  
20 production; or

21 (II) State-specific or region-spe-  
22 cific groupings or bundles of agricul-  
23 tural conservation activities for cli-  
24 mate change mitigation appropriate  
25 for cropland, pastureland, rangeland,

1 nonindustrial private forest land, and  
2 producers transitioning to organic or  
3 perennial production systems; and

4 (ii) the Secretary shall prioritize  
5 projects and activities that mitigate or ad-  
6 dress climate change through the manage-  
7 ment of agricultural production, including  
8 by reducing or avoiding greenhouse gas  
9 emissions;

10 (3) to carry out, using the facilities and au-  
11 thorities of the Commodity Credit Corporation, the  
12 agricultural conservation easement program under  
13 subtitle H of title XII of that Act (16 U.S.C. 3865  
14 through 3865d)—

15 (A)(i) \$100,000,000 for fiscal year 2023;

16 (ii) \$200,000,000 for fiscal year 2024;

17 (iii) \$500,000,000 for fiscal year 2025;

18 and

19 (iv) \$600,000,000 for fiscal year 2026; and

20 (B) subject to the condition on the use of  
21 the funds that the Secretary shall prioritize  
22 projects and activities that mitigate or address  
23 climate change through the management of ag-  
24 ricultural production, including by reducing or  
25 avoiding greenhouse gas emissions; and

1           (4) to carry out, using the facilities and au-  
2           thorities of the Commodity Credit Corporation, the  
3           regional conservation partnership program under  
4           subtitle I of title XII of that Act (16 U.S.C. 3871  
5           through 3871f)—

6                   (A)(i) \$250,000,000 for fiscal year 2023;

7                   (ii) \$1,200,000,000 for fiscal year 2024;

8                   (iii) \$2,250,000,000 for fiscal year 2025;

9           and

10                   (iv) \$3,050,000,000 for fiscal year 2026;

11           and

12                   (B) subject to the conditions on the use of  
13           the funds that the Secretary—

14                   (i) shall prioritize partnership agree-  
15                   ments under section 1271C(d) of the Food  
16                   Security Act of 1985 (16 U.S.C. 3871c(d))  
17                   that support the implementation of con-  
18                   servation projects that assist agricultural  
19                   producers and nonindustrial private  
20                   forestland owners in directly improving soil  
21                   carbon or reducing nitrogen losses or  
22                   greenhouse gas emissions, or capturing or  
23                   sequestering greenhouse gas emissions, as-  
24                   sociated with agricultural production;

1 (ii) shall prioritize projects and activi-  
2 ties that mitigate or address climate  
3 change through the management of agri-  
4 cultural production, including by reducing  
5 or avoiding greenhouse gas emissions; and

6 (iii) may prioritize projects that—

7 (I) leverage corporate supply  
8 chain sustainability commitments; or

9 (II) utilize models that pay for  
10 outcomes from targeting methane and  
11 nitrous oxide emissions associated  
12 with agricultural production systems.

13 (b) CONDITIONS.—The funds made available under  
14 subsection (a) are subject to the conditions that the Sec-  
15 retary shall not—

16 (1) enter into any agreement—

17 (A) that is for a term extending beyond  
18 September 30, 2031; or

19 (B) under which any payment could be  
20 outlaid or funds disbursed after September 30,  
21 2031; or

22 (2) use any other funds available to the Sec-  
23 retary to satisfy obligations initially made under this  
24 section.

25 (c) CONFORMING AMENDMENTS.—

1           (1) Section 1240B of the Food Security Act of  
2           1985 (16 U.S.C. 3839aa-2) is amended—

3                   (A) in subsection (a), by striking “2023”  
4                   and inserting “2031”; and

5                   (B) in subsection (f)(2)(B)—

6                           (i) in the subparagraph heading, by  
7                           striking “2023” and inserting “2031”; and

8                           (ii) by striking “2023” and inserting  
9                           “2031”.

10           (2) Section 1240H of the Food Security Act of  
11           1985 (16 U.S.C. 3839aa-8) is amended by striking  
12           “2023” each place it appears and inserting “2031”.

13           (3) Section 1240J(a) of the Food Security Act  
14           of 1985 (16 U.S.C. 3839aa-22(a)) is amended, in  
15           the matter preceding paragraph (1), by striking  
16           “2023” and inserting “2031”.

17           (4) Section 1240L(h)(2)(A) of the Food Secu-  
18           rity Act of 1985 (16 U.S.C. 3839aa-24(h)(2)(A)) is  
19           amended by striking “2023” and inserting “2031”.

20           (5) Section 1241 of the Food Security Act of  
21           1985 (16 U.S.C. 3841) is amended—

22                   (A) in subsection (a)—

23                           (i) in the matter preceding paragraph  
24                           (1), by striking “2023” and inserting  
25                           “2031”;

1 (ii) in paragraph (1), by striking  
2 “2023” each place it appears and inserting  
3 “2031”;

4 (iii) in paragraph (2)(F), by striking  
5 “2023” and inserting “2031”; and

6 (iv) in paragraph (3), by striking “fis-  
7 cal year 2023” each place it appears and  
8 inserting “each of fiscal years 2023  
9 through 2031”;

10 (B) in subsection (b), by striking “2023”  
11 and inserting “2031”; and

12 (C) in subsection (h)—

13 (i) in paragraph (1)(B), in the sub-  
14 paragraph heading, by striking “2023” and  
15 inserting “2031”; and

16 (ii) by striking “2023” each place it  
17 appears and inserting “2031”.

18 (6) Section 1244(n)(3)(A) of the Food Security  
19 Act of 1985 (16 U.S.C. 3844(n)(3)(A)) is amended  
20 by striking “2023” and inserting “2031”.

21 (7) Section 1271D(a) of the Food Security Act  
22 of 1985 (16 U.S.C. 3871d(a)) is amended by strik-  
23 ing “2023” and inserting “2031”.

1 **SEC. 21002. CONSERVATION TECHNICAL ASSISTANCE.**

2 (a) APPROPRIATIONS.—In addition to amounts other-  
3 wise available (and subject to subsection (b)), there are  
4 appropriated to the Secretary for fiscal year 2022, out of  
5 any money in the Treasury not otherwise appropriated,  
6 to remain available until September 30, 2031 (subject to  
7 the condition that no such funds may be disbursed after  
8 September 30, 2031)—

9 (1) \$1,000,000,000 to provide conservation  
10 technical assistance through the Natural Resources  
11 Conservation Service; and

12 (2) \$300,000,000 to carry out a carbon seques-  
13 tration and greenhouse gas emissions quantification  
14 program through which the Natural Resources Con-  
15 servation Service, including through technical service  
16 providers and other partners, shall collect field-based  
17 data to assess the carbon sequestration and green-  
18 house gas emissions reduction outcomes associated  
19 with activities carried out pursuant to this section  
20 and use the data to monitor and track greenhouse  
21 gas emissions and carbon sequestration trends  
22 through the Greenhouse Gas Inventory and Assess-  
23 ment Program of the Department of Agriculture.

24 (b) CONDITIONS.—The funds made available under  
25 this section are subject to the conditions that the Sec-  
26 retary shall not—



1 (1) enter into any agreement—

2 (A) that is for a term extending beyond  
3 September 30, 2031; or

4 (B) under which any payment could be  
5 outlaid or funds disbursed after September 30,  
6 2031;

7 (2) use any other funds available to the Sec-  
8 retary to satisfy obligations initially made under this  
9 section; or

10 (3) interpret this section to authorize funds of  
11 the Commodity Credit Corporation for activities  
12 under this section if such funds are not expressly  
13 authorized or currently expended for such purposes.

14 (c) ADMINISTRATIVE COSTS.—In addition to  
15 amounts otherwise available, there is appropriated to the  
16 Secretary for fiscal year 2022, out of any money in the  
17 Treasury not otherwise appropriated, \$100,000,000, to re-  
18 main available until September 30, 2028, for administra-  
19 tive costs of the agencies and offices of the Department  
20 of Agriculture for costs related to implementing this sec-  
21 tion.

1       **Subtitle C—Rural Development**

2       **SEC. 22001. ADDITIONAL FUNDING FOR ELECTRIC LOANS**  
 3                               **FOR RENEWABLE ENERGY.**

4           Section 9003 of the Farm Security and Rural Invest-  
 5       ment Act of 2002 (7 U.S.C. 8103) is amended by adding  
 6       at the end the following:

7           “(h) **ADDITIONAL FUNDING FOR ELECTRIC LOANS**  
 8       **FOR RENEWABLE ENERGY.—**

9                       “(1) **APPROPRIATIONS.—**Notwithstanding sub-  
 10       sections (a) through (e), and (g), in addition to  
 11       amounts otherwise available, there is appropriated to  
 12       the Secretary for fiscal year 2022, out of any money  
 13       in the Treasury not otherwise appropriated,  
 14       \$1,000,000,000, to remain available until September  
 15       30, 2031, for the cost of loans under section 317 of  
 16       the Rural Electrification Act of 1936 (7 U.S.C.  
 17       940g), including for projects that store electricity  
 18       that support the types of eligible projects under that  
 19       section, which shall be forgiven based on how the  
 20       borrower and the project meets the terms and condi-  
 21       tions for loan forgiveness consistent with the pur-  
 22       poses of that section established by the Secretary.

23                       “(2) **LIMITATION.—**The Secretary shall not  
 24       enter into any loan agreement pursuant this sub-

1 section that could result in disbursements after Sep-  
2 tember 30, 2031.

3 “(3) RESTRICTION.—A loan under paragraph  
4 (1) shall be forgiven in an amount that is not great-  
5 er than 50 percent of the loan, unless the Secretary  
6 waives such restriction.”.

7 **SEC. 22002. RURAL ENERGY FOR AMERICA PROGRAM.**

8 (a) APPROPRIATION.—In addition to amounts other-  
9 wise available, there is appropriated to the Secretary, out  
10 of any money in the Treasury not otherwise appropriated,  
11 for eligible projects under section 9007 of the Farm Secu-  
12 rity and Rural Investment Act of 2002 (7 U.S.C. 8107),  
13 and notwithstanding section 9007(c)(3)(A) of that Act,  
14 the amount of a grant shall not exceed 50 percent of the  
15 cost of the activity carried out using the grant funds—

16 (1) \$820,250,000 for fiscal year 2022, to re-  
17 main available until September 30, 2031; and

18 (2) \$180,276,500 for each of fiscal years 2023  
19 through 2027, to remain available until September  
20 30, 2031.

21 (b) UNDERUTILIZED RENEWABLE ENERGY TECH-  
22 NOLOGIES.—In addition to amounts otherwise available,  
23 there is appropriated to the Secretary, out of any money  
24 in the Treasury not otherwise appropriated, to provide  
25 grants and loans guaranteed by the Secretary (including

1 the costs of such loans) under the program described in  
2 subsection (a) relating to underutilized renewable energy  
3 technologies, and to provide technical assistance for apply-  
4 ing to the program described in subsection (a), including  
5 for underutilized renewable energy technologies, notwith-  
6 standing section 9007(c)(3)(A) of the Farm Security and  
7 Rural Investment Act of 2002 (7 U.S.C. 8107(c)(3)(A)),  
8 the amount of a grant shall not exceed 50 percent of the  
9 cost of the activity carried out using the grant funds, and  
10 to the extent the following amounts remain available at  
11 the end of each fiscal year, the Secretary shall use such  
12 amounts in accordance with subsection (a)—

13           (1) \$144,750,000 for fiscal year 2022, to re-  
14           main available until September 30, 2031; and

15           (2) \$31,813,500 for each of fiscal years 2023  
16           through 2027, to remain available until September  
17           30, 2031.

18           (c) LIMITATION.—The Secretary shall not enter into,  
19           pursuant to this section—

20           (1) any loan agreement that may result in a  
21           disbursement after September 30, 2031; or

22           (2) any grant agreement that may result in any  
23           outlay after September 30, 2031.

1 **SEC. 22003. BIOFUEL INFRASTRUCTURE AND AGRI-**  
2 **CULTURE PRODUCT MARKET EXPANSION.**

3 Section 9003 of the Farm Security and Rural Invest-  
4 ment Act of 2002 (7 U.S.C. 8103) (as amended by section  
5 22001) is amended by adding at the end the following:

6 “(i) BIOFUEL INFRASTRUCTURE AND AGRICULTURE  
7 PRODUCT MARKET EXPANSION.—

8 “(1) APPROPRIATION.—Notwithstanding sub-  
9 sections (a) through (e) and subsection (g), in addi-  
10 tion to amounts otherwise available, there is appro-  
11 priated to the Secretary for fiscal year 2022, out of  
12 any money in the Treasury not otherwise appro-  
13 priated, \$500,000,000, to remain available until  
14 September 30, 2031, to carry out this subsection.

15 “(2) USE OF FUNDS.—The Secretary shall use  
16 the amounts made available by paragraph (1) to  
17 provide grants, for which the Federal share shall be  
18 not more than 75 percent of the total cost of car-  
19 rying out a project for which the grant is provided,  
20 on a competitive basis, to increase the sale and use  
21 of agricultural commodity-based fuels through infra-  
22 structure improvements for blending, storing, sup-  
23 plying, or distributing biofuels, except for transpor-  
24 tation infrastructure not on location where such  
25 biofuels are blended, stored, supplied, or distrib-  
26 uted—

1           “(A) by installing, retrofitting, or other-  
2           wise upgrading fuel dispensers or pumps and  
3           related equipment, storage tank system compo-  
4           nents, and other infrastructure required at a lo-  
5           cation related to dispensing certain biofuels  
6           blends to ensure the increased sales of fuels  
7           with high levels of commodity-based ethanol  
8           and biodiesel that are at or greater than the  
9           levels required in the Notice of Funding Avail-  
10          ability for the Higher Blends Infrastructure In-  
11          centive Program for Fiscal Year 2020, pub-  
12          lished in the Federal Register (85 Fed. Reg.  
13          26656), as determined by the Secretary; and

14           “(B) by building and retrofitting home  
15           heating oil distribution centers or equivalent en-  
16           tities and distribution systems for ethanol and  
17           biodiesel blends.

18           “(3) LIMITATION.—The Secretary may not  
19           limit the amount of funding an eligible entity may  
20           receive under this subsection provided that no eligi-  
21           ble entity may receive more than 10 percent of the  
22           funds appropriated under paragraph (1) unless there  
23           are insufficient eligible applicants, as determined by  
24           the Secretary, to which to award those funds.”.

1 **SEC. 22004. USDA ASSISTANCE FOR RURAL ELECTRIC CO-**  
2 **OPERATIVES.**

3 Section 9003 of the Farm Security and Rural Invest-  
4 ment Act of 2002 (7 U.S.C. 8103) (as amended by section  
5 22003) is amended by adding at the end the following:

6 “(j) USDA ASSISTANCE FOR RURAL ELECTRIC CO-  
7 OPERATIVES.—

8 “(1) APPROPRIATION.—Notwithstanding sub-  
9 sections (a) through (e) and (g), in addition to  
10 amounts otherwise available, there is appropriated to  
11 the Secretary for fiscal year 2022, out of any money  
12 in the Treasury not otherwise appropriated,  
13 \$9,700,000,000, to remain available until September  
14 30, 2031, for the long-term resiliency, reliability,  
15 and affordability of rural electric systems and for  
16 purposes described in section 310B(a)(2)(C) of the  
17 Consolidated Farm and Rural Development Act (7  
18 U.S.C. 1932(a)(2)(C)) (provided that the term re-  
19 newable energy system in that paragraph has the  
20 meaning given that term in section 9001), for zero-  
21 emission systems, or for carbon capture and storage  
22 systems, by providing to an eligible entity (defined  
23 as an electric cooperative described in section  
24 501(c)(12) or 1381(a)(2) of the Internal Revenue  
25 Code of 1986 and is or has been a Rural Utilities  
26 Service electric loan borrower pursuant to the Rural

1        Electrification Act of 1936 or serving a predomi-  
2        nantly rural area or a wholly or jointly owned sub-  
3        sidiary of such electric cooperative) financial assist-  
4        ance, including loans and the cost of loans and  
5        modifications thereof, to purchase renewable energy,  
6        renewable energy systems, zero-emission systems,  
7        and carbon capture and storage systems, to deploy  
8        such systems, or to make energy efficiency improve-  
9        ments to electric generation and transmission sys-  
10       tems of the eligible entity after the date of enact-  
11       ment of this subsection, that will achieve the great-  
12       est reduction in greenhouse gas emissions associated  
13       with rural electric systems using financial assistance  
14       provided under this subsection and that will other-  
15       wise aid disadvantaged rural communities, as deter-  
16       mined by the Secretary.

17            “(2) LIMITATION.—No eligible entity may re-  
18       ceive an amount equal to more than 10 percent of  
19       the total amount made available by this subsection.

20            “(3) REQUIREMENT.—The amount of a grant  
21       under this subsection shall be not more than 25 per-  
22       cent of the total project costs of the eligible entity  
23       carrying out a project using a grant under this sub-  
24       section.



1           “(4) PROHIBITION.—Nothing in this subsection  
2           shall be interpreted to authorize funds of the Com-  
3           modity Credit Corporation for activities under this  
4           subsection if such funds are not expressly authorized  
5           or currently expended for such purposes.

6           “(5) DISBURSEMENTS.—The Secretary shall  
7           not enter into, pursuant to this subsection—

8                   “(A) any loan agreement that may result  
9                   in a disbursement after September 30, 2031; or

10                   “(B) any grant agreement that may result  
11                   in any outlay after September 30, 2031.”.

12 **SEC. 22005. ADDITIONAL USDA RURAL DEVELOPMENT AD-**  
13 **MINISTRATIVE FUNDS.**

14           In addition to amounts otherwise available, there is  
15           appropriated to the Secretary for fiscal year 2022, out of  
16           any money in the Treasury not otherwise appropriated,  
17           \$100,000,000, to remain available until September 30,  
18           2031, for administrative costs and salaries and expenses  
19           for the Rural Development mission area and expenses of  
20           the agencies and offices of the Department for costs re-  
21           lated to implementing this subtitle.

## Subtitle D—Forestry

### SEC. 23001. NATIONAL FOREST SYSTEM RESTORATION AND FUELS REDUCTION PROJECTS.

(a) APPROPRIATIONS.—In addition to amounts otherwise available, there are appropriated to the Secretary for fiscal year 2022, out of any money in the Treasury not otherwise appropriated, to remain available until September 30, 2031—

(1) \$1,800,000,000 for hazardous fuels reduction projects on National Forest System land within the wildland-urban interface;

(2) \$200,000,000 for vegetation management projects on National Forest System land carried out in accordance with a water source management plan or a watershed protection and restoration action plan;

(3) \$100,000,000 to provide for more efficient and more effective environmental reviews by the Chief of the Forest Service in satisfying the obligations of the Chief of the Forest Service under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 through 4370m–12); and

(4) \$50,000,000 to develop and carry out activities and tactics for the protection of old-growth forests on National Forest System land and to com-

1       plete an inventory of old-growth forests and mature  
2       forests within the National Forest System.

3       (b) PRIORITY FOR FUNDING.—For projects described  
4 in paragraphs (1) and (2) of subsection (a), the Secretary  
5 shall prioritize for implementation projects—

6           (1) for which an environmental assessment or  
7       an environmental impact statement required under  
8       the National Environmental Policy Act of 1969 (42  
9       U.S.C. 4321 through 4370m–12) has been com-  
10      pleted;

11          (2) that are collaboratively developed; or

12          (3) that include opportunities to restore sus-  
13      tainable recreation infrastructure or access or ac-  
14      complish other recreation outcomes on National For-  
15      est System lands, if the opportunities are compatible  
16      with the primary restoration purposes of the project.

17      (c) RESTRICTIONS.—None of the funds made avail-  
18      able by this section may be used for any activity—

19          (1) conducted in a wilderness area or wilderness  
20      study area;

21          (2) that includes the construction of a perma-  
22      nent road or motorized trail;

23          (3) that includes the construction of a tem-  
24      porary road, except in the case of a temporary road

1 that is decommissioned by the Secretary not later  
2 than 3 years after the earlier of—

3 (A) the date on which the temporary road  
4 is no longer needed; and

5 (B) the date on which the project for  
6 which the temporary road was constructed is  
7 completed;

8 (4) inconsistent with the applicable land man-  
9 agement plan;

10 (5) inconsistent with the prohibitions of the rule  
11 of the Forest Service entitled “Special Areas;  
12 Roadless Area Conservation” (66 Fed. Reg. 3244  
13 (January 12, 2001)), as modified by subparts C and  
14 D of part 294 of title 36, Code of Federal Regula-  
15 tions; or

16 (6) carried out on any land that is not National  
17 Forest System land, including other forested land on  
18 Federal, State, Tribal, or private land.

19 (d) LIMITATIONS.—Nothing in this section shall be  
20 interpreted to authorize funds of the Commodity Credit  
21 Corporation for activities under this section if such funds  
22 are not expressly authorized or currently expended for  
23 such purposes.

24 (e) COST-SHARING WAIVER.—

1           (1) IN GENERAL.—The non-Federal cost-share  
2 requirement of a project described in paragraph (2)  
3 may be waived at the discretion of the Secretary.

4           (2) PROJECT DESCRIBED.—A project referred  
5 to in paragraph (1) is a project that—

6                 (A) is carried out using funds made avail-  
7 able under this section;

8                 (B) requires a partnership agreement, in-  
9 cluding a cooperative agreement or mutual in-  
10 terest agreement; and

11                (C) is subject to a non-Federal cost-share  
12 requirement.

13 (f) DEFINITIONS.—In this section:

14           (1) COLLABORATIVELY DEVELOPED.—The term  
15 “collaboratively developed” means, with respect to a  
16 project located exclusively on National Forest Sys-  
17 tem land, that the project is developed and imple-  
18 mented through a collaborative process that—

19                 (A) includes multiple interested persons  
20 representing diverse interests, except such per-  
21 sons shall not be employed by the Federal Gov-  
22 ernment or be representatives of foreign enti-  
23 ties; and

24                 (B)(i) is transparent and nonexclusive; or

1 (ii) meets the requirements for a resource  
2 advisory committee under subsections (e)  
3 through (f) of section 205 of the Secure Rural  
4 Schools and Community Self-Determination Act  
5 of 2000 (16 U.S.C. 7125).

6 (2) DECOMMISSION.—The term “decommis-  
7 sion” means, with respect to a road—

8 (A) reestablishing native vegetation on the  
9 road;

10 (B) restoring any natural drainage, water-  
11 shed function, or other ecological processes that  
12 were disrupted or adversely impacted by the  
13 road by removing or hydrologically dis-  
14 connecting the road prism and reestablishing  
15 stable slope contours; and

16 (C) effectively blocking the road to vehic-  
17 ular traffic, where feasible.

18 (3) ECOLOGICAL INTEGRITY.—The term “eco-  
19 logical integrity” has the meaning given the term in  
20 section 219.19 of title 36, Code of Federal Regula-  
21 tions (as in effect on the date of enactment of this  
22 Act).

23 (4) HAZARDOUS FUELS REDUCTION  
24 PROJECT.—The term “hazardous fuels reduction  
25 project” means an activity, including the use of pre-

1       scribed fire, to protect structures and communities  
2       from wildfire that is carried out on National Forest  
3       System land.

4           (5) RESTORATION.—The term “restoration”  
5       has the meaning given the term in section 219.19 of  
6       title 36, Code of Federal Regulations (as in effect on  
7       the date of enactment of this Act).

8           (6) VEGETATION MANAGEMENT PROJECT.—The  
9       term “vegetation management project” means an ac-  
10      tivity carried out on National Forest System land to  
11      enhance the ecological integrity and achieve the res-  
12      toration of a forest ecosystem through the removal  
13      of vegetation, the use of prescribed fire, the restora-  
14      tion of aquatic habitat, or the decommissioning of an  
15      unauthorized, temporary, or system road.

16          (7) WATER SOURCE MANAGEMENT PLAN.—The  
17      term “water source management plan” means a plan  
18      developed under section 303(d)(1) of the Healthy  
19      Forests Restoration Act of 2003 (16 U.S.C.  
20      6542(d)(1)).

21          (8) WATERSHED PROTECTION AND RESTORA-  
22      TION ACTION PLAN.—The term “watershed protec-  
23      tion and restoration action plan” means a plan de-  
24      veloped under section 304(a)(3) of the Healthy For-

1       ests Restoration Act of 2003 (16 U.S.C.  
2       6543(a)(3)).

3               (9) WILDLAND-URBAN INTERFACE.—The term  
4       “wildland-urban interface” has the meaning given  
5       the term in section 101 of the Healthy Forests Res-  
6       toration Act of 2003 (16 U.S.C. 6511).

7       **SEC. 23002. COMPETITIVE GRANTS FOR NON-FEDERAL FOR-**  
8               **EST LANDOWNERS.**

9       (a) APPROPRIATIONS.—In addition to amounts other-  
10      wise available, there are appropriated to the Secretary for  
11      fiscal year 2022, out of any money in the Treasury not  
12      otherwise appropriated, to remain available until Sep-  
13      tember 30, 2031—

14              (1) \$150,000,000 for the competitive grant pro-  
15      gram under section 13A of the Cooperative Forestry  
16      Assistance Act of 1978 (16 U.S.C. 2109a) for pro-  
17      viding through that program a cost share to carry  
18      out climate mitigation or forest resilience practices  
19      in the case of underserved forest landowners, subject  
20      to the condition that subsection (h) of that section  
21      shall not apply;

22              (2) \$150,000,000 for the competitive grant pro-  
23      gram under section 13A of the Cooperative Forestry  
24      Assistance Act of 1978 (16 U.S.C. 2109a) for pro-  
25      viding through that program grants to support the



1 participation of underserved forest landowners in  
2 emerging private markets for climate mitigation or  
3 forest resilience, subject to the condition that sub-  
4 section (h) of that section shall not apply;

5 (3) \$100,000,000 for the competitive grant pro-  
6 gram under section 13A of the Cooperative Forestry  
7 Assistance Act of 1978 (16 U.S.C. 2109a) for pro-  
8 viding through that program grants to support the  
9 participation of forest landowners who own less than  
10 2,500 acres of forest land in emerging private mar-  
11 kets for climate mitigation or forest resilience, sub-  
12 ject to the condition that subsection (h) of that sec-  
13 tion shall not apply;

14 (4) \$50,000,000 for the competitive grant pro-  
15 gram under section 13A of the Cooperative Forestry  
16 Assistance Act of 1978 (16 U.S.C. 2109a) to pro-  
17 vide grants to states and other eligible entities to  
18 provide payments to owners of private forest land  
19 for implementation of forestry practices on private  
20 forest land, that are determined by the Secretary,  
21 based on the best available science, to provide meas-  
22 urable increases in carbon sequestration and storage  
23 beyond customary practices on comparable land,  
24 subject to the conditions that—

1 (A) those payments shall not preclude  
2 landowners from participation in other public  
3 and private sector financial incentive programs;  
4 and

5 (B) subsection (h) of that section shall not  
6 apply; and

7 (5) \$100,000,000 to provide grants under the  
8 wood innovation grant program under section 8643  
9 of the Agriculture Improvement Act of 2018 (7  
10 U.S.C. 7655d), including for the construction of new  
11 facilities that advance the purposes of the program  
12 and for the hauling of material removed to reduce  
13 hazardous fuels to locations where that material can  
14 be utilized, subject to the conditions that—

15 (A) the amount of such a grant shall be  
16 not more than \$5,000,000;

17 (B) notwithstanding subsection (d) of that  
18 section, a recipient of such a grant shall provide  
19 funds equal to not less than 50 percent of the  
20 amount received under the grant, to be derived  
21 from non-Federal sources; and

22 (C) a priority shall be placed on projects  
23 that create a financial model for addressing for-  
24 est restoration needs on public or private forest  
25 land.

1 (b) COST-SHARING REQUIREMENT.—Any partnership  
2 agreements, including cooperative agreements and mutual  
3 interest agreements, using funds made available under  
4 this section shall be subject to a non-Federal cost-share  
5 requirement of not less than 20 percent of the project cost,  
6 which may be waived at the discretion of the Secretary.

7 (c) LIMITATIONS.—Nothing in this section shall be  
8 interpreted to authorize funds of the Commodity Credit  
9 Corporation for activities under this section if such funds  
10 are not expressly authorized or currently expended for  
11 such purposes.

12 **SEC. 23003. STATE AND PRIVATE FORESTRY CONSERVA-**  
13 **TION PROGRAMS.**

14 (a) APPROPRIATIONS.—In addition to amounts other-  
15 wise available, there are appropriated to the Secretary for  
16 fiscal year 2022, out of any money in the Treasury not  
17 otherwise appropriated, to remain available until Sep-  
18 tember 30, 2031—

19 (1) \$700,000,000 to provide competitive grants  
20 to States through the Forest Legacy Program estab-  
21 lished under section 7 of the Cooperative Forestry  
22 Assistance Act of 1978 (16 U.S.C. 2103c) to acquire  
23 land and interests in land, with priority given to  
24 grant applications that offer significant natural car-

1 bon sequestration benefits or provide benefits to un-  
2 derserved populations; and

3 (2) \$1,500,000,000 to provide multiyear, pro-  
4 grammatic, competitive grants to a State agency, a  
5 local governmental entity, an agency or govern-  
6 mental entity of the District of Columbia, an Indian  
7 Tribe, or a nonprofit organization through the  
8 Urban and Community Forestry Assistance program  
9 established under section 9(c) of the Cooperative  
10 Forestry Assistance Act of 1978 (16 U.S.C.  
11 2105(c)) for tree planting and related activities, with  
12 a priority for projects that benefit underserved popu-  
13 lations and areas.

14 (b) WAIVER.—Any non-Federal cost-share require-  
15 ment otherwise applicable to projects carried out under  
16 this section may be waived at the discretion of the Sec-  
17 retary.

18 **SEC. 23004. LIMITATION.**

19 The funds made available under this subtitle are sub-  
20 ject to the condition that the Secretary shall not—

21 (1) enter into any agreement—

22 (A) that is for a term extending beyond  
23 September 30, 2031; or

1 (B) under which any payment could be  
2 outlaid or funds disbursed after September 30,  
3 2031; or

4 (2) use any other funds available to the Sec-  
5 retary to satisfy obligations initially made under this  
6 subtitle.

7 **SEC. 23005. ADMINISTRATIVE COSTS.**

8 In addition to amounts otherwise available, there is  
9 appropriated to the Secretary for fiscal year 2022, out of  
10 any money in the Treasury not otherwise appropriated,  
11 \$100,000,000 to remain available until September 30,  
12 2031, for administrative costs of the agencies and offices  
13 of the Department of Agriculture for costs related to im-  
14 plementing this subtitle.

15 **TITLE III—COMMITTEE ON**  
16 **BANKING, HOUSING, AND**  
17 **URBAN AFFAIRS**

18 **SEC. 30001. ENHANCED USE OF DEFENSE PRODUCTION ACT**

19 **OF 1950.**

20 In addition to amounts otherwise available, there is  
21 appropriated for fiscal year 2022, out of any money in  
22 the Treasury not otherwise appropriated, \$500,000,000,  
23 to remain available until September 30, 2024, to carry out  
24 the Defense Production Act of 1950 (50 U.S.C. 4501 et  
25 seq.).

1 **SEC. 30002. IMPROVING ENERGY EFFICIENCY OR WATER**  
2 **EFFICIENCY OR CLIMATE RESILIENCE OF AF-**  
3 **FORDABLE HOUSING.**

4 (a) APPROPRIATION.—In addition to amounts other-  
5 wise available, there is appropriated to the Secretary of  
6 Housing and Urban Development (in this section referred  
7 to as the “Secretary”) for fiscal year 2022, out of any  
8 money in the Treasury not otherwise appropriated—

9 (1) \$837,500,000, to remain available until  
10 September 30, 2028, for the cost of providing direct  
11 loans, including the costs of modifying such loans,  
12 and for grants, as provided for and subject to terms  
13 and conditions in subsection (b), including to sub-  
14 sidize gross obligations for the principal amount of  
15 direct loans, not to exceed \$4,000,000,000, to fund  
16 projects that improve energy or water efficiency, in-  
17 door air quality or sustainability, implement the use  
18 of low-emission technologies, materials, or processes,  
19 including zero-emission electricity generation, energy  
20 storage, or building electrification, or address cli-  
21 mate resilience, of an eligible property;

22 (2) \$60,000,000, to remain available until Sep-  
23 tember 30, 2030, for the costs to the Secretary of  
24 administering and overseeing the implementation of  
25 this section, including information technology, finan-  
26 cial reporting, research and evaluation, other cross-

1 program costs in support of programs administered  
2 by the Secretary in this title, and other costs;

3 (3) \$60,000,000, to remain available until Sep-  
4 tember 30, 2029, for expenses of contracts adminis-  
5 tered by the Secretary, including to carry out prop-  
6 erty climate risk, energy, or water assessments, due  
7 diligence, and underwriting functions for such grant  
8 and direct loan program; and

9 (4) \$42,500,000, to remain available until Sep-  
10 tember 30, 2028, for energy and water  
11 benchmarking of properties eligible to receive grants  
12 or loans under this section, regardless of whether  
13 they actually received such grants, along with associ-  
14 ated data analysis and evaluation at the property  
15 and portfolio level, including the development of in-  
16 formation technology systems necessary for the col-  
17 lection, evaluation, and analysis of such data.

18 (b) LOAN AND GRANT TERMS AND CONDITIONS.—  
19 Amounts made available under this section shall be for  
20 direct loans, grants, and direct loans that can be converted  
21 to grants to eligible recipients that agree to an extended  
22 period of affordability for the property.

23 (c) DEFINITIONS.—As used in this section—

24 (1) the term “eligible recipient” means any  
25 owner or sponsor of an eligible property; and

1           (2) the term “eligible property” means a prop-  
2           erty assisted pursuant to—

3                   (A) section 202 of the Housing Act of  
4                   1959 (12 U.S.C. 1701q);

5                   (B) section 202 of the Housing Act of  
6                   1959 (former 12 U.S.C. 1701q), as such section  
7                   existed before the enactment of the Cranston-  
8                   Gonzalez National Affordable Housing Act;

9                   (C) section 811 of the Cranston-Gonzalez  
10                  National Affordable Housing Act (42 U.S.C.  
11                  8013);

12                  (D) section 8(b) of the United States  
13                  Housing Act of 1937 (42 U.S.C. 1437f(b));

14                  (E) section 236 of the National Housing  
15                  Act (12 U.S.C. 1715z-1); or

16                  (F) a Housing Assistance Payments con-  
17                  tract for Project-Based Rental Assistance in fis-  
18                  cal year 2021.

19           (d) WAIVER.—The Secretary may waive or specify al-  
20           ternative requirements for any provision of subsection (c)  
21           or (bb) of section 8 of the United States Housing Act of  
22           1937 (42 U.S.C. 1437f(c), 1437f(bb)) upon a finding that  
23           the waiver or alternative requirement is necessary to facili-  
24           tate the use of amounts made available under this section.



1 (e) IMPLEMENTATION.—The Secretary shall have the  
2 authority to establish by notice any requirements that the  
3 Secretary determines are necessary for timely and effec-  
4 tive implementation of the program and expenditure of  
5 funds appropriated, which requirements shall take effect  
6 upon issuance.

7 **TITLE IV—COMMITTEE ON COM-**  
8 **MERCE, SCIENCE, AND**  
9 **TRANSPORTATION**

10 **SEC. 40001. INVESTING IN COASTAL COMMUNITIES AND**  
11 **CLIMATE RESILIENCE.**

12 (a) IN GENERAL.—In addition to amounts otherwise  
13 available, there is appropriated to the National Oceanic  
14 and Atmospheric Administration for fiscal year 2022, out  
15 of any money in the Treasury not otherwise appropriated,  
16 \$2,600,000,000, to remain available until September 30,  
17 2026, to provide funding through direct expenditure, con-  
18 tracts, grants, cooperative agreements, or technical assist-  
19 ance to coastal states (as defined in paragraph (4) of sec-  
20 tion 304 of the Coastal Zone Management Act of 1972  
21 (16 U.S.C. 1453(4))), the District of Columbia, Tribal  
22 Governments, nonprofit organizations, local governments,  
23 and institutions of higher education (as defined in sub-  
24 section (a) of section 101 of the Higher Education Act  
25 of 1965 (20 U.S.C. 1001(a))), for the conservation, res-

1 toration, and protection of coastal and marine habitats  
2 and resources, including fisheries, to enable coastal com-  
3 munities to prepare for extreme storms and other chang-  
4 ing climate conditions, and for projects that support nat-  
5 ural resources that sustain coastal and marine resource  
6 dependent communities, and for related administrative ex-  
7 penses.

8 (b) TRIBAL GOVERNMENT DEFINED.—In this sec-  
9 tion, the term “Tribal Government” means the recognized  
10 governing body of any Indian or Alaska Native tribe,  
11 band, nation, pueblo, village, community, component band,  
12 or component reservation, individually identified (includ-  
13 ing parenthetically) in the list published most recently as  
14 of the date of enactment of this subsection pursuant to  
15 section 104 of the Federally Recognized Indian Tribe List  
16 Act of 1994 (25 U.S.C. 5131).

17 **SEC. 40002. FACILITIES OF THE NATIONAL OCEANIC AND**  
18 **ATMOSPHERIC ADMINISTRATION AND NA-**  
19 **TIONAL MARINE SANCTUARIES.**

20 (a) NATIONAL OCEANIC AND ATMOSPHERIC ADMIN-  
21 ISTRATION FACILITIES.—In addition to amounts other-  
22 wise available, there is appropriated to the National Oce-  
23 anic and Atmospheric Administration for fiscal year 2022,  
24 out of any money in the Treasury not otherwise appro-  
25 priated, \$150,000,000, to remain available until Sep-

1   tember 30, 2026, for the construction of new facilities (in-  
2   cluding facilities in need of replacement) including piers,  
3   marine operations facilities, and fisheries laboratories.

4           (b) NATIONAL MARINE SANCTUARIES FACILITIES.—  
5   In addition to amounts otherwise available, there is appro-  
6   priated to the National Oceanic and Atmospheric Adminis-  
7   tration for fiscal year 2022, out of any money in the  
8   Treasury not otherwise appropriated, \$50,000,000, to re-  
9   main available until September 30, 2026, for the construc-  
10   tion of facilities to support the National Marine Sanctuary  
11   System established under subsection (c) of section 301 of  
12   the National Marine Sanctuaries Act (16 U.S.C. 1431(c)).

13   **SEC. 40003. NOAA EFFICIENT AND EFFECTIVE REVIEWS.**

14           In addition to amounts otherwise available, there is  
15   appropriated to the National Oceanic and Atmospheric  
16   Administration for fiscal year 2022, out of any money in  
17   the Treasury not otherwise appropriated, \$20,000,000, to  
18   remain available until September 30, 2026, to conduct  
19   more efficient, accurate, and timely reviews for planning,  
20   permitting and approval processes through the hiring and  
21   training of personnel, and the purchase of technical and  
22   scientific services and new equipment, and to improve  
23   agency transparency, accountability, and public engage-  
24   ment.

1 **SEC. 40004. OCEANIC AND ATMOSPHERIC RESEARCH AND**  
2 **FORECASTING FOR WEATHER AND CLIMATE.**

3 (a) FORECASTING AND RESEARCH.—In addition to  
4 amounts otherwise available, there is appropriated to the  
5 National Oceanic and Atmospheric Administration for fis-  
6 cal year 2022, out of any money in the Treasury not other-  
7 wise appropriated, \$150,000,000, to remain available until  
8 September 30, 2026, to accelerate advances and improve-  
9 ments in research, observation systems, modeling, fore-  
10 casting, assessments, and dissemination of information to  
11 the public as it pertains to ocean and atmospheric proc-  
12 esses related to weather, coasts, oceans, and climate, and  
13 to carry out section 102(a) of the Weather Research and  
14 Forecasting Innovation Act of 2017 (15 U.S.C. 8512(a)),  
15 and for related administrative expenses.

16 (b) RESEARCH GRANTS AND SCIENCE INFORMATION,  
17 PRODUCTS, AND SERVICES.—In addition to amounts oth-  
18 erwise available, there are appropriated to the National  
19 Oceanic and Atmospheric Administration for fiscal year  
20 2022, out of any money in the Treasury not otherwise ap-  
21 propriated, to remain available until September 30, 2026,  
22 \$50,000,000 for competitive grants to fund climate re-  
23 search as it relates to weather, ocean, coastal, and atmos-  
24 pheric processes and conditions, and impacts to marine  
25 species and coastal habitat, and for related administrative  
26 expenses.

1 **SEC. 40005. COMPUTING CAPACITY AND RESEARCH FOR**  
2 **WEATHER, OCEANS, AND CLIMATE.**

3 In addition to amounts otherwise available, there is  
4 appropriated to the National Oceanic and Atmospheric  
5 Administration for fiscal year 2022, out of any money in  
6 the Treasury not otherwise appropriated, \$190,000,000,  
7 to remain available until September 30, 2026, for the pro-  
8 curement of additional high-performance computing, data  
9 processing capacity, data management, and storage assets,  
10 to carry out section 204(a)(2) of the High-Performance  
11 Computing Act of 1991 (15 U.S.C. 5524(a)(2)), and for  
12 transaction agreements authorized under section  
13 301(d)(1)(A) of the Weather Research and Forecasting  
14 Innovation Act of 2017 (15 U.S.C. 8531(d)(1)(A)), and  
15 for related administrative expenses.

16 **SEC. 40006. ACQUISITION OF HURRICANE FORECASTING**  
17 **AIRCRAFT.**

18 In addition to amounts otherwise available, there is  
19 appropriated to the National Oceanic and Atmospheric  
20 Administration for fiscal year 2022, out of any money in  
21 the Treasury not otherwise appropriated, \$100,000,000,  
22 to remain available until September 30, 2026, for the ac-  
23 quisition of hurricane hunter aircraft under section 413(a)  
24 of the Weather Research and Forecasting Innovation Act  
25 of 2017 (15 U.S.C. 8549(a)).

1 **SEC. 40007. ALTERNATIVE FUEL AND LOW-EMISSION AVIA-**  
2 **TION TECHNOLOGY PROGRAM.**

3 (a) APPROPRIATION AND ESTABLISHMENT.—For  
4 purposes of establishing a competitive grant program for  
5 eligible entities to carry out projects located in the United  
6 States that produce, transport, blend, or store sustainable  
7 aviation fuel, or develop, demonstrate, or apply low-emis-  
8 sion aviation technologies, in addition to amounts other-  
9 wise available, there are appropriated to the Secretary for  
10 fiscal year 2022, out of any money in the Treasury not  
11 otherwise appropriated, to remain available until Sep-  
12 tember 30, 2026—

13 (1) \$244,530,000 for projects relating to the  
14 production, transportation, blending, or storage of  
15 sustainable aviation fuel;

16 (2) \$46,530,000 for projects relating to low-  
17 emission aviation technologies; and

18 (3) \$5,940,000 to fund the award of grants  
19 under this section, and oversight of the program, by  
20 the Secretary.

21 (b) CONSIDERATIONS.—In carrying out subsection  
22 (a), the Secretary shall consider, with respect to a pro-  
23 posed project—

24 (1) the capacity for the eligible entity to in-  
25 crease the domestic production and deployment of  
26 sustainable aviation fuel or the use of low-emission

1 aviation technologies among the United States com-  
2 mercial aviation and aerospace industry;

3 (2) the projected greenhouse gas emissions  
4 from such project, including emissions resulting  
5 from the development of the project, and the poten-  
6 tial the project has to reduce or displace, on a  
7 lifecycle basis, United States greenhouse gas emis-  
8 sions associated with air travel;

9 (3) the capacity to create new jobs and develop  
10 supply chain partnerships in the United States;

11 (4) for projects related to the production of sus-  
12 tainable aviation fuel, the projected lifecycle green-  
13 house gas emissions benefits from the proposed  
14 project, which shall include feedstock and fuel pro-  
15 duction and potential direct and indirect greenhouse  
16 gas emissions (including resulting from changes in  
17 land use); and

18 (5) the benefits of ensuring a diversity of feed-  
19 stocks for sustainable aviation fuel, including the use  
20 of waste carbon oxides and direct air capture.

21 (c) COST SHARE.—The Federal share of the cost of  
22 a project carried out using grant funds under subsection  
23 (a) shall be 75 percent of the total proposed cost of the  
24 project, except that such Federal share shall increase to  
25 90 percent of the total proposed cost of the project if the

1 eligible entity is a small hub airport or nonhub airport,  
2 as such terms are defined in section 47102 of title 49,  
3 United States Code.

4 (d) FUEL EMISSIONS REDUCTION TEST.—For pur-  
5 poses of clause (ii) of subsection (e)(7)(E), the Secretary  
6 shall, not later than 2 years after the date of enactment  
7 of this section, adopt at least 1 methodology for testing  
8 lifecycle greenhouse gas emissions that meets the require-  
9 ments of such clause.

10 (e) DEFINITIONS.—In this section:

11 (1) ELIGIBLE ENTITY.—The term “eligible enti-  
12 ty” means—

13 (A) a State or local government, including  
14 the District of Columbia, other than an airport  
15 sponsor;

16 (B) an air carrier;

17 (C) an airport sponsor;

18 (D) an accredited institution of higher edu-  
19 cation;

20 (E) a research institution;

21 (F) a person or entity engaged in the pro-  
22 duction, transportation, blending, or storage of  
23 sustainable aviation fuel in the United States or  
24 feedstocks in the United States that could be  
25 used to produce sustainable aviation fuel;



1 (G) a person or entity engaged in the de-  
2 velopment, demonstration, or application of low-  
3 emission aviation technologies; or

4 (H) nonprofit entities or nonprofit con-  
5 sortia with experience in sustainable aviation  
6 fuels, low-emission aviation technologies, or  
7 other clean transportation research programs.

8 (2) FEEDSTOCK.—The term “feedstock” means  
9 sources of hydrogen and carbon not originating from  
10 unrefined or refined petrochemicals.

11 (3) INDUCED LAND-USE CHANGE VALUES.—  
12 The term “induced land-use change values” means  
13 the greenhouse gas emissions resulting from the con-  
14 version of land to the production of feedstocks and  
15 from the conversion of other land due to the dis-  
16 placement of crops or animals for which the original  
17 land was previously used.

18 (4) LIFECYCLE GREENHOUSE GAS EMIS-  
19 SIONS.—The term “lifecycle greenhouse gas emis-  
20 sions” means the combined greenhouse gas emis-  
21 sions from feedstock production, collection of feed-  
22 stock, transportation of feedstock to fuel production  
23 facilities, conversion of feedstock to fuel, transpor-  
24 tation and distribution of fuel, and fuel combustion

1 in an aircraft engine, as well as from induced land-  
2 use change values.

3 (5) LOW-EMISSION AVIATION TECHNOLOGIES.—

4 The term “low-emission aviation technologies”  
5 means technologies, produced in the United States,  
6 that significantly—

7 (A) improve aircraft fuel efficiency;

8 (B) increase utilization of sustainable avia-  
9 tion fuel; or

10 (C) reduce greenhouse gas emissions pro-  
11 duced during operation of civil aircraft.

12 (6) SECRETARY.—The term “Secretary” means  
13 the Secretary of Transportation.

14 (7) SUSTAINABLE AVIATION FUEL.—The term  
15 “sustainable aviation fuel” means liquid fuel, pro-  
16 duced in the United States, that—

17 (A) consists of synthesized hydrocarbons;

18 (B) meets the requirements of—

19 (i) ASTM International Standard  
20 D7566; or

21 (ii) the co-processing provisions of  
22 ASTM International Standard D1655,  
23 Annex A1 (or such successor standard);

24 (C) is derived from biomass (in a similar  
25 manner as such term is defined in section

1 45K(c)(3) of the Internal Revenue Code of  
2 1986), waste streams, renewable energy  
3 sources, or gaseous carbon oxides;

4 (D) is not derived from palm fatty acid  
5 distillates; and

6 (E) achieves at least a 50 percent lifecycle  
7 greenhouse gas emissions reduction in compari-  
8 son with petroleum-based jet fuel, as deter-  
9 mined by a test that shows—

10 (i) the fuel production pathway  
11 achieves at least a 50 percent reduction of  
12 the aggregate attributional core lifecycle  
13 emissions and the induced land-use change  
14 values under a lifecycle methodology for  
15 sustainable aviation fuels similar to that  
16 adopted by the International Civil Aviation  
17 Organization with the agreement of the  
18 United States; or

19 (ii) the fuel production pathway  
20 achieves at least a 50 percent reduction of  
21 the aggregate attributional core lifecycle  
22 greenhouse gas emissions values and the  
23 induced land-use change values under an-  
24 other methodology that the Secretary de-  
25 termines is—

1 (I) reflective of the latest sci-  
2 entific understanding of lifecycle  
3 greenhouse gas emissions; and

4 (II) as stringent as the require-  
5 ment under clause (i).

6 **TITLE V—COMMITTEE ON EN-**  
7 **ERGY AND NATURAL RE-**  
8 **SOURCES**

9 **Subtitle A—Energy**

10 **PART 1—GENERAL PROVISIONS**

11 **SEC. 50111. DEFINITIONS.**

12 In this subtitle:

13 (1) GREENHOUSE GAS.—The term “greenhouse  
14 gas” has the meaning given the term in section  
15 1610(a) of the Energy Policy Act of 1992 (42  
16 U.S.C. 13389(a)).

17 (2) SECRETARY.—The term “Secretary” means  
18 the Secretary of Energy.

19 (3) STATE.—The term “State” means a State,  
20 the District of Columbia, and a United States Insu-  
21 lar Area (as that term is defined in section 50211).

22 (4) STATE ENERGY OFFICE.—The term “State  
23 energy office” has the meaning given the term in  
24 section 124(a) of the Energy Policy Act of 2005 (42  
25 U.S.C. 15821(a)).

1           (5) STATE ENERGY PROGRAM.—The term  
2           “State Energy Program” means the State Energy  
3           Program established pursuant to part D of title III  
4           of the Energy Policy and Conservation Act (42  
5           U.S.C. 6321 through 6326).

6           **PART 2—RESIDENTIAL EFFICIENCY AND**  
7           **ELECTRIFICATION REBATES**

8           **SEC. 50121. HOME ENERGY PERFORMANCE-BASED, WHOLE-**  
9           **HOUSE REBATES.**

10          (a) APPROPRIATION.—

11           (1) IN GENERAL.—In addition to amounts oth-  
12           erwise available, there is appropriated to the Sec-  
13           retary for fiscal year 2022, out of any money in the  
14           Treasury not otherwise appropriated,  
15           \$4,300,000,000, to remain available through Sep-  
16           tember 30, 2031, to carry out a program to award  
17           grants to State energy offices to develop and imple-  
18           ment a HOMES rebate program.

19           (2) ALLOCATION OF FUNDS.—

20           (A) IN GENERAL.—The Secretary shall re-  
21           serve funds made available under paragraph (1)  
22           for each State energy office—

23           (i) in accordance with the allocation  
24           formula for the State Energy Program in  
25           effect on January 1, 2022; and

1                   (ii) to be distributed to a State energy  
2                   office if the application of the State energy  
3                   office under subsection (b) is approved.

4                   (B) ADDITIONAL FUNDS.—Not earlier  
5                   than 2 years after the date of enactment of this  
6                   Act, any money reserved under subparagraph  
7                   (A) but not distributed under clause (ii) of that  
8                   subparagraph shall be redistributed to the State  
9                   energy offices operating a HOMES rebate pro-  
10                  gram using a grant received under this section  
11                  in proportion to the amount distributed to those  
12                  State energy offices under subparagraph  
13                  (A)(ii).

14                  (3) ADMINISTRATIVE EXPENSES.—Of the funds  
15                  made available under paragraph (1), the Secretary  
16                  shall use not more than 3 percent for—

17                         (A) administrative purposes; and

18                         (B) providing technical assistance relating  
19                         to activities carried out under this section.

20                  (b) APPLICATION.—A State energy office seeking a  
21                  grant under this section shall submit to the Secretary an  
22                  application that includes a plan to implement a HOMES  
23                  rebate program, including a plan—

24                         (1) to use procedures, as approved by the Sec-  
25                         retary, for determining the reductions in home en-

1 energy use resulting from the implementation of a  
2 home energy efficiency retrofit that is calibrated to  
3 historical energy usage for a home consistent with  
4 BPI 2400, for purposes of modeled performance  
5 home rebates;

6 (2) to use open-source advanced measurement  
7 and verification software, as approved by the Sec-  
8 retary, for determining and documenting the month-  
9 ly and hourly (if available) weather-normalized en-  
10 ergy use of a home before and after the implementa-  
11 tion of a home energy efficiency retrofit, for pur-  
12 poses of measured performance home rebates;

13 (3) to value savings based on time, location, or  
14 greenhouse gas emissions;

15 (4) for quality monitoring to ensure that each  
16 home energy efficiency retrofit for which a rebate is  
17 provided is documented in a certificate that—

18 (A) is provided by the contractor and cer-  
19 tified by a third party to the homeowner; and

20 (B) details the work performed, the equip-  
21 ment and materials installed, and the projected  
22 energy savings or energy generation to support  
23 accurate valuation of the retrofit;

24 (5) to provide a contractor performing a home  
25 energy efficiency retrofit or an aggregator who has

1 the right to claim a rebate \$200 for each home lo-  
2 cated in an underserved community that receives a  
3 home energy efficiency retrofit for which a rebate is  
4 provided under the program; and

5 (6) to ensure that a homeowner or aggregator  
6 does not receive a rebate for the same upgrade  
7 through both a HOMES rebate program and any  
8 other Federal grant or rebate program, pursuant to  
9 subsection (c)(8).

10 (c) HOMES REBATE PROGRAM.—

11 (1) IN GENERAL.—A HOMES rebate program  
12 carried out by a State energy office receiving a grant  
13 pursuant to this section shall provide rebates to  
14 homeowners and aggregators for whole-house energy  
15 saving retrofits begun on or after the date of enact-  
16 ment of this Act and completed by not later than  
17 September 30, 2031.

18 (2) AMOUNT OF REBATE.—Subject to para-  
19 graph (3)(B), under a HOMES rebate program, the  
20 amount of a rebate shall not exceed—

21 (A) for individuals and aggregators car-  
22 rying out energy efficiency upgrades of single-  
23 family homes—

24 (i) in the case of a retrofit that  
25 achieves modeled energy system savings of



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1 not less than 20 percent but less than 35  
2 percent, the lesser of—

3 (I) \$2,000; and

4 (II) 50 percent of the project  
5 cost;

6 (ii) in the case of a retrofit that  
7 achieves modeled energy system savings of  
8 not less than 35 percent, the lesser of—

9 (I) \$4,000; and

10 (II) 50 percent of the project  
11 cost; and

12 (iii) for measured energy savings, in  
13 the case of a home or portfolio of homes  
14 that achieves energy savings of not less  
15 than 15 percent—

16 (I) a payment rate per kilowatt  
17 hour saved, or kilowatt hour-equiva-  
18 lent saved, equal to \$2,000 for a 20  
19 percent reduction of energy use for  
20 the average home in the State; or

21 (II) 50 percent of the project  
22 cost;

23 (B) for multifamily building owners and  
24 aggregators carrying out energy efficiency up-  
25 grades of multifamily buildings—

1 (i) in the case of a retrofit that  
2 achieves modeled energy system savings of  
3 not less than 20 percent but less than 35  
4 percent, \$2,000 per dwelling unit, with a  
5 maximum of \$200,000 per multifamily  
6 building;

7 (ii) in the case of a retrofit that  
8 achieves modeled energy system savings of  
9 not less than 35 percent, \$4,000 per dwell-  
10 ing unit, with a maximum of \$400,000 per  
11 multifamily building; or

12 (iii) for measured energy savings, in  
13 the case of a multifamily building or port-  
14 folio of multifamily buildings that achieves  
15 energy savings of not less than 15 per-  
16 cent—

17 (I) a payment rate per kilowatt  
18 hour saved, or kilowatt hour-equiva-  
19 lent saved, equal to \$2,000 for a 20  
20 percent reduction of energy use per  
21 dwelling unit for the average multi-  
22 family building in the State; or

23 (II) 50 percent of the project  
24 cost; and

1 (C) for individuals and aggregators car-  
2 rying out energy efficiency upgrades of a single-  
3 family home occupied by a low- or moderate-in-  
4 come household or a multifamily building not  
5 less than 50 percent of the dwelling units of  
6 which are occupied by low- or moderate-income  
7 households—

8 (i) in the case of a retrofit that  
9 achieves modeled energy system savings of  
10 not less than 20 percent but less than 35  
11 percent, the lesser of—

12 (I) \$4,000 per single-family home  
13 or dwelling unit; and

14 (II) 80 percent of the project  
15 cost;

16 (ii) in the case of a retrofit that  
17 achieves modeled energy system savings of  
18 not less than 35 percent, the lesser of—

19 (I) \$8,000 per single-family home  
20 or dwelling unit; and

21 (II) 80 percent of the project  
22 cost; and

23 (iii) for measured energy savings, in  
24 the case of a single-family home, multi-  
25 family building, or portfolio of single-fam-

1            ily homes or multifamily buildings that  
2            achieves energy savings of not less than 15  
3            percent—

4                    (I) a payment rate per kilowatt  
5                    hour saved, or kilowatt hour-equiva-  
6                    lent saved, equal to \$4,000 for a 20  
7                    percent reduction of energy use per  
8                    single-family home or dwelling unit, as  
9                    applicable, for the average single-fam-  
10                  ily home or multifamily building in  
11                  the State; or

12                    (II) 80 percent of the project  
13                    cost.

14                  (3) REBATES TO LOW- OR MODERATE-INCOME  
15                  HOUSEHOLDS.—

16                    (A) IN GENERAL.—A State energy office  
17                    carrying out a HOMES rebate program using a  
18                    grant awarded pursuant to this section is en-  
19                    couraged to provide rebates, to the maximum  
20                    extent practicable, to low- or moderate-income  
21                    households.

22                    (B) INCREASE IN REBATE AMOUNT.—On  
23                    approval from the Secretary, notwithstanding  
24                    paragraph (2), a State energy office carrying  
25                    out a HOMES rebate program using a grant

1           awarded pursuant to this section may increase  
2           rebate amounts for low- or moderate-income  
3           households.

4           (4) USE OF FUNDS.—A State energy office that  
5           receives a grant pursuant to this section may use  
6           not more than 20 percent of the grant amount for  
7           planning, administration, or technical assistance re-  
8           lated to a HOMES rebate program.

9           (5) DATA ACCESS GUIDELINES.—The Secretary  
10          shall develop and publish guidelines for States relat-  
11          ing to residential electric and natural gas energy  
12          data sharing.

13          (6) COORDINATION.—In carrying out this sec-  
14          tion, the Secretary shall coordinate with State en-  
15          ergy offices to ensure that HOMES rebate programs  
16          for which grants are provided under this section are  
17          developed to achieve maximum greenhouse gas emis-  
18          sions reductions and household energy and costs sav-  
19          ings regardless of source energy.

20          (7) EXEMPTION.—Activities carried out by a  
21          State energy office using a grant awarded pursuant  
22          to this section shall not be subject to the expenditure  
23          prohibitions and limitations described in section  
24          420.18 of title 10, Code of Federal Regulations.

1           (8) PROHIBITION ON COMBINING REBATES.—A  
2 rebate provided by a State energy office under a  
3 HOMES rebate program may not be combined with  
4 any other Federal grant or rebate, including a re-  
5 bate provided under a high-efficiency electric home  
6 rebate program (as defined in section 50122(d)), for  
7 the same single upgrade.

8           (d) DEFINITIONS.—In this section:

9           (1) HOMES REBATE PROGRAM.—The term  
10 “HOMES rebate program” means a Home Owner  
11 Managing Energy Savings rebate program estab-  
12 lished by a State energy office as part of an ap-  
13 proved State energy conservation plan under the  
14 State Energy Program.

15           (2) LOW- OR MODERATE-INCOME HOUSE-  
16 HOLD.—The term “low- or moderate-income house-  
17 hold” means an individual or family the total annual  
18 income of which is less than 80 percent of the me-  
19 dian income of the area in which the individual or  
20 family resides, as reported by the Department of  
21 Housing and Urban Development, including an indi-  
22 vidual or family that has demonstrated eligibility for  
23 another Federal program with income restrictions  
24 equal to or below 80 percent of area median income.

1           (3) UNDERSERVED COMMUNITY.—The term  
2 “underserved community” means—

3           (A) a community located in a ZIP code  
4 that includes 1 or more census tracts that in-  
5 clude—

6                   (i) a low-income community; or

7                   (ii) a community of racial or ethnic  
8 minority concentration; and

9           (B) any other community that the Sec-  
10 retary determines is disproportionately vulner-  
11 able to, or bears a disproportionate burden of,  
12 any combination of economic, social, and envi-  
13 ronmental stressors.

14 **SEC. 50122. HIGH-EFFICIENCY ELECTRIC HOME REBATE**  
15 **PROGRAM.**

16 (a) APPROPRIATIONS.—

17           (1) FUNDS TO STATE ENERGY OFFICES AND IN-  
18 DIAN TRIBES.—In addition to amounts otherwise  
19 available, there is appropriated to the Secretary for  
20 fiscal year 2022, out of any money in the Treasury  
21 not otherwise appropriated, to carry out a pro-  
22 gram—

23           (A) to award grants to State energy offices  
24 to develop and implement a high-efficiency elec-  
25 tric home rebate program in accordance with

1 subsection (c), \$4,275,000,000, to remain avail-  
2 able through September 30, 2031; and

3 (B) to award grants to Indian Tribes to  
4 develop and implement a high-efficiency electric  
5 home rebate program in accordance with sub-  
6 section (c), \$225,000,000, to remain available  
7 through September 30, 2031.

8 (2) ALLOCATION OF FUNDS.—

9 (A) STATE ENERGY OFFICES.—The Sec-  
10 retary shall reserve funds made available under  
11 paragraph (1)(A) for each State energy office—

12 (i) in accordance with the allocation  
13 formula for the State Energy Program in  
14 effect on January 1, 2022; and

15 (ii) to be distributed to a State energy  
16 office if the application of the State energy  
17 office under subsection (b) is approved.

18 (B) INDIAN TRIBES.—The Secretary shall  
19 reserve funds made available under paragraph  
20 (1)(B)—

21 (i) in a manner determined appro-  
22 priate by the Secretary; and

23 (ii) to be distributed to an Indian  
24 Tribe if the application of the Indian Tribe  
25 under subsection (b) is approved.



1 (C) ADDITIONAL FUNDS.—Not earlier than  
2 2 years after the date of enactment of this Act,  
3 any money reserved under—

4 (i) subparagraph (A) but not distrib-  
5 uted under clause (ii) of that subparagraph  
6 shall be redistributed to the State energy  
7 offices operating a high-efficiency electric  
8 home rebate program in proportion to the  
9 amount distributed to those State energy  
10 offices under that clause; and

11 (ii) subparagraph (B) but not distrib-  
12 uted under clause (ii) of that subparagraph  
13 shall be redistributed to the Indian Tribes  
14 operating a high-efficiency electric home  
15 rebate program in proportion to the  
16 amount distributed to those Indian Tribes  
17 under that clause.

18 (3) ADMINISTRATIVE EXPENSES.—Of the funds  
19 made available under paragraph (1), the Secretary  
20 shall use not more than 3 percent for—

21 (A) administrative purposes; and

22 (B) providing technical assistance relating  
23 to activities carried out under this section.

24 (b) APPLICATION.—A State energy office or Indian  
25 Tribe seeking a grant under the program shall submit to

1 the Secretary an application that includes a plan to imple-  
2 ment a high-efficiency electric home rebate program, in-  
3 cluding—

4 (1) a plan to verify the income eligibility of eli-  
5 gible entities seeking a rebate for a qualified elec-  
6 trification project;

7 (2) a plan to allow rebates for qualified elec-  
8 trification projects at the point of sale in a manner  
9 that ensures that the income eligibility of an eligible  
10 entity seeking a rebate may be verified at the point  
11 of sale;

12 (3) a plan to ensure that an eligible entity does  
13 not receive a rebate for the same qualified elec-  
14 trification project through both a high-efficiency  
15 electric home rebate program and any other Federal  
16 grant or rebate program, pursuant to subsection  
17 (c)(8); and

18 (4) any additional information that the Sec-  
19 retary may require.

20 (c) HIGH-EFFICIENCY ELECTRIC HOME REBATE  
21 PROGRAM.—

22 (1) IN GENERAL.—Under the program, the Sec-  
23 retary shall award grants to State energy offices and  
24 Indian Tribes to establish a high-efficiency electric  
25 home rebate program under which rebates shall be

1 provided to eligible entities for qualified electrifica-  
2 tion projects.

3 (2) GUIDELINES.—The Secretary shall pre-  
4 scribe guidelines for high-efficiency electric home re-  
5 bate programs, including guidelines for providing  
6 point of sale rebates in a manner consistent with the  
7 income eligibility requirements under this section.

8 (3) AMOUNT OF REBATE.—

9 (A) APPLIANCE UPGRADES.—The amount  
10 of a rebate provided under a high-efficiency  
11 electric home rebate program for the purchase  
12 of an appliance under a qualified electrification  
13 project shall be—

14 (i) not more than \$1,750 for a heat  
15 pump water heater;

16 (ii) not more than \$8,000 for a heat  
17 pump for space heating or cooling; and

18 (iii) not more than \$840 for—

19 (I) an electric stove, cooktop,  
20 range, or oven; or

21 (II) an electric heat pump clothes  
22 dryer.

23 (B) NONAPPLIANCE UPGRADES.—The  
24 amount of a rebate provided under a high-effi-  
25 ciency electric home rebate program for the

1 purchase of a nonappliance upgrade under a  
2 qualified electrification project shall be—

3 (i) not more than \$4,000 for an elec-  
4 tric load service center upgrade;

5 (ii) not more than \$1,600 for insula-  
6 tion, air sealing, and ventilation; and

7 (iii) not more than \$2,500 for electric  
8 wiring.

9 (C) MAXIMUM REBATE.—An eligible entity  
10 receiving multiple rebates under this section  
11 may receive not more than a total of \$14,000  
12 in rebates.

13 (4) LIMITATIONS.—A rebate provided using  
14 funding under this section shall not exceed—

15 (A) in the case of an eligible entity de-  
16 scribed in subsection (d)(1)(A)—

17 (i) 50 percent of the cost of the quali-  
18 fied electrification project for a household  
19 the annual income of which is not less than  
20 80 percent and not greater than 150 per-  
21 cent of the area median income; and

22 (ii) 100 percent of the cost of the  
23 qualified electrification project for a house-  
24 hold the annual income of which is less

1           than 80 percent of the area median in-  
2           come;

3           (B) in the case of an eligible entity de-  
4           scribed in subsection (d)(1)(B)—

5                   (i) 50 percent of the cost of the quali-  
6                   fied electrification project for a multifamily  
7                   building not less than 50 percent of the  
8                   residents of which are households the an-  
9                   nual income of which is not less than 80  
10                  percent and not greater than 150 percent  
11                  of the area median income; and

12                   (ii) 100 percent of the cost of the  
13                   qualified electrification project for a multi-  
14                   family building not less than 50 percent of  
15                   the residents of which are households the  
16                   annual income of which is less than 80  
17                   percent of the area median income; or

18           (C) in the case of an eligible entity de-  
19           scribed in subsection (d)(1)(C)—

20                   (i) 50 percent of the cost of the quali-  
21                   fied electrification project for a house-  
22                   hold—

23                   (I) on behalf of which the eligible  
24                   entity is working; and

1 (II) the annual income of which  
2 is not less than 80 percent and not  
3 greater than 150 percent of the area  
4 median income; and

5 (ii) 100 percent of the cost of the  
6 qualified electrification project for a house-  
7 hold—

8 (I) on behalf of which the eligible  
9 entity is working; and

10 (II) the annual income of which  
11 is less than 80 percent of the area  
12 median income.

13 (5) AMOUNT FOR INSTALLATION OF UP-  
14 GRADES.—

15 (A) IN GENERAL.—In the case of an eligi-  
16 ble entity described in subsection (d)(1)(C) that  
17 receives a rebate under the program and per-  
18 forms the installation of the applicable qualified  
19 electrification project, a State energy office or  
20 Indian Tribe shall provide to that eligible enti-  
21 ty, in addition to the rebate, an amount that—

22 (i) does not exceed \$500; and

23 (ii) is commensurate with the scale of  
24 the upgrades installed as part of the quali-  
25 fied electrification project and any en-

1 hanced labor practices, as determined by  
2 the Secretary.

3 (B) TREATMENT.—An amount received  
4 under subparagraph (A) by an eligible entity  
5 described in that subparagraph shall not be  
6 subject to the requirement under paragraph  
7 (6).

8 (6) REQUIREMENT.—An eligible entity de-  
9 scribed in subparagraph (C) of subsection (d)(1)  
10 shall discount the amount of a rebate received for a  
11 qualified electrification project from any amount  
12 charged by that eligible entity to the eligible entity  
13 described in subparagraph (A) or (B) of that sub-  
14 section on behalf of which the qualified electrifica-  
15 tion project is carried out.

16 (7) EXEMPTION.—Activities carried out by a  
17 State energy office using a grant provided under the  
18 program shall not be subject to the expenditure pro-  
19 hibitions and limitations described in section 420.18  
20 of title 10, Code of Federal Regulations.

21 (8) PROHIBITION ON COMBINING REBATES.—A  
22 rebate provided by a State energy office or Indian  
23 Tribe under a high-efficiency electric home rebate  
24 program may not be combined with any other Fed-  
25 eral grant or rebate, including a rebate provided

1 under a HOMES rebate program (as defined in sec-  
2 tion 50121(d)), for the same qualified electrification  
3 project.

4 (9) ADMINISTRATIVE COSTS.—A State energy  
5 office or Indian Tribe that receives a grant under  
6 the program shall use not more than 20 percent of  
7 the grant amount for planning, administration, or  
8 technical assistance relating to a high-efficiency elec-  
9 tric home rebate program.

10 (d) DEFINITIONS.—In this section:

11 (1) ELIGIBLE ENTITY.—The term “eligible enti-  
12 ty” means—

13 (A) a low- or moderate-income household;

14 (B) an individual or entity that owns a  
15 multifamily building not less than 50 percent of  
16 the residents of which are low- or moderate-in-  
17 come households; and

18 (C) a governmental, commercial, or non-  
19 profit entity, as determined by the Secretary,  
20 carrying out a qualified electrification project  
21 on behalf of an entity described in subpara-  
22 graph (A) or (B).

23 (2) HIGH-EFFICIENCY ELECTRIC HOME REBATE  
24 PROGRAM.—The term “high-efficiency electric home  
25 rebate program” means a rebate program carried



1 out by a State energy office or Indian Tribe pursu-  
2 ant to subsection (c) using a grant received under  
3 the program.

4 (3) INDIAN TRIBE.—The term “Indian Tribe”  
5 has the meaning given the term in section 4 of the  
6 Indian Self-Determination and Education Assistance  
7 Act (25 U.S.C. 5304).

8 (4) LOW- OR MODERATE-INCOME HOUSE-  
9 HOLD.—The term “low- or moderate-income house-  
10 hold” means an individual or family the total annual  
11 income of which is less than 150 percent of the me-  
12 dian income of the area in which the individual or  
13 family resides, as reported by the Department of  
14 Housing and Urban Development, including an indi-  
15 vidual or family that has demonstrated eligibility for  
16 another Federal program with income restrictions  
17 equal to or below 150 percent of area median in-  
18 come.

19 (5) PROGRAM.—The term “program” means  
20 the program carried out by the Secretary under sub-  
21 section (a)(1).

22 (6) QUALIFIED ELECTRIFICATION PROJECT.—

23 (A) IN GENERAL.—The term “qualified  
24 electrification project” means a project that—

1 (i) includes the purchase and installa-  
2 tion of—

3 (I) an electric heat pump water  
4 heater;

5 (II) an electric heat pump for  
6 space heating and cooling;

7 (III) an electric stove, cooktop,  
8 range, or oven;

9 (IV) an electric heat pump  
10 clothes dryer;

11 (V) an electric load service cen-  
12 ter;

13 (VI) insulation;

14 (VII) air sealing and materials to  
15 improve ventilation; or

16 (VIII) electric wiring;

17 (ii) with respect to any appliance de-  
18 scribed in clause (i), the purchase of which  
19 is carried out—

20 (I) as part of new construction;

21 (II) to replace a nonelectric ap-  
22 pliance; or

23 (III) as a first-time purchase  
24 with respect to that appliance; and

1 (iii) is carried out at, or relating to, a  
2 single-family home or multifamily building,  
3 as applicable and defined by the Secretary.

4 (B) EXCLUSIONS.—The term “qualified  
5 electrification project” does not include any  
6 project with respect to which the appliance, sys-  
7 tem, equipment, infrastructure, component, or  
8 other item described in subclauses (I) through  
9 (VIII) of subparagraph (A)(i) is not certified  
10 under the Energy Star program established by  
11 section 324A of the Energy Policy and Con-  
12 servation Act (42 U.S.C. 6294a), if applicable.

13 **SEC. 50123. STATE-BASED HOME ENERGY EFFICIENCY CON-**  
14 **TRACTOR TRAINING GRANTS.**

15 (a) APPROPRIATION.—In addition to amounts other-  
16 wise available, there is appropriated to the Secretary for  
17 fiscal year 2022, out of any money in the Treasury not  
18 otherwise appropriated, \$200,000,000, to remain available  
19 through September 30, 2031, to carry out a program to  
20 provide financial assistance to States to develop and imple-  
21 ment a State program described in section 362(d)(13) of  
22 the Energy Policy and Conservation Act (42 U.S.C.  
23 6322(d)(13)), which shall provide training and education  
24 to contractors involved in the installation of home energy  
25 efficiency and electrification improvements, including im-

1 improvements eligible for rebates under a HOMES rebate  
2 program (as defined in section 50121(d)) or a high-effi-  
3 ciency electric home rebate program (as defined in section  
4 50122(d)), as part of an approved State energy conserva-  
5 tion plan under the State Energy Program.

6 (b) USE OF FUNDS.—A State may use amounts re-  
7 ceived under subsection (a)—

8 (1) to reduce the cost of training contractor  
9 employees;

10 (2) to provide testing and certification of con-  
11 tractors trained and educated under a State pro-  
12 gram developed and implemented pursuant to sub-  
13 section (a); and

14 (3) to partner with nonprofit organizations to  
15 develop and implement a State program pursuant to  
16 subsection (a).

17 (c) ADMINISTRATIVE EXPENSES.—Of the amounts  
18 received by a State under subsection (a), a State shall use  
19 not more than 10 percent for administrative expenses as-  
20 sociated with developing and implementing a State pro-  
21 gram pursuant to that subsection.

1                   **PART 3—BUILDING EFFICIENCY AND**  
2                                   **RESILIENCE**  
3   **SEC. 50131. ASSISTANCE FOR LATEST AND ZERO BUILDING**  
4                                   **ENERGY CODE ADOPTION.**

5           (a) APPROPRIATION.—In addition to amounts other-  
6 wise available, there is appropriated to the Secretary for  
7 fiscal year 2022, out of any money in the Treasury not  
8 otherwise appropriated—

9                   (1) \$330,000,000, to remain available through  
10           September 30, 2029, to carry out activities under  
11           part D of title III of the Energy Policy and Con-  
12           servation Act (42 U.S.C. 6321 through 6326) in ac-  
13           cordance with subsection (b); and

14                   (2) \$670,000,000, to remain available through  
15           September 30, 2029, to carry out activities under  
16           part D of title III of the Energy Policy and Con-  
17           servation Act (42 U.S.C. 6321 through 6326) in ac-  
18           cordance with subsection (c).

19           (b) LATEST BUILDING ENERGY CODE.—The Sec-  
20 retary shall use funds made available under subsection  
21 (a)(1) for grants to assist States, and units of local gov-  
22 ernment that have authority to adopt building codes—

23                   (1) to adopt—

24                                   (A) a building energy code (or codes) for  
25           residential buildings that meets or exceeds the  
26           2021 International Energy Conservation Code,

1 or achieves equivalent or greater energy sav-  
2 ings;

3 (B) a building energy code (or codes) for  
4 commercial buildings that meets or exceeds the  
5 ANSI/ASHRAE/IES Standard 90.1–2019, or  
6 achieves equivalent or greater energy savings;  
7 or

8 (C) any combination of building energy  
9 codes described in subparagraph (A) or (B);  
10 and

11 (2) to implement a plan for the jurisdiction to  
12 achieve full compliance with any building energy  
13 code adopted under paragraph (1) in new and ren-  
14 ovated residential or commercial buildings, as appli-  
15 cable, which plan shall include active training and  
16 enforcement programs and measurement of the rate  
17 of compliance each year.

18 (c) ZERO ENERGY CODE.—The Secretary shall use  
19 funds made available under subsection (a)(2) for grants  
20 to assist States, and units of local government that have  
21 authority to adopt building codes—

22 (1) to adopt a building energy code (or codes)  
23 for residential and commercial buildings that meets  
24 or exceeds the zero energy provisions in the 2021

1 International Energy Conservation Code or an equiv-  
2 alent stretch code; and

3 (2) to implement a plan for the jurisdiction to  
4 achieve full compliance with any building energy  
5 code adopted under paragraph (1) in new and ren-  
6 ovated residential and commercial buildings, which  
7 plan shall include active training and enforcement  
8 programs and measurement of the rate of compli-  
9 ance each year.

10 (d) STATE MATCH.—The State cost share require-  
11 ment under the item relating to “Department of Energy—  
12 Energy Conservation” in title II of the Department of the  
13 Interior and Related Agencies Appropriations Act, 1985  
14 (42 U.S.C. 6323a; 98 Stat. 1861), shall not apply to as-  
15 sistance provided under this section.

16 (e) ADMINISTRATIVE COSTS.—Of the amounts made  
17 available under this section, the Secretary shall reserve 5  
18 percent for administrative costs necessary to carry out this  
19 section.

## 20 **PART 4—DOE LOAN AND GRANT PROGRAMS**

### 21 **SEC. 50141. FUNDING FOR DEPARTMENT OF ENERGY LOAN** 22 **PROGRAMS OFFICE.**

23 (a) COMMITMENT AUTHORITY.—In addition to com-  
24 mitment authority otherwise available and previously pro-  
25 vided, the Secretary may make commitments to guarantee

1 loans for eligible projects under section 1703 of the En-  
2 ergy Policy Act of 2005 (42 U.S.C. 16513), up to a total  
3 principal amount of \$40,000,000,000, to remain available  
4 through September 30, 2026.

5 (b) APPROPRIATION.—In addition to amounts other-  
6 wise available and previously provided, there is appro-  
7 priated to the Secretary for fiscal year 2022, out of any  
8 money in the Treasury not otherwise appropriated,  
9 \$3,600,000,000, to remain available through September  
10 30, 2026, for the costs of guarantees made under section  
11 1703 of the Energy Policy Act of 2005 (42 U.S.C. 16513),  
12 using the loan guarantee authority provided under sub-  
13 section (a) of this section.

14 (c) ADMINISTRATIVE EXPENSES.—Of the amount  
15 made available under subsection (b), the Secretary shall  
16 reserve 3 percent for administrative expenses to carry out  
17 title XVII of the Energy Policy Act of 2005 and for car-  
18 rying out section 1702(h)(3) of such Act (42 U.S.C.  
19 16512(h)(3)).

20 (d) LIMITATIONS.—

21 (1) CERTIFICATION.—None of the amounts  
22 made available under this section for loan guaran-  
23 tees shall be available for any project unless the  
24 President has certified in advance in writing that the



1 loan guarantee and the project comply with the pro-  
2 visions under this section.

3 (2) DENIAL OF DOUBLE BENEFIT.—Except as  
4 provided in paragraph (3), none of the amounts  
5 made available under this section for loan guaran-  
6 tees shall be available for commitments to guarantee  
7 loans for any projects under which funds, personnel,  
8 or property (tangible or intangible) of any Federal  
9 agency, instrumentality, personnel, or affiliated enti-  
10 ty are expected to be used (directly or indirectly)  
11 through acquisitions, contracts, demonstrations, ex-  
12 changes, grants, incentives, leases, procurements,  
13 sales, other transaction authority, or other arrange-  
14 ments to support the project or to obtain goods or  
15 services from the project.

16 (3) EXCEPTION.—Paragraph (2) shall not pre-  
17 clude the use of the loan guarantee authority pro-  
18 vided under this section for commitments to guar-  
19 antee loans for—

20 (A) projects benefitting from otherwise al-  
21 lowable Federal tax benefits;

22 (B) projects benefitting from being located  
23 on Federal land pursuant to a lease or right-of-  
24 way agreement for which all consideration for  
25 all uses is—

- 1 (i) paid exclusively in cash;
- 2 (ii) deposited in the Treasury as off-
- 3 setting receipts; and
- 4 (iii) equal to the fair market value;
- 5 (C) projects benefitting from the Federal
- 6 insurance program under section 170 of the
- 7 Atomic Energy Act of 1954 (42 U.S.C. 2210);
- 8 or
- 9 (D) electric generation projects using
- 10 transmission facilities owned or operated by a
- 11 Federal Power Marketing Administration or the
- 12 Tennessee Valley Authority that have been au-
- 13 thorized, approved, and financed independent of
- 14 the project receiving the guarantee.
- 15 (e) GUARANTEE.—Section 1701(4)(A) of the Energy
- 16 Policy Act of 2005 (42 U.S.C. 16511(4)(A)) is amended
- 17 by inserting “, except that a loan guarantee may guar-
- 18 antee any debt obligation of a non-Federal borrower to
- 19 any Eligible Lender (as defined in section 609.2 of title
- 20 10, Code of Federal Regulations)” before the period at
- 21 the end.
- 22 (f) SOURCE OF PAYMENTS.—Section 1702(b) of the
- 23 Energy Policy Act of 2005 (42 U.S.C. 16512(b)(2)) is
- 24 amended by adding at the end the following:

1           “(3) SOURCE OF PAYMENTS.—The source of a  
2           payment received from a borrower under subpara-  
3           graph (A) or (B) of paragraph (2) may not be a  
4           loan or other debt obligation that is made or guaran-  
5           teed by the Federal Government.”.

6   **SEC. 50142. ADVANCED TECHNOLOGY VEHICLE MANUFAC-**  
7                                   **TURING.**

8           (a) APPROPRIATION.—In addition to amounts other-  
9           wise available, there is appropriated to the Secretary for  
10          fiscal year 2022, out of any money in the Treasury not  
11          otherwise appropriated, \$3,000,000,000, to remain avail-  
12          able through September 30, 2028, for the costs of pro-  
13          viding direct loans under section 136(d) of the Energy  
14          Independence and Security Act of 2007 (42 U.S.C.  
15          17013(d)): *Provided*, That funds appropriated by this sec-  
16          tion may be used for the costs of providing direct loans  
17          for reequipping, expanding, or establishing a manufac-  
18          turing facility in the United States to produce, or for engi-  
19          neering integration performed in the United States of, ad-  
20          vanced technology vehicles described in subparagraph (C),  
21          (D), (E), or (F) of section 136(a)(1) of such Act (42  
22          U.S.C. 17013(a)(1)) only if such advanced technology ve-  
23          hicles emit, under any possible operational mode or condi-  
24          tion, low or zero exhaust emissions of greenhouse gases.

1 (b) ADMINISTRATIVE COSTS.—The Secretary shall  
2 reserve \$25,000,000 of amounts made available under  
3 subsection (a) for administrative costs of providing loans  
4 as described in subsection (a).

5 (c) ELIMINATION OF LOAN PROGRAM CAP.—Section  
6 136(d)(1) of the Energy Independence and Security Act  
7 of 2007 (42 U.S.C. 17013(d)(1)) is amended by striking  
8 “a total of not more than \$25,000,000,000 in”.

9 **SEC. 50143. DOMESTIC MANUFACTURING CONVERSION**  
10 **GRANTS.**

11 (a) APPROPRIATION.—In addition to amounts other-  
12 wise available, there is appropriated to the Secretary for  
13 fiscal year 2022, out of any money in the Treasury not  
14 otherwise appropriated, \$2,000,000,000, to remain avail-  
15 able through September 30, 2031, to provide grants for  
16 domestic production of efficient hybrid, plug-in electric hy-  
17 brid, plug-in electric drive, and hydrogen fuel cell electric  
18 vehicles, in accordance with section 712 of the Energy Pol-  
19 icy Act of 2005 (42 U.S.C. 16062).

20 (b) COST SHARE.—The Secretary shall require a re-  
21 cipient of a grant provided under subsection (a) to provide  
22 not less than 50 percent of the cost of the project carried  
23 out using the grant.

24 (c) ADMINISTRATIVE COSTS.—The Secretary shall  
25 reserve 3 percent of amounts made available under sub-

1 section (a) for administrative costs of making grants de-  
2 scribed in such subsection (a) pursuant to section 712 of  
3 the Energy Policy Act of 2005 (42 U.S.C. 16062).

4 **SEC. 50144. ENERGY INFRASTRUCTURE REINVESTMENT FI-**  
5 **NANCING.**

6 (a) APPROPRIATION.—In addition to amounts other-  
7 wise available, there is appropriated to the Secretary for  
8 fiscal year 2022, out of any money in the Treasury not  
9 otherwise appropriated, \$5,000,000,000, to remain avail-  
10 able through September 30, 2026, to carry out activities  
11 under section 1706 of the Energy Policy Act of 2005.

12 (b) COMMITMENT AUTHORITY.—The Secretary may  
13 make, through September 30, 2026, commitments to  
14 guarantee loans for projects under section 1706 of the En-  
15 ergy Policy Act of 2005 the total principal amount of  
16 which is not greater than \$250,000,000,000, subject to  
17 the limitations that apply to loan guarantees under section  
18 50141(d).

19 (c) ENERGY INFRASTRUCTURE REINVESTMENT FI-  
20 NANCING.—Title XVII of the Energy Policy Act of 2005  
21 is amended by inserting after section 1705 (42 U.S.C.  
22 16516) the following:

1 **“SEC. 1706. ENERGY INFRASTRUCTURE REINVESTMENT FI-**  
2 **NANCING.**

3 “(a) IN GENERAL.—Notwithstanding section 1703,  
4 the Secretary may make guarantees, including refi-  
5 nancing, under this section only for projects that—

6 “(1) retool, repower, repurpose, or replace en-  
7 ergy infrastructure that has ceased operations; or

8 “(2) enable operating energy infrastructure to  
9 avoid, reduce, utilize, or sequester air pollutants or  
10 anthropogenic emissions of greenhouse gases.

11 “(b) INCLUSION.—A project under subsection (a)  
12 may include the remediation of environmental damage as-  
13 sociated with energy infrastructure.

14 “(c) REQUIREMENT.—A project under subsection  
15 (a)(1) that involves electricity generation through the use  
16 of fossil fuels shall be required to have controls or tech-  
17 nologies to avoid, reduce, utilize, or sequester air pollut-  
18 ants and anthropogenic emissions of greenhouse gases.

19 “(d) APPLICATION.—To apply for a guarantee under  
20 this section, an applicant shall submit to the Secretary an  
21 application at such time, in such manner, and containing  
22 such information as the Secretary may require, includ-  
23 ing—

24 “(1) a detailed plan describing the proposed  
25 project;

1           “(2) an analysis of how the proposed project  
2 will engage with and affect associated communities;  
3 and

4           “(3) in the case of an applicant that is an elec-  
5 tric utility, an assurance that the electric utility  
6 shall pass on any financial benefit from the guar-  
7 antee made under this section to the customers of,  
8 or associated communities served by, the electric  
9 utility.

10          “(e) TERM.—Notwithstanding section 1702(f), the  
11 term of an obligation shall require full repayment over a  
12 period not to exceed 30 years.

13          “(f) DEFINITION OF ENERGY INFRASTRUCTURE.—In  
14 this section, the term ‘energy infrastructure’ means a fa-  
15 cility, and associated equipment, used for—

16           “(1) the generation or transmission of electric  
17 energy; or

18           “(2) the production, processing, and delivery of  
19 fossil fuels, fuels derived from petroleum, or petro-  
20 chemical feedstocks.”.

21          “(d) CONFORMING AMENDMENT.—Section 1702(o)(3)  
22 of the Energy Policy Act of 2005 (42 U.S.C. 16512(o)(3))  
23 is amended by inserting “and projects described in section  
24 1706(a)” before the period at the end.

1 (e) CLERICAL AMENDMENT.—The table of contents  
2 for the Energy Policy Act of 2005 is amended by inserting  
3 after the item relating to section 1705 (Public Law 109–  
4 58; 119 Stat. 604; 123 Stat. 145) the following:

“Sec. 1706. Energy infrastructure reinvestment financing.”.

5 **SEC. 50145. TRIBAL ENERGY LOAN GUARANTEE PROGRAM.**

6 (a) APPROPRIATION.—In addition to amounts other-  
7 wise available, there is appropriated to the Secretary for  
8 fiscal year 2022, out of any money in the Treasury not  
9 otherwise appropriated, \$75,000,000, to remain available  
10 through September 30, 2028, to carry out section 2602(c)  
11 of the Energy Policy Act of 1992 (25 U.S.C. 3502(c)),  
12 subject to the limitations that apply to loan guarantees  
13 under section 50141(d).

14 (b) DEPARTMENT OF ENERGY TRIBAL ENERGY  
15 LOAN GUARANTEE PROGRAM.—Section 2602(c) of the  
16 Energy Policy Act of 1992 (25 U.S.C. 3502(c)) is amend-  
17 ed—

18 (1) in paragraph (1), by striking “) for an  
19 amount equal to not more than 90 percent of” and  
20 inserting “, except that a loan guarantee may guar-  
21 antee any debt obligation of a non-Federal borrower  
22 to any Eligible Lender (as defined in section 609.2  
23 of title 10, Code of Federal Regulations) for”; and

24 (2) in paragraph (4), by striking  
25 “\$2,000,000,000” and inserting “\$20,000,000,000”.



1                   **PART 5—ELECTRIC TRANSMISSION**

2   **SEC. 50151. TRANSMISSION FACILITY FINANCING.**

3           (a) APPROPRIATION.—In addition to amounts other-  
4 wise available, there is appropriated to the Secretary for  
5 fiscal year 2022, out of any money in the Treasury not  
6 otherwise appropriated, \$2,000,000,000, to remain avail-  
7 able through September 30, 2030, to carry out this sec-  
8 tion: *Provided*, That the Secretary shall not enter into any  
9 loan agreement pursuant to this section that could result  
10 in disbursements after September 30, 2031.

11          (b) USE OF FUNDS.—The Secretary shall use the  
12 amounts made available by subsection (a) to carry out a  
13 program to make direct loans to non-Federal borrowers,  
14 subject to the limitations that apply to loan guarantees  
15 under section 50141(d) and under such terms and condi-  
16 tions as the Secretary determines to be appropriate, for  
17 the construction or modification of electric transmission  
18 facilities designated by the Secretary to be necessary in  
19 the national interest under section 216(a) of the Federal  
20 Power Act (16 U.S.C. 824p(a)).

21          (c) LOANS.—A direct loan provided under this sec-  
22 tion—

23               (1) shall have a term that does not exceed the  
24               lesser of—

1 (A) 90 percent of the projected useful life,  
2 in years, of the eligible transmission facility;  
3 and

4 (B) 30 years;

5 (2) shall not exceed 80 percent of the project  
6 costs; and

7 (3) shall, on first issuance, be subject to the  
8 condition that the direct loan is not subordinate to  
9 other financing.

10 (d) INTEREST RATES.—A direct loan provided under  
11 this section shall bear interest at a rate determined by  
12 the Secretary, taking into consideration market yields on  
13 outstanding marketable obligations of the United States  
14 of comparable maturities as of the date on which the di-  
15 rect loan is made.

16 (e) DEFINITION OF DIRECT LOAN.—In this section,  
17 the term “direct loan” has the meaning given the term  
18 in section 502 of the Federal Credit Reform Act of 1990  
19 (2 U.S.C. 661a).

20 **SEC. 50152. GRANTS TO FACILITATE THE SITING OF INTER-**  
21 **STATE ELECTRICITY TRANSMISSION LINES.**

22 (a) APPROPRIATION.—In addition to amounts other-  
23 wise available, there is appropriated to the Secretary for  
24 fiscal year 2022, out of any money in the Treasury not  
25 otherwise appropriated, \$760,000,000, to remain available

1 through September 30, 2029, for making grants in accord-  
2 ance with this section and for administrative expenses as-  
3 sociated with carrying out this section.

4 (b) USE OF FUNDS.—

5 (1) IN GENERAL.—The Secretary may make a  
6 grant under this section to a siting authority for,  
7 with respect to a covered transmission project, any  
8 of the following activities:

9 (A) Studies and analyses of the impacts of  
10 the covered transmission project.

11 (B) Examination of up to 3 alternate  
12 siting corridors within which the covered trans-  
13 mission project feasibly could be sited.

14 (C) Hosting and facilitation of negotiations  
15 in settlement meetings involving the siting au-  
16 thority, the covered transmission project appli-  
17 cant, and opponents of the covered transmission  
18 project, for the purpose of identifying and ad-  
19 dressing issues that are preventing approval of  
20 the application relating to the siting or permit-  
21 ting of the covered transmission project.

22 (D) Participation by the siting authority in  
23 regulatory proceedings or negotiations in an-  
24 other jurisdiction, or under the auspices of a  
25 Transmission Organization (as defined in sec-

1           tion 3 of the Federal Power Act (16 U.S.C.  
2           796)) that is also considering the siting or per-  
3           mitting of the covered transmission project.

4           (E) Participation by the siting authority in  
5           regulatory proceedings at the Federal Energy  
6           Regulatory Commission or a State regulatory  
7           commission for determining applicable rates  
8           and cost allocation for the covered transmission  
9           project.

10          (F) Other measures and actions that may  
11          improve the chances of, and shorten the time  
12          required for, approval by the siting authority of  
13          the application relating to the siting or permit-  
14          ting of the covered transmission project, as the  
15          Secretary determines appropriate.

16          (2) ECONOMIC DEVELOPMENT.—The Secretary  
17          may make a grant under this section to a siting au-  
18          thority, or other State, local, or Tribal governmental  
19          entity, for economic development activities for com-  
20          munities that may be affected by the construction  
21          and operation of a covered transmission project, pro-  
22          vided that the Secretary shall not enter into any  
23          grant agreement pursuant to this section that could  
24          result in any outlays after September 30, 2031.

25          (c) CONDITIONS.—

1           (1) FINAL DECISION ON APPLICATION.—In  
2 order to receive a grant for an activity described in  
3 subsection (b)(1), the Secretary shall require a siting  
4 authority to agree, in writing, to reach a final deci-  
5 sion on the application relating to the siting or per-  
6 mitting of the applicable covered transmission  
7 project not later than 2 years after the date on  
8 which such grant is provided, unless the Secretary  
9 authorizes an extension for good cause.

10           (2) FEDERAL SHARE.—The Federal share of  
11 the cost of an activity described in subparagraph  
12 (D) or (E) of subsection (b)(1) shall not exceed 50  
13 percent.

14           (3) ECONOMIC DEVELOPMENT.—The Secretary  
15 may only disburse grant funds for economic develop-  
16 ment activities under subsection (b)(2)—

17                   (A) to a siting authority upon approval by  
18 the siting authority of the applicable covered  
19 transmission project; and

20                   (B) to any other State, local, or Tribal  
21 governmental entity upon commencement of  
22 construction of the applicable covered trans-  
23 mission project in the area under the jurisdic-  
24 tion of the entity.

1 (d) RETURNING FUNDS.—If a siting authority that  
2 receives a grant for an activity described in subsection  
3 (b)(1) fails to use all grant funds within 2 years of receipt,  
4 the siting authority shall return to the Secretary any such  
5 unused funds.

6 (e) DEFINITIONS.—In this section:

7 (1) COVERED TRANSMISSION PROJECT.—The  
8 term “covered transmission project” means a high-  
9 voltage interstate or offshore electricity transmission  
10 line—

11 (A) that is proposed to be constructed and  
12 to operate—

13 (i) at a minimum of 275 kilovolts of  
14 either alternating-current or direct-current  
15 electric energy by an entity; or

16 (ii) offshore and at a minimum of 200  
17 kilovolts of either alternating-current or di-  
18 rect-current electric energy by an entity;  
19 and

20 (B) for which such entity has applied, or  
21 informed a siting authority of such entity’s in-  
22 tent to apply, for regulatory approval.

23 (2) SITING AUTHORITY.—The term “siting au-  
24 thority” means a State, local, or Tribal govern-  
25 mental entity with authority to make a final deter-

1 mination regarding the siting, permitting, or regu-  
2 latory status of a covered transmission project that  
3 is proposed to be located in an area under the juris-  
4 diction of the entity.

5 **SEC. 50153. INTERREGIONAL AND OFFSHORE WIND ELEC-**  
6 **TRICITY TRANSMISSION PLANNING, MOD-**  
7 **ELING, AND ANALYSIS.**

8 (a) APPROPRIATION.—In addition to amounts other-  
9 wise available, there is appropriated to the Secretary for  
10 fiscal year 2022, out of any money in the Treasury not  
11 otherwise appropriated, \$100,000,000, to remain available  
12 through September 30, 2031, to carry out this section.

13 (b) USE OF FUNDS.—The Secretary shall use  
14 amounts made available under subsection (a)—

15 (1) to pay expenses associated with convening  
16 relevant stakeholders, including States, generation  
17 and transmission developers, regional transmission  
18 organizations, independent system operators, envi-  
19 ronmental organizations, electric utilities, and other  
20 stakeholders the Secretary determines appropriate,  
21 to address the development of interregional elec-  
22 tricity transmission and transmission of electricity  
23 that is generated by offshore wind; and

24 (2) to conduct planning, modeling, and analysis  
25 regarding interregional electricity transmission and

1 transmission of electricity that is generated by off-  
2 shore wind, taking into account the local, regional,  
3 and national economic, reliability, resilience, secu-  
4 rity, public policy, and environmental benefits of  
5 interregional electricity transmission and trans-  
6 mission of electricity that is generated by offshore  
7 wind, including planning, modeling, and analysis, as  
8 the Secretary determines appropriate, pertaining  
9 to—

10 (A) clean energy integration into the elec-  
11 tric grid, including the identification of renew-  
12 able energy zones;

13 (B) the effects of changes in weather due  
14 to climate change on the reliability and resil-  
15 ience of the electric grid;

16 (C) cost allocation methodologies that fa-  
17 cilitate the expansion of the bulk power system;

18 (D) the benefits of coordination between  
19 generator interconnection processes and trans-  
20 mission planning processes;

21 (E) the effect of increased electrification  
22 on the electric grid;

23 (F) power flow modeling;

24 (G) the benefits of increased interconnec-  
25 tions or interties between or among the West-



1           ern Interconnection, the Eastern Interconnec-  
2           tion, the Electric Reliability Council of Texas,  
3           and other interconnections, as applicable;

4                 (H) the cooptimization of transmission and  
5           generation, including variable energy resources,  
6           energy storage, and demand-side management;

7                 (I) the opportunities for use of nontrans-  
8           mission alternatives, energy storage, and grid-  
9           enhancing technologies;

10                (J) economic development opportunities for  
11           communities arising from development of inter-  
12           regional electricity transmission and trans-  
13           mission of electricity that is generated by off-  
14           shore wind;

15                (K) evaluation of existing rights-of-way  
16           and the need for additional transmission cor-  
17           ridors; and

18                (L) a planned national transmission grid,  
19           which would include a networked transmission  
20           system to optimize the existing grid for inter-  
21           connection of offshore wind farms.

1 **PART 6—INDUSTRIAL**

2 **SEC. 50161. ADVANCED INDUSTRIAL FACILITIES DEPLOY-**  
3 **MENT PROGRAM.**

4 (a) OFFICE OF CLEAN ENERGY DEMONSTRA-  
5 TIONS.—In addition to amounts otherwise available, there  
6 is appropriated to the Secretary, acting through the Office  
7 of Clean Energy Demonstrations, for fiscal year 2022, out  
8 of any money in the Treasury not otherwise appropriated,  
9 \$5,812,000,000, to remain available through September  
10 30, 2026, to carry out this section.

11 (b) FINANCIAL ASSISTANCE.—The Secretary shall  
12 use funds appropriated by subsection (a) to provide finan-  
13 cial assistance, on a competitive basis, to eligible entities  
14 to carry out projects for—

15 (1) the purchase and installation, or implemen-  
16 tation, of advanced industrial technology at an eligi-  
17 ble facility;

18 (2) retrofits, upgrades to, or operational im-  
19 provements at an eligible facility to install or imple-  
20 ment advanced industrial technology; or

21 (3) engineering studies and other work needed  
22 to prepare an eligible facility for activities described  
23 in paragraph (1) or (2).

24 (c) APPLICATION.—To be eligible to receive financial  
25 assistance under subsection (b), an eligible entity shall  
26 submit to the Secretary an application at such time, in

1 such manner, and containing such information as the Sec-  
2 retary may require, including the expected greenhouse gas  
3 emissions reductions to be achieved by carrying out the  
4 project.

5 (d) PRIORITY.—In providing financial assistance  
6 under subsection (b), the Secretary shall give priority con-  
7 sideration to projects on the basis of, as determined by  
8 the Secretary—

9 (1) the expected greenhouse gas emissions re-  
10 ductions to be achieved by carrying out the project;

11 (2) the extent to which the project would pro-  
12 vide the greatest benefit for the greatest number of  
13 people within the area in which the eligible facility  
14 is located; and

15 (3) whether the eligible entity participates or  
16 would participate in a partnership with purchasers  
17 of the output of the eligible facility.

18 (e) COST SHARE.—The Secretary shall require an eli-  
19 gible entity to provide not less than 50 percent of the cost  
20 of a project carried out pursuant to this section.

21 (f) ADMINISTRATIVE COSTS.—The Secretary shall re-  
22 serve \$200,000,000 of amounts made available under sub-  
23 section (a) for administrative costs of carrying out this  
24 section.

25 (g) DEFINITIONS.—In this section:

1           (1) **ADVANCED INDUSTRIAL TECHNOLOGY.**—

2           The term “advanced industrial technology” means a  
3           technology directly involved in an industrial process,  
4           as described in any of paragraphs (1) through (6)  
5           of section 454(c) of the Energy Independence and  
6           Security Act of 2007 (42 U.S.C. 17113(c)), and de-  
7           signed to accelerate greenhouse gas emissions reduc-  
8           tion progress to net-zero at an eligible facility, as de-  
9           termined by the Secretary.

10           (2) **ELIGIBLE ENTITY.**—The term “eligible enti-  
11           ty” means the owner or operator of an eligible facil-  
12           ity.

13           (3) **ELIGIBLE FACILITY.**—The term “eligible fa-  
14           cility” means a domestic, non-Federal, nonpower in-  
15           dustrial or manufacturing facility engaged in energy-  
16           intensive industrial processes, including production  
17           processes for iron, steel, steel mill products, alu-  
18           minum, cement, concrete, glass, pulp, paper, indus-  
19           trial ceramics, chemicals, and other energy intensive  
20           industrial processes, as determined by the Secretary.

21           (4) **FINANCIAL ASSISTANCE.**—The term “finan-  
22           cial assistance” means a grant, rebate, direct loan,  
23           or cooperative agreement.

1                   **PART 7—OTHER ENERGY MATTERS**

2   **SEC. 50171. DEPARTMENT OF ENERGY OVERSIGHT.**

3           In addition to amounts otherwise available, there is  
4 appropriated to the Secretary for fiscal year 2022, out of  
5 any money in the Treasury not otherwise appropriated,  
6 \$10,000,000, to remain available through September 30,  
7 2031, for oversight by the Department of Energy Office  
8 of Inspector General of the Department of Energy activi-  
9 ties for which funding is appropriated in this subtitle.

10 **SEC. 50172. NATIONAL LABORATORY INFRASTRUCTURE.**

11           (a) OFFICE OF SCIENCE.—In addition to amounts  
12 otherwise available, there is appropriated to the Secretary,  
13 acting through the Director of the Office of Science, for  
14 fiscal year 2022, out of any money in the Treasury not  
15 otherwise appropriated, to remain available through Sep-  
16 tember 30, 2027—

17                   (1) \$133,240,000 to carry out activities for  
18 science laboratory infrastructure projects;

19                   (2) \$303,656,000 to carry out activities for  
20 high energy physics construction and major items of  
21 equipment projects;

22                   (3) \$280,000,000 to carry out activities for fu-  
23 sion energy science construction and major items of  
24 equipment projects;

1           (4) \$217,000,000 to carry out activities for nu-  
2           clear physics construction and major items of equip-  
3           ment projects;

4           (5) \$163,791,000 to carry out activities for ad-  
5           vanced scientific computing research facilities;

6           (6) \$294,500,000 to carry out activities for  
7           basic energy sciences projects; and

8           (7) \$157,813,000 to carry out activities for iso-  
9           tope research and development facilities.

10       (b) OFFICE OF FOSSIL ENERGY AND CARBON MAN-  
11       AGEMENT.—In addition to amounts otherwise available,  
12       there is appropriated to the Secretary for fiscal year 2022,  
13       out of any money in the Treasury not otherwise appro-  
14       priated, \$150,000,000, to remain available through Sep-  
15       tember 30, 2027, to carry out activities for infrastructure  
16       and general plant projects carried out by the Office of  
17       Fossil Energy and Carbon Management.

18       (c) OFFICE OF NUCLEAR ENERGY.—In addition to  
19       amounts otherwise available, there is appropriated to the  
20       Secretary for fiscal year 2022, out of any money in the  
21       Treasury not otherwise appropriated, \$150,000,000, to re-  
22       main available through September 30, 2027, to carry out  
23       activities for infrastructure and general plant projects car-  
24       ried out by the Office of Nuclear Energy.

1 (d) OFFICE OF ENERGY EFFICIENCY AND RENEW-  
2 ABLE ENERGY.—In addition to amounts otherwise avail-  
3 able, there is appropriated to the Secretary for fiscal year  
4 2022, out of any money in the Treasury not otherwise ap-  
5 propriated, \$150,000,000, to remain available through  
6 September 30, 2027, to carry out activities for infrastruc-  
7 ture and general plant projects carried out by the Office  
8 of Energy Efficiency and Renewable Energy.

9 **SEC. 50173. AVAILABILITY OF HIGH-ASSAY LOW-ENRICHED**  
10 **URANIUM.**

11 (a) APPROPRIATIONS.—In addition to amounts other-  
12 wise available, there is appropriated to the Secretary of  
13 for fiscal year 2022, out of any money in the Treasury  
14 not otherwise appropriated, to remain available through  
15 September 30, 2026—

16 (1) \$100,000,000 to carry out the program ele-  
17 ments described in subparagraphs (A) through (C)  
18 of section 2001(a)(2) of the Energy Act of 2020 (42  
19 U.S.C. 16281(a)(2));

20 (2) \$500,000,000 to carry out the program ele-  
21 ments described in subparagraphs (D) through (H)  
22 of that section; and

23 (3) \$100,000,000 to carry out activities to sup-  
24 port the availability of high-assay low-enriched ura-  
25 nium for civilian domestic research, development,

1 demonstration, and commercial use under section  
2 2001 of the Energy Act of 2020 (42 U.S.C. 16281).

3 (b) COMPETITIVE PROCEDURES.—To the maximum  
4 extent practicable, the Department of Energy shall, in a  
5 manner consistent with section 989 of the Energy Policy  
6 Act of 2005 (42 U.S.C. 16353), use a competitive, merit-  
7 based review process in carrying out research, develop-  
8 ment, demonstration, and deployment activities under sec-  
9 tion 2001 of the Energy Act of 2020 (42 U.S.C. 16281).

10 (c) ADMINISTRATIVE EXPENSES.—The Secretary  
11 may use not more than 3 percent of the amounts appro-  
12 priated by subsection (a) for administrative purposes.

## 13 **Subtitle B—Natural Resources**

### 14 **PART 1—GENERAL PROVISIONS**

#### 15 **SEC. 50211. DEFINITIONS.**

16 In this subtitle:

17 (1) SECRETARY.—The term “Secretary” means  
18 the Secretary of the Interior.

19 (2) UNITED STATES INSULAR AREAS.—The  
20 term “United States Insular Areas” means Amer-  
21 ican Samoa, the Commonwealth of the Northern  
22 Mariana Islands, Guam, the Commonwealth of Puer-  
23 to Rico, and the United States Virgin Islands.



1 **PART 2—PUBLIC LANDS**

2 **SEC. 50221. NATIONAL PARKS AND PUBLIC LANDS CON-**  
3 **SERVATION AND RESILIENCE.**

4 In addition to amounts otherwise available, there is  
5 appropriated to the Secretary for fiscal year 2022, out of  
6 any money in the Treasury not otherwise appropriated,  
7 \$250,000,000, to remain available through September 30,  
8 2031, to carry out projects for the conservation, protec-  
9 tion, and resiliency of lands and resources administered  
10 by the National Park Service and Bureau of Land Man-  
11 agement. None of the funds provided under this section  
12 shall be subject to cost-share or matching requirements.

13 **SEC. 50222. NATIONAL PARKS AND PUBLIC LANDS CON-**  
14 **SERVATION AND ECOSYSTEM RESTORATION.**

15 In addition to amounts otherwise available, there is  
16 appropriated to the Secretary for fiscal year 2022, out of  
17 any money in the Treasury not otherwise appropriated,  
18 \$250,000,000, to remain available through September 30,  
19 2031, to carry out conservation, ecosystem and habitat  
20 restoration projects on lands administered by the National  
21 Park Service and Bureau of Land Management. None of  
22 the funds provided under this section shall be subject to  
23 cost-share or matching requirements.

24 **SEC. 50223. NATIONAL PARK SERVICE EMPLOYEES.**

25 In addition to amounts otherwise available, there is  
26 appropriated to the Secretary for fiscal year 2022, out of

1 any money in the Treasury not otherwise appropriated,  
2 \$500,000,000, to remain available through September 30,  
3 2030, to hire employees in units of the National Park Sys-  
4 tem.

5 **PART 3—DROUGHT RESPONSE AND**  
6 **PREPAREDNESS**

7 **SEC. 50231. BUREAU OF RECLAMATION DOMESTIC WATER**  
8 **SUPPLY PROJECTS.**

9 In addition to amounts otherwise available, there is  
10 appropriated to the Secretary, acting through the Com-  
11 missioner of Reclamation, for fiscal year 2022, out of any  
12 money in the Treasury not otherwise appropriated,  
13 \$550,000,000, to remain available through September 30,  
14 2031, for grants, contracts, or financial assistance agree-  
15 ments for disadvantaged communities (identified accord-  
16 ing to criteria adopted by the Commissioner of Reclama-  
17 tion) in a manner as determined by the Commissioner of  
18 Reclamation for up to 100 percent of the cost of the plan-  
19 ning, design, or construction of water projects the primary  
20 purpose of which is to provide domestic water supplies to  
21 communities or households that do not have reliable access  
22 to domestic water supplies in a State or territory described  
23 in the first section of the Act of June 17, 1902 (43 U.S.C.  
24 391; 32 Stat. 388, chapter 1093).

1 **SEC. 50232. CANAL IMPROVEMENT PROJECTS.**

2 In addition to amounts otherwise available, there is  
3 appropriated to the Secretary, acting through the Com-  
4 missioner of Reclamation, for fiscal year 2022, out of any  
5 money in the Treasury not otherwise appropriated,  
6 \$25,000,000, to remain available through September 30,  
7 2031, for the design, study, and implementation of  
8 projects (including pilot and demonstration projects) to  
9 cover water conveyance facilities with solar panels to gen-  
10 erate renewable energy in a manner as determined by the  
11 Secretary or for other solar projects associated with Bu-  
12 reau of Reclamation projects that increase water efficiency  
13 and assist in implementation of clean energy goals.

14 **PART 4—INSULAR AFFAIRS**

15 **SEC. 50241. OFFICE OF INSULAR AFFAIRS CLIMATE**  
16 **CHANGE TECHNICAL ASSISTANCE.**

17 (a) IN GENERAL.—In addition to amounts otherwise  
18 available, there is appropriated to the Secretary, acting  
19 through the Office of Insular Affairs, for fiscal year 2022,  
20 out of any money in the Treasury not otherwise appro-  
21 priated, \$15,000,000, to remain available through Sep-  
22 tember 30, 2026, to provide technical assistance for cli-  
23 mate change planning, mitigation, adaptation, and resil-  
24 ience to United States Insular Areas.

25 (b) ADMINISTRATIVE EXPENSES.—In addition to  
26 amounts otherwise available, there is appropriated to the

1 Secretary, acting through the Office of Insular Affairs, for  
2 fiscal year 2022, out of any money in the Treasury not  
3 otherwise appropriated, \$900,000, to remain available  
4 through September 30, 2026, for necessary administrative  
5 expenses associated with carrying out this section.

6 **PART 5—OFFSHORE WIND**

7 **SEC. 50251. LEASING ON THE OUTER CONTINENTAL SHELF.**

8 (a) LEASING AUTHORIZED.—The Secretary may  
9 grant leases, easements, and rights-of-way pursuant to  
10 section 8(p)(1)(C) of the Outer Continental Shelf Lands  
11 Act (43 U.S.C. 1337(p)(1)(C)) in an area withdrawn by—

12 (1) the Presidential memorandum entitled  
13 “Memorandum on the Withdrawal of Certain Areas  
14 of the United States Outer Continental Shelf from  
15 Leasing Disposition” and dated September 8, 2020;  
16 or

17 (2) the Presidential memorandum entitled  
18 “Presidential Determination on the Withdrawal of  
19 Certain Areas of the United States Outer Conti-  
20 nental Shelf from Leasing Disposition” and dated  
21 September 25, 2020.

22 (b) OFFSHORE WIND FOR THE TERRITORIES.—

23 (1) APPLICATION OF OUTER CONTINENTAL  
24 SHELF LANDS ACT WITH RESPECT TO TERRITORIES  
25 OF THE UNITED STATES.—

1 (A) IN GENERAL.—Section 2 of the Outer  
2 Continental Shelf Lands Act (43 U.S.C. 1331)  
3 is amended—

4 (i) in subsection (a)—

5 (I) by striking “means all” and  
6 inserting the following: “means—  
7 “(1) all”; and

8 (II) in paragraph (1) (as so des-  
9 ignated), by striking “control;” and  
10 inserting the following: “control or  
11 within the exclusive economic zone of  
12 the United States and adjacent to any  
13 territory of the United States; and”;  
14 and

15 (III) by adding at the end fol-  
16 lowing:

17 “(2) does not include any area conveyed by  
18 Congress to a territorial government for administra-  
19 tion;”;

20 (ii) in subsection (p), by striking  
21 “and” after the semicolon at the end;

22 (iii) in subsection (q), by striking the  
23 period at the end and inserting “; and”;  
24 and

1 (iv) by adding at the end the fol-  
2 lowing:

3 “(r) The term ‘State’ means—

4 “(1) each of the several States;

5 “(2) the Commonwealth of Puerto Rico;

6 “(3) Guam;

7 “(4) American Samoa;

8 “(5) the United States Virgin Islands; and

9 “(6) the Commonwealth of the Northern Mar-  
10 iana Islands.”.

11 (B) EXCLUSIONS.—Section 18 of the  
12 Outer Continental Shelf Lands Act (43 U.S.C.  
13 1344) is amended by adding at the end the fol-  
14 lowing:

15 “(i) APPLICATION.—This section shall  
16 not apply to the scheduling of any lease  
17 sale in an area of the outer Continental  
18 Shelf that is adjacent to the Common-  
19 wealth of Puerto Rico, Guam, American  
20 Samoa, the United States Virgin Islands,  
21 or the Commonwealth of the Northern  
22 Mariana Islands.”.

23 (2) WIND LEASE SALES FOR AREAS OF THE  
24 OUTER CONTINENTAL SHELF.—The Outer Conti-

1           mental Shelf Lands Act (43 U.S.C. 1331 et seq.) is  
2           amended by adding at the end the following:

3   **“SEC. 33. WIND LEASE SALES FOR AREAS OF THE OUTER**  
4                   **CONTINENTAL SHELF OFFSHORE OF TERRI-**  
5                   **TORIES OF THE UNITED STATES.**

6           “(a) WIND LEASE SALES OFF COASTS OF TERRI-  
7   TORIES OF THE UNITED STATES.—

8                   “(1) CALL FOR INFORMATION AND NOMINA-  
9   TIONS.—

10                   “(A) IN GENERAL.—The Secretary shall  
11           issue calls for information and nominations for  
12           proposed wind lease sales for areas of the outer  
13           Continental Shelf described in paragraph (2)  
14           that are determined to be feasible.

15                   “(B) INITIAL CALL.—Not later than Sep-  
16           tember 30, 2025, the Secretary shall issue an  
17           initial call for information and nominations  
18           under this paragraph.

19                   “(2) CONDITIONAL WIND LEASE SALES.—The  
20           Secretary may conduct wind lease sales in each area  
21           within the exclusive economic zone of the United  
22           States adjacent to the Commonwealth of Puerto  
23           Rico, Guam, American Samoa, the United States  
24           Virgin Islands, or the Commonwealth of the North-

1 ern Mariana Islands that meets each of the following  
2 criteria:

3 “(A) The Secretary has concluded that a  
4 wind lease sale in the area is feasible.

5 “(B) The Secretary has determined that  
6 there is sufficient interest in leasing the area.

7 “(C) The Secretary has consulted with the  
8 Governor of the territory regarding the suit-  
9 ability of the area for wind energy develop-  
10 ment.”.

11 **PART 6—FOSSIL FUEL RESOURCES**

12 **SEC. 50261. OFFSHORE OIL AND GAS ROYALTY RATE.**

13 Section 8(a)(1) of the Outer Continental Shelf Lands  
14 Act (43 U.S.C. 1337(a)(1)) is amended—

15 (1) in each of subparagraphs (A) and (C), by  
16 striking “not less than 12½ per centum” each place  
17 it appears and inserting “not less than 16⅔ per-  
18 cent, but not more than 18¾ percent, during the  
19 10-year period beginning on the date of enactment  
20 of the Inflation Reduction Act of 2022, and not less  
21 than 16⅔ percent thereafter,”;

22 (2) in subparagraph (F), by striking “no less  
23 than 12½ per centum” and inserting “not less than  
24 16⅔ percent, but not more than 18¾ percent, dur-  
25 ing the 10-year period beginning on the date of en-



1 actment of the Inflation Reduction Act of 2022, and  
2 not less than  $16\frac{2}{3}$  percent thereafter,”; and

3 (3) in subparagraph (H), by striking “no less  
4 than 12 and  $\frac{1}{2}$  per centum” and inserting “not less  
5 than  $16\frac{2}{3}$  percent, but not more than  $18\frac{3}{4}$  percent,  
6 during the 10-year period beginning on the date of  
7 enactment of the Inflation Reduction Act of 2022,  
8 and not less than  $16\frac{2}{3}$  percent thereafter,”.

9 **SEC. 50262. MINERAL LEASING ACT MODERNIZATION.**

10 (a) ONSHORE OIL AND GAS ROYALTY RATES.—

11 (1) LEASE OF OIL AND GAS LAND.—Section 17  
12 of the Mineral Leasing Act (30 U.S.C. 226) is  
13 amended—

14 (A) in subsection (b)(1)(A), in the fifth  
15 sentence—

16 (i) by striking “12.5” and inserting  
17 “ $16\frac{2}{3}$ ”; and

18 (ii) by inserting “or, in the case of a  
19 lease issued during the 10-year period be-  
20 ginning on the date of enactment of the  
21 Inflation Reduction Act of 2022,  $16\frac{2}{3}$  per-  
22 cent in amount or value of the production  
23 removed or sold from the lease” before the  
24 period at the end; and

1 (B) by striking “12½ per centum” each  
2 place it appears and inserting “16⅔ percent”.

3 (2) CONDITIONS FOR REINSTATEMENT.—Sec-  
4 tion 31(e)(3) of the Mineral Leasing Act (30 U.S.C.  
5 188(e)(3)) is amended by striking “16⅔” each place  
6 it appears and inserting “20”.

7 (b) OIL AND GAS MINIMUM BID.—Section 17(b) of  
8 the Mineral Leasing Act (30 U.S.C. 226(b)) is amended—

9 (1) in paragraph (1)(B), in the first sentence,  
10 by striking “\$2 per acre for a period of 2 years from  
11 the date of enactment of the Federal Onshore Oil  
12 and Gas Leasing Reform Act of 1987.” and insert-  
13 ing “\$10 per acre during the 10-year period begin-  
14 ning on the date of enactment of the Inflation Re-  
15 duction Act of 2022.”; and

16 (2) in paragraph (2)(C), by striking “\$2 per  
17 acre” and inserting “\$10 per acre”.

18 (c) FOSSIL FUEL RENTAL RATES.—

19 (1) ANNUAL RENTALS.—Section 17(d) of the  
20 Mineral Leasing Act (30 U.S.C. 226(d)) is amended,  
21 in the first sentence, by striking “\$1.50 per acre”  
22 and all that follows through the period at the end  
23 and inserting “\$3 per acre per year during the 2-  
24 year period beginning on the date the lease begins  
25 for new leases, and after the end of that 2-year pe-

1       riod, \$5 per acre per year for the following 6-year  
2       period, and not less than \$15 per acre per year  
3       thereafter, or, in the case of a lease issued during  
4       the 10-year period beginning on the date of enact-  
5       ment of the Inflation Reduction Act of 2022, \$3 per  
6       acre per year during the 2-year period beginning on  
7       the date the lease begins, and after the end of that  
8       2-year period, \$5 per acre per year for the following  
9       6-year period, and \$15 per acre per year there-  
10      after.”.

11           (2) RENTALS IN REINSTATED LEASES.—Section  
12      31(e)(2) of the Mineral Leasing Act (30 U.S.C.  
13      188(e)(2)) is amended by striking “\$10” and insert-  
14      ing “\$20”.

15           (d) EXPRESSION OF INTEREST FEE.—Section 17 of  
16      the Mineral Leasing Act (30 U.S.C. 226) is amended by  
17      adding at the end the following:

18      “(q) FEE FOR EXPRESSION OF INTEREST.—

19           “(1) IN GENERAL.—The Secretary shall assess  
20      a nonrefundable fee against any person that, in ac-  
21      cordance with procedures established by the Sec-  
22      retary to carry out this subsection, submits an ex-  
23      pression of interest in leasing land available for dis-  
24      position under this section for exploration for, and  
25      development of, oil or gas.

1 “(2) AMOUNT OF FEE.—

2 “(A) IN GENERAL.—Subject to subpara-  
3 graph (B), the fee assessed under paragraph  
4 (1) shall be \$5 per acre of the area covered by  
5 the applicable expression of interest.

6 “(B) ADJUSTMENT OF FEE.—The Sec-  
7 retary shall, by regulation, not less frequently  
8 than every 4 years, adjust the amount of the  
9 fee under subparagraph (A) to reflect the  
10 change in inflation.”.

11 (e) ELIMINATION OF NONCOMPETITIVE LEASING.—

12 (1) IN GENERAL.—Section 17 of the Mineral  
13 Leasing Act (20 U.S.C. 226) is amended—

14 (A) in subsection (b)—

15 (i) in paragraph (1)(A)—

16 (I) in the first sentence, by strik-  
17 ing “paragraphs (2) and (3) of this  
18 subsection” and inserting “paragraph  
19 (2)”; and

20 (II) by striking the last sentence;

21 and

22 (ii) by striking paragraph (3);

23 (B) by striking subsection (c) and insert-  
24 ing the following:

1           “(c) ADDITIONAL ROUNDS OF COMPETITIVE BID-  
2 DING.—Land made available for leasing under subsection  
3 (b)(1) for which no bid is accepted or received, or the land  
4 for which a lease terminates, expires, is cancelled, or is  
5 relinquished, may be made available by the Secretary of  
6 the Interior for a new round of competitive bidding under  
7 that subsection.”; and

8                         (C) by striking subsection (e) and inserting  
9                         the following:

10           “(e) TERM OF LEASE.—

11                         “(1) IN GENERAL.—Any lease issued under this  
12                         section, including a lease for tar sand areas, shall be  
13                         for a primary term of 10 years.

14                         “(2) CONTINUATION OF LEASE.—A lease de-  
15                         scribed in paragraph (1) shall continue after the pri-  
16                         mary term of the lease for any period during which  
17                         oil or gas is produced in paying quantities.

18                         “(3) ADDITIONAL EXTENSIONS.—Any lease  
19                         issued under this section for land on which, or for  
20                         which under an approved cooperative or unit plan of  
21                         development or operation, actual drilling operations  
22                         were commenced and diligently prosecuted prior to  
23                         the end of the primary term of the lease shall be ex-  
24                         tended for 2 years and for any period thereafter dur-

1       ing which oil or gas is produced in paying quan-  
2       tities.”.

3               (2) CONFORMING AMENDMENTS.—Section 31 of  
4       the Mineral Leasing Act (30 U.S.C. 188) is amend-  
5       ed—

6               (A) in subsection (d)(1), in the first sen-  
7       tence, by striking “or section 17(e) of this Act”;

8               (B) in subsection (e)—

9                       (i) in paragraph (2)—

10                               (I) by striking “either”; and

11                               (II) by striking “or the inclu-  
12       sion” and all that follows through “,  
13       all”; and

14                       (ii) in paragraph (3)—

15                               (I) in subparagraph (A), by add-  
16       ing “and” after the semicolon;

17                               (II) by striking subparagraph  
18       (B); and

19                               (III) by striking “(3)(A) pay-  
20       ment” and inserting the following:

21       “(3) payment”;

22               (C) in subsection (g)—

23                       (i) in paragraph (1), by striking “as a  
24       competitive” and all that follows through  
25       “of this Act” and inserting “in the same

1 manner as the original lease issued pursu-  
2 ant to section 17”;

3 (ii) by striking paragraph (2);

4 (iii) by redesignating paragraphs (3)  
5 and (4) as paragraphs (2) and (3), respec-  
6 tively; and

7 (iv) in paragraph (2) (as so redesign-  
8 ated), by striking “applicable to leases  
9 issued under subsection 17(c) of this Act  
10 (30 U.S.C. 226(c)) except,” and inserting  
11 “except”;

12 (D) in subsection (h), by striking “sub-  
13 sections (d) and (f) of this section” and insert-  
14 ing “subsection (d)”;

15 (E) in subsection (i), by striking “(i)(1) In  
16 acting” and all that follows through “of this  
17 section” in paragraph (2) and inserting the fol-  
18 lowing:

19 “(i) ROYALTY REDUCTION IN REIN-  
20 STATED LEASES.—In acting on a petition  
21 for reinstatement pursuant to subsection  
22 (d)”;

23 (F) by striking subsection (f); and

1 (G) by redesignating subsections (g)  
2 through (j) as subsections (f) through (i), re-  
3 spectively.

4 (f) OIL AND GAS BONDING REQUIREMENTS.—Sec-  
5 tion 17(g) of the Mineral Leasing Act (30 U.S.C. 226(g))  
6 is amended by inserting after the third sentence the fol-  
7 lowing: “At a minimum each bond, surety, or other finan-  
8 cial arrangement established for a lease shall be consid-  
9 ered inadequate if the bond, surety, or other financial ar-  
10 rangement is for less than \$150,000, in the case of an  
11 individual oil or gas lease in a State, or for less than  
12 \$500,000, in the case of an arrangement for all of the  
13 oil and gas leases of an operating entity in a State, or  
14 for less than \$2,000,000, in the case of an arrangement  
15 for all of the oil and gas leases of an operating entity na-  
16 tionwide. The Secretary shall, by regulation, not less fre-  
17 quently than every 4 years, adjust the amount at which  
18 a bond, surety, or other financial arrangement is consid-  
19 ered inadequate to reflect the change in inflation.”.

20 **SEC. 50263. ROYALTIES ON ALL EXTRACTED METHANE.**

21 (a) IN GENERAL.—For all leases issued after the  
22 date of enactment of this Act, except as provided in sub-  
23 section (b), royalties paid for gas produced from Federal  
24 land and on the outer Continental Shelf shall be assessed  
25 on all gas produced, including all gas that is consumed



1 or lost by venting, flaring, or negligent releases through  
2 any equipment during upstream operations.

3 (b) EXCEPTION.—Subsection (a) shall not apply with  
4 respect to—

5 (1) gas vented or flared for not longer than 48  
6 hours in an emergency situation that poses a danger  
7 to human health, safety, or the environment;

8 (2) gas used or consumed within the area of the  
9 lease, unit, or communitized area for the benefit of  
10 the lease, unit, or communitized area; or

11 (3) gas that is unavoidably lost.

12 **SEC. 50264. LEASE SALES UNDER THE 2017–2022 OUTER**  
13 **CONTINENTAL SHELF LEASING PROGRAM.**

14 (a) DEFINITIONS.—In this section:

15 (1) 2022 LEASE SALES.—The term “2022  
16 Lease Sales” means each of the following lease sales  
17 described in the 2017–2022 Outer Continental Shelf  
18 Oil and Gas Leasing Proposed Final Program pub-  
19 lished on November 18, 2016, and approved by the  
20 Secretary in the Record of Decision issued on Janu-  
21 ary 17, 2017, described in the notice of availability  
22 entitled “Record of Decision for the 2017–2022  
23 Outer Continental Shelf Oil and Gas Leasing Pro-  
24 gram Final Programmatic Environmental Impact

1 Statement; MMAA104000” (82 Fed. Reg. 6643  
2 (January 19, 2017)):

3 (A) Lease Sale 258.

4 (B) Lease Sale 259.

5 (2) LEASE SALE 257.—The term “Lease Sale  
6 257” means the lease sale numbered 257 that was  
7 approved in the Record of Decision described in the  
8 notice of availability of a record of decision issued on  
9 August 31, 2021, entitled “Gulf of Mexico, Outer  
10 Continental Shelf (OCS), Oil and Gas Lease Sale  
11 257” (86 Fed. Reg. 50160 (September 7, 2021)),  
12 and is the subject of the final notice of sale entitled  
13 “Gulf of Mexico Outer Continental Shelf Oil and  
14 Gas Lease Sale 257” (86 Fed. Reg. 54728 (October  
15 4, 2021)).

16 (3) LEASE SALE 261.—The term “Lease Sale  
17 261” means the lease sale numbered 261 described  
18 in the 2017–2022 Outer Continental Shelf Oil and  
19 Gas Leasing Proposed Final Program published on  
20 November 18, 2016, and approved by the Secretary  
21 in the Record of Decision issued on January 17,  
22 2017, described in the notice of availability entitled  
23 “Record of Decision for the 2017–2022 Outer Conti-  
24 nental Shelf Oil and Gas Leasing Program Final  
25 Programmatic Environmental Impact Statement;

1 MMAA104000” (82 Fed. Reg. 6643 (January 19,  
2 2017)).

3 (b) LEASE SALE 257 REINSTATEMENT.—

4 (1) ACCEPTANCE OF BIDS.—Not later 30 days  
5 after the date of enactment of this Act, the Sec-  
6 retary shall, without modification or delay—

7 (A) accept the highest valid bid for each  
8 tract or bidding unit of Lease Sale 257 for  
9 which a valid bid was received on November 17,  
10 2021; and

11 (B) provide the appropriate lease form to  
12 the winning bidder to execute and return.

13 (2) LEASE ISSUANCE.—On receipt of an exe-  
14 cuted lease form under paragraph (1)(B) and pay-  
15 ment of the rental for the first year, the balance of  
16 the bonus bid (unless deferred), and any required  
17 bond or security from the high bidder, the Secretary  
18 shall promptly issue to the high bidder a fully exe-  
19 cuted lease, in accordance with—

20 (A) the regulations in effect on the date of  
21 Lease Sale 257; and

22 (B) the terms and conditions of the final  
23 notice of sale entitled “Gulf of Mexico Outer  
24 Continental Shelf Oil and Gas Lease Sale 257”  
25 (86 Fed. Reg. 54728 (October 4, 2021)).

1           (c) REQUIREMENT FOR 2022 LEASE SALES.—Not-  
2 withstanding the expiration of the 2017–2022 leasing pro-  
3 gram, not later than December 31, 2022, the Secretary  
4 shall conduct the 2022 Lease Sales in accordance with the  
5 Record of Decision approved by the Secretary on January  
6 17, 2017, described in the notice of availability entitled  
7 “Record of Decision for the 2017–2022 Outer Continental  
8 Shelf Oil and Gas Leasing Program Final Programmatic  
9 Environmental Impact Statement; MMAA104000” issued  
10 on January 17, 2017 (82 Fed. Reg. 6643 (January 19,  
11 2017)).

12           (d) REQUIREMENT FOR LEASE SALE 261.—Notwith-  
13 standing the expiration of the 2017–2022 leasing pro-  
14 gram, not later than September 30, 2023, the Secretary  
15 shall conduct Lease Sale 261 in accordance with the  
16 Record of Decision approved by the Secretary on January  
17 17, 2017, described in the notice of availability entitled  
18 “Record of Decision for the 2017–2022 Outer Continental  
19 Shelf Oil and Gas Leasing Program Final Programmatic  
20 Environmental Impact Statement; MMAA104000” issued  
21 on January 17, 2017 (82 Fed. Reg. 6643 (January 19,  
22 2017)).

23 **SEC. 50265. ENSURING ENERGY SECURITY.**

24           (a) DEFINITIONS.—In this section:

1           (1) FEDERAL LAND.—The term “Federal land”  
2 means public lands (as defined in section 103 of the  
3 Federal Land Policy and Management Act of 1976  
4 (43 U.S.C. 1702)).

5           (2) OFFSHORE LEASE SALE.—The term “off-  
6 shore lease sale” means an oil and gas lease sale—

7                 (A) that is held by the Secretary in accord-  
8 ance with the Outer Continental Shelf Lands  
9 Act (43 U.S.C. 1331 et seq.); and

10                (B) that, if any acceptable bids have been  
11 received for any tract offered in the lease sale,  
12 results in the issuance of a lease.

13           (3) ONSHORE LEASE SALE.—The term “on-  
14 shore lease sale” means a quarterly oil and gas lease  
15 sale—

16                 (A) that is held by the Secretary in accord-  
17 ance with section 17 of the Mineral Leasing Act  
18 (30 U.S.C. 226); and

19                 (B) that, if any acceptable bids have been  
20 received for any parcel offered in the lease sale,  
21 results in the issuance of a lease.

22           (b) LIMITATION ON ISSUANCE OF CERTAIN LEASES  
23 OR RIGHTS-OF-WAY.—During the 10-year period begin-  
24 ning on the date of enactment of this Act—

1           (1) the Secretary may not issue a right-of-way  
2           for wind or solar energy development on Federal  
3           land unless—

4                   (A) an onshore lease sale has been held  
5                   during the 120-day period ending on the date  
6                   of the issuance of the right-of-way for wind or  
7                   solar energy development; and

8                   (B) the sum total of acres offered for lease  
9                   in onshore lease sales during the 1-year period  
10                  ending on the date of the issuance of the right-  
11                  of-way for wind or solar energy development is  
12                  not less than the lesser of—

13                           (i) 2,000,000 acres; and

14                           (ii) 50 percent of the acreage for  
15                           which expressions of interest have been  
16                           submitted for lease sales during that pe-  
17                           riod; and

18           (2) the Secretary may not issue a lease for off-  
19           shore wind development under section 8(p)(1)(C) of  
20           the Outer Continental Shelf Lands Act (43 U.S.C.  
21           1337(p)(1)(C)) unless—

22                   (A) an offshore lease sale has been held  
23                   during the 1-year period ending on the date of  
24                   the issuance of the lease for offshore wind de-  
25                   velopment; and

1 (B) the sum total of acres offered for lease  
2 in offshore lease sales during the 1-year period  
3 ending on the date of the issuance of the lease  
4 for offshore wind development is not less than  
5 60,000,000 acres.

6 (c) SAVINGS.—Except as expressly provided in para-  
7 graphs (1) and (2) of subsection (b), nothing in this sec-  
8 tion supersedes, amends, or modifies existing law.

9 **PART 7—UNITED STATES GEOLOGICAL SURVEY**

10 **SEC. 50271. UNITED STATES GEOLOGICAL SURVEY 3D ELE-**  
11 **VATION PROGRAM.**

12 In addition to amounts otherwise available, there is  
13 appropriated to the Secretary, acting through the Director  
14 of the United States Geological Survey, for fiscal year  
15 2022, out of any money in the Treasury not otherwise ap-  
16 propriated, \$23,500,000, to remain available through Sep-  
17 tember 30, 2031, to produce, collect, disseminate, and use  
18 3D elevation data.

19 **PART 8—OTHER NATURAL RESOURCES MATTERS**

20 **SEC. 50281. DEPARTMENT OF THE INTERIOR OVERSIGHT.**

21 In addition to amounts otherwise available, there is  
22 appropriated to the Secretary for fiscal year 2022, out of  
23 any money in the Treasury not otherwise appropriated,  
24 \$10,000,000, to remain available through September 30,  
25 2031, for oversight by the Department of the Interior Of-

1 fice of Inspector General of the Department of the Interior  
2 activities for which funding is appropriated in this subtitle.

3 **Subtitle C—Environmental**  
4 **Reviews**

5 **SEC. 50301. DEPARTMENT OF ENERGY.**

6 In addition to amounts otherwise available, there is  
7 appropriated to the Secretary of Energy for fiscal year  
8 2022, out of any money in the Treasury not otherwise ap-  
9 propriated, \$125,000,000, to remain available through  
10 September 30, 2031, to provide for the hiring and training  
11 of personnel, the development of programmatic environ-  
12 mental documents, the procurement of technical or sci-  
13 entific services for environmental reviews, the development  
14 of environmental data or information systems, stakeholder  
15 and community engagement, and the purchase of new  
16 equipment for environmental analysis to facilitate timely  
17 and efficient environmental reviews and authorizations.

18 **SEC. 50302. FEDERAL ENERGY REGULATORY COMMISSION.**

19 (a) IN GENERAL.—In addition to amounts otherwise  
20 available, there is appropriated to the Federal Energy  
21 Regulatory Commission for fiscal year 2022, out of any  
22 money in the Treasury not otherwise appropriated,  
23 \$100,000,000, to remain available through September 30,  
24 2031, to provide for the hiring and training of personnel,  
25 the development of programmatic environmental docu-



1 ments, the procurement of technical or scientific services  
2 for environmental reviews, the development of environ-  
3 mental data or information systems, stakeholder and com-  
4 munity engagement, and the purchase of new equipment  
5 for environmental analysis to facilitate timely and efficient  
6 environmental reviews and authorizations.

7 (b) FEES AND CHARGES.—Section 3401(a) of the  
8 Omnibus Budget Reconciliation Act of 1986 (42 U.S.C.  
9 7178(a)) shall not apply to the costs incurred by the Fed-  
10 eral Energy Regulatory Commission in carrying out this  
11 section.

12 **SEC. 50303. DEPARTMENT OF THE INTERIOR.**

13 In addition to amounts otherwise available, there is  
14 appropriated to the Secretary of the Interior for fiscal year  
15 2022, out of any money in the Treasury not otherwise ap-  
16 propriated, \$150,000,000, to remain available through  
17 September 30, 2026, to provide for the hiring and training  
18 of personnel, the development of programmatic environ-  
19 mental documents, the procurement of technical or sci-  
20 entific services for environmental reviews, the development  
21 of environmental data or information systems, stakeholder  
22 and community engagement, and the purchase of new  
23 equipment for environmental analysis to facilitate timely  
24 and efficient environmental reviews and authorizations by  
25 the National Park Service, the Bureau of Land Manage-

1 ment, the Bureau of Ocean Energy Management, the Bu-  
2 reau of Reclamation, the Bureau of Safety and Environ-  
3 mental Enforcement, and the Office of Surface Mining  
4 Reclamation and Enforcement.

5 **TITLE VI—COMMITTEE ON ENVI-**  
6 **RONMENT AND PUBLIC**  
7 **WORKS**

8 **Subtitle A—Air Pollution**

9 **SEC. 60101. CLEAN HEAVY-DUTY VEHICLES.**

10 The Clean Air Act is amended by inserting after sec-  
11 tion 131 of such Act (42 U.S.C. 7431) the following:

12 **“SEC. 132. CLEAN HEAVY-DUTY VEHICLES.**

13 “(a) APPROPRIATIONS.—

14 “(1) IN GENERAL.—In addition to amounts  
15 otherwise available, there is appropriated to the Ad-  
16 ministrator for fiscal year 2022, out of any money  
17 in the Treasury not otherwise appropriated,  
18 \$600,000,000, to remain available until September  
19 30, 2031, to carry out this section.

20 “(2) NONATTAINMENT AREAS.—In addition to  
21 amounts otherwise available, there is appropriated to  
22 the Administrator for fiscal year 2022, out of any  
23 money in the Treasury not otherwise appropriated,  
24 \$400,000,000, to remain available until September  
25 30, 2031, to make awards under this section to eligi-

1 ble recipients and to eligible contractors that propose  
2 to replace eligible vehicles to serve 1 or more com-  
3 munities located in an air quality area designated  
4 pursuant to section 107 as nonattainment for any  
5 air pollutant.

6 “(3) RESERVATION.—Of the funds appro-  
7 priated by paragraph (1), the Administrator shall re-  
8 serve 3 percent for administrative costs necessary to  
9 carry out this section.

10 “(b) PROGRAM.—Beginning not later than 180 days  
11 after the date of enactment of this section, the Adminis-  
12 trator shall implement a program to make awards of  
13 grants and rebates to eligible recipients, and to make  
14 awards of contracts to eligible contractors for providing  
15 rebates, for up to 100 percent of costs for—

16 “(1) the incremental costs of replacing an eligi-  
17 ble vehicle that is not a zero-emission vehicle with a  
18 zero-emission vehicle, as determined by the Adminis-  
19 trator based on the market value of the vehicles;

20 “(2) purchasing, installing, operating, and  
21 maintaining infrastructure needed to charge, fuel, or  
22 maintain zero-emission vehicles;

23 “(3) workforce development and training to  
24 support the maintenance, charging, fueling, and op-  
25 eration of zero-emission vehicles; and

1           “(4) planning and technical activities to support  
2           the adoption and deployment of zero-emission vehi-  
3           cles.

4           “(c) APPLICATIONS.—To seek an award under this  
5           section, an eligible recipient or eligible contractor shall  
6           submit to the Administrator an application at such time,  
7           in such manner, and containing such information as the  
8           Administrator shall prescribe.

9           “(d) DEFINITIONS.—For purposes of this section:

10           “(1) ELIGIBLE CONTRACTOR.—The term ‘eligi-  
11           ble contractor’ means a contractor that has the ca-  
12           pacity—

13                   “(A) to sell, lease, license, or contract for  
14                   service zero-emission vehicles, or charging or  
15                   other equipment needed to charge, fuel, or  
16                   maintain zero-emission vehicles, to individuals  
17                   or entities that own, lease, license, or contract  
18                   for service an eligible vehicle; or

19                   “(B) to arrange financing for such a sale,  
20                   lease, license, or contract for service.

21           “(2) ELIGIBLE RECIPIENT.—The term ‘eligible  
22           recipient’ means—

23                   “(A) a State;

24                   “(B) a municipality;

25                   “(C) an Indian tribe; or

1                   “(D) a nonprofit school transportation as-  
2                   sociation.

3                   “(3) ELIGIBLE VEHICLE.—The term ‘eligible  
4                   vehicle’ means a Class 6 or Class 7 heavy-duty vehi-  
5                   cle as defined in section 1037.801 of title 40, Code  
6                   of Federal Regulations (as in effect on the date of  
7                   enactment of this section).

8                   “(4) ZERO-EMISSION VEHICLE.—The term  
9                   ‘zero-emission vehicle’ means a vehicle that has a  
10                  drivetrain that produces, under any possible oper-  
11                  ational mode or condition, zero exhaust emissions  
12                  of—

13                   “(A) any air pollutant that is listed pursu-  
14                   ant to section 108(a) (or any precursor to such  
15                   an air pollutant); and

16                   “(B) any greenhouse gas (as defined in  
17                   section 211(o)(1)(G) (as in effect on the date of  
18                   enactment of this section)).”.

19 **SEC. 60102. GRANTS TO REDUCE AIR POLLUTION AT PORTS.**

20                  The Clean Air Act is amended by inserting after sec-  
21                  tion 132 of such Act, as added by section 60101 of this  
22                  Act, the following:

23 **“SEC. 133. GRANTS TO REDUCE AIR POLLUTION AT PORTS.**

24                  “(a) APPROPRIATIONS.—

1           “(1) GENERAL ASSISTANCE.—In addition to  
2 amounts otherwise available, there is appropriated to  
3 the Administrator for fiscal year 2022, out of any  
4 money in the Treasury not otherwise appropriated,  
5 \$2,250,000,000, to remain available until September  
6 30, 2027, to award rebates and grants to eligible re-  
7 cipients on a competitive basis—

8           “(A) to purchase or install zero-emission  
9 port equipment or technology for use at, or to  
10 directly serve, one or more ports;

11           “(B) to conduct any relevant planning or  
12 permitting in connection with the purchase or  
13 installation of such zero-emission port equip-  
14 ment or technology; and

15           “(C) to develop qualified climate action  
16 plans.

17           “(2) NONATTAINMENT AREAS.—In addition to  
18 amounts otherwise available, there is appropriated to  
19 the Administrator for fiscal year 2022, out of any  
20 money in the Treasury not otherwise appropriated,  
21 \$750,000,000, to remain available until September  
22 30, 2027, to award rebates and grants to eligible re-  
23 cipients to carry out activities described in para-  
24 graph (1) with respect to ports located in air quality

1 areas designated pursuant to section 107 as non-  
2 attainment for an air pollutant.

3 “(b) LIMITATION.—Funds awarded under this sec-  
4 tion shall not be used by any recipient or subrecipient to  
5 purchase or install zero-emission port equipment or tech-  
6 nology that will not be located at, or directly serve, the  
7 one or more ports involved.

8 “(c) ADMINISTRATION OF FUNDS.—Of the funds  
9 made available by this section, the Administrator shall re-  
10 serve 2 percent for administrative costs necessary to carry  
11 out this section.

12 “(d) DEFINITIONS.—In this section:

13 “(1) ELIGIBLE RECIPIENT.—The term ‘eligible  
14 recipient’ means—

15 “(A) a port authority;

16 “(B) a State, regional, local, or Tribal  
17 agency that has jurisdiction over a port author-  
18 ity or a port;

19 “(C) an air pollution control agency; or

20 “(D) a private entity (including a non-  
21 profit organization) that—

22 “(i) applies for a grant under this sec-  
23 tion in partnership with an entity de-  
24 scribed in any of subparagraphs (A)  
25 through (C); and

1                   “(ii) owns, operates, or uses the facili-  
2                   ties, cargo-handling equipment, transpor-  
3                   tation equipment, or related technology of  
4                   a port.

5                   “(2) GREENHOUSE GAS.—The term ‘greenhouse  
6                   gas’ has the meaning given the term in section  
7                   211(o)(1)(G) (as in effect on the date of enactment  
8                   of this section).

9                   “(3) QUALIFIED CLIMATE ACTION PLAN.—The  
10                  term ‘qualified climate action plan’ means a detailed  
11                  and strategic plan that—

12                  “(A) establishes goals, implementation  
13                  strategies, and accounting and inventory prac-  
14                  tices (including practices used to measure  
15                  progress toward stated goals) to reduce emis-  
16                  sions at one or more ports of—

17                          “(i) greenhouse gases;

18                          “(ii) an air pollutant that is listed  
19                          pursuant to section 108(a) (or any pre-  
20                          cursor to such an air pollutant); and

21                          “(iii) hazardous air pollutants;

22                  “(B) includes a strategy to collaborate  
23                  with, communicate with, and address potential  
24                  effects on stakeholders that may be affected by  
25                  implementation of the plan, including low-in-



1           come and disadvantaged near-port communities;  
2           and

3                   “(C) describes how an eligible recipient has  
4           implemented or will implement measures to in-  
5           crease the resilience of the one or more ports  
6           involved, including measures related to with-  
7           standing and recovering from extreme weather  
8           events.

9                   “(4) ZERO-EMISSION PORT EQUIPMENT OR  
10          TECHNOLOGY.—The term ‘zero-emission port equip-  
11          ment or technology’ means human-operated equip-  
12          ment or human-maintained technology that—

13                   “(A) produces zero emissions of any air  
14          pollutant that is listed pursuant to section  
15          108(a) (or any precursor to such an air pollut-  
16          ant) and any greenhouse gas other than water  
17          vapor; or

18                   “(B) captures 100 percent of the emissions  
19          described in subparagraph (A) that are pro-  
20          duced by an ocean-going vessel at berth.”.

21   **SEC. 60103. GREENHOUSE GAS REDUCTION FUND.**

22          The Clean Air Act is amended by inserting after sec-  
23   tion 133 of such Act, as added by section 60102 of this  
24   Act, the following:

1 **“SEC. 134. GREENHOUSE GAS REDUCTION FUND.**

2 “(a) APPROPRIATIONS.—

3 “(1) ZERO-EMISSION TECHNOLOGIES.—In addi-  
4 tion to amounts otherwise available, there is appro-  
5 priated to the Administrator for fiscal year 2022,  
6 out of any money in the Treasury not otherwise ap-  
7 propriated, \$7,000,000,000, to remain available  
8 until September 30, 2024, to make grants, on a  
9 competitive basis and beginning not later than 180  
10 calendar days after the date of enactment of this  
11 section, to States, municipalities, Tribal govern-  
12 ments, and eligible recipients for the purposes of  
13 providing grants, loans, or other forms of financial  
14 assistance, as well as technical assistance, to enable  
15 low-income and disadvantaged communities to de-  
16 ploy or benefit from zero-emission technologies, in-  
17 cluding distributed technologies on residential roof-  
18 tops, and to carry out other greenhouse gas emission  
19 reduction activities, as determined appropriate by  
20 the Administrator in accordance with this section.

21 “(2) GENERAL ASSISTANCE.—In addition to  
22 amounts otherwise available, there is appropriated to  
23 the Administrator for fiscal year 2022, out of any  
24 money in the Treasury not otherwise appropriated,  
25 \$11,970,000,000, to remain available until Sep-  
26 tember 30, 2024, to make grants, on a competitive

1 basis and beginning not later than 180 calendar  
2 days after the date of enactment of this section, to  
3 eligible recipients for the purposes of providing fi-  
4 nancial assistance and technical assistance in ac-  
5 cordance with subsection (b).

6 “(3) LOW-INCOME AND DISADVANTAGED COM-  
7 MUNITIES.—In addition to amounts otherwise avail-  
8 able, there is appropriated to the Administrator for  
9 fiscal year 2022, out of any money in the Treasury  
10 not otherwise appropriated, \$8,000,000,000, to re-  
11 main available until September 30, 2024, to make  
12 grants, on a competitive basis and beginning not  
13 later than 180 calendar days after the date of enact-  
14 ment of this section, to eligible recipients for the  
15 purposes of providing financial assistance and tech-  
16 nical assistance in low-income and disadvantaged  
17 communities in accordance with subsection (b).

18 “(4) ADMINISTRATIVE COSTS.—In addition to  
19 amounts otherwise available, there is appropriated to  
20 the Administrator for fiscal year 2022, out of any  
21 money in the Treasury not otherwise appropriated,  
22 \$30,000,000, to remain available until September  
23 30, 2031, for the administrative costs necessary to  
24 carry out activities under this section.

1       “(b) USE OF FUNDS.—An eligible recipient that re-  
2 ceives a grant pursuant to subsection (a) shall use the  
3 grant in accordance with the following:

4           “(1) DIRECT INVESTMENT.—The eligible recipi-  
5 ent shall—

6           “(A) provide financial assistance to quali-  
7 fied projects at the national, regional, State,  
8 and local levels;

9           “(B) prioritize investment in qualified  
10 projects that would otherwise lack access to fi-  
11 nancing; and

12           “(C) retain, manage, recycle, and monetize  
13 all repayments and other revenue received from  
14 fees, interest, repaid loans, and all other types  
15 of financial assistance provided using grant  
16 funds under this section to ensure continued  
17 operability.

18           “(2) INDIRECT INVESTMENT.—The eligible re-  
19 cipient shall provide funding and technical assistance  
20 to establish new or support existing public, quasi-  
21 public, not-for-profit, or nonprofit entities that pro-  
22 vide financial assistance to qualified projects at the  
23 State, local, territorial, or Tribal level or in the Dis-  
24 trict of Columbia, including community- and low-in-  
25 come-focused lenders and capital providers.

1 “(c) DEFINITIONS.—In this section:

2 “(1) ELIGIBLE RECIPIENT.—The term ‘eligible  
3 recipient’ means a nonprofit organization that—

4 “(A) is designed to provide capital, includ-  
5 ing by leveraging private capital, and other  
6 forms of financial assistance for the rapid de-  
7 ployment of low- and zero-emission products,  
8 technologies, and services;

9 “(B) does not take deposits other than de-  
10 posits from repayments and other revenue re-  
11 ceived from financial assistance provided using  
12 grant funds under this section;

13 “(C) is funded by public or charitable con-  
14 tributions; and

15 “(D) invests in or finances projects alone  
16 or in conjunction with other investors.

17 “(2) GREENHOUSE GAS.—The term ‘greenhouse  
18 gas’ has the meaning given the term in section  
19 211(o)(1)(G) (as in effect on the date of enactment  
20 of this section).

21 “(3) QUALIFIED PROJECT.—The term ‘qualified  
22 project’ includes any project, activity, or technology  
23 that—

24 “(A) reduces or avoids greenhouse gas  
25 emissions and other forms of air pollution in

1 partnership with, and by leveraging investment  
2 from, the private sector; or

3 “(B) assists communities in the efforts of  
4 those communities to reduce or avoid green-  
5 house gas emissions and other forms of air pol-  
6 lution.

7 “(4) PUBLICLY AVAILABLE EQUIPMENT.—The  
8 term ‘publicly available equipment’ means equipment  
9 that—

10 “(A) is located at a multi-unit housing  
11 structure;

12 “(B) is located at a workplace and is avail-  
13 able to employees of such workplace or employ-  
14 ees of a nearby workplace; or

15 “(C) is at a location that is publicly acces-  
16 sible for a minimum of 12 hours per day at  
17 least 5 days per week and networked or other-  
18 wise capable of being monitored remotely.

19 “(5) ZERO-EMISSION TECHNOLOGY.—The term  
20 ‘zero-emission technology’ means any technology  
21 that produces zero emissions of—

22 “(A) any air pollutant that is listed pursu-  
23 ant to section 108(a) (or any precursor to such  
24 an air pollutant); and

25 “(B) any greenhouse gas.”.

1 **SEC. 60104. DIESEL EMISSIONS REDUCTIONS.**

2 (a) GOODS MOVEMENT.—In addition to amounts oth-  
3 erwise available, there is appropriated to the Adminis-  
4 trator of the Environmental Protection Agency for fiscal  
5 year 2022, out of any money in the Treasury not otherwise  
6 appropriated, \$60,000,000, to remain available until Sep-  
7 tember 30, 2031, for grants, rebates, and loans under sec-  
8 tion 792 of the Energy Policy Act of 2005 (42 U.S.C.  
9 16132) to identify and reduce diesel emissions resulting  
10 from goods movement facilities, and vehicles servicing  
11 goods movement facilities, in low-income and disadvan-  
12 taged communities to address the health impacts of such  
13 emissions on such communities.

14 (b) ADMINISTRATIVE COSTS.—The Administrator of  
15 the Environmental Protection Agency shall reserve 2 per-  
16 cent of the amounts made available under this section for  
17 the administrative costs necessary to carry out activities  
18 pursuant to this section.

19 **SEC. 60105. FUNDING TO ADDRESS AIR POLLUTION.**

20 (a) FENCELINE AIR MONITORING AND SCREENING  
21 AIR MONITORING.—In addition to amounts otherwise  
22 available, there is appropriated to the Administrator of the  
23 Environmental Protection Agency for fiscal year 2022, out  
24 of any money in the Treasury not otherwise appropriated,  
25 \$117,500,000, to remain available until September 30,  
26 2031, for grants and other activities authorized under sub-

1 sections (a) through (c) of section 103 and section 105  
2 of the Clean Air Act (42 U.S.C. 7403(a)–(c), 7405) to  
3 deploy, integrate, support, and maintain fenceline air  
4 monitoring, screening air monitoring, national air toxics  
5 trend stations, and other air toxics and community moni-  
6 toring.

7 (b) MULTIPOLLUTANT MONITORING STATIONS.—In  
8 addition to amounts otherwise available, there is appro-  
9 priated to the Administrator of the Environmental Protec-  
10 tion Agency for fiscal year 2022, out of any money in the  
11 Treasury not otherwise appropriated, \$50,000,000, to re-  
12 main available until September 30, 2031, for grants and  
13 other activities authorized under subsections (a) through  
14 (c) of section 103 and section 105 of the Clean Air Act  
15 (42 U.S.C. 7403(a)–(c), 7405)—

16 (1) to expand the national ambient air quality  
17 monitoring network with new multipollutant moni-  
18 toring stations; and

19 (2) to replace, repair, operate, and maintain ex-  
20 isting monitors.

21 (c) AIR QUALITY SENSORS IN LOW-INCOME AND DIS-  
22 ADVANTAGED COMMUNITIES.—In addition to amounts  
23 otherwise available, there is appropriated to the Adminis-  
24 trator of the Environmental Protection Agency for fiscal  
25 year 2022, out of any money in the Treasury not otherwise



1 appropriated, \$3,000,000, to remain available until Sep-  
2 tember 30, 2031, for grants and other activities author-  
3 ized under subsections (a) through (c) of section 103 and  
4 section 105 of the Clean Air Act (42 U.S.C. 7403(a)–(c),  
5 7405) to deploy, integrate, and operate air quality sensors  
6 in low-income and disadvantaged communities.

7 (d) EMISSIONS FROM WOOD HEATERS.—In addition  
8 to amounts otherwise available, there is appropriated to  
9 the Administrator of the Environmental Protection Agen-  
10 cy for fiscal year 2022, out of any money in the Treasury  
11 not otherwise appropriated, \$15,000,000, to remain avail-  
12 able until September 30, 2031, for grants and other activi-  
13 ties authorized under subsections (a) through (c) of sec-  
14 tion 103 and section 105 of the Clean Air Act (42 U.S.C.  
15 7403(a)–(c), 7405) for testing and other agency activities  
16 to address emissions from wood heaters.

17 (e) METHANE MONITORING.—In addition to amounts  
18 otherwise available, there is appropriated to the Adminis-  
19 trator of the Environmental Protection Agency for fiscal  
20 year 2022, out of any money in the Treasury not otherwise  
21 appropriated, \$20,000,000, to remain available until Sep-  
22 tember 30, 2031, for grants and other activities author-  
23 ized under subsections (a) through (c) of section 103 and  
24 section 105 of the Clean Air Act (42 U.S.C. 7403(a)–(c),  
25 7405) for monitoring emissions of methane.

1 (f) CLEAN AIR ACT GRANTS.—In addition to  
2 amounts otherwise available, there is appropriated to the  
3 Administrator of the Environmental Protection Agency for  
4 fiscal year 2022, out of any money in the Treasury not  
5 otherwise appropriated, \$25,000,000, to remain available  
6 until September 30, 2031, for grants and other activities  
7 authorized under subsections (a) through (c) of section  
8 103 and section 105 of the Clean Air Act (42 U.S.C.  
9 7403(a)–(c), 7405).

10 (g) OTHER ACTIVITIES.—In addition to amounts oth-  
11 erwise available, there is appropriated to the Adminis-  
12 trator of the Environmental Protection Agency for fiscal  
13 year 2022, out of any money in the Treasury not otherwise  
14 appropriated, \$45,000,000, to remain available until Sep-  
15 tember 30, 2031, to carry out, with respect to greenhouse  
16 gases, sections 111, 115, 165, 177, 202, 211, 213, 231,  
17 and 612 of the Clean Air Act (42 U.S.C. 7411, 7415,  
18 7475, 7507, 7521, 7545, 7547, 7571, and 7671k).

19 (h) GREENHOUSE GAS AND ZERO-EMISSION STAND-  
20 ARDS FOR MOBILE SOURCES.—In addition to amounts  
21 otherwise available, there is appropriated to the Adminis-  
22 trator of the Environmental Protection Agency for fiscal  
23 year 2022, out of any money in the Treasury not otherwise  
24 appropriated, \$5,000,000, to remain available until Sep-  
25 tember 30, 2031, to provide grants to States to adopt and

1 implement greenhouse gas and zero-emission standards  
2 for mobile sources pursuant to section 177 of the Clean  
3 Air Act (42 U.S.C. 7507).

4 (i) DEFINITION OF GREENHOUSE GAS.—In this sec-  
5 tion, the term “greenhouse gas” has the meaning given  
6 the term in section 211(o)(1)(G) of the Clean Air Act (42  
7 U.S.C. 7545(o)(1)(G)) (as in effect on the date of enact-  
8 ment of this Act).

9 **SEC. 60106. FUNDING TO ADDRESS AIR POLLUTION AT**  
10 **SCHOOLS.**

11 (a) IN GENERAL.—In addition to amounts otherwise  
12 available, there is appropriated to the Administrator of the  
13 Environmental Protection Agency for fiscal year 2022, out  
14 of any money in the Treasury not otherwise appropriated,  
15 \$37,500,000, to remain available until September 30,  
16 2031, for grants and other activities to monitor and re-  
17 duce air pollution and greenhouse gas (as defined in sec-  
18 tion 211(o)(1)(G) of the Clean Air Act (42 U.S.C.  
19 7545(o)(1)(G)) (as in effect on the date of enactment of  
20 this Act)) emissions at schools in low-income and dis-  
21 advantaged communities under subsections (a) through  
22 (c) of section 103 of the Clean Air Act (42 U.S.C.  
23 7403(a)–(c)) and section 105 of that Act (42 U.S.C.  
24 7405).

1           (b) TECHNICAL ASSISTANCE.—In addition to  
2 amounts otherwise available, there is appropriated to the  
3 Administrator of the Environmental Protection Agency for  
4 fiscal year 2022, out of any money in the Treasury not  
5 otherwise appropriated, \$12,500,000, to remain available  
6 until September 30, 2031, for providing technical assist-  
7 ance to schools in low-income and disadvantaged commu-  
8 nities under subsections (a) through (c) of section 103 of  
9 the Clean Air Act (42 U.S.C. 7403(a)–(c)) and section  
10 105 of that Act (42 U.S.C. 7405)—

11           (1) to address environmental issues;

12           (2) to develop school environmental quality  
13 plans that include standards for school building, de-  
14 sign, construction, and renovation; and

15           (3) to identify and mitigate ongoing air pollu-  
16 tion hazards.

17 **SEC. 60107. LOW EMISSIONS ELECTRICITY PROGRAM.**

18           The Clean Air Act is amended by inserting after sec-  
19 tion 134 of such Act, as added by section 60103 of this  
20 Act, the following:

21 **“SEC. 135. LOW EMISSIONS ELECTRICITY PROGRAM.**

22           “(a) APPROPRIATION.—In addition to amounts oth-  
23 erwise available, there is appropriated to the Adminis-  
24 trator for fiscal year 2022, out of any money in the Treas-

1 ury not otherwise appropriated, to remain available until  
2 September 30, 2031—

3 “(1) \$17,000,000 for consumer-related edu-  
4 cation and partnerships with respect to reductions in  
5 greenhouse gas emissions that result from domestic  
6 electricity generation and use;

7 “(2) \$17,000,000 for education, technical as-  
8 sistance, and partnerships within low-income and  
9 disadvantaged communities with respect to reduc-  
10 tions in greenhouse gas emissions that result from  
11 domestic electricity generation and use;

12 “(3) \$17,000,000 for industry-related outreach  
13 and technical assistance, including through partner-  
14 ships, with respect to reductions in greenhouse gas  
15 emissions that result from domestic electricity gen-  
16 eration and use;

17 “(4) \$17,000,000 for outreach and technical as-  
18 sistance to State, Tribal, and local governments, in-  
19 cluding through partnerships, with respect to reduc-  
20 tions in greenhouse gas emissions that result from  
21 domestic electricity generation and use;

22 “(5) \$1,000,000 to assess, not later than 1 year  
23 after the date of enactment of this section, the re-  
24 ductions in greenhouse gas emissions that result  
25 from changes in domestic electricity generation and

1 use that are anticipated to occur on an annual basis  
2 through fiscal year 2031; and

3 “(6) \$18,000,000 to carry out this section to  
4 ensure that reductions in greenhouse gas emissions  
5 from domestic electricity generation and use are  
6 achieved through use of the authorities of this Act,  
7 including through the establishment of requirements  
8 under this Act, incorporating the assessment under  
9 paragraph (5) as a baseline.

10 “(b) ADMINISTRATION OF FUNDS.—Of the amounts  
11 made available under subsection (a), the Administrator  
12 shall reserve 2 percent for the administrative costs nec-  
13 essary to carry out activities pursuant to that subsection.

14 “(c) DEFINITION OF GREENHOUSE GAS.—In this  
15 section, the term ‘greenhouse gas’ has the meaning given  
16 the term in section 211(o)(1)(G) (as in effect on the date  
17 of enactment of this section).”.

18 **SEC. 60108. FUNDING FOR SECTION 211(O) OF THE CLEAN**

19 **AIR ACT.**

20 (a) TEST AND PROTOCOL DEVELOPMENT.—In addi-  
21 tion to amounts otherwise available, there is appropriated  
22 to the Administrator of the Environmental Protection  
23 Agency for fiscal year 2022, out of any money in the  
24 Treasury not otherwise appropriated, \$5,000,000, to re-  
25 main available until September 30, 2031, to carry out sec-

1 tion 211(o) of the Clean Air Act (42 U.S.C. 7545(o)) with  
2 respect to—

3 (1) the development and establishment of tests  
4 and protocols regarding the environmental and pub-  
5 lic health effects of a fuel or fuel additive;

6 (2) internal and extramural data collection and  
7 analyses to regularly update applicable regulations,  
8 guidance, and procedures for determining lifecycle  
9 greenhouse gas emissions of a fuel; and

10 (3) the review, analysis and evaluation of the  
11 impacts of all transportation fuels, including fuel  
12 lifecycle implications, on the general public and on  
13 low-income and disadvantaged communities.

14 (b) INVESTMENTS IN ADVANCED BIOFUELS.—In ad-  
15 dition to amounts otherwise available, there is appro-  
16 priated to the Administrator of the Environmental Protec-  
17 tion Agency for fiscal year 2022, out of any money in the  
18 Treasury not otherwise appropriated, \$10,000,000, to re-  
19 main available until September 30, 2031, for new grants  
20 to industry and other related activities under section  
21 211(o) of the Clean Air Act (42 U.S.C. 7545(o)) to sup-  
22 port investments in advanced biofuels.

23 (c) DEFINITION OF GREENHOUSE GAS.—In this sec-  
24 tion, the term “greenhouse gas” has the meaning given  
25 the term in section 211(o)(1)(G) of the Clean Air Act (42

1 U.S.C. 7545(o)(1)(G)) (as in effect on the date of enact-  
2 ment of this Act).

3 **SEC. 60109. FUNDING FOR IMPLEMENTATION OF THE**  
4 **AMERICAN INNOVATION AND MANUFAC-**  
5 **TURING ACT.**

6 (a) APPROPRIATIONS.—

7 (1) IN GENERAL.—In addition to amounts oth-  
8 erwise available, there is appropriated to the Admin-  
9 istrator of the Environmental Protection Agency for  
10 fiscal year 2022, out of any money in the Treasury  
11 not otherwise appropriated, \$20,000,000, to remain  
12 available until September 30, 2026, to carry out  
13 subsections (a) through (i) and subsection (k) of sec-  
14 tion 103 of division S of Public Law 116–260 (42  
15 U.S.C. 7675).

16 (2) IMPLEMENTATION AND COMPLIANCE  
17 TOOLS.—In addition to amounts otherwise available,  
18 there is appropriated to the Administrator of the  
19 Environmental Protection Agency for fiscal year  
20 2022, out of any money in the Treasury not other-  
21 wise appropriated, \$3,500,000, to remain available  
22 until September 30, 2026, to deploy new implemen-  
23 tation and compliance tools to carry out subsections  
24 (a) through (i) and subsection (k) of section 103 of  
25 division S of Public Law 116–260 (42 U.S.C. 7675).



1           (3) COMPETITIVE GRANTS.—In addition to  
2 amounts otherwise available, there is appropriated to  
3 the Administrator of the Environmental Protection  
4 Agency for fiscal year 2022, out of any money in the  
5 Treasury not otherwise appropriated, \$15,000,000,  
6 to remain available until September 30, 2026, for  
7 competitive grants for reclaim and innovative de-  
8 struction technologies under subsections (a) through  
9 (i) and subsection (k) of section 103 of division S  
10 of Public Law 116–260 (42 U.S.C. 7675).

11          (b) ADMINISTRATION OF FUNDS.—Of the funds  
12 made available pursuant to subsection (a)(3), the Admin-  
13 istrator of the Environmental Protection Agency shall re-  
14 serve 5 percent for administrative costs necessary to carry  
15 out activities pursuant to such subsection.

16 **SEC. 60110. FUNDING FOR ENFORCEMENT TECHNOLOGY**  
17 **AND PUBLIC INFORMATION.**

18          (a) COMPLIANCE MONITORING.—In addition to  
19 amounts otherwise available, there is appropriated to the  
20 Administrator of the Environmental Protection Agency for  
21 fiscal year 2022, out of any money in the Treasury not  
22 otherwise appropriated, \$18,000,000, to remain available  
23 until September 30, 2031, to update the Integrated Com-  
24 pliance Information System of the Environmental Protec-  
25 tion Agency and any associated systems, necessary infor-

1 mation technology infrastructure, or public access soft-  
2 ware tools to ensure access to compliance data and related  
3 information.

4 (b) COMMUNICATIONS WITH ICIS.—In addition to  
5 amounts otherwise available, there is appropriated to the  
6 Administrator of the Environmental Protection Agency for  
7 fiscal year 2022, out of any money in the Treasury not  
8 otherwise appropriated, \$3,000,000, to remain available  
9 until September 30, 2031, for grants to States, Indian  
10 tribes, and air pollution control agencies (as such terms  
11 are defined in section 302 of the Clean Air Act (42 U.S.C.  
12 7602)) to update their systems to ensure communication  
13 with the Integrated Compliance Information System of the  
14 Environmental Protection Agency and any associated sys-  
15 tems.

16 (c) INSPECTION SOFTWARE.—In addition to amounts  
17 otherwise available, there is appropriated to the Adminis-  
18 trator of the Environmental Protection Agency for fiscal  
19 year 2022, out of any money in the Treasury not otherwise  
20 appropriated, \$4,000,000, to remain available until Sep-  
21 tember 30, 2031—

22 (1) to acquire or update inspection software for  
23 use by the Environmental Protection Agency, States,  
24 Indian tribes, and air pollution control agencies (as

1 such terms are defined in section 302 of the Clean  
2 Air Act (42 U.S.C. 7602)); or

3 (2) to acquire necessary devices on which to run  
4 such inspection software.

5 **SEC. 60111. GREENHOUSE GAS CORPORATE REPORTING.**

6 In addition to amounts otherwise available, there is  
7 appropriated to the Administrator of the Environmental  
8 Protection Agency for fiscal year 2022, out of any money  
9 in the Treasury not otherwise appropriated, \$5,000,000,  
10 to remain available until September 30, 2031, for the En-  
11 vironmental Protection Agency to support—

12 (1) enhanced standardization and transparency  
13 of corporate climate action commitments and plans  
14 to reduce greenhouse gas (as defined in section  
15 211(o)(1)(G) of the Clean Air Act (42 U.S.C.  
16 7545(o)(1)(G)) (as in effect on the date of enact-  
17 ment of this Act)) emissions;

18 (2) enhanced transparency regarding progress  
19 toward meeting such commitments and imple-  
20 menting such plans; and

21 (3) progress toward meeting such commitments  
22 and implementing such plans.

1 **SEC. 60112. ENVIRONMENTAL PRODUCT DECLARATION AS-**  
2 **SISTANCE.**

3 (a) IN GENERAL.—In addition to amounts otherwise  
4 available, there is appropriated to the Administrator of the  
5 Environmental Protection Agency for fiscal year 2022, out  
6 of any money in the Treasury not otherwise appropriated,  
7 \$250,000,000, to remain available until September 30,  
8 2031, to develop and carry out a program to support the  
9 development, and enhanced standardization and trans-  
10 parency, of environmental product declarations for con-  
11 struction materials and products, including by—

12 (1) providing grants to businesses that manu-  
13 facture construction materials and products for de-  
14 veloping and verifying environmental product dec-  
15 larations, and to States, Indian Tribes, and non-  
16 profit organizations that will support such busi-  
17 nesses;

18 (2) providing technical assistance to businesses  
19 that manufacture construction materials and prod-  
20 ucts in developing and verifying environmental prod-  
21 uct declarations, and to States, Indian Tribes, and  
22 nonprofit organizations that will support such busi-  
23 nesses; and

24 (3) carrying out other activities that assist in  
25 measuring, reporting, and steadily reducing the

1 quantity of embodied carbon of construction mate-  
2 rials and products.

3 (b) ADMINISTRATIVE COSTS.—Of the amounts made  
4 available under this section, the Administrator of the En-  
5 vironmental Protection Agency shall reserve 5 percent for  
6 administrative costs necessary to carry out this section.

7 (c) DEFINITIONS.—In this section:

8 (1) EMBODIED CARBON.—The term “embodied  
9 carbon” means the quantity of greenhouse gas (as  
10 defined in section 211(o)(1)(G) of the Clean Air Act  
11 (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date  
12 of enactment of this Act)) emissions associated with  
13 all relevant stages of production of a material or  
14 product, measured in kilograms of carbon dioxide-  
15 equivalent per unit of such material or product.

16 (2) ENVIRONMENTAL PRODUCT DECLARA-  
17 TION.—The term “environmental product declara-  
18 tion” means a document that reports the environ-  
19 mental impact of a material or product that—

20 (A) includes measurement of the embodied  
21 carbon of the material or product;

22 (B) conforms with international standards,  
23 such as a Type III environmental product dec-  
24 laration, as defined by the International Orga-

1 nization for Standardization standard 14025;  
2 and

3 (C) is developed in accordance with any  
4 standardized reporting criteria specified by the  
5 Administrator of the Environmental Protection  
6 Agency.

7 (3) STATE.—The term “State” has the mean-  
8 ing given to that term in section 302(d) of the Clean  
9 Air Act (42 U.S.C. 7602(d)).

10 **SEC. 60113. METHANE EMISSIONS REDUCTION PROGRAM.**

11 The Clean Air Act is amended by inserting after sec-  
12 tion 135 of such Act, as added by section 60107 of this  
13 Act, the following:

14 **“SEC. 136. METHANE EMISSIONS AND WASTE REDUCTION**  
15 **INCENTIVE PROGRAM FOR PETROLEUM AND**  
16 **NATURAL GAS SYSTEMS.**

17 “(a) INCENTIVES FOR METHANE MITIGATION AND  
18 MONITORING.—In addition to amounts otherwise avail-  
19 able, there is appropriated to the Administrator for fiscal  
20 year 2022, out of any money in the Treasury not otherwise  
21 appropriated, \$850,000,000, to remain available until  
22 September 30, 2028—

23 “(1) for grants, rebates, contracts, loans, and  
24 other activities of the Environmental Protection  
25 Agency for the purposes of providing financial and

1 technical assistance to owners and operators of ap-  
2 plicable facilities to prepare and submit greenhouse  
3 gas reports under subpart W of part 98 of title 40,  
4 Code of Federal Regulations;

5 “(2) for grants, rebates, contracts, loans, and  
6 other activities of the Environmental Protection  
7 Agency authorized under subsections (a) through (c)  
8 of section 103 for methane emissions monitoring;

9 “(3) for grants, rebates, contracts, loans, and  
10 other activities of the Environmental Protection  
11 Agency for the purposes of providing financial and  
12 technical assistance to reduce methane and other  
13 greenhouse gas emissions from petroleum and nat-  
14 ural gas systems, mitigate legacy air pollution from  
15 petroleum and natural gas systems, and provide sup-  
16 port for communities, including funding for—

17 “(A) improving climate resiliency of com-  
18 munities and petroleum and natural gas sys-  
19 tems;

20 “(B) improving and deploying industrial  
21 equipment and processes that reduce methane  
22 and other greenhouse gas emissions and waste;

23 “(C) supporting innovation in reducing  
24 methane and other greenhouse gas emissions

1 and waste from petroleum and natural gas sys-  
2 tems;

3 “(D) permanently shutting in and plugging  
4 wells on non-Federal land;

5 “(E) mitigating health effects of methane  
6 and other greenhouse gas emissions, and legacy  
7 air pollution from petroleum and natural gas  
8 systems in low-income and disadvantaged com-  
9 munities; and

10 “(F) supporting environmental restoration;  
11 and

12 “(4) to cover all direct and indirect costs re-  
13 quired to administer this section, including the costs  
14 of implementing the waste emissions charge under  
15 subsection (c), preparing inventories, gathering em-  
16 pirical data, and tracking emissions.

17 “(b) INCENTIVES FOR METHANE MITIGATION FROM  
18 CONVENTIONAL WELLS.—In addition to amounts other-  
19 wise available, there is appropriated to the Administrator  
20 for fiscal year 2022, out of any money in the Treasury  
21 not otherwise appropriated, \$700,000,000, to remain  
22 available until September 30, 2028, for activities described  
23 in paragraphs (1) through (4) of subsection (a) at mar-  
24 ginal conventional wells.



1           “(c) WASTE EMISSIONS CHARGE.—The Adminis-  
2 trator shall impose and collect a charge on methane emis-  
3 sions that exceed an applicable waste emissions threshold  
4 under subsection (f) from an owner or operator of an ap-  
5 plicable facility that reports more than 25,000 metric tons  
6 of carbon dioxide equivalent of greenhouse gases emitted  
7 per year pursuant to subpart W of part 98 of title 40,  
8 Code of Federal Regulations, regardless of the reporting  
9 threshold under that subpart.

10           “(d) APPLICABLE FACILITY.—For purposes of this  
11 section, the term ‘applicable facility’ means a facility with-  
12 in the following industry segments, as defined in subpart  
13 W of part 98 of title 40, Code of Federal Regulations:

14           “(1) Offshore petroleum and natural gas pro-  
15 duction.

16           “(2) Onshore petroleum and natural gas pro-  
17 duction.

18           “(3) Onshore natural gas processing.

19           “(4) Onshore natural gas transmission com-  
20 pression.

21           “(5) Underground natural gas storage.

22           “(6) Liquefied natural gas storage.

23           “(7) Liquefied natural gas import and export  
24 equipment.

1           “(8) Onshore petroleum and natural gas gath-  
2           ering and boosting.

3           “(9) Onshore natural gas transmission pipeline.

4           “(e) CHARGE AMOUNT.—The amount of a charge  
5           under subsection (c) for an applicable facility shall be  
6           equal to the product obtained by multiplying—

7           “(1) the number of metric tons of methane  
8           emissions reported pursuant to subpart W of part  
9           98 of title 40, Code of Federal Regulations, for the  
10          applicable facility that exceed the applicable annual  
11          waste emissions threshold listed in subsection (f)  
12          during the previous reporting period; and

13          “(2)(A) \$900 for emissions reported for cal-  
14          endar year 2024;

15          “(B) \$1,200 for emissions reported for calendar  
16          year 2025; or

17          “(C) \$1,500 for emissions reported for calendar  
18          year 2026 and each year thereafter.

19          “(f) WASTE EMISSIONS THRESHOLD.—

20          “(1) PETROLEUM AND NATURAL GAS PRODUC-  
21          TION.—With respect to imposing and collecting the  
22          charge under subsection (c) for an applicable facility  
23          in an industry segment listed in paragraph (1) or  
24          (2) of subsection (d), the Administrator shall impose  
25          and collect the charge on the reported metric tons

1 of methane emissions from such facility that ex-  
2 ceed—

3 “(A) 0.20 percent of the natural gas sent  
4 to sale from such facility; or

5 “(B) 10 metric tons of methane per million  
6 barrels of oil sent to sale from such facility, if  
7 such facility sent no natural gas to sale.

8 “(2) NONPRODUCTION PETROLEUM AND NAT-  
9 URAL GAS SYSTEMS.—With respect to imposing and  
10 collecting the charge under subsection (c) for an ap-  
11 plicable facility in an industry segment listed in  
12 paragraph (3), (6), (7), or (8) of subsection (d), the  
13 Administrator shall impose and collect the charge on  
14 the reported metric tons of methane emissions that  
15 exceed 0.05 percent of the natural gas sent to sale  
16 from such facility.

17 “(3) NATURAL GAS TRANSMISSION.—With re-  
18 spect to imposing and collecting the charge under  
19 subsection (c) for an applicable facility in an indus-  
20 try segment listed in paragraph (4), (5), or (9) of  
21 subsection (d), the Administrator shall impose and  
22 collect the charge on the reported metric tons of  
23 methane emissions that exceed 0.11 percent of the  
24 natural gas sent to sale from such facility.

1           “(4) COMMON OWNERSHIP OR CONTROL.—In  
2           calculating the total emissions charge obligation for  
3           facilities under common ownership or control, the  
4           Administrator shall allow for the netting of emis-  
5           sions by reducing the total obligation to account for  
6           facility emissions levels that are below the applicable  
7           thresholds within and across all applicable segments  
8           identified in subsection (d).

9           “(5) EXEMPTION.—Charges shall not be im-  
10          posed pursuant to paragraph (1) on emissions that  
11          exceed the waste emissions threshold specified in  
12          such paragraph if such emissions are caused by un-  
13          reasonable delay, as determined by the Adminis-  
14          trator, in environmental permitting of gathering or  
15          transmission infrastructure necessary for offtake of  
16          increased volume as a result of methane emissions  
17          mitigation implementation.

18          “(6) EXEMPTION FOR REGULATORY COMPLI-  
19          ANCE.—

20                 “(A) IN GENERAL.—Charges shall not be  
21                 imposed pursuant to subsection (c) on an appli-  
22                 cable facility that is subject to and in compli-  
23                 ance with methane emissions requirements pur-  
24                 suant to subsections (b) and (d) of section 111

1           upon a determination by the Administrator  
2           that—

3                   “(i) methane emissions standards and  
4                   plans pursuant to subsections (b) and (d)  
5                   of section 111 have been approved and are  
6                   in effect in all States with respect to the  
7                   applicable facilities; and

8                   “(ii) compliance with the requirements  
9                   described in clause (i) will result in equiva-  
10                  lent or greater emissions reductions as  
11                  would be achieved by the proposed rule of  
12                  the Administrator entitled ‘Standards of  
13                  Performance for New, Reconstructed, and  
14                  Modified Sources and Emissions Guide-  
15                  lines for Existing Sources: Oil and Natural  
16                  Gas Sector Climate Review’ (86 Fed. Reg.  
17                  63110 (November 15, 2021)), if such rule  
18                  had been finalized and implemented.

19                  “(B) RESUMPTION OF CHARGE.—If the  
20                  conditions in clause (i) or (ii) of subparagraph  
21                  (A) cease to apply after the Administrator has  
22                  made the determination in that subparagraph,  
23                  the applicable facility will again be subject to  
24                  the charge under subsection (c) beginning in  
25                  the first calendar year in which the conditions

1           in either clause (i) or (ii) of that subparagraph  
2           are no longer met.

3           “(7) PLUGGED WELLS.—Charges shall not be  
4           imposed with respect to the emissions rate from any  
5           well that has been permanently shut-in and plugged  
6           in the previous year in accordance with all applicable  
7           closure requirements, as determined by the Adminis-  
8           trator.

9           “(g) PERIOD.—The charge under subsection (c) shall  
10          be imposed and collected beginning with respect to emis-  
11          sions reported for calendar year 2024 and for each year  
12          thereafter.

13          “(h) IMPLEMENTATION.—In addition to other au-  
14          thorities in this Act addressing air pollution from the oil  
15          and natural gas sectors, the Administrator may issue  
16          guidance or regulations as necessary to carry out this sec-  
17          tion.

18          “(i) REPORTING.—Not later than 2 years after the  
19          date of enactment of this section, and as necessary there-  
20          after, the Administrator shall revise the requirements of  
21          subpart W of part 98 of title 40, Code of Federal Regula-  
22          tions, to ensure the reporting under such subpart, and cal-  
23          culation of charges under subsections (e) and (f) of this  
24          section, are based on empirical data, including data col-  
25          lected pursuant to subsection (a)(4), accurately reflect the

1 total methane emissions and waste emissions from the ap-  
2 plicable facilities, and allow owners and operators of appli-  
3 cable facilities to submit empirical emissions data, in a  
4 manner to be prescribed by the Administrator, to dem-  
5 onstrate the extent to which a charge under subsection  
6 (c) is owed.

7 “(j) LIABILITY FOR CHARGE PAYMENT.—Except as  
8 established under this section, a facility owner or opera-  
9 tor’s liability for payment of the charge under subsection  
10 (c) is not affected in any way by emission standards, per-  
11 mit fees, penalties, or other requirements under this Act  
12 or any other legal authorities.

13 “(k) DEFINITION OF GREENHOUSE GAS.—In this  
14 section, the term ‘greenhouse gas’ has the meaning given  
15 the term in section 211(o)(1)(G) (as in effect on the date  
16 of enactment of this section).”.

17 **SEC. 60114. CLIMATE POLLUTION REDUCTION GRANTS.**

18 The Clean Air Act is amended by inserting after sec-  
19 tion 136 of such Act, as added by section 60113 of this  
20 Act, the following:

21 **“SEC. 137. GREENHOUSE GAS AIR POLLUTION PLANS AND**  
22 **IMPLEMENTATION GRANTS.**

23 “(a) APPROPRIATIONS.—

24 “(1) GREENHOUSE GAS AIR POLLUTION PLAN-  
25 NING GRANTS.—In addition to amounts otherwise

1 available, there is appropriated to the Administrator  
2 for fiscal year 2022, out of any amounts in the  
3 Treasury not otherwise appropriated, \$250,000,000,  
4 to remain available until September 30, 2031, to  
5 carry out subsection (b).

6 “(2) GREENHOUSE GAS AIR POLLUTION IMPLE-  
7 MENTATION GRANTS.—In addition to amounts other-  
8 wise available, there is appropriated to the Adminis-  
9 trator for fiscal year 2022, out of any amounts in  
10 the Treasury not otherwise appropriated,  
11 \$4,750,000,000, to remain available until September  
12 30, 2026, to carry out subsection (c).

13 “(3) ADMINISTRATIVE COSTS.—Of the funds  
14 made available under paragraph (2), the Adminis-  
15 trator shall reserve 3 percent for administrative  
16 costs necessary to carry out this section, including  
17 providing technical assistance to eligible entities, de-  
18 veloping a plan that could be used as a model by  
19 grantees in developing a plan under subsection (b),  
20 and modeling the effects of plans described in this  
21 section.

22 “(b) GREENHOUSE GAS AIR POLLUTION PLANNING  
23 GRANTS.—The Administrator shall make a grant to at  
24 least one eligible entity in each State for the costs of devel-  
25 oping a plan for the reduction of greenhouse gas air pollu-



1 tion to be submitted with an application for a grant under  
2 subsection (c). Each such plan shall include programs,  
3 policies, measures, and projects that will achieve or facili-  
4 tate the reduction of greenhouse gas air pollution. Not  
5 later than 270 days after the date of enactment of this  
6 section, the Administrator shall publish a funding oppor-  
7 tunity announcement for grants under this subsection.

8 “(c) GREENHOUSE GAS AIR POLLUTION REDUCTION  
9 IMPLEMENTATION GRANTS.—

10 “(1) IN GENERAL.—The Administrator shall  
11 competitively award grants to eligible entities to im-  
12 plement plans developed under subsection (b).

13 “(2) APPLICATION.—To apply for a grant  
14 under this subsection, an eligible entity shall submit  
15 to the Administrator an application at such time, in  
16 such manner, and containing such information as  
17 the Administrator shall require, which such applica-  
18 tion shall include information regarding—

19 “(A) the degree to which greenhouse gas  
20 air pollution is projected to be reduced, includ-  
21 ing with respect to low-income and disadvan-  
22 taged communities; and

23 “(B) the quantifiability, specificity,  
24 additionality, permanence, and verifiability of

1           such projected greenhouse gas air pollution re-  
2           duction.

3           “(3) TERMS AND CONDITIONS.—The Adminis-  
4           trator shall make funds available to a grantee under  
5           this subsection in such amounts, upon such a sched-  
6           ule, and subject to such conditions based on its per-  
7           formance in implementing its plan submitted under  
8           this section and in achieving projected greenhouse  
9           gas air pollution reduction, as determined by the Ad-  
10          ministrators.

11          “(d) DEFINITIONS.—In this section:

12           “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
13          tity’ means—

14                   “(A) a State;

15                   “(B) an air pollution control agency;

16                   “(C) a municipality;

17                   “(D) an Indian tribe; and

18                   “(E) a group of one or more entities listed  
19          in subparagraphs (A) through (D).

20           “(2) GREENHOUSE GAS.—The term ‘greenhouse  
21          gas’ has the meaning given the term in section  
22          211(o)(1)(G) (as in effect on the date of enactment  
23          of this section).”.

1 **SEC. 60115. ENVIRONMENTAL PROTECTION AGENCY EFFI-**  
2 **CIENT, ACCURATE, AND TIMELY REVIEWS.**

3 In addition to amounts otherwise available, there is  
4 appropriated to the Environmental Protection Agency for  
5 fiscal year 2022, out of any money in the Treasury not  
6 otherwise appropriated, \$40,000,000, to remain available  
7 until September 30, 2026, to provide for the development  
8 of efficient, accurate, and timely reviews for permitting  
9 and approval processes through the hiring and training  
10 of personnel, the development of programmatic docu-  
11 ments, the procurement of technical or scientific services  
12 for reviews, the development of environmental data or in-  
13 formation systems, stakeholder and community engage-  
14 ment, the purchase of new equipment for environmental  
15 analysis, and the development of geographic information  
16 systems and other analysis tools, techniques, and guidance  
17 to improve agency transparency, accountability, and public  
18 engagement.

19 **SEC. 60116. LOW-EMBODIED CARBON LABELING FOR CON-**  
20 **STRUCTION MATERIALS.**

21 (a) IN GENERAL.—In addition to amounts otherwise  
22 available, there is appropriated to the Administrator of the  
23 Environmental Protection Agency for fiscal year 2022, out  
24 of any money in the Treasury not otherwise appropriated,  
25 \$100,000,000, to remain available until September 30,  
26 2026, for necessary administrative costs of the Adminis-

1 trator of the Environmental Protection Agency to carry  
2 out this section and to develop and carry out a program,  
3 in consultation with the Administrator of the Federal  
4 Highway Administration for construction materials used  
5 in transportation projects and the Administrator of Gen-  
6 eral Services for construction materials used for Federal  
7 buildings, to identify and label low-embodied carbon con-  
8 struction materials and products based on—

9 (1) environmental product declarations;

10 (2) determinations of the California Depart-  
11 ment of General Services Procurement Division, in  
12 consultation with the California Air Resources  
13 Board; or

14 (3) determinations by other State agencies, as  
15 verified by the Administrator of the Environmental  
16 Protection Agency.

17 (b) DEFINITIONS.—In this section:

18 (1) EMBODIED CARBON.—The term “embodied  
19 carbon” means the quantity of greenhouse gas (as  
20 defined in section 211(o)(1)(G) of the Clean Air Act  
21 (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date  
22 of enactment of this Act)) emissions associated with  
23 all relevant stages of production of a material or  
24 product, measured in kilograms of carbon dioxide-  
25 equivalent per unit of such material or product.

1           (2) ENVIRONMENTAL PRODUCT DECLARA-  
2           TION.—The term “environmental product declara-  
3           tion” means a document that reports the environ-  
4           mental impact of a material or product that—

5                   (A) includes measurement of the embodied  
6                   carbon of the material or product;

7                   (B) conforms with international standards,  
8                   such as a Type III environmental product dec-  
9                   laration as defined by the International Organi-  
10                  zation for Standardization standard 14025; and

11                  (C) is developed in accordance with any  
12                  standardized reporting criteria specified by the  
13                  Administrator of the Environmental Protection  
14                  Agency.

15           (3) LOW-EMBODIED CARBON CONSTRUCTION  
16           MATERIALS AND PRODUCTS.—The term “low-em-  
17           bodied carbon construction materials and products”  
18           means construction materials and products identified  
19           by the Administrator of the Environmental Protec-  
20           tion Agency as having substantially lower levels of  
21           embodied carbon as compared to estimated industry  
22           averages of similar materials or products.

## 1     **Subtitle B—Hazardous Materials**

### 2     **SEC. 60201. ENVIRONMENTAL AND CLIMATE JUSTICE** 3             **BLOCK GRANTS.**

4             The Clean Air Act is amended by inserting after sec-  
5     tion 137, as added by subtitle A of this title, the following:

### 6     **“SEC. 138. ENVIRONMENTAL AND CLIMATE JUSTICE BLOCK** 7             **GRANTS.**

8             “(a) APPROPRIATION.—In addition to amounts oth-  
9     erwise available, there is appropriated to the Adminis-  
10    trator for fiscal year 2022, out of any money in the Treas-  
11    ury not otherwise appropriated—

12             “(1) \$2,800,000,000 to remain available until  
13     September 30, 2026, to award grants for the activi-  
14     ties described in subsection (b); and

15             “(2) \$200,000,000 to remain available until  
16     September 30, 2026, to provide technical assistance  
17     to eligible entities related to grants awarded under  
18     this section.

19             “(b) GRANTS.—

20             “(1) IN GENERAL.—The Administrator shall  
21     use amounts made available under subsection (a)(1)  
22     to award grants for periods of up to 3 years to eligi-  
23     ble entities to carry out activities described in para-  
24     graph (2) that benefit disadvantaged communities,  
25     as defined by the Administrator.

1           “(2) ELIGIBLE ACTIVITIES.—An eligible entity  
2           may use a grant awarded under this subsection  
3           for—

4                   “(A) community-led air and other pollution  
5                   monitoring, prevention, and remediation, and  
6                   investments in low- and zero-emission and resil-  
7                   ient technologies and related infrastructure and  
8                   workforce development that help reduce green-  
9                   house gas (as defined in section 211(o)(1)(G)  
10                  (as in effect on the date of enactment of this  
11                  section)) emissions and other air pollutants;

12                  “(B) mitigating climate and health risks  
13                  from urban heat islands, extreme heat, wood  
14                  heater emissions, and wildfire events;

15                  “(C) climate resiliency and adaptation;

16                  “(D) reducing indoor toxics and indoor air  
17                  pollution; or

18                  “(E) facilitating engagement of disadvan-  
19                  taged communities in State and Federal public  
20                  processes, including facilitating such engage-  
21                  ment in advisory groups, workshops, and  
22                  rulemakings.

23           “(3) ELIGIBLE ENTITIES.—In this subsection,  
24           the term ‘eligible entity’ means—

25                   “(A) a partnership between—

1 “(i) an Indian tribe, a local govern-  
2 ment, or an institution of higher education;  
3 and

4 “(ii) a community-based nonprofit or-  
5 ganization;

6 “(B) a community-based nonprofit organi-  
7 zation; or

8 “(C) a partnership of community-based  
9 nonprofit organizations.

10 “(c) ADMINISTRATIVE COSTS.—The Administrator  
11 shall reserve 7 percent of the amounts made available  
12 under subsection (a) for administrative costs to carry out  
13 this section.”.

14 **Subtitle C—United States Fish and**  
15 **Wildlife Service**

16 **SEC. 60301. ENDANGERED SPECIES ACT RECOVERY PLANS.**

17 In addition to amounts otherwise available, there is  
18 appropriated to the United States Fish and Wildlife Serv-  
19 ice for fiscal year 2022, out of any money in the Treasury  
20 not otherwise appropriated, \$125,000,000, to remain  
21 available until expended, for the purposes of developing  
22 and implementing recovery plans under paragraphs (1),  
23 (3), and (4) of subsection (f) of section 4 of the Endan-  
24 gered Species Act of 1973 (16 U.S.C. 1533(f)).



1 **SEC. 60302. FUNDING FOR THE UNITED STATES FISH AND**  
2 **WILDLIFE SERVICE TO ADDRESS CLIMATE-IN-**  
3 **DUCED WEATHER EVENTS.**

4 (a) **IN GENERAL.**—In addition to amounts otherwise  
5 available, there is appropriated to the United States Fish  
6 and Wildlife Service for fiscal year 2022, out of any money  
7 in the Treasury not otherwise appropriated,  
8 \$121,250,000, to remain available until September 30,  
9 2026, to make direct expenditures, award grants, and  
10 enter into contracts and cooperative agreements for the  
11 purposes of rebuilding and restoring units of the National  
12 Wildlife Refuge System and State wildlife management  
13 areas, including by—

- 14 (1) addressing the threat of invasive species;  
15 (2) increasing the resiliency and capacity of  
16 habitats and infrastructure to withstand climate-in-  
17 duced weather events; and  
18 (3) reducing the amount of damage caused by  
19 climate-induced weather events.

20 (b) **ADMINISTRATIVE COSTS.**—In addition to  
21 amounts otherwise available, there is appropriated to the  
22 United States Fish and Wildlife Service for fiscal year  
23 2022, out of any money in the Treasury not otherwise ap-  
24 propriated, \$3,750,000, to remain available until Sep-  
25 tember 30, 2026, for necessary administrative expenses  
26 associated with carrying out this section.

1                   **Subtitle D—Council on**  
2                   **Environmental Quality**

3   **SEC. 60401. ENVIRONMENTAL AND CLIMATE DATA COLLEC-**  
4                   **TION.**

5           In addition to amounts otherwise available, there is  
6 appropriated to the Chair of the Council on Environmental  
7 Quality for fiscal year 2022, out of any money in the  
8 Treasury not otherwise appropriated, \$32,500,000, to re-  
9 main available until September 30, 2026—

10           (1) to support data collection efforts relating  
11 to—

12                   (A) disproportionate negative environ-  
13 mental harms and climate impacts; and

14                   (B) cumulative impacts of pollution and  
15 temperature rise;

16           (2) to establish, expand, and maintain efforts to  
17 track disproportionate burdens and cumulative im-  
18 pacts, including academic and workforce support for  
19 analytics and informatics infrastructure and data  
20 collection systems; and

21           (3) to support efforts to ensure that any map-  
22 ping or screening tool is accessible to community-  
23 based organizations and community members.

1 **SEC. 60402. COUNCIL ON ENVIRONMENTAL QUALITY EFFI-**  
2 **CIENT AND EFFECTIVE ENVIRONMENTAL RE-**  
3 **VIEWS.**

4 In addition to amounts otherwise available, there is  
5 appropriated to the Chair of the Council on Environmental  
6 Quality for fiscal year 2022, out of any money in the  
7 Treasury not otherwise appropriated, \$30,000,000, to re-  
8 main available until September 30, 2026, to carry out the  
9 Council on Environmental Quality’s functions and for the  
10 purposes of training personnel, developing programmatic  
11 environmental documents, and developing tools, guidance,  
12 and techniques to improve stakeholder and community en-  
13 gagement.

14 **Subtitle E—Transportation and**  
15 **Infrastructure**

16 **SEC. 60501. NEIGHBORHOOD ACCESS AND EQUITY GRANT**  
17 **PROGRAM.**

18 (a) IN GENERAL.—Chapter 1 of title 23, United  
19 States Code, is further amended by adding at the end the  
20 following:

21 **“§ 178. Neighborhood access and equity grant pro-**  
22 **gram**

23 “(a) IN GENERAL.—In addition to amounts other-  
24 wise available, there is appropriated for fiscal year 2022,  
25 out of any money in the Treasury not otherwise appro-  
26 priated, \$1,893,000,000, to remain available until Sep-

1   tember 30, 2026, to the Administrator of the Federal  
2   Highway Administration for competitive grants to eligible  
3   entities described in subsection (b)—

4           “(1) to improve walkability, safety, and afford-  
5           able transportation access through construction of  
6           projects that are context-sensitive—

7                   “(A) to remove, remediate, or reuse a facil-  
8                   ity described in subsection (c)(1);

9                   “(B) to replace a facility described in sub-  
10                  section (c)(1) with a facility that is at-grade or  
11                  lower speed;

12                  “(C) to retrofit or cap a facility described  
13                  in subsection (c)(1);

14                  “(D) to build or improve complete streets,  
15                  multiuse trails, regional greenways, or active  
16                  transportation networks and spines; or

17                  “(E) to provide affordable access to essen-  
18                  tial destinations, public spaces, or transpor-  
19                  tation links and hubs;

20           “(2) to mitigate or remediate negative impacts  
21           on the human or natural environment resulting from  
22           a facility described in subsection (c)(2) in a dis-  
23           advantaged or underserved community, including  
24           construction of—

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1           “(A) noise barriers to reduce impacts re-  
2           sulting from a facility described in subsection  
3           (c)(2);

4           “(B) technologies, infrastructure, and ac-  
5           tivities to reduce surface transportation-related  
6           air pollution, including greenhouse gas emis-  
7           sions;

8           “(C) infrastructure or protective features  
9           to reduce or manage stormwater run-off result-  
10          ing from a facility described in subsection  
11          (c)(2), including through natural infrastructure  
12          and pervious, permeable, or porous pavement;

13          “(D) infrastructure and natural features to  
14          reduce or mitigate urban heat island hot spots  
15          in the transportation right-of-way or on surface  
16          transportation facilities; or

17          “(E) safety improvements for vulnerable  
18          road users; and

19          “(3) for planning and capacity building activi-  
20          ties in disadvantaged or underserved communities  
21          to—

22                 “(A) identify, monitor, or assess local and  
23                 ambient air quality, emissions of transportation  
24                 greenhouse gases, hot spot areas of extreme  
25                 heat or elevated air pollution, gaps in tree can-

1 copy coverage, or flood prone transportation in-  
2 frastructure;

3 “(B) assess transportation equity or pollu-  
4 tion impacts and develop local anti-displacement  
5 policies and community benefit agreements;

6 “(C) conduct predevelopment activities for  
7 projects eligible under this subsection;

8 “(D) expand public participation in trans-  
9 portation planning by individuals and organiza-  
10 tions in disadvantaged or underserved commu-  
11 nities; or

12 “(E) administer or obtain technical assist-  
13 ance related to activities described in this sub-  
14 section.

15 “(b) ELIGIBLE ENTITIES DESCRIBED.—An eligible  
16 entity referred to in subsection (a) is—

17 “(1) a State;

18 “(2) a unit of local government;

19 “(3) a political subdivision of a State;

20 “(4) an entity described in section  
21 207(m)(1)(E);

22 “(5) a territory of the United States;

23 “(6) a special purpose district or public author-  
24 ity with a transportation function;

1           “(7) a metropolitan planning organization (as  
2 defined in section 134(b)(2)); or

3           “(8) with respect to a grant described in sub-  
4 section (a)(3), in addition to an eligible entity de-  
5 scribed in paragraphs (1) through (7), a nonprofit  
6 organization or institution of higher education that  
7 has entered into a partnership with an eligible entity  
8 described in paragraphs (1) through (7).

9           “(c) FACILITY DESCRIBED.—A facility referred to in  
10 subsection (a) is—

11           “(1) a surface transportation facility for which  
12 high speeds, grade separation, or other design fac-  
13 tors create an obstacle to connectivity within a com-  
14 munity; or

15           “(2) a surface transportation facility which is a  
16 source of air pollution, noise, stormwater, or other  
17 burden to a disadvantaged or underserved commu-  
18 nity.

19           “(d) INVESTMENT IN ECONOMICALLY DISADVAN-  
20 TAGED COMMUNITIES.—

21           “(1) IN GENERAL.—In addition to amounts  
22 otherwise available, there is appropriated for fiscal  
23 year 2022, out of any money in the Treasury not  
24 otherwise appropriated, \$1,109,950,000, to remain  
25 available until September 30, 2026, to the Adminis-

1       trator of the Federal Highway Administration to  
2       provide grants for projects in communities described  
3       in paragraph (2) for the same purposes and admin-  
4       istered in the same manner as described in sub-  
5       section (a).

6               “(2) COMMUNITIES DESCRIBED.—A community  
7       referred to in paragraph (1) is a community that—

8                       “(A) is economically disadvantaged, includ-  
9       ing an underserved community or a community  
10       located in an area of persistent poverty;

11                      “(B) has entered or will enter into a com-  
12       munity benefits agreement with representatives  
13       of the community;

14                      “(C) has an anti-displacement policy, a  
15       community land trust, or a community advisory  
16       board in effect; or

17                      “(D) has demonstrated a plan for employ-  
18       ing local residents in the area impacted by the  
19       activity or project proposed under this section.

20       “(e) ADMINISTRATION.—

21               “(1) IN GENERAL.—A project carried out under  
22       subsection (a) or (d) shall be treated as a project on  
23       a Federal-aid highway.

24               “(2) COMPLIANCE WITH EXISTING REQUIRE-  
25       MENTS.—Funds made available for a grant under



1       this section and administered by or through a State  
2       department of transportation shall be expended in  
3       compliance with the U.S. Department of Transpor-  
4       tation’s Disadvantaged Business Enterprise Pro-  
5       gram.

6       “(f) COST SHARE.—The Federal share of the cost of  
7       an activity carried out using a grant awarded under this  
8       section shall be not more than 80 percent, except that the  
9       Federal share of the cost of a project in a disadvantaged  
10      or underserved community may be up to 100 percent.

11      “(g) TECHNICAL ASSISTANCE.—In addition to  
12      amounts otherwise available, there is appropriated for fis-  
13      cal year 2022, out of any money in the Treasury not other-  
14      wise appropriated, \$42,150,000, to remain available until  
15      September 30, 2026, to the Administrator of the Federal  
16      Highway Administration for—

17              “(1) guidance, technical assistance, templates,  
18              training, or tools to facilitate efficient and effective  
19              contracting, design, and project delivery by units of  
20              local government;

21              “(2) subgrants to units of local government to  
22              build capacity of such units of local government to  
23              assume responsibilities to deliver surface transpor-  
24              tation projects; and

1           “(3) operations and administration of the Fed-  
2           eral Highway Administration.

3           “(h) LIMITATIONS.—Amounts made available under  
4 this section shall not—

5           “(1) be subject to any restriction or limitation  
6           on the total amount of funds available for implemen-  
7           tation or execution of programs authorized for Fed-  
8           eral-aid highways; and

9           “(2) be used for a project for additional  
10          through travel lanes for single-occupant passenger  
11          vehicles.

12          “(i) DEFINITION OF GREENHOUSE GAS.—In this sec-  
13          tion, the term ‘greenhouse gas’ has the meaning given the  
14          term in section 211(o)(1)(G) of the Clean Air Act (42  
15          U.S.C. 7545(o)(1)(G)) (as in effect on the date of enact-  
16          ment of this section).”.

17          (b) CLERICAL AMENDMENT.—The analysis for chap-  
18          ter 1 of title 23, United States Code, is further amended  
19          by adding at the end the following:

          “178. Neighborhood access and equity grant program.”.

20          **SEC. 60502. ASSISTANCE FOR FEDERAL BUILDINGS.**

21          In addition to amounts otherwise available, there is  
22          appropriated for fiscal year 2022, out of any money in  
23          the Treasury not otherwise appropriated, \$250,000,000,  
24          to remain available until September 30, 2031, to be depos-  
25          ited in the Federal Buildings Fund established under sec-

1 tion 592 of title 40, United States Code, for measures nec-  
2 essary to convert facilities of the Administrator of General  
3 Services to high-performance green buildings (as defined  
4 in section 401 of the Energy Independence and Security  
5 Act of 2007 (42 U.S.C. 17061)).

6 **SEC. 60503. USE OF LOW-CARBON MATERIALS.**

7 (a) APPROPRIATION.—In addition to amounts other-  
8 wise available, there is appropriated for fiscal year 2022,  
9 out of any money in the Treasury not otherwise appro-  
10 priated, \$2,150,000,000, to remain available until Sep-  
11 tember 30, 2026, to be deposited in the Federal Buildings  
12 Fund established under section 592 of title 40, United  
13 States Code, to acquire and install low-embodied carbon  
14 materials and products for use in the construction or alter-  
15 ation of buildings under the jurisdiction, custody, and con-  
16 trol of the General Services Administration.

17 (b) DEFINITIONS.—In this section:

18 (1) EMBODIED CARBON.—The term “embodied  
19 carbon” means the quantity of greenhouse gas (as  
20 defined in section 211(o)(1)(G) of the Clean Air Act  
21 (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date  
22 of enactment of this Act)) emissions associated with  
23 all relevant stages of production of a material or  
24 product, measured in kilograms of carbon dioxide-  
25 equivalent per unit of such material or product.

1           (2) LOW-EMBODIED CARBON MATERIALS AND  
2           PRODUCTS.—The term “low-embodied carbon mate-  
3           rials and products” means materials and products  
4           identified by the Administrator of the Environmental  
5           Protection Agency as having substantially lower lev-  
6           els of embodied carbon as compared to estimated in-  
7           dustry averages of similar products or materials.

8   **SEC. 60504. GENERAL SERVICES ADMINISTRATION EMERG-**  
9                                   **ING TECHNOLOGIES.**

10          In addition to amounts otherwise available, there is  
11          appropriated to the Administrator of General Services for  
12          fiscal year 2022, out of any money in the Treasury not  
13          otherwise appropriated, \$975,000,000, to remain available  
14          until September 30, 2026, to be deposited in the Federal  
15          Buildings Fund established under section 592 of title 40,  
16          United States Code, for emerging and sustainable tech-  
17          nologies, and related sustainability and environmental pro-  
18          grams.

19   **SEC. 60505. ENVIRONMENTAL REVIEW IMPLEMENTATION**  
20                                   **FUNDS.**

21          (a) IN GENERAL.—Chapter 1 of title 23, United  
22          States Code, is further amended by adding at the end the  
23          following:

1 **“§ 179. Environmental review implementation funds**

2 “(a) ESTABLISHMENT.—In addition to amounts oth-  
3 erwise available, for fiscal year 2022, there is appropriated  
4 to the Administrator, out of any money in the Treasury  
5 not otherwise appropriated, \$100,000,000, to remain  
6 available until September 30, 2026, for the purpose of fa-  
7 cilitating the development and review of documents for the  
8 environmental review process for proposed projects, in-  
9 cluding through—

10 “(1) the provision of guidance, technical assist-  
11 ance, templates, training, or tools to facilitate an ef-  
12 ficient and effective environmental review process for  
13 surface transportation projects, including any ad-  
14 ministrative expenses of the Federal Highway Ad-  
15 ministration to conduct such activities; and

16 “(2) providing funds made available under this  
17 subsection to eligible entities—

18 “(A) to build capacity of such eligible enti-  
19 ties and facilitate the environmental review  
20 process for proposed projects, including—

21 “(i) defining the scope or study areas;

22 “(ii) identifying impacts, mitigation  
23 measures, and reasonable alternatives;

24 “(iii) preparing planning and environ-  
25 mental studies and other documents prior  
26 to and during the environmental review

1 process, for potential use in the environ-  
2 mental review process in accordance with  
3 applicable statutes and regulations;

4 “(iv) conducting public engagement  
5 activities; and

6 “(v) carrying out other activities, in-  
7 cluding permitting activities, as the Admin-  
8 istrator determines to be appropriate, to  
9 support the timely completion of an envi-  
10 ronmental review process required for a  
11 proposed project; and

12 “(B) for administrative expenses of the eli-  
13 gible entity to conduct any of the activities de-  
14 scribed in subparagraph (A).

15 “(b) COST SHARE.—

16 “(1) IN GENERAL.—The Federal share of the  
17 cost of an activity carried out under this section by  
18 an eligible entity shall be not more than 80 percent.

19 “(2) SOURCE OF FUNDS.—The non-Federal  
20 share of the cost of an activity carried out under  
21 this section by an eligible entity may be satisfied  
22 using funds made available to the eligible entity  
23 under any other Federal, State, or local grant pro-  
24 gram, including funds made available to the eligible

1       entity under this title or administered by the U.S.  
2       Department of Transportation.

3       “(c) DEFINITIONS.—In this section:

4             “(1) ADMINISTRATOR.—The term ‘Adminis-  
5       trator’ means the Administrator of the Federal  
6       Highway Administration.

7             “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
8       tity’ means—

9                 “(A) a State;

10                “(B) a unit of local government;

11                “(C) a political subdivision of a State;

12                “(D) a territory of the United States;

13                “(E) an entity described in section  
14       207(m)(1)(E);

15                “(F) a recipient of funds under section  
16       203; or

17                “(G) a metropolitan planning organization  
18       (as defined in section 134(b)(2)).

19             “(3) ENVIRONMENTAL REVIEW PROCESS.—The  
20       term ‘environmental review process’ has the meaning  
21       given the term in section 139(a)(5).

22             “(4) PROPOSED PROJECT.—The term ‘proposed  
23       project’ means a surface transportation project for  
24       which an environmental review process is required.”.

1 (b) CLERICAL AMENDMENT.—The analysis for chap-  
2 ter 1 of title 23, United States Code, is further amended  
3 by adding at the end the following:

“179. Environmental review implementation funds.”.

4 **SEC. 60506. LOW-CARBON TRANSPORTATION MATERIALS**  
5 **GRANTS.**

6 (a) IN GENERAL.—Chapter 1 of title 23, United  
7 States Code, is further amended by adding at the end the  
8 following:

9 **“§ 180. Low-carbon transportation materials grants**

10 “(a) FEDERAL HIGHWAY ADMINISTRATION APPRO-  
11 PRIATION.—In addition to amounts otherwise available,  
12 there is appropriated for fiscal year 2022, out of any  
13 money in the Treasury not otherwise appropriated,  
14 \$2,000,000,000, to remain available until September 30,  
15 2026, to the Administrator to reimburse or provide incen-  
16 tives to eligible recipients for the use of low-embodied car-  
17 bon construction materials and products in projects, and  
18 for the operations and administration of the Federal High-  
19 way Administration to carry out this section.

20 “(b) REIMBURSEMENT OF INCREMENTAL COSTS; IN-  
21 CENTIVES.—

22 “(1) IN GENERAL.—The Administrator shall,  
23 subject to the availability of funds, either reimburse  
24 or provide incentives to eligible recipients that use



1 low-embodied carbon construction materials and  
2 products on a project funded under this title.

3 “(2) REIMBURSEMENT AND INCENTIVE  
4 AMOUNTS.—

5 “(A) INCREMENTAL AMOUNT.—The  
6 amount of reimbursement under paragraph (1)  
7 shall be equal to the incrementally higher cost  
8 of using such materials relative to the cost of  
9 using traditional materials, as determined by  
10 the eligible recipient and verified by the Admin-  
11 istrator.

12 “(B) INCENTIVE AMOUNT.—The amount  
13 of an incentive under paragraph (1) shall be  
14 equal to 2 percent of the cost of using low-em-  
15 bodied carbon construction materials and prod-  
16 ucts on a project funded under this title.

17 “(3) FEDERAL SHARE.—If a reimbursement or  
18 incentive is provided under paragraph (1), the total  
19 Federal share payable for the project for which the  
20 reimbursement or incentive is provided shall be up  
21 to 100 percent.

22 “(4) LIMITATIONS.—

23 “(A) IN GENERAL.—The Administrator  
24 shall only provide a reimbursement or incentive  
25 under paragraph (1) for a project on a—

- 1 “(i) Federal-aid highway;  
2 “(ii) tribal transportation facility;  
3 “(iii) Federal lands transportation fa-  
4 cility; or  
5 “(iv) Federal lands access transpor-  
6 tation facility.

7 “(B) OTHER RESTRICTIONS.—Amounts  
8 made available under this section shall not be  
9 subject to any restriction or limitation on the  
10 total amount of funds available for implementa-  
11 tion or execution of programs authorized for  
12 Federal-aid highways.

13 “(C) SINGLE OCCUPANT PASSENGER VEHI-  
14 CLES.—Funds made available under this sec-  
15 tion shall not be used for projects that result in  
16 additional through travel lanes for single occu-  
17 pant passenger vehicles.

18 “(5) MATERIALS IDENTIFICATION.—The Ad-  
19 ministrator shall review the low-embodied carbon  
20 construction materials and products identified by the  
21 Administrator of the Environmental Protection  
22 Agency and shall identify low-embodied carbon con-  
23 struction materials and products—

24 “(A) appropriate for use in projects eligible  
25 under this title; and

1           “(B) eligible for reimbursement or incen-  
2           tives under this section.

3           “(c) DEFINITIONS.—In this section:

4           “(1) ADMINISTRATOR.—The term ‘Adminis-  
5           trator’ means the Administrator of the Federal  
6           Highway Administration.

7           “(2) ELIGIBLE RECIPIENT.—The term ‘eligible  
8           recipient’ means—

9           “(A) a State;

10           “(B) a unit of local government;

11           “(C) a political subdivision of a State;

12           “(D) a territory of the United States;

13           “(E) an entity described in section  
14           207(m)(1)(E));

15           “(F) a recipient of funds under section  
16           203;

17           “(G) a metropolitan planning organization  
18           (as defined in section 134(b)(2)); or

19           “(H) a special purpose district or public  
20           authority with a transportation function.

21           “(3) EMBODIED CARBON.—The term ‘embodied  
22           carbon’ means the quantity of greenhouse gas (as  
23           defined in section 211(o)(1)(G) of the Clean Air Act  
24           (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date  
25           of enactment of this Act)) emissions associated with

1 all relevant stages of production of a material or  
2 product, measured in kilograms of carbon dioxide-  
3 equivalent per unit of such material or product.

4 “(4) LOW-EMBODIED CARBON CONSTRUCTION  
5 MATERIALS AND PRODUCTS.—The term ‘low-em-  
6 bodied carbon construction materials and products’  
7 means construction materials and products identified  
8 by the Administrator of the Environmental Protec-  
9 tion Agency as having substantially lower levels of  
10 embodied carbon as compared to estimated industry  
11 averages of similar products or materials.”.

12 (b) CLERICAL AMENDMENT.—The analysis for chap-  
13 ter 1 of title 23, United States Code, is further amended  
14 by adding at the end the following:

“180. Low-carbon transportation materials grants.”.

15 **TITLE VII—COMMITTEE ON**  
16 **HOMELAND SECURITY AND**  
17 **GOVERNMENTAL AFFAIRS**

18 **SEC. 70001. DHS OFFICE OF CHIEF READINESS SUPPORT**  
19 **OFFICER.**

20 In addition to the amounts otherwise available, there  
21 is appropriated to the Secretary of Homeland Security for  
22 fiscal year 2022, out of any money in the Treasury not  
23 otherwise appropriated, \$500,000,000, to remain available  
24 until September 30, 2028, for the Office of the Chief

1 Readiness Support Officer to carry out sustainability and  
2 environmental programs.

3 **SEC. 70002. UNITED STATES POSTAL SERVICE CLEAN**  
4 **FLEETS.**

5 In addition to amounts otherwise available, there is  
6 appropriated to the United States Postal Service for fiscal  
7 year 2022, out of any money in the Treasury not otherwise  
8 appropriated, to be deposited into the Postal Service Fund  
9 established under section 2003 of title 39, United States  
10 Code, \$3,000,000,000, to remain available through Sep-  
11 tember 30, 2031, for—

12 (1) the purchase of zero-emission delivery vehi-  
13 cles; and

14 (2) the purchase, design, and installation of the  
15 requisite infrastructure to support zero-emission de-  
16 livery vehicles at facilities that the United States  
17 Postal Service owns or leases from non-Federal enti-  
18 ties.

19 **SEC. 70003. UNITED STATES POSTAL SERVICE OFFICE OF**  
20 **INSPECTOR GENERAL.**

21 In addition to amounts otherwise available, there is  
22 appropriated to the Office of Inspector General of the  
23 United States Postal Service for fiscal year 2022, out of  
24 any money in the Treasury not otherwise appropriated,  
25 \$15,000,000, to remain available through September 30,

1 2031, to support oversight of United States Postal Service  
2 activities implemented pursuant to this Act.

3 **SEC. 70004. GOVERNMENT ACCOUNTABILITY OFFICE OVER-**  
4 **SIGHT.**

5 In addition to amounts otherwise available, there is  
6 appropriated to the Comptroller General of the United  
7 States for fiscal year 2022, out of any money in the Treas-  
8 ury not otherwise appropriated, \$25,000,000, to remain  
9 available until September 30, 2031, for necessary expenses  
10 of the Government Accountability Office to support the  
11 oversight of—

12 (1) the distribution and use of funds appro-  
13 priated under this Act; and

14 (2) whether the economic, social, and environ-  
15 mental impacts of the funds described in paragraph

16 (1) are equitable.

17 **SEC. 70005. OFFICE OF MANAGEMENT AND BUDGET OVER-**  
18 **SIGHT.**

19 In addition to amounts otherwise available, there are  
20 appropriated to the Director of the Office of Management  
21 and Budget for fiscal year 2022, out of any money in the  
22 Treasury not otherwise appropriated, \$25,000,000, to re-  
23 main available until September 30, 2026, for necessary ex-  
24 penses to—

25 (1) oversee the implementation of this Act; and

1           (2) track labor, equity, and environmental  
2 standards and performance.

3 **SEC. 70006. FEMA BUILDING MATERIALS PROGRAM.**

4           Through September 30, 2026, the Administrator of  
5 the Federal Emergency Management Agency may provide  
6 financial assistance under sections 203(h), 404(a), and  
7 406(b) of the Robert T. Stafford Disaster Relief and  
8 Emergency Assistance Act (42 U.S.C. 5133(h), 42 U.S.C.  
9 5170c(a), 42 U.S.C. 5172(b)) for—

10           (1) costs associated with low-carbon materials;

11           and

12           (2) incentives that encourage low-carbon and  
13 net-zero energy projects, which may include an in-  
14 crease in the Federal cost share for those projects.

15 **SEC. 70007. FEDERAL PERMITTING IMPROVEMENT STEER-**  
16 **ING COUNCIL ENVIRONMENTAL REVIEW IM-**  
17 **PROVEMENT FUND MANDATORY FUNDING.**

18           (a) IN GENERAL.—In addition to amounts otherwise  
19 available, there is appropriated to the Environmental Re-  
20 view Improvement Fund established by section  
21 41009(d)(1) of the FAST Act (42 U.S.C. 4370m-  
22 8(d)(1)), out of any money in the Treasury not otherwise  
23 appropriated, \$70,000,000 for each of fiscal years 2022  
24 through 2026.

1 (b) AVAILABILITY.—Notwithstanding section  
2 41009(d)(2) of the FAST Act (42 U.S.C. 4370m–  
3 8(d)(2)), funds appropriated under subsection (a) for a  
4 fiscal year shall remain available for the following 5 fiscal  
5 years.

6 **TITLE VIII—COMMITTEE ON**  
7 **INDIAN AFFAIRS**

8 **SEC. 80001. TRIBAL CLIMATE RESILIENCE.**

9 (a) TRIBAL CLIMATE RESILIENCE AND ADAPTA-  
10 TION.—In addition to amounts otherwise available, there  
11 is appropriated to the Director of the Bureau of Indian  
12 Affairs for fiscal year 2022, out of any money in the  
13 Treasury not otherwise appropriated, \$220,000,000, to re-  
14 main available until September 30, 2031, for Tribal cli-  
15 mate resilience and adaptation programs.

16 (b) BUREAU OF INDIAN AFFAIRS FISH HATCH-  
17 ERIES.—In addition to amounts otherwise available, there  
18 is appropriated to the Director of the Bureau of Indian  
19 Affairs for fiscal year 2022, out of any money in the  
20 Treasury not otherwise appropriated, \$10,000,000, to re-  
21 main available until September 30, 2031, for fish hatchery  
22 operations and maintenance programs of the Bureau of  
23 Indian Affairs.

24 (c) ADMINISTRATION.—In addition to amounts other-  
25 wise available, there is appropriated to the Director of the



1 Bureau of Indian Affairs for fiscal year 2022, out of any  
2 money in the Treasury not otherwise appropriated,  
3 \$5,000,000, to remain available until September 30, 2031,  
4 for the administrative costs of carrying out this section.

5 (d) COST-SHARING AND MATCHING REQUIRE-  
6 MENTS.—None of the funds provided by this section shall  
7 be subject to cost-sharing or matching requirements.

8 (e) SMALL AND NEEDY PROGRAM.—Amounts made  
9 available under this section shall be excluded from the cal-  
10 culation of funds received by those Tribal governments  
11 that participate in the “Small and Needy” program.

12 (f) DISTRIBUTION; USE OF FUNDS.—Amounts made  
13 available under this section that are distributed to Indian  
14 Tribes and Tribal organizations for services pursuant to  
15 a self-determination contract (as defined in subsection (j)  
16 of section 4 of the Indian Self-Determination and Edu-  
17 cation Assistance Act (25 U.S.C. 5304(j))) or a self-gov-  
18 ernance compact entered into pursuant to subsection (a)  
19 of section 404 of the Indian Self-Determination and Edu-  
20 cation Assistance Act (25 U.S.C. 5364(a))—

21 (1) shall be distributed on a 1-time basis;

22 (2) shall not be part of the amount required by  
23 subsections (a) through (b) of section 106 of the In-  
24 dian Self-Determination and Education Assistance  
25 Act (25 U.S.C. 5325(a)–(b)); and

1           (3) shall only be used for the purposes identi-  
2           fied under the applicable subsection.

3 **SEC. 80002. NATIVE HAWAIIAN CLIMATE RESILIENCE.**

4           (a) NATIVE HAWAIIAN CLIMATE RESILIENCE AND  
5 ADAPTATION.—In addition to amounts otherwise avail-  
6 able, there is appropriated to the Senior Program Director  
7 of the Office of Native Hawaiian Relations for fiscal year  
8 2022, out of any money in the Treasury not otherwise ap-  
9 propriated, \$23,500,000, to remain available until Sep-  
10 tember 30, 2031, to carry out, through financial assist-  
11 ance, technical assistance, direct expenditure, grants, con-  
12 tracts, or cooperative agreements, climate resilience and  
13 adaptation activities that serve the Native Hawaiian Com-  
14 munity.

15           (b) ADMINISTRATION.—In addition to amounts oth-  
16 erwise available, there is appropriated to the Senior Pro-  
17 gram Director of the Office of Native Hawaiian Relations  
18 for fiscal year 2022, out of any money in the Treasury  
19 not otherwise appropriated, \$1,500,000, to remain avail-  
20 able until September 30, 2031, for the administrative  
21 costs of carrying out this section.

22           (c) COST-SHARING AND MATCHING REQUIRE-  
23 MENTS.—None of the funds provided by this section shall  
24 be subject to cost-sharing or matching requirements.

1 **SEC. 80003. TRIBAL ELECTRIFICATION PROGRAM.**

2 (a) TRIBAL ELECTRIFICATION PROGRAM.—In addi-  
3 tion to amounts otherwise available, there is appropriated  
4 to the Director of the Bureau of Indian Affairs for fiscal  
5 year 2022, out of any money in the Treasury not otherwise  
6 appropriated, \$145,500,000, to remain available until  
7 September 30, 2031, for—

8 (1) the provision of electricity to unelectrified  
9 Tribal homes through zero-emissions energy sys-  
10 tems;

11 (2) transitioning electrified Tribal homes to  
12 zero-emissions energy systems; and

13 (3) associated home repairs and retrofitting  
14 necessary to install the zero-emissions energy sys-  
15 tems authorized under paragraphs (1) and (2).

16 (b) ADMINISTRATION.—In addition to amounts oth-  
17 erwise available, there is appropriated to the Director of  
18 the Bureau of Indian Affairs for fiscal year 2022, out of  
19 any money in the Treasury not otherwise appropriated,  
20 \$4,500,000, to remain available until September 30, 2031,  
21 for the administrative costs of carrying out this section.

22 (c) COST-SHARING AND MATCHING REQUIRE-  
23 MENTS.—None of the funds provided by this section shall  
24 be subject to cost-sharing or matching requirements.

25 (d) SMALL AND NEEDY PROGRAM.—Amounts made  
26 available under this section shall be excluded from the cal-

1 culation of funds received by those Tribal governments  
2 that participate in the “Small and Needy” program.

3 (e) DISTRIBUTION; USE OF FUNDS.—Amounts made  
4 available under this section that are distributed to Indian  
5 Tribes and Tribal organizations for services pursuant to  
6 a self-determination contract (as defined in subsection (j)  
7 of section 4 of the Indian Self-Determination and Edu-  
8 cation Assistance Act (25 U.S.C. 5304(j))) or a self-gov-  
9 ernance compact entered into pursuant to subsection (a)  
10 of section 404 of the Indian Self-Determination and Edu-  
11 cation Assistance Act (25 U.S.C. 5364(a))—

12 (1) shall be distributed on a 1-time basis;

13 (2) shall not be part of the amount required by  
14 subsections (a) through (b) of section 106 of the In-  
15 dian Self-Determination and Education Assistance  
16 Act (25 U.S.C. 5325(a)–(b)); and

17 (3) shall only be used for the purposes identi-  
18 fied under the applicable subsection.

19 **SEC. 80004. EMERGENCY DROUGHT RELIEF FOR TRIBES.**

20 (a) EMERGENCY DROUGHT RELIEF FOR TRIBES.—

21 In addition to amounts otherwise available, there is appro-  
22 priated to the Commissioner of the Bureau of Reclamation  
23 for fiscal year 2022, out of any money in the Treasury  
24 not otherwise appropriated, \$12,500,000, to remain avail-  
25 able until September 30, 2026, for near-term drought re-

1 lief actions to mitigate drought impacts for Indian Tribes  
2 that are impacted by the operation of a Bureau of Rec-  
3 lamation water project, including through direct financial  
4 assistance to address drinking water shortages and to  
5 mitigate the loss of Tribal trust resources.

6 (b) COST-SHARING AND MATCHING REQUIRE-  
7 MENTS.—None of the funds provided by this section shall  
8 be subject to cost-sharing or matching requirements.