

***In the Senate of the United States,***

*August 7 (legislative day, August 6), 2022.*

*Resolved*, That the bill from the House of Representatives (H.R. 5376) entitled “An Act to provide for reconciliation pursuant to title II of S. Con. Res. 14.”, do pass with the following

**AMENDMENT:**

Strike all after the enacting clause and insert the following:

1           ***TITLE I—COMMITTEE ON***  
2                           ***FINANCE***

3           ***Subtitle A—Deficit Reduction***

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

5           *Except as otherwise expressly provided, whenever in*  
6 *this subtitle an amendment or repeal is expressed in terms*  
7 *of an amendment to, or repeal of, a section or other provi-*  
8 *sion, the reference shall be considered to be made to a section*  
9 *or other provision of the Internal Revenue Code of 1986.*

1 **PART 1—CORPORATE TAX REFORM**

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

3 *(a) IMPOSITION OF TAX.—*

4 *(1) IN GENERAL.—Paragraph (2) of section*  
 5 *55(b) is amended to read as follows:*

6 *“(2) CORPORATIONS.—*

7 *“(A) APPLICABLE CORPORATIONS.—In the*  
 8 *case of an applicable corporation, the tentative*  
 9 *minimum tax for the taxable year shall be the*  
 10 *excess of—*

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

14 *“(ii) the corporate AMT foreign tax*  
 15 *credit for the taxable year.*

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

20 *(2) APPLICABLE CORPORATION.—Section 59 is*  
 21 *amended by adding at the end the following new sub-*  
 22 *section:*

23 *“(k) APPLICABLE CORPORATION.—For purposes of this*  
 24 *part—*

25 *“(1) APPLICABLE CORPORATION DEFINED.—*

“(A) *IN GENERAL.*—The term ‘applicable corporation’ means, with respect to any taxable year, any corporation (other than an S corporation, a regulated investment company, or a real estate investment trust) which meets the average annual adjusted financial statement income test of subparagraph (B) for one or more taxable years which—

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

“(ii) end after December 31, 2021.

“(B) *AVERAGE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME TEST.*—For purposes of this subsection—

“(i) a corporation meets the average annual adjusted financial statement income test for a taxable year if the average annual adjusted financial statement income of such corporation (determined without regard to section 56A(d)) for the 3-taxable-year period ending with such taxable year exceeds \$1,000,000,000, and

“(ii) in the case of a corporation described in paragraph (2), such corporation meets the average annual adjusted financial

statement income test for a taxable year  
if—

“(I) the corporation meets the requirements of clause (i) for such taxable year (determined after the application of paragraph (2)), and

“(II) the average annual adjusted financial statement income of such corporation (determined without regard to the application of paragraph (2) and without regard to section 56A(d)) for the 3-taxable-year-period ending with such taxable year is \$100,000,000 or more.

“(C) *EXCEPTION.*—Notwithstanding subparagraph (A), the term ‘applicable corporation’ shall not include any corporation which otherwise meets the requirements of subparagraph (A) if—

“(i) such corporation—

“(I) has a change in ownership,  
or

“(II) has a specified number (to be determined by the Secretary and which shall, as appropriate, take into

1           *account the facts and circumstances of*  
 2           *the taxpayer) of consecutive taxable*  
 3           *years, including the most recent tax-*  
 4           *able year, in which the corporation*  
 5           *does not meet the average annual ad-*  
 6           *justed financial statement income test*  
 7           *of subparagraph (B), and*

8           *“(ii) the Secretary determines that it*  
 9           *would not be appropriate to continue to*  
 10          *treat such corporation as an applicable cor-*  
 11          *poration.*

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

20                 *“(D) SPECIAL RULES FOR DETERMINING*  
 21                 *APPLICABLE CORPORATION STATUS.—*

22                 *“(i) IN GENERAL.—Solely for purposes*  
 23                 *of determining whether a corporation is an*  
 24                 *applicable corporation under this para-*  
 25                 *graph, all adjusted financial statement in-*

1           *come of persons treated as a single employer*  
 2           *with such corporation under subsection (a)*  
 3           *or (b) of section 52 (determined with the*  
 4           *modifications described in clause (ii)) shall*  
 5           *be treated as adjusted financial statement*  
 6           *income of such corporation, and adjusted fi-*  
 7           *nancial statement income of such corpora-*  
 8           *tion shall be determined without regard to*  
 9           *paragraphs (2)(D)(i) and (11) of section*  
 10          *56A(c).*

11           “(ii) *MODIFICATIONS.*—*For purposes*  
 12          *of this subparagraph—*

13                   “(I) *section 52(a) shall be applied*  
 14                   *by substituting ‘component members’*  
 15                   *for ‘members’, and*

16                   “(II) *for purposes of applying sec-*  
 17                   *tion 52(b), the term ‘trade or business’*  
 18                   *shall include any activity treated as a*  
 19                   *trade or business under paragraph (5)*  
 20                   *or (6) of section 469(c) (determined*  
 21                   *without regard to the phrase ‘To the*  
 22                   *extent provided in regulations’ in such*  
 23                   *paragraph (6)).*

24           “(iii) *COMPONENT MEMBER.*—*For pur-*  
 25          *poses of this subparagraph, the term ‘com-*

ponent member' has the meaning given such term by section 1563(b), except that the determination shall be made without regard to section 1563(b)(2).

“(E) OTHER SPECIAL RULES.—

“(i) CORPORATIONS IN EXISTENCE FOR LESS THAN 3 YEARS.—If the corporation was in existence for less than 3-taxable years, subparagraph (B) shall be applied on the basis of the period during which such corporation was in existence.

“(ii) SHORT TAXABLE YEARS.—Adjusted financial statement income for any taxable year of less than 12 months shall be annualized by multiplying the adjusted financial statement income for the short period by 12 and dividing the result by the number of months in the short period.

“(iii) TREATMENT OF PREDECESSORS.—Any reference in this subparagraph to a corporation shall include a reference to any predecessor of such corporation.

“(2) SPECIAL RULE FOR FOREIGN-PARENTED MULTINATIONAL GROUPS.—

1           “(A) *IN GENERAL.*—If a corporation is a  
2           member of a foreign-parented multinational  
3           group for any taxable year, then, solely for pur-  
4           poses of determining whether such corporation  
5           meets the average annual adjusted financial  
6           statement income test under paragraph  
7           (1)(B)(ii)(I) for such taxable year, the adjusted  
8           financial statement income of such corporation  
9           for such taxable year shall include the adjusted  
10          financial statement income of all members of  
11          such group. Solely for purposes of this subpara-  
12          graph, adjusted financial statement income shall  
13          be determined without regard to paragraphs  
14          (2)(D)(i), (3), (4), and (11) of section 56A(c).

15           “(B) *FOREIGN-PARENTED MULTINATIONAL*  
16          *GROUP.*—For purposes of subparagraph (A), the  
17          term ‘foreign-parented multinational group’  
18          means, with respect to any taxable year, two or  
19          more entities if—

20                   “(i) at least one entity is a domestic  
21                   corporation and another entity is a foreign  
22                   corporation,

23                   “(ii) such entities are included in the  
24                   same applicable financial statement with  
25                   respect to such year, and



1 “(iii) either—

2 “(I) the common parent of such  
3 entities is a foreign corporation, or

4 “(II) if there is no common par-  
5 ent, the entities are treated as having  
6 a common parent which is a foreign  
7 corporation under subparagraph (D).

8 “(C) *FOREIGN CORPORATIONS ENGAGED IN*  
9 *A TRADE OR BUSINESS WITHIN THE UNITED*  
10 *STATES.—For purposes of this paragraph, if a*  
11 *foreign corporation is engaged in a trade or*  
12 *business within the United States, such trade or*  
13 *business shall be treated as a separate domestic*  
14 *corporation that is wholly owned by the foreign*  
15 *corporation.*

16 “(D) *OTHER RULES.—The Secretary shall,*  
17 *applying the principles of this section, prescribe*  
18 *rules for the application of this paragraph, in-*  
19 *cluding rules for the determination of—*

20 “(i) the entities (if any) which are to  
21 be to be treated under subparagraph  
22 (B)(iii)(II) as having a common parent  
23 which is a foreign corporation,

24 “(ii) the entities to be included in a  
25 foreign-parented multinational group, and

1                   “(iii) the common parent of a foreign-  
2                   parented multinational group.

3                   “(3) *REGULATIONS OR OTHER GUIDANCE.*—The  
4                   Secretary shall provide regulations or other guidance  
5                   for the purposes of carrying out this subsection, in-  
6                   cluding regulations or other guidance—

7                   “(A) providing a simplified method for de-  
8                   termining whether a corporation meets the re-  
9                   quirements of paragraph (1), and

10                  “(B) addressing the application of this sub-  
11                  section to a corporation that experiences a  
12                  change in ownership.”.

13                  (3) *REDUCTION FOR BASE EROSION AND ANTI-*  
14                  *ABUSE TAX.*—Section 55(a)(2) is amended by insert-  
15                  ing “plus, in the case of an applicable corporation,  
16                  the tax imposed by section 59A” before the period at  
17                  the end.

18                  (4) *CONFORMING AMENDMENTS.*—

19                  (A) Section 55(a) is amended by striking  
20                  “In the case of a taxpayer other than a corpora-  
21                  tion, there” and inserting “There”.

22                  (B)(i) Section 55(b)(1) is amended—

23                  (I) by striking so much as precedes  
24                  subparagraph (A) and inserting the fol-  
25                  lowing:

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

3                       *(II) by adding at the end the following*  
4                       *new subparagraph:*

5           “(D) *ALTERNATIVE MINIMUM TAXABLE IN-*  
6           *COME.*—*The term ‘alternative minimum taxable*  
7           *income’ means the taxable income of the tax-*  
8           *payer for the taxable year—*

9                       *“(i) determined with the adjustments*  
10                      *provided in section 56 and section 58, and*

11                      *“(ii) increased by the amount of the*  
12                      *items of tax preference described in section*  
13                      *57.*

14           *If a taxpayer is subject to the regular tax, such*  
15           *taxpayer shall be subject to the tax imposed by*  
16           *this section (and, if the regular tax is determined*  
17           *by reference to an amount other than taxable in-*  
18           *come, such amount shall be treated as the taxable*  
19           *income of such taxpayer for purposes of the pre-*  
20           *ceding sentence).”.*

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

23                      *(iii) Section 897(a)(2)(A)(i) is amended by*  
24                      *striking “55(b)(2)” and inserting “55(b)(1)(D)”.*

1           (C) Section 11(d) is amended by striking  
 2           “the tax imposed by subsection (a)” and insert-  
 3           ing “the taxes imposed by subsection (a) and sec-  
 4           tion 55”.

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

7           “(5) For alternative minimum tax, see section  
 8           55.”.

9           (E) Section 882(a)(1) is amended by insert-  
 10          ing “, 55,” after “section 11”.

11          (F) Section 6425(c)(1)(A) is amended to  
 12          read as follows:

13               “(A) the sum of—

14                       “(i) the tax imposed by section 11 or  
 15                       subchapter L of chapter 1, whichever is ap-  
 16                       plicable, plus

17                       “(ii) the tax imposed by section 55,  
 18                       plus

19                       “(iii) the tax imposed by section 59A,  
 20                       over”.

21          (G) Section 6655(e)(2) is amended by in-  
 22          serting “, adjusted financial statement income  
 23          (as defined in section 56A),” before “and modi-  
 24          fied taxable income” each place it appears in  
 25          subparagraphs (A)(i) and (B)(i).

1                   (H) Section 6655(g)(1)(A) is amended by  
 2                   redesignating clauses (ii) and (iii) as clauses  
 3                   (iii) and (iv), respectively, and by inserting after  
 4                   clause (i) the following new clause:

5                   “(ii) the tax imposed by section 55,”.

6                   (b) *ADJUSTED FINANCIAL STATEMENT INCOME.*—

7                   (1) *IN GENERAL.*—Part VI of subchapter A of  
 8                   chapter 1 is amended by inserting after section 56 the  
 9                   following new section:

10                  “**SEC. 56A. ADJUSTED FINANCIAL STATEMENT INCOME.**

11                  “(a) *IN GENERAL.*—For purposes of this part, the term  
 12                  ‘adjusted financial statement income’ means, with respect  
 13                  to any corporation for any taxable year, the net income  
 14                  or loss of the taxpayer set forth on the taxpayer’s applicable  
 15                  financial statement for such taxable year, adjusted as pro-  
 16                  vided in this section.

17                  “(b) *APPLICABLE FINANCIAL STATEMENT.*—For pur-  
 18                  poses of this section, the term ‘applicable financial state-  
 19                  ment’ means, with respect to any taxable year, an applica-  
 20                  ble financial statement (as defined in section 451(b)(3) or  
 21                  as specified by the Secretary in regulations or other guid-  
 22                  ance) which covers such taxable year.

23                  “(c) *GENERAL ADJUSTMENTS.*—

24                  “(1) *STATEMENTS COVERING DIFFERENT TAX-*  
 25                  *ABLE YEARS.*—Appropriate adjustments shall be

1     *made in adjusted financial statement income in any*  
 2     *case in which an applicable financial statement cov-*  
 3     *ers a period other than the taxable year.*

4             “(2) *SPECIAL RULES FOR RELATED ENTITIES.—*

5                 “(A) *CONSOLIDATED FINANCIAL STATE-*  
 6                 *MENTS.—If the financial results of a taxpayer*  
 7                 *are reported on the applicable financial state-*  
 8                 *ment for a group of entities, rules similar to the*  
 9                 *rules of section 451(b)(5) shall apply.*

10                “(B) *CONSOLIDATED RETURNS.—Except as*  
 11                *provided in regulations prescribed by the Sec-*  
 12                *retary, if the taxpayer is part of an affiliated*  
 13                *group of corporations filing a consolidated re-*  
 14                *turn for any taxable year, adjusted financial*  
 15                *statement income for such group for such taxable*  
 16                *year shall take into account items on the group’s*  
 17                *applicable financial statement which are prop-*  
 18                *erly allocable to members of such group.*

19                “(C) *TREATMENT OF DIVIDENDS AND*  
 20                *OTHER AMOUNTS.—In the case of any corpora-*  
 21                *tion which is not included on a consolidated re-*  
 22                *turn with the taxpayer, adjusted financial state-*  
 23                *ment income of the taxpayer with respect to such*  
 24                *other corporation shall be determined by only*  
 25                *taking into account the dividends received from*

1        *such other corporation (reduced to the extent pro-*  
 2        *vided by the Secretary in regulations or other*  
 3        *guidance) and other amounts which are includ-*  
 4        *ible in gross income or deductible as a loss under*  
 5        *this chapter (other than amounts required to be*  
 6        *included under sections 951 and 951A or such*  
 7        *other amounts as provided by the Secretary)*  
 8        *with respect to such other corporation.*

9                “(D) TREATMENT OF PARTNERSHIPS.—

10                “(i) IN GENERAL.—*Except as provided*  
 11                *by the Secretary, if the taxpayer is a part-*  
 12                *ner in a partnership, adjusted financial*  
 13                *statement income of the taxpayer with re-*  
 14                *spect to such partnership shall be adjusted*  
 15                *to only take into account the taxpayer’s dis-*  
 16                *tributive share of adjusted financial state-*  
 17                *ment income of such partnership.*

18                “(ii) ADJUSTED FINANCIAL STATEMENT  
 19                INCOME OF PARTNERSHIPS.—*For the pur-*  
 20                *poses of this part, the adjusted financial*  
 21                *statement income of a partnership shall be*  
 22                *the partnership’s net income or loss set forth*  
 23                *on such partnership’s applicable financial*  
 24                *statement (adjusted under rules similar to*  
 25                *the rules of this section).*

1           “(3) *ADJUSTMENTS TO TAKE INTO ACCOUNT*  
 2           *CERTAIN ITEMS OF FOREIGN INCOME.*—

3           “(A) *IN GENERAL.*—*If, for any taxable*  
 4           *year, a taxpayer is a United States shareholder*  
 5           *of one or more controlled foreign corporations,*  
 6           *the adjusted financial statement income of such*  
 7           *taxpayer with respect to such controlled foreign*  
 8           *corporation (as determined under paragraph*  
 9           *(2)(C)) shall be adjusted to also take into ac-*  
 10           *count such taxpayer’s pro rata share (determined*  
 11           *under rules similar to the rules under section*  
 12           *951(a)(2)) of items taken into account in com-*  
 13           *puting the net income or loss set forth on the ap-*  
 14           *plicable financial statement (as adjusted under*  
 15           *rules similar to those that apply in determining*  
 16           *adjusted financial statement income) of each*  
 17           *such controlled foreign corporation with respect*  
 18           *to which such taxpayer is a United States share-*  
 19           *holder.*

20           “(B) *NEGATIVE ADJUSTMENTS.*—*In any*  
 21           *case in which the adjustment determined under*  
 22           *subparagraph (A) would result in a negative ad-*  
 23           *justment for such taxable year—*



1                   “(i) no adjustment shall be made  
2                   under this paragraph for such taxable year,  
3                   and

4                   “(ii) the amount of the adjustment de-  
5                   termined under this paragraph for the suc-  
6                   ceeding taxable year (determined without  
7                   regard to this paragraph) shall be reduced  
8                   by an amount equal to the negative adjust-  
9                   ment for such taxable year.

10                  “(4) *EFFECTIVELY CONNECTED INCOME.*—In the  
11                  case of a foreign corporation, to determine adjusted fi-  
12                  nancial statement income, the principles of section  
13                  882 shall apply.

14                  “(5) *ADJUSTMENTS FOR CERTAIN TAXES.*—Ad-  
15                  justed financial statement income shall be appro-  
16                  priately adjusted to disregard any Federal income  
17                  taxes, or income, war profits, or excess profits taxes  
18                  (within the meaning of section 901) with respect to  
19                  a foreign country or possession of the United States,  
20                  which are taken into account on the taxpayer’s appli-  
21                  cable financial statement. To the extent provided by  
22                  the Secretary, the preceding sentence shall not apply  
23                  to income, war profits, or excess profits taxes (within  
24                  the meaning of section 901) that are imposed by a  
25                  foreign country or possession of the United States and

1      *taken into account on the taxpayer’s applicable finan-*  
 2      *cial statement if the taxpayer does not choose to have*  
 3      *the benefits of subpart A of part III of subchapter N*  
 4      *for the taxable year. The Secretary shall prescribe*  
 5      *such regulations or other guidance as may be nec-*  
 6      *essary and appropriate to provide for the proper*  
 7      *treatment of current and deferred taxes for purposes*  
 8      *of this paragraph, including the time at which such*  
 9      *taxes are properly taken into account.*

10            “(6) *ADJUSTMENT WITH RESPECT TO DIS-*  
 11            *REGARDED ENTITIES.*—*Adjusted financial statement*  
 12            *income shall be adjusted to take into account any ad-*  
 13            *justed financial statement income of a disregarded en-*  
 14            *tity owned by the taxpayer.*

15            “(7) *SPECIAL RULE FOR COOPERATIVES.*—*In the*  
 16            *case of a cooperative to which section 1381 applies,*  
 17            *the adjusted financial statement income (determined*  
 18            *without regard to this paragraph) shall be reduced by*  
 19            *the amounts referred to in section 1382(b) (relating to*  
 20            *patronage dividends and per-unit retain allocations)*  
 21            *to the extent such amounts were not otherwise taken*  
 22            *into account in determining adjusted financial state-*  
 23            *ment income.*

1           “(8) *RULES FOR ALASKA NATIVE CORPORA-*  
 2           *TIONS.—Adjusted financial statement income shall be*  
 3           *appropriately adjusted to allow—*

4                   “(A) *cost recovery and depletion attrib-*  
 5                   *utable to property the basis of which is deter-*  
 6                   *mined under section 21(c) of the Alaska Native*  
 7                   *Claims Settlement Act (43 U.S.C. 1620(c)), and*

8                   “(B) *deductions for amounts payable made*  
 9                   *pursuant to section 7(i) or section 7(j) of such*  
 10                   *Act (43 U.S.C. 1606(i) and 1606(j)) only at such*  
 11                   *time as the deductions are allowed for tax pur-*  
 12                   *poses.*

13           “(9) *AMOUNTS ATTRIBUTABLE TO ELECTIONS*  
 14           *FOR DIRECT PAYMENT OF CERTAIN CREDITS.—Ad-*  
 15           *justed financial statement income shall be appro-*  
 16           *priately adjusted to disregard any amount treated as*  
 17           *a payment against the tax imposed by subtitle A pur-*  
 18           *suant to an election under section 48D(d) or 6417, to*  
 19           *the extent such amount was not otherwise taken into*  
 20           *account under paragraph (5).*

21           “(10) *CONSISTENT TREATMENT OF MORTGAGE*  
 22           *SERVICING INCOME OF TAXPAYER OTHER THAN A*  
 23           *REGULATED INVESTMENT COMPANY.—*

24                   “(A) *IN GENERAL.—Adjusted financial*  
 25                   *statement income shall be adjusted so as not to*

1        *include any item of income in connection with*  
 2        *a mortgage servicing contract any earlier than*  
 3        *when such income is included in gross income*  
 4        *under any other provision of this chapter.*

5                “(B) *RULES FOR AMOUNTS NOT REP-*  
 6        *RESENTING REASONABLE COMPENSATION.—The*  
 7        *Secretary shall provide regulations to prevent the*  
 8        *avoidance of taxes imposed by this chapter with*  
 9        *respect to amounts not representing reasonable*  
 10        *compensation (as determined by the Secretary)*  
 11        *with respect to a mortgage servicing contract.*

12                “(11) *ADJUSTMENT WITH RESPECT TO DEFINED*  
 13        *BENEFIT PENSIONS.—*

14                “(A) *IN GENERAL.—Except as otherwise*  
 15        *provided in rules prescribed by the Secretary in*  
 16        *regulations or other guidance, adjusted financial*  
 17        *statement income shall be—*

18                        “(i) *adjusted to disregard any amount*  
 19                        *of income, cost, or expense that would other-*  
 20                        *wise be included on the applicable financial*  
 21                        *statement in connection with any covered*  
 22                        *benefit plan,*

23                        “(ii) *increased by any amount of in-*  
 24                        *come in connection with any such covered*  
 25                        *benefit plan that is included in the gross in-*

1           *come of the corporation under any other*  
 2           *provision of this chapter, and*

3           *“(iii) reduced by deductions allowed*  
 4           *under any other provision of this chapter*  
 5           *with respect to any such covered benefit*  
 6           *plan.*

7           *“(B) COVERED BENEFIT PLAN.—For pur-*  
 8           *poses of this paragraph, the term ‘covered benefit*  
 9           *plan’ means—*

10           *“(i) a defined benefit plan (other than*  
 11           *a multiemployer plan described in section*  
 12           *414(f)) if the trust which is part of such*  
 13           *plan is an employees’ trust described in sec-*  
 14           *tion 401(a) which is exempt from tax under*  
 15           *section 501(a),*

16           *“(ii) any qualified foreign plan (as de-*  
 17           *finied in section 404A(e)), or*

18           *“(iii) any other defined benefit plan*  
 19           *which provides post-employment benefits*  
 20           *other than pension benefits.*

21           *“(12) TAX-EXEMPT ENTITIES.—In the case of an*  
 22           *organization subject to tax under section 511, ad-*  
 23           *justed financial statement income shall be appro-*  
 24           *priately adjusted to only take into account any ad-*  
 25           *justed financial statement income—*

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

3           “(B) derived from debt-financed property  
4           (as defined in section 514) to the extent that in-  
5           come from such property is treated as unrelated  
6           business taxable income.

7           “(13) *DEPRECIATION*.—Adjusted financial state-  
8           ment income shall be—

9           “(A) reduced by depreciation deductions al-  
10          lowed under section 167 with respect to property  
11          to which section 168 applies to the extent of the  
12          amount allowed as deductions in computing tax-  
13          able income for the taxable year, and

14          “(B) appropriately adjusted—

15               “(i) to disregard any amount of depre-  
16               ciation expense that is taken into account  
17               on the taxpayer’s applicable financial state-  
18               ment with respect to such property, and

19               “(ii) to take into account any other  
20               item specified by the Secretary in order to  
21               provide that such property is accounted for  
22               in the same manner as it is accounted for  
23               under this chapter.

24          “(14) *QUALIFIED WIRELESS SPECTRUM*.—

1           “(A) *IN GENERAL.*—*Adjusted financial*  
2           *statement income shall be—*

3                   “(i) *reduced by amortization deduc-*  
4                   *tions allowed under section 197 with respect*  
5                   *to qualified wireless spectrum to the extent*  
6                   *of the amount allowed as deductions in*  
7                   *computing taxable income for the taxable*  
8                   *year, and*

9                   “(ii) *appropriately adjusted—*

10                   “(I) *to disregard any amount of*  
11                   *amortization expense that is taken into*  
12                   *account on the taxpayer’s applicable fi-*  
13                   *nancial statement with respect to such*  
14                   *qualified wireless spectrum, and*

15                   “(II) *to take into account any*  
16                   *other item specified by the Secretary in*  
17                   *order to provide that such qualified*  
18                   *wireless spectrum is accounted for in*  
19                   *the same manner as it is accounted for*  
20                   *under this chapter.*

21           “(B) *QUALIFIED WIRELESS SPECTRUM.*—  
22           *For purposes of this paragraph, the term ‘quali-*  
23           *fied wireless spectrum’ means wireless spectrum*  
24           *which—*

1                   “(i) *is used in the trade or business of*  
 2                   *a wireless telecommunications carrier, and*  
 3                   “(ii) *was acquired after December 31,*  
 4                   *2007, and before the date of enactment of*  
 5                   *this section.*

6                   “(15) *SECRETARIAL AUTHORITY TO ADJUST*  
 7                   *ITEMS.—The Secretary shall issue regulations or other*  
 8                   *guidance to provide for such adjustments to adjusted*  
 9                   *financial statement income as the Secretary deter-*  
 10                   *mines necessary to carry out the purposes of this sec-*  
 11                   *tion, including adjustments—*

12                   “(A) *to prevent the omission or duplication*  
 13                   *of any item, and*

14                   “(B) *to carry out the principles of part II*  
 15                   *of subchapter C of this chapter (relating to cor-*  
 16                   *porate liquidations), part III of subchapter C of*  
 17                   *this chapter (relating to corporate organizations*  
 18                   *and reorganizations), and part II of subchapter*  
 19                   *K of this chapter (relating to partnership con-*  
 20                   *tributions and distributions).*

21                   “(d) *DEDUCTION FOR FINANCIAL STATEMENT NET OP-*  
 22                   *ERATING LOSS.—*

23                   “(1) *IN GENERAL.—Adjusted financial statement*  
 24                   *income (determined after application of subsection (c)*



1       *and without regard to this subsection) shall be re-*  
 2       *duced by an amount equal to the lesser of—*

3               “(A) *the aggregate amount of financial*  
 4               *statement net operating loss carryovers to the*  
 5               *taxable year, or*

6               “(B) *80 percent of adjusted financial state-*  
 7               *ment income computed without regard to the de-*  
 8               *duction allowable under this subsection.*

9               “(2) *FINANCIAL STATEMENT NET OPERATING*  
 10       *LOSS CARRYOVER.—A financial statement net oper-*  
 11       *ating loss for any taxable year shall be a financial*  
 12       *statement net operating loss carryover to each taxable*  
 13       *year following the taxable year of the loss. The por-*  
 14       *tion of such loss which shall be carried to subsequent*  
 15       *taxable years shall be the amount of such loss remain-*  
 16       *ing (if any) after the application of paragraph (1).*

17               “(3) *FINANCIAL STATEMENT NET OPERATING*  
 18       *LOSS DEFINED.—For purposes of this subsection, the*  
 19       *term ‘financial statement net operating loss’ means*  
 20       *the amount of the net loss (if any) set forth on the*  
 21       *corporation’s applicable financial statement (deter-*  
 22       *mined after application of subsection (c) and without*  
 23       *regard to this subsection) for taxable years ending*  
 24       *after December 31, 2019.*

1       “(e) *REGULATIONS AND OTHER GUIDANCE.*—The Sec-  
 2       retary shall provide for such regulations and other guidance  
 3       as necessary to carry out the purposes of this section, in-  
 4       cluding regulations and other guidance relating to the effect  
 5       of the rules of this section on partnerships with income  
 6       taken into account by an applicable corporation.”.

7               (2) *CLERICAL AMENDMENT.*—The table of sec-  
 8       tions for part VI of subchapter A of chapter 1 is  
 9       amended by inserting after the item relating to sec-  
 10      tion 56 the following new item:

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

11       (c) *CORPORATE AMT FOREIGN TAX CREDIT.*—Section  
 12      59, as amended by this section, is amended by adding at  
 13      the end the following new subsection:

14       “(l) *CORPORATE AMT FOREIGN TAX CREDIT.*—

15               “(1) *IN GENERAL.*—For purposes of this part, if  
 16       an applicable corporation chooses to have the benefits  
 17       of subpart A of part III of subchapter N for any tax-  
 18       able year, the corporate AMT foreign tax credit for  
 19       the taxable year of the applicable corporation is an  
 20       amount equal to sum of—

21               “(A) the lesser of—

22                       “(i) the aggregate of the applicable cor-  
 23                       poration’s pro rata share (as determined  
 24                       under section 56A(c)(3)) of the amount of  
 25                       income, war profits, and excess profits taxes

1           *(within the meaning of section 901) im-*  
2           *posed by any foreign country or possession*  
3           *of the United States which are—*

4                     *“(I) taken into account on the ap-*  
5                     *plicable financial statement of each*  
6                     *controlled foreign corporation with re-*  
7                     *spect to which the applicable corpora-*  
8                     *tion is a United States shareholder,*  
9                     *and*

10                    *“(II) paid or accrued (for Federal*  
11                    *income tax purposes) by each such con-*  
12                    *trolled foreign corporation, or*

13                    *“(ii) the product of the amount of the*  
14                    *adjustment under section 56A(c)(3) and the*  
15                    *percentage specified in section*  
16                    *55(b)(2)(A)(i), and*

17                    *“(B) in the case of an applicable corpora-*  
18                    *tion that is a domestic corporation, the amount*  
19                    *of income, war profits, and excess profits taxes*  
20                    *(within the meaning of section 901) imposed by*  
21                    *any foreign country or possession of the United*  
22                    *States to the extent such taxes are—*

23                    *“(i) taken into account on the applica-*  
24                    *ble corporation’s applicable financial state-*  
25                    *ment, and*

1                   “(ii) paid or accrued (for Federal in-  
 2                   come tax purposes) by the applicable cor-  
 3                   poration.

4                   “(2) CARRYOVER OF EXCESS TAX PAID.—For  
 5                   any taxable year for which an applicable corporation  
 6                   chooses to have the benefits of subpart A of part III  
 7                   of subchapter N, the excess of the amount described in  
 8                   paragraph (1)(A)(i) over the amount described in  
 9                   paragraph (1)(A)(ii) shall increase the amount de-  
 10                  scribed in paragraph (1)(A)(i) in any of the first 5  
 11                  succeeding taxable years to the extent not taken into  
 12                  account in a prior taxable year.

13                  “(3) REGULATIONS OR OTHER GUIDANCE.—The  
 14                  Secretary shall provide for such regulations or other  
 15                  guidance as is necessary to carry out the purposes of  
 16                  this subsection.”.

17                  (d) TREATMENT OF GENERAL BUSINESS CREDIT.—  
 18                  Section 38(c)(6)(E) is amended to read as follows:

19                         “(E) CORPORATIONS.—In the case of a cor-  
 20                         poration—

21                                 “(i) the first sentence of paragraph (1)  
 22                                 shall be applied by substituting ‘25 percent  
 23                                 of the taxpayer’s net income tax as exceeds  
 24                                 \$25,000’ for ‘the greater of’ and all that fol-  
 25                                 lows,

1                   “(ii) paragraph (2)(A) shall be applied  
 2                   without regard to clause (ii)(I) thereof, and  
 3                   “(iii) paragraph (4)(A) shall be ap-  
 4                   plied without regard to clause (ii)(I) there-  
 5                   of.”.

6           (e) CREDIT FOR PRIOR YEAR MINIMUM TAX LIABIL-  
 7   ITY.—

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

10           “(e) APPLICATION TO APPLICABLE CORPORATIONS.—  
 11   In the case of a corporation—

12                   “(1) subsection (b)(1) shall be applied by sub-  
 13                   stituting ‘the net minimum tax for all prior taxable  
 14                   years beginning after 2022’ for ‘the adjusted net min-  
 15                   imum tax imposed for all prior taxable years begin-  
 16                   ning after 1986’, and

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

20           (2) CONFORMING AMENDMENTS.—Section 53(d)  
 21   is amended—

22                   (A) in paragraph (2), by striking “, except  
 23                   that in the case” and all that follows through  
 24                   “treated as zero”, and

25                   (B) by striking paragraph (3).

1       (f) *EFFECTIVE DATE.*—*The amendments made by this*  
 2 *section shall apply to taxable years beginning after Decem-*  
 3 *ber 31, 2022.*

4       ***PART 2—EXCISE TAX ON REPURCHASE OF***  
 5                                   ***CORPORATE STOCK***

6       ***SEC. 10201. EXCISE TAX ON REPURCHASE OF CORPORATE***  
 7                                   ***STOCK.***

8       (a) *IN GENERAL.*—*Subtitle D is amended by inserting*  
 9 *after chapter 36 the following new chapter:*

10                   ***“CHAPTER 37—REPURCHASE OF***  
 11                                   ***CORPORATE STOCK***

*“Sec. 4501. Repurchase of corporate stock.*

12       ***“SEC. 4501. REPURCHASE OF CORPORATE STOCK.***

13       “(a) *GENERAL RULE.*—*There is hereby imposed on*  
 14 *each covered corporation a tax equal to 1 percent of the*  
 15 *fair market value of any stock of the corporation which is*  
 16 *repurchased by such corporation during the taxable year.*

17       “(b) *COVERED CORPORATION.*—*For purposes of this*  
 18 *section, the term ‘covered corporation’ means any domestic*  
 19 *corporation the stock of which is traded on an established*  
 20 *securities market (within the meaning of section*  
 21 *7704(b)(1)).*

22       “(c) *REPURCHASE.*—*For purposes of this section—*

23                   “(1) *IN GENERAL.*—*The term ‘repurchase’*  
 24 *means—*

1           “(A) a redemption within the meaning of  
2           section 317(b) with regard to the stock of a cov-  
3           ered corporation, and

4           “(B) any transaction determined by the  
5           Secretary to be economically similar to a trans-  
6           action described in subparagraph (A).

7           “(2) TREATMENT OF PURCHASES BY SPECIFIED  
8           AFFILIATES.—

9           “(A) IN GENERAL.—The acquisition of stock  
10          of a covered corporation by a specified affiliate  
11          of such covered corporation, from a person who  
12          is not the covered corporation or a specified affil-  
13          iate of such covered corporation, shall be treated  
14          as a repurchase of the stock of the covered cor-  
15          poration by such covered corporation.

16          “(B) SPECIFIED AFFILIATE.—For purposes  
17          of this section, the term ‘specified affiliate’  
18          means, with respect to any corporation—

19               “(i) any corporation more than 50  
20               percent of the stock of which is owned (by  
21               vote or by value), directly or indirectly, by  
22               such corporation, and

23               “(ii) any partnership more than 50  
24               percent of the capital interests or profits in-

1                    *terests of which is held, directly or indi-*  
 2                    *rectly, by such corporation.*

3                    “(3) *ADJUSTMENT.*—*The amount taken into ac-*  
 4                    *count under subsection (a) with respect to any stock*  
 5                    *repurchased by a covered corporation shall be reduced*  
 6                    *by the fair market value of any stock issued by the*  
 7                    *covered corporation during the taxable year, includ-*  
 8                    *ing the fair market value of any stock issued or pro-*  
 9                    *vided to employees of such covered corporation or em-*  
 10                    *ployees of a specified affiliate of such covered corpora-*  
 11                    *tion during the taxable year, whether or not such*  
 12                    *stock is issued or provided in response to the exercise*  
 13                    *of an option to purchase such stock.*

14                    “(d) *SPECIAL RULES FOR ACQUISITION OF STOCK OF*  
 15                    *CERTAIN FOREIGN CORPORATIONS.*—

16                    “(1) *IN GENERAL.*—*In the case of an acquisition*  
 17                    *of stock of an applicable foreign corporation by a*  
 18                    *specified affiliate of such corporation (other than a*  
 19                    *foreign corporation or a foreign partnership (unless*  
 20                    *such partnership has a domestic entity as a direct or*  
 21                    *indirect partner)) from a person who is not the appli-*  
 22                    *cable foreign corporation or a specified affiliate of*  
 23                    *such applicable foreign corporation, for purposes of*  
 24                    *this section—*



1           “(A) such specified affiliate shall be treated  
2           as a covered corporation with respect to such ac-  
3           quisition,

4           “(B) such acquisition shall be treated as a  
5           repurchase of stock of a covered corporation by  
6           such covered corporation, and

7           “(C) the adjustment under subsection (c)(3)  
8           shall be determined only with respect to stock  
9           issued or provided by such specified affiliate to  
10          employees of the specified affiliate.

11          “(2) *SURROGATE FOREIGN CORPORATIONS.*—*In*  
12          *the case of a repurchase of stock of a covered surrogate*  
13          *foreign corporation by such covered surrogate foreign*  
14          *corporation, or an acquisition of stock of a covered*  
15          *surrogate foreign corporation by a specified affiliate*  
16          *of such corporation, for purposes of this section—*

17               “(A) the expatriated entity with respect to  
18               such covered surrogate foreign corporation shall  
19               be treated as a covered corporation with respect  
20               to such repurchase or acquisition,

21               “(B) such repurchase or acquisition shall be  
22               treated as a repurchase of stock of a covered cor-  
23               poration by such covered corporation, and

24               “(C) the adjustment under subsection (c)(3)  
25               shall be determined only with respect to stock

1           *issued or provided by such expatriated entity to*  
 2           *employees of the expatriated entity.*

3           “(3) *DEFINITIONS.—For purposes of this sub-*  
 4           *section—*

5                   “(A) *APPLICABLE FOREIGN CORPORA-*  
 6                   *TION.—The term ‘applicable foreign corporation’*  
 7                   *means any foreign corporation the stock of which*  
 8                   *is traded on an established securities market*  
 9                   *(within the meaning of section 7704(b)(1)).*

10                   “(B) *COVERED SURROGATE FOREIGN COR-*  
 11                   *PORATION.—The term ‘covered surrogate foreign*  
 12                   *corporation’ means any surrogate foreign cor-*  
 13                   *poration (as determined under section*  
 14                   *7874(a)(2)(B) by substituting ‘September 20,*  
 15                   *2021’ for ‘March 4, 2003’ each place it appears)*  
 16                   *the stock of which is traded on an established se-*  
 17                   *curities market (within the meaning of section*  
 18                   *7704(b)(1)), but only with respect to taxable*  
 19                   *years which include any portion of the applica-*  
 20                   *ble period with respect to such corporation under*  
 21                   *section 7874(d)(1).*

22                   “(C) *EXPATRIATED ENTITY.—The term ‘ex-*  
 23                   *patriated entity’ has the meaning given such*  
 24                   *term by section 7874(a)(2)(A).*

25           “(e) *EXCEPTIONS.—Subsection (a) shall not apply—*

1           “(1) to the extent that the repurchase is part of  
2           a reorganization (within the meaning of section  
3           368(a)) and no gain or loss is recognized on such re-  
4           purchase by the shareholder under chapter 1 by rea-  
5           son of such reorganization,

6           “(2) in any case in which the stock repurchased  
7           is, or an amount of stock equal to the value of the  
8           stock repurchased is, contributed to an employer-spon-  
9           sored retirement plan, employee stock ownership plan,  
10          or similar plan,

11          “(3) in any case in which the total value of the  
12          stock repurchased during the taxable year does not ex-  
13          ceed \$1,000,000,

14          “(4) under regulations prescribed by the Sec-  
15          retary, in cases in which the repurchase is by a dealer  
16          in securities in the ordinary course of business,

17          “(5) to repurchases by a regulated investment  
18          company (as defined in section 851) or a real estate  
19          investment trust, or

20          “(6) to the extent that the repurchase is treated  
21          as a dividend for purposes of this title.

22          “(f) *REGULATIONS AND GUIDANCE.*—The Secretary  
23          shall prescribe such regulations and other guidance as are  
24          necessary or appropriate to carry out, and to prevent the

1 *avoidance of, the purposes of this section, including regula-*  
 2 *tions and other guidance—*

3 *“(1) to prevent the abuse of the exceptions pro-*  
 4 *vided by subsection (e),*

5 *“(2) to address special classes of stock and pre-*  
 6 *ferred stock, and*

7 *“(3) for the application of the rules under sub-*  
 8 *section (d).”.*

9 *(b) TAX NOT DEDUCTIBLE.—Paragraph (6) of section*  
 10 *275(a) is amended by inserting “37,” before “41”.*

11 *(c) CLERICAL AMENDMENT.—The table of chapters for*  
 12 *subtitle D is amended by inserting after the item relating*  
 13 *to chapter 36 the following new item:*

*“CHAPTER 37—REPURCHASE OF CORPORATE STOCK”.*

14 *(d) EFFECTIVE DATE.—The amendments made by this*  
 15 *section shall apply to repurchases (within the meaning of*  
 16 *section 4501(c) of the Internal Revenue Code of 1986, as*  
 17 *added by this section) of stock after December 31, 2022.*

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

21 **SEC. 10301. ENHANCEMENT OF INTERNAL REVENUE SERV-**  
 22 **ICE RESOURCES.**

23 *IN GENERAL.—The following sums are appropriated,*  
 24 *out of any money in the Treasury not otherwise appro-*  
 25 *priated, for the fiscal year ending September 30, 2022:*

1           (1) *INTERNAL REVENUE SERVICE.*—

2                   (A) *IN GENERAL.*—

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

15                          (ii) *ENFORCEMENT.*—*For necessary ex-*  
16                          *penses for tax enforcement activities of the*  
17                          *Internal Revenue Service to determine and*  
18                          *collect owed taxes, to provide legal and liti-*  
19                          *gation support, to conduct criminal inves-*  
20                          *tigations (including investigative tech-*  
21                          *nology), to provide digital asset monitoring*  
22                          *and compliance activities, to enforce crimi-*  
23                          *nal statutes related to violations of internal*  
24                          *revenue laws and other financial crimes, to*  
25                          *purchase and hire passenger motor vehicles*

1           (31 U.S.C. 1343(b)), and to provide other  
2           services as authorized by 5 U.S.C. 3109, at  
3           such rates as may be determined by the  
4           Commissioner, \$45,637,400,000, to remain  
5           available until September 30, 2031: Pro-  
6           vided, That these amounts shall be in addi-  
7           tion to amounts otherwise available for such  
8           purposes.

9           (iii) OPERATIONS SUPPORT.—For nec-  
10          essary expenses of the Internal Revenue  
11          Service to support taxpayer services and en-  
12          forcement programs, including rent pay-  
13          ments; facilities services; printing; postage;  
14          physical security; headquarters and other  
15          IRS-wide administration activities; re-  
16          search and statistics of income; tele-  
17          communications; information technology de-  
18          velopment, enhancement, operations, main-  
19          tenance, and security; the hire of passenger  
20          motor vehicles (31 U.S.C. 1343(b)); the op-  
21          erations of the Internal Revenue Service  
22          Oversight Board; and other services as au-  
23          thorized by 5 U.S.C. 3109, at such rates as  
24          may be determined by the Commissioner,  
25          \$25,326,400,000, to remain available until

1           *September 30, 2031: Provided, That these*  
2           *amounts shall be in addition to amounts*  
3           *otherwise available for such purposes.*

4           *(iv) BUSINESS SYSTEMS MODERNIZA-*  
5           *TION.—For necessary expenses of the Inter-*  
6           *nal Revenue Service’s business systems mod-*  
7           *ernization program, including development*  
8           *of callback technology and other technology*  
9           *to provide a more personalized customer*  
10          *service but not including the operation and*  
11          *maintenance of legacy systems,*  
12          *\$4,750,700,000, to remain available until*  
13          *September 30, 2031: Provided, That these*  
14          *amounts shall be in addition to amounts*  
15          *otherwise available for such purposes.*

16          *(B) TASK FORCE TO DESIGN AN IRS-RUN*  
17          *FREE “DIRECT EFILE” TAX RETURN SYSTEM.—*  
18          *For necessary expenses of the Internal Revenue*  
19          *Service to deliver to Congress, within nine*  
20          *months following the date of the enactment of*  
21          *this Act, a report on (I) the cost (including op-*  
22          *tions for differential coverage based on taxpayer*  
23          *adjusted gross income and return complexity) of*  
24          *developing and running a free direct efile tax re-*  
25          *turn system, including costs to build and admin-*

1        *ister each release, with a focus on multi-lingual*  
2        *and mobile-friendly features and safeguards for*  
3        *taxpayer data; (II) taxpayer opinions, expecta-*  
4        *tions, and level of trust, based on surveys, for*  
5        *such a free direct efile system; and (III) the*  
6        *opinions of an independent third-party on the*  
7        *overall feasibility, approach, schedule, cost, orga-*  
8        *nizational design, and Internal Revenue Service*  
9        *capacity to deliver such a direct efile tax return*  
10       *system, \$15,000,000, to remain available until*  
11       *September 30, 2023: Provided, That these*  
12       *amounts shall be in addition to amounts other-*  
13       *wise available for such purposes.*

14       (2) *TREASURY INSPECTOR GENERAL FOR TAX*  
15       *ADMINISTRATION.—For necessary expenses of the*  
16       *Treasury Inspector General for Tax Administration*  
17       *in carrying out the Inspector General Act of 1978, as*  
18       *amended, including purchase and hire of passenger*  
19       *motor vehicles (31 U.S.C. 1343(b)); and services au-*  
20       *thorized by 5 U.S.C. 3109, at such rates as may be*  
21       *determined by the Inspector General for Tax Admin-*  
22       *istration, \$403,000,000, to remain available until*  
23       *September 30, 2031: Provided, That these amounts*  
24       *shall be in addition to amounts otherwise available*  
25       *for such purposes.*



1           (3) *OFFICE OF TAX POLICY.*—*For necessary ex-*  
2           *penses of the Office of Tax Policy of the Department*  
3           *of the Treasury to carry out functions related to pro-*  
4           *mulgating regulations under the Internal Revenue*  
5           *Code of 1986, \$104,533,803, to remain available until*  
6           *September 30, 2031: Provided, That these amounts*  
7           *shall be in addition to amounts otherwise available*  
8           *for such purposes.*

9           (4) *UNITED STATES TAX COURT.*—*For necessary*  
10          *expenses of the United States Tax Court, including*  
11          *contract reporting and other services as authorized by*  
12          *5 U.S.C. 3109; \$153,000,000, to remain available*  
13          *until September 30, 2031: Provided, That these*  
14          *amounts shall be in addition to amounts otherwise*  
15          *available for such purposes.*

16          (5) *TREASURY DEPARTMENTAL OFFICES.*—*For*  
17          *necessary expenses of the Departmental Offices of the*  
18          *Department of the Treasury to provide for oversight*  
19          *and implementation support for actions by the Inter-*  
20          *nal Revenue Service to implement this Act and the*  
21          *amendments made by this Act, \$50,000,000, to re-*  
22          *main available until September 30, 2031: Provided,*  
23          *That these amounts shall be in addition to amounts*  
24          *otherwise available for such purposes.*

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

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

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

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

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

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

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

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

*“(2) enter into agreements with manufacturers of  
selected drugs with respect to such period, in accord-  
ance with section 1193;*

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

4           “(4) *carry out the publication and administra-*  
 5           *tive duties and compliance monitoring in accordance*  
 6           *with sections 1195 and 1196.*

7           “(b) *DEFINITIONS RELATING TO TIMING.—For pur-*  
 8           *poses of this part:*

9           “(1) *INITIAL PRICE APPLICABILITY YEAR.—The*  
 10           *term ‘initial price applicability year’ means a year*  
 11           *(beginning with 2026).*

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

19           “(3) *SELECTED DRUG PUBLICATION DATE.—The*  
 20           *term ‘selected drug publication date’ means, with re-*  
 21           *spect to each initial price applicability year, Feb-*  
 22           *ruary 1 of the year that begins 2 years prior to such*  
 23           *year.*

24           “(4) *NEGOTIATION PERIOD.—The term ‘negotia-*  
 25           *tion period’ means, with respect to an initial price*

1       *applicability year with respect to a selected drug, the*  
 2       *period—*

3               “(A) *beginning on the sooner of—*

4                       “(i) *the date on which the manufac-*  
 5                       *turer of the drug and the Secretary enter*  
 6                       *into an agreement under section 1193 with*  
 7                       *respect to such drug; or*

8                       “(ii) *February 28 following the selected*  
 9                       *drug publication date with respect to such*  
 10                       *selected drug; and*

11               “(B) *ending on November 1 of the year that*  
 12               *begins 2 years prior to the initial price applica-*  
 13               *bility year.*

14       “(c) *OTHER DEFINITIONS.—For purposes of this part:*

15               “(1) *MANUFACTURER.—The term ‘manufacturer’*  
 16               *has the meaning given that term in section*  
 17               *1847A(c)(6)(A).*

18               “(2) *MAXIMUM FAIR PRICE ELIGIBLE INDIVIDUAL.—The term ‘maximum fair price eligible in-*  
 19               *dividual’ means, with respect to a selected drug—*

21                       “(A) *in the case such drug is dispensed to*  
 22                       *the individual at a pharmacy, by a mail order*  
 23                       *service, or by another dispenser, an individual*  
 24                       *who is enrolled in a prescription drug plan*  
 25                       *under part D of title XVIII or an MA–PD plan*

1           *under part C of such title if coverage is provided*  
 2           *under such plan for such selected drug; and*

3           “(B) *in the case such drug is furnished or*  
 4           *administered to the individual by a hospital,*  
 5           *physician, or other provider of services or sup-*  
 6           *plier, an individual who is enrolled under part*  
 7           *B of title XVIII, including an individual who is*  
 8           *enrolled in an MA plan under part C of such*  
 9           *title, if payment may be made under part B for*  
 10          *such selected drug.*

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

18          “(4) *REFERENCE PRODUCT.*—*The term ‘reference*  
 19          *product’ has the meaning given such term in section*  
 20          *351(i) of the Public Health Service Act.*

21          “(5) *TOTAL EXPENDITURES.*—*The term ‘total ex-*  
 22          *penditures’ includes, in the case of expenditures with*  
 23          *respect to part D of title XVIII, the total gross covered*  
 24          *prescription drug costs (as defined in section 1860D-*  
 25          *15(b)(3)). The term ‘total expenditures’ excludes, in*

1        *the case of expenditures with respect to part B of such*  
 2        *title, expenditures for a drug or biological product*  
 3        *that are bundled or packaged into the payment for*  
 4        *another service.*

5                “(6) *UNIT.*—*The term ‘unit’ means, with respect*  
 6        *to a drug or biological product, the lowest identifiable*  
 7        *amount (such as a capsule or tablet, milligram of*  
 8        *molecules, or grams) of the drug or biological product*  
 9        *that is dispensed or furnished.*

10              “(d) *TIMING FOR INITIAL PRICE APPLICABILITY YEAR*  
 11        *2026.*—*Notwithstanding the provisions of this part, in the*  
 12        *case of initial price applicability year 2026, the following*  
 13        *rules shall apply for purposes of implementing the program:*

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

18              “(2) *Subsection (b)(4) shall be applied—*

19                      “(A) *in subparagraph (A)(ii), by sub-*  
 20        *stituting ‘October 1, 2023’ for ‘February 28 fol-*  
 21        *lowing the selected drug publication date with*  
 22        *respect to such selected drug’; and*

23                      “(B) *in subparagraph (B), by substituting*  
 24        *‘August 1, 2024’ for ‘November 1 of the year that*

1 *begins 2 years prior to the initial price applica-*  
2 *bility year’.*

3 *“(3) Section 1192 shall be applied—*

4 *“(A) in subsection (b)(1)(A), by substituting*  
5 *‘during the period beginning on June 1, 2022,*  
6 *and ending on May 31, 2023’ for ‘during the*  
7 *most recent period of 12 months prior to the se-*  
8 *lected drug publication date (but ending not*  
9 *later than October 31 of the year prior to the*  
10 *year of such drug publication date), with respect*  
11 *to such year, for which data are available’; and*

12 *“(B) in subsection (d)(1)(A), by sub-*  
13 *stituting ‘during the period beginning on June*  
14 *1, 2022, and ending on May 31, 2023’ for ‘dur-*  
15 *ing the most recent period for which data are*  
16 *available of at least 12 months prior to the se-*  
17 *lected drug publication date (but ending no later*  
18 *than October 31 of the year prior to the year of*  
19 *such drug publication date), with respect to such*  
20 *year’.*

21 *“(4) Section 1193(a) shall be applied by sub-*  
22 *stituting ‘October 1, 2023’ for ‘February 28 following*  
23 *the selected drug publication date with respect to such*  
24 *selected drug’.*

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

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

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

8           “(C) in subparagraph (E), by substituting  
9           ‘August 1, 2024’ for ‘the first day of November  
10          following the selected drug publication date, with  
11          respect to the initial price applicability year’.

12          “(6) Section 1195(a)(1) shall be applied by sub-  
13          stituting ‘September 1, 2024’ for ‘November 30 of the  
14          year that is 2 years prior to such initial price appli-  
15          cability year’.

16   **“SEC. 1192. SELECTION OF NEGOTIATION-ELIGIBLE DRUGS**  
17                   **AS SELECTED DRUGS.**

18          “(a) *IN GENERAL.*—Not later than the selected drug  
19          publication date with respect to an initial price applica-  
20          bility year, in accordance with subsection (b), the Secretary  
21          shall select and publish a list of—

22               “(1) with respect to the initial price applica-  
23          bility year 2026, 10 negotiation-eligible drugs de-  
24          scribed in subparagraph (A) of subsection (d)(1), but  
25          not subparagraph (B) of such subsection, with respect



1       to such year (or, all (if such number is less than 10)  
 2       such negotiation-eligible drugs with respect to such  
 3       year);

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

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

17              “(4) with respect to the initial price applica-  
 18       bility year 2029 or a subsequent year, 20 negotiation-  
 19       eligible drugs described in subparagraph (A) or (B)  
 20       of subsection (d)(1), with respect to such year (or, all  
 21       (if such number is less than 20) such negotiation-eli-  
 22       gible drugs with respect to such year).

23       Subject to subsection (c)(2) and section 1194(f)(5), each  
 24       drug published on the list pursuant to the previous sentence  
 25       shall be subject to the negotiation process under section 1194

1 *for the negotiation period with respect to such initial price*  
 2 *applicability year (and the renegotiation process under*  
 3 *such section as applicable for any subsequent year during*  
 4 *the applicable price applicability period).*

5 “(b) *SELECTION OF DRUGS.*—

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

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

21 “(B) *Select from such ranked drugs with re-*  
 22 *spect to such year the negotiation-eligible drugs*  
 23 *with the highest such rankings.*

24 “(2) *HIGH SPEND PART D DRUGS FOR 2026 AND*  
 25 *2027.*—*With respect to the initial price applicability*

1     *year 2026 and with respect to the initial price appli-*  
 2     *cability year 2027, the Secretary shall apply para-*  
 3     *graph (1) as if the reference to ‘negotiation-eligible*  
 4     *drugs described in subsection (d)(1)’ were a reference*  
 5     *to ‘negotiation-eligible drugs described in subsection*  
 6     *(d)(1)(A)’ and as if the reference to ‘total expendi-*  
 7     *tures for such drugs under parts B and D of title*  
 8     *XVIII’ were a reference to ‘total expenditures for such*  
 9     *drugs under part D of title XVIII’.*

10    “(c) *SELECTED DRUG.*—

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

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

23                           “(i) *under section 505(j) of the Federal*  
 24     *Food, Drug, and Cosmetic Act using such*  
 25     *drug as the listed drug; or*

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

4                   “(B) is marketed pursuant to such approval  
5                   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 deter-  
12                  mination described in paragraph (1) before or  
13                  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 negotia-  
19                  tion-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-eligible  
25                  drug’ means, with respect to the selected drug publica-

1        *tion date with respect to an initial price applicability*  
2        *year, a qualifying single source drug, as defined in*  
3        *subsection (e), that is described in either of the fol-*  
4        *lowing subparagraphs (or, with respect to the initial*  
5        *price applicability year 2026 or 2027, that is de-*  
6        *scribed 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 50*  
10               *qualifying single source drugs with the highest*  
11               *total expenditures under part D of title XVIII,*  
12               *as determined by the Secretary in accordance*  
13               *with paragraph (3), during the most recent 12-*  
14               *month period for which data are available prior*  
15               *to such selected drug publication date (but end-*  
16               *ing no later than October 31 of the year prior*  
17               *to the year of such drug publication date).*

18               *“(B) PART B HIGH SPEND DRUGS.—The*  
19               *qualifying single source drug is, determined in*  
20               *accordance with subsection (e)(2), among the 50*  
21               *qualifying single source drugs with the highest*  
22               *total expenditures under part B of title XVIII,*  
23               *as determined by the Secretary in accordance*  
24               *with paragraph (3), during such most recent 12-*  
25               *month period, as described in subparagraph (A).*

1 “(2) *EXCEPTION FOR SMALL BIOTECH DRUGS.*—

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

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

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

19 “(II) are equal to at least 80 per-  
 20 cent of the total expenditures under  
 21 such part D, as so determined, for all  
 22 covered part D drugs for which the  
 23 manufacturer of the drug has an agree-  
 24 ment in effect under section 1860D–  
 25 14A during such year.

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

6                     *“(I) are equal to or less than 1*  
 7                     *percent of the total expenditures under*  
 8                     *such part B, as so determined, for all*  
 9                     *qualifying single source drugs for*  
 10                    *which payment may be made under*  
 11                    *such part B during such year; and*

12                    *“(II) are equal to at least 80 per-*  
 13                    *cent of the total expenditures under*  
 14                    *such part B, as so determined, for all*  
 15                    *qualifying single source drugs of the*  
 16                    *manufacturer for which payment may*  
 17                    *be made under such part B during*  
 18                    *such year.*

19           “(B) *CLARIFICATIONS RELATING TO MANU-*  
 20           *FACTURERS.*—

21                    *“(i) AGGREGATION RULE.*—*All persons*  
 22                    *treated as a single employer under sub-*  
 23                    *section (a) or (b) of section 52 of the Inter-*  
 24                    *nal Revenue Code of 1986 shall be treated*

1           *as one manufacturer for purposes of this*  
 2           *paragraph.*

3           “(ii) *LIMITATION.—A drug shall not be*  
 4           *considered to be a qualifying single source*  
 5           *drug described in clause (i) or (ii) of sub-*  
 6           *paragraph (A) if the manufacturer of such*  
 7           *drug is acquired after 2021 by another*  
 8           *manufacturer that does not meet the defini-*  
 9           *tion of a specified manufacturer under sec-*  
 10           *tion 1860D–14C(g)(4)(B)(ii), effective at the*  
 11           *beginning of the plan year immediately fol-*  
 12           *lowing such acquisition or, in the case of an*  
 13           *acquisition before 2025, effective January 1,*  
 14           *2025.*

15           “(C) *DRUGS NOT INCLUDED AS SMALL*  
 16           *BIOTECH DRUGS.—A new formulation, such as*  
 17           *an extended release formulation, of a qualifying*  
 18           *single source drug shall not be considered a*  
 19           *qualifying single source drug described in sub-*  
 20           *paragraph (A).*

21           “(3) *CLARIFICATIONS AND DETERMINATIONS.—*

22           “(A) *PREVIOUSLY SELECTED DRUGS AND*  
 23           *SMALL BIOTECH DRUGS EXCLUDED.—In apply-*  
 24           *ing subparagraphs (A) and (B) of paragraph*  
 25           *(1), the Secretary shall not consider or count—*



1                   “(i) drugs that are already selected  
2                   drugs; and

3                   “(ii) for initial price applicability  
4                   years 2026, 2027, and 2028, qualifying sin-  
5                   gle source drugs described in paragraph  
6                   (2)(A).

7                   “(B) USE OF DATA.—In determining  
8                   whether a qualifying single source drug satisfies  
9                   any of the criteria described in paragraph (1) or  
10                  (2), the Secretary shall use data that is aggre-  
11                  gated across dosage forms and strengths of the  
12                  drug, including new formulations of the drug,  
13                  such as an extended release formulation, and not  
14                  based on the specific formulation or package size  
15                  or package type of the drug.

16                  “(e) QUALIFYING SINGLE SOURCE DRUG.—

17                  “(1) IN GENERAL.—For purposes of this part,  
18                  the term ‘qualifying single source drug’ means, with  
19                  respect to an initial price applicability year, subject  
20                  to paragraphs (2) and (3), a covered part D drug (as  
21                  defined in section 1860D–2(e)) that is described in  
22                  any of the following or a drug or biological product  
23                  for which payment may be made under part B of title  
24                  XVIII that is described in any of the following:

25                  “(A) DRUG PRODUCTS.—A drug—

1 “(i) that is approved under section  
 2 505(c) of the Federal Food, Drug, and Cos-  
 3 metic Act and is marketed pursuant to such  
 4 approval;

5 “(ii) for which, as of the selected drug  
 6 publication date with respect to such initial  
 7 price applicability year, at least 7 years  
 8 will have elapsed since the date of such ap-  
 9 proval; and

10 “(iii) that is not the listed drug for  
 11 any drug that is approved and marketed  
 12 under section 505(j) of such Act.

13 “(B) BIOLOGICAL PRODUCTS.—A biological  
 14 product—

15 “(i) that is licensed under section  
 16 351(a) of the Public Health Service Act and  
 17 is marketed under section 351 of such Act;

18 “(ii) for which, as of the selected drug  
 19 publication date with respect to such initial  
 20 price applicability year, at least 11 years  
 21 will have elapsed since the date of such li-  
 22 censure; and

23 “(iii) that is not the reference product  
 24 for any biological product that is licensed

1                   *and marketed under section 351(k) of such*  
 2                   *Act.*

3                   “(2) *TREATMENT OF AUTHORIZED GENERIC*  
 4                   *DRUGS.—*

5                   “(A) *IN GENERAL.—In the case of a quali-*  
 6                   *fying single source drug described in subpara-*  
 7                   *graph (A) or (B) of paragraph (1) that is the*  
 8                   *listed drug (as such term is used in section*  
 9                   *505(j) of the Federal Food, Drug, and Cosmetic*  
 10                   *Act) or a product described in clause (ii) of sub-*  
 11                   *paragraph (B), with respect to an authorized ge-*  
 12                   *neric drug, in applying the provisions of this*  
 13                   *part, such authorized generic drug and such list-*  
 14                   *ed drug or such product shall be treated as the*  
 15                   *same qualifying single source drug.*

16                   “(B) *AUTHORIZED GENERIC DRUG DE-*  
 17                   *FINED.—For purposes of this paragraph, the*  
 18                   *term ‘authorized generic drug’ means—*

19                   “(i) *in the case of a drug, an author-*  
 20                   *ized generic drug (as such term is defined*  
 21                   *in section 505(t)(3) of the Federal Food,*  
 22                   *Drug, and Cosmetic Act); and*

23                   “(ii) *in the case of a biological prod-*  
 24                   *uct, a product that—*

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

3                   “(II) is marketed, sold, or distrib-  
4                   uted directly or indirectly to retail  
5                   class of trade under a different label-  
6                   ing, packaging (other than repackaging  
7                   as the reference product in blister  
8                   packs, unit doses, or similar packaging  
9                   for use in institutions), product code,  
10                  labeler code, trade name, or trade mark  
11                  than the reference product.

12                  “(3) *EXCLUSIONS.*—In this part, the term ‘quali-  
13                  fying single source drug’ does not include any of the  
14                  following:

15                  “(A) *CERTAIN ORPHAN DRUGS.*—A drug  
16                  that is designated as a drug for only one rare  
17                  disease or condition under section 526 of the  
18                  Federal Food, Drug, and Cosmetic Act and for  
19                  which the only approved indication (or indica-  
20                  tions) is for such disease or condition.

21                  “(B) *LOW SPEND MEDICARE DRUGS.*—A  
22                  drug or biological product with respect to which  
23                  the total expenditures under parts B and D of  
24                  title XVIII, as determined by the Secretary in  
25                  accordance with subsection (d)(3)(B)—

1           “(i) with respect to initial price appli-  
2           cability year 2026, is less than, during the  
3           period beginning on June 1, 2022, and end-  
4           ing on May 31, 2023, \$200,000,000;

5           “(ii) with respect to initial price ap-  
6           plicability year 2027, is less than, during  
7           the most recent 12-month period applicable  
8           under subparagraphs (A) and (B) of sub-  
9           section (d)(1) for such year, the dollar  
10          amount specified in clause (i) increased by  
11          the annual percentage increase in the con-  
12          sumer price index for all urban consumers  
13          (all items; United States city average) for  
14          the period beginning on June 1, 2023, and  
15          ending on September 30, 2024; or

16          “(iii) with respect to a subsequent ini-  
17          tial price applicability year, is less than,  
18          during the most recent 12-month period ap-  
19          plicable under subparagraphs (A) and (B)  
20          of subsection (d)(1) for such year, the dollar  
21          amount specified in this subparagraph for  
22          the previous initial price applicability year  
23          increased by the annual percentage increase  
24          in such consumer price index for the 12-  
25          month period ending on September 30 of the

1                    *year prior to the year of the selected drug*  
 2                    *publication date with respect to such subse-*  
 3                    *quent initial price applicability year.*

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

7    **“SEC. 1193. MANUFACTURER AGREEMENTS.**

8                    *“(a) IN GENERAL.—For purposes of section*  
 9                    *1191(a)(2), the Secretary shall enter into agreements with*  
 10                    *manufacturers of selected drugs with respect to a price ap-*  
 11                    *plicability period, by not later than February 28 following*  
 12                    *the selected drug publication date with respect to such se-*  
 13                    *lected drug, under which—*

14                    *“(1) during the negotiation period for the initial*  
 15                    *price applicability year for the selected drug, the Sec-*  
 16                    *retary and the manufacturer, in accordance with sec-*  
 17                    *tion 1194, negotiate to determine (and, by not later*  
 18                    *than the last date of such period, agree to) a max-*  
 19                    *imum fair price for such selected drug of the manu-*  
 20                    *facturer in order for the manufacturer to provide ac-*  
 21                    *cess to such price—*

22                    *“(A) to maximum fair price eligible indi-*  
 23                    *viduals who with respect to such drug are de-*  
 24                    *scribed in subparagraph (A) of section*  
 25                    *1191(c)(2) and are dispensed such drug (and to*

1        *pharmacies, mail order services, and other dis-*  
 2        *pensers, with respect to such maximum fair*  
 3        *price eligible individuals who are dispensed such*  
 4        *drugs) during, subject to paragraph (2), the*  
 5        *price applicability period; and*

6                *“(B) to hospitals, physicians, and other*  
 7        *providers of services and suppliers with respect*  
 8        *to maximum fair price eligible individuals who*  
 9        *with respect to such drug are described in sub-*  
 10        *paragraph (B) of such section and are furnished*  
 11        *or administered such drug during, subject to*  
 12        *paragraph (2), the price applicability period;*

13                *“(2) the Secretary and the manufacturer shall,*  
 14        *in accordance with section 1194, renegotiate (and, by*  
 15        *not later than the last date of the period of renegoti-*  
 16        *ation, agree to) the maximum fair price for such*  
 17        *drug, in order for the manufacturer to provide access*  
 18        *to such maximum fair price (as so renegotiated)—*

19                *“(A) to maximum fair price eligible indi-*  
 20        *viduals who with respect to such drug are de-*  
 21        *scribed in subparagraph (A) of section*  
 22        *1191(c)(2) and are dispensed such drug (and to*  
 23        *pharmacies, mail order services, and other dis-*  
 24        *pensers, with respect to such maximum fair*  
 25        *price eligible individuals who are dispensed such*

1       *drugs) during any year during the price appli-*  
 2       *cability period (beginning after such renegoti-*  
 3       *ation) with respect to such selected drug; and*

4               *“(B) to hospitals, physicians, and other*  
 5       *providers of services and suppliers with respect*  
 6       *to maximum fair price eligible individuals who*  
 7       *with respect to such drug are described in sub-*  
 8       *paragraph (B) of such section and are furnished*  
 9       *or administered such drug during any year de-*  
 10       *scribed in subparagraph (A);*

11              *“(3) subject to subsection (d), access to the max-*  
 12       *imum fair price (including as renegotiated pursuant*  
 13       *to paragraph (2)), with respect to such a selected*  
 14       *drug, shall be provided by the manufacturer to—*

15              *“(A) maximum fair price eligible individ-*  
 16       *uals, who with respect to such drug are described*  
 17       *in subparagraph (A) of section 1191(c)(2), at the*  
 18       *pharmacy, mail order service, or other dispenser*  
 19       *at the point-of-sale of such drug (and shall be*  
 20       *provided by the manufacturer to the pharmacy,*  
 21       *mail order service, or other dispenser, with re-*  
 22       *spect to such maximum fair price eligible indi-*  
 23       *viduals who are dispensed such drugs), as de-*  
 24       *scribed in paragraph (1)(A) or (2)(A), as appli-*  
 25       *cable; and*



1           “(B) hospitals, physicians, and other pro-  
 2           viders of services and suppliers with respect to  
 3           maximum fair price eligible individuals who  
 4           with respect to such drug are described in sub-  
 5           paragraph (B) of such section and are furnished  
 6           or administered such drug, as described in para-  
 7           graph (1)(B) or (2)(B), as applicable;

8           “(4) the manufacturer submits to the Secretary,  
 9           in a form and manner specified by the Secretary, for  
 10          the negotiation period for the price applicability pe-  
 11          riod (and, if applicable, before any period of renegoti-  
 12          ation pursuant to section 1194(f)) with respect to  
 13          such drug—

14          “(A) information on the non-Federal aver-  
 15          age manufacturer price (as defined in section  
 16          8126(h)(5) of title 38, United States Code) for  
 17          the drug for the applicable year or period; and

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

21          “(5) the manufacturer complies with require-  
 22          ments determined by the Secretary to be necessary for  
 23          purposes of administering the program and moni-  
 24          toring compliance with the program.

1       “(b) *AGREEMENT IN EFFECT UNTIL DRUG IS NO*  
 2 *LONGER A SELECTED DRUG.*—An agreement entered into  
 3 *under this section shall be effective, with respect to a selected*  
 4 *drug, until such drug is no longer considered a selected drug*  
 5 *under section 1192(c).*

6       “(c) *CONFIDENTIALITY OF INFORMATION.*—Informa-  
 7 *tion submitted to the Secretary under this part by a manu-*  
 8 *facturer of a selected drug that is proprietary information*  
 9 *of such manufacturer (as determined by the Secretary) shall*  
 10 *be used only by the Secretary or disclosed to and used by*  
 11 *the Comptroller General of the United States for purposes*  
 12 *of carrying out this part.*

13       “(d) *NONDUPLICATION WITH 340B CEILING PRICE.*—  
 14 *Under an agreement entered into under this section, the*  
 15 *manufacturer of a selected drug—*

16               “(1) *shall not be required to provide access to the*  
 17 *maximum fair price under subsection (a)(3), with re-*  
 18 *spect to such selected drug and maximum fair price*  
 19 *eligible individuals who are eligible to be furnished,*  
 20 *administered, or dispensed such selected drug at a*  
 21 *covered entity described in section 340B(a)(4) of the*  
 22 *Public Health Service Act, to such covered entity if*  
 23 *such selected drug is subject to an agreement described*  
 24 *in section 340B(a)(1) of such Act and the ceiling*  
 25 *price (defined in section 340B(a)(1) of such Act) is*

1       *lower than the maximum fair price for such selected*  
 2       *drug; and*

3               “(2) shall be required to provide access to the  
 4       *maximum fair price to such covered entity with re-*  
 5       *spect to maximum fair price eligible individuals who*  
 6       *are eligible to be furnished, administered, or dis-*  
 7       *persed such selected drug at such entity at such ceil-*  
 8       *ing price in a nonduplicated amount to the ceiling*  
 9       *price if such maximum fair price is below the ceiling*  
 10       *price for such selected drug.*

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

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

18               “(1) *shall during the negotiation period with re-*  
 19       *spect to such drug, in accordance with this section,*  
 20       *negotiate a maximum fair price for such drug for the*  
 21       *purpose described in section 1193(a)(1); and*

22               “(2) *renegotiate, in accordance with the process*  
 23       *specified pursuant to subsection (f), such maximum*  
 24       *fair price for such drug for the purpose described in*

1        *section 1193(a)(2) if such drug is a renegotiation-eli-*  
 2        *gible drug under such subsection.*

3        “(b) *NEGOTIATION PROCESS REQUIREMENTS.*—

4                “(1) *METHODOLOGY AND PROCESS.*—*The Sec-*  
 5        *retary shall develop and use a consistent methodology*  
 6        *and process, in accordance with paragraph (2), for*  
 7        *negotiations under subsection (a) that aims to achieve*  
 8        *the lowest maximum fair price for each selected drug.*

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

15                “(A) *SUBMISSION OF INFORMATION.*—*Not*  
 16        *later than March 1 of the year of the selected*  
 17        *drug publication date, with respect to the selected*  
 18        *drug, the manufacturer of the drug shall submit*  
 19        *to the Secretary, in accordance with section*  
 20        *1193(a)(4), the information described in such*  
 21        *section.*

22                “(B) *INITIAL OFFER BY SECRETARY.*—*Not*  
 23        *later than the June 1 following the selected drug*  
 24        *publication date, the Secretary shall provide the*  
 25        *manufacturer of the selected drug with a written*

1        *initial offer that contains the Secretary’s pro-*  
 2        *posal for the maximum fair price of the drug*  
 3        *and a concise justification based on the factors*  
 4        *described in section 1194(e) that were used in de-*  
 5        *veloping such offer.*

6                *“(C) RESPONSE TO INITIAL OFFER.—*

7                    *“(i) IN GENERAL.—Not later than 30*  
 8                    *days after the date of receipt of an initial*  
 9                    *offer under subparagraph (B), the manufac-*  
 10                   *turer shall either accept such offer or pro-*  
 11                   *pose a counteroffer to such offer.*

12                   *“(ii) COUNTEROFFER REQUIRE-*  
 13                   *MENTS.—If a manufacturer proposes a*  
 14                   *counteroffer, such counteroffer—*

15                                *“(I) shall be in writing; and*

16                                *“(II) shall be justified based on*  
 17                                *the factors described in subsection (e).*

18                *“(D) RESPONSE TO COUNTEROFFER.—After*  
 19                *receiving a counteroffer under subparagraph (C),*  
 20                *the Secretary shall respond in writing to such*  
 21                *counteroffer.*

22                *“(E) DEADLINE.—All negotiations between*  
 23                *the Secretary and the manufacturer of the se-*  
 24                *lected drug shall end prior to the first day of No-*  
 25                *vember following the selected drug publication*

1        *date, with respect to the initial price applica-*  
 2        *bility year.*

3                “(F) *LIMITATIONS ON OFFER AMOUNT.—In*  
 4        *negotiating the maximum fair price of a selected*  
 5        *drug, with respect to the initial price applica-*  
 6        *bility year for the selected drug, and, as applica-*  
 7        *ble, in renegotiating the maximum fair price for*  
 8        *such drug, with respect to a subsequent year dur-*  
 9        *ing the price applicability period for such drug,*  
 10       *the Secretary shall not offer (or agree to a*  
 11       *counteroffer for) a maximum fair price for the*  
 12       *selected drug that—*

13                “(i) *exceeds the ceiling determined*  
 14                *under subsection (c) for the selected drug*  
 15                *and year; or*

16                “(ii) *as applicable, is less than the*  
 17                *floor determined under subsection (d) for the*  
 18                *selected drug and year.*

19        “(c) *CEILING FOR MAXIMUM FAIR PRICE.—*

20                “(1) *GENERAL CEILING.—*

21                “(A) *IN GENERAL.—The maximum fair*  
 22        *price negotiated under this section for a selected*  
 23        *drug, with respect to the first initial price appli-*  
 24        *cability year of the price applicability period*  
 25        *with respect to such drug, shall not exceed the*

1           *lower of the amount under subparagraph (B) or*  
 2           *the amount under subparagraph (C).*

3           “(B) *SUBPARAGRAPH (B) AMOUNT.*—*An*  
 4           *amount equal to the following:*

5                   “(i) *COVERED PART D DRUG.*—*In the*  
 6                   *case of a covered part D drug (as defined in*  
 7                   *section 1860D–2(e)), the sum of the plan*  
 8                   *specific enrollment weighted amounts for*  
 9                   *each prescription drug plan or MA–PD*  
 10                   *plan (as determined under paragraph (2)).*

11                   “(ii) *PART B DRUG OR BIOLOGICAL.*—  
 12                   *In the case of a drug or biological product*  
 13                   *for which payment may be made under*  
 14                   *part B of title XVIII, the payment amount*  
 15                   *under section 1847A(b)(4) for the drug or*  
 16                   *biological product for the year prior to the*  
 17                   *year of the selected drug publication date*  
 18                   *with respect to the initial price applica-*  
 19                   *bility year for the drug or biological prod-*  
 20                   *uct.*

21           “(C) *SUBPARAGRAPH (C) AMOUNT.*—*An*  
 22           *amount equal to the applicable percent described*  
 23           *in paragraph (3), with respect to such drug, of*  
 24           *the following:*

1                   “(i) *INITIAL PRICE APPLICABILITY*  
2                   *YEAR 2026.*—*In the case of a selected drug*  
3                   *with respect to which such initial price ap-*  
4                   *plicability year is 2026, the average non-*  
5                   *Federal average manufacturer price for such*  
6                   *drug for 2021 (or, in the case that there is*  
7                   *not an average non-Federal average manu-*  
8                   *facturer price available for such drug for*  
9                   *2021, for the first full year following the*  
10                  *market entry for such drug), increased by*  
11                  *the percentage increase in the consumer*  
12                  *price index for all urban consumers (all*  
13                  *items; United States city average) from*  
14                  *September 2021 (or December of such first*  
15                  *full year following the market entry), as ap-*  
16                  *plicable, to September of the year prior to*  
17                  *the year of the selected drug publication*  
18                  *date with respect to such initial price ap-*  
19                  *plicability year.*

20                  “(ii) *INITIAL PRICE APPLICABILITY*  
21                  *YEAR 2027 AND SUBSEQUENT YEARS.*—*In*  
22                  *the case of a selected drug with respect to*  
23                  *which such initial price applicability year*  
24                  *is 2027 or a subsequent year, the lower of—*



1                   “(I) the average non-Federal aver-  
 2                   age manufacturer price for such drug  
 3                   for 2021 (or, in the case that there is  
 4                   not an average non-Federal average  
 5                   manufacturer price available for such  
 6                   drug for 2021, for the first full year  
 7                   following the market entry for such  
 8                   drug), increased by the percentage in-  
 9                   crease in the consumer price index for  
 10                  all urban consumers (all items; United  
 11                  States city average) from September  
 12                  2021 (or December of such first full  
 13                  year following the market entry), as  
 14                  applicable, to September of the year  
 15                  prior to the year of the selected drug  
 16                  publication date with respect to such  
 17                  initial price applicability year; or

18                  “(II) the average non-Federal av-  
 19                  erage manufacturer price for such drug  
 20                  for the year prior to the selected drug  
 21                  publication date with respect to such  
 22                  initial price applicability year.

23                  “(2) *PLAN SPECIFIC ENROLLMENT WEIGHTED*  
 24                  *AMOUNT.*—For purposes of paragraph (1)(B)(i), the  
 25                  plan specific enrollment weighted amount for a pre-

1        *scription drug plan or an MA–PD plan with respect*  
 2        *to a covered Part D drug is an amount equal to the*  
 3        *product of—*

4                *“(A) the negotiated price of the drug under*  
 5                *such plan under part D of title XVIII, net of all*  
 6                *price concessions received by such plan or phar-*  
 7                *macy benefit managers on behalf of such plan,*  
 8                *for the most recent year for which data is avail-*  
 9                *able; and*

10              *“(B) a fraction—*

11                      *“(i) the numerator of which is the total*  
 12                      *number of individuals enrolled in such plan*  
 13                      *in such year; and*

14                      *“(ii) the denominator of which is the*  
 15                      *total number of individuals enrolled in a*  
 16                      *prescription drug plan or an MA–PD plan*  
 17                      *in such year.*

18              *“(3) APPLICABLE PERCENT DESCRIBED.—For*  
 19              *purposes of this subsection, the applicable percent de-*  
 20              *scribed in this paragraph is the following:*

21                      *“(A) SHORT-MONOPOLY DRUGS AND VAC-*  
 22                      *CINES.—With respect to a selected drug (other*  
 23                      *than an extended-monopoly drug and a long-mo-*  
 24                      *nopoly drug), 75 percent.*

1           “(B) *EXTENDED-MONOPOLY DRUGS.*—With  
2           *respect to an extended-monopoly drug, 65 per-*  
3           *cent.*

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

6           “(4) *EXTENDED-MONOPOLY DRUG DEFINED.*—

7           “(A) *IN GENERAL.*—*In this part, subject to*  
8           *subparagraph (B), the term ‘extended-monopoly*  
9           *drug’ means, with respect to an initial price ap-*  
10          *plicability year, a selected drug for which at*  
11          *least 12 years, but fewer than 16 years, have*  
12          *elapsed since the date of approval of such drug*  
13          *under section 505(c) of the Federal Food, Drug,*  
14          *and Cosmetic Act or since the date of licensure*  
15          *of such drug under section 351(a) of the Public*  
16          *Health Service Act, as applicable.*

17          “(B) *EXCLUSIONS.*—*The term ‘extended-mo-*  
18          *nopoly drug’ shall not include any of the fol-*  
19          *lowing:*

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

23                 “(ii) *A selected drug for which a man-*  
24                 *ufacturer had an agreement under this part*

1                   *with the Secretary with respect to an initial*  
 2                   *price applicability year that is before 2030.*

3                   “(C) *CLARIFICATION.*—*Nothing in subpara-*  
 4                   *graph (B)(ii) shall limit the transition of a se-*  
 5                   *lected drug described in paragraph (3)(A) to a*  
 6                   *long-monopoly drug if the selected drug meets the*  
 7                   *definition of a long-monopoly drug.*

8                   “(5) *LONG-MONOPOLY DRUG DEFINED.*—

9                   “(A) *IN GENERAL.*—*In this part, subject to*  
 10                  *subparagraph (B), the term ‘long-monopoly*  
 11                  *drug’ means, with respect to an initial price ap-*  
 12                  *plicability year, a selected drug for which at*  
 13                  *least 16 years have elapsed since the date of ap-*  
 14                  *proval of such drug under section 505(c) of the*  
 15                  *Federal Food, Drug, and Cosmetic Act or since*  
 16                  *the date of licensure of such drug under section*  
 17                  *351(a) of the Public Health Service Act, as ap-*  
 18                  *plicable.*

19                  “(B) *EXCLUSION.*—*The term ‘long-monop-*  
 20                  *oly drug’ shall not include a vaccine that is li-*  
 21                  *censed under section 351 of the Public Health*  
 22                  *Service Act and marketed pursuant to such sec-*  
 23                  *tion.*

24                  “(6) *AVERAGE NON-FEDERAL AVERAGE MANU-*  
 25                  *FACTURER PRICE.*—*In this part, the term ‘average*

1        *non-Federal average manufacturer price’ means the*  
 2        *average of the non-Federal average manufacturer*  
 3        *price (as defined in section 8126(h)(5) of title 38,*  
 4        *United States Code) for the 4 calendar quarters of the*  
 5        *year involved.*

6        “(d) *TEMPORARY FLOOR FOR SMALL BIOTECH*  
 7        *DRUGS.—In the case of a selected drug that is a qualifying*  
 8        *single source drug described in section 1192(d)(2) and with*  
 9        *respect to which the first initial price applicability year*  
 10       *of the price applicability period with respect to such drug*  
 11       *is 2029 or 2030, the maximum fair price negotiated under*  
 12       *this section for such drug for such initial price applicability*  
 13       *year may not be less than 66 percent of the average non-*  
 14       *Federal average manufacturer price for such drug (as de-*  
 15       *finied in subsection (c)(6)) for 2021 (or, in the case that*  
 16       *there is not an average non-Federal average manufacturer*  
 17       *price available for such drug for 2021, for the first full year*  
 18       *following the market entry for such drug), increased by the*  
 19       *percentage increase in the consumer price index for all*  
 20       *urban consumers (all items; United States city average)*  
 21       *from September 2021 (or December of such first full year*  
 22       *following the market entry), as applicable, to September of*  
 23       *the year prior to the selected drug publication date with*  
 24       *respect to the initial price applicability year.*

1       “(e) *FACTORS.*—*For purposes of negotiating the max-*  
 2 *imum fair price of a selected drug under this part with*  
 3 *the manufacturer of the drug, the Secretary shall consider*  
 4 *the following factors, as applicable to the drug, as the basis*  
 5 *for determining the offers and counteroffers under sub-*  
 6 *section (b) for the drug:*

7               “(1) *MANUFACTURER-SPECIFIC DATA.*—*The fol-*  
 8 *lowing data, with respect to such selected drug, as*  
 9 *submitted by the manufacturer:*

10               “(A) *Research and development costs of the*  
 11 *manufacturer for the drug and the extent to*  
 12 *which the manufacturer has recouped research*  
 13 *and development costs.*

14               “(B) *Current unit costs of production and*  
 15 *distribution of the drug.*

16               “(C) *Prior Federal financial support for*  
 17 *novel therapeutic discovery and development*  
 18 *with respect to the drug.*

19               “(D) *Data on pending and approved patent*  
 20 *applications, exclusivities recognized by the Food*  
 21 *and Drug Administration, and applications and*  
 22 *approvals under section 505(c) of the Federal*  
 23 *Food, Drug, and Cosmetic Act or section 351(a)*  
 24 *of the Public Health Service Act for the drug.*

1           “(E) Market data and revenue and sales  
2           volume data for the drug in the United States.

3           “(2) EVIDENCE ABOUT ALTERNATIVE TREAT-  
4           MENTS.—The following evidence, as available, with  
5           respect to such selected drug and therapeutic alter-  
6           natives to such drug:

7           “(A) The extent to which such drug rep-  
8           resents a therapeutic advance as compared to ex-  
9           isting therapeutic alternatives and the costs of  
10          such existing therapeutic alternatives.

11          “(B) Prescribing information approved by  
12          the Food and Drug Administration for such drug  
13          and therapeutic alternatives to such drug.

14          “(C) Comparative effectiveness of such drug  
15          and therapeutic alternatives to such drug, taking  
16          into consideration the effects of such drug and  
17          therapeutic alternatives to such drug on specific  
18          populations, such as individuals with disabili-  
19          ties, the elderly, the terminally ill, children, and  
20          other patient populations.

21          “(D) The extent to which such drug and  
22          therapeutic alternatives to such drug address  
23          unmet medical needs for a condition for which  
24          treatment or diagnosis is not addressed ade-  
25          quately by available therapy.

1        *In using evidence described in subparagraph (C), the*  
 2        *Secretary shall not use evidence from comparative*  
 3        *clinical effectiveness research in a manner that treats*  
 4        *extending the life of an elderly, disabled, or termi-*  
 5        *nally ill individual as of lower value than extending*  
 6        *the life of an individual who is younger, nondisabled,*  
 7        *or not terminally ill.*

8        “(f) *RENEGOTIATION PROCESS.*—

9                “(1) *IN GENERAL.*—*In the case of a renegoti-*  
 10        *ation-eligible drug (as defined in paragraph (2)) that*  
 11        *is selected under paragraph (3), the Secretary shall*  
 12        *provide for a process of renegotiation (for years (be-*  
 13        *ginning with 2028) during the price applicability pe-*  
 14        *riod, with respect to such drug) of the maximum fair*  
 15        *price for such drug consistent with paragraph (4).*

16               “(2) *RENEGOTIATION-ELIGIBLE DRUG DE-*  
 17        *FINED.*—*In this section, the term ‘renegotiation-eli-*  
 18        *gible drug’ means a selected drug that is any of the fol-*  
 19        *lowing:*

20               “(A) *ADDITION OF NEW INDICATION.*—*A se-*  
 21        *lected drug for which a new indication is added*  
 22        *to the drug.*

23               “(B) *CHANGE OF STATUS TO AN EXTENDED-*  
 24        *MONOPOLY DRUG.*—*A selected drug that—*



1                   “(i) *is not an extended-monopoly or a*  
2                   *long-monopoly drug; and*

3                   “(ii) *for which there is a change in*  
4                   *status to that of an extended-monopoly*  
5                   *drug.*

6                   “(C) *CHANGE OF STATUS TO A LONG-MO-*  
7                   *NOPOLY DRUG.—A selected drug that—*

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

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

11                  “(D) *MATERIAL CHANGES.—A selected drug*  
12                  *for which the Secretary determines there has been*  
13                  *a material change of any of the factors described*  
14                  *in paragraph (1) or (2) of subsection (e).*

15                  “(3) *SELECTION OF DRUGS FOR RENEGOTI-*  
16                  *ATION.—For each year (beginning with 2028), the*  
17                  *Secretary shall select among renegotiation-eligible*  
18                  *drugs for renegotiation as follows:*

19                  “(A) *ALL EXTENDED-MONOPOLY NEGOTIA-*  
20                  *TION-ELIGIBLE DRUGS.—The Secretary shall se-*  
21                  *lect all renegotiation-eligible drugs described in*  
22                  *paragraph (2)(B).*

23                  “(B) *ALL LONG-MONOPOLY NEGOTIATION-*  
24                  *ELIGIBLE DRUGS.—The Secretary shall select all*

1        *renegotiation-eligible drugs described in para-*  
 2        *graph (2)(C).*

3                “(C) *REMAINING DRUGS.*—Among the re-  
 4        *maining renegotiation-eligible drugs described in*  
 5        *subparagraphs (A) and (D) of paragraph (2),*  
 6        *the Secretary shall select renegotiation-eligible*  
 7        *drugs for which the Secretary expects renegoti-*  
 8        *ation is likely to result in a significant change*  
 9        *in the maximum fair price otherwise negotiated.*  
 10        “(4) *RENEGOTIATION PROCESS.*—

11               “(A) *IN GENERAL.*—The Secretary shall  
 12        *specify the process for renegotiation of maximum*  
 13        *fair prices with the manufacturer of a renegoti-*  
 14        *ation-eligible drug selected for renegotiation*  
 15        *under this subsection.*

16               “(B) *CONSISTENT WITH NEGOTIATION*  
 17        *PROCESS.*—The process specified under subpara-  
 18        *graph (A) shall, to the extent practicable, be con-*  
 19        *sistent with the methodology and process estab-*  
 20        *lished under subsection (b) and in accordance*  
 21        *with subsections (c), (d), and (e), and for pur-*  
 22        *poses of applying subsections (c)(1)(A) and (d),*  
 23        *the reference to the first initial price applica-*  
 24        *bility year of the price applicability period with*  
 25        *respect to such drug shall be treated as the first*

1           *initial price applicability year of such period for*  
 2           *which the maximum fair price established pursu-*  
 3           *ant to such renegotiation applies, including for*  
 4           *applying subsection (c)(3)(B) in the case of re-*  
 5           *negotiation-eligible drugs described in paragraph*  
 6           *(3)(A) of this subsection and subsection (c)(3)(C)*  
 7           *in the case of renegotiation-eligible drugs de-*  
 8           *scribed in paragraph (3)(B) of this subsection.*

9           “(5) **CLARIFICATION.**—*A renegotiation-eligible*  
 10          *drug for which the Secretary makes a determination*  
 11          *described in section 1192(c)(1) before or during the*  
 12          *period of renegotiation shall not be subject to the re-*  
 13          *negotiation process under this section.*

14          “(g) **CLARIFICATION.**—*The maximum fair price for a*  
 15          *selected drug described in subparagraph (A) or (B) of para-*  
 16          *graph (1) shall take effect no later than the first day of*  
 17          *the first calendar quarter that begins after the date de-*  
 18          *scribed in subparagraph (A) or (B), as applicable.*

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

20          “(a) **IN GENERAL.**—*With respect to an initial price*  
 21          *applicability year and a selected drug with respect to such*  
 22          *year—*

23                 “(1) *not later than November 30 of the year that*  
 24          *is 2 years prior to such initial price applicability*  
 25          *year, the Secretary shall publish the maximum fair*

1     *price for such drug negotiated with the manufacturer*  
 2     *of such drug under this part; and*

3             *“(2) not later than March 1 of the year prior to*  
 4     *such initial price applicability year, the Secretary*  
 5     *shall publish, subject to section 1193(c), the expla-*  
 6     *nation for the maximum fair price with respect to the*  
 7     *factors as applied under section 1194(e) for such drug*  
 8     *described in paragraph (1).*

9     *“(b) UPDATES.—*

10            *“(1) SUBSEQUENT YEAR MAXIMUM FAIR*  
 11     *PRICES.—For a selected drug, for each year subse-*  
 12     *quent to the first initial price applicability year of*  
 13     *the price applicability period with respect to such*  
 14     *drug, with respect to which an agreement for such*  
 15     *drug is in effect under section 1193, not later than*  
 16     *November 30 of the year that is 2 years prior to such*  
 17     *subsequent year, the Secretary shall publish the max-*  
 18     *imum fair price applicable to such drug and year,*  
 19     *which shall be—*

20            *“(A) subject to subparagraph (B), the*  
 21     *amount equal to the maximum fair price pub-*  
 22     *lished for such drug for the previous year, in-*  
 23     *creased by the annual percentage increase in the*  
 24     *consumer price index for all urban consumers*  
 25     *(all items; United States city average) for the*

1           12-month period ending with the July imme-  
 2           diately preceding such November 30; or

3           “(B) in the case the maximum fair price for  
 4           such drug was renegotiated, for the first year for  
 5           which such price as so renegotiated applies, such  
 6           renegotiated maximum fair price.

7           “(2) *PRICES NEGOTIATED AFTER DEADLINE.*—In  
 8           the case of a selected drug with respect to an initial  
 9           price applicability year for which the maximum fair  
 10          price is determined under this part after the date of  
 11          publication under this section, the Secretary shall  
 12          publish such maximum fair price by not later than  
 13          30 days after the date such maximum price is so de-  
 14          termined.

15   **“SEC. 1196. ADMINISTRATIVE DUTIES AND COMPLIANCE**  
 16           **MONITORING.**

17          “(a) *ADMINISTRATIVE DUTIES.*—For purposes of sec-  
 18          tion 1191(a)(4), the administrative duties described in this  
 19          section are the following:

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

23                   “(A) any coverage or financial assistance  
 24                   under other health benefit plans or programs  
 25                   that provide coverage or financial assistance for

1        *the purchase or provision of prescription drug*  
 2        *coverage on behalf of maximum fair price eligi-*  
 3        *ble individuals; and*

4                *“(B) any other discounts.*

5                *“(2) The establishment of procedures to compute*  
 6        *and apply the maximum fair price across different*  
 7        *strengths and dosage forms of a selected drug and not*  
 8        *based on the specific formulation or package size or*  
 9        *package type of such drug.*

10               *“(3) The establishment of procedures to carry out*  
 11        *the provisions of this part, as applicable, with respect*  
 12        *to—*

13                *“(A) maximum fair price eligible individ-*  
 14        *uals who are enrolled in a prescription drug*  
 15        *plan under part D of title XVIII or an MA–PD*  
 16        *plan under part C of such title; and*

17                *“(B) maximum fair price eligible individ-*  
 18        *uals who are enrolled under part B of such title,*  
 19        *including who are enrolled in an MA plan under*  
 20        *part C of such title.*

21                *“(4) The establishment of a negotiation process*  
 22        *and renegotiation process in accordance with section*  
 23        *1194.*

1           “(5) *The establishment of a process for manufac-*  
 2           *turers to submit information described in section*  
 3           *1194(b)(2)(A).*

4           “(6) *The sharing with the Secretary of the Treas-*  
 5           *ury of such information as is necessary to determine*  
 6           *the tax imposed by section 5000D of the Internal Rev-*  
 7           *enue Code of 1986, including the application of such*  
 8           *tax to a manufacturer, producer, or importer or the*  
 9           *determination of any date described in section*  
 10          *5000D(c)(1) of such Code. For purposes of the pre-*  
 11          *ceding sentence, such information shall include—*

12               “(A) *the date on which the Secretary re-*  
 13               *ceives notification of any termination of an*  
 14               *agreement under the Medicare coverage gap dis-*  
 15               *count program under section 1860D-14A and the*  
 16               *date on which any subsequent agreement under*  
 17               *such program is entered into;*

18               “(B) *the date on which the Secretary re-*  
 19               *ceives notification of any termination of an*  
 20               *agreement under the manufacturer discount pro-*  
 21               *gram under section 1860D-14C and the date on*  
 22               *which any subsequent agreement under such pro-*  
 23               *gram is entered into; and*

24               “(C) *the date on which the Secretary re-*  
 25               *ceives notification of any termination of a rebate*

1           *agreement described in section 1927(b) and the*  
 2           *date on which any subsequent rebate agreement*  
 3           *described in such section is entered into.*

4           “(7) *The establishment of procedures for purposes*  
 5           *of applying section 1192(d)(2)(B).*

6           “(b) *COMPLIANCE MONITORING.—The Secretary shall*  
 7           *monitor compliance by a manufacturer with the terms of*  
 8           *an agreement under section 1193 and establish a mecha-*  
 9           *nism through which violations of such terms shall be re-*  
 10          *ported.*

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

12          “(a) *VIOLATIONS RELATING TO OFFERING OF MAX-*  
 13          *IMUM FAIR PRICE.—Any manufacturer of a selected drug*  
 14          *that has entered into an agreement under section 1193, with*  
 15          *respect to a year during the price applicability period with*  
 16          *respect to such drug, that does not provide access to a price*  
 17          *that is equal to or less than the maximum fair price for*  
 18          *such drug for such year—*

19                “(1) *to a maximum fair price eligible individual*  
 20          *who with respect to such drug is described in sub-*  
 21          *paragraph (A) of section 1191(c)(2) and who is dis-*  
 22          *persed such drug during such year (and to phar-*  
 23          *macies, mail order services, and other dispensers,*  
 24          *with respect to such maximum fair price eligible in-*  
 25          *dividuals who are dispensed such drugs); or*



1           “(2) to a hospital, physician, or other provider  
2       of services or supplier with respect to maximum fair  
3       price eligible individuals who with respect to such  
4       drug is described in subparagraph (B) of such section  
5       and is furnished or administered such drug by such  
6       hospital, physician, or provider or supplier during  
7       such year;

8       shall be subject to a civil monetary penalty equal to ten  
9       times the amount equal to the product of the number of  
10      units of such drug so furnished, dispensed, or administered  
11      during such year and the difference between the price for  
12      such drug made available for such year by such manufac-  
13      turer with respect to such individual or hospital, physician,  
14      provider of services, or supplier and the maximum fair  
15      price for such drug for such year.

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

1       “(c) *FALSE INFORMATION.*—Any manufacturer that  
 2       *knowingly provides false information pursuant to section*  
 3       *1196(a)(7) shall be subject to a civil monetary penalty equal*  
 4       *to \$100,000,000 for each item of such false information.*

5       “(d) *APPLICATION.*—The provisions of section 1128A  
 6       *(other than subsections (a) and (b)) shall apply to a civil*  
 7       *monetary penalty under this section in the same manner*  
 8       *as such provisions apply to a penalty or proceeding under*  
 9       *section 1128A(a).*

10   **“SEC. 1198. LIMITATION ON ADMINISTRATIVE AND JUDI-**  
 11       **CIAL REVIEW.**

12       *“There shall be no administrative or judicial review*  
 13       *of any of the following:*

14               “(1) *The determination of a unit, with respect to*  
 15       *a drug or biological product, pursuant to section*  
 16       *1191(c)(6).*

17               “(2) *The selection of drugs under section 1192(b),*  
 18       *the determination of negotiation-eligible drugs under*  
 19       *section 1192(d), and the determination of qualifying*  
 20       *single source drugs under section 1192(e).*

21               “(3) *The determination of a maximum fair price*  
 22       *under subsection (b) or (f) of section 1194.*

23               “(4) *The determination of renegotiation-eligible*  
 24       *drugs under section 1194(f)(2) and the selection of re-*  
 25       *negotiation-eligible drugs under section 1194(f)(3).”.*

1       (b) *APPLICATION OF MAXIMUM FAIR PRICES AND CON-*  
 2 *FORMING AMENDMENTS.*—

3           (1) *UNDER MEDICARE.*—

4                   (A) *APPLICATION TO PAYMENTS UNDER*  
 5 *PART B.*—Section 1847A(b)(1)(B) of the Social  
 6 Security Act (42 U.S.C. 1395w–3a(b)(1)(B)) is  
 7 amended by inserting “or in the case of such a  
 8 drug or biological product that is a selected drug  
 9 (as referred to in section 1192(c)), with respect  
 10 to a price applicability period (as defined in sec-  
 11 tion 1191(b)(2)), 106 percent of the maximum  
 12 fair price (as defined in section 1191(c)(3)) ap-  
 13 plicable for such drug and a year during such  
 14 period” after “paragraph (4)”.

15                   (B) *APPLICATION UNDER MA OF COST-*  
 16 *SHARING FOR PART B DRUGS BASED OFF OF NE-*  
 17 *GOTIATED PRICE.*—Section 1852(a)(1)(B)(iv) of  
 18 the Social Security Act (42 U.S.C. 1395w–  
 19 22(a)(1)(B)(iv)) is amended—

20                           (i) by redesignating subclause (VII) as  
 21 subclause (VIII); and

22                           (ii) by inserting after subclause (VI)  
 23 the following subclause:

1                   “(VII) *A drug or biological prod-*  
 2                   *uct that is a selected drug (as referred*  
 3                   *to in section 1192(c)).*”.

4                   (C) *EXCEPTION TO PART D NON-INTER-*  
 5                   *REFERENCE.—Section 1860D–11(i) of the Social*  
 6                   *Security Act (42 U.S.C. 1395w–111(i)) is*  
 7                   *amended—*

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

10                  (ii) *in paragraph (2), by striking “or*  
 11                  *institute a price structure for the reimburse-*  
 12                  *ment of covered part D drugs.” and insert-*  
 13                  *ing “, except as provided under section*  
 14                  *1860D–4(b)(3)(l); and”;* and

15                  (iii) *by adding at the end the following*  
 16                  *new paragraph:*

17                  “(3) *may not institute a price structure for the*  
 18                  *reimbursement of covered part D drugs, except as pro-*  
 19                  *vided under part E of title XI.*”.

20                  (D) *APPLICATION AS NEGOTIATED PRICE*  
 21                  *UNDER PART D.—Section 1860D–2(d)(1) of the*  
 22                  *Social Security Act (42 U.S.C. 1395w–*  
 23                  *102(d)(1)) is amended—*

1                   (i) in subparagraph (B), by inserting  
 2                   “, subject to subparagraph (D),” after “ne-  
 3                   gotiated prices”; and

4                   (ii) by adding at the end the following  
 5                   new subparagraph:

6                   “(D) *APPLICATION OF MAXIMUM FAIR PRICE*  
 7                   *FOR SELECTED DRUGS.*—In applying this sec-  
 8                   tion, in the case of a covered part D drug that  
 9                   is a selected drug (as referred to in section  
 10                  1192(c)), with respect to a price applicability  
 11                 period (as defined in section 1191(b)(2)), the ne-  
 12                 gotiated prices used for payment (as described in  
 13                 this subsection) shall be no greater than the max-  
 14                 imum fair price (as defined in section  
 15                 1191(c)(3)) for such drug and for each year dur-  
 16                 ing such period plus any dispensing fees for such  
 17                 drug.”.

18                  (E) *COVERAGE OF SELECTED DRUGS.*—Sec-  
 19                  tion 1860D–4(b)(3) of the Social Security Act  
 20                  (42 U.S.C. 1395w–104(b)(3)) is amended by  
 21                  adding at the end the following new subpara-  
 22                  graph:

23                  “(I) *REQUIRED INCLUSION OF SELECTED*  
 24                  *DRUGS.*—

1           “(i) *IN GENERAL.*—For 2026 and each  
 2           subsequent year, the PDP sponsor offering a  
 3           prescription drug plan shall include each  
 4           covered part D drug that is a selected drug  
 5           under section 1192 for which a maximum  
 6           fair price (as defined in section 1191(c)(3))  
 7           is in effect with respect to the year.

8           “(ii) *CLARIFICATION.*—Nothing in  
 9           clause (i) shall be construed as prohibiting  
 10          a PDP sponsor from removing such a se-  
 11          lected drug from a formulary if such re-  
 12          moval would be permitted under section  
 13          423.120(b)(5)(iv) of title 42, Code of Federal  
 14          Regulations (or any successor regulation).”.

15           (F) *INFORMATION FROM PRESCRIPTION*  
 16           *DRUG PLANS AND MA–PD PLANS REQUIRED.*—

17           (i) *PRESCRIPTION DRUG PLANS.*—Sec-  
 18           tion 1860D–12(b) of the Social Security Act  
 19           (42 U.S.C. 1395w–112(b)) is amended by  
 20           adding at the end the following new para-  
 21           graph:

22           “(8) *PROVISION OF INFORMATION RELATED TO*  
 23           *MAXIMUM FAIR PRICES.*—Each contract entered into  
 24           with a PDP sponsor under this part with respect to  
 25           a prescription drug plan offered by such sponsor shall

1        *require the sponsor to provide information to the Sec-*  
 2        *retary as requested by the Secretary for purposes of*  
 3        *carrying out section 1194.”.*

4                    (ii)        *MA–PD        PLANS.—Section*  
 5                    *1857(f)(3) of the Social Security Act (42*  
 6                    *U.S.C. 1395w–27(f)(3)) is amended by add-*  
 7                    *ing at the end the following new subpara-*  
 8                    *graph:*

9                    *“(E) PROVISION OF INFORMATION RELATED*  
 10                    *TO MAXIMUM FAIR PRICES.—Section 1860D–*  
 11                    *12(b)(8).”.*

12                    (G) *CONDITIONS FOR COVERAGE.—*

13                    (i)        *MEDICARE    PART    D.—Section*  
 14                    *1860D–43(c) of the Social Security Act (42*  
 15                    *U.S.C. 1395w–153(c)) is amended—*

16                    (I) *by redesignating paragraphs*  
 17                    *(1) and (2) as subparagraphs (A) and*  
 18                    *(B), respectively;*

19                    (II) *by striking “AGREEMENTS.—*  
 20                    *Subsection” and inserting the fol-*  
 21                    *lowing: “AGREEMENTS.—*

22                    *“(1) IN GENERAL.—Subject to paragraph (2),*  
 23                    *subsection”; and*

24                    (III) *by adding at the end the fol-*  
 25                    *lowing new paragraph:*

1           “(2) *EXCEPTION.*—Paragraph (1)(A) shall not  
 2       *apply to a covered part D drug of a manufacturer for*  
 3       *any period described in section 5000D(c)(1) of the In-*  
 4       *ternal Revenue Code of 1986 with respect to the man-*  
 5       *ufacturer.”.*

6                       (ii) *MEDICAID AND MEDICARE PART*  
 7       *B.—Section 1927(a)(3) of the Social Secu-*  
 8       *rity Act (42 U.S.C. 1396r–8(a)(3)) is*  
 9       *amended by adding at the end the following*  
 10       *new sentence: “The preceding sentence shall*  
 11       *not apply to a single source drug or inno-*  
 12       *vator multiple source drug of a manufac-*  
 13       *turer for any period described in section*  
 14       *5000D(c)(1) of the Internal Revenue Code of*  
 15       *1986 with respect to the manufacturer.”.*

16                   (H) *DISCLOSURE OF INFORMATION UNDER*  
 17       *MEDICARE PART D.—*

18                   (i) *CONTRACT REQUIREMENTS.*—*Sec-*  
 19       *tion 1860D–12(b)(3)(D)(i) of the Social Se-*  
 20       *curity Act (42 U.S.C. 1395w–*  
 21       *112(b)(3)(D)(i)) is amended by inserting “,*  
 22       *or carrying out part E of title XI” after*  
 23       *“appropriate”).*

24                   (ii) *SUBSIDIES.*—*Section 1860D–*  
 25       *15(f)(2)(A)(i) of the Social Security Act (42*



1                    *U.S.C. 1395w-115(f)(2)(A)(i)) is amended*  
 2                    *by inserting “or part E of title XI” after*  
 3                    *“this section”.*

4                    *(2) DRUG PRICE NEGOTIATION PROGRAM PRICES*  
 5                    *INCLUDED IN BEST PRICE.—Section 1927(c)(1)(C) of*  
 6                    *the Social Security Act (42 U.S.C. 1396r-8(c)(1)(C))*  
 7                    *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 following*  
 18                    *new subclause:*

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

1                   1191(c)(3)) for such drug with respect  
2                   to such period.”.

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

7                   (A) in subclause (IV) by striking “; and” at  
8                   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.*—The  
18                  Secretary of Health and Human Services shall implement  
19                  this section, including the amendments made by this sec-  
20                  tion, for 2026, 2027, and 2028 by program instruction or  
21                  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 Se-*  
 5 *curity 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 (4), 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 making*  
 19 *the selections under subparagraph (B).”;* and

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

22 “(3) *INCLUSION OF DELAYED BIOLOGICAL PROD-*  
 23 *UCTS.*—*Pursuant to subparagraphs (B)(ii)(I) and*  
 24 *(C)(i) of subsection (f)(2), the Secretary shall select*  
 25 *and include on the list published under subsection (a)*  
 26 *the biological products described in such subpara-*

1       *graphs. Such biological products shall count towards*  
 2       *the required number of drugs to be selected under sub-*  
 3       *section (a)(1).”; and*

4               *(C) by adding at the end the following new*  
 5       *subsection:*

6       “(f) *SPECIAL RULE TO DELAY SELECTION AND NEGO-*  
 7       *TIATION OF BIOLOGICS FOR BIOSIMILAR MARKET*  
 8       *ENTRY.—*

9               “(1) *APPLICATION.—*

10              “(A) *IN GENERAL.—Subject to subpara-*  
 11       *graph (B), in the case of a biological product*  
 12       *that would (but for this subsection) be an ex-*  
 13       *tended-monopoly drug (as defined in section*  
 14       *1194(c)(4)) included as a selected drug on the*  
 15       *list published under subsection (a) with respect*  
 16       *to an initial price applicability year, the rules*  
 17       *described in paragraph (2) shall apply if the*  
 18       *Secretary determines that there is a high likeli-*  
 19       *hood (as described in paragraph (3)) that a bio-*  
 20       *similar biological product (for which such bio-*  
 21       *logical product will be the reference product) will*  
 22       *be licensed and marketed under section 351(k) of*  
 23       *the Public Health Service Act before the date*  
 24       *that is 2 years after the selected drug publication*

1           *date with respect to such initial price applica-*  
2           *bility year.*

3           “(B) *REQUEST REQUIRED.*—

4                   “(i) *IN GENERAL.*—*The Secretary shall*  
5           *not provide for a delay under—*

6                           “(I) *paragraph (2)(A) unless a re-*  
7                           *quest is made for such a delay by a*  
8                           *manufacturer of a biosimilar biological*  
9                           *product prior to the selected drug pub-*  
10                          *lication date for the list published*  
11                          *under subsection (a) with respect to the*  
12                          *initial price applicability year for*  
13                          *which the biological product may have*  
14                          *been included as a selected drug on*  
15                          *such list but for subparagraph (2)(A);*  
16                          *or*

17                          “(II) *paragraph (2)(B)(iii) unless*  
18                          *a request is made for such a delay by*  
19                          *such a manufacturer prior to the se-*  
20                          *lected drug publication date for the list*  
21                          *published under subsection (a) with re-*  
22                          *spect to the initial price applicability*  
23                          *year that is 1 year after the initial*  
24                          *price applicability year for which the*  
25                          *biological product described in sub-*

1 *section (a) would have been included as*  
 2 *a selected drug on such list but for*  
 3 *paragraph (2)(A).*

4 “(ii) *INFORMATION AND DOCU-*  
 5 *MENTS.—*

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

12 “(aa) *information and docu-*  
 13 *ments necessary for the Secretary*  
 14 *to make determinations under this*  
 15 *subsection, as specified by the Sec-*  
 16 *retary and including, to the ex-*  
 17 *tent available, items described in*  
 18 *subclause (III); 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 Prescription*

1                   *Drug, Improvement, and Mod-*  
2                   *ernization Act of 2003.*

3                   “(II) *ADDITIONAL INFORMATION*  
4                   *AND DOCUMENTS.*—*After the Secretary*  
5                   *has reviewed the request and materials*  
6                   *submitted under subclause (I), the*  
7                   *manufacturer shall submit any addi-*  
8                   *tional information and documents re-*  
9                   *quested by the Secretary necessary to*  
10                  *make determinations under this sub-*  
11                  *section.*

12                  “(III) *ITEMS DESCRIBED.*—*The*  
13                  *items described in this clause are the*  
14                  *following:*

15                         “(aa) *The manufacturing*  
16                         *schedule for such biosimilar bio-*  
17                         *logical product submitted to the*  
18                         *Food and Drug Administration*  
19                         *during its review of the applica-*  
20                         *tion under such section 351(k).*

21                         “(bb) *Disclosures (in filings*  
22                         *by the manufacturer of such bio-*  
23                         *similar biological product with*  
24                         *the Securities and Exchange Com-*  
25                         *mission required under section*

1                   12(b), 12(g), 13(a), or 15(d) of the  
 2                   *Securities Exchange Act of 1934*  
 3                   *about capital investment, revenue*  
 4                   *expectations, and actions taken by*  
 5                   *the manufacturer that are typical*  
 6                   *of the normal course of business in*  
 7                   *the year (or the 2 years, as appli-*  
 8                   *cable) before marketing of a bio-*  
 9                   *similar biological product) that*  
 10                  *pertain to the marketing of such*  
 11                  *biosimilar biological product, or*  
 12                  *comparable documentation that is*  
 13                  *distributed to the shareholders of*  
 14                  *privately held companies.*

15               “(C) *AGGREGATION RULE.*—

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

22                   “(ii) *PARTNERSHIP DEFINED.*—In  
 23                   *clause (i), the term ‘partnership’ means a*  
 24                   *syndicate, group, pool, joint venture, or*  
 25                   *other organization through or by means of*



1           *which any business, financial operation, or*  
 2           *venture is carried on by the manufacturer*  
 3           *of the biological product and the manufac-*  
 4           *turer of the biosimilar biological product.*

5           “(2) *RULES DESCRIBED.*—*The rules described in*  
 6           *this paragraph are the following:*

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

18                   “(B) *IF NOT LICENSED AND MARKETED*  
 19                   *DURING THE INITIAL DELAY.*—

20                   “(i) *IN GENERAL.*—*If, during the time*  
 21                   *period between the selected drug publication*  
 22                   *date on which the biological product would*  
 23                   *have been included on the list as a selected*  
 24                   *drug pursuant to subsection (a) but for sub-*  
 25                   *paragraph (A) and the selected drug publi-*

1            *cation date with respect to the initial price*  
2            *applicability year that is 1 year after the*  
3            *initial price applicability year for which*  
4            *such biological product would have been in-*  
5            *cluded as a selected drug on such list, the*  
6            *Secretary determines that the biosimilar bi-*  
7            *ological product for which the manufacturer*  
8            *submitted the request under paragraph*  
9            *(1)(B)(i)(II) (and for which the Secretary*  
10           *previously made a high likelihood deter-*  
11           *mination under paragraph (3)) has not*  
12           *been licensed and marketed under section*  
13           *351(k) of the Public Health Service Act, the*  
14           *Secretary shall, at the request of such man-*  
15           *ufacturer—*

16                    *“(I) reevaluate whether there is a*  
17                    *high likelihood (as described in para-*  
18                    *graph (3)) that such biosimilar biologi-*  
19                    *cal product will be licensed and mar-*  
20                    *keted under such section 351(k) before*  
21                    *the date that is 2 years after the se-*  
22                    *lected drug publication date for which*  
23                    *such biological product would have*  
24                    *been included as a selected drug on*

1           *such list published but for subpara-*  
2           *graph (A); and*

3           “(II) evaluate whether, on the  
4           basis of clear and convincing evidence,  
5           the manufacturer of such biosimilar bi-  
6           ological product has made a significant  
7           amount of progress (as determined by  
8           the Secretary) towards both such licen-  
9           sure and the marketing of such bio-  
10          similar biological product (based on  
11          information from items described in  
12          subclauses (I)(bb) and (II) of para-  
13          graph (1)(B)(ii)) since the receipt by  
14          the Secretary of the request made by  
15          such manufacturer under paragraph  
16          (1)(B)(i)(I).

17          “(ii) *SELECTION AND NEGOTIATION.—*  
18          *If the Secretary determines that there is not*  
19          *a high likelihood that such biosimilar bio-*  
20          *logical product will be licensed and mar-*  
21          *keted as described in clause (i)(I) or there*  
22          *has not been a significant amount of*  
23          *progress as described in clause (i)(II)—*

24                 “(I) the Secretary shall include  
25                 the biological product as a selected

1           *drug on the list published under sub-*  
2           *section (a) with respect to the initial*  
3           *price applicability year that is 1 year*  
4           *after the initial price applicability*  
5           *year for which such biological product*  
6           *would have been included as a selected*  
7           *drug on such list but for subparagraph*  
8           *(A); and*

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

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

1            *ological product as a selected drug on the*  
 2            *list published under subsection (a) until the*  
 3            *selected drug publication date of such list*  
 4            *with respect to the initial price applica-*  
 5            *bility year that is 2 years after the initial*  
 6            *price applicability year for which such bio-*  
 7            *logical product would have been included as*  
 8            *a selected drug on such list but for this sub-*  
 9            *section.*

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

24            “(i) *the Secretary shall include such*  
 25            *biological product as a selected drug on such*

list with respect to the initial price applicability year that is 2 years after the initial price applicability year for which such biological product would have been included as a selected drug on such list; and

“(ii) the manufacturer of such biological product shall pay a rebate under paragraph (4) with respect to the years for which such manufacturer would have provided access to a maximum fair price for such biological product but for this subsection.

“(D) LIMITATIONS ON DELAYS.—

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

“(ii) EXCLUSION OF BIOLOGICAL PRODUCTS THAT TRANSITIONED TO A LONG-MONOPOLY DRUG DURING THE DELAY.—In the case of a biological product for which the inclusion on the list published pursuant to subsection (a) was delayed by 1 year under subparagraph (A) and for which there would have been a change in status to

1           *a long-monopoly drug (as defined in section*  
 2           *1194(c)(5)) if such biological product had*  
 3           *been a selected drug, in no case may the*  
 4           *Secretary provide for a second 1-year delay*  
 5           *under subparagraph (B)(iii).*

6           “(iii) *EXCLUSION OF BIOLOGICAL*  
 7           *PRODUCTS IF MORE THAN 1 YEAR SINCE LI-*  
 8           *CENSURE.—In no case shall the Secretary*  
 9           *delay the inclusion of a biological product*  
 10           *on the list published under subsection (a) if*  
 11           *more than 1 year has elapsed since the bio-*  
 12           *similar biological product has been licensed*  
 13           *under section 351(k) of the Public Health*  
 14           *Service Act and marketing has not com-*  
 15           *menced for such biosimilar biological prod-*  
 16           *uct.*

17           “(iv) *CERTAIN MANUFACTURERS OF*  
 18           *BIOSIMILAR BIOLOGICAL PRODUCTS EX-*  
 19           *CLUDED.—In no case shall the Secretary*  
 20           *delay the inclusion of a biological product*  
 21           *as a selected drug on the list published*  
 22           *under subsection (a) if Secretary deter-*  
 23           *mined that the manufacturer of the bio-*  
 24           *similar biological product described in*  
 25           *paragraph (1)(A)—*

1           “(I) is the same as the manufac-  
2           turer of the reference product described  
3           in such paragraph or is treated as  
4           being the same pursuant to paragraph  
5           (1)(C); or

6           “(II) has, based on information  
7           from items described in paragraph  
8           (1)(B)(ii)(I)(bb), entered into any  
9           agreement described in such paragraph  
10          with the manufacturer of the reference  
11          product described in paragraph (1)(A)  
12          that—

13               “(aa) requires or incentivizes  
14               the manufacturer of the biosimilar  
15               biological product to submit a re-  
16               quest described in paragraph  
17               (1)(B); or

18               “(bb) restricts the quantity  
19               (either directly or indirectly) of  
20               the biosimilar biological product  
21               that may be sold in the United  
22               States over a specified period of  
23               time.

24               “(3) *HIGH LIKELIHOOD*.—For purposes of this  
25          subsection, there is a high likelihood described in



1       *paragraph (1) or paragraph (2), as applicable, if the*  
 2       *Secretary finds that—*

3               “(A) *an application for licensure under sec-*  
 4               *tion 351(k) of the Public Health Service Act for*  
 5               *the biosimilar biological product has been accept-*  
 6               *ed for review or approved by the Food and Drug*  
 7               *Administration; and*

8               “(B) *information from items described in*  
 9               *sub clauses (I)(bb) and (III) of paragraph*  
 10              *(1)(B)(ii) submitted to the Secretary by the*  
 11              *manufacturer requesting a delay under such*  
 12              *paragraph provides clear and convincing evi-*  
 13              *dence that such biosimilar biological product*  
 14              *will, within the time period specified under*  
 15              *paragraph (1)(A) or (2)(B)(i)(I), be marketed.*

16       “(4) *REBATE.—*

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

1        *such time and in such manner as determined by*  
2        *the Secretary.*

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

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

11               “(I) *75 percent of the amount by*  
12       *which—*

13               “(aa) *the average manufac-*  
14       *turer price, as reported by the*  
15       *manufacturer of such covered part*  
16       *D drug under section 1927 (or, if*  
17       *not reported by such manufac-*  
18       *turer under section 1927, as re-*  
19       *ported by such manufacturer to*  
20       *the Secretary pursuant to the*  
21       *agreement under section 1193(a))*  
22       *for such biological product, with*  
23       *respect to each of the calendar*  
24       *quarters of the price applicability*

1 *period that would have applied*  
2 *but for this subsection; exceeds*

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

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

12 *“(BB) paragraph*  
13 *(2)(B)(iii), such maximum*  
14 *fair price, increased as de-*  
15 *scribed in section*  
16 *1195(b)(1)(A); and*

17 *“(II) the number of units dis-*  
18 *pensed under part D of title XVIII for*  
19 *such covered part D drug during each*  
20 *such calendar quarter of such price ap-*  
21 *plicability period; and*

22 *“(ii) in the case of a biological product*  
23 *for which payment may be made under*  
24 *part B of title XVIII, that is the sum of the*  
25 *products of—*

1                   “(I) 80 percent of the amount by  
2                   which—

3                   “(aa) the payment amount  
4                   for such biological product under  
5                   section 1847A(b), with respect to  
6                   each of the calendar quarters of  
7                   the price applicability period that  
8                   would have applied but for this  
9                   subsection; exceeds

10                  “(bb) in the initial price ap-  
11                  plicability year that would have  
12                  applied but for a delay under—

13                   “(AA)           paragraph  
14                   (2)(A), the maximum fair  
15                   price negotiated under sec-  
16                   tion 1194 for such biological  
17                   product under such agree-  
18                   ment; or

19                   “(BB)           paragraph  
20                   (2)(B)(iii), such maximum  
21                   fair price, increased as de-  
22                   scribed           in           section  
23                   1195(b)(1)(A); and

24                  “(II) the number of units (exclud-  
25                  ing units that are packaged into the

1                    *payment amount for an item or service*  
 2                    *and are not separately payable under*  
 3                    *such part B) of the billing and pay-*  
 4                    *ment code of such biological product*  
 5                    *administered or furnished under such*  
 6                    *part B during each such calendar*  
 7                    *quarter of such price applicability pe-*  
 8                    *riod.*

9                    “(C) *SPECIAL RULE FOR DELAYED BIOLOGI-*  
 10                    *CAL PRODUCTS THAT ARE LONG-MONOPOLY*  
 11                    *DRUGS.—*

12                    “(i) *IN GENERAL.—In the case of a bi-*  
 13                    *ological product with respect to which a re-*  
 14                    *bate is required to be paid under this para-*  
 15                    *graph, if such biological product qualifies as*  
 16                    *a long-monopoly drug (as defined in section*  
 17                    *1194(c)(5)) at the time of its inclusion on*  
 18                    *the list published under subsection (a), in*  
 19                    *determining the amount of the rebate for*  
 20                    *such biological product under subparagraph*  
 21                    *(B), the amount described in clause (ii)*  
 22                    *shall be substituted for the maximum fair*  
 23                    *price described in clause (i)(I) or (ii)(I) of*  
 24                    *such subparagraph (B), as applicable.*

1                   “(ii)    *AMOUNT    DESCRIBED.*—*The*  
2                   *amount described in this clause is an*  
3                   *amount equal to 65 percent of the average*  
4                   *non-Federal average manufacturer price for*  
5                   *the biological product for 2021 (or, in the*  
6                   *case that there is not an average non-Fed-*  
7                   *eral average manufacturer price available*  
8                   *for such biological product for 2021, for the*  
9                   *first full year following the market entry for*  
10                  *such biological product), increased by the*  
11                  *percentage increase in the consumer price*  
12                  *index for all urban consumers (all items;*  
13                  *United States city average) from September*  
14                  *2021 (or December of such first full year*  
15                  *following the market entry), as applicable,*  
16                  *to September of the year prior to the se-*  
17                  *lected drug publication date with respect to*  
18                  *the initial price applicability year that*  
19                  *would have applied but for this subsection.*

20                  “(D) *REBATE DEPOSITS.*—*Amounts paid as*  
21                  *rebates under this paragraph shall be deposited*  
22                  *into—*

23                       “(i) *in the case payment is made for*  
24                       *such biological product under part B of title*  
25                       *XVIII, the Federal Supplementary Medical*

*Insurance Trust Fund established under section 1841; and*

*“(ii) in the case such biological product is a covered part D drug (as defined in section 1860D–2(e)), the Medicare Prescription Drug Account under section 1860D–16 in such Trust Fund.*

*“(5) DEFINITIONS OF BIOSIMILAR BIOLOGICAL PRODUCT.—In this subsection, the term ‘biosimilar biological product’ has the meaning given such term in section 1847A(c)(6).”;*

*(2) in section 1193(a)(4)—*

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

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

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

*“(C) information that the Secretary requires to carry out section 1192(f), including rebates under paragraph (4) of such section; and”;*

*(3) in section 1196(a)(7), by striking “section 1192(d)(2)(B)” and inserting “subsections (d)(2)(B) and (f)(1)(C) of section 1192”;*

1           (4) in section 1197—

2                   (A) by redesignating subsections (b), (c),  
3                   and (d) as subsections (c), (d), and (e), respec-  
4                   tively; and

5                   (B) by inserting after subsection (a) the fol-  
6                   lowing new subsection:

7           “(b) VIOLATIONS RELATING TO PROVIDING RE-  
8   BATES.—Any manufacturer that fails to comply with the  
9   rebate requirements under section 1192(f)(4) shall be subject  
10   to a civil monetary penalty equal to 10 times the amount  
11   of the rebate the manufacturer failed to pay under such sec-  
12   tion.”; and

13           (5) in section 1198(b)(2), by inserting “the ap-  
14   plication of section 1192(f),” after “section 1192(e)”.

15           (b) CONFORMING AMENDMENTS FOR DISCLOSURE OF  
16   CERTAIN INFORMATION.—Section 1927(b)(3)(D)(i) of the  
17   Social Security Act (42 U.S.C. 1396r–8(b)(3)(D)(i)) is  
18   amended by striking “or to carry out section 1847B” and  
19   inserting “or to carry out section 1847B or section 1192(f),  
20   including rebates under paragraph (4) of such section”.

21           (c) IMPLEMENTATION FOR 2026 THROUGH 2028.—The  
22   Secretary of Health and Human Services shall implement  
23   this section, including the amendments made by this sec-  
24   tion, for 2026, 2027, and 2028 by program instruction or  
25   other forms of program guidance.



1 **SEC. 11003. EXCISE TAX IMPOSED ON DRUG MANUFACTUR-**  
 2 **ERS DURING NONCOMPLIANCE PERIODS.**

3 (a) *IN GENERAL.*—Subtitle D of the Internal Revenue  
 4 Code of 1986 is amended by adding at the end the following  
 5 new chapter:

6 **“CHAPTER 50A—DESIGNATED DRUGS**

*“Sec. 5000D. Designated drugs during noncompliance periods.*

7 **“SEC. 5000D. DESIGNATED DRUGS DURING NONCOMPLI-**  
 8 **ANCE PERIODS.**

9 “(a) *IN GENERAL.*—There is hereby imposed on the  
 10 sale by the manufacturer, producer, or importer of any des-  
 11 ignated drug during a day described in subsection (b) a  
 12 tax in an amount such that the applicable percentage is  
 13 equal to the ratio of—

14 “(1) such tax, divided by

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

17 “(b) *NONCOMPLIANCE PERIODS.*—A day is described  
 18 in this subsection with respect to a designated drug if it  
 19 is a day during one of the following periods:

20 “(1) The period beginning on the March 1st (or,  
 21 in the case of initial price applicability year 2026,  
 22 the October 2nd) immediately following the date on  
 23 which such drug is included on the list published  
 24 under section 1192(a) of the Social Security Act and  
 25 ending on the earlier of—

1           “(A) the first date on which the manufac-  
2           turer of such designated drug has in place an  
3           agreement described in section 1193(a) of such  
4           Act with respect to such drug, or

5           “(B) the date that the Secretary of Health  
6           and Human Services has made a determination  
7           described in section 1192(c)(1) of such Act with  
8           respect to such designated drug.

9           “(2) The period beginning on the November 2nd  
10          immediately following the March 1st described in  
11          paragraph (1) (or, in the case of initial price appli-  
12          cability year 2026, the August 2nd immediately fol-  
13          lowing the October 2nd described in such paragraph)  
14          and ending on the earlier of—

15          “(A) the first date on which the manufac-  
16          turer of such designated drug and the Secretary  
17          of Health and Human Services have agreed to a  
18          maximum fair price under an agreement de-  
19          scribed in section 1193(a) of the Social Security  
20          Act, or

21          “(B) the date that the Secretary of Health  
22          and Human Services has made a determination  
23          described in section 1192(c)(1) of such Act with  
24          respect to such designated drug.

1           “(3) *In the case of any designated drug which is*  
2           *a selected drug (as defined in section 1192(c) of the*  
3           *Social Security Act) that the Secretary of Health and*  
4           *Human Services has selected for renegotiation under*  
5           *section 1194(f) of such Act, the period beginning on*  
6           *the November 2nd of the year that begins 2 years*  
7           *prior to the first initial price applicability year of*  
8           *the price applicability period for which the maximum*  
9           *fair price established pursuant to such renegotiation*  
10          *applies and ending on the earlier of—*

11               “(A) *the first date on which the manufac-*  
12               *turer of such designated drug has agreed to a re-*  
13               *negotiated maximum fair price under such*  
14               *agreement, or*

15               “(B) *the date that the Secretary of Health*  
16               *and Human Services has made a determination*  
17               *described in section 1192(c)(1) of such Act with*  
18               *respect to such designated drug.*

19           “(4) *With respect to information that is required*  
20           *to be submitted to the Secretary of Health and*  
21           *Human Services under an agreement described in sec-*  
22           *tion 1193(a) of the Social Security Act, the period be-*  
23           *ginning on the date on which such Secretary certifies*  
24           *that such information is overdue and ending on the*  
25           *date that such information is so submitted.*

1 “(c) *SUSPENSION OF TAX.*—

2 “(1) *IN GENERAL.*—*A day shall not be taken*  
 3 *into account as a day during a period described in*  
 4 *subsection (b) if such day is also a day during the*  
 5 *period—*

6 “(A) *beginning on the first date on which—*

7 “(i) *the notice of terminations of all*  
 8 *applicable agreements of the manufacturer*  
 9 *have been received by the Secretary of*  
 10 *Health and Human Services, and*

11 “(ii) *none of the drugs of the manufac-*  
 12 *turer of the designated drug are covered by*  
 13 *an agreement under section 1860D-14A or*  
 14 *1860D-14C of the Social Security Act, and*

15 “(B) *ending on the last day of February fol-*  
 16 *lowing the earlier of—*

17 “(i) *the first day after the date de-*  
 18 *scribed in subparagraph (A) on which the*  
 19 *manufacturer enters into any subsequent*  
 20 *applicable agreement, or*

21 “(ii) *the first date any drug of the*  
 22 *manufacturer of the designated drug is cov-*  
 23 *ered by an agreement under section 1860D-*  
 24 *14A or 1860D-14C of the Social Security*  
 25 *Act.*

1           “(2) *APPLICABLE AGREEMENT.*—For purposes of  
2           this subsection, the term ‘applicable agreement’ means  
3           the following:

4                   “(A) An agreement under—

5                           “(i) the Medicare coverage gap dis-  
6                           count program under section 1860D-14A of  
7                           the Social Security Act, or

8                           “(ii) the manufacturer discount pro-  
9                           gram under section 1860D-14C of such Act.

10                   “(B) A rebate agreement described in sec-  
11                   tion 1927(b) of such Act.

12           “(d) *APPLICABLE PERCENTAGE.*—For purposes of this  
13           section, the term ‘applicable percentage’ means—

14                   “(1) in the case of sales of a designated drug  
15                   during the first 90 days described in subsection (b)  
16                   with respect to such drug, 65 percent,

17                   “(2) in the case of sales of such drug during the  
18                   91st day through the 180th day described in sub-  
19                   section (b) with respect to such drug, 75 percent,

20                   “(3) in the case of sales of such drug during the  
21                   181st day through the 270th day described in sub-  
22                   section (b) with respect to such drug, 85 percent, and

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

25           “(e) *DEFINITIONS.*—For purposes of this section—

1           “(1) *DESIGNATED DRUG.*—The term ‘designated  
2           *drug*’ means any negotiation-eligible drug (as defined  
3           in section 1192(d) of the Social Security Act) in-  
4           cluded on the list published under section 1192(a) of  
5           such Act which is manufactured or produced in the  
6           United States or entered into the United States for  
7           consumption, use, or warehousing.

8           “(2) *UNITED STATES.*—The term ‘United States’  
9           has the meaning given such term by section  
10          4612(a)(4).

11          “(3) *OTHER TERMS.*—The terms ‘initial price  
12          applicability year’, ‘price applicability period’, and  
13          ‘maximum fair price’ have the meaning given such  
14          terms in section 1191 of the Social Security Act.

15          “(f) *SPECIAL RULES.*—

16          “(1) *COORDINATION WITH RULES FOR POSSES-*  
17          *SIONS OF THE UNITED STATES.*—Rules similar to the  
18          rules of paragraphs (2) and (4) of section 4132(c)  
19          shall apply for purposes of this section.

20          “(2) *ANTI-ABUSE RULE.*—In the case of a sale  
21          which was timed for the purpose of avoiding the tax  
22          imposed by this section, the Secretary may treat such  
23          sale as occurring during a day described in subsection  
24          (b).

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 *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 is*  
 9 *amended by inserting “50A,” after “46,”.*

10       (c) *CLERICAL AMENDMENT.*—*The table of chapters for*  
 11 *subtitle D of the Internal Revenue Code of 1986 is amended*  
 12 *by adding at the end the following new item:*

*“CHAPTER 50A—DESIGNATED DRUGS”.*

13       (d) *EFFECTIVE DATE.*—*The amendments made by this*  
 14 *section shall apply to sales after the date of the enactment*  
 15 *of this Act.*

16       **SEC. 11004. FUNDING.**

17       *In addition to amounts otherwise available, there is*  
 18 *appropriated to the Centers for Medicare & Medicaid Serv-*  
 19 *ices, out of any money in the Treasury not otherwise appro-*  
 20 *priated, \$3,000,000,000 for fiscal year 2022, to remain*  
 21 *available until expended, to carry out the provisions of, in-*  
 22 *cluding the amendments made by, this part.*

1       **PART 2—PRESCRIPTION DRUG INFLATION**  
 2                               **REBATES**

3   **SEC. 11101. MEDICARE PART B REBATE BY MANUFACTUR-**  
 4                               **ERS.**

5       (a) *IN GENERAL.*—Section 1847A of the Social Secu-  
 6   rity Act (42 U.S.C. 1395w–3a) is amended by redesignating  
 7   subsection (i) as subsection (j) and by inserting after sub-  
 8   section (h) the following subsection:

9       “(i) *REBATE BY MANUFACTURERS FOR SINGLE*  
 10   *SOURCE DRUGS AND BIOLOGICALS WITH PRICES INCREAS-*  
 11   *ING FASTER THAN INFLATION.*—

12       “(1) *REQUIREMENTS.*—

13       “(A) *SECRETARIAL PROVISION OF INFORMA-*  
 14   *TION.*—Not later than 6 months after the end of  
 15   each calendar quarter beginning on or after Jan-  
 16   uary 1, 2023, the Secretary shall, for each part  
 17   B rebatable drug, report to each manufacturer of  
 18   such part B rebatable drug the following for such  
 19   calendar quarter:

20       “(i) *Information on the total number*  
 21   *of units of the billing and payment code de-*  
 22   *scribed in subparagraph (A)(i) of para-*  
 23   *graph (3) with respect to such drug and cal-*  
 24   *endar quarter.*

25       “(ii) *Information on the amount (if*  
 26   *any) of the excess average sales price in-*



1           crease described in subparagraph (A)(ii) of  
 2           such paragraph for such drug and calendar  
 3           quarter.

4           “(iii) The rebate amount specified  
 5           under such paragraph for such part B  
 6           rebtable drug and calendar quarter.

7           “(B) *MANUFACTURER REQUIREMENT.*—For  
 8           each calendar quarter beginning on or after Jan-  
 9           uary 1, 2023, the manufacturer of a part B  
 10          rebtable drug shall, for such drug, not later  
 11          than 30 days after the date of receipt from the  
 12          Secretary of the information described in sub-  
 13          paragraph (A) for such calendar quarter, provide  
 14          to the Secretary a rebate that is equal to the  
 15          amount specified in paragraph (3) for such drug  
 16          for such calendar quarter.

17          “(C) *TRANSITION RULE FOR REPORTING.*—  
 18          The Secretary may, for each part B rebtable  
 19          drug, delay the timeframe for reporting the in-  
 20          formation described in subparagraph (A) for cal-  
 21          endar quarters beginning in 2023 and 2024  
 22          until not later than September 30, 2025.

23          “(2) *PART B REBABLE DRUG DEFINED.*—

24                 “(A) *IN GENERAL.*—In this subsection, the  
 25                 term ‘part B rebtable drug’ means a single

1 source drug or biological (as defined in subpara-  
 2 graph (D) of subsection (c)(6)), including a bio-  
 3 similar biological product (as defined in sub-  
 4 paragraph (H) of such subsection) but excluding  
 5 a qualifying biosimilar biological product (as de-  
 6 fined in subsection (b)(8)(B)(iii)), for which  
 7 payment is made under this part, except such  
 8 term shall not include such a drug or biologi-  
 9 cal—

10 “(i) if, as determined by the Secretary,  
 11 the average total allowed charges for such  
 12 drug or biological under this part for a year  
 13 per individual that uses such a drug or bio-  
 14 logical are less than, subject to subpara-  
 15 graph (B), \$100; or

16 “(ii) that is a vaccine described in sub-  
 17 paragraph (A) or (B) of section 1861(s)(10).

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

20 “(i) for 2024, shall be the dollar  
 21 amount specified under such subparagraph  
 22 for 2023, increased by the percentage in-  
 23 crease in the consumer price index for all  
 24 urban consumers (United States city aver-

1                   *age) for the 12-month period ending with*  
 2                   *June of the previous year; and*

3                   “(ii) *for a subsequent year, shall be the*  
 4                   *dollar amount specified in this clause (or*  
 5                   *clause (i)) for the previous year (without*  
 6                   *application of subparagraph (C)), increased*  
 7                   *by the percentage increase in the consumer*  
 8                   *price index for all urban consumers (United*  
 9                   *States city average) for the 12-month period*  
 10                   *ending with June of the previous year.*

11                   “(C) *ROUNDING.—Any dollar amount deter-*  
 12                   *mined under subparagraph (B) that is not a*  
 13                   *multiple of \$10 shall be rounded to the nearest*  
 14                   *multiple of \$10.*

15                   “(3) *REBATE AMOUNT.—*

16                   “(A) *IN GENERAL.—For purposes of para-*  
 17                   *graph (1), the amount specified in this para-*  
 18                   *graph for a part B rebatable drug assigned to a*  
 19                   *billing and payment code for a calendar quarter*  
 20                   *is, subject to subparagraphs (B) and (G) and*  
 21                   *paragraph (4), the estimated amount equal to*  
 22                   *the product of—*

23                   “(i) *the total number of units deter-*  
 24                   *mined under subparagraph (B) for the bill-*  
 25                   *ing and payment code of such drug; and*

1 “(ii) the amount (if any) by which—

2 “(I) the amount equal to—

3 “(aa) in the case of a part B

4 rebatable drug described in para-

5 graph (1)(B) of subsection (b),

6 106 percent of the amount deter-

7 mined under paragraph (4) of

8 such section for such drug during

9 the calendar quarter; or

10 “(bb) in the case of a part B

11 rebatable drug described in para-

12 graph (1)(C) of such subsection,

13 the payment amount under such

14 paragraph for such drug during

15 the calendar quarter; exceeds

16 “(II) the inflation-adjusted pay-

17 ment amount determined under sub-

18 paragraph (C) for such part B

19 rebatable drug during the calendar

20 quarter.

21 “(B) TOTAL NUMBER OF UNITS.—For pur-

22 poses of subparagraph (A)(i), the total number of

23 units for the billing and payment code with re-

24 spect to a part B rebatable drug furnished dur-

ing a calendar quarter described in subparagraph (A) is equal to—

“(i) the number of units for the billing and payment code of such drug furnished during such calendar quarter, minus

“(ii) the number of units for such billing and payment code of such drug furnished during such calendar quarter—

“(I) with respect to which the manufacturer provides a discount under the program under section 340B of the Public Health Service Act or a rebate under section 1927; or

“(II) that are packaged into the payment amount for an item or service and are not separately payable.

“(C) *DETERMINATION OF INFLATION-ADJUSTED PAYMENT AMOUNT.*—The inflation-adjusted payment amount determined under this subparagraph for a part B rebatable drug for a calendar quarter is—

“(i) the payment amount for the billing and payment code for such drug in the payment amount benchmark quarter (as defined in subparagraph (D)); increased by

1           “(ii) the percentage by which the rebate  
2           period CPI–U (as defined in subparagraph  
3           (F)) for the calendar quarter exceeds the  
4           benchmark period CPI–U (as defined in  
5           subparagraph (E)).

6           “(D) PAYMENT AMOUNT BENCHMARK QUAR-  
7           TER.—The term ‘payment amount benchmark  
8           quarter’ means the calendar quarter beginning  
9           July 1, 2021.

10          “(E) BENCHMARK PERIOD CPI–U.—The  
11          term ‘benchmark period CPI–U’ means the con-  
12          sumer price index for all urban consumers  
13          (United States city average) for January 2021.

14          “(F) REBATE PERIOD CPI–U.—The term  
15          ‘rebate period CPI–U’ means, with respect to a  
16          calendar quarter described in subparagraph (C),  
17          the greater of the benchmark period CPI–U and  
18          the consumer price index for all urban con-  
19          sumers (United States city average) for the first  
20          month of the calendar quarter that is two cal-  
21          endar quarters prior to such described calendar  
22          quarter.

23          “(G) REDUCTION OR WAIVER FOR SHORT-  
24          AGES AND SEVERE SUPPLY CHAIN DISRUP-  
25          TIONS.—The Secretary shall reduce or waive the

1           *amount under subparagraph (A) with respect to*  
 2           *a part B rebatable drug and a calendar quar-*  
 3           *ter—*

4                   “(i) *in the case of a part B rebatable*  
 5                   *drug that is described as currently in short-*  
 6                   *age on the shortage list in effect under sec-*  
 7                   *tion 506E of the Federal Food, Drug, and*  
 8                   *Cosmetic Act at any point during the cal-*  
 9                   *endar quarter; or*

10                   “(ii) *in the case of a biosimilar bio-*  
 11                   *logical product, when the Secretary deter-*  
 12                   *mines there is a severe supply chain disrup-*  
 13                   *tion during the calendar quarter, such as*  
 14                   *that caused by a natural disaster or other*  
 15                   *unique or unexpected event.*

16           “(4) *SPECIAL TREATMENT OF CERTAIN DRUGS*  
 17           *AND EXEMPTION.—*

18                   “(A) *SUBSEQUENTLY APPROVED DRUGS.—*  
 19                   *In the case of a part B rebatable drug first ap-*  
 20                   *proved or licensed by the Food and Drug Admin-*  
 21                   *istration after December 1, 2020, clause (i) of*  
 22                   *paragraph (3)(C) shall be applied as if the term*  
 23                   *‘payment amount benchmark quarter’ were de-*  
 24                   *finied under paragraph (3)(D) as the third full*  
 25                   *calendar quarter after the day on which the drug*

1        *was first marketed and clause (ii) of paragraph*  
 2        *(3)(C) shall be applied as if the term ‘benchmark*  
 3        *period CPI–U’ were defined under paragraph*  
 4        *(3)(E) as if the reference to ‘January 2021’*  
 5        *under such paragraph were a reference to ‘the*  
 6        *first month of the first full calendar quarter after*  
 7        *the day on which the drug was first marketed’.*

8            *“(B) TIMELINE FOR PROVISION OF REBATES*  
 9        *FOR SUBSEQUENTLY APPROVED DRUGS.—In the*  
 10        *case of a part B rebatable drug first approved or*  
 11        *licensed by the Food and Drug Administration*  
 12        *after December 1, 2020, paragraph (1)(B) shall*  
 13        *be applied as if the reference to ‘January 1,*  
 14        *2023’ under such paragraph were a reference to*  
 15        *‘the later of the 6th full calendar quarter after*  
 16        *the day on which the drug was first marketed or*  
 17        *January 1, 2023’.*

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



1       *applicability period with respect to such drug,*  
 2       *clause (i) of paragraph (3)(C) shall be applied as*  
 3       *if the term ‘payment amount benchmark quarter’*  
 4       *were defined under paragraph (3)(D) as the cal-*  
 5       *endar quarter beginning January 1 of the last*  
 6       *year during such price applicability period with*  
 7       *respect to such selected drug and clause (ii) of*  
 8       *paragraph (3)(C) shall be applied as if the term*  
 9       *‘benchmark period CPI–U’ were defined under*  
 10       *paragraph (3)(E) as if the reference to ‘January*  
 11       *2021’ under such paragraph were a reference to*  
 12       *‘the July of the year preceding such last year’.*

13       “(5) *APPLICATION TO BENEFICIARY COINSUR-*  
 14       *ANCE.—In the case of a part B rebatable drug fur-*  
 15       *nished on or after April 1, 2023, if the payment*  
 16       *amount described in paragraph (3)(A)(ii)(I) (or, in*  
 17       *the case of a part B rebatable drug that is a selected*  
 18       *drug (as defined in section 1192(c)), the payment*  
 19       *amount described in subsection (b)(1)(B) for such*  
 20       *drug) for a calendar quarter exceeds the inflation ad-*  
 21       *justed payment for such quarter—*

22               “(A) *in computing the amount of any coin-*  
 23       *surance applicable under this part to an indi-*  
 24       *vidual to whom such drug is furnished, the com-*  
 25       *putation of such coinsurance shall be equal to 20*

1        *percent of the inflation-adjusted payment*  
 2        *amount determined under paragraph (3)(C) for*  
 3        *such part B rebatable drug; and*

4                *“(B) the amount of such coinsurance for*  
 5        *such calendar quarter, as computed under sub-*  
 6        *paragraph (A), shall be applied as a percent, as*  
 7        *determined by the Secretary, to the payment*  
 8        *amount that would otherwise apply under sub-*  
 9        *paragraphs (B) or (C) of subsection (b)(1).*

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

14               *“(7) CIVIL MONEY PENALTY.—If a manufacturer*  
 15        *of a part B rebatable drug has failed to comply with*  
 16        *the requirements under paragraph (1)(B) for such*  
 17        *drug for a calendar quarter, the manufacturer shall*  
 18        *be subject to, in accordance with a process established*  
 19        *by the Secretary pursuant to regulations, a civil*  
 20        *money penalty in an amount equal to at least 125*  
 21        *percent of the amount specified in paragraph (3) for*  
 22        *such drug for such calendar quarter. The provisions*  
 23        *of section 1128A (other than subsections (a) (with re-*  
 24        *spect to amounts of penalties or additional assess-*  
 25        *ments) and (b)) shall apply to a civil money penalty*

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

4                “(8) *LIMITATION ON ADMINISTRATIVE OR JUDI-*  
 5        *CIAL REVIEW.—There shall be no administrative or*  
 6        *judicial review of any of the following:*

7                        “(A) *The determination of units under this*  
 8                        *subsection.*

9                        “(B) *The determination of whether a drug*  
 10                        *is a part B rebatable drug under this subsection.*

11                        “(C) *The calculation of the rebate amount*  
 12                        *under this subsection.*

13                        “(D) *The computation of coinsurance under*  
 14                        *paragraph (5) of this subsection.*

15                        “(E) *The computation of amounts paid*  
 16                        *under section 1833(a)(1)(EE).”.*

17        (b) *AMOUNTS PAYABLE; COST-SHARING.—Section*  
 18        *1833 of the Social Security Act (42 U.S.C. 1395l) is amend-*  
 19        *ed—*

20                        (1) *in subsection (a)(1)—*

21                                (A) *in subparagraph (G), by inserting “,*  
 22                                *subject to subsection (i)(9),” after “the amounts*  
 23                                *paid”;*

1           (B) in subparagraph (S), by striking “with  
2           respect to” and inserting “subject to subpara-  
3           graph (EE), with respect to”;

4           (C) by striking “and (DD)” and inserting  
5           “(DD)”; and

6           (D) by inserting before the semicolon at the  
7           end the following: “, and (EE) with respect to a  
8           part B rebatable drug (as defined in paragraph  
9           (2) of section 1847A(i)) furnished on or after  
10          April 1, 2023, for which the payment amount for  
11          a calendar quarter under paragraph  
12          (3)(A)(ii)(I) of such section (or, in the case of a  
13          part B rebatable drug that is a selected drug (as  
14          defined in section 1192(c) for which, the pay-  
15          ment amount described in section  
16          1847A(b)(1)(B)) for such drug for such quarter  
17          exceeds the inflation-adjusted payment under  
18          paragraph (3)(A)(ii)(II) of such section for such  
19          quarter, the amounts paid shall be equal to the  
20          percent of the payment amount under paragraph  
21          (3)(A)(ii)(I) of such section or section  
22          1847A(b)(1)(B), as applicable, that equals the  
23          difference between (i) 100 percent, and (ii) the  
24          percent applied under section 1847A(i)(5)(B)”;

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

3           “(9) In the case of a part B rebatable drug (as defined  
4 in paragraph (2) of section 1847A(i)) for which payment  
5 under this subsection is not packaged into a payment for  
6 a service furnished on or after April 1, 2023, under the re-  
7 vised payment system under this subsection, in lieu of cal-  
8 culation of coinsurance and the amount of payment other-  
9 wise applicable under this subsection, the provisions of sec-  
10 tion 1847A(i)(5) and paragraph (1)(EE) of subsection (a),  
11 shall, as determined appropriate by the Secretary, apply  
12 under this subsection in the same manner as such provi-  
13 sions of section 1847A(i)(5) and subsection (a) apply under  
14 such section and subsection.”; and

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

17           “(F) *PART B REBATABLE DRUGS.*—In the  
18           case of a part B rebatable drug (as defined in  
19           paragraph (2) of section 1847A(i), except if such  
20           drug does not have a copayment amount as a re-  
21           sult of application of subparagraph (E)) for  
22           which payment under this part is not packaged  
23           into a payment for a covered OPD service (or  
24           group of services) furnished on or after April 1,  
25           2023, and the payment for such drug under this

subsection is the same as the amount for a calendar quarter under paragraph (3)(A)(ii)(I) of section 1847A(i), under the system under this subsection, in lieu of calculation of the copayment amount and the amount of payment otherwise applicable under this subsection (other than the application of the limitation described in subparagraph (C)), the provisions of section 1847A(i)(5) and paragraph (1)(EE) of subsection (a), shall, as determined appropriate by the Secretary, apply under this subsection in the same manner as such provisions of section 1847A(i)(5) and subsection (a) apply under such section and subsection.”.

(c) CONFORMING AMENDMENTS.—

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

(2) EXCLUDING PART B DRUG INFLATION REBATE FROM BEST PRICE.—Section 1927(c)(1)(C)(ii)(I) of the Social Security Act (42 U.S.C. 1396r–8(c)(1)(C)(ii)(I)) is amended by inserting “or section 1847A(i)” after “this section”.

1           (3) *COORDINATION WITH MEDICAID REBATE IN-*  
 2           *FORMATION DISCLOSURE.*—*Section 1927(b)(3)(D)(i)*  
 3           *of the Social Security Act (42 U.S.C. 1396r-*  
 4           *8(b)(3)(D)(i)) is amended by inserting “and the re-*  
 5           *bate” after “the payment amount”.*

6           (4) *EXCLUDING PART B DRUG INFLATION RE-*  
 7           *BATES FROM AVERAGE MANUFACTURER PRICE.*—*Sec-*  
 8           *tion 1927(k)(1)(B)(i) of the Social Security Act (42*  
 9           *U.S.C. 1396r-8(k)(1)(B)(i)), as amended by section*  
 10          *11001(b)(3), is amended—*

11                   (A) *in subclause (V), by striking “and” at*  
 12                   *the end;*

13                   (B) *in subclause (VI), by striking the period*  
 14                   *at the end and inserting a semicolon; and*

15                   (C) *by adding at the end the following new*  
 16                   *subclause:*

17   *“(VII) rebates paid by manufac-*  
 18   *turers under section 1847A(i); and”.*

19          (d) *FUNDING.*—*In addition to amounts otherwise*  
 20          *available, there are appropriated to the Centers for Medi-*  
 21          *care & Medicaid Services, out of any money in the Treasury*  
 22          *not otherwise appropriated, \$80,000,000 for fiscal year*  
 23          *2022, including \$12,500,000 to carry out the provisions of,*  
 24          *including the amendments made by, this section in fiscal*  
 25          *year 2022, and \$7,500,000 to carry out the provisions of,*

1 *including the amendments made by, this section in each*  
 2 *of fiscal years 2023 through 2031, to remain available until*  
 3 *expended.*

4 **SEC. 11102. MEDICARE PART D REBATE BY MANUFACTUR-**  
 5 **ERS.**

6 *(a) IN GENERAL.—Part D of title XVIII of the Social*  
 7 *Security Act is amended by inserting after section 1860D–*  
 8 *14A (42 U.S.C. 1395w–114a) the following new section:*

9 **“SEC. 1860D–14B. MANUFACTURER REBATE FOR CERTAIN**  
 10 **DRUGS WITH PRICES INCREASING FASTER**  
 11 **THAN INFLATION.**

12 *“(a) REQUIREMENTS.—*

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

20 *“(A) The amount (if any) of the excess an-*  
 21 *nuual manufacturer price increase described in*  
 22 *subsection (b)(1)(A)(ii) for each dosage form and*  
 23 *strength with respect to such drug and period.*



1           “(B) *The rebate amount specified under*  
 2           *subsection (b) for each dosage form and strength*  
 3           *with respect to such drug and period.*

4           “(2) *MANUFACTURER REQUIREMENTS.—For each*  
 5           *applicable period, the manufacturer of a part D*  
 6           *rebtable drug, for each dosage form and strength*  
 7           *with respect to such drug, not later than 30 days after*  
 8           *the date of receipt from the Secretary of the informa-*  
 9           *tion described in paragraph (1) for such period, shall*  
 10           *provide to the Secretary a rebate that is equal to the*  
 11           *amount specified in subsection (b) for such dosage*  
 12           *form and strength with respect to such drug for such*  
 13           *period.*

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

21           “(b) *REBATE AMOUNT.—*

22           “(1) *IN GENERAL.—*

23           “(A) *CALCULATION.—For purposes of this*  
 24           *section, the amount specified in this subsection*  
 25           *for a dosage form and strength with respect to a*

1        *part D rebatable drug and applicable period is,*  
 2        *subject to subparagraph (C), paragraph (5)(B),*  
 3        *and paragraph (6), the estimated amount equal*  
 4        *to the product of—*

5                *“(i) subject to subparagraph (B) of this*  
 6                *paragraph, the total number of units of*  
 7                *such dosage form and strength for each*  
 8                *rebatable covered part D drug dispensed*  
 9                *under this part during the applicable pe-*  
 10               *riod; and*

11               *“(ii) the amount (if any) by which—*

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

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

22                *“(B) EXCLUDED UNITS.—For purposes of*  
 23                *subparagraph (A)(i), beginning with plan year*  
 24                *2026, the Secretary shall exclude from the total*  
 25                *number of units for a dosage form and strength*

1       *with respect to a part D rebatable drug, with re-*  
 2       *spect to an applicable period, units of each dos-*  
 3       *age form and strength of such part D rebatable*  
 4       *drug for which the manufacturer provides a dis-*  
 5       *count under the program under section 340B of*  
 6       *the Public Health Service Act.*

7               “(C) *REDUCTION OR WAIVER FOR SHORT-*  
 8       *AGES AND SEVERE SUPPLY CHAIN DISRUP-*  
 9       *TIONS.—The Secretary shall reduce or waive the*  
 10       *amount under subparagraph (A) with respect to*  
 11       *a part D rebatable drug and an applicable pe-*  
 12       *riod—*

13               “(i) *in the case of a part D rebatable*  
 14       *drug that is described as currently in short-*  
 15       *age on the shortage list in effect under sec-*  
 16       *tion 506E of the Federal Food, Drug, and*  
 17       *Cosmetic Act at any point during the appli-*  
 18       *cable period;*

19               “(ii) *in the case of a generic part D*  
 20       *rebatable drug (described in subsection*  
 21       *(g)(1)(C)(ii)) or a biosimilar (defined as a*  
 22       *biological product licensed under section*  
 23       *351(k) of the Public Health Service Act),*  
 24       *when the Secretary determines there is a se-*  
 25       *vere supply chain disruption during the ap-*

1            *plicable period, such as that caused by a*  
 2            *natural disaster or other unique or unex-*  
 3            *pected event; and*

4            *“(iii) in the case of a generic Part D*  
 5            *rebtable drug (as so described), if the Sec-*  
 6            *retary determines that without such reduc-*  
 7            *tion or waiver, the drug is likely to be de-*  
 8            *scribed as in shortage on such shortage list*  
 9            *during a subsequent applicable period.*

10           *“(2) DETERMINATION OF ANNUAL MANUFAC-*  
 11           *TURER PRICE.—The annual manufacturer price de-*  
 12           *termined under this paragraph for a dosage form and*  
 13           *strength, with respect to a part D rebtable drug and*  
 14           *an applicable period, is the sum of the products of—*

15           *“(A) the average manufacturer price (as de-*  
 16           *finied in subsection (g)(6)) of such dosage form*  
 17           *and strength, as calculated for a unit of such*  
 18           *drug, with respect to each of the calendar quar-*  
 19           *ters of such period; and*

20           *“(B) the ratio of—*

21           *“(i) the total number of units of such*  
 22           *dosage form and strength reported under*  
 23           *section 1927 with respect to each such cal-*  
 24           *endar quarter of such period; to*

1                   “(ii) the total number of units of such  
 2                   dosage form and strength reported under  
 3                   section 1927 with respect to such period, as  
 4                   determined by the Secretary.

5                   “(3) *DETERMINATION OF INFLATION-ADJUSTED*  
 6                   *PAYMENT AMOUNT.*—The inflation-adjusted payment  
 7                   amount determined under this paragraph for a dos-  
 8                   age form and strength with respect to a part D  
 9                   rebtable drug for an applicable period, subject to  
 10                  paragraph (5), is—

11                  “(A) the benchmark period manufacturer  
 12                  price determined under paragraph (4) for such  
 13                  dosage form and strength with respect to such  
 14                  drug and period; increased by

15                  “(B) the percentage by which the applicable  
 16                  period CPI-U (as defined in subsection (g)(5))  
 17                  for the period exceeds the benchmark period  
 18                  CPI-U (as defined in subsection (g)(4)).

19                  “(4) *DETERMINATION OF BENCHMARK PERIOD*  
 20                  *MANUFACTURER PRICE.*—The benchmark period man-  
 21                  ufacturer price determined under this paragraph for  
 22                  a dosage form and strength, with respect to a part D  
 23                  rebtable drug and an applicable period, is the sum  
 24                  of the products of—

1           “(A) *the average manufacturer price (as de-*  
 2           *finied in subsection (g)(6)) of such dosage form*  
 3           *and strength, as calculated for a unit of such*  
 4           *drug, with respect to each of the calendar quar-*  
 5           *ters of the payment amount benchmark period*  
 6           *(as defined in subsection (g)(3)); and*

7           “(B) *the ratio of—*

8                   “(i) *the total number of units reported*  
 9                   *under section 1927 of such dosage form and*  
 10                   *strength with respect to each such calendar*  
 11                   *quarter of such payment amount benchmark*  
 12                   *period; to*

13                   “(ii) *the total number of units reported*  
 14                   *under section 1927 of such dosage form and*  
 15                   *strength with respect to such payment*  
 16                   *amount benchmark period.*

17           “(5) *SPECIAL TREATMENT OF CERTAIN DRUGS*  
 18           *AND EXEMPTION.—*

19                   “(A) *SUBSEQUENTLY APPROVED DRUGS.—*

20           *In the case of a part D rebatable drug first ap-*  
 21           *proved or licensed by the Food and Drug Admin-*  
 22           *istration after October 1, 2021, subparagraphs*  
 23           *(A) and (B) of paragraph (4) shall be applied as*  
 24           *if the term ‘payment amount benchmark period’*  
 25           *were defined under subsection (g)(3) as the first*

1       *calendar year beginning after the day on which*  
 2       *the drug was first marketed and subparagraph*  
 3       *(B) of paragraph (3) shall be applied as if the*  
 4       *term ‘benchmark period CPI-U’ were defined*  
 5       *under subsection (g)(4) as if the reference to*  
 6       *‘January 2021’ under such subsection were a ref-*  
 7       *erence to ‘January of the first year beginning*  
 8       *after the date on which the drug was first mar-*  
 9       *keted’.*

10               “(B)   *TREATMENT   OF   NEW   FORMULA-*  
 11               *TIONS.—*

12                       “(i) *IN GENERAL.—In the case of a*  
 13                       *part D rebatable drug that is a line exten-*  
 14                       *sion of a part D rebatable drug that is an*  
 15                       *oral solid dosage form, the Secretary shall*  
 16                       *establish a formula for determining the re-*  
 17                       *bate amount under paragraph (1) and the*  
 18                       *inflation adjusted payment amount under*  
 19                       *paragraph (3) with respect to such part D*  
 20                       *rebatable drug and an applicable period,*  
 21                       *consistent with the formula applied under*  
 22                       *subsection (c)(2)(C) of section 1927 for de-*  
 23                       *termining a rebate obligation for a rebate*  
 24                       *period under such section.*

1           “(ii) *LINE EXTENSION DEFINED.*—In  
 2           this subparagraph, the term ‘line extension’  
 3           means, with respect to a part D rebatable  
 4           drug, a new formulation of the drug, such  
 5           as an extended release formulation, but does  
 6           not include an abuse-deterrent formulation  
 7           of the drug (as determined by the Sec-  
 8           retary), regardless of whether such abuse-de-  
 9           terrent formulation is an extended release  
 10          formulation.

11          “(C) *SELECTED DRUGS.*—In the case of a  
 12          part D rebatable drug that is a selected drug (as  
 13          defined in section 1192(c)) with respect to a  
 14          price applicability period (as defined in section  
 15          1191(b)(2)), in the case such drug is no longer  
 16          considered to be a selected drug under section  
 17          1192(c), for each applicable period (as defined  
 18          under subsection (g)(7)) beginning after the price  
 19          applicability period with respect to such drug,  
 20          subparagraphs (A) and (B) of paragraph (4)  
 21          shall be applied as if the term ‘payment amount  
 22          benchmark period’ were defined under subsection  
 23          (g)(3) as the last year beginning during such  
 24          price applicability period with respect to such  
 25          selected drug and subparagraph (B) of para-



graph (3) shall be applied as if the term ‘benchmark period CPI–U’ were defined under subsection (g)(4) as if the reference to ‘January 2021’ under such subsection were a reference to ‘January of the last year beginning during such price applicability period with respect to such drug’.

“(6) *RECONCILIATION IN CASE OF REVISED INFORMATION.*—The Secretary shall provide for a method and process under which, in the case where a PDP sponsor of a prescription drug plan or an MA organization offering an MA–PD plan submits revisions to the number of units of a rebatable covered part D drug dispensed, the Secretary determines, pursuant to such revisions, adjustments, if any, to the calculation of the amount specified in this subsection for a dosage form and strength with respect to such part D rebatable drug and an applicable period and reconciles any overpayments or underpayments in amounts paid as rebates under this subsection. Any identified underpayment shall be rectified by the manufacturer not later than 30 days after the date of receipt from the Secretary of information on such underpayment.

1       “(c) *REBATE DEPOSITS.*—Amounts paid as rebates  
 2 under subsection (b) shall be deposited into the Medicare  
 3 Prescription Drug Account in the Federal Supplementary  
 4 Medical Insurance Trust Fund established under section  
 5 1841.

6       “(d) *INFORMATION.*—For purposes of carrying out this  
 7 section, the Secretary shall use information submitted by—

8               “(1) manufacturers under section 1927(b)(3);

9               “(2) States under section 1927(b)(2)(A); and

10              “(3) PDP sponsors of prescription drug plans  
 11 and MA organization offering MA–PD plans under  
 12 this part.

13       “(e) *CIVIL MONEY PENALTY.*—If a manufacturer of a  
 14 part D rebatable drug has failed to comply with the require-  
 15 ment under subsection (a)(2) with respect to such drug for  
 16 an applicable period, the manufacturer shall be subject to  
 17 a civil money penalty in an amount equal to 125 percent  
 18 of the amount specified in subsection (b) for such drug for  
 19 such period. The provisions of section 1128A (other than  
 20 subsections (a) (with respect to amounts of penalties or ad-  
 21 ditional assessments) and (b)) shall apply to a civil money  
 22 penalty under this subsection in the same manner as such  
 23 provisions apply to a penalty or proceeding under section  
 24 1128A(a).

1       “(f) *LIMITATION ON ADMINISTRATIVE OR JUDICIAL*  
 2 *REVIEW.*—*There shall be no administrative or judicial re-*  
 3 *view of any of the following:*

4               “(1) *The determination of units under this sec-*  
 5 *tion.*

6               “(2) *The determination of whether a drug is a*  
 7 *part D rebatable drug under this section.*

8               “(3) *The calculation of the rebate amount under*  
 9 *this section.*

10       “(g) *DEFINITIONS.*—*In this section:*

11               “(1) *PART D REBATABLE DRUG.*—

12                       “(A) *IN GENERAL.*—*Except as provided in*  
 13 *subparagraph (B), the term ‘part D rebatable*  
 14 *drug’ means, with respect to an applicable pe-*  
 15 *riod, a drug or biological described in subpara-*  
 16 *graph (C) that is a covered part D drug (as such*  
 17 *term is defined under section 1860D–2(e)).*

18               “(B) *EXCLUSION.*—

19                       “(i) *IN GENERAL.*—*Such term shall,*  
 20 *with respect to an applicable period, not in-*  
 21 *clude a drug or biological if the average an-*  
 22 *nuual total cost under this part for such pe-*  
 23 *riod per individual who uses such a drug or*  
 24 *biological, as determined by the Secretary,*  
 25 *is less than, subject to clause (ii), \$100, as*

1 *determined by the Secretary using the most*  
2 *recent data available or, if data is not*  
3 *available, as estimated by the Secretary.*

4 “(ii) *INCREASE.—The dollar amount*  
5 *applied under clause (i)—*

6 *“(I) for the applicable period be-*  
7 *ginning October 1, 2023, shall be the*  
8 *dollar amount specified under such*  
9 *clause for the applicable period begin-*  
10 *ning October 1, 2022, increased by the*  
11 *percentage increase in the consumer*  
12 *price index for all urban consumers*  
13 *(United States city average) for the 12-*  
14 *month period beginning with October*  
15 *of 2023; and*

16 *“(II) for a subsequent applicable*  
17 *period, shall be the dollar amount spec-*  
18 *ified in this clause for the previous ap-*  
19 *plicable period, increased by the per-*  
20 *centage increase in the consumer price*  
21 *index for all urban consumers (United*  
22 *States city average) for the 12-month*  
23 *period beginning with October of the*  
24 *previous period.*

1           *Any dollar amount specified under this*  
2           *clause that is not a multiple of \$10 shall be*  
3           *rounded to the nearest multiple of \$10.*

4           “(C) *DRUG OR BIOLOGICAL DESCRIBED.*—A  
5           *drug or biological described in this subparagraph*  
6           *is a drug or biological that, as of the first day*  
7           *of the applicable period involved, is—*

8                   “(i) *a drug approved under a new*  
9                   *drug application under section 505(c) of the*  
10                  *Federal Food, Drug, and Cosmetic Act;*

11                  “(ii) *a drug approved under an abbrev-*  
12                  *viated new drug application under section*  
13                  *505(j) of the Federal Food, Drug, and Cos-*  
14                  *metic Act, in the case where—*

15                   “(I) *the reference listed drug ap-*  
16                   *proved under section 505(c) of the Fed-*  
17                   *eral Food, Drug, and Cosmetic Act, in-*  
18                   *cluding any ‘authorized generic drug’*  
19                   *(as that term is defined in section*  
20                   *505(t)(3) of the Federal Food, Drug,*  
21                   *and Cosmetic Act), is not being mar-*  
22                   *keted, as identified in the Food and*  
23                   *Drug Administration’s National Drug*  
24                   *Code Directory;*

1                   “(II) there is no other drug ap-  
2                   proved under section 505(j) of the Fed-  
3                   eral Food, Drug, and Cosmetic Act  
4                   that is rated as therapeutically equiva-  
5                   lent (under the Food and Drug Admin-  
6                   istration’s most recent publication of  
7                   ‘Approved Drug Products with Thera-  
8                   peutic Equivalence Evaluations’) and  
9                   that is being marketed, as identified in  
10                  the Food and Drug Administration’s  
11                  National Drug Code Directory;

12                  “(III) the manufacturer is not a  
13                  ‘first applicant’ during the ‘180-day  
14                  exclusivity period’, as those terms are  
15                  defined in section 505(j)(5)(B)(iv) of  
16                  the Federal Food, Drug, and Cosmetic  
17                  Act; and

18                  “(IV) the manufacturer is not a  
19                  ‘first approved applicant’ for a com-  
20                  petitive generic therapy, as that term  
21                  is defined in section 505(j)(5)(B)(v) of  
22                  the Federal Food, Drug, and Cosmetic  
23                  Act; or

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

1           “(2) *UNIT*.—The term ‘unit’ means, with respect  
 2           to a part D rebatable drug, the lowest dispensable  
 3           amount (such as a capsule or tablet, milligram of  
 4           molecules, or grams) of the part D rebatable drug, as  
 5           reported under section 1927.

6           “(3) *PAYMENT AMOUNT BENCHMARK PERIOD*.—  
 7           The term ‘payment amount benchmark period’ means  
 8           the period beginning January 1, 2021, and ending in  
 9           the month immediately prior to October 1, 2021.

10          “(4) *BENCHMARK PERIOD CPI-U*.—The term  
 11          ‘benchmark period CPI-U’ means the consumer price  
 12          index for all urban consumers (United States city av-  
 13          erage) for January 2021.

14          “(5) *APPLICABLE PERIOD CPI-U*.—The term ‘ap-  
 15          plicable period CPI-U’ means, with respect to an ap-  
 16          plicable period, the consumer price index for all  
 17          urban consumers (United States city average) for the  
 18          first month of such applicable period.

19          “(6) *AVERAGE MANUFACTURER PRICE*.—The  
 20          term ‘average manufacturer price’ has the meaning,  
 21          with respect to a part D rebatable drug of a manufac-  
 22          turer, given such term in section 1927(k)(1), with re-  
 23          spect to a covered outpatient drug of a manufacturer  
 24          for a rebate period under section 1927.

1           “(7) *APPLICABLE PERIOD.*—*The term ‘applicable*  
 2           *period’ means a 12-month period beginning with Oc-*  
 3           *tober 1 of a year (beginning with October 1, 2022).*

4           “(h) *IMPLEMENTATION FOR 2022, 2023, AND 2024.*—  
 5           *The Secretary shall implement this section for 2022, 2023,*  
 6           *and 2024 by program instruction or other forms of program*  
 7           *guidance.”.*

8           (b) *CONFORMING AMENDMENTS.*—

9           (1) *TO PART B ASP CALCULATION.*—*Section*  
 10           *1847A(c)(3) of the Social Security Act (42 U.S.C.*  
 11           *1395w–3a(c)(3)), as amended by section 11101(c)(1),*  
 12           *is amended by striking “subsection (i) or section*  
 13           *1927” and inserting “subsection (i), section 1927, or*  
 14           *section 1860D–14B”.*

15           (2) *EXCLUDING PART D DRUG INFLATION RE-*  
 16           *BATE FROM BEST PRICE.*—*Section*  
 17           *1927(c)(1)(C)(ii)(I) of the Social Security Act (42*  
 18           *U.S.C. 1396r–8(c)(1)(C)(ii)(I)), as amended by sec-*  
 19           *tion 11101(c)(2), is amended by striking “or section*  
 20           *1847A(i)” and inserting “, section 1847A(i), or sec-*  
 21           *tion 1860D–14B”.*

22           (3) *COORDINATION WITH MEDICAID REBATE IN-*  
 23           *FORMATION DISCLOSURE.*—*Section 1927(b)(3)(D)(i)*  
 24           *of the Social Security Act (42 U.S.C. 1396r–*  
 25           *8(b)(3)(D)(i)), as amended by sections 11002(b) and*



1       11101(c)(3), is amended by striking “or section  
 2       1192(f), including rebates under paragraph (4) of  
 3       such section” and inserting “, section 1192(f), includ-  
 4       ing rebates under paragraph (4) of such section, or  
 5       section 1860D–14B”.

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

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

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

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

18                       “(VIII) rebates paid by manufac-  
 19       turers under section 1860D–14B.”.

20       (c) *FUNDING.*—*In addition to amounts otherwise*  
 21       *available, there are appropriated to the Centers for Medi-*  
 22       *care & Medicaid Services, out of any money in the Treasury*  
 23       *not otherwise appropriated, \$80,000,000 for fiscal year*  
 24       *2022, including \$12,500,000 to carry out the provisions of,*  
 25       *including the amendments made by, this section in fiscal*

1 year 2022, and \$7,500,000 to carry out the provisions of,  
 2 including the amendments made by, this section in each  
 3 of fiscal years 2023 through 2031, to remain available until  
 4 expended.

5 **PART 3—PART D IMPROVEMENTS AND MAXIMUM**  
 6 **OUT-OF-POCKET CAP FOR MEDICARE BENE-**  
 7 **FICIARIES**

8 **SEC. 11201. MEDICARE PART D BENEFIT REDESIGN.**

9 (a) *BENEFIT STRUCTURE REDESIGN.*—Section  
 10 1860D–2(b) of the Social Security Act (42 U.S.C. 1395w–  
 11 102(b)) is amended—

12 (1) in paragraph (2)—

13 (A) in subparagraph (A), in the matter pre-  
 14 ceding clause (i), by inserting “for a year pre-  
 15 ceding 2025 and for costs above the annual de-  
 16 ductible specified in paragraph (1) and up to the  
 17 annual out-of-pocket threshold specified in para-  
 18 graph (4)(B) for 2025 and each subsequent year”  
 19 after “paragraph (3)”;

20 (B) in subparagraph (C)—

21 (i) in clause (i), in the matter pre-  
 22 ceding subclause (I), by inserting “for a  
 23 year preceding 2025,” after “paragraph  
 24 (4),”; and

1                   (ii) in clause (ii)(III), by striking  
 2                   “and each subsequent year” and inserting  
 3                   “through 2024”; and  
 4                   (C) in subparagraph (D)—  
 5                   (i) in clause (i)—  
 6                   (I) in the matter preceding sub-  
 7                   clause (I), by inserting “for a year pre-  
 8                   ceding 2025,” after “paragraph (4),”;  
 9                   and  
 10                  (II) in subclause (I)(bb), by strik-  
 11                  ing “a year after 2018” and inserting  
 12                  “each of years 2019 through 2024”;  
 13                  and  
 14                  (ii) in clause (ii)(V), by striking “2019  
 15                  and each subsequent year” and inserting  
 16                  “each of years 2019 through 2024”;  
 17                  (2) in paragraph (3)(A)—  
 18                  (A) in the matter preceding clause (i), by  
 19                  inserting “for a year preceding 2025,” after  
 20                  “and (4),”; and  
 21                  (B) in clause (ii), by striking “for a subse-  
 22                  quent year” and inserting “for each of years  
 23                  2007 through 2024”; and  
 24                  (3) in paragraph (4)—  
 25                  (A) in subparagraph (A)—

1 *(i) in clause (i)—*

2 *(I) by redesignating subclauses (I)*  
 3 *and (II) as items (aa) and (bb), re-*  
 4 *spectively, and moving the margin of*  
 5 *each such redesignated item 2 ems to*  
 6 *the right;*

7 *(II) in the matter preceding item*  
 8 *(aa), as redesignated by subclause (I),*  
 9 *by striking “is equal to the greater*  
 10 *of—” and inserting “is equal to—*

11 *“(I) for a year preceding 2024,*  
 12 *the greater of—”;*

13 *(III) by striking the period at the*  
 14 *end of item (bb), as redesignated by*  
 15 *subclause (I), and inserting “; and”;*  
 16 *and*

17 *(IV) by adding at the end the fol-*  
 18 *lowing:*

19 *“(II) for 2024 and each suc-*  
 20 *ceeding year, \$0.”; and*

21 *(ii) in clause (ii)—*

22 *(I) by striking “clause (i)(I)” and*  
 23 *inserting “clause (i)(I)(aa)”;* and

24 *(II) by adding at the end the fol-*  
 25 *lowing new sentence: “The Secretary*

1           *shall continue to calculate the dollar*  
 2           *amounts specified in clause (i)(I)(aa),*  
 3           *including with the adjustment under*  
 4           *this clause, after 2023 for purposes of*  
 5           *section 1860D–14(a)(1)(D)(iii).’;*

6           *(B) in subparagraph (B)—*

7           *(i) in clause (i)—*

8                   *(I) in subclause (V), by striking*  
 9                   *“or” at the end;*

10           *(II) in subclause (VI)—*

11                   *(aa) by striking “for a subse-*  
 12                   *quent year” and inserting “for*  
 13                   *each of years 2021 through 2024”;*  
 14                   *and*

15                   *(bb) by striking the period at*  
 16                   *the end and inserting a semicolon;*  
 17                   *and*

18                   *(III) by adding at the end the fol-*  
 19                   *lowing new subclauses:*

20                   *“(VII) for 2025, is equal to*  
 21                   *\$2,000; or*

22                   *“(VIII) for a subsequent year, is*  
 23                   *equal to the amount specified in this*  
 24                   *subparagraph for the previous year,*  
 25                   *increased by the annual percentage in-*

1                   crease described in paragraph (6) for  
2                   the year involved.”; and

3                   (ii) in clause (ii), by striking “clause  
4                   (i)(II)” and inserting “clause (i)”;  
5                   (C) in subparagraph (C)—

6                   (i) in clause (i), by striking “and for  
7                   amounts” and inserting “and, for a year  
8                   preceding 2025, for amounts”; and

9                   (ii) in clause (iii)—

10                   (I) by redesignating subclauses (I)  
11                   through (IV) as items (aa) through  
12                   (dd) and indenting appropriately;

13                   (II) by striking “if such costs are  
14                   borne or paid” and inserting “if such  
15                   costs—

16                   “(I) are borne or paid—”; and

17                   (III) in item (dd), by striking the  
18                   period at the end and inserting “; or”;  
19                   and

20                   (IV) by adding at the end the fol-  
21                   lowing new subclause:

22                   “(II) for 2025 and subsequent  
23                   years, are reimbursed through insur-  
24                   ance, a group health plan, or certain  
25                   other third party payment arrange-

1                    *ments, but not including the coverage*  
 2                    *provided by a prescription drug plan*  
 3                    *or an MA–PD plan that is basic pre-*  
 4                    *scription drug coverage (as defined in*  
 5                    *subsection (a)(3)) or any payments by*  
 6                    *a manufacturer under the manufac-*  
 7                    *turer discount program under section*  
 8                    *1860D–14C.”; and*

9                    *(D) in subparagraph (E), by striking “In*  
 10                    *applying” and inserting “For each of years 2011*  
 11                    *through 2024, in applying”.*

12                    *(b) REINSURANCE PAYMENT AMOUNT.—Section*  
 13                    *1860D–15(b) of the Social Security Act (42 U.S.C. 1395w–*  
 14                    *115(b)) is amended—*

15                    *(1) in paragraph (1)—*

16                    *(A) by striking “equal to 80 percent” and*  
 17                    *inserting “equal to—*

18                    *“(A) for a year preceding 2025, 80 per-*  
 19                    *cent”;*

20                    *(B) in subparagraph (A), as added by sub-*  
 21                    *paragraph (A), by striking the period at the end*  
 22                    *and inserting “; and”; and*

23                    *(C) by adding at the end the following new*  
 24                    *subparagraph:*

1                   “(B) for 2025 and each subsequent year, the  
2                   sum of—

3                   “(i) with respect to applicable drugs  
4                   (as defined in section 1860D–14C(g)(2)), an  
5                   amount equal to 20 percent of such allow-  
6                   able reinsurance costs attributable to that  
7                   portion of gross covered prescription drug  
8                   costs as specified in paragraph (3) incurred  
9                   in the coverage year after such individual  
10                  has incurred costs that exceed the annual  
11                  out-of-pocket threshold specified in section  
12                  1860D–2(b)(4)(B); and

13                  “(ii) with respect to covered part D  
14                  drugs that are not applicable drugs (as so  
15                  defined), an amount equal to 40 percent of  
16                  such allowable reinsurance costs attributable  
17                  to that portion of gross covered prescription  
18                  drug costs as specified in paragraph (3) in-  
19                  curred in the coverage year after such indi-  
20                  vidual has incurred costs that exceed the an-  
21                  nual out-of-pocket threshold specified in sec-  
22                  tion 1860D–2(b)(4)(B).”;

23                  (2) in paragraph (2)—

24                         (A) by striking “COSTS.—For purposes”  
25                         and inserting “COSTS.—



1           “(A) *IN GENERAL.*—Subject to subpara-  
2           graph (B), for purposes”; and

3           (B) by adding at the end the following new  
4           subparagraph:

5           “(B) *INCLUSION OF MANUFACTURER DIS-*  
6           *COUNTS ON APPLICABLE DRUGS.*—For purposes  
7           of applying subparagraph (A), the term ‘allow-  
8           able reinsurance costs’ shall include the portion  
9           of the negotiated price (as defined in section  
10          1860D–14C(g)(6)) of an applicable drug (as de-  
11         fined in section 1860D–14C(g)(2)) that was paid  
12         by a manufacturer under the manufacturer dis-  
13         count program under section 1860D–14C.”; and  
14         (3) in paragraph (3)—

15           (A) in the first sentence, by striking “For  
16           purposes” and inserting “Subject to paragraph  
17           (2)(B), for purposes”; and

18           (B) in the second sentence, by inserting  
19           “(or, with respect to 2025 and subsequent years,  
20           in the case of an applicable drug, as defined in  
21           section 1860D–14C(g)(2), by a manufacturer)”  
22           after “by the individual or under the plan”.

23         (c) *MANUFACTURER DISCOUNT PROGRAM.*—

24           (1) *IN GENERAL.*—Part D of title XVIII of the  
25         Social Security Act (42 U.S.C. 1395w–101 through

1       42 U.S.C. 1395w–153), as amended by section 11102,  
 2       is amended by inserting after section 1860D–14B the  
 3       following new sections:

4       **“SEC. 1860D–14C. MANUFACTURER DISCOUNT PROGRAM.**

5       “(a) *ESTABLISHMENT.*—The Secretary shall establish  
 6       a manufacturer discount program (in this section referred  
 7       to as the ‘program’). Under the program, the Secretary shall  
 8       enter into agreements described in subsection (b) with man-  
 9       ufacturers and provide for the performance of the duties de-  
 10      scribed in subsection (c).

11      “(b) *TERMS OF AGREEMENT.*—

12           “(1) *IN GENERAL.*—

13           “(A) *AGREEMENT.*—An agreement under  
 14       this section shall require the manufacturer to  
 15       provide, in accordance with this section, dis-  
 16       counted prices for applicable drugs of the manu-  
 17       facturer that are dispensed to applicable bene-  
 18       ficiaries on or after January 1, 2025.

19           “(B) *CLARIFICATION.*—Nothing in this sec-  
 20       tion shall be construed as affecting—

21           “(i) the application of a coinsurance of  
 22       25 percent of the negotiated price, as ap-  
 23       plied under paragraph (2)(A) of section  
 24       1860D–2(b), for costs described in such  
 25       paragraph; or

1           “(ii) *the application of the copayment*  
 2           *amount described in paragraph (4)(A) of*  
 3           *such section, with respect to costs described*  
 4           *in such paragraph.*

5           “(C) *TIMING OF AGREEMENT.—*

6           “(i) *SPECIAL RULE FOR 2025.—In*  
 7           *order for an agreement with a manufac-*  
 8           *turer to be in effect under this section with*  
 9           *respect to the period beginning on January*  
 10          *1, 2025, and ending on December 31, 2025,*  
 11          *the manufacturer shall enter into such*  
 12          *agreement not later than March 1, 2024.*

13          “(ii) *2026 AND SUBSEQUENT YEARS.—*  
 14          *In order for an agreement with a manufac-*  
 15          *turer to be in effect under this section with*  
 16          *respect to plan year 2026 or a subsequent*  
 17          *plan year, the manufacturer shall enter into*  
 18          *such agreement not later than a calendar*  
 19          *quarter or semi-annual deadline established*  
 20          *by the Secretary.*

21          “(2) *PROVISION OF APPROPRIATE DATA.—Each*  
 22          *manufacturer with an agreement in effect under this*  
 23          *section shall collect and have available appropriate*  
 24          *data, as determined by the Secretary, to ensure that*

1        *it can demonstrate to the Secretary compliance with*  
 2        *the requirements under the program.*

3                “(3) *COMPLIANCE WITH REQUIREMENTS FOR AD-*  
 4        *MINISTRATION OF PROGRAM.—Each manufacturer*  
 5        *with an agreement in effect under this section shall*  
 6        *comply with requirements imposed by the Secretary,*  
 7        *as applicable, for purposes of administering the pro-*  
 8        *gram, including any determination under subpara-*  
 9        *graph (A) of subsection (c)(1) or procedures estab-*  
 10       *lished under such subsection (c)(1).*

11               “(4) *LENGTH OF AGREEMENT.—*

12               “(A) *IN GENERAL.—An agreement under*  
 13        *this section shall be effective for an initial period*  
 14        *of not less than 12 months and shall be auto-*  
 15        *matically renewed for a period of not less than*  
 16        *1 year unless terminated under subparagraph*  
 17        *(B).*

18               “(B) *TERMINATION.—*

19               “(i) *BY THE SECRETARY.—The Sec-*  
 20        *retary shall provide for termination of an*  
 21        *agreement under this section for a knowing*  
 22        *and willful violation of the requirements of*  
 23        *the agreement or other good cause shown.*  
 24        *Such termination shall not be effective ear-*  
 25        *lier than 30 days after the date of notice to*

1           *the manufacturer of such termination. The*  
 2           *Secretary shall provide, upon request, a*  
 3           *manufacturer with a hearing concerning*  
 4           *such a termination, and such hearing shall*  
 5           *take place prior to the effective date of the*  
 6           *termination with sufficient time for such ef-*  
 7           *fective date to be repealed if the Secretary*  
 8           *determines appropriate.*

9           “(ii) *BY A MANUFACTURER.—A manu-*  
 10          *facturer may terminate an agreement under*  
 11          *this section for any reason. Any such termi-*  
 12          *nation shall be effective, with respect to a*  
 13          *plan year—*

14               “(I) *if the termination occurs be-*  
 15               *fore January 31 of a plan year, as of*  
 16               *the day after the end of the plan year;*  
 17               *and*

18               “(II) *if the termination occurs on*  
 19               *or after January 31 of a plan year, as*  
 20               *of the day after the end of the suc-*  
 21               *ceeding plan year.*

22           “(iii) *EFFECTIVENESS OF TERMI-*  
 23          *NATION.—Any termination under this sub-*  
 24          *paragraph shall not affect discounts for ap-*  
 25          *plicable drugs of the manufacturer that are*

1                   *due under the agreement before the effective*  
 2                   *date of its termination.*

3                   “(5) *EFFECTIVE DATE OF AGREEMENT.*—An  
 4                   *agreement under this section shall take effect at the*  
 5                   *start of a calendar quarter or another date specified*  
 6                   *by the Secretary.*

7                   “(c) *DUTIES DESCRIBED.*—The duties described in  
 8                   *this subsection are the following:*

9                   “(1) *ADMINISTRATION OF PROGRAM.*—Admin-  
 10                  *istering the program, including—*

11                  “(A) *the determination of the amount of the*  
 12                  *discounted price of an applicable drug of a man-*  
 13                  *ufacturer;*

14                  “(B) *the establishment of procedures to en-*  
 15                  *sure that, not later than the applicable number*  
 16                  *of calendar days after the dispensing of an ap-*  
 17                  *plicable drug by a pharmacy or mail order serv-*  
 18                  *ice, the pharmacy or mail order service is reim-*  
 19                  *bursed for an amount equal to the difference be-*  
 20                  *tween—*

21                       “(i) *the negotiated price of the applica-*  
 22                       *ble drug; and*

23                       “(ii) *the discounted price of the appli-*  
 24                       *cable drug;*

1           “(C) the establishment of procedures to en-  
 2           sure that the discounted price for an applicable  
 3           drug under this section is applied before any  
 4           coverage or financial assistance under other  
 5           health benefit plans or programs that provide  
 6           coverage or financial assistance for the purchase  
 7           or provision of prescription drug coverage on be-  
 8           half of applicable beneficiaries as specified by the  
 9           Secretary; and

10           “(D) providing a reasonable dispute resolu-  
 11           tion mechanism to resolve disagreements between  
 12           manufacturers, prescription drug plans and  
 13           MA–PD plans, and the Secretary.

14           “(2) MONITORING COMPLIANCE.—The Secretary  
 15           shall monitor compliance by a manufacturer with the  
 16           terms of an agreement under this section.

17           “(3) COLLECTION OF DATA FROM PRESCRIPTION  
 18           DRUG PLANS AND MA–PD PLANS.—The Secretary may  
 19           collect appropriate data from prescription drug plans  
 20           and MA–PD plans in a timeframe that allows for  
 21           discounted prices to be provided for applicable drugs  
 22           under this section.

23           “(d) ADMINISTRATION.—

24           “(1) IN GENERAL.—Subject to paragraph (2), the  
 25           Secretary shall provide for the implementation of this

1        *section, including the performance of the duties de-*  
 2        *scribed in subsection (c).*

3                “(2) *LIMITATION.*—*In providing for the imple-*  
 4        *mentation of this section, the Secretary shall not re-*  
 5        *ceive or distribute any funds of a manufacturer under*  
 6        *the program.*

7        “(e) *CIVIL MONEY PENALTY.*—

8                “(1) *IN GENERAL.*—*A manufacturer that fails to*  
 9        *provide discounted prices for applicable drugs of the*  
 10        *manufacturer dispensed to applicable beneficiaries in*  
 11        *accordance with an agreement in effect under this sec-*  
 12        *tion shall be subject to a civil money penalty for each*  
 13        *such failure in an amount the Secretary determines*  
 14        *is equal to the sum of—*

15                “(A) *the amount that the manufacturer*  
 16        *would have paid with respect to such discounts*  
 17        *under the agreement, which will then be used to*  
 18        *pay the discounts which the manufacturer had*  
 19        *failed to provide; and*

20                “(B) *25 percent of such amount.*

21                “(2) *APPLICATION.*—*The provisions of section*  
 22        *1128A (other than subsections (a) and (b)) shall*  
 23        *apply to a civil money penalty under this subsection*  
 24        *in the same manner as such provisions apply to a*  
 25        *penalty or proceeding under section 1128A(a).*



1       “(f) *CLARIFICATION REGARDING AVAILABILITY OF*  
 2 *OTHER COVERED PART D DRUGS.*—*Nothing in this section*  
 3 *shall prevent an applicable beneficiary from purchasing a*  
 4 *covered part D drug that is not an applicable drug (includ-*  
 5 *ing a generic drug or a drug that is not on the formulary*  
 6 *of the prescription drug plan or MA–PD plan that the ap-*  
 7 *plicable beneficiary is enrolled in).*

8       “(g) *DEFINITIONS.*—*In this section:*

9               “(1) *APPLICABLE BENEFICIARY.*—*The term ‘ap-*  
 10 *plicable beneficiary’ means an individual who, on the*  
 11 *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 the*  
 19 *annual deductible specified in section 1860D–*  
 20 *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 formulary,*  
8           *which is on the formulary of the prescrip-*  
9           *tion drug plan or MA–PD plan that the ap-*  
10          *plicable beneficiary is enrolled in;*

11          “(II) *if the PDP sponsor of the pre-*  
12          *scription drug plan or the MA organization*  
13          *offering the MA–PD plan does not use a for-*  
14          *mulary, for which benefits are available*  
15          *under the prescription drug plan or MA–*  
16          *PD plan that the applicable beneficiary is*  
17          *enrolled in; or*

18          “(III) *is provided through an exception*  
19          *or appeal; and*

20          “(B) *does not include a selected drug (as re-*  
21          *ferred to under section 1192(c)) during a price*  
22          *applicability period (as defined in section*  
23          *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 drugs*  
 17                    *in the year that are equal to or exceed the*  
 18                    *annual out-of-pocket threshold specified in*  
 19                    *section 1860D–2(b)(4)(B)(i) for the year, 90*  
 20                    *percent of the negotiated price of such drug;*  
 21                    *and*

22                    “(ii) *who has incurred such costs, as so*  
 23                    *determined, in the year that are equal to or*  
 24                    *exceed such threshold for the year, 80 per-*  
 25                    *cent of the negotiated price of such drug.*

1                   “(B) *PHASE-IN FOR CERTAIN DRUGS DIS-*  
 2                   *PENSED TO LIS BENEFICIARIES.*—

3                   “(i) *IN GENERAL.*—*In the case of an*  
 4                   *applicable drug of a specified manufacturer*  
 5                   *(as defined in clause (ii)) that is marketed*  
 6                   *as of the date of enactment of this subpara-*  
 7                   *graph and dispensed for an applicable bene-*  
 8                   *ficiary who is a subsidy eligible individual*  
 9                   *(as defined in section 1860D–14(a)(3)), the*  
 10                   *term ‘discounted price’ means the specified*  
 11                   *LIS percent (as defined in clause (iii)) of*  
 12                   *the negotiated price of the applicable drug*  
 13                   *of the manufacturer.*

14                   “(ii) *SPECIFIED MANUFACTURER.*—

15                   “(I) *IN GENERAL.*—*In this sub-*  
 16                   *paragraph, subject to subclause (II),*  
 17                   *the term ‘specified manufacturer’*  
 18                   *means a manufacturer of an applicable*  
 19                   *drug for which, in 2021—*

20                   “(aa) *the manufacturer had*  
 21                   *a coverage gap discount agree-*  
 22                   *ment under section 1860D–14A;*

23                   “(bb) *the total expenditures*  
 24                   *for all of the specified drugs of the*  
 25                   *manufacturer covered by such*

1 *agreement or agreements for such*  
2 *year and covered under this part*  
3 *during such year represented less*  
4 *than 1.0 percent of the total ex-*  
5 *penditures under this part for all*  
6 *covered Part D drugs during such*  
7 *year; and*

8 *“(cc) the total expenditures*  
9 *for all of the specified drugs of the*  
10 *manufacturer that are single*  
11 *source drugs and biological prod-*  
12 *ucts for which payment may be*  
13 *made under part B during such*  
14 *year represented less than 1.0 per-*  
15 *cent of the total expenditures*  
16 *under part B for all drugs or bio-*  
17 *logical products for which pay-*  
18 *ment may be made under such*  
19 *part during such year.*

20 *“(II) SPECIFIED DRUGS.—*

21 *“(aa) IN GENERAL.—For*  
22 *purposes of this clause, the term*  
23 *‘specified drug’ means, with re-*  
24 *spect to a specified manufacturer,*  
25 *for 2021, an applicable drug that*

1            *is produced, prepared, propa-*  
2            *gated, compounded, converted, or*  
3            *processed by the manufacturer.*

4            “(bb) *AGGREGATION RULE.—*

5            *All persons treated as a single em-*  
6            *ployer under subsection (a) or (b)*  
7            *of section 52 of the Internal Rev-*  
8            *enue Code of 1986 shall be treated*  
9            *as one manufacturer for purposes*  
10           *of this subparagraph. For pur-*  
11           *poses of making a determination*  
12           *pursuant to the previous sentence,*  
13           *an agreement under this section*  
14           *shall require that a manufacturer*  
15           *provide and attest to such infor-*  
16           *mation as specified by the Sec-*  
17           *retary as necessary.*

18           “(III) *LIMITATION.—The term*  
19           *‘specified manufacturer’ shall not in-*  
20           *clude a manufacturer described in sub-*  
21           *clause (I) if such manufacturer is ac-*  
22           *quired after 2021 by another manufac-*  
23           *turer that is not a specified manufac-*  
24           *turer, effective at the beginning of the*  
25           *plan year immediately following such*

1                    *acquisition or, in the case of an acqui-*  
 2                    *sition before 2025, effective January 1,*  
 3                    *2025.*

4                    “(iii) *SPECIFIED LIS PERCENT.—In*  
 5                    *this subparagraph, the ‘specified LIS per-*  
 6                    *cent’ means, with respect to a year—*

7                    *“(I) for an applicable drug dis-*  
 8                    *persed for an applicable beneficiary*  
 9                    *described in clause (i) who has not in-*  
 10                    *curring costs, as determined in accord-*  
 11                    *ance with section 1860D–2(b)(4)(C),*  
 12                    *for covered part D drugs in the year*  
 13                    *that are equal to or exceed the annual*  
 14                    *out-of-pocket threshold specified in sec-*  
 15                    *tion 1860D–2(b)(4)(B)(i) for the*  
 16                    *year—*

17                    *“(aa) for 2025, 99 percent;*

18                    *“(bb) for 2026, 98 percent;*

19                    *“(cc) for 2027, 95 percent;*

20                    *“(dd) for 2028, 92 percent;*

21                    *and*

22                    *“(ee) for 2029 and each sub-*  
 23                    *sequent year, 90 percent; and*

24                    *“(II) for an applicable drug dis-*  
 25                    *persed for an applicable beneficiary*

described in clause (i) who has incurred costs, as determined in accordance with section 1860D–2(b)(4)(C), for covered part D drugs in the year that are equal to or exceed the annual out-of-pocket threshold specified in section 1860D–2(b)(4)(B)(i) for the year—

“(aa) for 2025, 99 percent;

“(bb) for 2026, 98 percent;

“(cc) for 2027, 95 percent;

“(dd) for 2028, 92 percent;

“(ee) for 2029, 90 percent;

“(ff) for 2030, 85 percent;

and

“(gg) for 2031 and each subsequent year, 80 percent.

“(C) PHASE-IN FOR SPECIFIED SMALL MANUFACTURERS.—

“(i) IN GENERAL.—In the case of an applicable drug of a specified small manufacturer (as defined in clause (ii)) that is marketed as of the date of enactment of this subparagraph and dispensed for an applicable beneficiary, the term ‘discounted price’



1           *means the specified small manufacturer per-*  
 2           *cent (as defined in clause (iii)) of the nego-*  
 3           *tiated price of the applicable drug of the*  
 4           *manufacturer.*

5           “(ii) SPECIFIED SMALL MANUFAC-  
 6           TURER.—

7                   “(I) IN GENERAL.—*In this sub-*  
 8                   *paragraph, subject to subclause (III),*  
 9                   *the term ‘specified small manufacturer’*  
 10                   *means a manufacturer of an applicable*  
 11                   *drug for which, in 2021—*

12                           “(aa) *the manufacturer is a*  
 13                           *specified manufacturer (as defined*  
 14                           *in subparagraph (B)(ii)); and*

15                           “(bb) *the total expenditures*  
 16                           *under part D for any one of the*  
 17                           *specified small manufacturer*  
 18                           *drugs of the manufacturer that*  
 19                           *are covered by the agreement or*  
 20                           *agreements under section 1860D–*  
 21                           *14A of such manufacturer for such*  
 22                           *year and covered under this part*  
 23                           *during such year are equal to or*  
 24                           *more than 80 percent of the total*  
 25                           *expenditures under this part for*

1 *all specified small manufacturer*  
 2 *drugs of the manufacturer that*  
 3 *are covered by such agreement or*  
 4 *agreements for such year and cov-*  
 5 *ered under this part during such*  
 6 *year.*

7 *“(II) SPECIFIED SMALL MANUFAC-*  
 8 *TURER DRUGS.—*

9 *“(aa) IN GENERAL.—For*  
 10 *purposes of this clause, the term*  
 11 *‘specified small manufacturer*  
 12 *drugs’ means, with respect to a*  
 13 *specified small manufacturer, for*  
 14 *2021, an applicable drug that is*  
 15 *produced, prepared, propagated,*  
 16 *compounded, converted, or proc-*  
 17 *essed by the manufacturer.*

18 *“(bb) AGGREGATION RULE.—*  
 19 *All persons treated as a single em-*  
 20 *ployer under subsection (a) or (b)*  
 21 *of section 52 of the Internal Rev-*  
 22 *enue Code of 1986 shall be treated*  
 23 *as one manufacturer for purposes*  
 24 *of this subparagraph. For pur-*  
 25 *poses of making a determination*

1           pursuant to the previous sentence,  
2           an agreement under this section  
3           shall require that a manufacturer  
4           provide and attest to such infor-  
5           mation as specified by the Sec-  
6           retary as necessary.

7           “(III) *LIMITATION.*—The term  
8           ‘specified small manufacturer’ shall not  
9           include a manufacturer described in  
10          subclause (I) if such manufacturer is  
11          acquired after 2021 by another manu-  
12          facturer that is not a specified small  
13          manufacturer, effective at the begin-  
14          ning of the plan year immediately fol-  
15          lowing such acquisition or, in the case  
16          of an acquisition before 2025, effective  
17          January 1, 2025.

18          “(iii) *SPECIFIED SMALL MANUFAC-*  
19          *TURER PERCENT.*—In this subparagraph,  
20          the term ‘specified small manufacturer per-  
21          cent’ means, with respect to a year—

22               “(I) for an applicable drug dis-  
23               pensed for an applicable beneficiary  
24               who has not incurred costs, as deter-  
25               mined in accordance with section

1860D–2(b)(4)(C), for covered part D  
 drugs in the year that are equal to or  
 exceed the annual out-of-pocket thresh-  
 old specified in section 1860D–  
 2(b)(4)(B)(i) for the year—

“(aa) for 2025, 99 percent;

“(bb) for 2026, 98 percent;

“(cc) for 2027, 95 percent;

“(dd) for 2028, 92 percent;

and

“(ee) for 2029 and each sub-  
 sequent year, 90 percent; and

“(II) for an applicable drug dis-  
 pensed for an applicable beneficiary  
 who has incurred costs, as determined  
 in accordance with section 1860D–  
 2(b)(4)(C), for covered part D drugs in  
 the year that are equal to or exceed the  
 annual out-of-pocket threshold specified  
 in section 1860D–2(b)(4)(B)(i) for the  
 year—

“(aa) for 2025, 99 percent;

“(bb) for 2026, 98 percent;

“(cc) for 2027, 95 percent;

“(dd) for 2028, 92 percent;

1                                   “(ee) for 2029, 90 percent;  
 2                                   “(ff) for 2030, 85 percent;  
 3                                   and  
 4                                   “(gg) for 2031 and each sub-  
 5                                   sequent year, 80 percent.

6                                   “(D) *TOTAL EXPENDITURES.*—*For purposes*  
 7                                   *of this paragraph, the term ‘total expenditures’*  
 8                                   *includes, in the case of expenditures with respect*  
 9                                   *to part D, the total gross covered prescription*  
 10                                   *drug costs as defined in section 1860D–15(b)(3).*  
 11                                   *The term ‘total expenditures’ excludes, in the*  
 12                                   *case of expenditures with respect to part B, ex-*  
 13                                   *penditures for a drug or biological that are bun-*  
 14                                   *dled or packaged into the payment for another*  
 15                                   *service.*

16                                   “(E) *SPECIAL CASE FOR CERTAIN*  
 17                                   *CLAIMS.*—

18                                   “(i) *CLAIMS SPANNING DEDUCTIBLE.*—  
 19                                   *In the case where the entire amount of the*  
 20                                   *negotiated price of an individual claim for*  
 21                                   *an applicable drug with respect to an ap-*  
 22                                   *plicable beneficiary does not fall above the*  
 23                                   *annual deductible specified in section*  
 24                                   *1860D–2(b)(1) for the year, the manufac-*  
 25                                   *turer of the applicable drug shall provide*

1           *the discounted price under this section on*  
 2           *only the portion of the negotiated price of*  
 3           *the applicable drug that falls above such an-*  
 4           *annual deductible.*

5           “(ii) *CLAIMS SPANNING OUT-OF-POCK-*  
 6           *ET THRESHOLD.—In the case where the en-*  
 7           *tire amount of the negotiated price of an in-*  
 8           *dividual claim for an applicable drug with*  
 9           *respect to an applicable beneficiary does not*  
 10          *fall entirely below or entirely above the an-*  
 11          *annual out-of-pocket threshold specified in sec-*  
 12          *tion 1860D–2(b)(4)(B)(i) for the year, the*  
 13          *manufacturer of the applicable drug shall*  
 14          *provide the discounted price—*

15                 *“(I) in accordance with subpara-*  
 16                 *graph (A)(i) on the portion of the ne-*  
 17                 *gotiated price of the applicable drug*  
 18                 *that falls below such threshold; and*

19                 *“(II) in accordance with subpara-*  
 20                 *graph (A)(ii) on the portion of such*  
 21                 *price of such drug that falls at or*  
 22                 *above such threshold.*

23           “(5) *MANUFACTURER.—The term ‘manufacturer’*  
 24           *means any entity which is engaged in the production,*  
 25           *preparation, propagation, compounding, conversion,*

1        *or processing of prescription drug products, either di-*  
 2        *rectly or indirectly by extraction from substances of*  
 3        *natural origin, or independently by means of chem-*  
 4        *ical synthesis, or by a combination of extraction and*  
 5        *chemical synthesis. Such term does not include a*  
 6        *wholesale distributor of drugs or a retail pharmacy li-*  
 7        *censed under State law.*

8                “(6) *NEGOTIATED PRICE.*—*The term ‘negotiated*  
 9        *price’ has the meaning given such term for purposes*  
 10        *of section 1860D–2(d)(1)(B), and, with respect to an*  
 11        *applicable drug, such negotiated price shall include*  
 12        *any dispensing fee and, if applicable, any vaccine ad-*  
 13        *ministration fee for the applicable drug.*

14                “(7) *QUALIFIED RETIREE PRESCRIPTION DRUG*  
 15        *PLAN.*—*The term ‘qualified retiree prescription drug*  
 16        *plan’ has the meaning given such term in section*  
 17        *1860D–22(a)(2).*

18        **“SEC. 1860D–14D. SELECTED DRUG SUBSIDY PROGRAM.**

19                “*With respect to covered part D drugs that would be*  
 20        *applicable drugs (as defined in section 1860D–14C(g)(2))*  
 21        *but for the application of subparagraph (B) of such section,*  
 22        *the Secretary shall provide a process whereby, in the case*  
 23        *of an applicable beneficiary (as defined in section 1860D–*  
 24        *14C(g)(1)) who, with respect to a year, is enrolled in a pre-*  
 25        *scription drug plan or is enrolled in an MA–PD plan, has*

1 *not incurred costs that are equal to or exceed the annual*  
 2 *out-of-pocket threshold specified in section 1860D–*  
 3 *2(b)(4)(B)(i), and is dispensed such a drug, the Secretary*  
 4 *(periodically and on a timely basis) provides the PDP*  
 5 *sponsor or the MA organization offering the plan, a subsidy*  
 6 *with respect to such drug that is equal to 10 percent of the*  
 7 *negotiated price (as defined in section 1860D–14C(g)(6))*  
 8 *of such drug.”.*

9 (2) *SUNSET OF MEDICARE COVERAGE GAP DIS-*  
 10 *COUNT PROGRAM.—Section 1860D–14A of the Social*  
 11 *Security Act (42 U.S.C. 1395w–114a) is amended—*

12 (A) *in subsection (a), in the first sentence,*  
 13 *by striking “The Secretary” and inserting “Sub-*  
 14 *ject to subsection (h), the Secretary”; and*

15 (B) *by adding at the end the following new*  
 16 *subsection:*

17 “(h) *SUNSET OF PROGRAM.—*

18 “(1) *IN GENERAL.—The program shall not apply*  
 19 *with respect to applicable drugs dispensed on or after*  
 20 *January 1, 2025, and, subject to paragraph (2),*  
 21 *agreements under this section shall be terminated as*  
 22 *of such date.*

23 “(2) *CONTINUED APPLICATION FOR APPLICABLE*  
 24 *DRUGS DISPENSED PRIOR TO SUNSET.—The provi-*  
 25 *sions of this section (including all responsibilities and*



1 *duties) shall continue to apply on and after January*  
 2 *1, 2025, with respect to applicable drugs dispensed*  
 3 *prior to such date.”.*

4 (3) *SELECTED DRUG SUBSIDY PAYMENTS FROM*  
 5 *MEDICARE PRESCRIPTION DRUG ACCOUNT.—Section*  
 6 *1860D–16(b)(1) of the Social Security Act (42 U.S.C.*  
 7 *1395w–116(b)(1)) is amended—*

8 (A) *in subparagraph (C), by striking “and”*  
 9 *at the end;*

10 (B) *in subparagraph (D), by striking the*  
 11 *period at the end and inserting “; and”; and*

12 (C) *by adding at the end the following new*  
 13 *subparagraph:*

14 “(E) *payments under section 1860D–14D*  
 15 *(relating to selected drug subsidy payments).”.*

16 (d) *MEDICARE PART D PREMIUM STABILIZATION.—*

17 (1) *2024 THROUGH 2029.—Section 1860D–13 of*  
 18 *the Social Security Act (42 U.S.C. 1395w–113) is*  
 19 *amended—*

20 (A) *in subsection (a)—*

21 (i) *in paragraph (1)(A), by inserting*  
 22 *“or (8) (as applicable)” after “paragraph*  
 23 *(2)”;*

24 (ii) *in paragraph (2), in the matter*  
 25 *preceding subparagraph (A), by striking*

1           *“The base” and inserting “Subject to para-*  
 2           *graph (8), the base”;*

3                     *(iii) in paragraph (7)—*

4                     *(I) in subparagraph (B)(ii), by*  
 5                     *inserting “or (8) (as applicable)” after*  
 6                     *“paragraph (2)”;* and

7                     *(II) in subparagraph (E)(i), by*  
 8                     *inserting “or (8) (as applicable)” after*  
 9                     *“paragraph (2)”;* and

10                    *(iv) by adding at the end the following*  
 11                    *new paragraph:*

12           *“(8) PREMIUM STABILIZATION.—*

13                    *“(A) IN GENERAL.—The base beneficiary*  
 14                    *premium under this paragraph for a prescrip-*  
 15                    *tion drug plan for a month in 2024 through*  
 16                    *2029 shall be computed as follows:*

17                    *“(i) 2024.—The base beneficiary pre-*  
 18                    *mium for a month in 2024 shall be equal*  
 19                    *to the lesser of—*

20                    *“(I) the base beneficiary premium*  
 21                    *computed under paragraph (2) for a*  
 22                    *month in 2023 increased by 6 percent;*  
 23                    *or*

24                    *“(II) the base beneficiary pre-*  
 25                    *mium computed under paragraph (2)*

1           *for a month in 2024 that would have*  
2           *applied if this paragraph had not been*  
3           *enacted.*

4           “(ii) 2025.—*The base beneficiary pre-*  
5           *mium for a month in 2025 shall be equal*  
6           *to the lesser of—*

7                     “(I) *the base beneficiary premium*  
8                     *computed under clause (i) for a month*  
9                     *in 2024 increased by 6 percent; or*

10                    “(II) *the base beneficiary pre-*  
11                    *mium computed under paragraph (2)*  
12                    *for a month in 2025 that would have*  
13                    *applied if this paragraph had not been*  
14                    *enacted.*

15           “(iii) 2026.—*The base beneficiary pre-*  
16           *mium for a month in 2026 shall be equal*  
17           *to the lesser of—*

18                    “(I) *the base beneficiary premium*  
19                    *computed under clause (ii) for a month*  
20                    *in 2025 increased by 6 percent; or*

21                    “(II) *the base beneficiary pre-*  
22                    *mium computed under paragraph (2)*  
23                    *for a month in 2026 that would have*  
24                    *applied if this paragraph had not been*  
25                    *enacted.*

1           “(iv) 2027.—*The base beneficiary pre-*  
2           *mium for a month in 2027 shall be equal*  
3           *to the lesser of—*

4                     “(I) *the base beneficiary premium*  
5                     *computed under clause (iii) for a*  
6                     *month in 2026 increased by 6 percent;*  
7                     *or*

8                     “(II) *the base beneficiary pre-*  
9                     *mium computed under paragraph (2)*  
10                    *for a month in 2027 that would have*  
11                    *applied if this paragraph had not been*  
12                    *enacted.*

13           “(v) 2028.—*The base beneficiary pre-*  
14           *mium for a month in 2028 shall be equal*  
15           *to the lesser of—*

16                     “(I) *the base beneficiary premium*  
17                     *computed under clause (iv) for a*  
18                     *month in 2027 increased by 6 percent;*  
19                     *or*

20                     “(II) *the base beneficiary pre-*  
21                     *mium computed under paragraph (2)*  
22                     *for a month in 2028 that would have*  
23                     *applied if this paragraph had not been*  
24                     *enacted.*

1                   “(vi) 2029.—*The base beneficiary pre-*  
 2                   *mium for a month in 2029 shall be equal*  
 3                   *to the lesser of—*

4                   “(I) *the base beneficiary premium*  
 5                   *computed under clause (v) for a month*  
 6                   *in 2028 increased by 6 percent; or*

7                   “(II) *the base beneficiary pre-*  
 8                   *mium computed under paragraph (2)*  
 9                   *for a month in 2029 that would have*  
 10                  *applied if this paragraph had not been*  
 11                  *enacted.*

12                  “(B) *CLARIFICATION REGARDING 2030 AND*  
 13                  *SUBSEQUENT YEARS.—The base beneficiary pre-*  
 14                  *mium for a month in 2030 or a subsequent year*  
 15                  *shall be computed under paragraph (2) without*  
 16                  *regard to this paragraph.”; and*

17                  *(B) in subsection (b)(3)(A)(ii), by striking*  
 18                  *“subsection (a)(2)” and inserting “paragraph*  
 19                  *(2) or (8) of subsection (a) (as applicable)”.*

20                  “(2) *ADJUSTMENT TO BENEFICIARY PREMIUM*  
 21                  *PERCENTAGE FOR 2030 AND SUBSEQUENT YEARS.—*  
 22                  *Section 1860D–13(a) of the Social Security Act (42*  
 23                  *U.S.C. 1395w–113(a)), as amended by paragraph (1),*  
 24                  *is amended—*

1           (A) in paragraph (3)(A), by inserting “(or,  
2           for 2030 and each subsequent year, the percent  
3           specified under paragraph (9))” after “25.5 per-  
4           cent”; and

5           (B) by adding at the end the following new  
6           paragraph:

7           “(9) PERCENT SPECIFIED.—

8           “(A) IN GENERAL.—Subject to subpara-  
9           graph (B), for purposes of paragraph (3)(A), the  
10          percent specified under this paragraph for 2030  
11          and each subsequent year is the percent that the  
12          Secretary determines is necessary to ensure that  
13          the base beneficiary premium computed under  
14          paragraph (2) for a month in 2030 is equal to  
15          the lesser of—

16               “(i) the base beneficiary premium com-  
17               puted under paragraph (8)(A)(vi) for a  
18               month in 2029 increased by 6 percent; or

19               “(ii) the base beneficiary premium  
20               computed under paragraph (2) for a month  
21               in 2030 that would have applied if this  
22               paragraph had not been enacted.

23          “(B) FLOOR.—The percent specified under  
24          subparagraph (A) may not be less than 20 per-  
25          cent.”.

1           (3) *CONFORMING AMENDMENTS.*—

2                   (A) *Section 1854(b)(2)(B) of the Social Se-*  
 3                   *curity Act (42 U.S.C. 1395w-24(b)(2)(B)) is*  
 4                   *amended by striking “section 1860D-13(a)(2)”*  
 5                   *and inserting “paragraph (2) or (8) (as applica-*  
 6                   *ble) of section 1860D-13(a)”.*

7                   (B) *Section 1860D-11(g)(6) of the Social*  
 8                   *Security Act (42 U.S.C. 1395w-111(g)(6)) is*  
 9                   *amended by inserting “(or, for 2030 and each*  
 10                   *subsequent year, the percent specified under sec-*  
 11                   *tion 1860D-13(a)(9))” after “25.5 percent”.*

12                   (C) *Section 1860D-13(a)(7)(B)(i) of the So-*  
 13                   *cial Security Act (42 U.S.C. 1395w-*  
 14                   *113(a)(7)(B)(i)) is amended—*

15                           (i) *in subclause (I), by inserting “(or,*  
 16                           *for 2030 and each subsequent year, the per-*  
 17                           *cent specified under paragraph (9))” after*  
 18                           *“25.5 percent”; and*

19                           (ii) *in subclause (II), by inserting*  
 20                           *“(or, for 2030 and each subsequent year, the*  
 21                           *percent specified under paragraph (9))”*  
 22                           *after “25.5 percent”.*

23                   (D) *Section 1860D-15(a) of the Social Se-*  
 24                   *curity Act (42 U.S.C. 1395w-115(a)) is amend-*  
 25                   *ed—*

1                   (i) in the matter preceding paragraph  
 2                   (1), by inserting “(or, for each of 2024  
 3                   through 2029, the percent applicable as a  
 4                   result of the application of section 1860D–  
 5                   13(a)(8), or, for 2030 and each subsequent  
 6                   year, 100 percent minus the percent speci-  
 7                   fied under section 1860D–13(a)(9))” after  
 8                   “74.5 percent”; and

9                   (ii) in paragraph (1)(B), by striking  
 10                  “paragraph (2) of section 1860D–13(a)”  
 11                  and inserting “paragraph (2) or (8) of sec-  
 12                  tion 1860D–13(a) (as applicable)”.

13           (e) *CONFORMING AMENDMENTS.*—

14                   (1) *Section 1860D–2 of the Social Security Act*  
 15                   *(42 U.S.C. 1395w–102) is amended—*

16                   (A) in subsection (a)(2)(A)(i)(I), by striking  
 17                   “, or an increase in the initial” and inserting  
 18                   “or, for a year preceding 2025, an increase in  
 19                   the initial”;

20                   (B) in subsection (c)(1)(C)—

21                   (i) in the subparagraph heading, by  
 22                   striking “AT INITIAL COVERAGE LIMIT”; and

23                   (ii) by inserting “for a year preceding  
 24                   2025 or the annual out-of-pocket threshold  
 25                   specified in subsection (b)(4)(B) for the year



1           *for 2025 and each subsequent year” after*  
 2           *“subsection (b)(3) for the year” each place*  
 3           *it appears; and*

4           *(C) in subsection (d)(1)(A), by striking “or*  
 5           *an initial” and inserting “or, for a year pre-*  
 6           *ceding 2025, an initial”.*

7           *(2) Section 1860D–4(a)(4)(B)(i) of the Social*  
 8           *Security Act (42 U.S.C. 1395w–104(a)(4)(B)(i)) is*  
 9           *amended by striking “the initial” and inserting “for*  
 10          *a year preceding 2025, the initial”.*

11          *(3) Section 1860D–14(a) of the Social Security*  
 12          *Act (42 U.S.C. 1395w–114(a)) is amended—*

13           *(A) in paragraph (1)—*

14           *(i) in subparagraph (C), by striking*  
 15           *“The continuation” and inserting “For a*  
 16           *year preceding 2025, the continuation”;*

17           *(ii) in subparagraph (D)(iii), by strik-*  
 18           *ing “1860D–2(b)(4)(A)(i)(I)” and inserting*  
 19           *“1860D–2(b)(4)(A)(i)(I)(aa)”;* *and*

20           *(iii) in subparagraph (E), by striking*  
 21           *“The elimination” and inserting “For a*  
 22           *year preceding 2024, the elimination”;* *and*

23           *(B) in paragraph (2)(E), by striking*  
 24           *“1860D–2(b)(4)(A)(i)(I)” and inserting*  
 25           *“1860D–2(b)(4)(A)(i)(I)(aa)”.*

1           (4) *Section 1860D–21(d)(7) of the Social Secu-*  
 2           *urity Act (42 U.S.C. 1395w–131(d)(7)) is amended by*  
 3           *striking “section 1860D–2(b)(4)(B)(i)” and inserting*  
 4           *“section 1860D–2(b)(4)(C)(i)”.*

5           (5) *Section 1860D–22(a)(2)(A) of the Social Se-*  
 6           *curity Act (42 U.S.C. 1395w–132(a)(2)(A)) is amend-*  
 7           *ed—*

8                     (A) *by striking “the value of any discount”*  
 9                     *and inserting the following: “the value of—*

10                             *“(i) for years prior to 2025, any dis-*  
 11                             *count”;*

12                     (B) *in clause (i), as inserted by subpara-*  
 13                     *graph (A) of this paragraph, by striking the pe-*  
 14                     *riod at the end and inserting “; and”; and*

15                     (C) *by adding at the end the following new*  
 16                     *clause:*

17                             *“(ii) for 2025 and each subsequent*  
 18                             *year, any discount provided pursuant to*  
 19                             *section 1860D–14C.”.*

20           (6) *Section 1860D–41(a)(6) of the Social Secu-*  
 21           *urity Act (42 U.S.C. 1395w–151(a)(6)) is amended—*

22                     (A) *by inserting “for a year before 2025”*  
 23                     *after “1860D–2(b)(3)”;* and

24                     (B) *by inserting “for such year” before the*  
 25                     *period.*

1           (7) *Section 1860D–43 of the Social Security Act*  
 2           *(42 U.S.C. 1395w–153) is amended—*

3                   *(A) in subsection (a)—*

4                           *(i) by striking paragraph (1) and in-*  
 5                           *serting the following:*

6                   “*(1) participate in—*

7                           “*(A) for 2011 through 2024, the Medicare*  
 8                           *coverage gap discount program under section*  
 9                           *1860D–14A; and*

10                           “*(B) for 2025 and each subsequent year, the*  
 11                           *manufacturer discount program under section*  
 12                           *1860D–14C;”;*

13                           *(ii) by striking paragraph (2) and in-*  
 14                           *serting the following:*

15                   “*(2) have entered into and have in effect—*

16                           “*(A) for 2011 through 2024, an agreement*  
 17                           *described in subsection (b) of section 1860D–14A*  
 18                           *with the Secretary; and*

19                           “*(B) for 2025 and each subsequent year, an*  
 20                           *agreement described in subsection (b) of section*  
 21                           *1860D–14C with the Secretary; and”;* and

22                           *(iii) in paragraph (3), by striking*  
 23                           “*such section*” and inserting “*section*  
 24                           *1860D–14A*”; and

1                    *(B) by striking subsection (b) and inserting*  
 2                    *the following:*

3                    “(b) *EFFECTIVE DATE.*—*Paragraphs (1)(A), (2)(A),*  
 4                    *and (3) of subsection (a) shall apply to covered part D*  
 5                    *drugs dispensed under this part on or after January 1,*  
 6                    *2011, and before January 1, 2025, and paragraphs (1)(B)*  
 7                    *and (2)(B) of such subsection shall apply to covered part*  
 8                    *D drugs dispensed under this part on or after January 1,*  
 9                    *2025.”.*

10                    *(8) Section 1927 of the Social Security Act (42*  
 11                    *U.S.C. 1396r–8) is amended—*

12                    *(A) in subsection (c)(1)(C)(i)(VI), by insert-*  
 13                    *ing before the period at the end the following: “or*  
 14                    *under the manufacturer discount program under*  
 15                    *section 1860D–14C”; and*

16                    *(B) in subsection (k)(1)(B)(i)(V), by insert-*  
 17                    *ing before the period at the end the following: “or*  
 18                    *under section 1860D–14C”.*

19                    *(f) IMPLEMENTATION FOR 2024 THROUGH 2026.—The*  
 20                    *Secretary shall implement this section, including the*  
 21                    *amendments made by this section, for 2024, 2025, and 2026*  
 22                    *by program instruction or other forms of program guidance.*

23                    *(g) FUNDING.—In addition to amounts otherwise*  
 24                    *available, there are appropriated to the Centers for Medi-*  
 25                    *care & Medicaid Services, out of any money in the Treasury*

1 *not otherwise appropriated, \$341,000,000 for fiscal year*  
 2 *2022, including \$20,000,000 and \$65,000,000 to carry out*  
 3 *the provisions of, including the amendments made by, this*  
 4 *section in fiscal years 2022 and 2023, respectively, and*  
 5 *\$32,000,000 to carry out the provisions of, including the*  
 6 *amendments made by, this section in each of fiscal years*  
 7 *2024 through 2031, to remain available 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)), the*  
 3            *option to elect with respect to a plan year*  
 4            *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), the*  
 12            *PDP sponsor or MA organization shall de-*  
 13            *termine 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 (i),*  
 18            *for each month described in clause (ii), the*  
 19            *PDP sponsor or MA organization shall bill*  
 20            *such enrollee an amount (not to exceed the*  
 21            *maximum monthly cap) for the out-of-pock-*  
 22            *et costs of such enrollee in such month.*

23            “(iv) *MAXIMUM MONTHLY CAP DE-*  
 24            *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-pock-*  
8                           *et threshold specified in para-*  
9                           *graph (4)(B) minus the incurred*  
10                           *costs of the enrollee as described in*  
11                           *paragraph (4)(C); divided by*

12                           *“(bb) the number of months*  
13                           *remaining in the plan year; and*

14                   *“(II) for a subsequent month, an*  
15                   *amount determined by calculating—*

16                           *“(aa) the sum of any re-*  
17                           *maining out-of-pocket costs owed*  
18                           *by the enrollee from a previous*  
19                           *month that have not yet been*  
20                           *billed to the enrollee and any ad-*  
21                           *ditional out-of-pocket costs in-*  
22                           *curring by the enrollee; divided by*

23                           *“(bb) the number of months*  
24                           *remaining in the plan year.*

1 “(v) *ADDITIONAL REQUIREMENTS.—*  
 2 *The following requirements shall apply with*  
 3 *respect to the option to make an election*  
 4 *pursuant to clause (i) under this subpara-*  
 5 *graph:*

6 “(I) *SECRETARIAL RESPONSIBIL-*  
 7 *ITIES.—The Secretary shall provide in-*  
 8 *formation 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.—Each*  
 23 *PDP sponsor offering a prescription*  
 24 *drug plan or MA organization offering*  
 25 *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 part  
4           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 notifica-  
25          tion;

1           “(ff) shall ensure that such  
2           an election by an enrollee has no  
3           effect on the amount paid to phar-  
4           macies (or the timing of such pay-  
5           ments) with respect to covered  
6           part D drugs dispensed to the en-  
7           rollee; and

8           “(gg) shall have in place a fi-  
9           nancial reconciliation process to  
10          correct inaccuracies in payments  
11          made by an enrollee under this  
12          subparagraph with respect to cov-  
13          ered part D drugs during the plan  
14          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 UNSETTLED*  
17                   *BALANCES.—Any unsettled balances*  
18                   *with respect to amounts owed under*  
19                   *this subparagraph shall be treated as*  
20                   *plan losses and the Secretary shall not*  
21                   *be liable for any such balances outside*  
22                   *of those assumed as losses estimated in*  
23                   *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 in-*  
 11           *curring if such costs are paid by a PDP sponsor*  
 12           *or an MA organization under the option pro-*  
 13           *vided under such paragraph.”.*

14       (b) *APPLICATION TO ALTERNATIVE PRESCRIPTION*  
 15       *DRUG COVERAGE.*—*Section 1860D–2(c) of the Social Secu-*  
 16       *rity Act (42 U.S.C. 1395w–102(c)) is amended by adding*  
 17       *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 shall*  
 25       *implement this section, including the amendments made by*

1 *this section, for 2025 by program instruction or other forms*  
 2 *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 Treasury*  
 6 *not otherwise appropriated, \$10,000,000 for fiscal year*  
 7 *2023, to remain available until expended, to carry out the*  
 8 *provisions of, including the amendments made by, this sec-*  
 9 *tion.*

10 **PART 4—CONTINUED DELAY OF IMPLEMENTA-**  
 11 **TION OF PRESCRIPTION DRUG REBATE RULE**

12 **SEC. 11301. EXTENSION OF MORATORIUM ON IMPLEMENTA-**  
 13 **TION OF RULE RELATING TO ELIMINATING**  
 14 **THE ANTI-KICKBACK STATUTE SAFE HARBOR**  
 15 **PROTECTION FOR PRESCRIPTION DRUG RE-**  
 16 **BATES.**

17 *The Secretary of Health and Human Services shall*  
 18 *not, prior to January 1, 2032, implement, administer, or*  
 19 *enforce the provisions of the final rule published by the Of-*  
 20 *fice of the Inspector General of the Department of Health*  
 21 *and Human Services on November 30, 2020, and titled*  
 22 *“Fraud and Abuse; Removal of Safe Harbor Protection for*  
 23 *Rebates Involving Prescription Pharmaceuticals and Cre-*  
 24 *ation of New Safe Harbor Protection for Certain Point-of-*  
 25 *Sale Reductions in Price on Prescription Pharmaceuticals*

1 *and Certain Pharmacy Benefit Manager Service Fees*” (85  
2 *Fed. Reg.* 76666).

3 **PART 5—MISCELLANEOUS**

4 **SEC. 11401. COVERAGE OF ADULT VACCINES REC-**  
5 **OMMENDED BY THE ADVISORY COMMITTEE**  
6 **ON IMMUNIZATION PRACTICES UNDER MEDI-**  
7 **CARE PART D.**

8 (a) *ENSURING TREATMENT OF COST-SHARING AND*  
9 *DEDUCTIBLE IS CONSISTENT WITH TREATMENT OF VAC-*  
10 *CINES UNDER MEDICARE PART B.*—Section 1860D–2 of the  
11 *Social Security Act* (42 U.S.C. 1395w–102), as amended  
12 *by sections 11201 and 11202, is amended—*

13 (1) *in subsection (b)—*

14 (A) *in paragraph (1)(A), by striking “The*  
15 *coverage” and inserting “Subject to paragraph*  
16 *(8), the coverage”;*

17 (B) *in paragraph (2)—*

18 (i) *in subparagraph (A), by inserting*  
19 *“and paragraph (8)” after “and (E)”;*

20 (ii) *in subparagraph (C)(i), in the*  
21 *matter preceding subclause (I), by striking*  
22 *“paragraph (4)” and inserting “paragraphs*  
23 *(4) and (8)”;* and

24 (iii) *in subparagraph (D)(i), in the*  
25 *matter preceding subclause (I), by striking*

1                   *“paragraph (4)” and inserting “paragraphs*  
 2                   *(4) and (8)”;*

3                   *(C) in paragraph (3)(A), in the matter pre-*  
 4                   *ceding clause (i), by striking “and (4)” and in-*  
 5                   *serting “(4), and (8)”;*

6                   *(D) in paragraph (4)(A)(i), by striking*  
 7                   *“The coverage” and inserting “Subject to para-*  
 8                   *graph (8), the coverage”;* and

9                   *(E) by adding at the end the following new*  
 10                  *paragraph:*

11                  *“(8) TREATMENT OF COST-SHARING FOR ADULT*  
 12                  *VACCINES RECOMMENDED BY THE ADVISORY COM-*  
 13                  *MITTEE ON IMMUNIZATION PRACTICES CONSISTENT*  
 14                  *WITH TREATMENT OF VACCINES UNDER PART B.—*

15                  *“(A) IN GENERAL.—For plan years begin-*  
 16                  *ning on or after January 1, 2023, with respect*  
 17                  *to an adult vaccine recommended by the Advi-*  
 18                  *sory Committee on Immunization Practices (as*  
 19                  *defined in subparagraph (B))—*

20                  *“(i) the deductible under paragraph*  
 21                  *(1) shall not apply; and*

22                  *“(ii) there shall be no coinsurance or*  
 23                  *other cost-sharing under this part with re-*  
 24                  *spect to such vaccine.*

1                   “(B) *ADULT VACCINES RECOMMENDED BY*  
 2                   *THE ADVISORY COMMITTEE ON IMMUNIZATION*  
 3                   *PRACTICES.—For purposes of this paragraph, the*  
 4                   *term ‘adult vaccine recommended by the Advi-*  
 5                   *sory Committee on Immunization Practices’*  
 6                   *means a covered part D drug that is a vaccine*  
 7                   *licensed under section 351 of the Public Health*  
 8                   *Service Act for use by adult populations and ad-*  
 9                   *ministered in accordance with recommendations*  
 10                  *of the Advisory Committee on Immunization*  
 11                  *Practices of the Centers for Disease Control and*  
 12                  *Prevention.’; and*

13                  *(2) in subsection (c), by adding at the end the*  
 14                  *following new paragraph:*

15                  “(5) *TREATMENT OF COST-SHARING FOR ADULT*  
 16                  *VACCINES RECOMMENDED BY THE ADVISORY COM-*  
 17                  *MITTEE ON IMMUNIZATION PRACTICES.—The coverage*  
 18                  *is in accordance with subsection (b)(8).”.*

19                  *(b) CONFORMING AMENDMENTS TO COST-SHARING FOR*  
 20                  *LOW-INCOME INDIVIDUALS.—Section 1860D–14(a) of the*  
 21                  *Social Security Act (42 U.S.C. 1395w–114(a)), as amended*  
 22                  *by section 11201, is amended—*

23                  *(1) in paragraph (1)(D), in each of clauses (ii)*  
 24                  *and (iii), by striking “In the case” and inserting*  
 25                  *“Subject to paragraph (6), in the case”;*



1           (2) *in paragraph (2)—*

2                   (A) *in subparagraph (B), by striking “A re-*  
 3                   *duction” and inserting “Subject to section*  
 4                   *1860D–2(b)(8), a reduction”;*

5                   (B) *in subparagraph (D), by striking “The*  
 6                   *substitution” and inserting “Subject to para-*  
 7                   *graph (6), the substitution”;* and

8                   (C) *in subparagraph (E), by striking “sub-*  
 9                   *section (c)” and inserting “paragraph (6) of this*  
 10                   *subsection and subsection (c)”;* and

11           (3) *by adding at the end the following new para-*  
 12           *graph:*

13                   “(6) *NO APPLICATION OF COST-SHARING OR DE-*  
 14                   *DUCTIBLE FOR ADULT VACCINES RECOMMENDED BY*  
 15                   *THE ADVISORY COMMITTEE ON IMMUNIZATION PRAC-*  
 16                   *TICES.—For plan years beginning on or after Janu-*  
 17                   *ary 1, 2023, with respect to an adult vaccine rec-*  
 18                   *ommended by the Advisory Committee on Immuniza-*  
 19                   *tion Practices (as defined in section 1860D–*  
 20                   *2(b)(8)(B))—*

21                   “(A) *the deductible under section 1860D–*  
 22                   *2(b)(1) shall not apply; and*

23                   “(B) *there shall be no cost-sharing under*  
 24                   *this section with respect to such vaccine.”.*

25           (c) *TEMPORARY RETROSPECTIVE SUBSIDY.—*

1           (1) *IN GENERAL.*—Section 1860D–15 of the So-  
 2           cial Security Act (42 U.S.C. 1395w–115) is amended  
 3           by adding at the end the following new subsection:

4           “(h) *TEMPORARY RETROSPECTIVE SUBSIDY FOR RE-*  
 5           *DUCTION IN COST-SHARING AND DEDUCTIBLE FOR ADULT*  
 6           *VACCINES RECOMMENDED BY THE ADVISORY COMMITTEE*  
 7           *ON IMMUNIZATION PRACTICES DURING 2023.*—

8           “(1) *IN GENERAL.*—In addition to amounts oth-  
 9           erwise payable under this section to a PDP sponsor  
 10          of a prescription drug plan or an MA organization  
 11          offering an MA–PD plan, for plan year 2023, the  
 12          Secretary shall provide the PDP sponsor or MA orga-  
 13          nization offering the plan subsidies in an amount  
 14          equal to the aggregate reduction in cost-sharing and  
 15          deductible by reason of the application of section  
 16          1860D–2(b)(8) for individuals under the plan during  
 17          the year.

18          “(2) *TIMING.*—The Secretary shall provide a  
 19          subsidy under paragraph (1), as applicable, not later  
 20          than 18 months following the end of the applicable  
 21          plan year.”.

22          (2) *TREATMENT AS INCURRED COSTS.*—Section  
 23          1860D–2(b)(4)(C)(iii)(I) of the Social Security Act  
 24          (42 U.S.C. 1395w–102(b)(4)(C)(iii)(I)), as amended  
 25          by section 11201(a)(3)(C), is amended—

1                   (A) in item (cc), by striking “or” at the  
2                   end; and

3                   (B) by adding at the end the following new  
4                   item:

5   “(dd) under section 1860D–  
6   15(h); or”.

7           (d) *RULE OF CONSTRUCTION.*—Nothing in this section  
8   shall be construed as limiting coverage under part D of title  
9   XVIII of the Social Security Act for vaccines that are not  
10  recommended by the Advisory Committee on Immunization  
11  Practices.

12          (e) *IMPLEMENTATION FOR 2023 THROUGH 2025.*—The  
13  Secretary shall implement this section, including the  
14  amendments made by this section, for 2023, 2024, and  
15  2025, by program instruction or other forms of program  
16  guidance.

17   **SEC. 11402. PAYMENT FOR BIOSIMILAR BIOLOGICAL PROD-**  
18   **UCTS DURING INITIAL PERIOD.**

19          Section 1847A(c)(4) of the Social Security Act (42  
20  U.S.C. 1395w–3a(c)(4)) is amended—

21                   (1) in each of subparagraphs (A) and (B), by re-  
22                   designating clauses (i) and (ii) as subclauses (I) and  
23                   (II), respectively, and moving such subclauses 2 ems  
24                   to the right;

1           (2) *by redesignating subparagraphs (A) and (B)*  
 2           *as clauses (i) and (ii) and moving such clauses 2 ems*  
 3           *to the right;*

4           (3) *by striking “UNAVAILABLE.—In the case”*  
 5           *and inserting “UNAVAILABLE.—*

6                     *“(A) IN GENERAL.—Subject to subpara-*  
 7                     *graph (B), in the case”; and*

8           (4) *by adding at the end the following new sub-*  
 9           *paragraph:*

10                    *“(B) LIMITATION ON PAYMENT AMOUNT FOR*  
 11                    *BIOSIMILAR BIOLOGICAL PRODUCTS DURING INI-*  
 12                    *TIAL PERIOD.—In the case of a biosimilar bio-*  
 13                    *logical product furnished on or after July 1,*  
 14                    *2024, during the initial period described in sub-*  
 15                    *paragraph (A) with respect to the biosimilar bio-*  
 16                    *logical product, the amount payable under this*  
 17                    *section for the biosimilar biological product is*  
 18                    *the lesser of the following:*

19                             *“(i) The amount determined under*  
 20                             *clause (ii) of such subparagraph for the bio-*  
 21                             *similar biological product.*

22                             *“(ii) The amount determined under*  
 23                             *subsection (b)(1)(B) for the reference bio-*  
 24                             *logical product.”.*

1 **SEC. 11403. TEMPORARY INCREASE IN MEDICARE PART B**  
 2 **PAYMENT FOR CERTAIN BIOSIMILAR BIO-**  
 3 **LOGICAL PRODUCTS.**

4 *Section 1847A(b)(8) of the Social Security Act (42*  
 5 *U.S.C. 1395w–3a(b)(8)) is amended—*

6 *(1) by redesignating subparagraphs (A) and (B)*  
 7 *as clauses (i) and (ii), respectively, and moving the*  
 8 *margin of each such redesignated clause 2 ems to the*  
 9 *right;*

10 *(2) by striking “PRODUCT.—The amount” and*  
 11 *inserting the following: “PRODUCT.—*

12 *“(A) IN GENERAL.—Subject to subpara-*  
 13 *graph (B), the amount”; and*

14 *(3) by adding at the end the following new sub-*  
 15 *paragraph:*

16 *“(B) TEMPORARY PAYMENT INCREASE.—*

17 *“(i) IN GENERAL.—In the case of a*  
 18 *qualifying biosimilar biological product*  
 19 *that is furnished during the applicable 5-*  
 20 *year period for such product, the amount*  
 21 *specified in this paragraph for such product*  
 22 *with respect to such period is the sum deter-*  
 23 *mined under subparagraph (A), except that*  
 24 *clause (ii) of such subparagraph shall be*  
 25 *applied by substituting ‘8 percent’ for ‘6*  
 26 *percent’.*

1           “(ii) *APPLICABLE 5-YEAR PERIOD.*—  
2           *For purposes of clause (i), the applicable 5-*  
3           *year period for a qualifying biosimilar bio-*  
4           *logical product is—*

5                     “(I) *in the case of such a product*  
6                     *for which payment was made under*  
7                     *this paragraph as of September 30,*  
8                     *2022, the 5-year period beginning on*  
9                     *October 1, 2022; and*

10                    “(II) *in the case of such a product*  
11                    *for which payment is first made under*  
12                    *this paragraph during a calendar*  
13                    *quarter during the period beginning*  
14                    *October 1, 2022, and ending December*  
15                    *31, 2027, the 5-year period beginning*  
16                    *on the first day of such calendar quar-*  
17                    *ter during which such payment is first*  
18                    *made.*

19                    “(iii) *QUALIFYING BIOSIMILAR BIO-*  
20                    *LOGICAL PRODUCT DEFINED.*—*For purposes*  
21                    *of this subparagraph, the term ‘qualifying*  
22                    *biosimilar biological product’ means a bio-*  
23                    *similar biological product described in*  
24                    *paragraph (1)(C) with respect to which—*

1 “(I) in the case of a product de-  
 2 scribed in clause (ii)(I), the average  
 3 sales price under paragraph (8)(A)(i)  
 4 for a calendar quarter during the 5-  
 5 year period described in such clause is  
 6 not more than the average sales price  
 7 under paragraph (4)(A) for such quar-  
 8 ter for the reference biological product;  
 9 and

10 “(II) in the case of a product de-  
 11 scribed in clause (ii)(II), the average  
 12 sales price under paragraph (8)(A)(i)  
 13 for a calendar quarter during the 5-  
 14 year period described in such clause is  
 15 not more than the average sales price  
 16 under paragraph (4)(A) for such quar-  
 17 ter for the reference biological prod-  
 18 uct.”.

19 **SEC. 11404. EXPANDING ELIGIBILITY FOR LOW-INCOME**  
 20 **SUBSIDIES UNDER PART D OF THE MEDICARE**  
 21 **PROGRAM.**

22 *Section 1860D–14(a) of the Social Security Act (42*  
 23 *U.S.C. 1395w–114(a)), as amended by sections 11201 and*  
 24 *11401, is amended—*

(1) in the subsection heading, by striking “INDIVIDUALS” and all that follows through “LINE” and inserting “CERTAIN INDIVIDUALS”;

(2) in paragraph (1)—

(A) by striking the paragraph heading and inserting “INDIVIDUALS WITH CERTAIN LOW INCOMES”; and

(B) in the matter preceding subparagraph (A)—

(i) by inserting “(or, with respect to a plan year beginning on or after January 1, 2024, 150 percent)” after “135 percent”; and

(ii) by inserting “(or, with respect to a plan year beginning on or after January 1, 2024, paragraph (3)(E))” after “the resources requirement described in paragraph (3)(D)”; and

(3) in paragraph (2)—

(A) by striking the paragraph heading and inserting “OTHER LOW-INCOME INDIVIDUALS”; and

(B) in the matter preceding subparagraph (A), by striking “In the case of a subsidy” and inserting “With respect to a plan year beginning



1           *before January 1, 2024, in the case of a sub-*  
 2           *sidy”.*

3   **SEC. 11405. IMPROVING ACCESS TO ADULT VACCINES**  
 4           **UNDER MEDICAID AND CHIP.**

5           *(a) MEDICAID.—*

6           *(1) REQUIRING COVERAGE OF ADULT VACCINA-*  
 7           *TIONS.—*

8                   *(A) IN GENERAL.—Section 1902(a)(10)(A)*  
 9           *of the Social Security Act (42 U.S.C.*  
 10           *1396a(a)(10)(A)) is amended in the matter pre-*  
 11           *ceding clause (i) by inserting “(13)(B),” after*  
 12           *“(5),”.*

13                   *(B) MEDICALLY NEEDY.—Section*  
 14           *1902(a)(10)(C)(iv) of such Act (42 U.S.C.*  
 15           *1396a(a)(10)(C)(iv)) is amended by inserting “,*  
 16           *(13)(B),” after “(5)”.*

17           *(2) NO COST SHARING FOR VACCINATIONS.—*

18                   *(A) GENERAL COST-SHARING LIMITA-*  
 19           *TIONS.—Section 1916 of the Social Security Act*  
 20           *(42 U.S.C. 1396o) is amended—*

21                   *(i) in subsection (a)(2)—*

22                           *(I) in subparagraph (G), by in-*  
 23                           *serting a comma after “State plan”;*

24                           *(II) in subparagraph (H), by*  
 25                           *striking “; or” and inserting a comma;*

1                   (III) in subparagraph (I), by  
 2                   striking “; and” and inserting “; or”;  
 3                   and

4                   (IV) by adding at the end the fol-  
 5                   lowing new subparagraph:

6                   “(J) vaccines described in section  
 7                   1905(a)(13)(B) and the administration of such  
 8                   vaccines; and”;

9                   (ii) in subsection (b)(2)—

10                  (I) in subparagraph (G), by in-  
 11                  serting a comma after “State plan”;

12                  (II) in subparagraph (H), by  
 13                  striking “; or” and inserting a comma;

14                  (III) in subparagraph (I), by  
 15                  striking “; and” and inserting “; or”;  
 16                  and

17                  (IV) by adding at the end the fol-  
 18                  lowing new subparagraph:

19                  “(J) vaccines described in section  
 20                  1905(a)(13)(B) and the administration of such  
 21                  vaccines; and”.

22                  (B) APPLICATION TO ALTERNATIVE COST  
 23                  SHARING.—Section 1916A(b)(3)(B) of the Social  
 24                  Security Act (42 U.S.C. 1396o–1(b)(3)(B)) is

1           *amended by adding at the end the following new*  
 2           *clause:*

3                     *“(xiv) Vaccines described in section*  
 4                     *1905(a)(13)(B) and the administration of*  
 5                     *such vaccines.”.*

6           (3) *INCREASED FMAP FOR ADULT VACCINES AND*  
 7           *THEIR ADMINISTRATION.—Section 1905(b) of the So-*  
 8           *cial Security Act (42 U.S.C. 1396d(b)) is amended—*

9                     *(A) by striking “and (5)” and inserting*  
 10                    *“(5)”;*

11                    *(B) by striking “services and vaccines de-*  
 12                    *scribed in subparagraphs (A) and (B) of sub-*  
 13                    *section (a)(13), and prohibits cost-sharing for*  
 14                    *such services and vaccines” and inserting “serv-*  
 15                    *ices described in subsection (a)(13)(A), and pro-*  
 16                    *hibits cost-sharing for such services”;*

17                    *(C) by striking “medical assistance for such*  
 18                    *services and vaccines” and inserting “medical*  
 19                    *assistance for such services”; and*

20                    *(D) by inserting “, and (6) during the first*  
 21                    *8 fiscal quarters beginning on or after the effec-*  
 22                    *tive date of this clause, in the case of a State*  
 23                    *which, as of the date of enactment of the Act ti-*  
 24                    *tled ‘An Act to provide for reconciliation pursu-*  
 25                    *ant to title II of S. Con. Res. 14’, provides med-*

ical assistance for vaccines described in subsection (a)(13)(B) and their administration and prohibits cost-sharing for such vaccines, the Federal medical assistance percentage, as determined under this subsection and subsection (y), shall be increased by 1 percentage point with respect to medical assistance for such vaccines and their administration” before the first period.

(b) CHIP.—

(1) *REQUIRING COVERAGE OF ADULT VACCINATIONS.*—Section 2103(c) of the Social Security Act (42 U.S.C. 1397cc(c)) is amended by adding at the end the following paragraph:

“(12) *REQUIRED COVERAGE OF APPROVED, RECOMMENDED ADULT VACCINES AND THEIR ADMINISTRATION.*—Regardless of the type of coverage elected by a State under subsection (a), if the State child health plan or a waiver of such plan provides child health assistance or pregnancy-related assistance (as defined in section 2112) to an individual who is 19 years of age or older, such assistance shall include coverage of vaccines described in section 1905(a)(13)(B) and their administration.”.

(2) *NO COST-SHARING FOR VACCINATIONS.*—Section 2103(e)(2) of such Act (42 U.S.C. 1397cc(e)(2))

1        *is amended by inserting “vaccines described in sub-*  
 2        *section (c)(12) (and the administration of such vac-*  
 3        *cines),” after “in vitro diagnostic products described*  
 4        *in subsection (c)(10) (and administration of such*  
 5        *products),”.*

6        *(c) EFFECTIVE DATE.—The amendments made by this*  
 7        *section take effect on the 1st day of the 1st fiscal quarter*  
 8        *that begins on or after the date that is 1 year after the*  
 9        *date of enactment of this Act and shall apply to expendi-*  
 10       *tures made under a State plan or waiver of such plan under*  
 11       *title XIX of the Social Security Act (42 U.S.C. 1396*  
 12       *through 1396w–6) or under a State child health plan or*  
 13       *waiver of such plan under title XXI of such Act (42 U.S.C.*  
 14       *1397aa through 1397mm) on or after such effective date.*

15       **SEC. 11406. APPROPRIATE COST-SHARING FOR COVERED IN-**  
 16       **SULIN PRODUCTS UNDER MEDICARE PART D.**

17       *(a) IN GENERAL.—Section 1860D–2 of the Social Se-*  
 18       *curity Act (42 U.S.C. 1395w–102), as amended by sections*  
 19       *11201, 11202, and 11401, is amended—*

20                *(1) in subsection (b)—*

21                        *(A) in paragraph (1)(A), by striking “para-*  
 22                        *graph (8)” and inserting “paragraphs (8) and*  
 23                        *(9)”;*

24                        *(B) in paragraph (2)—*

1                   (i) in subparagraph (A), by striking  
2                   “paragraph (8)” and inserting “paragraphs  
3                   (8) and (9)”;

4                   (ii) in subparagraph (C)(i), in the  
5                   matter preceding subclause (I), by striking  
6                   “and (8)” and inserting “, (8), and (9)”;  
7                   and

8                   (iii) in subparagraph (D)(i), in the  
9                   matter preceding subclause (I), by striking  
10                  “and (8)” and inserting “, (8), and (9)”;

11                  (C) in paragraph (3)(A), in the matter pre-  
12                  ceding clause (i), by striking “and (8)” and in-  
13                  serting “(8), and (9)”;

14                  (D) in paragraph (4)(A)(i), by striking  
15                  “paragraph (8)” and inserting “paragraphs (8)  
16                  and (9)”;

17                  (E) by adding at the end the following new  
18                  paragraph:

19                  “(9) *TREATMENT OF COST-SHARING FOR COV-*  
20                  *ERED INSULIN PRODUCTS.—*

21                  “(A) *NO APPLICATION OF DEDUCTIBLE.—*  
22                  *For plan year 2023 and subsequent plan years,*  
23                  *the deductible under paragraph (1) shall not*  
24                  *apply with respect to any covered insulin prod-*  
25                  *uct.*

“(B) *APPLICATION OF COST-SHARING.*—

“(i) *PLAN YEARS 2023 AND 2024.*—For plan years 2023 and 2024, the coverage provides benefits for any covered insulin product, regardless of whether an individual has reached the initial coverage limit under paragraph (3) or the out-of-pocket threshold under paragraph (4), with cost-sharing for a month’s supply that does not exceed the applicable copayment amount.

“(ii) *PLAN YEAR 2025 AND SUBSEQUENT PLAN YEARS.*—For a plan year beginning on or after January 1, 2025, the coverage provides benefits for any covered insulin product, prior to an individual reaching the out-of-pocket threshold under paragraph (4), with cost-sharing for a month’s supply that does not exceed the applicable copayment amount.

“(C) *COVERED INSULIN PRODUCT.*—In this paragraph, the term ‘covered insulin product’ means an insulin product that is a covered part D drug covered under the prescription drug plan or MA–PD plan that is approved under section 505 of the Federal Food, Drug, and Cosmetic Act

1        *or licensed under section 351 of the Public*  
 2        *Health Service Act and marketed pursuant to*  
 3        *such approval or licensure, including any cov-*  
 4        *ered insulin product that has been deemed to be*  
 5        *licensed under section 351 of the Public Health*  
 6        *Service Act pursuant to section 7002(e)(4) of the*  
 7        *Biologics Price Competition and Innovation Act*  
 8        *of 2009 and marketed pursuant to such section.*

9                “(D) *APPLICABLE COPAYMENT AMOUNT.—*

10        *In this paragraph, the term ‘applicable copay-*  
 11        *ment amount’ means, with respect to a covered*  
 12        *insulin product under a prescription drug plan*  
 13        *or an MA–PD plan dispensed—*

14                “(i) *during plan years 2023, 2024, and*  
 15                *2025, \$35; and*

16                “(ii) *during plan year 2026 and each*  
 17                *subsequent plan year, the lesser of—*

18                        “(I) *\$35;*

19                        “(II) *an amount equal to 25 per-*  
 20                        *cent of the maximum fair price estab-*  
 21                        *lished for the covered insulin product*  
 22                        *in accordance with part E of title XI;*  
 23                        *or*

24                        “(III) *an amount equal to 25 per-*  
 25                        *cent of the negotiated price of the cov-*



1                    *ered insulin product under the pre-*  
 2                    *scription drug plan or MA–PD plan.*

3                    “(E) *SPECIAL RULE FOR FIRST 3 MONTHS*  
 4                    *OF 2023.—With respect to a month’s supply of a*  
 5                    *covered insulin product dispensed during the pe-*  
 6                    *riod beginning on January 1, 2023, and ending*  
 7                    *on March 31, 2023, a PDP sponsor offering a*  
 8                    *prescription drug plan or an MA organization*  
 9                    *offering an MA–PD plan shall reimburse an en-*  
 10                    *rollee within 30 days for any cost-sharing paid*  
 11                    *by such enrollee that exceeds the cost-sharing ap-*  
 12                    *plied by the prescription drug plan or MA–PD*  
 13                    *plan under subparagraph (B)(i) at the point-of-*  
 14                    *sale for such month’s supply.”; and*

15                    *(2) in subsection (c), by adding at the end the*  
 16                    *following new paragraph:*

17                    “(6) *TREATMENT OF COST-SHARING FOR COV-*  
 18                    *ERED INSULIN PRODUCTS.—The coverage is provided*  
 19                    *in accordance with subsection (b)(9).”.*

20                    *(b) CONFORMING AMENDMENTS TO COST-SHARING FOR*  
 21                    *LOW-INCOME INDIVIDUALS.—Section 1860D–14(a) of the*  
 22                    *Social Security Act (42 U.S.C. 1395w–114(a)), as amended*  
 23                    *by sections 11201, 11401, and 11404, is amended—*

24                    *(1) in paragraph (1)—*

1           (A) in subparagraph (D)(iii), by adding at  
 2           the end the following new sentence: “For plan  
 3           year 2023 and subsequent plan years, the copay-  
 4           ment amount applicable under the preceding  
 5           sentence to a month’s supply of a covered insulin  
 6           product (as defined in section 1860D–2(b)(9)(C))  
 7           dispensed to the individual may not exceed the  
 8           applicable copayment amount for the product  
 9           under the prescription drug plan or MA–PD  
 10          plan in which the individual is enrolled.”; and

11          (B) in subparagraph (E), by inserting the  
 12          following before the period at the end: “or under  
 13          section 1860D–2(b)(9) in the case of a covered  
 14          insulin product (as defined in subparagraph (C)  
 15          of such section)”; and

16          (2) in paragraph (2)—

17               (A) in subparagraph (B), by striking “sec-  
 18               tion 1860D–2(b)(8)” and inserting “paragraphs  
 19               (8) and (9) of section 1860D–2(b)”;

20               (B) in subparagraph (D), by adding at the  
 21               end the following new sentence: “For plan year  
 22               2023, the amount of the coinsurance applicable  
 23               under the preceding sentence to a month’s supply  
 24               of a covered insulin product (as defined in sec-  
 25               tion 1860D–2(b)(9)(C)) dispensed to the indi-

1        *vidual may not exceed the applicable copayment*  
 2        *amount for the product under the prescription*  
 3        *drug plan or MA–PD plan in which the indi-*  
 4        *vidual is enrolled.”; and*

5                *(C) in subparagraph (E), by adding at the*  
 6        *end the following new sentence: “For plan year*  
 7        *2023, the amount of the copayment or coinsur-*  
 8        *ance applicable under the preceding sentence to*  
 9        *a month’s supply of a covered insulin product*  
 10        *(as defined in section 1860D–2(b)(9)(C)) dis-*  
 11        *persed to the individual may not exceed the ap-*  
 12        *plicable copayment amount for the product*  
 13        *under the prescription drug plan or MA–PD*  
 14        *plan in which the individual is enrolled.”.*

15        *(c) TEMPORARY RETROSPECTIVE SUBSIDY.—Section*  
 16        *1860D–15(h) of the Social Security Act (42 U.S.C. 1395w–*  
 17        *115(h)), as added by section 11401(c), is amended—*

18                *(1) in the subsection heading, by inserting “AND*  
 19        *INSULIN” after “PRACTICES”; and*

20                *(2) in paragraph (1), by striking “section*  
 21        *1860D–2(b)(8)” and inserting “paragraph (8) or (9)*  
 22        *of section 1860D–2(b)”.*

23        *(d) IMPLEMENTATION FOR 2023 THROUGH 2025.—The*  
 24        *Secretary shall implement this section for plan years 2023,*

1 2024, and 2025 by program instruction or other forms of  
 2 program guidance.

3 (e) *FUNDING.*—In addition to amounts otherwise  
 4 available, there is appropriated to the Centers for Medicare  
 5 & Medicaid Services, out of any money in the Treasury  
 6 not otherwise appropriated, \$1,500,000 for fiscal year 2022,  
 7 to remain available until expended, to carry out the provi-  
 8 sions of, including the amendments made by, this section.

9 **SEC. 11407. LIMITATION ON MONTHLY COINSURANCE AND**  
 10 **ADJUSTMENTS TO SUPPLIER PAYMENT**  
 11 **UNDER MEDICARE PART B FOR INSULIN FUR-**  
 12 **NISHED THROUGH DURABLE MEDICAL EQUIP-**  
 13 **MENT.**

14 (a) *WAIVER OF DEDUCTIBLE.*—The first sentence of  
 15 section 1833(b) of the Social Security Act (42 U.S.C.  
 16 1395l(b)) is amended—

17 (1) by striking “and (12)” and inserting “(12);  
 18 and

19 (2) by inserting before the period the following:  
 20 “, and (13) such deductible shall not apply with re-  
 21 spect to insulin furnished on or after July 1, 2023,  
 22 through an item of durable medical equipment cov-  
 23 ered under section 1861(n).”.

24 (b) *COINSURANCE.*—

1           (1) *IN GENERAL.*—Section 1833(a)(1)(S) of the  
 2       *Social Security Act* (42 U.S.C. 1395l(a)(1)(S)) is  
 3       amended—

4                   (A) by inserting “(i) except as provided in  
 5       clause (ii),” after “(S)”; and

6                   (B) by inserting after “or 1847B,” the fol-  
 7       lowing: “and (ii) with respect to insulin fur-  
 8       nished on or after July 1, 2023, through an item  
 9       of durable medical equipment covered under sec-  
 10      tion 1861(n), the amounts paid shall be, subject  
 11      to the fourth sentence of this subsection, 80 per-  
 12      cent of the payment amount established under  
 13      section 1847A (or section 1847B, if applicable)  
 14      for such insulin,”.

15          (2) *ADJUSTMENT TO SUPPLIER PAYMENTS; LIM-*  
 16       *TATION ON MONTHLY COINSURANCE.*—Section 1833(a)  
 17       of the *Social Security Act* (42 U.S.C. 1395l(a)) is  
 18       amended, in the flush matter at the end, by adding  
 19       at the end the following new sentence: “The Secretary  
 20       shall make such adjustments as may be necessary to  
 21       the amounts paid as specified under paragraph  
 22       (1)(S)(ii) for insulin furnished on or after July 1,  
 23       2023, through an item of durable medical equipment  
 24       covered under section 1861(n), such that the amount  
 25       of coinsurance payable by an individual enrolled

1     *under this part for a month's supply of such insulin*  
2     *does not exceed \$35."*

3 (c) *IMPLEMENTATION.—The Secretary of Health and*  
4 *Human Services shall implement this section for 2023 by*  
5 *program instruction or other forms of program guidance.*

6 SEC. 11408. SAFE HARBOR FOR ABSENCE OF DEDUCTIBLE  
7 FOR INSULIN.

8 (a) IN GENERAL.—Paragraph (2) of section 223(c) of  
9 the Internal Revenue Code of 1986 is amended by adding  
10 at the end the following new subparagraph:

11 “(G) *SAFE HARBOR FOR ABSENCE OF DE-*  
12 *DUCTIBLE FOR CERTAIN INSULIN PRODUCTS.*—

“(i) *IN GENERAL.*—A plan shall not fail to be treated as a high deductible health plan by reason of failing to have a deductible for selected insulin products.

17 “(ii) *SELECTED INSULIN PRODUCTS*.—  
18 *For purposes of this subparagraph—*

“(I) IN GENERAL.—The term ‘se-  
lected insulin products’ means any  
dosage form (such as vial, pump, or  
inhaler dosage forms) of any different  
type (such as rapid-acting, short-act-  
ing, intermediate-acting, long-acting,

1 *ultra long-acting, and premixed) of in-*  
2 *sulin.*

3 “(II) *INSULIN.*—The term ‘insu-

4 *lin’ means insulin that is licensed*

5 *under subsection (a) or (k) of section*

6 *351 of the Public Health Service Act*

7 *(42 U.S.C. 262) and continues to be*

8 *marketed under such section, including*

9 *any insulin product that has been*

10 *deemed to be licensed under section*

11 *351(a) of such Act pursuant to section*

12 *7002(e)(4) of the Biologics Price Com-*

13 *petition and Innovation Act of 2009*

14 *(Public Law 111–148) and continues*

15 *to be marketed pursuant to such licen-*

16 *sure.”.*

17 (b) *EFFECTIVE DATE.*—The amendment made by this

18 *section shall apply to plan years beginning after December*

19 *31, 2022.*

***Subtitle C—Affordable Care Act  
Subsidies***

***SEC. 12001. IMPROVE AFFORDABILITY AND REDUCE PREMIUM COSTS OF HEALTH INSURANCE FOR CONSUMERS.***

*(a) IN GENERAL.—Clause (iii) of section 36B(b)(3)(A) of the Internal Revenue Code of 1986 is amended—*

*(1) by striking “in 2021 or 2022” and inserting “after December 31, 2020, and before January 1, 2026”, and*

*(2) by striking “2021 AND 2022” in the heading and inserting “2021 THROUGH 2025”.*

*(b) EXTENSION THROUGH 2025 OF RULE TO ALLOW CREDIT TO TAXPAYERS WHOSE HOUSEHOLD INCOME EXCEEDS 400 PERCENT OF THE POVERTY LINE.—Section 36B(c)(1)(E) of the Internal Revenue Code of 1986 is amended—*

*(1) by striking “in 2021 or 2022” and inserting “after December 31, 2020, and before January 1, 2026”, and*

*(2) by striking “2021 AND 2022” in the heading and inserting “2021 THROUGH 2025”.*

*(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2022.*



1           ***Subtitle D—Energy Security***

2   ***SEC. 13001. AMENDMENT OF 1986 CODE.***

3           *Except as otherwise expressly provided, whenever in*  
 4 *this subtitle an amendment or repeal is expressed in terms*  
 5 *of an amendment to, or repeal of, a section or other provi-*  
 6 *sion, the reference shall be considered to be made to a section*  
 7 *or other provision of the Internal Revenue Code of 1986.*

8           ***PART 1—CLEAN ELECTRICITY AND REDUCING***  
 9                           ***CARBON EMISSIONS***

10   ***SEC. 13101. EXTENSION AND MODIFICATION OF CREDIT***  
 11                           ***FOR ELECTRICITY PRODUCED FROM CERTAIN***  
 12                           ***RENEWABLE RESOURCES.***

13           *(a) IN GENERAL.—The following provisions of section*  
 14 *45(d) are each amended by striking “January 1, 2022”*  
 15 *each place it appears and inserting “January 1, 2025”:*

16                   *(1) Paragraph (2)(A).*

17                   *(2) Paragraph (3)(A).*

18                   *(3) Paragraph (6).*

19                   *(4) Paragraph (7).*

20                   *(5) Paragraph (9).*

21                   *(6) Paragraph (11)(B).*

22           *(b) BASE CREDIT AMOUNT.—Section 45 is amended—*

23                   *(1) in subsection (a)(1), by striking “1.5 cents”*  
 24 *and inserting “0.3 cents”, and*

1           (2) *in subsection (b)(2), by striking “1.5 cent”*  
 2           *and inserting “0.3 cent”.*

3           (c) *APPLICATION OF EXTENSION TO GEOTHERMAL AND*  
 4 *SOLAR.—Section 45(d)(4) is amended by striking “and*  
 5 *which” and all that follows through “January 1, 2022” and*  
 6 *inserting “and the construction of which begins before Jan-*  
 7 *uary 1, 2025”.*

8           (d) *EXTENSION OF ELECTION TO TREAT QUALIFIED*  
 9 *FACILITIES AS ENERGY PROPERTY.—Section*  
 10 *48(a)(5)(C)(ii) is amended by striking “January 1, 2022”*  
 11 *and inserting “January 1, 2025”.*

12          (e) *APPLICATION OF EXTENSION TO WIND FACILI-*  
 13 *TIES.—*

14           (1) *IN GENERAL.—Section 45(d)(1) is amended*  
 15 *by striking “January 1, 2022” and inserting “Janu-*  
 16 *ary 1, 2025”.*

17           (2) *APPLICATION OF PHASEOUT PERCENTAGE.—*

18           (A) *RENEWABLE ELECTRICITY PRODUCTION*  
 19 *CREDIT.—Section 45(b)(5) is amended by insert-*  
 20 *ing “which is placed in service before January*  
 21 *1, 2022” after “using wind to produce elec-*  
 22 *tricity”.*

23           (B) *ENERGY CREDIT.—Section 48(a)(5)(E)*  
 24 *is amended by inserting “placed in service before*

1           *January 1, 2022, and” before “treated as energy*  
 2           *property”.*

3           (3) *QUALIFIED OFFSHORE WIND FACILITIES*  
 4           *UNDER ENERGY CREDIT.—Section 48(a)(5)(F)(i) is*  
 5           *amended by striking “offshore wind facility” and all*  
 6           *that follows and inserting the following: “offshore*  
 7           *wind facility, subparagraph (E) shall not apply.”.*

8           (f) *WAGE AND APPRENTICESHIP REQUIREMENTS.—*  
 9           *Section 45(b) is amended by adding at the end the following*  
 10          *new paragraphs:*

11           “(6) *INCREASED CREDIT AMOUNT FOR QUALI-*  
 12          *FIED FACILITIES.—*

13           “(A) *IN GENERAL.—In the case of any*  
 14           *qualified facility which satisfies the requirements*  
 15           *of subparagraph (B), the amount of the credit*  
 16           *determined under subsection (a) (determined*  
 17           *after the application of paragraphs (1) through*  
 18           *(5) and without regard to this paragraph) shall*  
 19           *be equal to such amount multiplied by 5.*

20           “(B) *QUALIFIED FACILITY REQUIRE-*  
 21           *MENTS.—A qualified facility meets the require-*  
 22           *ments of this subparagraph if it is one of the fol-*  
 23           *lowing:*

1           “(i) *A facility with a maximum net*  
 2           *output of less than 1 megawatt (as meas-*  
 3           *ured in alternating current).*

4           “(ii) *A facility the construction of*  
 5           *which begins prior to the date that is 60*  
 6           *days after the Secretary publishes guidance*  
 7           *with respect to the requirements of para-*  
 8           *graphs (7)(A) and (8).*

9           “(iii) *A facility which satisfies the re-*  
 10          *quirements of paragraphs (7)(A) and (8).*

11          “(7) *PREVAILING WAGE REQUIREMENTS.—*

12           “(A) *IN GENERAL.—The requirements de-*  
 13           *scribed in this subparagraph with respect to any*  
 14           *qualified facility are that the taxpayer shall en-*  
 15           *sure that any laborers and mechanics employed*  
 16           *by the taxpayer or any contractor or subcon-*  
 17           *tractor in—*

18                   “(i) *the construction of such facility,*  
 19                   *and*

20                   “(ii) *with respect to any taxable year,*  
 21                   *for any portion of such taxable year which*  
 22                   *is within the period described in subsection*  
 23                   *(a)(2)(A)(ii), the alteration or repair of*  
 24                   *such facility,*

1        *shall be paid wages at rates not less than the*  
 2        *prevailing rates for construction, alteration, or*  
 3        *repair of a similar character in the locality in*  
 4        *which such facility is located as most recently*  
 5        *determined by the Secretary of Labor, in accord-*  
 6        *ance with subchapter IV of chapter 31 of title 40,*  
 7        *United States Code. For purposes of determining*  
 8        *an increased credit amount under paragraph*  
 9        *(6)(A) for a taxable year, the requirement under*  
 10       *clause (ii) is applied to such taxable year in*  
 11       *which the alteration or repair of the qualified fa-*  
 12       *cility occurs.”*

13                *“(B) CORRECTION AND PENALTY RELATED*  
 14        *TO FAILURE TO SATISFY WAGE REQUIRE-*  
 15        *MENTS.—*

16                *“(i) IN GENERAL.—In the case of any*  
 17        *taxpayer which fails to satisfy the require-*  
 18        *ment under subparagraph (A) with respect*  
 19        *to the construction of any qualified facility*  
 20        *or with respect to the alteration or repair of*  
 21        *a facility in any year during the period de-*  
 22        *scribed in subparagraph (A)(ii), such tax-*  
 23        *payer shall be deemed to have satisfied such*  
 24        *requirement under such subparagraph with*  
 25        *respect to such facility for any year if, with*

1           *respect to any laborer or mechanic who was*  
2           *paid wages at a rate below the rate de-*  
3           *scribed in such subparagraph for any pe-*  
4           *riod during such year, such taxpayer—*

5                     *“(I) makes payment to such la-*  
6                     *borer or mechanic in an amount equal*  
7                     *to the sum of—*

8                             *“(aa) an amount equal to the*  
9                             *difference between—*

10                                     *“(AA) the amount of*  
11                                     *wages paid to such laborer or*  
12                                     *mechanic during such period,*  
13                                     *and*

14                                     *“(BB) the amount of*  
15                                     *wages required to be paid to*  
16                                     *such laborer or mechanic*  
17                                     *pursuant to such subpara-*  
18                                     *graph during such period,*  
19                                     *plus*

20                                     *“(bb) interest on the amount*  
21                                     *determined under item (aa) at the*  
22                                     *underpayment rate established*  
23                                     *under section 6621 (determined by*  
24                                     *substituting ‘6 percentage points’*  
25                                     *for ‘3 percentage points’ in sub-*

1            *section (a)(2) of such section) for*  
2            *the period described in such item,*  
3            *and*

4            *“(II) makes payment to the Sec-*  
5            *retary of a penalty in an amount*  
6            *equal to the product of—*

7                    *“(aa) \$5,000, multiplied by*  
8                    *“(bb) the total number of la-*  
9                    *borers and mechanics who were*  
10                  *paid wages at a rate below the*  
11                  *rate described in subparagraph*  
12                  *(A) for any period during such*  
13                  *year.*

14                  *“(ii) DEFICIENCY PROCEDURES NOT TO*  
15                  *APPLY.—Subchapter B of chapter 63 (relat-*  
16                  *ing to deficiency procedures for income, es-*  
17                  *tate, gift, and certain excise taxes) shall not*  
18                  *apply with respect to the assessment or col-*  
19                  *lection of any penalty imposed by this*  
20                  *paragraph.*

21                  *“(iii) INTENTIONAL DISREGARD.—If*  
22                  *the Secretary determines that any failure*  
23                  *described in clause (i) is due to intentional*  
24                  *disregard of the requirements under sub-*

1           *paragraph (A), such clause shall be ap-*  
 2           *plied—*

3                     *“(I) in subclause (I), by sub-*  
 4                     *stituting ‘three times the sum’ for ‘the*  
 5                     *sum’, and*

6                     *“(II) in subclause (II), by sub-*  
 7                     *stituting ‘\$10,000’ for ‘5,000’ in item*  
 8                     *(aa) thereof.*

9                     *“(iv) LIMITATION ON PERIOD FOR PAY-*  
 10                    *MENT.—Pursuant to rules issued by the*  
 11                    *Secretary, in the case of a final determina-*  
 12                    *tion by the Secretary with respect to any*  
 13                    *failure by the taxpayer to satisfy the re-*  
 14                    *quirement under subparagraph (A), sub-*  
 15                    *paragraph (B)(i) shall not apply unless the*  
 16                    *payments described in subclauses (I) and*  
 17                    *(II) of such subparagraph are made by the*  
 18                    *taxpayer on or before the date which is 180*  
 19                    *days after the date of such determination.*

20                    *“(8) APPRENTICESHIP REQUIREMENTS.—The re-*  
 21                    *quirements described in this paragraph with respect*  
 22                    *to the construction of any qualified facility are as fol-*  
 23                    *lows:*

24                    *“(A) LABOR HOURS.—*



1                   “(i) *PERCENTAGE OF TOTAL LABOR*  
2                   *HOURS.*—Taxpayers shall ensure that, with  
3                   respect to the construction of any qualified  
4                   facility, not less than the applicable per-  
5                   centage of the total labor hours of the con-  
6                   struction, alteration, or repair work (in-  
7                   cluding such work performed by any con-  
8                   tractor or subcontractor) with respect to  
9                   such facility shall, subject to subparagraph  
10                  (B), be performed by qualified apprentices.

11                  “(ii) *APPLICABLE PERCENTAGE.*—For  
12                  purposes of clause (i), the applicable per-  
13                  centage shall be—

14                   “(I) in the case of a qualified fa-  
15                   cility the construction of which begins  
16                   before January 1, 2023, 10 percent,

17                   “(II) in the case of a qualified fa-  
18                   cility the construction of which begins  
19                   after December 31, 2022, and before  
20                   January 1, 2024, 12.5 percent, and

21                   “(III) in the case of a qualified  
22                   facility the construction of which be-  
23                   gins after December 31, 2023, 15 per-  
24                   cent.

1           “(B) *APPRENTICE TO JOURNEYWORKER*  
 2           *RATIO.*—*The requirement under subparagraph*  
 3           *(A)(i) shall be subject to any applicable require-*  
 4           *ments for apprentice-to-journeyworker ratios of*  
 5           *the Department of Labor or the applicable State*  
 6           *apprenticeship agency.*

7           “(C) *PARTICIPATION.*—*Each taxpayer, con-*  
 8           *tractor, or subcontractor who employs 4 or more*  
 9           *individuals to perform construction, alteration,*  
 10           *or repair work with respect to the construction*  
 11           *of a qualified facility shall employ 1 or more*  
 12           *qualified apprentices to perform such work.*

13           “(D) *EXCEPTION.*—

14           “(i) *IN GENERAL.*—*A taxpayer shall*  
 15           *not be treated as failing to satisfy the re-*  
 16           *quirements of this paragraph if such tax-*  
 17           *payer—*

18                   “(I) *satisfies the requirements de-*  
 19                   *scribed in clause (ii), or*

20                   “(II) *subject to clause (iii), in the*  
 21                   *case of any failure by the taxpayer to*  
 22                   *satisfy the requirement under subpara-*  
 23                   *graphs (A) and (C) with respect to the*  
 24                   *construction, alteration, or repair work*  
 25                   *on any qualified facility to which sub-*

1 *clause (I) does not apply, makes pay-*  
2 *ment to the Secretary of a penalty in*  
3 *an amount equal to the product of—*

4 *“(aa) \$50, multiplied by*

5 *“(bb) the total labor hours for*  
6 *which the requirement described*  
7 *in such subparagraph was not*  
8 *satisfied with respect to the con-*  
9 *struction, alteration, or repair*  
10 *work on such qualified facility.*

11 *“(ii) GOOD FAITH EFFORT.—For pur-*  
12 *poses of clause (i), a taxpayer shall be*  
13 *deemed to have satisfied the requirements*  
14 *under this paragraph with respect to a*  
15 *qualified facility if such taxpayer has re-*  
16 *quested qualified apprentices from a reg-*  
17 *istered apprenticeship program, as defined*  
18 *in section 3131(e)(3)(B), and—*

19 *“(I) such request has been denied,*  
20 *provided that such denial is not the re-*  
21 *sult of a refusal by the taxpayer or any*  
22 *contractors or subcontractors engaged*  
23 *in the performance of construction, al-*  
24 *teration, or repair work with respect to*  
25 *such qualified facility to comply with*

1           *the established standards and require-*  
2           *ments of the registered apprenticeship*  
3           *program, or*

4           “(II) *the registered apprenticeship*  
5           *program fails to respond to such re-*  
6           *quest within 5 business days after the*  
7           *date on which such registered appren-*  
8           *ticeship program received such request.*

9           “(iii) *INTENTIONAL DISREGARD.—If*  
10          *the Secretary determines that any failure*  
11          *described in subclause (i)(II) is due to in-*  
12          *tentional disregard of the requirements*  
13          *under subparagraphs (A) and (C), subclause*  
14          *(i)(II) shall be applied by substituting*  
15          *‘\$500’ for ‘\$50’ in item (aa) thereof.*

16          “(E) *DEFINITIONS.—For purposes of this*  
17          *paragraph—*

18               “(i) *LABOR HOURS.—The term ‘labor*  
19               *hours’—*

20                       “(I) *means the total number of*  
21                       *hours devoted to the performance of*  
22                       *construction, alteration, or repair work*  
23                       *by any individual employed by the*  
24                       *taxpayer or by any contractor or sub-*  
25                       *contractor, and*

1                   “(II) *excludes any hours worked*  
 2                   *by—*

3                   “(aa) *foremen,*

4                   “(bb) *superintendents,*

5                   “(cc) *owners, or*

6                   “(dd) *persons employed in a*  
 7                   *bona fide executive, administra-*  
 8                   *tive, or professional capacity*  
 9                   *(within the meaning of those*  
 10                   *terms in part 541 of title 29, Code*  
 11                   *of Federal Regulations).*

12                   “(ii) *QUALIFIED APPRENTICE.—The*  
 13                   *term ‘qualified apprentice’ means an indi-*  
 14                   *vidual who is employed by the taxpayer or*  
 15                   *by any contractor or subcontractor and who*  
 16                   *is participating in a registered apprentice-*  
 17                   *ship program, as defined in section*  
 18                   *3131(e)(3)(B).*

19                   “(9) *REGULATIONS AND GUIDANCE.—The Sec-*  
 20                   *retary shall issue such regulations or other guidance*  
 21                   *as the Secretary determines necessary to carry out the*  
 22                   *purposes of this subsection, including regulations or*  
 23                   *other guidance which provides for requirements for*  
 24                   *recordkeeping or information reporting for purposes*  
 25                   *of administering the requirements of this subsection.”.*

1       (g) *DOMESTIC CONTENT, PHASEOUT, AND ENERGY*  
 2 *COMMUNITIES.*—Section 45(b), as amended by subsection  
 3 (f), is amended—

4           (1) *by redesignating paragraph (9) as para-*  
 5 *graph (12), and*

6           (2) *by inserting after paragraph (8) the fol-*  
 7 *lowing:*

8           “(9) *DOMESTIC CONTENT BONUS CREDIT*  
 9 *AMOUNT.*—

10           “(A) *IN GENERAL.*—*In the case of any*  
 11 *qualified facility which satisfies the requirement*  
 12 *under subparagraph (B)(i), the amount of the*  
 13 *credit determined under subsection (a) (deter-*  
 14 *mined after the application of paragraphs (1)*  
 15 *through (8)) shall be increased by an amount*  
 16 *equal to 10 percent of the amount so determined.*

17           “(B) *REQUIREMENT.*—

18           “(i) *IN GENERAL.*—*The requirement*  
 19 *described in this clause is satisfied with re-*  
 20 *spect to any qualified facility if the tax-*  
 21 *payer certifies to the Secretary (at such*  
 22 *time, and in such form and manner, as the*  
 23 *Secretary may prescribe) that any steel,*  
 24 *iron, or manufactured product which is a*  
 25 *component of such facility (upon completion*

1           *of construction) was produced in the United*  
2           *States (as determined under section 661 of*  
3           *title 49, Code of Federal Regulations).*

4           “(ii) *STEEL AND IRON.*—*In the case of*  
5           *steel or iron, clause (i) shall be applied in*  
6           *a manner consistent with section 661.5 of*  
7           *title 49, Code of Federal Regulations.*

8           “(iii) *MANUFACTURED PRODUCT.*—*For*  
9           *purposes of clause (i), the manufactured*  
10          *products which are components of a quali-*  
11          *fied facility upon completion of construction*  
12          *shall be deemed to have been produced in*  
13          *the United States if not less than the ad-*  
14          *justed percentage (as determined under sub-*  
15          *paragraph (C)) of the total costs of all such*  
16          *manufactured products of such facility are*  
17          *attributable to manufactured products (in-*  
18          *cluding components) which are mined, pro-*  
19          *duced, or manufactured in the United*  
20          *States.*

21          “(C) *ADJUSTED PERCENTAGE.*—

22          “(i) *IN GENERAL.*—*Subject to sub-*  
23          *clause (ii), for purposes of subparagraph*  
24          *(B)(iii), the adjusted percentage shall be 40*  
25          *percent.*

1                   “(ii) *OFFSHORE WIND FACILITY.*—*For*  
 2                   *purposes of subparagraph (B)(iii), in the*  
 3                   *case of a qualified facility which is an off-*  
 4                   *shore wind facility, the adjusted percentage*  
 5                   *shall be 20 percent.*

6                   “(10) *PHASEOUT FOR ELECTIVE PAYMENT.*—

7                   “(A) *IN GENERAL.*—*In the case of a tax-*  
 8                   *payer making an election under section 6417*  
 9                   *with respect to a credit under this section, the*  
 10                  *amount of such credit shall be replaced with—*

11                  “(i) *the value of such credit (deter-*  
 12                  *mined without regard to this paragraph),*  
 13                  *multiplied by*

14                  “(ii) *the applicable percentage.*

15                  “(B) *100 PERCENT APPLICABLE PERCENT-*  
 16                  *AGE FOR CERTAIN QUALIFIED FACILITIES.*—*In*  
 17                  *the case of any qualified facility—*

18                  “(i) *which satisfies the requirements*  
 19                  *under paragraph (9)(B), or*

20                  “(ii) *with a maximum net output of*  
 21                  *less than 1 megawatt (as measured in alter-*  
 22                  *nating current),*

23                  *the applicable percentage shall be 100 percent.*

24                  “(C) *PHASED DOMESTIC CONTENT RE-*  
 25                  *QUIREMENT.*—*Subject to subparagraph (D), in*



1        *the case of any qualified facility which is not de-*  
2        *scribed in subparagraph (B), the applicable per-*  
3        *centage shall be—*

4                *“(i) if construction of such facility*  
5                *began before January 1, 2024, 100 percent,*  
6                *and*

7                *“(ii) if construction of such facility*  
8                *began in calendar year 2024, 90 percent.*

9                *“(D) EXCEPTION.—*

10               *“(i) IN GENERAL.—For purposes of*  
11               *this paragraph, the Secretary shall provide*  
12               *exceptions to the requirements under this*  
13               *paragraph if—*

14               *“(I) the inclusion of steel, iron, or*  
15               *manufactured products which are pro-*  
16               *duced in the United States increases*  
17               *the overall costs of construction of*  
18               *qualified facilities by more than 25*  
19               *percent, or*

20               *“(II) relevant steel, iron, or man-*  
21               *ufactured products are not produced in*  
22               *the United States in sufficient and rea-*  
23               *sonably available quantities or of a*  
24               *satisfactory quality.*

1                   “(ii) *APPLICABLE PERCENTAGE.*—*In*  
 2                   *any case in which the Secretary provides an*  
 3                   *exception pursuant to clause (i), the appli-*  
 4                   *cable percentage shall be 100 percent.*

5                   “(11) *SPECIAL RULE FOR QUALIFIED FACILITY*  
 6                   *LOCATED IN ENERGY COMMUNITY.*—

7                   “(A) *IN GENERAL.*—*In the case of a quali-*  
 8                   *fied facility which is located in an energy com-*  
 9                   *munity, the credit determined under subsection*  
 10                  *(a) (determined after the application of para-*  
 11                  *graphs (1) through (10), without the application*  
 12                  *of paragraph (9)) shall be increased by an*  
 13                  *amount equal to 10 percent of the amount so de-*  
 14                  *termined.*

15                  “(B) *ENERGY COMMUNITY.*—*For purposes*  
 16                  *of this paragraph, the term ‘energy community’*  
 17                  *means—*

18                       “(i) *a brownfield site (as defined in*  
 19                       *subparagraphs (A), (B), and (D)(ii)(III) of*  
 20                       *section 101(39) of the Comprehensive Envi-*  
 21                       *ronmental Response, Compensation, and Li-*  
 22                       *ability Act of 1980 (42 U.S.C. 9601(39))),*

23                       “(ii) *a metropolitan statistical area or*  
 24                       *non-metropolitan statistical area which—*

1           “(I) has (or, at any time during  
 2           the period beginning after December  
 3           31, 2009, had) 0.17 percent or greater  
 4           direct employment or 25 percent or  
 5           greater local tax revenues related to the  
 6           extraction, processing, transport, or  
 7           storage of coal, oil, or natural gas (as  
 8           determined by the Secretary), and

9           “(II) has an unemployment rate  
 10          at or above the national average unem-  
 11          ployment rate for the previous year (as  
 12          determined by the Secretary), or

13          “(iii) a census tract—

14               “(I) in which—

15                       “(aa) after December 31,  
 16                       1999, a coal mine has closed, or

17                       “(bb) after December 31,  
 18                       2009, a coal-fired electric gener-  
 19                       ating unit has been retired, or

20          “(II) which is directly adjoining  
 21          to any census tract described in sub-  
 22          clause (I).”.

23          (h) CREDIT REDUCED FOR TAX-EXEMPT BONDS.—

24          Section 45(b)(3) is amended to read as follows:

1           “(3) CREDIT REDUCED FOR TAX-EXEMPT  
2       BONDS.—The amount of the credit determined under  
3       subsection (a) with respect to any facility for any  
4       taxable year (determined after the application of  
5       paragraphs (1) and (2)) shall be reduced by the  
6       amount which is the product of the amount so deter-  
7       mined for such year and the lesser of 15 percent or  
8       a fraction—

9           “(A) the numerator of which is the sum, for  
10       the taxable year and all prior taxable years, of  
11       proceeds of an issue of any obligations the inter-  
12       est on which is exempt from tax under section  
13       103 and which is used to provide financing for  
14       the qualified facility, and

15       “(B) the denominator of which is the aggre-  
16       gate amount of additions to the capital account  
17       for the qualified facility for the taxable year and  
18       all prior taxable years.

19       The amounts under the preceding sentence for any  
20       taxable year shall be determined as of the close of the  
21       taxable year.”.

22       (i) ROUNDING ADJUSTMENT.—

23       (1) IN GENERAL.—Section 45(b)(2) is amended  
24       by striking the second sentence and inserting the fol-  
25       lowing: “If the 0.3 cent amount as increased under

1     *the preceding sentence is not a multiple of 0.05 cent,*  
 2     *such amount shall be rounded to the nearest multiple*  
 3     *of 0.05 cent. In any other case, if an 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)     CONFORMING     AMENDMENT.—Section  
 8     45(b)(4)(A) is amended by striking “last sentence”  
 9     and inserting “last two sentences”.  
 10    (j) HYDROPOWER.—

11            (1) ELIMINATION OF CREDIT RATE REDUCTION  
 12    FOR QUALIFIED HYDROELECTRIC PRODUCTION AND  
 13    MARINE AND HYDROKINETIC RENEWABLE ENERGY.—  
 14    Section 45(b)(4)(A), as amended by the preceding  
 15    provisions of this section, is amended by striking  
 16    “(7), (9), or (11)” and inserting “or (7)”.

17            (2) MARINE AND HYDROKINETIC RENEWABLE EN-  
 18    ERGY.—Section 45 is amended—

19                    (A) in subsection (c)(10)(A)—

20                           (i) in clause (iii), by striking “or”,

21                           (ii) in clause (iv), by striking the pe-  
 22                           riod at the end and inserting “, or” and

23                           (iii) by adding at the end the fol-  
 24                           lowing:

1 “(v) pressurized water used in a pipe-  
 2 line (or similar man-made water convey-  
 3 ance) which is operated—

4 “(I) for the distribution of water  
 5 for agricultural, municipal, or indus-  
 6 trial consumption, and

7 “(II) not primarily for the gen-  
 8 eration of electricity.”, and

9 (B) in subsection (d)(11)(A), by striking  
 10 “150” and inserting “25”.

11 (k) *EFFECTIVE DATES.*—

12 (1) *IN GENERAL.*—*Except as provided in para-*  
 13 *graphs (2) and (3), the amendments made by this sec-*  
 14 *tion shall apply to facilities placed in service after*  
 15 *December 31, 2021.*

16 (2) *CREDIT REDUCED FOR TAX-EXEMPT*  
 17 *BONDS.*—*The amendment made by subsection (h)*  
 18 *shall apply to facilities the construction of which be-*  
 19 *gins after the date of enactment of this Act.*

20 (3) *DOMESTIC CONTENT, PHASEOUT, ENERGY*  
 21 *COMMUNITIES, AND HYDROPOWER.*—*The amendments*  
 22 *made by subsections (g) and (j) shall apply to facili-*  
 23 *ties placed in service after December 31, 2022.*

1 **SEC. 13102. EXTENSION AND MODIFICATION OF ENERGY**  
 2 **CREDIT.**

3 (a) *EXTENSION OF CREDIT.*—The following provisions  
 4 of section 48 are each amended by striking “January 1,  
 5 2024” each place it appears and inserting “January 1,  
 6 2025”:

7 (1) *Subsection (a)(2)(A)(i)(II).*

8 (2) *Subsection (a)(3)(A)(ii).*

9 (3) *Subsection (c)(1)(D).*

10 (4) *Subsection (c)(2)(D).*

11 (5) *Subsection (c)(3)(A)(iv).*

12 (6) *Subsection (c)(4)(C).*

13 (7) *Subsection (c)(5)(D).*

14 (b) *FURTHER EXTENSION FOR CERTAIN ENERGY*  
 15 *PROPERTY.*—Section 48(a)(3)(A)(vii) is amended by strik-  
 16 ing “January 1, 2024” and inserting “January 1, 2035”.

17 (c) *PHASEOUT OF CREDIT.*—Section 48(a) is amended  
 18 by striking paragraphs (6) and (7) and inserting the fol-  
 19 lowing new paragraph:

20 “(6) *PHASEOUT FOR CERTAIN ENERGY PROP-*  
 21 *ERTY.*—In the case of any qualified fuel cell property,  
 22 qualified small wind property, or energy property de-  
 23 scribed in clause (i) or clause (ii) of paragraph (3)(A)  
 24 the construction of which begins after December 31,  
 25 2019, and which is placed in service before January

1       1, 2022, the energy percentage determined under  
2       paragraph (2) shall be equal to 26 percent.”.

3       (d) *BASE ENERGY PERCENTAGE AMOUNT; PHASEOUT*  
4 *OF CERTAIN ENERGY PROPERTY.*—

5           (1) *BASE ENERGY PERCENTAGE AMOUNT.*—*Sec-*  
6 *tion 48(a) is amended—*

7                   (A) *in paragraph (2)(A)—*

8                           (i) *in clause (i), by striking “30 per-*  
9 *cent” and inserting “6 percent”, and*

10                           (ii) *in clause (ii), by striking “10 per-*  
11 *cent” and inserting “2 percent”, and*

12                   (B) *in paragraph (5)(A)(ii), by striking*  
13 *“30 percent” and inserting “6 percent”.*

14           (2) *PHASEOUT OF CERTAIN ENERGY PROP-*  
15 *ERTY.*—*Section 48(a), as amended by the preceding*  
16 *provisions of this Act, is amended by adding at the*  
17 *end the following new paragraph:*

18                   “(7) *PHASEOUT FOR CERTAIN ENERGY PROP-*  
19 *ERTY.*—*In the case of any energy property described*  
20 *in clause (vii) of paragraph (3)(A), the energy per-*  
21 *centage determined under paragraph (2) shall be*  
22 *equal to—*

23                           “(A) *in the case of any property the con-*  
24 *struction of which begins before January 1,*



1           2033, and which is placed in service after De-  
2           cember 31, 2021, 6 percent,

3           “(B) in the case of any property the con-  
4           struction of which begins after December 31,  
5           2032, and before January 1, 2034, 5.2 percent,  
6           and

7           “(C) in the case of any property the con-  
8           struction of which begins after December 31,  
9           2033, and before January 1, 2035, 4.4 percent.”.

10       (e) 6 PERCENT CREDIT FOR GEOTHERMAL.—Section  
11   48(a)(2)(A)(i)(II) is amended by striking “paragraph  
12   (3)(A)(i)” and inserting “clause (i) or (iii) of paragraph  
13   (3)(A)”.

14       (f) ENERGY STORAGE TECHNOLOGIES; QUALIFIED  
15   BIOGAS PROPERTY; MICROGRID CONTROLLERS; EXTENSION  
16   OF OTHER PROPERTY.—

17       (1) IN GENERAL.—Section 48(a)(3)(A) is amend-  
18   ed by striking “or” at the end of clause (vii), and by  
19   adding at the end the following new clauses:

20                   “(ix) energy storage technology,

21                   “(x) qualified biogas property, or

22                   “(xi) microgrid controllers.”.

23       (2) APPLICATION OF 6 PERCENT CREDIT.—Sec-  
24   tion 48(a)(2)(A)(i) is amended by striking “and” at

1       *the end of subclauses (IV) and (V) and adding at the*  
 2       *end the following new subclauses:*

3                       “(VI) *energy storage technology,*  
 4                       “(VII) *qualified biogas property,*  
 5                       “(VIII) *microgrid controllers, and*  
 6                       “(IX) *energy property described*  
 7                       *in clauses (v) and (vii) of paragraph*  
 8                       *(3)(A), and”.*

9               (3) *DEFINITIONS.*—Section 48(c) is amended by  
 10       *adding at the end the following new paragraphs:*

11               “(6) *ENERGY STORAGE TECHNOLOGY.*—

12                       “(A) *IN GENERAL.*—The term ‘energy stor-  
 13                       *age technology’ means—*

14                               “(i) *property (other than property pri-*  
 15                               *marily used in the transportation of goods*  
 16                               *or individuals and not for the production of*  
 17                               *electricity) which receives, stores, and deliv-*  
 18                               *ers energy for conversion to electricity (or,*  
 19                               *in the case of hydrogen, which stores en-*  
 20                               *ergy), and has a nameplate capacity of not*  
 21                               *less than 5 kilowatt hours, and*

22                               “(ii) *thermal energy storage property.*

23                       “(B) *MODIFICATIONS OF CERTAIN PROP-*  
 24                       *ERTY.*—*In the case of any property which ei-*  
 25                       *ther—*

1           “(i) was placed in service before the  
 2           date of enactment of this section and would  
 3           be described in subparagraph (A)(i), except  
 4           that such property has a capacity of less  
 5           than 5 kilowatt hours and is modified in a  
 6           manner that such property (after such  
 7           modification) has a nameplate capacity of  
 8           not less than 5 kilowatt hours, or

9           “(ii) is described in subparagraph  
 10          (A)(i) and is modified in a manner that  
 11          such property (after such modification) has  
 12          an increase in nameplate capacity of not  
 13          less than 5 kilowatt hours,

14          such property shall be treated as described in  
 15          subparagraph (A)(i) except that the basis of any  
 16          existing property prior to such modification  
 17          shall not be taken into account for purposes of  
 18          this section. In the case of any property to which  
 19          this subparagraph applies, subparagraph (D)  
 20          shall be applied by substituting ‘modification’  
 21          for ‘construction’.

22          “(C) THERMAL ENERGY STORAGE PROP-  
 23          PERTY.—

24          “(i) IN GENERAL.—Subject to clause  
 25          (ii), for purposes of this paragraph, the

term ‘thermal energy storage property’  
means property comprising a system  
which—

“(I) is directly connected to a  
heating, ventilation, or air condi-  
tioning system,

“(II) removes heat from, or adds  
heat to, a storage medium for subse-  
quent use, and

“(III) provides energy for the  
heating or cooling of the interior of a  
residential or commercial building.

“(ii) *EXCLUSION.*—The term ‘thermal  
energy storage property’ shall not include—

“(I) a swimming pool,

“(II) combined heat and power  
system property, or

“(III) a building or its structural  
components.

“(D) *TERMINATION.*—The term ‘energy stor-  
age technology’ shall not include any property  
the construction of which begins after December  
31, 2024.

“(7) *QUALIFIED BIOGAS PROPERTY.*—

1           “(A) *IN GENERAL.*—*The term ‘qualified*  
 2           *biogas property’ means property comprising a*  
 3           *system which—*

4                   “(i) *converts biomass (as defined in*  
 5                   *section 45K(c)(3), as in effect on the date of*  
 6                   *enactment of this paragraph) into a gas*  
 7                   *which—*

8                           “(I) *consists of not less than 52*  
 9                           *percent methane by volume, or*

10                           “(II) *is concentrated by such sys-*  
 11                           *tem into a gas which consists of not*  
 12                           *less than 52 percent methane, and*

13                           “(ii) *captures such gas for sale or pro-*  
 14                           *ductive use, and not for disposal via com-*  
 15                           *bustion.*

16           “(B) *INCLUSION OF CLEANING AND CONDI-*  
 17           *TIONING PROPERTY.*—*The term ‘qualified biogas*  
 18           *property’ includes any property which is part of*  
 19           *such system which cleans or conditions such gas.*

20           “(C) *TERMINATION.*—*The term ‘qualified*  
 21           *biogas property’ shall not include any property*  
 22           *the construction of which begins after December*  
 23           *31, 2024.*

24           “(8) *MICROGRID CONTROLLER.*—

1                   “(A) *IN GENERAL.*—The term ‘microgrid  
2                   controller’ means equipment which is—

3                   “(i) *part of a qualified microgrid, and*  
4                   “(ii) *designed and used to monitor and*  
5                   *control the energy resources and loads on*  
6                   *such microgrid.*

7                   “(B) *QUALIFIED MICROGRID.*—The term  
8                   ‘qualified microgrid’ means an electrical system  
9                   which—

10                  “(i) *includes equipment which is capa-*  
11                  *ble of generating not less than 4 kilowatts*  
12                  *and not greater than 20 megawatts of elec-*  
13                  *tricity,*

14                  “(ii) *is capable of operating—*

15                         “(I) *in connection with the elec-*  
16                         *trical grid and as a single controllable*  
17                         *entity with respect to such grid, and*

18                         “(II) *independently (and discon-*  
19                         *nected) from such grid, and*

20                         “(iii) *is not part of a bulk-power sys-*  
21                         *tem (as defined in section 215 of the Fed-*  
22                         *eral Power Act (16 U.S.C. 824o)).*

23                   “(C) *TERMINATION.*—The term ‘microgrid  
24                   controller’ shall not include any property the

1           *construction of which begins after December 31,*  
 2           *2024.”.*

3           (4) *DENIAL OF DOUBLE BENEFIT FOR QUALIFIED*  
 4           *BIOGAS PROPERTY.—Section 45(e) is amended by*  
 5           *adding at the end the following new paragraph:*

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

13           (5) *PUBLIC UTILITY PROPERTY.—Paragraph (2)*  
 14           *of section 50(d) is amended—*

15           (A) *by adding after the first sentence the*  
 16           *following new sentence: “At the election of a tax-*  
 17           *payer, this paragraph shall not apply to any en-*  
 18           *ergy storage technology (as defined in section*  
 19           *48(c)(6)), provided—”, and*

20           (B) *by adding the following new subpara-*  
 21           *graphs:*

22           “(A) *no election under this paragraph shall*  
 23           *be permitted if the making of such election is*  
 24           *prohibited by a State or political subdivision*  
 25           *thereof, by any agency or instrumentality of the*

1 *United States, or by a public service or public*  
 2 *utility commission or other similar body of any*  
 3 *State or political subdivision that regulates pub-*  
 4 *lic utilities as described in section*  
 5 *7701(a)(33)(A),*

6 *“(B) an election under this paragraph shall*  
 7 *be made separately with respect to each energy*  
 8 *storage technology by the due date (including ex-*  
 9 *tensions) of the Federal tax return for the taxable*  
 10 *year in which the energy storage technology is*  
 11 *placed in service by the taxpayer, and once*  
 12 *made, may be revoked only with the consent of*  
 13 *the Secretary, and*

14 *“(C) an election shall not apply with re-*  
 15 *spect to any energy storage technology if such en-*  
 16 *ergy storage technology has a maximum capacity*  
 17 *equal to or less than 500 kilowatt hours.”.*

18 *(g) FUEL CELLS USING ELECTROMECHANICAL PROC-*  
 19 *ESSES.—*

20 *(1) IN GENERAL.—Section 48(c)(1) is amend-*  
 21 *ed—*

22 *(A) in subparagraph (A)(i)—*

23 *(i) by inserting “or electromechanical”*  
 24 *after “electrochemical”, and*



1                   (ii) by inserting “(1 kilowatt in the  
2                   case of a fuel cell power plant with a linear  
3                   generator assembly)” after “0.5 kilowatt”,  
4                   and

5                   (B) in subparagraph (C)—

6                   (i) by inserting “, or linear generator  
7                   assembly,” after “a fuel cell stack assem-  
8                   bly”, and

9                   (ii)       by       inserting       “or  
10                  electromechanical” after “electrochemical”.

11               (2) *LINEAR GENERATOR ASSEMBLY LIMITA-*  
12               *TION.*—Section 48(c)(1) is amended by redesignating  
13               subparagraph (D) as subparagraph (E) and by in-  
14               serting after subparagraph (C) the following new sub-  
15               paragraph:

16               “(D) *LINEAR GENERATOR ASSEMBLY.*—The  
17               term ‘linear generator assembly’ does not include  
18               any assembly which contains rotating parts.”.

19               (h) *DYNAMIC GLASS.*—Section 48(a)(3)(A)(ii) is  
20               amended by inserting “, or electrochromic glass which uses  
21               electricity to change its light transmittance properties in  
22               order to heat or cool a structure,” after “sunlight”.

23               (i) *COORDINATION WITH LOW INCOME HOUSING TAX*  
24               *CREDIT.*—Paragraph (3) of section 50(c) is amended—

1           (1) by striking “and” at the end of subpara-  
2 graph (A),

3           (2) by striking the period at the end of subpara-  
4 graph (B) and inserting “, and”, and

5           (3) by adding at the end the following new sub-  
6 paragraph:

7                   “(C) paragraph (1) shall not apply for pur-  
8 poses of determining eligible basis under section  
9 42.”.

10       (j) *INTERCONNECTION PROPERTY*.—Section 48(a), as  
11 amended by the preceding provisions of this Act, is amended  
12 by adding at the end the following new paragraph:

13                   “(8) *INTERCONNECTION PROPERTY*.—

14                           “(A) *IN GENERAL*.—For purposes of deter-  
15 mining the credit under subsection (a), energy  
16 property shall include amounts paid or incurred  
17 by the taxpayer for qualified interconnection  
18 property in connection with the installation of  
19 energy property (as defined in paragraph (3))  
20 which has a maximum net output of not greater  
21 than 5 megawatts (as measured in alternating  
22 current), to provide for the transmission or dis-  
23 tribution of the electricity produced or stored by  
24 such property, and which are properly charge-  
25 able to the capital account of the taxpayer.

1           “(B) *QUALIFIED INTERCONNECTION PROP-*  
 2           *ERTY.*—*The term ‘qualified interconnection*  
 3           *property’ means, with respect to an energy*  
 4           *project which is not a microgrid controller, any*  
 5           *tangible property—*

6                     “(i) *which is part of an addition,*  
 7                     *modification, or upgrade to a transmission*  
 8                     *or distribution system which is required at*  
 9                     *or beyond the point at which the energy*  
 10                    *project interconnects to such transmission*  
 11                    *or distribution system in order to accommo-*  
 12                    *date such interconnection,*

13                   “(ii) *either—*

14                             “(I) *which is constructed, recon-*  
 15                             *structed, or erected by the taxpayer, or*

16                             “(II) *for which the cost with re-*  
 17                             *spect to the construction, reconstruc-*  
 18                             *tion, or erection of such property is*  
 19                             *paid or incurred by such taxpayer,*  
 20                             *and*

21                             “(iii) *the original use of which, pursu-*  
 22                             *ant to an interconnection agreement, com-*  
 23                             *mences with a utility.*

24           “(C) *INTERCONNECTION AGREEMENT.*—*The*  
 25           *term ‘interconnection agreement’ means an*

1        *agreement with a utility for the purposes of*  
 2        *interconnecting the energy property owned by*  
 3        *such taxpayer to the transmission or distribution*  
 4        *system of such utility.*

5                “(D) *UTILITY.*—For purposes of this para-  
 6        *graph, the term ‘utility’ means the owner or op-*  
 7        *erator of an electrical transmission or distribu-*  
 8        *tion system which is subject to the regulatory au-*  
 9        *thority of a State or political subdivision thereof,*  
 10       *any agency or instrumentality of the United*  
 11       *States, a public service or public utility commis-*  
 12       *sion or other similar body of any State or polit-*  
 13       *ical subdivision thereof, or the governing or rate-*  
 14       *making body of an electric cooperative.*

15               “(E) *SPECIAL RULE FOR INTERCONNECTION*  
 16       *PROPERTY.*—In the case of expenses paid or in-  
 17       *curring for interconnection property, amounts*  
 18       *otherwise chargeable to capital account with re-*  
 19       *spect to such expenses shall be reduced under*  
 20       *rules similar to the rules of section 50(c).”.*

21        (k) *ENERGY PROJECTS, WAGE REQUIREMENTS, AND*  
 22       *APPRENTICESHIP REQUIREMENTS.*—Section 48(a), as  
 23       *amended by the preceding provisions of this Act, is amended*  
 24       *by adding at the end the following new paragraphs:*

1           “(9) *INCREASED CREDIT AMOUNT FOR ENERGY*  
2           *PROJECTS.*—

3           “(A) *IN GENERAL.*—

4                   “(i) *RULE.*—*In the case of any energy*  
5                   *project which satisfies the requirements of*  
6                   *subparagraph (B), the amount of the credit*  
7                   *determined under this subsection (deter-*  
8                   *mined after the application of paragraphs*  
9                   *(1) through (8) and without regard to this*  
10                  *clause) shall be equal to such amount multi-*  
11                  *plied by 5.*

12                  “(ii) *ENERGY PROJECT DEFINED.*—*For*  
13                  *purposes of this subsection, the term ‘energy*  
14                  *project’ means a project consisting of one or*  
15                  *more energy properties that are part of a*  
16                  *single project.*

17                  “(B) *PROJECT REQUIREMENTS.*—*A project*  
18                  *meets the requirements of this subparagraph if it*  
19                  *is one of the following:*

20                   “(i) *A project with a maximum net*  
21                   *output of less than 1 megawatt of electrical*  
22                   *(as measured in alternating current) or*  
23                   *thermal energy.*

24                   “(ii) *A project the construction of*  
25                   *which begins before the date that is 60 days*

1           *after the Secretary publishes guidance with*  
 2           *respect to the requirements of paragraphs*  
 3           *(10)(A) and (11).*

4           “(iii) *A project which satisfies the re-*  
 5           *quirements of paragraphs (10)(A) and (11).*

6           “(10) *PREVAILING WAGE REQUIREMENTS.—*

7           “(A) *IN GENERAL.—The requirements de-*  
 8           *scribed in this subparagraph with respect to any*  
 9           *energy project are that the taxpayer shall ensure*  
 10           *that any laborers and mechanics employed by*  
 11           *the taxpayer or any contractor or subcontractor*  
 12           *in—*

13           “(i) *the construction of such energy*  
 14           *project, and*

15           “(ii) *for the 5-year period beginning*  
 16           *on the date such project is originally placed*  
 17           *in service, the alteration or repair of such*  
 18           *project,*

19           *shall be paid wages at rates not less than the*  
 20           *prevailing rates for construction, alteration, or*  
 21           *repair of a similar character in the locality in*  
 22           *which such project is located as most recently de-*  
 23           *termined by the Secretary of Labor, in accord-*  
 24           *ance with subchapter IV of chapter 31 of title 40,*  
 25           *United States Code. Subject to subparagraph*

(C), for purposes of any determination under paragraph (9)(A)(i) for the taxable year in which the energy project is placed in service, the taxpayer shall be deemed to satisfy the requirement under clause (ii) at the time such project is placed in service.

“(B) CORRECTION AND PENALTY RELATED TO FAILURE TO SATISFY WAGE REQUIREMENTS.—Rules similar to the rules of section 45(b)(7)(B) shall apply.

“(C) RECAPTURE.—The Secretary shall, by regulations or other guidance, provide for recapturing the benefit of any increase in the credit allowed under this subsection by reason of this paragraph with respect to any project which does not satisfy the requirements under subparagraph (A) (after application of subparagraph (B)) for the period described in clause (ii) of subparagraph (A) (but which does not cease to be investment credit property within the meaning of section 50(a)). The period and percentage of such recapture shall be determined under rules similar to the rules of section 50(a).

“(11) APPRENTICESHIP REQUIREMENTS.—Rules similar to the rules of section 45(b)(8) shall apply.”.

1        *(l) DOMESTIC CONTENT; PHASEOUT FOR ELECTIVE*  
 2 *PAYMENT.—Section 48(a), as amended by the preceding*  
 3 *provisions of this Act, is amended by adding at the end*  
 4 *the following new paragraphs:*

5            *“(12) DOMESTIC CONTENT BONUS CREDIT*  
 6 *AMOUNT.—*

7            *“(A) IN GENERAL.—In the case of any en-*  
 8 *ergy project which satisfies the requirement*  
 9 *under subparagraph (B), for purposes of apply-*  
 10 *ing paragraph (2) with respect to such property,*  
 11 *the energy percentage shall be increased by the*  
 12 *applicable credit rate increase.*

13            *“(B) REQUIREMENT.—Rules similar to the*  
 14 *rules of section 45(b)(9)(B) shall apply.*

15            *“(C) APPLICABLE CREDIT RATE IN-*  
 16 *CREASE.—For purposes of subparagraph (A), the*  
 17 *applicable credit rate increase shall be—*

18            *“(i) in the case of an energy project*  
 19 *which does not satisfy the requirements of*  
 20 *paragraph (9)(B), 2 percentage points, and*

21            *“(ii) in the case of an energy project*  
 22 *which satisfies the requirements of para-*  
 23 *graph (9)(B), 10 percentage points.*

24            *“(13) PHASEOUT FOR ELECTIVE PAYMENT.—In*  
 25 *the case of a taxpayer making an election under sec-*



1        *tion 6417 with respect to a credit under this section,*  
 2        *rules similar to the rules of section 45(b)(10) shall*  
 3        *apply.”.*

4        *(m) SPECIAL RULE FOR PROPERTY FINANCED BY*  
 5        *TAX-EXEMPT BONDS.—Section 48(a)(4) is amended to read*  
 6        *as follows:*

7                *“(4) SPECIAL RULE FOR PROPERTY FINANCED BY*  
 8        *TAX-EXEMPT BONDS.—Rules similar to the rule under*  
 9        *section 45(b)(3) shall apply for purposes of this sec-*  
 10        *tion.”.*

11        *(n) TREATMENT OF CERTAIN CONTRACTS INVOLVING*  
 12        *ENERGY STORAGE.—Section 7701(e) is amended—*

13                *(1) in paragraph (3)—*

14                        *(A) in subparagraph (A)(i), by striking*  
 15                        *“or” at the end of subclause (II), by striking*  
 16                        *“and” at the end of subclause (III) and inserting*  
 17                        *“or”, and by adding at the end the following new*  
 18                        *subclause:*

19                                *“(IV) the operation of a storage*  
 20                                *facility, and”, and*

21                        *(B) by adding at the end the following new*  
 22                        *subparagraph:*

23                                *“(F) STORAGE FACILITY.—For purposes of*  
 24                                *subparagraph (A), the term ‘storage facility’*  
 25                                *means a facility which uses energy storage tech-*

1            *nology within the meaning of section 48(c)(6).”,*

2            *and*

3            *(2) in paragraph (4), by striking “or water*  
 4            *treatment works facility” and inserting “water treat-*  
 5            *ment works facility, or storage facility”.*

6            *(o) INCREASE IN CREDIT RATE FOR ENERGY COMMU-*  
 7            *NITIES.—Section 48(a), as amended by the preceding provi-*  
 8            *sions of this Act, is amended by adding at the end the fol-*  
 9            *lowing new paragraph:*

10            *“(14) INCREASE IN CREDIT RATE FOR ENERGY*  
 11            *COMMUNITIES.—*

12            *“(A) IN GENERAL.—In the case of any en-*  
 13            *ergy project that is placed in service within an*  
 14            *energy community (as defined in section*  
 15            *45(b)(11)(B), as applied by substituting ‘energy*  
 16            *project’ for ‘qualified facility’ each place it ap-*  
 17            *pears), for purposes of applying paragraph (2)*  
 18            *with respect to energy property which is part of*  
 19            *such project, the energy percentage shall be in-*  
 20            *creased by the applicable credit rate increase.*

21            *“(B) APPLICABLE CREDIT RATE IN-*  
 22            *CREASE.—For purposes of subparagraph (A), the*  
 23            *applicable credit rate increase shall be equal*  
 24            *to—*

1                   “(i) in the case of any energy project  
 2                   which does not satisfy the requirements of  
 3                   paragraph (9)(B), 2 percentage points, and  
 4                   “(ii) in the case of any energy project  
 5                   which satisfies the requirements of para-  
 6                   graph (9)(B), 10 percentage points.”.

7           (p) *REGULATIONS.*—Section 48(a), as amended by the  
 8           preceding provisions of this Act, is amended by adding at  
 9           the end the following new paragraph:

10                   “(15) *REGULATIONS AND GUIDANCE.*—The Sec-  
 11                   retary shall issue such regulations or other guidance  
 12                   as the Secretary determines necessary to carry out the  
 13                   purposes of this subsection, including regulations or  
 14                   other guidance which provides for requirements for  
 15                   recordkeeping or information reporting for purposes  
 16                   of administering the requirements of this subsection.”.

17           (q) *EFFECTIVE DATES.*—

18                   (1) *IN GENERAL.*—Except as provided in para-  
 19                   graphs (2) and (3), the amendments made by this sec-  
 20                   tion shall apply to property placed in service after  
 21                   December 31, 2021.

22                   (2) *OTHER PROPERTY.*—The amendments made  
 23                   by subsections (f), (g), (h), (i), (j), (l), (n), and (o)  
 24                   shall apply to property placed in service after Decem-  
 25                   ber 31, 2022.

1           (3) *SPECIAL RULE FOR PROPERTY FINANCED BY*  
 2           *TAX-EXEMPT BONDS.—The amendments made by sub-*  
 3           *section (m) shall apply to property the construction*  
 4           *of which begins after the date of enactment of this*  
 5           *Act.*

6   **SEC. 13103. INCREASE IN ENERGY CREDIT FOR SOLAR AND**  
 7                   **WIND FACILITIES PLACED IN SERVICE IN**  
 8                   **CONNECTION WITH LOW-INCOME COMMU-**  
 9                   **NITIES.**

10          (a) *IN GENERAL.—Section 48 is amended by adding*  
 11          *at the end the following new subsection:*

12          “(e) *SPECIAL RULES FOR CERTAIN SOLAR AND WIND*  
 13          *FACILITIES PLACED IN SERVICE IN CONNECTION WITH*  
 14          *LOW-INCOME COMMUNITIES.—*

15               “(1) *IN GENERAL.—In the case of any qualified*  
 16          *solar and wind facility with respect to which the Sec-*  
 17          *retary makes an allocation of environmental justice*  
 18          *solar and wind capacity limitation under paragraph*  
 19          *(4)—*

20                   “(A) *the energy percentage otherwise deter-*  
 21          *mined under paragraph (2) or (5) of subsection*  
 22          *(a) with respect to any eligible property which*  
 23          *is part of such facility shall be increased by—*

24                           “(i) *in the case of a facility described*  
 25                           *in subclause (I) of paragraph (2)(A)(iii)*

1                   *and not described in subclause (II) of such*  
 2                   *paragraph, 10 percentage points, and*

3                   *“(ii) in the case of a facility described*  
 4                   *in subclause (II) of paragraph (2)(A)(iii),*  
 5                   *20 percentage points, and*

6                   *“(B) the increase in the credit determined*  
 7                   *under subsection (a) by reason of this subsection*  
 8                   *for any taxable year with respect to all property*  
 9                   *which is part of such facility shall not exceed the*  
 10                   *amount which bears the same ratio to the*  
 11                   *amount of such increase (determined without re-*  
 12                   *gard to this subparagraph) as—*

13                   *“(i) the environmental justice solar*  
 14                   *and wind capacity limitation allocated to*  
 15                   *such facility, bears to*

16                   *“(ii) the total megawatt nameplate ca-*  
 17                   *capacity of such facility, as measured in di-*  
 18                   *rect current.*

19                   *“(2) QUALIFIED SOLAR AND WIND FACILITY.—*  
 20                   *For purposes of this subsection—*

21                   *“(A) IN GENERAL.—The term ‘qualified*  
 22                   *solar and wind facility’ means any facility—*

23                   *“(i) which generates electricity solely*  
 24                   *from property described in section 45(d)(1)*

or in clause (i) or (vi) of subsection  
(a)(3)(A),

“(ii) which has a maximum net output  
of less than 5 megawatts (as measured in  
alternating current), and

“(iii) which—

“(I) is located in a low-income  
community (as defined in section  
45D(e)) or on Indian land (as defined  
in section 2601(2) of the *Energy Policy  
Act of 1992* (25 U.S.C. 3501(2))), or

“(II) is part of a qualified low-in-  
come residential building project or a  
qualified low-income economic benefit  
project.

“(B) *QUALIFIED LOW-INCOME RESIDENTIAL  
BUILDING PROJECT*.—A facility shall be treated  
as part of a qualified low-income residential  
building project if—

“(i) such facility is installed on a resi-  
dential rental building which participates  
in a covered housing program (as defined in  
section 41411(a) of the *Violence Against  
Women Act of 1994* (34 U.S.C.  
12491(a)(3)), a housing assistance program

administered by the Department of Agriculture under title V of the Housing Act of 1949, a housing program administered by a tribally designated housing entity (as defined in section 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(22))) or such other affordable housing programs as the Secretary may provide, and

“(ii) the financial benefits of the electricity produced by such facility are allocated equitably among the occupants of the dwelling units of such building.

“(C) *QUALIFIED LOW-INCOME ECONOMIC BENEFIT PROJECT.*—A facility shall be treated as part of a qualified low-income economic benefit project if at least 50 percent of the financial benefits of the electricity produced by such facility are provided to households with income of—

“(i) less than 200 percent of the poverty line (as defined in section 36B(d)(3)(A)) applicable to a family of the size involved, or

1                   “(ii) less than 80 percent of area me-  
 2                   dian gross income (as determined under sec-  
 3                   tion 142(d)(2)(B)).

4                   “(D) *FINANCIAL BENEFIT*.—For purposes of  
 5                   subparagraphs (B) and (C), electricity acquired  
 6                   at a below-market rate shall not fail to be taken  
 7                   into account as a financial benefit.

8                   “(3) *ELIGIBLE PROPERTY*.—For purposes of this  
 9                   section, the term ‘eligible property’ means energy  
 10                  property which—

11                  “(A) is part of a facility described in sec-  
 12                  tion 45(d)(1) for which an election was made  
 13                  under subsection (a)(5), or

14                  “(B) is described in clause (i) or (vi) of sub-  
 15                  section (a)(3)(A),  
 16                  including energy storage technology (as described in  
 17                  subsection (a)(3)(A)(ix)) installed in connection with  
 18                  such energy property.

19                  “(4) *ALLOCATIONS*.—

20                  “(A) *IN GENERAL*.—Not later than 180  
 21                  days after the date of enactment of this sub-  
 22                  section, the Secretary shall establish a program  
 23                  to allocate amounts of environmental justice  
 24                  solar and wind capacity limitation to qualified  
 25                  solar and wind facilities. In establishing such



1        *program and to carry out the purposes of this*  
2        *subsection, the Secretary shall provide procedures*  
3        *to allow for an efficient allocation process, in-*  
4        *cluding, when determined appropriate, consider-*  
5        *ation of multiple projects in a single application*  
6        *if such projects will be placed in service by a sin-*  
7        *gle taxpayer.*

8                *“(B) LIMITATION.—The amount of environ-*  
9        *mental justice solar and wind capacity limita-*  
10        *tion allocated by the Secretary under subpara-*  
11        *graph (A) during any calendar year shall not*  
12        *exceed the annual capacity limitation with re-*  
13        *spect to such year.*

14                *“(C) ANNUAL CAPACITY LIMITATION.—For*  
15        *purposes of this paragraph, the term ‘annual ca-*  
16        *capacity limitation’ means 1.8 gigawatts of direct*  
17        *current capacity for each of calendar years 2023*  
18        *and 2024, and zero thereafter.*

19                *“(D) CARRYOVER OF UNUSED LIMITA-*  
20        *TION.—If the annual capacity limitation for any*  
21        *calendar year exceeds the aggregate amount allo-*  
22        *cated for such year under this paragraph, such*  
23        *limitation for the succeeding calendar year shall*  
24        *be increased by the amount of such excess. No*  
25        *amount may be carried under the preceding sen-*

tence to any calendar year after 2024 except as provided in section 48E(h)(4)(D)(ii).

“(E) *PLACED IN SERVICE DEADLINE.*—

“(i) *IN GENERAL.*—Paragraph (1) shall not apply with respect to any property which is placed in service after the date that is 4 years after the date of the allocation with respect to the facility of which such property is a part.

“(ii) *APPLICATION OF CARRYOVER.*—

Any amount of environmental justice solar and wind capacity limitation which expires under clause (i) during any calendar year shall be taken into account as an excess described in subparagraph (D) (or as an increase in such excess) for such calendar year, subject to the limitation imposed by the last sentence of such subparagraph.

“(5) *RECAPTURE.*—The Secretary shall, by regulations or other guidance, provide for recapturing the benefit of any increase in the credit allowed under subsection (a) by reason of this subsection with respect to any property which ceases to be property eligible for such increase (but which does not cease to be investment credit property within the meaning of sec-

14 *SEC. 13104. EXTENSION AND MODIFICATION OF CREDIT*  
15 *FOR CARBON OXIDE SEQUESTRATION.*

18                   (1) *IN GENERAL.*—Section 45Q(d) is amended to  
19                   read as follows:

23 “(1) the construction of which begins before Jan-  
24 uary 1, 2033, and either—

1           “(A) construction of carbon capture equip-  
2           ment begins before such date, or

3           “(B) the original planning and design for  
4           such facility includes installation of carbon cap-  
5           ture equipment, and

6           “(2) which—

7           “(A) in the case of a direct air capture fa-  
8           cility, captures not less than 1,000 metric tons of  
9           qualified carbon oxide during the taxable year,

10          “(B) in the case of an electricity generating  
11          facility—

12               “(i) captures not less than 18,750 met-  
13               ric tons of qualified carbon oxide during the  
14               taxable year, and

15               “(ii) with respect to any carbon cap-  
16               ture equipment for the applicable electric  
17               generating unit at such facility, has a cap-  
18               ture design capacity of not less than 75 per-  
19               cent of the baseline carbon oxide production  
20               of such unit, or

21          “(C) in the case of any other facility, cap-  
22          tures not less than 12,500 metric tons of quali-  
23          fied carbon oxide during the taxable year.”.

24          (2) DEFINITIONS.—

1                   (A) *IN GENERAL.*—Section 45Q(e) is  
2                   amended—

3                   (i) by redesignating paragraphs (1)  
4                   through (3) as paragraphs (3) through (5),  
5                   respectively, and

6                   (ii) by inserting after “For purposes of  
7                   this section—” the following new para-  
8                   graphs:

9                   “(1) *APPLICABLE ELECTRIC GENERATING*  
10                  *UNIT.*—The term ‘applicable electric generating unit’  
11                  means the principal electric generating unit for which  
12                  the carbon capture equipment is originally planned  
13                  and designed.

14                  “(2) *BASELINE CARBON OXIDE PRODUCTION.*—

15                         “(A) *IN GENERAL.*—The term ‘baseline car-  
16                         bon oxide production’ means either of the fol-  
17                         lowing:

18                                 “(i) In the case of an applicable elec-  
19                                 tric generating unit which was originally  
20                                 placed in service more than 1 year prior to  
21                                 the date on which construction of the carbon  
22                                 capture equipment begins, the average an-  
23                                 nual carbon oxide production, by mass,  
24                                 from such unit during—

1                   “(I) in the case of an applicable  
2                   *electric generating unit which was*  
3                   *originally placed in service more than*  
4                   *1 year prior to the date on which con-*  
5                   *struction of the carbon capture equip-*  
6                   *ment begins and on or after the date*  
7                   *which is 3 years prior to the date on*  
8                   *which construction of such equipment*  
9                   *begins, the period beginning on the*  
10                  *date such unit was placed in service*  
11                  *and ending on the date on which con-*  
12                  *struction of such equipment began, and*

13                  “(II) in the case of an applicable  
14                  *electric generating unit which was*  
15                  *originally placed in service more than*  
16                  *3 years prior to the date on which con-*  
17                  *struction of the carbon capture equip-*  
18                  *ment begins, the 3 years with the high-*  
19                  *est annual carbon oxide production*  
20                  *during the 12-year period preceding*  
21                  *the date on which construction of such*  
22                  *equipment began.*

23                  “(ii) In the case of an applicable elec-  
24                  *tric generating unit which—*

1                   “(I) as of the date on which con-  
 2                   struction of the carbon capture equip-  
 3                   ment begins, is not yet placed in serv-  
 4                   ice, or

5                   “(II) was placed in service during  
 6                   the 1-year period prior to the date on  
 7                   which construction of the carbon cap-  
 8                   ture equipment begins,  
 9                   the designed annual carbon oxide produc-  
 10                  tion, by mass, as determined based on an  
 11                  assumed capacity factor of 60 percent.

12                  “(B) CAPACITY FACTOR.—The term ‘capac-  
 13                  ity factor’ means the ratio (expressed as a per-  
 14                  centage) of the actual electric output from the  
 15                  applicable electric generating unit to the poten-  
 16                  tial electric output from such unit.”.

17                  (B) CONFORMING AMENDMENT.—Section  
 18                  142(o)(1)(B) is amended by striking “section  
 19                  45Q(e)(1)” and inserting “section 45Q(e)(3)”.

20                  (b) MODIFIED APPLICABLE DOLLAR AMOUNT.—Sec-  
 21                  tion 45Q(b)(1)(A) is amended—

22                       (1) in clause (i)—

23                               (A) in subclause (I), by striking “the dollar  
 24                               amount” and all that follows through “such pe-  
 25                               riod” and inserting “\$17”, and

(B) in subclause (II), by striking “the dollar amount” and all that follows through “such period” and inserting “\$12”, and

(2) in clause (ii)—

(A) in subclause (I), by striking “\$50” and inserting “\$17”, and

(B) in subclause (II), by striking “\$35” and inserting “\$12”.

(c) DETERMINATION OF APPLICABLE DOLLAR AMOUNT.—

(1) IN GENERAL.—Section 45Q(b)(1), as amended by the preceding provisions of this Act, is amended—

(A) by redesignating subparagraph (B) as subparagraph (D), and

(B) by inserting after subparagraph (A) the following new subparagraphs:

“(B) SPECIAL RULE FOR DIRECT AIR CAPTURE FACILITIES.—In the case of any qualified facility described in subsection (d)(2)(A) which is placed in service after December 31, 2022, the applicable dollar amount shall be an amount equal to the applicable dollar amount otherwise determined with respect to such qualified facility



1           *under subparagraph (A), except that such sub-*  
 2           *paragraph shall be applied—*

3                     *“(i) by substituting ‘\$36’ for ‘\$17’ each*  
 4                     *place it appears, and*

5                     *“(ii) by substituting ‘\$26’ for ‘\$12’*  
 6                     *each place it appears.*

7                     *“(C) APPLICABLE DOLLAR AMOUNT FOR AD-*  
 8                     *DITIONAL CARBON CAPTURE EQUIPMENT.—In the*  
 9                     *case of any qualified facility which is placed in*  
 10                    *service before January 1, 2023, if any additional*  
 11                    *carbon capture equipment is installed at such fa-*  
 12                    *cility and such equipment is placed in service*  
 13                    *after December 31, 2022, the applicable dollar*  
 14                    *amount shall be an amount equal to the applica-*  
 15                    *ble dollar amount otherwise determined under*  
 16                    *this paragraph, except that subparagraph (B)*  
 17                    *shall be applied—*

18                    *“(i) by substituting ‘before January 1,*  
 19                    *2023’ for ‘after December 31, 2022’, and*

20                    *“(ii) by substituting ‘the additional*  
 21                    *carbon capture equipment installed at such*  
 22                    *qualified facility’ for ‘such qualified facil-*  
 23                    *ity’.”.*

24           (2) *CONFORMING AMENDMENTS.—*

1           (A) Section 45Q(b)(1)(A) is amended by  
 2           striking “The applicable dollar amount” and in-  
 3           serting “Except as provided in subparagraph  
 4           (B) or (C), the applicable dollar amount”.

5           (B) Section 45Q(b)(1)(D), as redesignated  
 6           by paragraph (1)(A), is amended by striking  
 7           “subparagraph (A)” and inserting “subpara-  
 8           graph (A), (B), or (C)”.

9           (d) WAGE AND APPRENTICESHIP REQUIREMENTS.—  
 10          Section 45Q is amended by redesignating subsection (h) as  
 11          subsection (i) and inserting after subsection (g) following  
 12          new subsection:

13          “(h) INCREASED CREDIT AMOUNT FOR QUALIFIED FA-  
 14          CILITIES AND CARBON CAPTURE EQUIPMENT.—

15               “(1) IN GENERAL.—In the case of any qualified  
 16          facility or any carbon capture equipment which sat-  
 17          isfy the requirements of paragraph (2), the amount of  
 18          the credit determined under subsection (a) shall be  
 19          equal to such amount (determined without regard to  
 20          this sentence) multiplied by 5.

21               “(2) REQUIREMENTS.—The requirements de-  
 22          scribed in this paragraph are that—

23                   “(A) with respect to any qualified facility  
 24          the construction of which begins on or after the  
 25          date that is 60 days after the Secretary publishes

1       *guidance with respect to the requirements of*  
2       *paragraphs (3)(A) and (4), as well as any car-*  
3       *bon capture equipment placed in service at such*  
4       *facility—*

5               “(i) *subject to subparagraph (B) of*  
6               *paragraph (3), the taxpayer satisfies the re-*  
7               *quirements under subparagraph (A) of such*  
8               *paragraph with respect to such facility and*  
9               *equipment, and*

10              “(ii) *the taxpayer satisfies the require-*  
11              *ments under paragraph (4) with respect to*  
12              *the construction of such facility and equip-*  
13              *ment,*

14              “(B) *with respect to any carbon capture*  
15              *equipment the construction of which begins on or*  
16              *after the date that is 60 days after the Secretary*  
17              *publishes guidance with respect to the require-*  
18              *ments of paragraphs (3)(A) and (4), and which*  
19              *is installed at a qualified facility the construc-*  
20              *tion of which began prior to such date—*

21              “(i) *subject to subparagraph (B) of*  
22              *paragraph (3), the taxpayer satisfies the re-*  
23              *quirements under subparagraph (A) of such*  
24              *paragraph with respect to such equipment,*  
25              *and*

1                   “(ii) the taxpayer satisfies the require-  
 2                   ments under paragraph (4) with respect to  
 3                   the construction of such equipment, or

4                   “(C) the construction of carbon capture  
 5                   equipment begins prior to the date that is 60  
 6                   days after the Secretary publishes guidance with  
 7                   respect to the requirements of paragraphs (3)(A)  
 8                   and (4), and such equipment is installed at a  
 9                   qualified facility the construction of which begins  
 10                  prior to such date.

11                  “(3) *PREVAILING WAGE REQUIREMENTS.*—

12                  “(A) *IN GENERAL.*—The requirements de-  
 13                  scribed in this subparagraph with respect to any  
 14                  qualified facility and any carbon capture equip-  
 15                  ment placed in service at such facility are that  
 16                  the taxpayer shall ensure that any laborers and  
 17                  mechanics employed by the taxpayer or any con-  
 18                  tractor or subcontractor in—

19                         “(i) the construction of such facility or  
 20                         equipment, and

21                         “(ii) with respect to any taxable year,  
 22                         for any portion of such taxable year which  
 23                         is within the period described in paragraph  
 24                         (3)(A) or (4)(A) of subsection (a), the alter-

1            *ation or repair of such facility or such*  
 2            *equipment,*  
 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 and equipment are located as*  
 7            *most recently determined by the Secretary of*  
 8            *Labor, in accordance with subchapter IV of*  
 9            *chapter 31 of title 40, United States Code. For*  
 10           *purposes of determining an increased credit*  
 11           *amount under paragraph (1) for a taxable year,*  
 12           *the requirement under clause (ii) of this sub-*  
 13           *paragraph is applied to such taxable year in*  
 14           *which the alteration or repair of qualified facil-*  
 15           *ity occurs.*

16           “(B) CORRECTION AND PENALTY RELATED  
 17           TO FAILURE TO SATISFY WAGE REQUIRE-  
 18           MENTS.—Rules similar to the rules of section  
 19           45(b)(7)(B) shall apply.

20           “(4) APPRENTICESHIP REQUIREMENTS.—Rules  
 21           similar to the rules of section 45(b)(8) shall apply.

22           “(5) REGULATIONS AND GUIDANCE.—The Sec-  
 23           retary shall issue such regulations or other guidance  
 24           as the Secretary determines necessary to carry out the  
 25           purposes of this subsection, including regulations or

1        *other guidance which provides for requirements for*  
 2        *recordkeeping or information reporting for purposes*  
 3        *of administering the requirements of this subsection.”.*

4        *(e) CREDIT REDUCED FOR TAX-EXEMPT BONDS.—Sec-*  
 5        *tion 45Q(f) is amended—*

6                *(1) by striking the second paragraph (3), as*  
 7                *added at the end of such section by section 80402(e)*  
 8                *of the Infrastructure Investment and Jobs Act (Public*  
 9                *Law 117-58), and*

10               *(2) by adding at the end the following new para-*  
 11               *graph:*

12               “(8) CREDIT REDUCED FOR TAX-EXEMPT  
 13        *BONDS.—Rules similar to the rule under section*  
 14        *45(b)(3) shall apply for purposes of this section.”.*

15        *(f) APPLICATION OF SECTION FOR CERTAIN CARBON*  
 16        *CAPTURE EQUIPMENT.—Section 45Q(g) is amended by in-*  
 17        *serting “the earlier of January 1, 2023, and” before “the*  
 18        *end of the calendar year”.*

19        *(g) ELECTION.—Section 45Q(f), as amended by sub-*  
 20        *section (e), is amended by adding at the end the following*  
 21        *new paragraph:*

22               “(9) ELECTION.—For purposes of paragraphs  
 23        *(3) and (4) of subsection (a), a person described in*  
 24        *paragraph (3)(A)(ii) may elect, at such time and in*  
 25        *such manner as the Secretary may prescribe, to have*

1     *the 12-year period begin on the first day of the first*  
 2     *taxable year in which a credit under this section is*  
 3     *claimed with respect to carbon capture equipment*  
 4     *which is originally placed in service at a qualified fa-*  
 5     *cility on or after the date of the enactment of the Bi-*  
 6     *partisan Budget Act of 2018 (after application of*  
 7     *paragraph (6), where applicable) if—*

8             *“(A) no taxpayer claimed a credit under*  
 9             *this section with respect to such carbon capture*  
 10            *equipment for any prior taxable year,*

11            *“(B) the qualified facility at which such*  
 12            *carbon capture equipment is placed in service is*  
 13            *located in an area affected by a federally-de-*  
 14            *clared disaster (as defined by section*  
 15            *165(i)(5)(A)) after the carbon capture equipment*  
 16            *is originally placed in service, and*

17            *“(C) such federally-declared disaster results*  
 18            *in a cessation of the operation of the qualified*  
 19            *facility or the carbon capture equipment after*  
 20            *such equipment is originally placed in service.”.*

21     *(h) REGULATIONS FOR BASELINE CARBON OXIDE*  
 22     *PRODUCTION.—Subsection (i) of section 45Q, as redesign-*  
 23     *ated by subsection (d), is amended—*

24            *(1) in paragraph (1), by striking “and”,*

(2) in paragraph (2), by striking the period at the end and inserting “, and”, and

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

“(3) for purposes of subsection (d)(2)(B)(ii), adjust the baseline carbon oxide production with respect to any applicable electric generating unit at any electricity generating facility if, after the date on which the carbon capture equipment is placed in service, modifications which are chargeable to capital account are made to such unit which result in a significant increase or decrease in carbon oxide production.”.

(i) *EFFECTIVE DATES.*—

(1) *IN GENERAL.*—Except as provided in paragraphs (2), (3), and (4), the amendments made by this section shall apply to facilities or equipment placed in service after December 31, 2022.

(2) *MODIFICATION OF CARBON OXIDE CAPTURE REQUIREMENTS.*—The amendments made by subsection (a) shall apply to facilities or equipment the construction of which begins after the date of enactment of this Act.

(3) *APPLICATION OF SECTION FOR CERTAIN CARBON CAPTURE EQUIPMENT.*—The amendments made



1       *by subsection (f) shall take effect on the date of enact-*  
 2       *ment of this Act.*

3               (4) *ELECTION.*—*The amendments made by sub-*  
 4       *section (g) shall apply to carbon oxide captured and*  
 5       *disposed of after December 31, 2021.*

6   **SEC. 13105. ZERO-EMISSION NUCLEAR POWER PRODUCTION**

7               **CREDIT.**

8       (a) *IN GENERAL.*—*Subpart D of part IV of subchapter*  
 9       *A of chapter 1 is amended by adding at the end the fol-*  
 10       *lowing new section:*

11   **“SEC. 45U. ZERO-EMISSION NUCLEAR POWER PRODUCTION**

12               **CREDIT.**

13       “(a) *AMOUNT OF CREDIT.*—*For purposes of section 38,*  
 14       *the zero-emission nuclear power production credit for any*  
 15       *taxable year is an amount equal to the amount by which—*

16               “(1) *the product of—*

17                       “(A) *0.3 cents, multiplied by*

18                       “(B) *the kilowatt hours of electricity—*

19                               “(i) *produced by the taxpayer at a*  
 20                               *qualified nuclear power facility, and*

21                               “(ii) *sold by the taxpayer to an unre-*  
 22                               *lated person during the taxable year, ex-*  
 23                               *ceeds*

24               “(2) *the reduction amount for such taxable year.*

25       “(b) *DEFINITIONS.*—

1           “(1) *QUALIFIED NUCLEAR POWER FACILITY.*—

2           *For purposes of this section, the term ‘qualified nu-*  
 3           *clear power facility’ means any nuclear facility—*

4                     “(A) *which is owned by the taxpayer and*  
 5                     *which uses nuclear energy to produce electricity,*

6                     “(B) *which is not an advanced nuclear*  
 7                     *power facility as defined in subsection (d)(1) of*  
 8                     *section 45J, and*

9                     “(C) *which is placed in service before the*  
 10                    *date of the enactment of this section.*

11           “(2) *REDUCTION AMOUNT.*—

12                    “(A) *IN GENERAL.*—*For purposes of this*  
 13                    *section, the term ‘reduction amount’ means, with*  
 14                    *respect to any qualified nuclear power facility*  
 15                    *for any taxable year, the amount equal to the*  
 16                    *lesser of—*

17                             “(i) *the amount determined under sub-*  
 18                             *section (a)(1), or*

19                             “(ii) *the amount equal to 16 percent of*  
 20                             *the excess of—*

21                                     “(I) *subject to subparagraph (B),*  
 22                                     *the gross receipts from any electricity*  
 23                                     *produced by such facility (including*  
 24                                     *any electricity services or products*  
 25                                     *provided in conjunction with the elec-*

1                    *tricity produced by such facility) and*  
 2                    *sold to an unrelated person during*  
 3                    *such taxable year, over*

4                    *“(II) the amount equal to the*  
 5                    *product of—*

6                    *“(aa) 2.5 cents, multiplied*  
 7                    *by*

8                    *“(bb) the amount determined*  
 9                    *under subsection (a)(1)(B).*

10                  *“(B) TREATMENT OF CERTAIN RECEIPTS.—*

11                  *“(i) IN GENERAL.—Subject to clause*  
 12                  *(iii), the amount determined under sub-*  
 13                  *paragraph (A)(ii)(I) shall include any*  
 14                  *amount received by the taxpayer during the*  
 15                  *taxable year with respect to the qualified*  
 16                  *nuclear power facility from a zero-emission*  
 17                  *credit program. For purposes of deter-*  
 18                  *mining the amount received during such*  
 19                  *taxable year, the taxpayer shall take into*  
 20                  *account any reductions required under such*  
 21                  *program.*

22                  *“(ii) ZERO-EMISSION CREDIT PRO-*  
 23                  *GRAM.—For purposes of this subparagraph,*  
 24                  *the term ‘zero-emission credit program’*  
 25                  *means any payments with respect to a*

1            *qualified nuclear power facility as a result*  
 2            *of any Federal, State or local government*  
 3            *program for, in whole or in part, the zero-*  
 4            *emission, zero-carbon, or air quality at-*  
 5            *tributes of any portion of the electricity*  
 6            *produced by such facility.*

7            “(iii) *EXCLUSION.—For purposes of*  
 8            *clause (i), any amount received by the tax-*  
 9            *payer from a zero-emission credit program*  
 10           *shall be excluded from the amount deter-*  
 11           *mined under subparagraph (A)(ii)(I) if the*  
 12           *full amount of the credit calculated pursu-*  
 13           *ant to subsection (a) (determined without*  
 14           *regard to this subparagraph) is used to re-*  
 15           *duce payments from such zero-emission*  
 16           *credit program.*

17           “(3) *ELECTRICITY.—For purposes of this section,*  
 18           *the term ‘electricity’ means the energy produced by a*  
 19           *qualified nuclear power facility from the conversion of*  
 20           *nuclear fuel into electric power.*

21           “(c) *OTHER RULES.—*

22           “(1) *INFLATION ADJUSTMENT.—The 0.3 cent*  
 23           *amount in subsection (a)(1)(A) and the 2.5 cent*  
 24           *amount in subsection (b)(2)(A)(ii)(II)(aa) shall each*  
 25           *be adjusted by multiplying such amount by the infla-*

tion adjustment factor (as determined under section 45(e)(2), as applied by substituting ‘calendar year 2023’ for ‘calendar year 1992’ in subparagraph (B) thereof) for the calendar year in which the sale occurs. If the 0.3 cent amount as increased under this paragraph is not a multiple of 0.05 cent, such amount shall be rounded to the nearest multiple of 0.05 cent. If the 2.5 cent amount as increased under this paragraph is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

“(2) *SPECIAL RULES.*—Rules similar to the rules of paragraphs (1), (3), (4), and (5) of section 45(e) shall apply for purposes of this section.

“(d) *WAGE REQUIREMENTS.*—

“(1) *INCREASED CREDIT AMOUNT FOR QUALIFIED NUCLEAR POWER FACILITIES.*—In the case of any qualified nuclear power facility which satisfies the requirements of paragraph (2)(A), the amount of the credit determined under subsection (a) shall be equal to such amount (as determined without regard to this sentence) multiplied by 5.

“(2) *PREVAILING WAGE REQUIREMENTS.*—

“(A) *IN GENERAL.*—The requirements described in this subparagraph with respect to any qualified nuclear power facility are that the tax-

1        *payer shall ensure that any laborers and me-*  
 2        *chanics employed by the taxpayer or any con-*  
 3        *tractor or subcontractor in the alteration or re-*  
 4        *pair of such facility shall be paid wages at rates*  
 5        *not less than the prevailing rates for alteration*  
 6        *or repair of a similar character in the locality*  
 7        *in which such facility is located as most recently*  
 8        *determined by the Secretary of Labor, in accord-*  
 9        *ance with subchapter IV of chapter 31 of title 40,*  
 10       *United States Code.*

11                *“(B) CORRECTION AND PENALTY RELATED*  
 12        *TO FAILURE TO SATISFY WAGE REQUIRE-*  
 13        *MENTS.—Rules similar to the rules of section*  
 14        *45(b)(7)(B) shall apply.*

15                *“(3) REGULATIONS AND GUIDANCE.—The Sec-*  
 16        *retary shall issue such regulations or other guidance*  
 17        *as the Secretary determines necessary to carry out the*  
 18        *purposes of this subsection, including regulations or*  
 19        *other guidance which provides for requirements for*  
 20        *recordkeeping or information reporting for purposes*  
 21        *of administering the requirements of this subsection.*

22                *“(e) TERMINATION.—This section shall not apply to*  
 23        *taxable years beginning after December 31, 2032.”.*

24                *(b) CONFORMING AMENDMENTS.—*

25                *(1) Section 38(b) is amended—*

1                   (A) in paragraph (32), by striking “plus”  
 2                   at the end,

3                   (B) in paragraph (33), by striking the pe-  
 4                   riod at the end and inserting “, plus”, and

5                   (C) by adding at the end the following new  
 6                   paragraph:

7                   “(34) the zero-emission nuclear power production  
 8                   credit determined under section 45U(a).”.

9                   (2) The table of sections for subpart D of part  
 10                  IV of subchapter A of chapter 1 is amended by adding  
 11                  at the end the following new item:

“Sec. 45U. Zero-emission nuclear power production credit.”.

12                  (c) *EFFECTIVE DATE.*—This section shall apply to  
 13                  electricity produced and sold after December 31, 2023, in  
 14                  taxable years beginning after such date.

## 15                                   **PART 2—CLEAN FUELS**

### 16   **SEC. 13201. EXTENSION OF INCENTIVES FOR BIODIESEL,** 17                                   **RENEWABLE DIESEL AND ALTERNATIVE** 18                                   **FUELS.**

19                  (a) *BIODIESEL AND RENEWABLE DIESEL CREDIT.*—  
 20                  Section 40A(g) is amended by striking “December 31,  
 21                  2022” and inserting “December 31, 2024”.

22                  (b) *BIODIESEL MIXTURE CREDIT.*—

23                   (1) *IN GENERAL.*—Section 6426(c)(6) is amend-  
 24                  ed by striking “December 31, 2022” and inserting  
 25                  “December 31, 2024”.

1           (2) *FUELS NOT USED FOR TAXABLE PUR-*  
 2           *POSES.—Section 6427(e)(6)(B) is amended by strik-*  
 3           *ing “December 31, 2022” and inserting “December*  
 4           *31, 2024”.*

5           (c) *ALTERNATIVE FUEL CREDIT.—Section 6426(d)(5)*  
 6           *is amended by striking “December 31, 2021” and inserting*  
 7           *“December 31, 2024”.*

8           (d) *ALTERNATIVE FUEL MIXTURE CREDIT.—Section*  
 9           *6426(e)(3) is amended by striking “December 31, 2021”*  
 10          *and inserting “December 31, 2024”.*

11          (e) *PAYMENTS FOR ALTERNATIVE FUELS.—Section*  
 12          *6427(e)(6)(C) is amended by striking “December 31, 2021”*  
 13          *and inserting “December 31, 2024”.*

14          (f) *EFFECTIVE DATE.—The amendments made by this*  
 15          *section shall apply to fuel sold or used after December 31,*  
 16          *2021.*

17          (g) *SPECIAL RULE.—In the case of any alternative fuel*  
 18          *credit properly determined under section 6426(d) of the In-*  
 19          *ternal Revenue Code of 1986 for the period beginning on*  
 20          *January 1, 2022, and ending with the close of the last cal-*  
 21          *endar quarter beginning before the date of the enactment*  
 22          *of this Act, such credit shall be allowed, and any refund*  
 23          *or payment attributable to such credit (including any pay-*  
 24          *ment under section 6427(e) of such Code) shall be made,*  
 25          *only in such manner as the Secretary of the Treasury (or*



1 *the Secretary’s delegate) shall provide. Such Secretary shall*  
 2 *issue guidance within 30 days after the date of the enact-*  
 3 *ment of this Act providing for a one-time submission of*  
 4 *claims covering periods described in the preceding sentence.*  
 5 *Such guidance shall provide for a 180-day period for the*  
 6 *submission of such claims (in such manner as prescribed*  
 7 *by such Secretary) to begin not later than 30 days after*  
 8 *such guidance is issued. Such claims shall be paid by such*  
 9 *Secretary not later than 60 days after receipt. If such Sec-*  
 10 *retary has not paid pursuant to a claim filed under this*  
 11 *subsection within 60 days after the date of the filing of such*  
 12 *claim, the claim shall be paid with interest from such date*  
 13 *determined by using the overpayment rate and method*  
 14 *under section 6621 of such Code.*

15 **SEC. 13202. EXTENSION OF SECOND GENERATION BIOFUEL**  
 16 **INCENTIVES.**

17 (a) *IN GENERAL.*—Section 40(b)(6)(J)(i) is amended  
 18 by striking “2022” and inserting “2025”.

19 (b) *EFFECTIVE DATE.*—The amendment made by sub-  
 20 section (a) shall apply to qualified second generation biofuel  
 21 production after December 31, 2021.

22 **SEC. 13203. SUSTAINABLE AVIATION FUEL CREDIT.**

23 (a) *IN GENERAL.*—Subpart D of part IV of subchapter  
 24 A of chapter 1 is amended by inserting after section 40A  
 25 the following new section:

1 **“SEC. 40B. SUSTAINABLE AVIATION FUEL CREDIT.**

2       “(a) *IN GENERAL.*—For purposes of section 38, the  
3 sustainable aviation fuel credit determined under this sec-  
4 tion for the taxable year is, with respect to any sale or use  
5 of a qualified mixture which occurs during such taxable  
6 year, an amount equal to the product of—

7               “(1) the number of gallons of sustainable avia-  
8 tion fuel in such mixture, multiplied by

9               “(2) the sum of—

10                       “(A) \$1.25, plus

11                       “(B) the applicable supplementary amount  
12 with respect to such sustainable aviation fuel.

13       “(b) *APPLICABLE SUPPLEMENTARY AMOUNT.*—For  
14 purposes of this section, the term ‘applicable supplementary  
15 amount’ means, with respect to any sustainable aviation  
16 fuel, an amount equal to \$0.01 for each percentage point  
17 by which the lifecycle greenhouse gas emissions reduction  
18 percentage with respect to such fuel exceeds 50 percent. In  
19 no event shall the applicable supplementary amount deter-  
20 mined under this subsection exceed \$0.50.

21       “(c) *QUALIFIED MIXTURE.*—For purposes of this sec-  
22 tion, the term ‘qualified mixture’ means a mixture of sus-  
23 tainable aviation fuel and kerosene if—

24               “(1) such mixture is produced by the taxpayer in  
25 the United States,

1           “(2) *such mixture is used by the taxpayer (or*  
 2           *sold by the taxpayer for use) in an aircraft,*

3           “(3) *such sale or use is in the ordinary course*  
 4           *of a trade or business of the taxpayer, and*

5           “(4) *the transfer of such mixture to the fuel tank*  
 6           *of such aircraft occurs in the United States.*

7           “(d) *SUSTAINABLE AVIATION FUEL.—*

8           “(1) *IN GENERAL.—For purposes of this section,*  
 9           *the term ‘sustainable aviation fuel’ means liquid fuel,*  
 10          *the portion of which is not kerosene, which—*

11          “(A) *meets the requirements of—*

12               “(i) *ASTM International Standard*  
 13               *D7566, or*

14               “(ii) *the Fischer Tropsch provisions of*  
 15               *ASTM International Standard D1655,*  
 16               *Annex A1,*

17          “(B) *is not derived from coprocessing an*  
 18          *applicable material (or materials derived from*  
 19          *an applicable material) with a feedstock which is*  
 20          *not biomass,*

21          “(C) *is not derived from palm fatty acid*  
 22          *distillates or petroleum, and*

23          “(D) *has been certified in accordance with*  
 24          *subsection (e) as having a lifecycle greenhouse*

1           *gas emissions reduction percentage of at least 50*  
 2           *percent.*

3           “(2) *DEFINITIONS.*—*In this subsection—*

4                   “(A) *APPLICABLE MATERIAL.*—*The term*  
 5           *‘applicable material’ means—*

6                           “(i) *monoglycerides, diglycerides, and*  
 7                   *triglycerides,*

8                           “(ii) *free fatty acids, and*

9                           “(iii) *fatty acid esters.*

10                   “(B) *BIOMASS.*—*The term ‘biomass’ has the*  
 11           *same meaning given such term in section*  
 12           *45K(c)(3).*

13           “(e) *LIFECYCLE GREENHOUSE GAS EMISSIONS RE-*  
 14   *DUCTION PERCENTAGE.*—*For purposes of this section, the*  
 15   *term ‘lifecycle greenhouse gas emissions reduction percent-*  
 16   *age’ means, with respect to any sustainable aviation fuel,*  
 17   *the percentage reduction in lifecycle greenhouse gas emis-*  
 18   *sions achieved by such fuel as compared with petroleum-*  
 19   *based jet fuel, as defined in accordance with—*

20                   “(1) *the most recent Carbon Offsetting and Re-*  
 21   *duction Scheme for International Aviation which has*  
 22   *been adopted by the International Civil Aviation Or-*  
 23   *ganization with the agreement of the United States,*  
 24   *or*

1           “(2) any similar methodology which satisfies the  
 2           criteria under section 211(o)(1)(H) of the Clean Air  
 3           Act (42 U.S.C. 7545(o)(1)(H)), as in effect on the  
 4           date of enactment of this section.

5           “(f) *REGISTRATION OF SUSTAINABLE AVIATION FUEL*  
 6           *PRODUCERS*.—No credit shall be allowed under this section  
 7           with respect to any sustainable aviation fuel unless the pro-  
 8           ducer or importer of such fuel—

9           “(1) is registered with the Secretary under sec-  
 10          tion 4101, and

11          “(2) provides—

12               “(A) certification (in such form and man-  
 13               ner as the Secretary shall prescribe) from an un-  
 14               related party demonstrating compliance with—

15                       “(i) any general requirements, supply  
 16                       chain traceability requirements, and infor-  
 17                       mation transmission requirements estab-  
 18                       lished under the Carbon Offsetting and Re-  
 19                       duction Scheme for International Aviation  
 20                       described in paragraph (1) of subsection (e),  
 21                       or

22                       “(ii) in the case of any methodology es-  
 23                       tablished under paragraph (2) of such sub-  
 24                       section, requirements similar to the require-  
 25                       ments described in clause (i), and

1                   “(B) such other information with respect to  
2                   such fuel as the Secretary may require for pur-  
3                   poses of carrying out this section.

4           “(g) COORDINATION WITH CREDIT AGAINST EXCISE  
5 TAX.—The amount of the credit determined under this sec-  
6 tion with respect to any sustainable aviation fuel shall,  
7 under rules prescribed by the Secretary, be properly reduced  
8 to take into account any benefit provided with respect to  
9 such sustainable aviation fuel solely by reason of the appli-  
10 cation of section 6426 or 6427(e).

11           “(h) TERMINATION.—This section shall not apply to  
12 any sale or use after December 31, 2024.”.

13           (b) CREDIT MADE PART OF GENERAL BUSINESS  
14 CREDIT.—Section 38(b), as amended by the preceding pro-  
15 visions of this Act, is amended by striking “plus” at the  
16 end of paragraph (33), by striking the period at the end  
17 of paragraph (34) and inserting “, plus”, and by inserting  
18 after paragraph (34) the following new paragraph:

19                   “(35) the sustainable aviation fuel credit deter-  
20                   mined under section 40B.”.

21           (c) COORDINATION WITH BIODIESEL INCENTIVES.—

22                   (1) IN GENERAL.—Section 40A(d)(1) is amended  
23                   by inserting “or 40B” after “determined under sec-  
24                   tion 40”.

1           (2) *CONFORMING AMENDMENT.*—Section 40A(f)  
 2           is amended by striking paragraph (4).

3           (d) *SUSTAINABLE AVIATION FUEL ADDED TO CREDIT*  
 4 *FOR ALCOHOL FUEL, BIODIESEL, AND ALTERNATIVE FUEL*  
 5 *MIXTURES.*—

6           (1) *IN GENERAL.*—Section 6426 is amended by  
 7           adding at the end the following new subsection:

8           “(k) *SUSTAINABLE AVIATION FUEL CREDIT.*—

9           “(1) *IN GENERAL.*—For purposes of this section,  
 10           the sustainable aviation fuel credit for the taxable  
 11           year is, with respect to any sale or use of a qualified  
 12           mixture, an amount equal to the product of—

13                   “(A) the number of gallons of sustainable  
 14                   aviation fuel in such mixture, multiplied by

15                           “(B) the sum of—

16                                   “(i) \$1.25, plus

17   “(ii) the applicable supplementary  
 18   amount with respect to such sustainable  
 19   aviation fuel.

20           “(2) *DEFINITIONS.*—Any term used in this sub-  
 21           section which is also used in section 40B shall have  
 22           the meaning given such term by section 40B.

23           “(3) *REGISTRATION REQUIREMENT.*—For pur-  
 24           poses of this subsection, rules similar to the rules of  
 25           section 40B(f) shall apply.”.

1           (2) *CONFORMING AMENDMENTS.*—

2           (A) *Section 6426 is amended—*

3                 (i) *in subsection (a)(1), by striking*  
4                 *“and (e)” and inserting “(e), and (k)”, and*

5                 (ii) *in subsection (h), by striking*  
6                 *“under section 40 or 40A” and inserting*  
7                 *“under section 40, 40A, or 40B”.*

8           (B) *Section 6427(e) is amended—*

9                 (i) *in the heading, by striking “OR AL-*  
10                 *TERNATIVE FUEL” and inserting, “ALTER-*  
11                 *NATIVE FUEL, OR SUSTAINABLE AVIATION*  
12                 *FUEL”,*

13                 (ii) *in paragraph (1), by inserting “or*  
14                 *the sustainable aviation fuel mixture cred-*  
15                 *it” after “alternative fuel mixture credit”,*  
16                 *and*

17                 (iii) *in paragraph (6)—*

18                         (I) *in subparagraph (C), by strik-*  
19                         *ing “and” at the end,*

20                         (II) *in subparagraph (D), by*  
21                         *striking the period at the end and in-*  
22                         *serting “, and”, and*

23                         (III) *by adding at the end the fol-*  
24                         *lowing new subparagraph:*



1           “(E) any qualified mixture of sustainable  
2           aviation fuel (as defined in section 6426(k)(3))  
3           sold or used after December 31, 2024.”.

4           (C) Section 4101(a)(1) is amended by in-  
5           serting “every person producing or importing  
6           sustainable aviation fuel (as defined in section  
7           40B),” before “and every person producing sec-  
8           ond generation biofuel”.

9           (D) The table of sections for subpart D of  
10          subchapter A of chapter 1 is amended by insert-  
11          ing after the item relating to section 40A the fol-  
12          lowing new item:

“Sec. 40B. Sustainable aviation fuel credit.”.

13          (e) AMOUNT OF CREDIT INCLUDED IN GROSS IN-  
14          COME.—Section 87 is amended by striking “and” in para-  
15          graph (1), by striking the period at the end of paragraph  
16          (2) and inserting “, and”, and by adding at the end the  
17          following new paragraph:

18               “(3) the sustainable aviation fuel credit deter-  
19               mined with respect to the taxpayer for the taxable  
20               year under section 40B(a).”.

21          (f) EFFECTIVE DATE.—The amendments made by this  
22          section shall apply to fuel sold or used after December 31,  
23          2022.

1 **SEC. 13204. CLEAN HYDROGEN.**

2 (a) *CREDIT FOR PRODUCTION OF CLEAN HYDRO-*  
 3 *GEN.—*

4 (1) *IN GENERAL.—Subpart D of part IV of sub-*  
 5 *chapter A of chapter 1, as amended by the preceding*  
 6 *provisions of this Act, is amended by adding at the*  
 7 *end the following new section:*

8 **“SEC. 45V. CREDIT FOR PRODUCTION OF CLEAN HYDRO-**  
 9 **GEN.**

10 “(a) *AMOUNT OF CREDIT.—For purposes of section 38,*  
 11 *the clean hydrogen production credit for any taxable year*  
 12 *is an amount equal to the product of—*

13 “(1) *the kilograms of qualified clean hydrogen*  
 14 *produced by the taxpayer during such taxable year at*  
 15 *a qualified clean hydrogen production facility during*  
 16 *the 10-year period beginning on the date such facility*  
 17 *was originally placed in service, multiplied by*

18 “(2) *the applicable amount (as determined under*  
 19 *subsection (b)) with respect to such hydrogen.*

20 “(b) *APPLICABLE AMOUNT.—*

21 “(1) *IN GENERAL.—For purposes of subsection*  
 22 *(a)(2), the applicable amount shall be an amount*  
 23 *equal to the applicable percentage of \$0.60. If any*  
 24 *amount as determined under the preceding sentence is*  
 25 *not a multiple of 0.1 cent, such amount shall be*  
 26 *rounded to the nearest multiple of 0.1 cent.*

1           “(2) *APPLICABLE PERCENTAGE.*—For purposes  
2           of paragraph (1), the applicable percentage shall be  
3           determined as follows:

4                   “(A) *In the case of any qualified clean hy-*  
5                   *drogen which is produced through a process that*  
6                   *results in a lifecycle greenhouse gas emissions*  
7                   *rate of—*

8                           “(i) *not greater than 4 kilograms of*  
9                           *CO<sub>2</sub>e per kilogram of hydrogen, and*

10                           “(ii) *not less than 2.5 kilograms of*  
11                           *CO<sub>2</sub>e per kilogram of hydrogen,*

12                   *the applicable percentage shall be 20 percent.*

13                   “(B) *In the case of any qualified clean hy-*  
14                   *drogen which is produced through a process that*  
15                   *results in a lifecycle greenhouse gas emissions*  
16                   *rate of—*

17                           “(i) *less than 2.5 kilograms of CO<sub>2</sub>e*  
18                           *per kilogram of hydrogen, and*

19                           “(ii) *not less than 1.5 kilograms of*  
20                           *CO<sub>2</sub>e per kilogram of hydrogen,*

21                   *the applicable percentage shall be 25 percent.*

22                   “(C) *In the case of any qualified clean hy-*  
23                   *drogen which is produced through a process that*  
24                   *results in a lifecycle greenhouse gas emissions*  
25                   *rate of—*

1                   “(i) less than 1.5 kilograms of CO<sub>2</sub>e  
2                   per kilogram of hydrogen, and

3                   “(ii) not less than 0.45 kilograms of  
4                   CO<sub>2</sub>e per kilogram of hydrogen,  
5                   the applicable percentage shall be 33.4 percent.

6                   “(D) In the case of any qualified clean hy-  
7                   drogen which is produced through a process that  
8                   results in a lifecycle greenhouse gas emissions  
9                   rate of less than 0.45 kilograms of CO<sub>2</sub>e per kilo-  
10                  gram of hydrogen, the applicable percentage shall  
11                  be 100 percent.

12                  “(3) INFLATION ADJUSTMENT.—The \$0.60  
13                  amount in paragraph (1) shall be adjusted by multi-  
14                  plying such amount by the inflation adjustment fac-  
15                  tor (as determined under section 45(e)(2), determined  
16                  by substituting ‘2022’ for ‘1992’ in subparagraph (B)  
17                  thereof) for the calendar year in which the qualified  
18                  clean hydrogen is produced. If any amount as in-  
19                  creased under the preceding sentence is not a multiple  
20                  of 0.1 cent, such amount shall be rounded to the near-  
21                  est multiple of 0.1 cent.

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

23                   “(1) LIFECYCLE GREENHOUSE GAS EMISSIONS.—

24                   “(A) IN GENERAL.—Subject to subpara-  
25                   graph (B), the term ‘lifecycle greenhouse gas

1 *emissions’ has the same meaning given such term*  
 2 *under subparagraph (H) of section 211(o)(1) of*  
 3 *the Clean Air Act (42 U.S.C. 7545(o)(1)), as in*  
 4 *effect on the date of enactment of this section.*

5 “(B) *GREET MODEL.*—*The term ‘lifecycle*  
 6 *greenhouse gas emissions’ shall only include*  
 7 *emissions through the point of production (well-*  
 8 *to-gate), as determined under the most recent*  
 9 *Greenhouse gases, Regulated Emissions, and En-*  
 10 *ergy use in Transportation model (commonly re-*  
 11 *ferred to as the ‘GREET model’) developed by*  
 12 *Argonne National Laboratory, or a successor*  
 13 *model (as determined by the Secretary).*

14 “(2) *QUALIFIED CLEAN HYDROGEN.*—

15 “(A) *IN GENERAL.*—*The term ‘qualified*  
 16 *clean hydrogen’ means hydrogen which is pro-*  
 17 *duced through a process that results in a lifecycle*  
 18 *greenhouse gas emissions rate of not greater than*  
 19 *4 kilograms of CO<sub>2</sub>e per kilogram of hydrogen.*

20 “(B) *ADDITIONAL REQUIREMENTS.*—*Such*  
 21 *term shall not include any hydrogen unless—*

22 “(i) *such hydrogen is produced—*

23 “(I) *in the United States (as de-*  
 24 *finied in section 638(1)) or a possession*

1                   *of the United States (as defined in sec-*  
 2                   *tion 638(2)),*

3                   *“(II) in the ordinary course of a*  
 4                   *trade or business of the taxpayer, and*

5                   *“(III) for sale or use, and*

6                   *“(ii) the production and sale or use of*  
 7                   *such hydrogen is verified by an unrelated*  
 8                   *party.*

9                   *“(C) PROVISIONAL EMISSIONS RATE.—In*  
 10                  *the case of any hydrogen for which a lifecycle*  
 11                  *greenhouse gas emissions rate has not been deter-*  
 12                  *mined for purposes of this section, a taxpayer*  
 13                  *producing such hydrogen may file a petition*  
 14                  *with the Secretary for determination of the*  
 15                  *lifecycle greenhouse gas emissions rate with re-*  
 16                  *spect to such hydrogen.*

17                  *“(3) QUALIFIED CLEAN HYDROGEN PRODUCTION*  
 18                  *FACILITY.—The term ‘qualified clean hydrogen pro-*  
 19                  *duction facility’ means a facility—*

20                  *“(A) owned by the taxpayer,*

21                  *“(B) which produces qualified clean hydro-*  
 22                  *gen, and*

23                  *“(C) the construction of which begins before*  
 24                  *January 1, 2033.*

25                  *“(d) SPECIAL RULES.—*

1           “(1) *TREATMENT OF FACILITIES OWNED BY*  
 2           *MORE THAN 1 TAXPAYER.*—*Rules similar to the rules*  
 3           *section 45(e)(3) shall apply for purposes of this sec-*  
 4           *tion.*

5           “(2) *COORDINATION WITH CREDIT FOR CARBON*  
 6           *OXIDE SEQUESTRATION.*—*No credit shall be allowed*  
 7           *under this section with respect to any qualified clean*  
 8           *hydrogen produced at a facility which includes car-*  
 9           *bon capture equipment for which a credit is allowed*  
 10           *to any taxpayer under section 45Q for the taxable*  
 11           *year or any prior taxable year.*

12           “(e) *INCREASED CREDIT AMOUNT FOR QUALIFIED*  
 13           *CLEAN HYDROGEN PRODUCTION FACILITIES.*—

14           “(1) *IN GENERAL.*—*In the case of any qualified*  
 15           *clean hydrogen production facility which satisfies the*  
 16           *requirements of paragraph (2), the amount of the*  
 17           *credit determined under subsection (a) with respect to*  
 18           *qualified clean hydrogen described in subsection*  
 19           *(b)(2) shall be equal to such amount (determined*  
 20           *without regard to this sentence) multiplied by 5.*

21           “(2) *REQUIREMENTS.*—*A facility meets the re-*  
 22           *quirements of this paragraph if it is one of the fol-*  
 23           *lowing:*

24           “(A) *A facility—*

1           “(i) the construction of which begins  
 2           prior to the date that is 60 days after the  
 3           Secretary publishes guidance with respect to  
 4           the requirements of paragraphs (3)(A) and  
 5           (4), and

6           “(ii) which meets the requirements of  
 7           paragraph (3)(A) with respect to alteration  
 8           or repair of such facility which occurs after  
 9           such date.

10          “(B) A facility which satisfies the require-  
 11          ments of paragraphs (3)(A) and (4).

12          “(3) *PREVAILING WAGE REQUIREMENTS.*—

13               “(A) *IN GENERAL.*—The requirements de-  
 14               scribed in this subparagraph with respect to any  
 15               qualified clean hydrogen production facility are  
 16               that the taxpayer shall ensure that any laborers  
 17               and mechanics employed by the taxpayer or any  
 18               contractor or subcontractor in—

19                       “(i) the construction of such facility,  
 20                       and

21                       “(ii) with respect to any taxable year,  
 22                       for any portion of such taxable year which  
 23                       is within the period described in subsection  
 24                       (a)(2), the alteration or repair of such facil-  
 25                       ity,



1        *shall be paid wages at rates not less than the*  
 2        *prevailing rates for construction, alteration, or*  
 3        *repair of a similar character in the locality in*  
 4        *which such facility is located as most recently*  
 5        *determined by the Secretary of Labor, in accord-*  
 6        *ance with subchapter IV of chapter 31 of title 40,*  
 7        *United States Code. For purposes of determining*  
 8        *an increased credit amount under paragraph (1)*  
 9        *for a taxable year, the requirement under clause*  
 10       *(ii) of this subparagraph is applied to such tax-*  
 11       *able year in which the alteration or repair of*  
 12       *qualified facility occurs.*

13                *“(B) CORRECTION AND PENALTY RELATED*  
 14                *TO FAILURE TO SATISFY WAGE REQUIRE-*  
 15                *MENTS.—Rules similar to the rules of section*  
 16                *45(b)(7)(B) shall apply.*

17                *“(4) APPRENTICESHIP REQUIREMENTS.—Rules*  
 18                *similar to the rules of section 45(b)(8) shall apply.*

19                *“(5) REGULATIONS AND GUIDANCE.—The Sec-*  
 20                *retary shall issue such regulations or other guidance*  
 21                *as the Secretary determines necessary to carry out the*  
 22                *purposes of this subsection, including regulations or*  
 23                *other guidance which provides for requirements for*  
 24                *recordkeeping or information reporting for purposes*  
 25                *of administering the requirements of this subsection.*

1       “(f) *REGULATIONS.*—Not later than 1 year after the  
 2       date of enactment of this section, the Secretary shall issue  
 3       regulations or other guidance to carry out the purposes of  
 4       this section, including regulations or other guidance for de-  
 5       termining lifecycle greenhouse gas emissions.”.

6               (2) *CREDIT REDUCED FOR TAX-EXEMPT*  
 7       *BONDS.*—Section 45V(d), as added by this section, is  
 8       amended by adding at the end the following new  
 9       paragraph:

10              “(3) *CREDIT REDUCED FOR TAX-EXEMPT*  
 11       *BONDS.*—Rules similar to the rule under section  
 12       45(b)(3) shall apply for purposes of this section.”.

13              (3) *MODIFICATION OF EXISTING FACILITIES.*—  
 14       Section 45V(d), as added and amended by the pre-  
 15       ceding provisions of this section, is amended by add-  
 16       ing at the end the following new paragraph:

17              “(4) *MODIFICATION OF EXISTING FACILITIES.*—  
 18       For purposes of subsection (a)(1), in the case of any  
 19       facility which—

20                      “(A) was originally placed in service before  
 21                      January 1, 2023, and, prior to the modification  
 22                      described in subparagraph (B), did not produce  
 23                      qualified clean hydrogen, and

24                      “(B) after the date such facility was origi-  
 25                      nally placed in service—

1                   “(i) is modified to produce qualified  
2                   clean hydrogen, and

3                   “(ii) amounts paid or incurred with  
4                   respect to such modification are properly  
5                   chargeable to capital account of the tax-  
6                   payer,

7                   such facility shall be deemed to have been originally  
8                   placed in service as of the date that the property re-  
9                   quired to complete the modification described in sub-  
10                  paragraph (B) is placed in service.”.

11                  (4) CONFORMING AMENDMENTS.—

12                  (A) Section 38(b), as amended by the pre-  
13                  ceding provisions of this Act, is amended—

14                         (i) in paragraph (34), by striking  
15                         “plus” at the end,

16                         (ii) in paragraph (35), by striking the  
17                         period at the end and inserting “, plus”,  
18                         and

19                         (iii) by adding at the end the following  
20                         new paragraph:

21                                 “(36) the clean hydrogen production credit deter-  
22                                 mined under section 45V(a).”.

23                  (B) The table of sections for subpart D of  
24                  part IV of subchapter A of chapter 1, as amend-  
25                  ed by the preceding provisions of this Act, is

1           *amended by adding at the end the following new*  
 2           *item:*

“Sec. 45V. Credit for production of clean hydrogen.”.

3           (5) *EFFECTIVE DATES.*—

4                 (A) *IN GENERAL.*—*The amendments made*  
 5                 *by paragraphs (1) and (4) of this subsection*  
 6                 *shall apply to hydrogen produced after December*  
 7                 *31, 2022.*

8                 (B) *CREDIT REDUCED FOR TAX-EXEMPT*  
 9                 *BONDS.*—*The amendment made by paragraph*  
 10                 *(2) shall apply to facilities the construction of*  
 11                 *which begins after the date of enactment of this*  
 12                 *Act.*

13                 (C) *MODIFICATION OF EXISTING FACILI-*  
 14                 *TIES.*—*The amendment made by paragraph (3)*  
 15                 *shall apply to modifications made after Decem-*  
 16                 *ber 31, 2022.*

17           (b) *CREDIT FOR ELECTRICITY PRODUCED FROM RE-*  
 18           *NEWABLE RESOURCES ALLOWED IF ELECTRICITY IS USED*  
 19           *TO PRODUCE CLEAN HYDROGEN.*—

20                 (1) *IN GENERAL.*—*Section 45(e), as amended by*  
 21                 *the preceding provisions of this Act, is amended by*  
 22                 *adding at the end the following new paragraph:*

23                 “(13) *SPECIAL RULE FOR ELECTRICITY USED AT*  
 24                 *A QUALIFIED CLEAN HYDROGEN PRODUCTION FACIL-*  
 25                 *ITY.*—*Electricity produced by the taxpayer shall be*

1        *treated as sold by such taxpayer to an unrelated per-*  
 2        *son during the taxable year if—*

3                *“(A) such electricity is used during such*  
 4                *taxable year by the taxpayer or a person related*  
 5                *to the taxpayer at a qualified clean hydrogen*  
 6                *production facility (as defined in section*  
 7                *45V(c)(3)) to produce qualified clean hydrogen*  
 8                *(as defined in section 45V(c)(2)), and*

9                *“(B) such use and production is verified (in*  
 10                *such form or manner as the Secretary may pre-*  
 11                *scribe) by an unrelated third party.”.*

12                *(2) SIMILAR RULE FOR ZERO-EMISSION NUCLEAR*  
 13                *POWER PRODUCTION CREDIT.—Subsection (c)(2) of*  
 14                *section 45U, as added by section 13105 of this Act,*  
 15                *is amended by striking “and (5)” and inserting “(5),*  
 16                *and (13)”.*

17                *(3) EFFECTIVE DATE.—The amendments made*  
 18                *by this subsection shall apply to electricity produced*  
 19                *after December 31, 2022.*

20                *(c) ELECTION TO TREAT CLEAN HYDROGEN PRODUC-*  
 21                *TION FACILITIES AS ENERGY PROPERTY.—*

22                *(1) IN GENERAL.—Section 48(a), as amended by*  
 23                *the preceding provisions of this Act, is amended—*

24                        *(A) by redesignating paragraph (15) as*  
 25                        *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 section,*  
11                  *and*

12                  “(ii) *the energy percentage with respect*  
13                  *to such property is—*

14                  “(I) *in the case of a facility which*  
15                  *is designed and reasonably expected to*  
16                  *produce qualified clean hydrogen which*  
17                  *is described in a subparagraph (A) of*  
18                  *section 45V(b)(2), 1.2 percent,*

19                  “(II) *in the case of a facility*  
20                  *which is designed and reasonably ex-*  
21                  *pected to produce qualified clean hy-*  
22                  *drogen which is described in a sub-*  
23                  *paragraph (B) of such section, 1.5 per-*  
24                  *cent,*

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.—No  
 13                  credit shall be allowed under section 45V or sec-  
 14                  tion 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 PRODUC-  
 19                  TION FACILITY.—For purposes of this paragraph,  
 20                  the term ‘specified clean hydrogen production fa-  
 21                  cility’ means any qualified clean hydrogen pro-  
 22                  duction 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 gas  
12 emissions which are consistent with the hy-  
13 drogen that such facility was designed and  
14 expected to produce under subparagraph  
15 (A)(ii).

16 “(D) QUALIFIED CLEAN HYDROGEN.—For  
17 purposes of this paragraph, the term ‘qualified  
18 clean hydrogen’ has the meaning given such term  
19 by section 45V(c)(2).

20 “(E) REGULATIONS.—The Secretary shall  
21 issue such regulations or other guidance as the  
22 Secretary determines necessary to carry out the  
23 purposes of this section, including regulations or  
24 other guidance which recaptures so much of any  
25 credit allowed under this section as exceeds the



1           *amount of the credit which would have been al-*  
 2           *lowed if the expected production were consistent*  
 3           *with the actual verified production (or all of the*  
 4           *credit so allowed in the absence of such*  
 5           *verification).”.*

6           (2) *CONFORMING AMENDMENT.*—*Paragraph*  
 7           *(9)(A)(i) of section 48(a), as added by section 13102,*  
 8           *is amended by inserting “and paragraph (15)” after*  
 9           *“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 at-*  
 15          *tributable to the construction, reconstruction, or erec-*  
 16          *tion after December 31, 2022.*

17          (d) *TERMINATION OF EXCISE TAX CREDIT FOR HY-*  
 18          *DROGEN.*—

19               (1) *IN GENERAL.*—*Section 6426(d)(2) is amend-*  
 20               *ed by striking subparagraph (D) and by redesign-*  
 21               *ating subparagraphs (E), (F), and (G) as subpara-*  
 22               *graphs (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 indi-*  
 15          *vidual, 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 in-*  
 20                 *stalled 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 OF*  
 2 *LIFETIME LIMITATION.*—*Section 25C(b) is amended to read*  
 3 *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) with*  
 10 *respect to any taxpayer for any taxable year shall not*  
 11 *exceed, with respect to any item of qualified energy*  
 12 *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 sec-*  
 19 *tion by reason of subsection (a)(1) with respect to any*  
 20 *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 HEAT-*  
 2           *ERS; BIOMASS STOVES AND BOILERS.*—*Notwith-*  
 3           *standing paragraphs (1) and (2), the credit allowed*  
 4           *under this section by reason of subsection (a)(2) with*  
 5           *respect to any taxpayer for any taxable year shall*  
 6           *not, in the aggregate, exceed \$2,000 with respect to*  
 7           *amounts paid or incurred for property described in*  
 8           *clauses (i) and (ii) of subsection (d)(2)(A) and in*  
 9           *subsection (d)(2)(B).”.*

10          *(d) MODIFICATIONS RELATED TO QUALIFIED ENERGY*  
 11          *EFFICIENCY IMPROVEMENTS.—*

12                 *(1) STANDARDS FOR ENERGY EFFICIENT BUILD-*  
 13                 *ING ENVELOPE COMPONENTS.*—*Section 25C(c)(2) is*  
 14                 *amended by striking “meets—” and all that follows*  
 15                 *through the period at the end and inserting the fol-*  
 16                 *lowing: “meets—*

17                         *“(A) in the case of an exterior window or*  
 18                         *skylight, Energy Star most efficient certification*  
 19                         *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, the*  
 23                         *prescriptive criteria for such component estab-*  
 24                         *lished by the most recent International Energy*  
 25                         *Conservation Code standard in effect as of the*

1           *beginning of the calendar year which is 2 years*  
 2           *prior to the calendar year in which such compo-*  
 3           *nent is placed in service.”.*

4           (2) *ROOFS NOT TREATED AS BUILDING ENVE-*  
 5           *LOPE COMPONENTS.*—Section 25C(c)(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 (D).*

9           (3) *AIR SEALING INSULATION ADDED TO DEFINI-*  
 10          *TION OF BUILDING ENVELOPE COMPONENT.*—Section  
 11          25C(c)(3)(A) *is amended by inserting “, including air*  
 12          *sealing material or system,” after “material or sys-*  
 13          *tem”.*

14          (e) *MODIFICATION OF RESIDENTIAL ENERGY PROP-*  
 15          *ERTY EXPENDITURES.*—Section 25C(d) *is amended to read*  
 16          *as follows:*

17          “(d) *RESIDENTIAL ENERGY PROPERTY EXPENDI-*  
 18          *TURES.*—*For purposes of this section—*

19                 “(1) *IN GENERAL.*—*The term ‘residential energy*  
 20                 *property expenditures’ means expenditures made by*  
 21                 *the taxpayer for qualified energy property which is—*

22                         “(A) *installed on or in connection with a*  
 23                         *dwelling unit located in the United States and*  
 24                         *used as a residence by the taxpayer, and*

1                   “(B) originally placed in service by the tax-  
2                   payer.

3                   *Such term includes expenditures for labor costs prop-*  
4                   *erly allocable to the onsite preparation, assembly, or*  
5                   *original installation of the property.*

6                   “(2) *QUALIFIED ENERGY PROPERTY.*—*The term*  
7                   *‘qualified energy property’ means any of the fol-*  
8                   *lowing:*

9                   “(A) *Any of the following which meet or ex-*  
10                  *ceed the highest efficiency tier (not including any*  
11                  *advanced tier) established by the Consortium for*  
12                  *Energy Efficiency which is in effect as of the be-*  
13                  *ginning of the calendar year in which the prop-*  
14                  *erty is placed in service:*

15                  “(i) *An electric or natural gas heat*  
16                  *pump water heater.*

17                  “(ii) *An electric or natural gas heat*  
18                  *pump.*

19                  “(iii) *A central air conditioner.*

20                  “(iv) *A natural gas, propane, or oil*  
21                  *water heater.*

22                  “(v) *A natural gas, propane, or oil fur-*  
23                  *nace or hot water boiler.*

24                  “(B) *A biomass stove or boiler which—*

1           “(i) uses the burning of biomass fuel to  
 2           heat a dwelling unit located in the United  
 3           States and used as a residence by the tax-  
 4           payer, or to heat water for use in such a  
 5           dwelling unit, and

6           “(ii) has a thermal efficiency rating of  
 7           at least 75 percent (measured by the higher  
 8           heating value of the fuel).

9           “(C) Any oil furnace or hot water boiler  
 10          which—

11           “(i) is placed in service after December  
 12          31, 2022, and before January 1, 2027,  
 13          and—

14           “(I) meets or exceeds 2021 Energy  
 15          Star efficiency criteria, and

16           “(II) is rated by the manufacturer  
 17          for use with fuel blends at least 20 per-  
 18          cent of the volume of which consists of  
 19          an eligible fuel, or

20           “(ii) is placed in service after Decem-  
 21          ber 31, 2026, and—

22           “(I) achieves an annual fuel utili-  
 23          zation efficiency rate of not less than  
 24          90, and

1                   “(II) is rated by the manufacturer  
2                   for use with fuel blends at least 50 per-  
3                   cent of the volume of which consists of  
4                   an eligible fuel.

5                   “(D) Any improvement to, or replacement  
6                   of, a panelboard, sub-panelboard, branch cir-  
7                   cuits, or feeders which—

8                   “(i) is installed in a manner consistent  
9                   with the National Electric Code,

10                  “(ii) has a load capacity of not less  
11                  than 200 amps,

12                  “(iii) is installed in conjunction  
13                  with—

14                  “(I) any qualified energy effi-  
15                  ciency improvements, or

16                  “(II) any qualified energy prop-  
17                  erty described in subparagraphs (A)  
18                  through (C) for which a credit is al-  
19                  lowed under this section for expendi-  
20                  tures with respect to such property,  
21                  and

22                  “(iv) enables the installation and use  
23                  of any property described in subclause (I)  
24                  or (II) of clause (iii).



1           “(3) *ELIGIBLE FUEL*.—For purposes of para-  
2       graph (2), the term ‘eligible fuel’ means—

3           “(A) *biodiesel and renewable diesel (within*  
4       *the meaning of section 40A), and*

5           “(B) *second generation biofuel (within the*  
6       *meaning of section 40).*”.

7       (f) *HOME ENERGY AUDITS*.—

8           (1) *IN GENERAL*.—Section 25C(a), as amended  
9       by subsection (b), is amended by striking “and” at  
10      the end of paragraph (1), by striking the period at the  
11      end of paragraph (2) and inserting “, and”, and by  
12      adding at the end the following new paragraph:

13           “(3) *the amount paid or incurred by the tax-*  
14      *payer during the taxable year for home energy au-*  
15      *dits.*”.

16           (2) *LIMITATION*.—Section 25C(b), as amended  
17      by subsection (c), is amended adding at the end the  
18      following new paragraph:

19           “(6) *HOME ENERGY AUDITS*.—

20           “(A) *DOLLAR LIMITATION*.—The amount of  
21      the credit allowed under this section by reason of  
22      subsection (a)(3) shall not exceed \$150.

23           “(B) *SUBSTANTIATION REQUIREMENT*.—No  
24      credit shall be allowed under this section by rea-  
25      son of subsection (a)(3) unless the taxpayer in-

1 *cludes with the taxpayer's return of tax such in-*  
 2 *formation or documentation as the Secretary*  
 3 *may require.”.*

4 *(3) HOME ENERGY AUDITS.—*

5 *(A) IN GENERAL.—Section 25C is amended*  
 6 *by redesignating subsections (e), (f), and (g), as*  
 7 *subsections (f), (g), and (h), respectively, and by*  
 8 *inserting after subsection (d) the following new*  
 9 *subsection:*

10 *“(e) HOME ENERGY AUDITS.—For purposes of this*  
 11 *section, the term ‘home energy audit’ means an inspection*  
 12 *and written report with respect to a dwelling unit located*  
 13 *in the United States and owned or used by the taxpayer*  
 14 *as the taxpayer's principal residence (within the meaning*  
 15 *of section 121) which—*

16 *“(1) identifies the most significant and cost-effec-*  
 17 *tive energy efficiency improvements with respect to*  
 18 *such dwelling unit, including an estimate of the en-*  
 19 *ergy and cost savings with respect to each such im-*  
 20 *provement, and*

21 *“(2) is conducted and prepared by a home en-*  
 22 *ergy auditor that meets the certification or other re-*  
 23 *quirements specified by the Secretary in regulations*  
 24 *or other guidance (as prescribed by the Secretary not*

1 *later than 365 days after the date of the enactment*  
 2 *of this subsection).”.*

3 (B) CONFORMING AMENDMENT.—Section  
 4 1016(a)(33) is amended by striking “section  
 5 25C(f)” and inserting “section 25C(g)”.

6 (4) LACK OF SUBSTANTIATION TREATED AS  
 7 MATHEMATICAL OR CLERICAL ERROR.—Section  
 8 6213(g)(2) is amended—

9 (A) in subparagraph (P), by striking “and”  
 10 at the end,

11 (B) in subparagraph (Q), by striking the  
 12 period at the end and inserting “, and”, and

13 (C) by inserting after subparagraph (Q) the  
 14 following:

15 “(R) an omission of information or docu-  
 16 mentation required under section 25C(b)(6)(B)  
 17 (relating to home energy audits) to be included  
 18 on a return.”.

19 (g) IDENTIFICATION NUMBER REQUIREMENT.—

20 (1) IN GENERAL.—Section 25C, as amended by  
 21 this section, is amended by redesignating subsection  
 22 (h) as subsection (i) and by inserting after subsection  
 23 (g) the following new subsection:

24 “(h) PRODUCT IDENTIFICATION NUMBER REQUIRE-  
 25 MENT.—

1           “(1) *IN GENERAL.*—No credit shall be allowed  
2           under subsection (a) with respect to any item of spec-  
3           ified property placed in service after December 31,  
4           2024, unless—

5                   “(A) such item is produced by a qualified  
6                   manufacturer, and

7                   “(B) the taxpayer includes the qualified  
8                   product identification number of such item on  
9                   the return of tax for the taxable year.

10           “(2) *QUALIFIED PRODUCT IDENTIFICATION NUM-*  
11           *BER.*—For purposes of this section, the term ‘qualified  
12           product identification number’ means, with respect to  
13           any item of specified property, the product identifica-  
14           tion number assigned to such item by the qualified  
15           manufacturer pursuant to the methodology referred to  
16           in paragraph (3).

17           “(3) *QUALIFIED MANUFACTURER.*—For purposes  
18           of this section, the term ‘qualified manufacturer’  
19           means any manufacturer of specified property which  
20           enters into an agreement with the Secretary which  
21           provides that such manufacturer will—

22                   “(A) assign a product identification number  
23                   to each item of specified property produced by  
24                   such manufacturer utilizing a methodology that  
25                   will ensure that such number (including any al-

1        *phanumeric) is unique to each such item (by uti-*  
 2        *lizing numbers or letters which are unique to*  
 3        *such manufacturer or by such other method as*  
 4        *the Secretary may provide),*

5                *“(B) label such item with such number in*  
 6        *such manner as the Secretary may provide, and*

7                *“(C) make periodic written reports to the*  
 8        *Secretary (at such times and in such manner as*  
 9        *the Secretary may provide) of the product identi-*  
 10       *fication numbers so assigned and including such*  
 11       *information as the Secretary may require with*  
 12       *respect to the item of specified property to which*  
 13       *such number was so assigned.*

14                *“(4) SPECIFIED PROPERTY.—For purposes of*  
 15       *this subsection, the term ‘specified property’ means*  
 16       *any qualified energy property and any property de-*  
 17       *scribed in subparagraph (B) or (C) of subsection*  
 18       *(c)(3).”.*

19                *(2) OMISSION OF CORRECT PRODUCT IDENTI-*  
 20       *FICATION NUMBER TREATED AS MATHEMATICAL OR*  
 21       *CLERICAL ERROR.—Section 6213(g)(2), as amended*  
 22       *by the preceding provisions of this Act, is amended—*

23                *(A) in subparagraph (Q), by striking “and”*  
 24       *at the end,*

1                   (B) in subparagraph (R), by striking the  
2                   period at the end and inserting “, and”, and

3                   (C) by inserting after subparagraph (R) the  
4                   following:

5                   “(S) an omission of a correct product iden-  
6                   tification number required under section 25C(h)  
7                   (relating to credit for nonbusiness energy prop-  
8                   erty) to be included on a return.”.

9           (h) *ENERGY EFFICIENT HOME IMPROVEMENT CRED-*  
10 *IT.*—

11                   (1) *IN GENERAL.*—The heading for section 25C  
12                   is amended by striking “**NONBUSINESS ENERGY**  
13                   **PROPERTY**” and inserting “**ENERGY EFFICIENT**  
14                   **HOME IMPROVEMENT CREDIT**”.

15                   (2) *CLERICAL AMENDMENT.*—The table of sec-  
16                   tions for subpart A of part IV of subchapter A of  
17                   chapter 1 is amended by striking the item relating to  
18                   section 25C and inserting after the item relating to  
19                   section 25B the following item:

“Sec. 25C. *Energy efficient home improvement credit.*”.

20                   (i) *EFFECTIVE DATES.*—

21                   (1) *IN GENERAL.*—Except as otherwise provided  
22                   by this subsection, the amendments made by this sec-  
23                   tion shall apply to property placed in service after  
24                   December 31, 2022.

1           (2) *EXTENSION OF CREDIT.*—*The amendments*  
 2           *made by subsection (a) shall apply to property placed*  
 3           *in service after December 31, 2021.*

4           (3) *IDENTIFICATION NUMBER REQUIREMENT.*—  
 5           *The amendments made by subsection (g) shall apply*  
 6           *to property placed in service after December 31, 2024.*

7 **SEC. 13302. RESIDENTIAL CLEAN ENERGY CREDIT.**

8           (a) *EXTENSION OF CREDIT.*—

9           (1) *IN GENERAL.*—*Section 25D(h) is amended by*  
 10           *striking “December 31, 2023” and inserting “Decem-*  
 11           *ber 31, 2034”.*

12           (2) *APPLICATION OF PHASEOUT.*—*Section*  
 13           *25D(g) is amended—*

14           (A) *in paragraph (2), by striking “before*  
 15           *January 1, 2023, 26 percent, and” and inserting*  
 16           *“before January 1, 2022, 26 percent,”, and*

17           (B) *by striking paragraph (3) and by in-*  
 18           *serting after paragraph (2) the following new*  
 19           *paragraphs:*

20           “(3) *in the case of property placed in service*  
 21           *after December 31, 2021, and before January 1, 2033,*  
 22           *30 percent,*

23           “(4) *in the case of property placed in service*  
 24           *after December 31, 2032, and before January 1, 2034,*  
 25           *26 percent, and*

1           “(5) in the case of property placed in service  
2           after December 31, 2033, and before January 1, 2035,  
3           22 percent.”.

4           (b) *RESIDENTIAL CLEAN ENERGY CREDIT FOR BAT-*  
5 *TERY STORAGE TECHNOLOGY; CERTAIN EXPENDITURES*  
6 *DISALLOWED.*—

7           (1) *ALLOWANCE OF CREDIT.*—Paragraph (6) of  
8           section 25D(a) is amended to read as follows:

9           “(6) the qualified battery storage technology ex-  
10          penditures.”.

11          (2) *DEFINITION OF QUALIFIED BATTERY STOR-*  
12 *AGE TECHNOLOGY EXPENDITURE.*—Paragraph (6) of  
13          section 25D(d) is amended to read as follows:

14          “(6) *QUALIFIED BATTERY STORAGE TECHNOLOGY*  
15 *EXPENDITURE.*—The term ‘qualified battery storage  
16          technology expenditure’ means an expenditure for bat-  
17          tery storage technology which—

18                 “(A) is installed in connection with a dwell-  
19                 ing unit located in the United States and used  
20                 as a residence by the taxpayer, and

21                 “(B) has a capacity of not less than 3 kilo-  
22                 watt hours.”.

23          (c) *CONFORMING AMENDMENTS.*—



(1) Section 25D(d)(3) is amended by inserting “, without regard to subparagraph (D) thereof” after “section 48(c)(1)”.

(2) The heading for section 25D is amended by striking “**ENERGY EFFICIENT PROPERTY**” and inserting “**CLEAN ENERGY CREDIT**”.

(3) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 25D and inserting the following:

“Sec. 25D. Residential clean energy credit.”.

(d) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to expenditures made after December 31, 2021.

(2) **RESIDENTIAL CLEAN ENERGY CREDIT FOR BATTERY STORAGE TECHNOLOGY; CERTAIN EXPENDITURES DISALLOWED.**—The amendments made by subsection (b) shall apply to expenditures made after December 31, 2022.

**SEC. 13303. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.**

(a) **IN GENERAL.**—

(1) **MAXIMUM AMOUNT OF DEDUCTION.**—Subsection (b) of section 179D is amended to read as follows:

1 “(b) *MAXIMUM AMOUNT OF DEDUCTION.*—

2 “(1) *IN GENERAL.*—*The deduction under sub-*  
 3 *section (a) with respect to any building for any tax-*  
 4 *able year shall not exceed the excess (if any) of—*

5 “(A) *the product of—*

6 “(i) *the applicable dollar value, and*

7 “(ii) *the square footage of the building,*  
 8 *over*

9 “(B) *the aggregate amount of the deductions*  
 10 *under subsections (a) and (f) with respect to the*  
 11 *building for the 3 taxable years immediately pre-*  
 12 *ceding such taxable year (or, in the case of any*  
 13 *such deduction allowable to a person other than*  
 14 *the taxpayer, for any taxable year ending during*  
 15 *the 4-taxable-year period ending with such tax-*  
 16 *able year).*

17 “(2) *APPLICABLE DOLLAR VALUE.*—*For purposes*  
 18 *of paragraph (1)(A)(i), the applicable dollar value*  
 19 *shall be an amount equal to \$0.50 increased (but not*  
 20 *above \$1.00) by \$0.02 for each percentage point by*  
 21 *which the total annual energy and power costs for the*  
 22 *building are certified to be reduced by a percentage*  
 23 *greater than 25 percent.*

24 “(3) *INCREASED DEDUCTION AMOUNT FOR CER-*  
 25 *TAIN PROPERTY.*—

1           “(A) *IN GENERAL.*—*In the case of any*  
 2           *property which satisfies the requirements of sub-*  
 3           *paragraph (B), paragraph (2) shall be applied*  
 4           *by substituting ‘\$2.50’ for ‘\$0.50’, ‘\$.10’ for*  
 5           *‘\$.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 (4)(A)*  
 19                   *and (5).*

20           “(4) *PREVAILING WAGE REQUIREMENTS.*—

21           “(A) *IN GENERAL.*—*The requirements de-*  
 22           *scribed in this subparagraph with respect to any*  
 23           *property are that the taxpayer shall ensure that*  
 24           *any laborers and mechanics employed by the tax-*  
 25           *payer or any contractor or subcontractor in the*

1        *installation of any property shall be paid wages*  
 2        *at rates not less than the prevailing rates for*  
 3        *construction, alteration, or repair of a similar*  
 4        *character in the locality in which such property*  
 5        *is located as most recently determined by the*  
 6        *Secretary of Labor, in accordance with sub-*  
 7        *chapter IV of chapter 31 of title 40, United*  
 8        *States 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              *“(6) REGULATIONS.—The Secretary shall issue*  
 16              *such regulations or other guidance as the Secretary*  
 17              *determines necessary to carry out the purposes of this*  
 18              *subsection, including regulations or other guidance*  
 19              *which provides for requirements for recordkeeping or*  
 20              *information reporting for purposes of administering*  
 21              *the requirements of this subsection.”.*

22              *(2) MODIFICATION OF EFFICIENCY STANDARD.—*  
 23              *Section 179D(c)(1)(D) is amended by striking “50*  
 24              *percent” and inserting “25 percent”.*

1           (3) *REFERENCE STANDARD*.—Section 179D(c)(2)  
 2           is amended by striking “the most recent” and insert-  
 3           ing the following: “the more recent of—

4                     “(A) Standard 90.1-2007 published by the  
 5                     American Society of Heating, Refrigerating, and  
 6                     Air Conditioning Engineers and the Illu-  
 7                     minating Engineering Society of North America,  
 8                     or

9                     “(B) the most recent”.

10          (4) *FINAL DETERMINATION; EXTENSION OF PE-*  
 11          *RIOD; PLACED IN SERVICE DEADLINE*.—Subparagraph  
 12          (B) of section 179D(c)(2), as amended by paragraph  
 13          (3), is amended—

14                    (A) by inserting “for which the Department  
 15                    of Energy has issued a final determination and”  
 16                    before “which has been affirmed”,

17                    (B) by striking “2 years” and inserting “4  
 18                    years”, and

19                    (C) by striking “that construction of such  
 20                    property begins” and inserting “such property is  
 21                    placed in service”.

22          (5) *ELIMINATION OF PARTIAL ALLOWANCE*.—

23                    (A) *IN GENERAL*.—Section 179D(d) is  
 24                    amended—

25                    (i) by striking paragraph (1), and

1                   (ii) by redesignating paragraphs (2)  
2 through (6) as paragraphs (1) through (5),  
3 respectively.

4           (B) CONFORMING AMENDMENTS.—

5                   (i) Section 179D(c)(1)(D) is amend-  
6 ed—

7                           (I) by striking “subsection (d)(6)”  
8 and inserting “subsection (d)(5)”, and

9                           (II) by striking “subsection  
10 (d)(2)” and inserting “subsection  
11 (d)(1)”.

12                   (ii) Paragraph (2)(A) of section  
13 179D(d), as redesignated by subparagraph  
14 (A), is amended by striking “paragraph  
15 (2)” and inserting “paragraph (1)”.

16                   (iii) Paragraph (4) of section 179D(d),  
17 as redesignated by subparagraph (A), is  
18 amended by striking “paragraph  
19 (3)(B)(iii)” and inserting “paragraph  
20 (2)(B)(iii)”.

21                   (iv) Section 179D is amended by strik-  
22 ing subsection (f).

23                   (v) Section 179D(h) is amended by  
24 striking “or (d)(1)(A)”.

1           (6) *ALLOCATION OF DEDUCTION BY CERTAIN*  
 2           *TAX-EXEMPT ENTITIES.*—Paragraph (3) of section  
 3           179D(d), as redesignated by paragraph (5)(A), is  
 4           amended to read as follows:

5           “(3) *ALLOCATION OF DEDUCTION BY CERTAIN*  
 6           *TAX-EXEMPT ENTITIES.*—

7           “(A) *IN GENERAL.*—In the case of energy ef-  
 8           ficient commercial building property installed on  
 9           or in property owned by a specified tax-exempt  
 10          entity, the Secretary shall promulgate regula-  
 11          tions or guidance to allow the allocation of the  
 12          deduction to the person primarily responsible for  
 13          designing the property in lieu of the owner of  
 14          such property. Such person shall be treated as  
 15          the taxpayer for purposes of this section.

16          “(B) *SPECIFIED TAX-EXEMPT ENTITY.*—For  
 17          purposes of this paragraph, the term ‘specified  
 18          tax-exempt entity’ means—

19               “(i) the United States, any State or  
 20               political subdivision thereof, any possession  
 21               of the United States, or any agency or in-  
 22               strumentality of any of the foregoing,

23               “(ii) an Indian tribal government (as  
 24               defined in section 30D(g)(9)) or Alaska Na-  
 25               tive Corporation (as defined in section 3 of

1                   *the Alaska Native Claims Settlement Act*  
 2                   *(43 U.S.C. 1602(m)), and*  
 3                   “(iii) *any organization exempt from*  
 4                   *tax imposed by this chapter.*”.

5                   (7) *ALTERNATIVE DEDUCTION FOR ENERGY EFFI-*  
 6                   *CIENT BUILDING RETROFIT PROPERTY.*—Section  
 7                   *179D, as amended by the preceding provisions of this*  
 8                   *section, is amended by inserting after subsection (e)*  
 9                   *the following new subsection:*

10                  “(f) *ALTERNATIVE DEDUCTION FOR ENERGY EFFI-*  
 11                  *CIENT BUILDING RETROFIT PROPERTY.*—

12                   “(1) *IN GENERAL.*—*In the case of a taxpayer*  
 13                   *which elects (at such time and in such manner as the*  
 14                   *Secretary may provide) the application of this sub-*  
 15                   *section with respect to any qualified building, there*  
 16                   *shall be allowed as a deduction for the taxable year*  
 17                   *which includes the date of the qualifying final certifi-*  
 18                   *cation with respect to the qualified retrofit plan of*  
 19                   *such building, an amount equal to the lesser of—*

20                   “(A) *the excess described in subsection (b)*  
 21                   *(determined by substituting ‘energy use inten-*  
 22                   *sity’ for ‘total annual energy and power costs’ in*  
 23                   *paragraph (2) thereof), or*

24                   “(B) *the aggregate adjusted basis (deter-*  
 25                   *mined after taking into account all adjustments*



1           *with respect to such taxable year other than the*  
2           *reduction under subsection (e)) of energy efficient*  
3           *building retrofit property placed in service by*  
4           *the taxpayer pursuant to such qualified retrofit*  
5           *plan.*

6           “(2) *QUALIFIED RETROFIT PLAN.*—*For purposes*  
7           *of this subsection, the term ‘qualified retrofit plan’*  
8           *means a written plan prepared by a qualified profes-*  
9           *sional which specifies modifications to a building*  
10          *which, in the aggregate, are expected to reduce such*  
11          *building’s energy use intensity by 25 percent or more*  
12          *in comparison to the baseline energy use intensity of*  
13          *such building. Such plan shall provide for a qualified*  
14          *professional to—*

15                “(A) *as of any date during the 1-year pe-*  
16                *riod ending on the date on which the property*  
17                *installed pursuant to such plan is placed in serv-*  
18                *ice, certify the energy use intensity of such build-*  
19                *ing as of such date,*

20                “(B) *certify the status of property installed*  
21                *pursuant to such plan as meeting the require-*  
22                *ments of subparagraphs (B) and (C) of para-*  
23                *graph (3), and*

24                “(C) *as of any date that is more than 1*  
25                *year after the date on which the property in-*

1        *stalled pursuant to such plan is placed in serv-*  
 2        *ice, certify the energy use intensity of such build-*  
 3        *ing as of such date.*

4        “(3) *ENERGY EFFICIENT BUILDING RETROFIT*  
 5        *PROPERTY.—For purposes of this subsection, the term*  
 6        *‘energy efficient building retrofit property’ means*  
 7        *property—*

8                “(A) *with respect to which depreciation (or*  
 9                *amortization in lieu of depreciation) is allow-*  
 10               *able,*

11               “(B) *which is installed on or in any quali-*  
 12               *fied building,*

13               “(C) *which is installed as part of—*

14                        “(i) *the interior lighting systems,*

15                        “(ii) *the heating, cooling, ventilation,*  
 16                        *and hot water systems, or*

17                        “(iii) *the building envelope, and*

18                        “(D) *which is certified in accordance with*  
 19                        *paragraph (2)(B) as meeting the requirements of*  
 20                        *subparagraphs (B) and (C).*

21        “(4) *QUALIFIED BUILDING.—For purposes of this*  
 22        *subsection, the term ‘qualified building’ means any*  
 23        *building which—*

24                “(A) *is located in the United States, and*

1           “(B) *was originally placed in service not*  
 2           *less than 5 years before the establishment of the*  
 3           *qualified retrofit plan with respect to such build-*  
 4           *ing.*

5           “(5) *QUALIFYING FINAL CERTIFICATION.—For*  
 6           *purposes of this subsection, the term ‘qualifying final*  
 7           *certification’ means, with respect to any qualified ret-*  
 8           *rofit plan, the certification described in paragraph*  
 9           *(2)(C) if the energy use intensity certified in such cer-*  
 10           *tification is not more than 75 percent of the baseline*  
 11           *energy use intensity of the building.*

12           “(6) *BASELINE ENERGY USE INTENSITY.—*  
 13           “(A) *IN GENERAL.—For purposes of this*  
 14           *subsection, the term ‘baseline energy use inten-*  
 15           *sity’ means the energy use intensity certified*  
 16           *under paragraph (2)(A), as adjusted to take into*  
 17           *account weather.*

18           “(B) *DETERMINATION OF ADJUSTMENT.—*  
 19           *For purposes of subparagraph (A), the adjust-*  
 20           *ments described in such subparagraph shall be*  
 21           *determined in such manner as the Secretary*  
 22           *may provide.*

23           “(7) *OTHER DEFINITIONS.—For purposes of this*  
 24           *subsection—*

1           “(A) *ENERGY USE INTENSITY*.—*The term*  
 2           *‘energy use intensity’ means the annualized,*  
 3           *measured site energy use intensity determined in*  
 4           *accordance with such regulations or other guid-*  
 5           *ance as the Secretary may provide and measured*  
 6           *in British thermal units.*

7           “(B) *QUALIFIED PROFESSIONAL*.—*The term*  
 8           *‘qualified professional’ means an individual who*  
 9           *is a licensed architect or a licensed engineer and*  
 10           *meets such other requirements as the Secretary*  
 11           *may provide.*

12           “(8) *COORDINATION WITH DEDUCTION OTHER-*  
 13           *WISE ALLOWED UNDER SUBSECTION (a).*—

14           “(A) *IN GENERAL*.—*In the case of any*  
 15           *building with respect to which an election is*  
 16           *made under paragraph (1), the term ‘energy effi-*  
 17           *cient commercial building property’ shall not in-*  
 18           *clude any energy efficient building retrofit prop-*  
 19           *erty with respect to which a deduction is allow-*  
 20           *able under this subsection.*

21           “(B) *CERTAIN RULES NOT APPLICABLE*.—

22           “(i) *IN GENERAL*.—*Except as provided*  
 23           *in clause (ii), subsection (d) shall not apply*  
 24           *for purposes of this subsection.*

1                   “(ii) *ALLOCATION OF DEDUCTION BY*  
 2                   *CERTAIN TAX-EXEMPT ENTITIES.—Rules*  
 3                   *similar to subsection (d)(3) shall apply for*  
 4                   *purposes of this subsection.”.*

5                   (8) *INFLATION ADJUSTMENT.—Section 179D(g)*  
 6                   *is amended—*

7                   (A) *by striking “2020” and inserting*  
 8                   *“2022”,*

9                   (B) *by striking “or subsection (d)(1)(A),”*  
 10                  *and*

11                  (C) *by striking “2019” and inserting*  
 12                  *“2021”.*

13                  (b) *APPLICATION TO REAL ESTATE INVESTMENT*  
 14                  *TRUST EARNINGS AND PROFITS.—Section 312(k)(3)(B) is*  
 15                  *amended—*

16                  (1) *by striking “For purposes of computing the*  
 17                  *earnings and profits of a corporation” and inserting*  
 18                  *the following:*

19                         “(i) *IN GENERAL.—For purposes of*  
 20                         *computing the earnings and profits of a*  
 21                         *corporation, except as provided in clause*  
 22                         *(ii), and*

23                  (2) *by adding at the end the following new*  
 24                  *clause:*

1                   “(ii) *SPECIAL RULE.*—*In the case of a*  
 2                   *corporation that is a real estate investment*  
 3                   *trust, any amount deductible under section*  
 4                   *179D shall be allowed in the year in which*  
 5                   *the property giving rise to such deduction is*  
 6                   *placed in service (or, in the case of energy*  
 7                   *efficient building retrofit property, the year*  
 8                   *in which the qualifying final certification is*  
 9                   *made).”.*

10           (c) *CONFORMING AMENDMENT.*—*Paragraph (1) of sec-*  
 11           *tion 179D(d), as redesignated by subsection (a)(5)(A), is*  
 12           *amended by striking “not later than the date that is 2 years*  
 13           *before the date that construction of such property begins”*  
 14           *and inserting “not later than the date that is 4 years before*  
 15           *the date such property is placed in service”.*

16           (d) *EFFECTIVE DATE.*—

17                   (1) *IN GENERAL.*—*Except as otherwise provided*  
 18                   *in this subsection, the amendments made by this sec-*  
 19                   *tion shall apply to taxable years beginning after De-*  
 20                   *cember 31, 2022.*

21                   (2) *ALTERNATIVE DEDUCTION FOR ENERGY EFFI-*  
 22                   *CIENT BUILDING RETROFIT PROPERTY.*—*Subsection*  
 23                   *(f) of section 179D of the Internal Revenue Code of*  
 24                   *1986 (as amended by this section), and any other*  
 25                   *provision of such section solely for purposes of apply-*

1        *ing such subsection, shall apply to property placed in*  
 2        *service after December 31, 2022 (in taxable years end-*  
 3        *ing after such date) if such property is placed in serv-*  
 4        *ice pursuant to qualified retrofit plan (within the*  
 5        *meaning of such section) established after such date.*

6    **SEC. 13304. EXTENSION, INCREASE, AND MODIFICATIONS**  
 7                    **OF NEW ENERGY EFFICIENT HOME CREDIT.**

8        (a) *EXTENSION OF CREDIT.*—Section 45L(g) is  
 9        *amended by striking “December 31, 2021” and inserting*  
 10        *“December 31, 2032”.*

11        (b) *INCREASE IN CREDIT AMOUNTS.*—Paragraph (2)  
 12        *of section 45L(a) is amended to read as follows:*

13                    “(2) *APPLICABLE AMOUNT.*—For purposes of  
 14        *paragraph (1), the applicable amount is an amount*  
 15        *equal to—*

16                    “(A) *in the case of a dwelling unit which is*  
 17        *eligible to participate in the Energy Star Resi-*  
 18        *dential New Construction Program or the En-*  
 19        *ergy Star Manufactured New Homes program—*

20                    “(i) *which meets the requirements of*  
 21        *subsection (c)(1)(A) (and which does not*  
 22        *meet the requirements of subsection*  
 23        *(c)(1)(B)), \$2,500, and*

24                    “(ii) *which meets the requirements of*  
 25        *subsection (c)(1)(B), \$5,000, and*

1           “(B) in the case of a dwelling unit which  
 2           is part of a building eligible to participate in the  
 3           Energy Star Multifamily New Construction Pro-  
 4           gram—

5                   “(i) which meets the requirements of  
 6                   subsection (c)(1)(A) (and which does not  
 7                   meet the requirements of subsection  
 8                   (c)(1)(B)), \$500, and

9                   “(ii) which meets the requirements of  
 10                  subsection (c)(1)(B), \$1,000.”.

11       (c) MODIFICATION OF ENERGY SAVING REQUIRE-  
 12       MENTS.—Section 45L(c) is amended to read as follows:

13       “(c) ENERGY SAVING REQUIREMENTS.—

14           “(1) IN GENERAL.—

15                   “(A) IN GENERAL.—A dwelling unit meets  
 16                   the requirements of this subparagraph if such  
 17                   dwelling unit meets the requirements of para-  
 18                   graph (2) or (3) (whichever is applicable).

19                   “(B) ZERO ENERGY READY HOME PRO-  
 20                   GRAM.—A dwelling unit meets the requirements  
 21                   of this subparagraph if such dwelling unit is cer-  
 22                   tified as a zero energy ready home under the zero  
 23                   energy ready home program of the Department  
 24                   of Energy as in effect on January 1, 2023 (or



1           *any successor program determined by the Sec-*  
2           *retary).*

3           “(2) *SINGLE-FAMILY HOME REQUIREMENTS.—A*  
4           *dwelling unit meets the requirements of this para-*  
5           *graph if—*

6                 “(A) *such dwelling unit meets—*

7                         “(i)(I) *in the case of a dwelling unit*  
8                         *acquired before January 1, 2025, the En-*  
9                         *ergy Star Single-Family New Homes Na-*  
10                         *tional Program Requirements 3.1, or*

11                         “(II) *in the case of a dwelling unit ac-*  
12                         *quired after December 31, 2024, the Energy*  
13                         *Star Single-Family New Homes National*  
14                         *Program Requirements 3.2, and*

15                         “(ii) *the most recent Energy Star Sin-*  
16                         *gle-Family New Homes Program Require-*  
17                         *ments applicable to the location of such*  
18                         *dwelling unit (as in effect on the latter of*  
19                         *January 1, 2023, or January 1 of two cal-*  
20                         *endar years prior to the date the dwelling*  
21                         *unit was acquired), or*

22                         “(B) *such dwelling unit meets the most re-*  
23                         *cent Energy Star Manufactured Home National*  
24                         *program requirements as in effect on the latter*  
25                         *of January 1, 2023, or January 1 of two cal-*

1            *endar years prior to the date such dwelling unit*  
 2            *is acquired.*

3            “(3) *MULTI-FAMILY HOME REQUIREMENTS.—A*  
 4            *dwelling unit meets the requirements of this para-*  
 5            *graph if—*

6                    “(A) *such dwelling unit meets the most re-*  
 7                    *cent Energy Star Multifamily New Construction*  
 8                    *National Program Requirements (as in effect on*  
 9                    *either January 1, 2023, or January 1 of three*  
 10                   *calendar years prior to the date the dwelling was*  
 11                   *acquired, whichever is later), and*

12                   “(B) *such dwelling unit meets the most re-*  
 13                   *cent Energy Star Multifamily New Construction*  
 14                   *Regional Program Requirements applicable to*  
 15                   *the location of such dwelling unit (as in effect on*  
 16                   *either January 1, 2023, or January 1 of three*  
 17                   *calendar years prior to the date the dwelling was*  
 18                   *acquired, whichever is later).’.*

19            (d) *PREVAILING WAGE REQUIREMENT.—Section 45L*  
 20            *is amended by redesignating subsection (g) as subsection*  
 21            *(h) and by inserting after subsection (f) the following new*  
 22            *subsection:*

23            “(g) *PREVAILING WAGE REQUIREMENT.—*

24                    “(1) *IN GENERAL.—In the case of a qualifying*  
 25                    *residence described in subsection (a)(2)(B) meeting*

1     *the prevailing wage requirements of paragraph*  
 2     *(2)(A), the credit amount allowed with respect to such*  
 3     *residence shall be—*

4             *“(A) \$2,500 in the case of a residence which*  
 5             *meets the requirements of subparagraph (A) of*  
 6             *subsection (c)(1) (and which does not meet the*  
 7             *requirements of subparagraph (B) of such sub-*  
 8             *section), and*

9             *“(B) \$5,000 in the case of a residence which*  
 10            *meets the requirements of subsection (c)(1)(B).*

11            *“(2) PREVAILING WAGE REQUIREMENTS.—*

12            *“(A) IN GENERAL.—The requirements de-*  
 13            *scribed in this subparagraph with respect to any*  
 14            *qualified residence are that the taxpayer shall*  
 15            *ensure that any laborers and mechanics em-*  
 16            *ployed by the taxpayer or any contractor or sub-*  
 17            *contractor in the construction of such residence*  
 18            *shall be paid wages at rates not less than the*  
 19            *prevailing rates for construction, alteration, or*  
 20            *repair of a similar character in the locality in*  
 21            *which such residence is located as most recently*  
 22            *determined by the Secretary of Labor, in accord-*  
 23            *ance with subchapter IV of chapter 31 of title 40,*  
 24            *United 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 to carry out the  
 8                   purposes of this subsection, including regulations or  
 9                   other guidance which provides for requirements for  
 10                  recordkeeping or information reporting for purposes  
 11                  of administering the requirements of this subsection.”.

12                  (e) BASIS ADJUSTMENT.—Section 45L(e) is amended  
 13                  by inserting after the first sentence the following: “This sub-  
 14                  section shall not apply for purposes of determining the ad-  
 15                  justed basis of any building under section 42.”.

16                  (f) EFFECTIVE DATES.—

17                   (1) IN GENERAL.—Except as provided in para-  
 18                   graph (2), the amendments made by this section shall  
 19                   apply to dwelling units acquired after December 31,  
 20                   2022.

21                   (2) EXTENSION OF CREDIT.—The amendments  
 22                   made by subsection (a) shall apply to dwelling units  
 23                   acquired after December 31, 2021.

**PART 4—CLEAN VEHICLES**

**SEC. 13401. CLEAN VEHICLE CREDIT.**

(a) *PER VEHICLE DOLLAR LIMITATION.*—Section 30D(b) is amended by striking paragraphs (2) and (3) and inserting the following:

“(2) *CRITICAL MINERALS.*—In the case of a vehicle with respect to which the requirement described in subsection (e)(1)(A) is satisfied, the amount determined under this paragraph is \$3,750.

“(3) *BATTERY COMPONENTS.*—In the case of a vehicle with respect to which the requirement described in subsection (e)(2)(A) is satisfied, the amount determined under this paragraph is \$3,750.”.

(b) *FINAL ASSEMBLY.*—Section 30D(d) is amended—  
(1) in paragraph (1)—

(A) in subparagraph (E), by striking “and” at the end,

(B) in subparagraph (F)(ii), by striking the period at the end and inserting “, and”, and

(C) by adding at the end the following:

“(G) the final assembly of which occurs within North America.”,

(2) by adding at the end the following:

“(5) *FINAL ASSEMBLY.*—For purposes of paragraph (1)(G), the term ‘final assembly’ means the process by which a manufacturer produces a new

1      *clean vehicle at, or through the use of, a plant, fac-*  
 2      *tory, or other place from which the vehicle is delivered*  
 3      *to a dealer or importer with all component parts nec-*  
 4      *essary for the mechanical operation of the vehicle in-*  
 5      *cluded with the vehicle, whether or not the component*  
 6      *parts are permanently installed in or on the vehicle.”.*

7      *(c) DEFINITION OF NEW CLEAN VEHICLE.—*

8            *(1) IN GENERAL.—Section 30D(d), as amended*  
 9      *by the preceding provisions of this section, is amend-*  
 10     *ed—*

11            *(A) in the heading, by striking “QUALIFIED*  
 12      *PLUG-IN ELECTRIC DRIVE MOTOR” and insert-*  
 13      *ing “CLEAN”,*

14            *(B) in paragraph (1)—*

15            *(i) in the matter preceding subpara-*  
 16      *graph (A), by striking “qualified plug-in*  
 17      *electric drive motor” and inserting “clean”,*

18            *(ii) in subparagraph (C), by inserting*  
 19      *“qualified” before “manufacturer”,*

20            *(iii) in subparagraph (F)—*

21            *(I) in clause (i), by striking “4”*  
 22      *and inserting “7”, and*

23            *(II) in clause (ii), by striking*  
 24      *“and” at the end,*

1                   (iv) in subparagraph (G), by striking  
2                   the period at the end and inserting “, and”,  
3                   and

4                   (v) by adding at the end the following:

5                   “(H) for which the person who sells any ve-  
6                   hicle to the taxpayer furnishes a report to the  
7                   taxpayer and to the Secretary, at such time and  
8                   in such manner as the Secretary shall provide,  
9                   containing—

10                  “(i) the name and taxpayer identifica-  
11                  tion number of the taxpayer,

12                  “(ii) the vehicle identification number  
13                  of the vehicle, unless, in accordance with  
14                  any applicable rules promulgated by the  
15                  Secretary of Transportation, the vehicle is  
16                  not assigned such a number,

17                  “(iii) the battery capacity of the vehi-  
18                  cle,

19                  “(iv) verification that original use of  
20                  the vehicle commences with the taxpayer,  
21                  and

22                  “(v) the maximum credit under this  
23                  section allowable to the taxpayer with re-  
24                  spect to the vehicle.”,

25                  (C) in paragraph (3)—

1                   (i) in the heading, by striking “MANU-  
2                   FACTURER” and inserting “QUALIFIED  
3                   MANUFACTURER”,

4                   (ii) by striking “The term ‘manufac-  
5                   turer’ has the meaning given such term in”  
6                   and inserting “The term ‘qualified manu-  
7                   facturer’ means any manufacturer (within  
8                   the meaning of the”, and

9                   (iii) by inserting “) which enters into  
10                  a written agreement with the Secretary  
11                  under which such manufacturer agrees to  
12                  make periodic written reports to the Sec-  
13                  retary (at such times and in such manner  
14                  as the Secretary may provide) providing ve-  
15                  hicle identification numbers and such other  
16                  information related to each vehicle manu-  
17                  factured by such manufacturer as the Sec-  
18                  retary may require” before the period at the  
19                  end, and

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

21                  “(6) NEW QUALIFIED FUEL CELL MOTOR VEHI-  
22                  CLE.—For purposes of this section, the term ‘new  
23                  clean vehicle’ shall include any new qualified fuel cell  
24                  motor vehicle (as defined in section 30B(b)(3)) which



1        *meets the requirements under subparagraphs (G) and*  
 2        *(H) of paragraph (1).”.*

3            (2) *CONFORMING AMENDMENTS.—Section 30D is*  
 4        *amended—*

5            (A) *in subsection (a), by striking “new*  
 6            *qualified plug-in electric drive motor vehicle”*  
 7            *and inserting “new clean vehicle”, and*

8            (B) *in subsection (b)(1), by striking “new*  
 9            *qualified plug-in electric drive motor vehicle”*  
 10          *and inserting “new clean vehicle”.*

11          (d) *ELIMINATION OF LIMITATION ON NUMBER OF VE-*  
 12        *HICLES ELIGIBLE FOR CREDIT.—Section 30D is amended*  
 13        *by striking subsection (e).*

14          (e) *CRITICAL MINERAL AND BATTERY COMPONENT RE-*  
 15        *QUIREMENTS.—*

16            (1) *IN GENERAL.—Section 30D, as amended by*  
 17        *the preceding provisions of this section, is amended by*  
 18        *inserting after subsection (d) the following:*

19        “(e) *CRITICAL MINERAL AND BATTERY COMPONENT*  
 20        *REQUIREMENTS.—*

21            “(1) *CRITICAL MINERALS REQUIREMENT.—*

22            “(A) *IN GENERAL.—The requirement de-*  
 23            *scribed in this subparagraph with respect to a*  
 24            *vehicle is that, with respect to the battery from*  
 25            *which the electric motor of such vehicle draws*

1 *electricity, the percentage of the value of the ap-*  
 2 *plicable critical minerals (as defined in section*  
 3 *45X(c)(6)) contained in such battery that were—*

4 *“(i) extracted or processed—*

5 *“(I) in the United States, or*

6 *“(II) in any country with which*  
 7 *the United States has a free trade*  
 8 *agreement in effect, or*

9 *“(ii) recycled in North America,*  
 10 *is equal to or greater than the applicable per-*  
 11 *centage (as certified by the qualified manufac-*  
 12 *turer, in such form or manner as prescribed by*  
 13 *the Secretary).*

14 *“(B) APPLICABLE PERCENTAGE.—For pur-*  
 15 *poses of subparagraph (A), the applicable per-*  
 16 *centage shall be—*

17 *“(i) in the case of a vehicle placed in*  
 18 *service after the date on which the proposed*  
 19 *guidance described in paragraph (3)(B) is*  
 20 *issued by the Secretary and before January*  
 21 *1, 2024, 40 percent,*

22 *“(ii) in the case of a vehicle placed in*  
 23 *service during calendar year 2024, 50 per-*  
 24 *cent,*

1                   “(iii) in the case of a vehicle placed in  
2                   service during calendar year 2025, 60 per-  
3                   cent,

4                   “(iv) in the case of a vehicle placed in  
5                   service during calendar year 2026, 70 per-  
6                   cent, and

7                   “(v) in the case of a vehicle placed in  
8                   service after December 31, 2026, 80 percent.

9                   “(2) BATTERY COMPONENTS.—

10                  “(A) IN GENERAL.—The requirement de-  
11                  scribed in this subparagraph with respect to a  
12                  vehicle is that, with respect to the battery from  
13                  which the electric motor of such vehicle draws  
14                  electricity, the percentage of the value of the com-  
15                  ponents contained in such battery that were  
16                  manufactured or assembled in North America is  
17                  equal to or greater than the applicable percent-  
18                  age (as certified by the qualified manufacturer,  
19                  in such form or manner as prescribed by the Sec-  
20                  retary).

21                  “(B) APPLICABLE PERCENTAGE.—For pur-  
22                  poses of subparagraph (A), the applicable per-  
23                  centage shall be—

24                         “(i) in the case of a vehicle placed in  
25                         service after the date on which the proposed

1 *guidance described in paragraph (3)(B) is*  
2 *issued by the Secretary and before January*  
3 *1, 2024, 50 percent,*

4 *“(ii) in the case of a vehicle placed in*  
5 *service during calendar year 2024 or 2025,*  
6 *60 percent,*

7 *“(iii) in the case of a vehicle placed in*  
8 *service during calendar year 2026, 70 per-*  
9 *cent,*

10 *“(iv) in the case of a vehicle placed in*  
11 *service during calendar year 2027, 80 per-*  
12 *cent,*

13 *“(v) in the case of a vehicle placed in*  
14 *service during calendar year 2028, 90 per-*  
15 *cent,*

16 *“(vi) in the case of a vehicle placed in*  
17 *service after December 31, 2028, 100 per-*  
18 *cent.*

19 *“(3) REGULATIONS AND GUIDANCE.—*

20 *“(A) IN GENERAL.—The Secretary shall*  
21 *issue such regulations or other guidance as the*  
22 *Secretary determines necessary to carry out the*  
23 *purposes of this subsection, including regulations*  
24 *or other guidance which provides for require-*  
25 *ments for recordkeeping or information reporting*

1       *for purposes of administering the requirements of*  
 2       *this subsection.*

3               “(B) *DEADLINE FOR PROPOSED GUID-*  
 4       *ANCE.—Not later than December 31, 2022, the*  
 5       *Secretary shall issue proposed guidance with re-*  
 6       *spect to the requirements under this subsection.”.*

7               (2) *EXCLUDED ENTITIES.—Section 30D(d), as*  
 8       *amended by the preceding provisions of this section,*  
 9       *is amended by adding at the end the following:*

10              “(7) *EXCLUDED ENTITIES.—For purposes of this*  
 11       *section, the term ‘new clean vehicle’ shall not in-*  
 12       *clude—*

13              “(A) *any vehicle placed in service after De-*  
 14       *cember 31, 2024, with respect to which any of*  
 15       *the applicable critical minerals contained in the*  
 16       *battery of such vehicle (as described in subsection*  
 17       *(e)(1)(A)) were extracted, processed, or recycled*  
 18       *by a foreign entity of concern (as defined in sec-*  
 19       *tion 40207(a)(5) of the Infrastructure Investment*  
 20       *and Jobs Act (42 U.S.C. 18741(a)(5))), or*

21              “(B) *any vehicle placed in service after De-*  
 22       *cember 31, 2023, with respect to which any of*  
 23       *the components contained in the battery of such*  
 24       *vehicle (as described in subsection (e)(2)(A))*

1           *were manufactured or assembled by a foreign en-*  
 2           *tity of concern (as so defined).”.*

3           (f) *SPECIAL RULES.*—Section 30D(f) is amended by  
 4           *adding at the end the following:*

5           “(8) *ONE CREDIT PER VEHICLE.*—*In the case of*  
 6           *any vehicle, the credit described in subsection (a)*  
 7           *shall only be allowed once with respect to such vehicle,*  
 8           *as determined based upon the vehicle identification*  
 9           *number of such vehicle.*

10           “(9) *VIN REQUIREMENT.*—*No credit shall be al-*  
 11           *lowed under this section with respect to any vehicle*  
 12           *unless the taxpayer includes the vehicle identification*  
 13           *number of such vehicle on the return of tax for the*  
 14           *taxable year.*

15           “(10) *LIMITATION BASED ON MODIFIED AD-*  
 16           *JUSTED GROSS INCOME.*—

17           “(A) *IN GENERAL.*—*No credit shall be al-*  
 18           *lowed under subsection (a) for any taxable year*  
 19           *if—*

20                   “(i) *the lesser of—*

21                           “(I) *the modified adjusted gross*  
 22                           *income of the taxpayer for such taxable*  
 23                           *year, or*

1                   “(II) the modified adjusted gross  
 2                   income of the taxpayer for the pre-  
 3                   ceding taxable year, exceeds  
 4                   “(ii) the threshold amount.

5                   “(B) *THRESHOLD AMOUNT.*—For purposes  
 6                   of subparagraph (A)(ii), the threshold amount  
 7                   shall be—

8                   “(i) in the case of a joint return or a  
 9                   surviving spouse (as defined in section  
 10                  2(a)), \$300,000,

11                  “(ii) in the case of a head of household  
 12                  (as defined in section 2(b)), \$225,000, and

13                  “(iii) in the case of a taxpayer not de-  
 14                  scribed in clause (i) or (ii), \$150,000.

15                  “(C) *MODIFIED ADJUSTED GROSS IN-*  
 16                  *COME.*—For purposes of this paragraph, the  
 17                  term ‘modified adjusted gross income’ means ad-  
 18                  justed gross income increased by any amount ex-  
 19                  cluded from gross income under section 911, 931,  
 20                  or 933.

21                  “(11) *MANUFACTURER’S SUGGESTED RETAIL*  
 22                  *PRICE LIMITATION.*—

23                  “(A) *IN GENERAL.*—No credit shall be al-  
 24                  lowed under subsection (a) for a vehicle with a

1           *manufacturer’s suggested retail price in excess of*  
 2           *the applicable limitation.*

3           “(B) *APPLICABLE LIMITATION.*—*For pur-*  
 4           *poses of subparagraph (A), the applicable limita-*  
 5           *tion for each vehicle classification is as follows:*

6                   “(i) *VANS.*—*In the case of a van,*  
 7                   *\$80,000.*

8                   “(ii) *SPORT UTILITY VEHICLES.*—*In*  
 9                   *the case of a sport utility vehicle, \$80,000.*

10                  “(iii) *PICKUP TRUCKS.*—*In the case of*  
 11                  *a pickup truck, \$80,000.*

12                  “(iv) *OTHER.*—*In the case of any other*  
 13                  *vehicle, \$55,000.*

14           “(C) *REGULATIONS AND GUIDANCE.*—*For*  
 15           *purposes of this paragraph, the Secretary shall*  
 16           *prescribe such regulations or other guidance as*  
 17           *the Secretary determines necessary for deter-*  
 18           *mining vehicle classifications using criteria*  
 19           *similar to that employed by the Environmental*  
 20           *Protection Agency and the Department of the*  
 21           *Energy to determine size and class of vehicles.”.*

22           (g) *TRANSFER OF CREDIT.*—

23                   (1) *IN GENERAL.*—*Section 30D is amended by*  
 24                   *striking subsection (g) and inserting the following:*

25                   “(g) *TRANSFER OF CREDIT.*—



1           “(1) *IN GENERAL.*—Subject to such regulations  
 2           or other guidance as the Secretary determines nec-  
 3           essary, if the taxpayer who acquires a new clean vehi-  
 4           cle elects the application of this subsection with re-  
 5           spect to such vehicle, the credit which would (but for  
 6           this subsection) be allowed to such taxpayer with re-  
 7           spect to such vehicle shall be allowed to the eligible en-  
 8           tity specified in such election (and not to such tax-  
 9           payer).

10           “(2) *ELIGIBLE ENTITY.*—For purposes of this  
 11           subsection, the term ‘eligible entity’ means, with re-  
 12           spect to the vehicle for which the credit is allowed  
 13           under subsection (a), the dealer which sold such vehi-  
 14           cle to the taxpayer and has—

15                   “(A) subject to paragraph (4), registered  
 16                   with the Secretary for purposes of this para-  
 17                   graph, at such time, and in such form and man-  
 18                   ner, as the Secretary may prescribe,

19                   “(B) prior to the election described in para-  
 20                   graph (1) and not later than at the time of such  
 21                   sale, disclosed to the taxpayer purchasing such  
 22                   vehicle—

23                           “(i) the manufacturer’s suggested retail  
 24                           price,

1           “(ii) the value of the credit allowed  
2           and any other incentive available for the  
3           purchase of such vehicle, and

4           “(iii) the amount provided by the deal-  
5           er to such taxpayer as a condition of the  
6           election described in paragraph (1),

7           “(C) not later than at the time of such sale,  
8           made payment to such taxpayer (whether in cash  
9           or in the form of a partial payment or down  
10          payment for the purchase of such vehicle) in an  
11          amount equal to the credit otherwise allowable to  
12          such taxpayer, and

13          “(D) with respect to any incentive otherwise  
14          available for the purchase of a vehicle for which  
15          a credit is allowed under this section, including  
16          any incentive in the form of a rebate or discount  
17          provided by the dealer or manufacturer, ensured  
18          that—

19               “(i) the availability or use of such in-  
20               centive shall not limit the ability of a tax-  
21               payer to make an election described in  
22               paragraph (1), and

23               “(ii) such election shall not limit the  
24               value or use of such incentive.

1           “(3) *TIMING.*—An election described in para-  
 2           graph (1) shall be made by the taxpayer not later  
 3           than the date on which the vehicle for which the credit  
 4           is allowed under subsection (a) is purchased.

5           “(4) *REVOCATION OF REGISTRATION.*—Upon de-  
 6           termination by the Secretary that a dealer has failed  
 7           to comply with the requirements described in para-  
 8           graph (2), the Secretary may revoke the registration  
 9           (as described in subparagraph (A) of such paragraph)  
 10          of such dealer.

11          “(5) *TAX TREATMENT OF PAYMENTS.*—With re-  
 12          spect to any payment described in paragraph (2)(C),  
 13          such payment—

14                 “(A) shall not be includible in the gross in-  
 15                 come of the taxpayer, and

16                 “(B) with respect to the dealer, shall not be  
 17                 deductible under this title.

18          “(6) *APPLICATION OF CERTAIN OTHER REQUIRE-*  
 19          *MENTS.*—In the case of any election under paragraph  
 20          (1) with respect to any vehicle—

21                 “(A) the requirements of paragraphs (1)  
 22                 and (2) of subsection (f) shall apply to the tax-  
 23                 payer who acquired the vehicle in the same man-  
 24                 ner as if the credit determined under this section

1           *with respect to such vehicle were allowed to such*  
 2           *taxpayer,*

3           “(B) *paragraph (6) of such subsection shall*  
 4           *not apply, and*

5           “(C) *the requirement of paragraph (9) of*  
 6           *such subsection (f) shall be treated as satisfied if*  
 7           *the eligible entity provides the vehicle identifica-*  
 8           *tion number of such vehicle to the Secretary in*  
 9           *such manner as the Secretary may provide.*

10          “(7) *ADVANCE PAYMENT TO REGISTERED DEAL-*  
 11          *ERS.—*

12           “(A) *IN GENERAL.—The Secretary shall es-*  
 13           *tablish a program to make advance payments to*  
 14           *any eligible entity in an amount equal to the cu-*  
 15           *mulative amount of the credits allowed under*  
 16           *subsection (a) with respect to any vehicles sold*  
 17           *by such entity for which an election described in*  
 18           *paragraph (1) has been made.*

19           “(B) *EXCESSIVE PAYMENTS.—Rules similar*  
 20           *to the rules of section 6417(d)(6) shall apply for*  
 21           *purposes of this paragraph.*

22           “(C) *TREATMENT OF ADVANCE PAY-*  
 23           *MENTS.—For purposes of section 1324 of title 31,*  
 24           *United States Code, the payments under sub-*  
 25           *paragraph (A) shall be treated in the same man-*

1            *ner as a refund due from a credit provision re-*  
 2            *ferred to in subsection (b)(2) of such section.*

3            “(8) *DEALER.*—*For purposes of this subsection,*  
 4            *the term ‘dealer’ means a person licensed by a State,*  
 5            *the District of Columbia, the Commonwealth of Puer-*  
 6            *to Rico, any other territory or possession of the*  
 7            *United States, an Indian tribal government, or any*  
 8            *Alaska Native Corporation (as defined in section 3 of*  
 9            *the Alaska Native Claims Settlement Act (43 U.S.C.*  
 10           *1602(m)) to engage in the sale of vehicles.*

11           “(9) *INDIAN TRIBAL GOVERNMENT.*—*For pur-*  
 12           *poses of this subsection, the term ‘Indian tribal gov-*  
 13           *ernment’ means the recognized governing body of any*  
 14           *Indian or Alaska Native tribe, band, nation, pueblo,*  
 15           *village, community, component band, or component*  
 16           *reservation, individually identified (including par-*  
 17           *enthetically) in the list published most recently as of*  
 18           *the date of enactment of this subsection pursuant to*  
 19           *section 104 of the Federally Recognized Indian Tribe*  
 20           *List Act of 1994 (25 U.S.C. 5131).*

21           “(10) *RECAPTURE.*—*In the case of any taxpayer*  
 22           *who has made an election described in paragraph (1)*  
 23           *with respect to a new clean vehicle and received a*  
 24           *payment described in paragraph (2)(C) from an eligi-*  
 25           *ble entity, if the credit under subsection (a) would*

1        *otherwise (but for this subsection) not be allowable to*  
 2        *such taxpayer pursuant to the application of sub-*  
 3        *section (f)(10), the tax imposed on such taxpayer*  
 4        *under this chapter for the taxable year in which such*  
 5        *vehicle was placed in service shall be increased by the*  
 6        *amount of the payment received by such taxpayer.”.*

7            (2) *CONFORMING AMENDMENTS.—Section 30D,*  
 8        *as amended by the preceding provisions of this sec-*  
 9        *tion, is amended—*

10            (A) *in subsection (d)(1)(H) of such sec-*  
 11        *tion—*

12            (i) *in clause (iv), by striking “and” at*  
 13        *the end,*

14            (ii) *in clause (v), by striking the pe-*  
 15        *riod at the end and inserting “, and”, and*

16            (iii) *by adding at the end the fol-*  
 17        *lowing:*

18            “(vi) *in the case of a taxpayer who*  
 19        *makes an election under subsection (g)(1),*  
 20        *any amount described in subsection*  
 21        *(g)(2)(C) which has been provided to such*  
 22        *taxpayer.”, and*

23            (B) *in subsection (f)—*

24            (i) *by striking paragraph (3), and*

1                   (ii) in paragraph (8), by inserting “,  
2                   including any vehicle with respect to which  
3                   the taxpayer elects the application of sub-  
4                   section (g)” before the period at the end.

5           (h) *TERMINATION*.—Section 30D is amended by add-  
6   ing at the end the following:

7           “(h) *TERMINATION*.—No credit shall be allowed under  
8   this section with respect to any vehicle placed in service  
9   after December 31, 2032.”.

10          (i) *ADDITIONAL CONFORMING AMENDMENTS*.—

11               (1) The heading of section 30D is amended by  
12   striking “**NEW QUALIFIED PLUG-IN ELECTRIC**  
13   **DRIVE MOTOR VEHICLES**” and inserting “**CLEAN**  
14   **VEHICLE CREDIT**”.

15               (2) Section 30B is amended—

16                   (A) in subsection (h)(8), by striking “, ex-  
17   cept that no benefit shall be recaptured if such  
18   property ceases to be eligible for such credit by  
19   reason of conversion to a qualified plug-in elec-  
20   tric drive motor vehicle”, and

21                   (B) by striking subsection (i).

22               (3) Section 38(b)(30) is amended by striking  
23   “qualified plug-in electric drive motor” and inserting  
24   “clean”.

1           (4) Section 6213(g)(2), as amended by the pre-  
2           ceding provisions of this Act, is amended—

3                   (A) in subparagraph (R), by striking “and”  
4           at the end,

5                   (B) in subparagraph (S), by striking the  
6           period at the end and inserting “, and”, and

7                   (C) by inserting after subparagraph (S) the  
8           following:

9                   “(T) an omission of a correct vehicle identi-  
10           fication number required under section 30D(f)(9)  
11           (relating to credit for new clean vehicles) to be  
12           included on a return.”.

13           (5) Section 6501(m) is amended by striking  
14           “30D(e)(4)” and inserting “30D(f)(6)”.

15           (6) The table of sections for subpart B of part IV  
16           of subchapter A of chapter 1 is amended by striking  
17           the item relating to section 30D and inserting after  
18           the item relating to section 30C the following item:

“Sec. 30D. Clean vehicle credit.”.

19           (j) *GROSS-UP OF DIRECT SPENDING.*—Beginning in  
20           fiscal year 2023 and each fiscal year thereafter, the portion  
21           of any credit allowed to an eligible entity (as defined in  
22           section 30D(g)(2) of the Internal Revenue Code of 1986)  
23           pursuant to an election made under section 30D(g) of the  
24           Internal Revenue Code of 1986 that is direct spending shall  
25           be increased by 6.0445 percent.



1       (k) *EFFECTIVE DATES.*—

2               (1) *IN GENERAL.*—*Except as provided in para-*  
 3       *graphs (2), (3), (4), and (5), the amendments made*  
 4       *by this section shall apply to vehicles placed in serv-*  
 5       *ice after December 31, 2022.*

6               (2) *FINAL ASSEMBLY.*—*The amendments made*  
 7       *by subsection (b) shall apply to vehicles sold after the*  
 8       *date of enactment of this Act.*

9               (3) *PER VEHICLE DOLLAR LIMITATION AND RE-*  
 10       *LATED REQUIREMENTS.*—*The amendments made by*  
 11       *subsections (a) and (e) shall apply to vehicles placed*  
 12       *in service after the date on which the proposed guid-*  
 13       *ance described in paragraph (3)(B) of section 30D(e)*  
 14       *of the Internal Revenue Code of 1986 (as added by*  
 15       *subsection (e)) is issued by the Secretary of the Treas-*  
 16       *ury (or the Secretary’s delegate).*

17              (4) *TRANSFER OF CREDIT.*—*The amendments*  
 18       *made by subsection (g) shall apply to vehicles placed*  
 19       *in service after December 31, 2023.*

20              (5) *ELIMINATION OF MANUFACTURER LIMITA-*  
 21       *TION.*—*The amendment made by subsection (d) shall*  
 22       *apply to vehicles sold after December 31, 2022.*

23              (l) *TRANSITION RULE.*—*Solely for purposes of the ap-*  
 24       *plication of section 30D of the Internal Revenue Code of*  
 25       *1986, in the case of a taxpayer that—*

10 such taxpayer may elect (at such time, and in such form  
11 and manner, as the Secretary of the Treasury, or the Sec-  
12 retary's delegate, may prescribe) to treat such vehicle as  
13 having been placed in service on the day before the date  
14 of enactment of this Act.

17           (a) *IN GENERAL.*—Subpart A of part IV of subchapter  
18   A of chapter 1 is amended by inserting after section 25D  
19   the following new section:

21       “(a) ALLOWANCE OF CREDIT.—In the case of a quali-  
22   fied buyer who during a taxable year places in service a  
23   previously-owned clean vehicle, there shall be allowed as a  
24   credit against the tax imposed by this chapter for the tax-  
25   able year an amount equal to the lesser of—

1 “(1) \$4,000, or

2 “(2) the amount equal to 30 percent of the sale  
3 price with respect to such vehicle.

4 “(b) *LIMITATION BASED ON MODIFIED ADJUSTED*  
5 *GROSS INCOME.*—

6 “(1) *IN GENERAL.*—No credit shall be allowed  
7 under subsection (a) for any taxable year if—

8 “(A) the lesser of—

9 “(i) the modified adjusted gross income  
10 of the taxpayer for such taxable year, or

11 “(ii) the modified adjusted gross in-  
12 come of the taxpayer for the preceding tax-  
13 able year, exceeds

14 “(B) the threshold amount.

15 “(2) *THRESHOLD AMOUNT.*—For purposes of  
16 paragraph (1)(B), the threshold amount shall be—

17 “(A) in the case of a joint return or a sur-  
18 viving spouse (as defined in section 2(a)),  
19 \$150,000,

20 “(B) in the case of a head of household (as  
21 defined in section 2(b)), \$112,500, and

22 “(C) in the case of a taxpayer not described  
23 in subparagraph (A) or (B), \$75,000.

24 “(3) *MODIFIED ADJUSTED GROSS INCOME.*—For  
25 purposes of this subsection, the term ‘modified ad-

1 *justed gross income’ means adjusted gross income in-*  
 2 *creased by any amount excluded from gross income*  
 3 *under section 911, 931, or 933.*

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

5 “(1) *PREVIOUSLY-OWNED CLEAN VEHICLE.—The*  
 6 *term ‘previously-owned clean vehicle’ means, with re-*  
 7 *spect to a taxpayer, a motor vehicle—*

8 “(A) *the model year of which is at least 2*  
 9 *years earlier than the calendar year in which the*  
 10 *taxpayer acquires such vehicle,*

11 “(B) *the original use of which commences*  
 12 *with a person other than the taxpayer,*

13 “(C) *which is acquired by the taxpayer in*  
 14 *a qualified sale, and*

15 “(D) *which—*

16 “(i) *meets the requirements of subpara-*  
 17 *graphs (C), (D), (E), (F), and (H) (except*  
 18 *for clause (iv) thereof) of section 30D(d)(1),*  
 19 *or*

20 “(ii) *is a motor vehicle which—*

21 “(I) *satisfies the requirements*  
 22 *under subparagraphs (A) and (B) of*  
 23 *section 30B(b)(3), and*

24 “(II) *has a gross vehicle weight*  
 25 *rating of less than 14,000 pounds.*

1           “(2) *QUALIFIED SALE.*—*The term ‘qualified sale’*  
2           *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 and*  
16                     *not for resale,*

17                     “(C) *with respect to whom no deduction is*  
18                     *allowable with respect to another taxpayer under*  
19                     *section 151, and*

20                     “(D) *who has not been allowed a credit*  
21                     *under this section for any sale during the 3-year*  
22                     *period ending on the date of the sale of such ve-*  
23                     *hicle.*

24           “(4) *MOTOR VEHICLE; CAPACITY.*—*The terms*  
25           *‘motor vehicle’ and ‘capacity’ have the meaning given*

1        *such terms in paragraphs (2) and (4) of section*  
 2        *30D(d), respectively.*

3        “(d) *VIN NUMBER REQUIREMENT.*—*No credit shall be*  
 4        *allowed under subsection (a) with respect to any vehicle un-*  
 5        *less the taxpayer includes the vehicle identification number*  
 6        *of such vehicle on the return of tax for the taxable year.*

7        “(e) *APPLICATION OF CERTAIN RULES.*—*For purposes*  
 8        *of this section, rules similar to the rules of section 30D(f)*  
 9        *(without regard to paragraph (10) or (11) thereof) shall*  
 10       *apply for purposes of this section.*

11       “(f) *TERMINATION.*—*No credit shall be allowed under*  
 12       *this section with respect to any vehicle acquired after De-*  
 13       *cember 31, 2032.”.*

14       (b) *TRANSFER OF CREDIT.*—*Section 25E, as added by*  
 15       *subsection (a), is amended—*

16                (1) *by redesignating subsection (f) as subsection*  
 17                (g), and

18                (2) *by inserting after subsection (e) the following:*

19                “(f) *TRANSFER OF CREDIT.*—*Rules similar to the rules*  
 20        *of section 30D(g) shall apply.”.*

21        (c) *CONFORMING AMENDMENTS.*—*Section 6213(g)(2),*  
 22        *as amended by the preceding provisions of this Act, is*  
 23        *amended—*

24                (1) *in subparagraph (S), by striking “and” at*  
 25        *the end,*

1           (2) *in subparagraph (T), by striking the period*  
 2           *at the end and inserting “, and”, and*

3           (3) *by inserting after subparagraph (T) the fol-*  
 4           *lowing:*

5                     *“(U) an omission of a correct vehicle identi-*  
 6                     *fication number required under section 25E(d)*  
 7                     *(relating to credit for previously-owned clean ve-*  
 8                     *hicles) to be included on a return.”.*

9           (d) *CLERICAL AMENDMENT.—The table of sections for*  
 10          *subpart A of part IV of subchapter A of chapter 1 is amend-*  
 11          *ed by inserting after the item relating to section 25D the*  
 12          *following new item:*

*“Sec. 25E. Previously-owned clean vehicles.”.*

13          (e) *EFFECTIVE DATE.—*

14                     (1) *IN GENERAL.—Except as provided in para-*  
 15                     *graph (2), the amendments made by this section shall*  
 16                     *apply to vehicles acquired after December 31, 2022.*

17                     (2) *TRANSFER OF CREDIT.—The amendments*  
 18                     *made by subsection (b) shall apply to vehicles ac-*  
 19                     *quired after December 31, 2023.*

20          **SEC. 13403. QUALIFIED COMMERCIAL CLEAN VEHICLES.**

21           (a) *IN GENERAL.—Subpart D of part IV of subchapter*  
 22          *A of chapter 1, as amended by the preceding provisions of*  
 23          *this Act, is amended by adding at the end the following*  
 24          *new section:*

1 **“SEC. 45W. CREDIT FOR QUALIFIED COMMERCIAL CLEAN**  
 2 **VEHICLES.**

3 “(a) *IN GENERAL.*—For purposes of section 38, the  
 4 qualified commercial clean vehicle credit for any taxable  
 5 year is an amount equal to the sum of the credit amounts  
 6 determined under subsection (b) with respect to each quali-  
 7 fied commercial clean vehicle placed in service by the tax-  
 8 payer during the taxable year.

9 “(b) *PER VEHICLE AMOUNT.*—

10 “(1) *IN GENERAL.*—Subject to paragraph (4), the  
 11 amount determined under this subsection with respect  
 12 to any qualified commercial clean vehicle shall be  
 13 equal to the lesser of—

14 “(A) 15 percent of the basis of such vehicle  
 15 (30 percent in the case of a vehicle not powered  
 16 by a gasoline or diesel internal combustion en-  
 17 gine), or

18 “(B) the incremental cost of such vehicle.

19 “(2) *INCREMENTAL COST.*—For purposes of  
 20 paragraph (1)(B), the incremental cost of any quali-  
 21 fied commercial clean vehicle is an amount equal to  
 22 the excess of the purchase price for such vehicle over  
 23 such price of a comparable vehicle.

24 “(3) *COMPARABLE VEHICLE.*—For purposes of  
 25 this subsection, the term ‘comparable vehicle’ means,  
 26 with respect to any qualified commercial clean vehi-



1        *cle, any vehicle which is powered solely by a gasoline*  
 2        *or diesel internal combustion engine and which is*  
 3        *comparable in size and use to such vehicle.*

4            “(4) *LIMITATION.*—*The amount determined*  
 5        *under this subsection with respect to any qualified*  
 6        *commercial clean vehicle shall not exceed—*

7            “(A) *in the case of a vehicle which has a*  
 8            *gross vehicle weight rating of less than 14,000*  
 9            *pounds, \$7,500, and*

10          “(B) *in the case of a vehicle not described*  
 11          *in subparagraph (A), \$40,000.*

12          “(c) *QUALIFIED COMMERCIAL CLEAN VEHICLE.*—*For*  
 13        *purposes of this section, the term ‘qualified commercial*  
 14        *clean vehicle’ means any vehicle which—*

15          “(1) *meets the requirements of section*  
 16        *30D(d)(1)(C) and is acquired for use or lease by the*  
 17        *taxpayer and not for resale,*

18          “(2) *either—*

19            “(A) *meets the requirements of subpara-*  
 20            *graph (D) of section 30D(d)(1) and is manufac-*  
 21            *tured primarily for use on public streets, roads,*  
 22            *and highways (not including a vehicle operated*  
 23            *exclusively on a rail or rails), or*

24            “(B) *is mobile machinery, as defined in sec-*  
 25            *tion 4053(8) (including vehicles that are not de-*

1           *signed to perform a function of transporting a*  
 2           *load over the public highways),*

3           “(3) *either—*

4                   “(A) *is propelled to a significant extent by*  
 5           *an electric motor which draws electricity from a*  
 6           *battery which has a capacity of not less than 15*  
 7           *kilowatt hours (or, in the case of a vehicle which*  
 8           *has a gross vehicle weight rating of less than*  
 9           *14,000 pounds, 7 kilowatt hours) and is capable*  
 10           *of being recharged from an external source of*  
 11           *electricity, or*

12                   “(B) *is a motor vehicle which satisfies the*  
 13           *requirements under subparagraphs (A) and (B)*  
 14           *of section 30B(b)(3), and*

15           “(4) *is of a character subject to the allowance for*  
 16           *depreciation.*

17           “(d) *SPECIAL RULES.—*

18                   “(1) *IN GENERAL.—Rules similar to the rules*  
 19           *under subsection (f) of section 30D (without regard to*  
 20           *paragraph (10) or (11) thereof) shall apply for pur-*  
 21           *poses of this section.*

22                   “(2) *VEHICLES PLACED IN SERVICE BY TAX-EX-*  
 23           *EMPT ENTITIES.—Subsection (c)(4) shall not apply to*  
 24           *any vehicle which is not subject to a lease and which*

1        *is placed in service by a tax-exempt entity described*  
 2        *in clause (i), (ii), or (iv) of section 168(h)(2)(A).*

3            *“(3) NO DOUBLE BENEFIT.—No credit shall be*  
 4        *allowed under this section with respect to any vehicle*  
 5        *for which a credit was allowed under section 30D.*

6            *“(e) VIN NUMBER REQUIREMENT.—No credit shall be*  
 7        *determined under subsection (a) with respect to any vehicle*  
 8        *unless the taxpayer includes the vehicle identification num-*  
 9        *ber of such vehicle on the return of tax for the taxable year.*

10          *“(f) REGULATIONS AND GUIDANCE.—The Secretary*  
 11        *shall issue such regulations or other guidance as the Sec-*  
 12        *retary determines necessary to carry out the purposes of this*  
 13        *section, including regulations or other guidance relating to*  
 14        *determination of the incremental cost of any qualified com-*  
 15        *mercial clean vehicle.*

16          *“(g) TERMINATION.—No credit shall be determined*  
 17        *under this section with respect to any vehicle acquired after*  
 18        *December 31, 2032.”.*

19          *(b) CONFORMING AMENDMENTS.—*

20            *(1) Section 38(b), as amended by the preceding*  
 21        *provisions of this Act, is amended—*

22            *(A) in paragraph (35), by striking “plus”*  
 23        *at the end,*

24            *(B) in paragraph (36), by striking the pe-*  
 25        *riod at the end and inserting “, plus”, and*

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

3                   “(37) the qualified commercial clean vehicle  
4                   credit determined under section 45W.”.

5                   (2) Section 6213(g)(2), as amended by the pre-  
6                   ceding provisions of this Act, is amended—

7                   (A) in subparagraph (T), by striking “and”  
8                   at the end,

9                   (B) in subparagraph (U), by striking the  
10                  period at the end and inserting “, and”, and

11                  (C) by inserting after subparagraph (U) the  
12                  following:

13                  “(V) an omission of a correct vehicle identi-  
14                  fication number required under section 45W(e)  
15                  (relating to commercial clean vehicle credit) to be  
16                  included on a return.”.

17                  (3) The table of sections for subpart D of part  
18                  IV of subchapter A of chapter 1, as amended by the  
19                  preceding provisions of this Act, is amended by add-  
20                  ing at the end the following new item:

“Sec. 45W. Qualified commercial clean vehicle credit.”.

21                  (c) *EFFECTIVE DATE.*—The amendments made by this  
22                  section shall apply to vehicles acquired after December 31,  
23                  2022.

1 **SEC. 13404. ALTERNATIVE FUEL REFUELING PROPERTY**  
 2 **CREDIT.**

3 (a) *IN GENERAL.*—Section 30C(g) is amended by  
 4 striking “December 31, 2021” and inserting “December 31,  
 5 2032”.

6 (b) *CREDIT FOR PROPERTY OF A CHARACTER SUB-*  
 7 *JECT TO DEPRECIATION.*—

8 (1) *IN GENERAL.*—Section 30C(a) is amended by  
 9 inserting “(6 percent in the case of property of a  
 10 character subject to depreciation)” after “30 percent”.

11 (2) *MODIFICATION OF CREDIT LIMITATION.*—  
 12 Subsection (b) of section 30C is amended—

13 (A) in the matter preceding paragraph  
 14 (1)—

15 (i) by striking “with respect to all”  
 16 and inserting “with respect to any single  
 17 item of”, and

18 (ii) by striking “at a location”, and

19 (B) in paragraph (1), by striking “\$30,000  
 20 in the case of a property” and inserting  
 21 “\$100,000 in the case of any such item of prop-  
 22 erty”.

23 (3) *BIDIRECTIONAL CHARGING EQUIPMENT IN-*  
 24 *CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHICLE*  
 25 *REFUELING PROPERTY.*—Section 30C(c) is amended  
 26 to read as follows:

1       “(c) *QUALIFIED ALTERNATIVE FUEL VEHICLE RE-*  
 2 *FUELING PROPERTY.*—*For purposes of this section—*

3               “(1) *IN GENERAL.*—*The term ‘qualified alter-*  
 4 *native fuel vehicle refueling property’ has the same*  
 5 *meaning as the term ‘qualified clean-fuel vehicle re-*  
 6 *fueling property’ would have under section 179A if—*

7               “(A) *paragraph (1) of section 179A(d) did*  
 8 *not apply to property installed on property*  
 9 *which is used as the principal residence (within*  
 10 *the meaning of section 121) of the taxpayer, and*

11               “(B) *only the following were treated as*  
 12 *clean-burning fuels for purposes of section*  
 13 *179A(d):*

14               “(i) *Any fuel at least 85 percent of the*  
 15 *volume of which consists of one or more of*  
 16 *the following: ethanol, natural gas, com-*  
 17 *pressed natural gas, liquified natural gas,*  
 18 *liquefied petroleum gas, or hydrogen.*

19               “(ii) *Any mixture—*

20               “(I) *which consists of two or more*  
 21 *of the following: biodiesel (as defined in*  
 22 *section 40A(d)(1)), diesel fuel (as de-*  
 23 *finied in section 4083(a)(3)), or ker-*  
 24 *osene, and*

1                   “(II) at least 20 percent of the  
 2                   volume of which consists of biodiesel  
 3                   (as so defined) determined without re-  
 4                   gard to any kerosene in such mixture.  
 5                   “(iii) Electricity.

6                   “(2) *BIDIRECTIONAL CHARGING EQUIPMENT.*—  
 7                   Property shall not fail to be treated as qualified alter-  
 8                   native fuel vehicle refueling property solely because  
 9                   such property—

10                   “(A) is capable of charging the battery of a  
 11                   motor vehicle propelled by electricity, and

12                   “(B) allows discharging electricity from  
 13                   such battery to an electric load external to such  
 14                   motor vehicle.”.

15                   (c) *CERTAIN ELECTRIC CHARGING STATIONS IN-*  
 16 *CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHICLE RE-*  
 17 *FUELING PROPERTY.*—Section 30C is amended by redesign-  
 18 *ating subsections (f) and (g) as subsections (g) and (h),*  
 19 *respectively, and by inserting after subsection (e) the fol-*  
 20 *lowing:*

21                   “(f) *SPECIAL RULE FOR ELECTRIC CHARGING STA-*  
 22 *TIONS FOR CERTAIN VEHICLES WITH 2 OR 3 WHEELS.*—  
 23 *For purposes of this section—*

24                   “(1) *IN GENERAL.*—The term ‘qualified alter-  
 25                   native fuel vehicle refueling property’ includes any

1        *property described in subsection (c) for the recharging*  
 2        *of a motor vehicle described in paragraph (2), but*  
 3        *only if such property—*

4                *“(A) meets the requirements of subsection*  
 5                *(a)(2), and*

6                *“(B) is of a character subject to deprecia-*  
 7                *tion.*

8                *“(2) MOTOR VEHICLE.—A motor vehicle is de-*  
 9                *scribed in this paragraph if the motor vehicle—*

10                *“(A) is manufactured primarily for use on*  
 11                *public streets, roads, or highways (not including*  
 12                *a vehicle operated exclusively on a rail or rails),*

13                *“(B) has 2 or 3 wheels, and*

14                *“(C) is propelled by electricity.”.*

15        *(d) WAGE AND APPRENTICESHIP REQUIREMENTS.—*  
 16        *Section 30C, as amended by this section, is further amended*  
 17        *by redesignating subsections (g) and (h) as subsections (h)*  
 18        *and (i) and by inserting after subsection (f) the following*  
 19        *new subsection:*

20                *“(g) WAGE AND APPRENTICESHIP REQUIREMENTS.—*

21                *“(1) INCREASED CREDIT AMOUNT.—*

22                *“(A) IN GENERAL.—In the case of any*  
 23                *qualified alternative fuel vehicle refueling project*  
 24                *which satisfies the requirements of subparagraph*  
 25                *(C), the amount of the credit determined under*



subsection (a) for any qualified alternative fuel vehicle refueling property of a character subject to an allowance for depreciation which is part of such project shall be equal to such amount (determined without regard to this sentence) multiplied by 5.

“(B) *QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROJECT.*—For purposes of this subsection, the term ‘qualified alternative fuel vehicle refueling project’ means a project consisting of one or more properties that are part of a single project.

“(C) *PROJECT REQUIREMENTS.*—A project meets the requirements of this subparagraph if it is one of the following:

“(i) A project the construction of which begins prior to the date that is 60 days after the Secretary publishes guidance with respect to the requirements of paragraphs (2)(A) and (3).

“(ii) A project which satisfies the requirements of paragraphs (2)(A) and (3).

“(2) *PREVAILING WAGE REQUIREMENTS.*—

“(A) *IN GENERAL.*—The requirements described in this subparagraph with respect to any

1        *qualified alternative fuel vehicle refueling project*  
 2        *are that the taxpayer shall ensure that any la-*  
 3        *borers and mechanics employed by the taxpayer*  
 4        *or any contractor or subcontractor in the con-*  
 5        *struction of any qualified alternative fuel vehicle*  
 6        *refueling property which is part of such project*  
 7        *shall be paid wages at rates not less than the*  
 8        *prevailing rates for construction, alteration, or*  
 9        *repair of a similar character in the locality in*  
 10       *which such project is located as most recently de-*  
 11       *termined by the Secretary of Labor, in accord-*  
 12       *ance with subchapter IV of chapter 31 of title 40,*  
 13       *United States Code.*

14                *“(B) CORRECTION AND PENALTY RELATED*  
 15        *TO FAILURE TO SATISFY WAGE REQUIRE-*  
 16        *MENTS.—Rules similar to the rules of section*  
 17        *45(b)(7)(B) shall apply.*

18                *“(3) APPRENTICESHIP REQUIREMENTS.—Rules*  
 19        *similar to the rules of section 45(b)(8) shall apply.*

20                *“(4) REGULATIONS AND GUIDANCE.—The Sec-*  
 21        *retary shall issue such regulations or other guidance*  
 22        *as the Secretary determines necessary to carry out the*  
 23        *purposes of this subsection, including regulations or*  
 24        *other guidance which provides for requirements for*

1        *recordkeeping or information reporting for purposes*  
 2        *of administering the requirements of this subsection.”.*

3        *(e) ELIGIBLE CENSUS TRACTS.—Subsection (c) of sec-*  
 4        *tion 30C, as amended by subsection (b)(3), is amended by*  
 5        *adding at the end the following:*

6                *“(3) PROPERTY REQUIRED TO BE LOCATED IN*  
 7        *ELIGIBLE CENSUS TRACTS.—*

8                *“(A) IN GENERAL.—Property shall not be*  
 9        *treated as qualified alternative fuel vehicle re-*  
 10        *fueling property unless such property is placed*  
 11        *in service in an eligible census tract.*

12                *“(B) ELIGIBLE CENSUS TRACT.—*

13                *“(i) IN GENERAL.—For purposes of*  
 14        *this paragraph, the term ‘eligible census*  
 15        *tract’ means any population census tract*  
 16        *which—*

17                *“(I) is described in section*  
 18        *45D(e), or*

19                *“(II) is not an urban area.*

20                *“(ii) URBAN AREA.—For purposes of*  
 21        *clause (i)(II), the term ‘urban area’ means*  
 22        *a census tract (as defined by the Bureau of*  
 23        *the Census) which, according to the most re-*  
 24        *cent decennial census, has been designated*

1                   *as an urban area by the Secretary of Com-*  
 2                   *merce.”.*

3       (f) *EFFECTIVE DATE.*—

4               (1) *IN GENERAL.*—*Except as provided in para-*  
 5       *graph (2), the amendments made by this section shall*  
 6       *apply to property placed in service after December*  
 7       *31, 2022.*

8               (2) *EXTENSION.*—*The amendments made by sub-*  
 9       *section (a) shall apply to property placed in service*  
 10       *after December 31, 2021.*

11       **PART 5—INVESTMENT IN CLEAN ENERGY**

12       **MANUFACTURING AND ENERGY SECURITY**

13       **SEC. 13501. EXTENSION OF THE ADVANCED ENERGY**  
 14       **PROJECT CREDIT.**

15       (a) *EXTENSION OF CREDIT.*—*Section 48C is amended*  
 16       *by redesignating subsection (e) as subsection (f) and by in-*  
 17       *serting after subsection (d) the following new subsection:*

18       “(e) *ADDITIONAL ALLOCATIONS.*—

19               “(1) *IN GENERAL.*—*Not later than 180 days*  
 20       *after the date of enactment of this subsection, the Sec-*  
 21       *retary shall establish a program to consider and*  
 22       *award certifications for qualified investments eligible*  
 23       *for credits under this section to qualifying advanced*  
 24       *energy project sponsors.*

1           “(2) *LIMITATION.*—*The total amount of credits*  
 2           *which may be allocated under the program established*  
 3           *under paragraph (1) shall not exceed*  
 4           *\$10,000,000,000, of which not greater than*  
 5           *\$6,000,000,000 may be allocated to qualified invest-*  
 6           *ments which are not located within a census tract*  
 7           *which—*

8                       “(A) *is described in clause (iii) of section*  
 9                       *45(b)(11)(B), and*

10                      “(B) *prior to the date of enactment of this*  
 11                      *subsection, had no project which received a cer-*  
 12                      *tification and allocation of credits under sub-*  
 13                      *section (d).*

14           “(3) *CERTIFICATIONS.*—

15                      “(A) *APPLICATION REQUIREMENT.*—*Each*  
 16                      *applicant for certification under this subsection*  
 17                      *shall submit an application at such time and*  
 18                      *containing such information as the Secretary*  
 19                      *may require.*

20                      “(B) *TIME TO MEET CRITERIA FOR CER-*  
 21                      *TIFICATION.*—*Each applicant for certification*  
 22                      *shall have 2 years from the date of acceptance by*  
 23                      *the Secretary of the application during which to*  
 24                      *provide to the Secretary evidence that the re-*  
 25                      *quirements of the certification have been 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 notify*  
 5           *the Secretary that such project has been so placed*  
 6           *in service, and if such project is not placed in*  
 7           *service by that time period, then the certification*  
 8           *shall no longer be valid. If any certification is*  
 9           *revoked under this subparagraph, the amount of*  
 10           *the limitation under paragraph (2) shall be in-*  
 11           *creased by the amount of the credit with respect*  
 12           *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 certification*  
 19           *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*

determined by substituting ‘6 percent’ for ‘30 percent’.

“(B) *ALTERNATIVE RATE.*—In the case of any project which satisfies the requirements of paragraphs (5)(A) and (6), subparagraph (A) shall not apply.

“(5) *PREVAILING WAGE REQUIREMENTS.*—

“(A) *IN GENERAL.*—The requirements described in this subparagraph with respect to a project are that the taxpayer shall ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in the re-equipping, expansion, or establishment of a manufacturing facility shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality in which such project is located as most recently determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.

“(B) *CORRECTION AND PENALTY RELATED TO FAILURE TO SATISFY WAGE REQUIREMENTS.*—Rules similar to the rules of section 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 such*  
7           *applicant.”.*

8           (b) *MODIFICATION OF QUALIFYING ADVANCED ENERGY*  
9           *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 this  
13           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 sources  
 3           of renewable energy, including storage of such  
 4           energy” and inserting “grid modernization  
 5           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 refine,  
 13                               electrolyze, or blend any fuel, chemical,  
 14                               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, by*  
 17                   *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—*

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. 1606(a)).”.

17 (c) CONFORMING AMENDMENT.—Subparagraph (A) of  
18 section 48C(c)(2) is amended to read as follows:

19 “(A) which is necessary for—

20 “(i) the production or recycling of  
21 property described in clause (i) of para-  
22 graph (1)(A),

23 “(ii) re-equipping an industrial or  
24 manufacturing facility described in clause  
25 (ii) of such paragraph, or

1                   “(iii) re-equipping, expanding, or es-  
 2                   tablishing an industrial facility described  
 3                   in clause (iii) of such paragraph,”.

4           (d) *DENIAL OF DOUBLE BENEFIT.*—48C(f), as redesi-  
 5   nated by this section, is amended by striking “or 48B” and  
 6   inserting “48B, 48E, 45Q, or 45V”.

7           (e) *EFFECTIVE DATE.*—The amendments made by this  
 8   section shall take effect on January 1, 2023.

9   **SEC. 13502. ADVANCED MANUFACTURING PRODUCTION**  
 10                   **CREDIT.**

11           (a) *IN GENERAL.*—Subpart D of part IV of subchapter  
 12   A of chapter 1, as amended by the preceding provisions of  
 13   this Act, is amended by adding at the end the following  
 14   new section:

15   **“SEC. 45X. ADVANCED MANUFACTURING PRODUCTION**  
 16                   **CREDIT.**

17           “(a) *IN GENERAL.*—

18                   “(1) *ALLOWANCE OF CREDIT.*—For purposes of  
 19   section 38, the advanced manufacturing production  
 20   credit for any taxable year is an amount equal to the  
 21   sum of the credit amounts determined under sub-  
 22   section (b) with respect to each eligible component  
 23   which is—

24                   “(A) produced by the taxpayer, and

1           “(B) *during the taxable year, sold by such*  
 2           *taxpayer to an unrelated person.*

3           “(2) *PRODUCTION AND SALE MUST BE IN TRADE*  
 4           *OR BUSINESS.—Any eligible component produced and*  
 5           *sold by the taxpayer shall be taken into account only*  
 6           *if the production and sale described in paragraph (1)*  
 7           *is in a trade or business of the taxpayer.*

8           “(3) *UNRELATED PERSON.—*

9           “(A) *IN GENERAL.—For purposes of this*  
 10           *subsection, a taxpayer shall be treated as selling*  
 11           *components to an unrelated person if such com-*  
 12           *ponent is sold to such person by a person related*  
 13           *to the taxpayer.*

14           “(B) *ELECTION.—*

15           “(i) *IN GENERAL.—At the election of*  
 16           *the taxpayer (in such form and manner as*  
 17           *the Secretary may prescribe), a sale of com-*  
 18           *ponents by such taxpayer to a related per-*  
 19           *son shall be deemed to have been made to an*  
 20           *unrelated person.*

21           “(ii) *REQUIREMENT.—As a condition*  
 22           *of, and prior to, any election described in*  
 23           *clause (i), the Secretary may require such*  
 24           *information or registration as the Secretary*  
 25           *deems necessary for purposes of preventing*

1                   *duplication, fraud, or any improper or ex-*  
 2                   *cessive amount determined under paragraph*  
 3                   *(1).*

4           “(b) *CREDIT AMOUNT.*—

5                   “(1) *IN GENERAL.*—*Subject to paragraph (3), the*  
 6                   *amount determined under this subsection with respect*  
 7                   *to any eligible component, including any eligible com-*  
 8                   *ponent it incorporates, shall be equal to—*

9                   “(A) *in the case of a thin film photovoltaic*  
 10                   *cell or a crystalline photovoltaic cell, an amount*  
 11                   *equal to the product of—*

12                   “(i) *4 cents, multiplied by*

13                   “(ii) *the capacity of such cell (ex-*  
 14                   *pressed on a per direct current watt basis),*

15                   “(B) *in the case of a photovoltaic wafer,*  
 16                   *\$12 per square meter,*

17                   “(C) *in the case of solar grade polysilicon,*  
 18                   *\$3 per kilogram,*

19                   “(D) *in the case of a polymeric backsheets,*  
 20                   *40 cents per square meter,*

21                   “(E) *in the case of a solar module, an*  
 22                   *amount equal to the product of—*

23                   “(i) *7 cents, multiplied by*

24                   “(ii) *the capacity of such module (ex-*  
 25                   *pressed on a per direct current watt basis),*

1           “(F) in the case of a wind energy compo-  
2           nent—

3                   “(i) if such component is a related off-  
4                   shore wind vessel, an amount equal to 10  
5                   percent of the sales price of such vessel, and

6                   “(ii) if such component is not described  
7                   in clause (i), an amount equal to the prod-  
8                   uct of—

9                           “(I) the applicable amount with  
10                          respect to such component (as deter-  
11                          mined under paragraph (2)(A)), multi-  
12                          plied by

13                           “(II) the total rated capacity (ex-  
14                          pressed on a per watt basis) of the  
15                          completed wind turbine for which such  
16                          component is designed,

17                   “(G) in the case of a torque tube, 87 cents  
18                   per kilogram,

19                   “(H) in the case of a structural fastener,  
20                   \$2.28 per kilogram,

21                   “(I) in the case of an inverter, an amount  
22                   equal to the product of—

23                           “(i) the applicable amount with respect  
24                          to such inverter (as determined under para-  
25                          graph (2)(B)), multiplied by

1                   “(ii) the capacity of such inverter (ex-  
2                   pressed on a per alternating current watt  
3                   basis),

4                   “(J) in the case of electrode active mate-  
5                   rials, an amount equal to 10 percent of the costs  
6                   incurred by the taxpayer with respect to produc-  
7                   tion of such materials,

8                   “(K) in the case of a battery cell, an  
9                   amount equal to the product of—

10                   “(i) \$35, multiplied by

11                   “(ii) subject to paragraph (4), the ca-  
12                   pacity of such battery cell (expressed on a  
13                   kilowatt-hour basis),

14                   “(L) in the case of a battery module, an  
15                   amount equal to the product of—

16                   “(i) \$10 (or, in the case of a battery  
17                   module which does not use battery cells,  
18                   \$45), multiplied by

19                   “(ii) subject to paragraph (4), the ca-  
20                   pacity of such battery module (expressed on  
21                   a kilowatt-hour basis), and

22                   “(M) in the case of any applicable critical  
23                   mineral, an amount equal to 10 percent of the  
24                   costs incurred by the taxpayer with respect to  
25                   production of such mineral.



1           “(2) *APPLICABLE AMOUNTS.*—

2                   “(A) *WIND ENERGY COMPONENTS.*—*For*  
 3 *purposes of paragraph (1)(F)(ii), the applicable*  
 4 *amount with respect to any wind energy compo-*  
 5 *nent shall be—*

6                           “(i) *in the case of a blade, 2 cents,*

7                           “(ii) *in the case of a nacelle, 5 cents,*

8                           “(iii) *in the case of a tower, 3 cents,*

9                           *and*

10                           “(iv) *in the case of an offshore wind*  
 11 *foundation—*

12                                   “(I) *which uses a fixed platform,*  
 13 *2 cents, or*

14                                   “(II) *which uses a floating plat-*  
 15 *form, 4 cents.*

16                   “(B) *INVERTERS.*—*For purposes of para-*  
 17 *graph (1)(I), the applicable amount with respect*  
 18 *to any inverter shall be—*

19                           “(i) *in the case of a central inverter,*  
 20 *0.25 cents,*

21                           “(ii) *in the case of a utility inverter,*  
 22 *1.5 cents,*

23                           “(iii) *in the case of a commercial in-*  
 24 *verter, 2 cents,*

1                   “(iv) in the case of a residential in-  
2                   verter, 6.5 cents, and

3                   “(v) in the case of a microinverter or  
4                   a distributed wind inverter, 11 cents.

5                   “(3) *PHASE OUT.*—

6                   “(A) *IN GENERAL.*—Subject to subpara-  
7                   graph (C), in the case of any eligible component  
8                   sold after December 31, 2029, the amount deter-  
9                   mined under this subsection with respect to such  
10                  component shall be equal to the product of—

11                  “(i) the amount determined under  
12                  paragraph (1) with respect to such compo-  
13                  nent, as determined without regard to this  
14                  paragraph, multiplied by

15                  “(ii) the phase out percentage under  
16                  subparagraph (B).

17                  “(B) *PHASE OUT PERCENTAGE.*—The phase  
18                  out percentage under this subparagraph is equal  
19                  to—

20                  “(i) in the case of an eligible compo-  
21                  nent sold during calendar year 2030, 75  
22                  percent,

23                  “(ii) in the case of an eligible compo-  
24                  nent sold during calendar year 2031, 50  
25                  percent,

1                   “(iii) in the case of an eligible compo-  
 2                   nent sold during calendar year 2032, 25  
 3                   percent,

4                   “(iv) in the case of an eligible compo-  
 5                   nent sold after December 31, 2032, 0 per-  
 6                   cent.

7                   “(C) *EXCEPTION.*—For purposes of deter-  
 8                   mining the amount under this subsection with  
 9                   respect to any applicable critical mineral, this  
 10                  paragraph shall not apply.

11                  “(4) *LIMITATION ON CAPACITY OF BATTERY*  
 12                  *CELLS AND BATTERY MODULES.*—

13                   “(A) *IN GENERAL.*—For purposes of sub-  
 14                   paragraph (K)(ii) or (L)(ii) of paragraph (1),  
 15                   the capacity determined under either subpara-  
 16                   graph with respect to a battery cell or battery  
 17                   module shall not exceed a capacity-to-power  
 18                   ratio of 100:1.

19                   “(B) *CAPACITY-TO-POWER RATIO.*—For pur-  
 20                   poses of this paragraph, the term ‘capacity-to-  
 21                   power ratio’ means, with respect to a battery cell  
 22                   or battery module, the ratio of the capacity of  
 23                   such cell or module to the maximum discharge  
 24                   amount of such cell or module.

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

1 “(1) *ELIGIBLE COMPONENT.*—

2 “(A) *IN GENERAL.*—*The term ‘eligible com-*  
3 *ponent’ means—*

4 “(i) *any solar energy component,*

5 “(ii) *any wind energy component,*

6 “(iii) *any inverter described in sub-*  
7 *paragraphs (B) through (G) of paragraph*  
8 *(2),*

9 “(iv) *any qualifying battery compo-*  
10 *nent, and*

11 “(v) *any applicable critical mineral.*

12 “(B) *APPLICATION WITH OTHER CRED-*  
13 *ITS.*—*The term ‘eligible component’ shall not in-*  
14 *clude any property which is produced at a facil-*  
15 *ity if the basis of any property which is part of*  
16 *such facility is taken into account for purposes*  
17 *of the credit allowed under section 48C after the*  
18 *date of the enactment of this section.*

19 “(2) *INVERTERS.*—

20 “(A) *IN GENERAL.*—*The term ‘inverter’*  
21 *means an end product which is suitable to con-*  
22 *vert direct current electricity from 1 or more*  
23 *solar modules or certified distributed wind en-*  
24 *ergy systems into alternating current electricity.*

1           “(B) *CENTRAL INVERTER.*—*The term ‘cen-*  
 2           *tral inverter’ means an inverter which is suitable*  
 3           *for large utility-scale systems and has a capacity*  
 4           *which is greater than 1,000 kilowatts (expressed*  
 5           *on a per alternating current watt basis).*

6           “(C) *COMMERCIAL INVERTER.*—*The term*  
 7           *‘commercial inverter’ means an inverter which—*

8                   “(i) *is suitable for commercial or util-*  
 9                   *ity-scale applications,*

10                   “(ii) *has a rated output of 208, 480,*  
 11                   *600, or 800 volt three-phase power, and*

12                   “(iii) *has a capacity which is not less*  
 13                   *than 20 kilowatts and not greater than 125*  
 14                   *kilowatts (expressed on a per alternating*  
 15                   *current watt basis).*

16           “(D) *DISTRIBUTED WIND INVERTER.*—

17                   “(i) *IN GENERAL.*—*The term ‘distrib-*  
 18                   *uted wind inverter’ means an inverter*  
 19                   *which—*

20                           “(I) *is used in a residential or*  
 21                           *non-residential system which utilizes 1*  
 22                           *or more certified distributed wind en-*  
 23                           *ergy systems, and*

24                           “(II) *has a rated output of not*  
 25                           *greater than 150 kilowatts.*

1                   “(ii) *CERTIFIED DISTRIBUTED WIND*  
 2                   *ENERGY SYSTEM.*—The term ‘certified dis-  
 3                   tributed wind energy system’ means a wind  
 4                   energy system which is certified by an ac-  
 5                   credited certification agency to meet Stand-  
 6                   ard 9.1-2009 of the American Wind Energy  
 7                   Association (including any subsequent revi-  
 8                   sions to or modifications of such Standard  
 9                   which have been approved by the American  
 10                  National Standards Institute).

11                  “(E) *MICROINVERTER.*—The term ‘micro-  
 12                  inverter’ means an inverter which—

13                         “(i) is suitable to connect with one  
 14                         solar module,

15                         “(ii) has a rated output of—

16                                 “(I) 120 or 240 volt single-phase  
 17                                 power, or

18                                 “(II) 208 or 480 volt three-phase  
 19                                 power, and

20                         “(iii) has a capacity which is not  
 21                         greater than 650 watts (expressed on a per  
 22                         alternating current watt basis).

23                  “(F) *RESIDENTIAL INVERTER.*—The term  
 24                  ‘residential inverter’ means an inverter which—

25                         “(i) is suitable for a residence,

1                   “(ii) *has a rated output of 120 or 240*  
2                   *volt single-phase power, and*

3                   “(iii) *has a capacity which is not*  
4                   *greater than 20 kilowatts (expressed on a*  
5                   *per alternating current watt basis).*

6                   “(G) *UTILITY INVERTER.—The term ‘utility*  
7                   *inverter’ means an inverter which—*

8                   “(i) *is suitable for commercial or util-*  
9                   *ity-scale systems,*

10                  “(ii) *has a rated output of not less*  
11                  *than 600 volt three-phase power, and*

12                  “(iii) *has a capacity which is greater*  
13                  *than 125 kilowatts and not greater than*  
14                  *1000 kilowatts (expressed on a per alter-*  
15                  *nating current watt basis)*

16                  “(3) *SOLAR ENERGY COMPONENT.—*

17                  “(A) *IN GENERAL.—The term ‘solar energy*  
18                  *component’ means any of the following:*

19                  “(i) *Solar modules.*

20                  “(ii) *Photovoltaic cells.*

21                  “(iii) *Photovoltaic wafers.*

22                  “(iv) *Solar grade polysilicon.*

23                  “(v) *Torque tubes or structural fas-*  
24                  *teners.*

25                  “(vi) *Polymeric backsheets.*

“(B) ASSOCIATED DEFINITIONS.—

“(i) *PHOTOVOLTAIC CELL*.—The term ‘photovoltaic cell’ means the smallest semiconductor element of a solar module which performs the immediate conversion of light into electricity.

“(ii) *PHOTOVOLTAIC WAFER*.—The term ‘photovoltaic wafer’ means a thin slice, sheet, or layer of semiconductor material of at least 240 square centimeters—

“(I) produced by a single manufacturer either—

“(aa) directly from molten or evaporated solar grade polysilicon or deposition of solar grade thin film semiconductor photon absorber layer, or

“(bb) through formation of an ingot from molten polysilicon and subsequent slicing, and

“(II) which comprises the substrate or absorber layer of one or more photovoltaic cells.

“(iii) *POLYMERIC BACKSHEET*.—The term ‘polymeric backsheet’ means a sheet on



1           *the back of a solar module which acts as an*  
2           *electric insulator and protects the inner*  
3           *components of such module from the sur-*  
4           *rounding environment.*

5           “(iv) *SOLAR GRADE POLYSILICON.*—  
6           *The term ‘solar grade polysilicon’ means*  
7           *silicon which is—*

8                     “(I) *suitable for use in photo-*  
9                     *voltaic manufacturing, and*

10                    “(II) *purified to a minimum pu-*  
11                    *ridy of 99.999999 percent silicon by*  
12                    *mass.*

13           “(v) *SOLAR MODULE.*—*The term ‘solar*  
14           *module’ means the connection and lamina-*  
15           *tion of photovoltaic cells into an environ-*  
16           *mentally protected final assembly which*  
17           *is—*

18                    “(I) *suitable to generate electricity*  
19                    *when exposed to sunlight, and*

20                    “(II) *ready for installation with-*  
21                    *out an additional manufacturing proc-*  
22                    *ess.*

23           “(vi) *SOLAR TRACKER.*—*The term*  
24           *‘solar tracker’ means a mechanical system*  
25           *that moves solar modules according to the*

1            *position of the sun and to increase energy*  
 2            *output.*

3            “(vii)    *SOLAR    TRACKER    COMPO-*  
 4            *NENTS.—*

5            “(I)   *TORQUE   TUBE.—The term*  
 6            *‘torque tube’ means a structural steel*  
 7            *support element (including longitu-*  
 8            *dinal purlins) which—*

9            “(aa)   *is part of a solar*  
 10           *tracker,*

11           “(bb)   *is of any cross-sectional*  
 12           *shape,*

13           “(cc)   *may be assembled from*  
 14           *individually manufactured seg-*  
 15           *ments,*

16           “(dd)   *spans longitudinally*  
 17           *between foundation posts,*

18           “(ee)   *supports solar panels*  
 19           *and is connected to a mounting*  
 20           *attachment for solar panels (with*  
 21           *or without separate module inter-*  
 22           *face rails), and*

23           “(ff)   *is rotated by means of a*  
 24           *drive system.*

1                   “(II) *STRUCTURAL FASTENER*.—

2                   *The term ‘structural fastener’ means a*  
 3                   *component which is used—*

4                   “*(aa) to connect the mechan-*  
 5                   *ical and drive system components*  
 6                   *of a solar tracker to the founda-*  
 7                   *tion of such solar tracker,*

8                   “*(bb) to connect torque tubes*  
 9                   *to drive assemblies, or*

10                  “*(cc) to connect segments of*  
 11                  *torque tubes to one another.*

12                  “(4) *WIND ENERGY COMPONENT*.—

13                  “(A) *IN GENERAL*.—*The term ‘wind energy*  
 14                  *component’ means any of the following:*

15                  “*(i) Blades.*

16                  “*(ii) Nacelles.*

17                  “*(iii) Towers.*

18                  “*(iv) Offshore wind foundations.*

19                  “*(v) Related offshore wind vessels.*

20                  “(B) *ASSOCIATED DEFINITIONS*.—

21                  “(i) *BLADE*.—*The term ‘blade’ means*  
 22                  *an airfoil-shaped blade which is responsible*  
 23                  *for converting wind energy to low-speed ro-*  
 24                  *tational energy.*

1 “(ii) *OFFSHORE WIND FOUNDATION*.—

2 *The term ‘offshore wind foundation’ means*  
 3 *the component (including transition piece)*  
 4 *which secures an offshore wind tower and*  
 5 *any above-water turbine components to the*  
 6 *seafloor using—*

7 “(I) *fixed platforms, such as off-*  
 8 *shore wind monopiles, jackets, or grav-*  
 9 *ity-based foundations, or*

10 “(II) *floating platforms and asso-*  
 11 *ciated mooring systems.*

12 “(iii) *NACELLE*.—*The term ‘nacelle’*  
 13 *means the assembly of the drivetrain and*  
 14 *other tower-top components of a wind tur-*  
 15 *bine (with the exception of the blades and*  
 16 *the hub) within their cover housing.*

17 “(iv) *RELATED OFFSHORE WIND VES-*  
 18 *SEL*.—*The term ‘related offshore wind ves-*  
 19 *sel’ means any vessel which is purpose-built*  
 20 *or retrofitted for purposes of the develop-*  
 21 *ment, transport, installation, operation, or*  
 22 *maintenance of offshore wind energy compo-*  
 23 *nents.*

24 “(v) *TOWER*.—*The term ‘tower’ means*  
 25 *a tubular or lattice structure which sup-*

1                    *ports the nacelle and rotor of a wind tur-*  
 2                    *bine.*

3                    “(5) *QUALIFYING BATTERY COMPONENT.*—

4                    “(A) *IN GENERAL.*—*The term ‘qualifying*  
 5                    *battery component’ means any of the following:*

6                    “(i) *Electrode active materials.*

7                    “(ii) *Battery cells.*

8                    “(iii) *Battery modules.*

9                    “(B) *ASSOCIATED DEFINITIONS.*—

10                   “(i) *ELECTRODE ACTIVE MATERIAL.*—

11                   *The term ‘electrode active material’ means*  
 12                   *cathode materials, anode materials, anode*  
 13                   *foils, and electrochemically active materials,*  
 14                   *including solvents, additives, and electrolyte*  
 15                   *salts that contribute to the electrochemical*  
 16                   *processes necessary for energy storage .*

17                   “(ii) *BATTERY CELL.*—*The term ‘bat-*  
 18                   *tery cell’ means an electrochemical cell—*

19                          “(I) *comprised of 1 or more posi-*  
 20                          *tive electrodes and 1 or more negative*  
 21                          *electrodes,*

22                          “(II) *with an energy density of*  
 23                          *not less than 100 watt-hours per liter,*  
 24                          *and*

1                   “(III) capable of storing at least  
2                   12 watt-hours of energy.

3                   “(iii) *BATTERY MODULE*.—The term  
4                   ‘battery module’ means a module—

5                   “(I)(aa) in the case of a module  
6                   using battery cells, with 2 or more bat-  
7                   tery cells which are configured elec-  
8                   trically, in series or parallel, to create  
9                   voltage or current, as appropriate, to a  
10                  specified end use, or

11                  “(bb) with no battery cells, and

12                  “(II) with an aggregate capacity  
13                  of not less than 7 kilowatt-hours (or, in  
14                  the case of a module for a hydrogen  
15                  fuel cell vehicle, not less than 1 kilo-  
16                  watt-hour).

17                  “(6) *APPLICABLE CRITICAL MINERALS*.—The  
18                  term ‘applicable critical mineral’ means any of the  
19                  following:

20                  “(A) *ALUMINUM*.—Aluminum which is—

21                   “(i) converted from bauxite to a min-  
22                   imum purity of 99 percent alumina by  
23                   mass, or

24                   “(ii) purified to a minimum purity of  
25                   99.9 percent aluminum by mass.

1                   “(B) *ANTIMONY*.—*Antimony which is—*

2                   “*(i) converted to antimony trisulfide*  
3                   *concentrate with a minimum purity of 90*  
4                   *percent antimony trisulfide by mass, or*

5                   “*(ii) purified to a minimum purity of*  
6                   *99.65 percent antimony by mass.*

7                   “(C) *BARITE*.—*Barite which is barium sul-*  
8                   *fate purified to a minimum purity of 80 percent*  
9                   *barite by mass.*

10                  “(D) *BERYLLIUM*.—*Beryllium which is—*

11                  “*(i) converted to copper-beryllium*  
12                  *master alloy, or*

13                  “*(ii) purified to a minimum purity of*  
14                  *99 percent beryllium by mass.*

15                  “(E) *CERIUM*.—*Cerium which is—*

16                  “*(i) converted to cerium oxide which is*  
17                  *purified to a minimum purity of 99.9 per-*  
18                  *cent cerium oxide by mass, or*

19                  “*(ii) purified to a minimum purity of*  
20                  *99 percent cerium by mass.*

21                  “(F) *CESIUM*.—*Cesium which is—*

22                  “*(i) converted to cesium formate or ce-*  
23                  *sium carbonate, or*

24                  “*(ii) purified to a minimum purity of*  
25                  *99 percent cesium by mass.*

1 “(G) *CHROMIUM*.—Chromium which is—

2 “(i) converted to ferrochromium con-  
3 sisting of not less than 60 percent chro-  
4 mium by mass, or

5 “(ii) purified to a minimum purity of  
6 99 percent chromium by mass.

7 “(H) *COBALT*.—Cobalt which is—

8 “(i) converted to cobalt sulfate, or

9 “(ii) purified to a minimum purity of  
10 99.6 percent cobalt by mass.

11 “(I) *DYSPROSIUM*.—Dysprosium which is—

12 “(i) converted to not less than 99 per-  
13 cent pure dysprosium iron alloy by mass, or

14 “(ii) purified to a minimum purity of  
15 99 percent dysprosium by mass.

16 “(J) *EUROPIUM*.—Europium which is—

17 “(i) converted to europium oxide which  
18 is purified to a minimum purity of 99.9  
19 percent europium oxide by mass, or

20 “(ii) purified to a minimum purity of  
21 99 percent by mass.

22 “(K) *FLUORSPAR*.—Fluorspar which is—

23 “(i) converted to fluorspar which is pu-  
24 rified to a minimum purity of 97 percent  
25 calcium fluoride by mass, or



1                   “(ii) purified to a minimum purity of  
2                   99 percent fluorspar by mass.

3                   “(L) GADOLINIUM.—Gadolinium    which  
4                   is—

5                   “(i) converted to gadolinium oxide  
6                   which is purified to a minimum purity of  
7                   99.9 percent gadolinium oxide by mass, or

8                   “(ii) purified to a minimum purity of  
9                   99 percent gadolinium by mass.

10                  “(M) GERMANIUM.—Germanium    which  
11                  is—

12                  “(i) converted to germanium tetra-  
13                  chloride, or

14                  “(ii) purified to a minimum purity of  
15                  99.99 percent germanium by mass.

16                  “(N) GRAPHITE.—Graphite which is puri-  
17                  fied to a minimum purity of 99.9 percent gra-  
18                  phitic carbon by mass.

19                  “(O) INDIUM.—Indium which is—

20                  “(i) converted to—

21                  “(I) indium tin oxide, or

22                  “(II) indium oxide which is puri-  
23                  fied to a minimum purity of 99.9 per-  
24                  cent indium oxide by mass, or

1                   “(ii) purified to a minimum purity of  
2                   99 percent indium by mass.

3                   “(P) LITHIUM.—Lithium which is—

4                   “(i) converted to lithium carbonate or  
5                   lithium hydroxide, or

6                   “(ii) purified to a minimum purity of  
7                   99.9 percent lithium by mass.

8                   “(Q) MANGANESE.—Manganese which is—

9                   “(i) converted to manganese sulphate,  
10                  or

11                  “(ii) purified to a minimum purity of  
12                  99.7 percent manganese by mass.

13                  “(R) NEODYMIUM.—Neodymium which is—

14                  “(i) converted to neodymium-praseo-  
15                  dymium oxide which is purified to a min-  
16                  imum purity of 99 percent neodymium-pra-  
17                  seodymium oxide by mass,

18                  “(ii) converted to neodymium oxide  
19                  which is purified to a minimum purity of  
20                  99.5 percent neodymium oxide by mass

21                  “(iii) purified to a minimum purity of  
22                  99.9 percent neodymium by mass.

23                  “(S) NICKEL.—Nickel which is—

24                  “(i) converted to nickel sulphate, or

1                   “(ii) purified to a minimum purity of  
2                   99 percent nickel by mass.

3                   “(T) NIOBIUM.—Niobium which is—

4                   “(i) converted to ferronibium, or

5                   “(ii) purified to a minimum purity of  
6                   99 percent niobium by mass.

7                   “(U) TELLURIUM.—Tellurium which is—

8                   “(i) converted to cadmium telluride, or

9                   “(ii) purified to a minimum purity of  
10                  99 percent tellurium by mass.

11                  “(V) TIN.—Tin which is purified to low  
12                  alpha emitting tin which—

13                  “(i) has a purity of greater than 99.99  
14                  percent by mass, and

15                  “(ii) possesses an alpha emission rate  
16                  of not greater than 0.01 counts per hour per  
17                  centimeter square.

18                  “(W) TUNGSTEN.—Tungsten which is con-  
19                  verted to ammonium paratungstate or  
20                  ferrotungsten.

21                  “(X) VANADIUM.—Vanadium which is con-  
22                  verted to ferrovandium or vanadium pentoxide.

23                  “(Y) YTTRIUM.—Yttrium which is—

1                   “(i) converted to yttrium oxide which  
2                   is purified to a minimum purity of 99.999  
3                   percent yttrium oxide by mass, or

4                   “(ii) purified to a minimum purity of  
5                   99.9 percent yttrium by mass.

6                   “(Z) OTHER MINERALS.—Any of the fol-  
7                   lowing minerals, provided that such mineral is  
8                   purified to a minimum purity of 99 percent by  
9                   mass:

10                   “(i) Arsenic.

11                   “(ii) Bismuth.

12                   “(iii) Erbium.

13                   “(iv) Gallium.

14                   “(v) Hafnium.

15                   “(vi) Holmium.

16                   “(vii) Iridium.

17                   “(viii) Lanthanum.

18                   “(ix) Lutetium.

19                   “(x) Magnesium.

20                   “(xi) Palladium.

21                   “(xii) Platinum.

22                   “(xiii) Praseodymium.

23                   “(xiv) Rhodium.

24                   “(xv) Rubidium.

25                   “(xvi) Ruthenium.

1 “(xvii) *Samarium*.

2 “(xviii) *Scandium*.

3 “(xix) *Tantalum*.

4 “(xx) *Terbium*.

5 “(xxi) *Thulium*.

6 “(xxii) *Titanium*.

7 “(xxiii) *Ytterbium*.

8 “(xxiv) *Zinc*.

9 “(xxv) *Zirconium*.

10 “(d) *SPECIAL RULES.—In this section—*

11 “(1) *RELATED PERSONS.—Persons shall be treat-*  
 12 *ed as related to each other if such persons would be*  
 13 *treated as a single employer under the regulations*  
 14 *prescribed under section 52(b).*

15 “(2) *ONLY PRODUCTION IN THE UNITED STATES*  
 16 *TAKEN INTO ACCOUNT.—Sales shall be taken into ac-*  
 17 *count under this section only with respect to eligible*  
 18 *components the production of which is within—*

19 “(A) *the United States (within the meaning*  
 20 *of section 638(1)), or*

21 “(B) *a possession of the United States*  
 22 *(within the meaning of section 638(2)).*

23 “(3) *PASS-THRU IN THE CASE OF ESTATES AND*  
 24 *TRUSTS.—Under regulations prescribed by the Sec-*

1       retary, rules similar to the rules of subsection (d) of  
2       section 52 shall apply.

3               “(4) SALE OF INTEGRATED COMPONENTS.—For  
4       purposes of this section, a person shall be treated as  
5       having sold an eligible component to an unrelated  
6       person if such component is integrated, incorporated,  
7       or assembled into another eligible component which is  
8       sold to an unrelated person.”.

9       (b) CONFORMING AMENDMENTS.—

10           (1) Section 38(b) of the Internal Revenue Code  
11       of 1986, as amended by the preceding provisions of  
12       this Act, is amended—

13               (A) in paragraph (36), by striking “plus”  
14       at the end,

15               (B) in paragraph (37), by striking the pe-  
16       riod at the end and inserting “, plus”, and

17               (C) by adding at the end the following new  
18       paragraph:

19               “(38) the advanced manufacturing production  
20       credit determined under section 45X(a).”.

21           (2) The table of sections for subpart D of part  
22       IV of subchapter A of chapter 1, as amended by the  
23       preceding provisions of this Act, is amended by add-  
24       ing at the end the following new item:

“Sec. 45X. Advanced manufacturing production credit.”.

1       (c) *EFFECTIVE DATE.*—*The amendments made by this*  
 2 *section shall apply to components produced and sold after*  
 3 *December 31, 2022.*

4                               **PART 6—SUPERFUND**

5   **SEC. 13601. REINSTATEMENT OF SUPERFUND.**

6       (a) *HAZARDOUS SUBSTANCE SUPERFUND FINANCING*  
 7 *RATE.*—

8               (1) *EXTENSION.*—*Section 4611 is amended by*  
 9 *striking subsection (e).*

10              (2) *ADJUSTMENT FOR INFLATION.*—

11                      (A) *Section 4611(c)(2)(A) is amended by*  
 12 *striking “9.7 cents” and inserting “16.4 cents”.*

13                      (B) *Section 4611(c) is amended by adding*  
 14 *at the end the following:*

15                      “(3) *ADJUSTMENT FOR INFLATION.*—

16                              “(A) *IN GENERAL.*—*In the case of a year*  
 17 *beginning after 2023, the amount in paragraph*  
 18 *(2)(A) shall be increased by an amount equal*  
 19 *to—*

20                                      “(i) *such amount, multiplied by*

21                                      “(ii) *the cost-of-living adjustment de-*  
 22 *termined under section 1(f)(3) for the cal-*  
 23 *endar year, determined by substituting ‘cal-*  
 24 *endar year 2022’ for ‘calendar year 2016’*  
 25 *in subparagraph (A)(ii) thereof.*

1                   “(B) *ROUNDING*.—If any amount as ad-  
 2                   justed under subparagraph (A) is not a multiple  
 3                   of \$0.01, such amount shall be rounded to the  
 4                   next lowest multiple of \$0.01.”.

5           (b)     *AUTHORITY FOR ADVANCES*.—Section  
 6     9507(d)(3)(B) is amended by striking “December 31, 1995”  
 7     and inserting “December 31, 2032”.

8           (c) *EFFECTIVE DATE*.—The amendments made by this  
 9     section shall take effect on January 1, 2023.

10    **PART 7—INCENTIVES FOR CLEAN ELECTRICITY**  
 11                   **AND CLEAN TRANSPORTATION**

12    **SEC. 13701. CLEAN ELECTRICITY PRODUCTION CREDIT.**

13           (a) *IN GENERAL*.—Subpart D of part IV of subchapter  
 14     A of chapter 1, as amended by the preceding provisions of  
 15     this Act, is amended by adding at the end the following  
 16     new section:

17    **“SEC. 45Y. CLEAN ELECTRICITY PRODUCTION CREDIT.**

18           “(a) *AMOUNT OF CREDIT*.—

19                   “(1) *IN GENERAL*.—For purposes of section 38,  
 20                   the clean electricity production credit for any taxable  
 21                   year is an amount equal to the product of—

22                           “(A) the kilowatt hours of electricity—

23                                   “(i) produced by the taxpayer at a  
 24                                   qualified facility, and



1           “(ii)(I) sold by the taxpayer to an un-  
2           related person during the taxable year, or

3           “(II) in the case of a qualified facility  
4           which is equipped with a metering device  
5           which is owned and operated by an unre-  
6           lated person, sold, consumed, or stored by  
7           the taxpayer during the taxable year, multi-  
8           plied by

9           “(B) the applicable amount with respect to  
10          such qualified facility.

11          “(2) *APPLICABLE AMOUNT.*—

12               “(A) *BASE AMOUNT.*—Subject to subsection  
13               (g)(7), in the case of any qualified facility which  
14               is not described in clause (i) or (ii) of subpara-  
15               graph (B) and does not satisfy the requirements  
16               described in clause (iii) of such subparagraph,  
17               the applicable amount shall be 0.3 cents.

18               “(B) *ALTERNATIVE AMOUNT.*—Subject to  
19               subsection (g)(7), in the case of any qualified fa-  
20               cility—

21                   “(i) with a maximum net output of  
22                   less than 1 megawatt (as measured in alter-  
23                   nating current),

24                   “(ii) the construction of which begins  
25                   prior to the date that is 60 days after the

Secretary publishes guidance with respect to  
the requirements of paragraphs (9) and (10)  
of subsection (g), or

“(iii) which—

“(I) satisfies the requirements  
under paragraph (9) of subsection (g),  
and

“(II) with respect to the construc-  
tion of such facility, satisfies the re-  
quirements under paragraph (10) of  
subsection (g),

the applicable amount shall be 1.5 cents.

“(b) *QUALIFIED FACILITY*.—

“(1) *IN GENERAL*.—

“(A) *DEFINITION*.—Subject to subpara-  
graphs (B), (C), and (D), the term ‘qualified fa-  
cility’ means a facility owned by the taxpayer—

“(i) which is used for the generation of  
electricity,

“(ii) which is placed in service after  
December 31, 2024, and

“(iii) for which the greenhouse gas  
emissions rate (as determined under para-  
graph (2)) is not greater than zero.

1           “(B) 10-YEAR PRODUCTION CREDIT.—For  
 2           purposes of this section, a facility shall only be  
 3           treated as a qualified facility during the 10-year  
 4           period beginning on the date the facility was  
 5           originally placed in service.

6           “(C) EXPANSION OF FACILITY; INCRE-  
 7           MENTAL PRODUCTION.—The term ‘qualified fa-  
 8           cility’ shall include either of the following in  
 9           connection with a facility described in subpara-  
 10          graph (A) (without regard to clause (ii) of such  
 11          subparagraph) which was placed in service be-  
 12          fore January 1, 2025, but only to the extent of  
 13          the increased amount of electricity produced at  
 14          the facility by reason of the following:

15               “(i) A new unit which is placed in  
 16               service after December 31, 2024.

17               “(ii) Any additions of capacity which  
 18               are placed in service after December 31,  
 19               2024.

20           “(D) COORDINATION WITH OTHER CRED-  
 21           ITS.—The term ‘qualified facility’ shall not in-  
 22           clude any facility for which a credit determined  
 23           under section 45, 45J, 45Q, 45U, 48, 48A, or  
 24           48E is allowed under section 38 for the taxable  
 25           year or any prior taxable year.

1 “(2) *GREENHOUSE GAS EMISSIONS RATE.*—

2 “(A) *IN GENERAL.*—For purposes of this  
3 section, the term ‘greenhouse gas emissions rate’  
4 means the amount of greenhouse gases emitted  
5 into the atmosphere by a facility in the produc-  
6 tion of electricity, expressed as grams of CO<sub>2</sub>e  
7 per KWh.

8 “(B) *FUEL COMBUSTION AND GASIFI-*  
9 *CATION.*—In the case of a facility which produces  
10 electricity through combustion or gasification,  
11 the greenhouse gas emissions rate for such facil-  
12 ity shall be equal to the net rate of greenhouse  
13 gases emitted into the atmosphere by such facil-  
14 ity (taking into account lifecycle greenhouse gas  
15 emissions, as described in section 211(o)(1)(H) of  
16 the Clean Air Act (42 U.S.C. 7545(o)(1)(H))) in  
17 the production of electricity, expressed as grams  
18 of CO<sub>2</sub>e per KWh.

19 “(C) *ESTABLISHMENT OF EMISSIONS RATES*  
20 *FOR FACILITIES.*—

21 “(i) *PUBLISHING EMISSIONS RATES.*—  
22 The Secretary shall annually publish a  
23 table that sets forth the greenhouse gas emis-  
24 sions rates for types or categories of facili-

1            *ties, which a taxpayer shall use for purposes*  
 2            *of this section.*

3            “(ii) *PROVISIONAL EMISSIONS RATE.—*  
 4            *In the case of any facility for which an*  
 5            *emissions rate has not been established by*  
 6            *the Secretary, a taxpayer which owns such*  
 7            *facility may file a petition with the Sec-*  
 8            *retary for determination of the emissions*  
 9            *rate with respect to such facility.*

10           “(D) *CARBON CAPTURE AND SEQUESTRA-*  
 11           *TION EQUIPMENT.—For purposes of this sub-*  
 12           *section, the amount of greenhouse gases emitted*  
 13           *into the atmosphere by a facility in the produc-*  
 14           *tion of electricity shall not include any qualified*  
 15           *carbon dioxide that is captured by the taxpayer*  
 16           *and—*

17           “(i) *pursuant to any regulations estab-*  
 18           *lished under paragraph (2) of section*  
 19           *45Q(f), disposed of by the taxpayer in se-*  
 20           *cure geological storage, or*

21           “(ii) *utilized by the taxpayer in a*  
 22           *manner described in paragraph (5) of such*  
 23           *section.*

24           “(c) *INFLATION ADJUSTMENT.—*

1           “(1) *IN GENERAL.*—*In the case of a calendar*  
2           *year beginning after 2024, the 0.3 cent amount in*  
3           *paragraph (2)(A) of subsection (a) and the 1.5 cent*  
4           *amount in paragraph (2)(B) of such subsection shall*  
5           *each be adjusted by multiplying such amount by the*  
6           *inflation adjustment factor for the calendar year in*  
7           *which the sale, consumption, or storage of the elec-*  
8           *tricity occurs. If the 0.3 cent amount as increased*  
9           *under this paragraph is not a multiple of 0.05 cent,*  
10           *such amount shall be rounded to the nearest multiple*  
11           *of 0.05 cent. If the 1.5 cent amount as increased*  
12           *under this paragraph is not a multiple of 0.1 cent,*  
13           *such amount shall be rounded to the nearest multiple*  
14           *of 0.1 cent.*

15           “(2) *ANNUAL COMPUTATION.*—*The Secretary*  
16           *shall, not later than April 1 of each calendar year,*  
17           *determine and publish in the Federal Register the in-*  
18           *flation adjustment factor for such calendar year in*  
19           *accordance with this subsection.*

20           “(3) *INFLATION ADJUSTMENT FACTOR.*—*The*  
21           *term ‘inflation adjustment factor’ means, with respect*  
22           *to a calendar year, a fraction the numerator of which*  
23           *is the GDP implicit price deflator for the preceding*  
24           *calendar year and the denominator of which is the*  
25           *GDP implicit price deflator for the calendar year*

1       1992. The term ‘GDP implicit price deflator’ means  
 2       the most recent revision of the implicit price deflator  
 3       for the gross domestic product as computed and pub-  
 4       lished by the Department of Commerce before March  
 5       15 of the calendar year.

6       “(d) CREDIT PHASE-OUT.—

7               “(1) IN GENERAL.—The amount of the clean elec-  
 8       tricity production credit under subsection (a) for any  
 9       qualified facility the construction of which begins  
 10      during a calendar year described in paragraph (2)  
 11      shall be equal to the product of—

12               “(A) the amount of the credit determined  
 13      under subsection (a) without regard to this sub-  
 14      section, multiplied by

15               “(B) the phase-out percentage under para-  
 16      graph (2).

17       “(2) PHASE-OUT PERCENTAGE.—The phase-out  
 18      percentage under this paragraph is equal to—

19               “(A) for a facility the construction of which  
 20      begins during the first calendar year following  
 21      the applicable year, 100 percent,

22               “(B) for a facility the construction of which  
 23      begins during the second calendar year following  
 24      the applicable year, 75 percent,

1           “(C) for a facility the construction of which  
2           begins during the third calendar year following  
3           the applicable year, 50 percent, and

4           “(D) for a facility the construction of which  
5           begins during any calendar year subsequent to  
6           the calendar year described in subparagraph (C),  
7           0 percent.

8           “(3) *APPLICABLE YEAR*.—For purposes of this  
9           subsection, the term ‘applicable year’ means the later  
10          of—

11           “(A) the calendar year in which the Sec-  
12          retary determines that the annual greenhouse gas  
13          emissions from the production of electricity in  
14          the United States are equal to or less than 25  
15          percent of the annual greenhouse gas emissions  
16          from the production of electricity in the United  
17          States for calendar year 2022, or

18           “(B) 2032.

19          “(e) *DEFINITIONS*.—For purposes of this section:

20           “(1) *CO<sub>2e</sub> PER KWh*.—The term ‘CO<sub>2e</sub> per KWh’  
21          means, with respect to any greenhouse gas, the equiv-  
22          alent carbon dioxide (as determined based on global  
23          warming potential) per kilowatt hour of electricity  
24          produced.



1           “(2) *GREENHOUSE GAS*.—The term ‘greenhouse  
2           gas’ has the same meaning given such term under sec-  
3           tion 211(o)(1)(G) of the Clean Air Act (42 U.S.C.  
4           7545(o)(1)(G)), as in effect on the date of the enact-  
5           ment of this section.

6           “(3) *QUALIFIED CARBON DIOXIDE*.—The term  
7           ‘qualified carbon dioxide’ means carbon dioxide cap-  
8           tured from an industrial source which—

9                       “(A) would otherwise be released into the  
10                   atmosphere as industrial emission of greenhouse  
11                   gas,

12                   “(B) is measured at the source of capture  
13                   and verified at the point of disposal or utiliza-  
14                   tion, and

15                   “(C) is captured and disposed or utilized  
16                   within the United States (within the meaning of  
17                   section 638(1)) or a possession of the United  
18                   States (within the meaning of section 638(2)).

19           “(f) *GUIDANCE*.—Not later than January 1, 2025, the  
20           Secretary shall issue guidance regarding implementation of  
21           this section, including calculation of greenhouse gas emis-  
22           sion rates for qualified facilities and determination of clean  
23           electricity production credits under this section.

24           “(g) *SPECIAL RULES*.—

1           “(1) *ONLY PRODUCTION IN THE UNITED STATES*  
 2           *TAKEN INTO ACCOUNT.*—Consumption, sales, or stor-  
 3           *age shall be taken into account under this section*  
 4           *only with respect to electricity the production of*  
 5           *which is within—*

6                   “(A) *the United States (within the meaning*  
 7                   *of section 638(1)), or*

8                   “(B) *a possession of the United States*  
 9                   *(within the meaning of section 638(2)).*

10           “(2) *COMBINED HEAT AND POWER SYSTEM PROP-*  
 11           *ERTY.—*

12                   “(A) *IN GENERAL.*—For purposes of sub-  
 13                   *section (a)—*

14                           “(i) *the kilowatt hours of electricity*  
 15                           *produced by a taxpayer at a qualified facil-*  
 16                           *ity shall include any production in the form*  
 17                           *of useful thermal energy by any combined*  
 18                           *heat and power system property within*  
 19                           *such facility, and*

20                           “(ii) *the amount of greenhouse gases*  
 21                           *emitted into the atmosphere by such facility*  
 22                           *in the production of such useful thermal en-*  
 23                           *ergy shall be included for purposes of deter-*  
 24                           *mining the greenhouse gas emissions rate*  
 25                           *for such facility.*

1           “(B) *COMBINED HEAT AND POWER SYSTEM*  
 2           *PROPERTY.*—For purposes of this paragraph, the  
 3           term ‘combined heat and power system property’  
 4           has the same meaning given such term by section  
 5           48(c)(3) (without regard to subparagraphs  
 6           (A)(iv), (B), and (D) thereof).

7           “(C) *CONVERSION FROM BTU TO KWH.*—

8           “(i) *IN GENERAL.*—For purposes of  
 9           subparagraph (A)(i), the amount of kilowatt  
 10          hours of electricity produced in the form of  
 11          useful thermal energy shall be equal to the  
 12          quotient of—

13                   “(I) the total useful thermal en-  
 14                   ergy produced by the combined heat  
 15                   and power system property within the  
 16                   qualified facility, divided by

17                   “(II) the heat rate for such facil-  
 18                   ity.

19           “(ii) *HEAT RATE.*—For purposes of  
 20          this subparagraph, the term ‘heat rate’  
 21          means the amount of energy used by the  
 22          qualified facility to generate 1 kilowatt hour  
 23          of electricity, expressed as British thermal  
 24          units per net kilowatt hour generated.

1           “(3) *PRODUCTION ATTRIBUTABLE TO THE TAX-*  
 2           *PAYER.*—*In the case of a qualified facility in which*  
 3           *more than 1 person has an ownership interest, except*  
 4           *to the extent provided in regulations prescribed by the*  
 5           *Secretary, production from the facility shall be allo-*  
 6           *cated among such persons in proportion to their re-*  
 7           *spective ownership interests in the gross sales from*  
 8           *such facility.*

9           “(4) *RELATED PERSONS.*—*Persons shall be treat-*  
 10          *ed as related to each other if such persons would be*  
 11          *treated as a single employer under the regulations*  
 12          *prescribed under section 52(b). In the case of a cor-*  
 13          *poration which is a member of an affiliated group of*  
 14          *corporations filing a consolidated return, such cor-*  
 15          *poration shall be treated as selling electricity to an*  
 16          *unrelated person if such electricity is sold to such a*  
 17          *person by another member of such group.*

18          “(5) *PASS-THRU IN THE CASE OF ESTATES AND*  
 19          *TRUSTS.*—*Under regulations prescribed by the Sec-*  
 20          *retary, rules similar to the rules of subsection (d) of*  
 21          *section 52 shall apply.*

22          “(6) *ALLOCATION OF CREDIT TO PATRONS OF AG-*  
 23          *RICULTURAL COOPERATIVE.*—

24                 “(A) *ELECTION TO ALLOCATE.*—

1           “(i) *IN GENERAL.*—*In the case of an*  
 2           *eligible cooperative organization, any por-*  
 3           *tion of the credit determined under sub-*  
 4           *section (a) for the taxable year may, at the*  
 5           *election of the organization, be apportioned*  
 6           *among patrons of the organization on the*  
 7           *basis of the amount of business done by the*  
 8           *patrons during the taxable year.*

9           “(ii) *FORM AND EFFECT OF ELEC-*  
 10          *TION.*—*An election under clause (i) for any*  
 11          *taxable year shall be made on a timely filed*  
 12          *return for such year. Such election, once*  
 13          *made, shall be irrevocable for such taxable*  
 14          *year. Such election shall not take effect un-*  
 15          *less the organization designates the appor-*  
 16          *tionment as such in a written notice mailed*  
 17          *to its patrons during the payment period*  
 18          *described in section 1382(d).*

19          “(B) *TREATMENT OF ORGANIZATIONS AND*  
 20          *PATRONS.*—*The amount of the credit apportioned*  
 21          *to any patrons under subparagraph (A)—*

22               “(i) *shall not be included in the*  
 23               *amount determined under subsection (a)*  
 24               *with respect to the organization for the tax-*  
 25               *able year, and*

1           “(ii) shall be included in the amount  
 2           determined under subsection (a) for the first  
 3           taxable year of each patron ending on or  
 4           after the last day of the payment period (as  
 5           defined in section 1382(d)) for the taxable  
 6           year of the organization or, if earlier, for  
 7           the taxable year of each patron ending on  
 8           or after the date on which the patron re-  
 9           ceives notice from the cooperative of the ap-  
 10          portionment.

11          “(C) *SPECIAL RULES FOR DECREASE IN*  
 12          *CREDITS FOR TAXABLE YEAR.*—If the amount of  
 13          the credit of a cooperative organization deter-  
 14          mined under subsection (a) for a taxable year is  
 15          less than the amount of such credit shown on the  
 16          return of the cooperative organization for such  
 17          year, an amount equal to the excess of—

18               “(i) such reduction, over

19               “(ii) the amount not apportioned to  
 20               such patrons under subparagraph (A) for  
 21               the taxable year,

22               shall be treated as an increase in tax imposed by  
 23               this chapter on the organization. Such increase  
 24               shall not be treated as tax imposed by this chap-

1        *ter for purposes of determining the amount of*  
 2        *any credit under this chapter.*

3                “(D) *ELIGIBLE COOPERATIVE DEFINED.*—

4        *For purposes of this section, the term ‘eligible co-*  
 5        *operative’ means a cooperative organization de-*  
 6        *scribed in section 1381(a) which is owned more*  
 7        *than 50 percent by agricultural producers or by*  
 8        *entities owned by agricultural producers. For*  
 9        *this purpose an entity owned by an agricultural*  
 10       *producer is one that is more than 50 percent*  
 11       *owned by agricultural producers.*

12              “(7) *INCREASE IN CREDIT IN ENERGY COMMU-*

13       *NITIES.*—*In the case of any qualified facility which*  
 14       *is located in an energy community (as defined in sec-*  
 15       *tion 45(b)(11)(B)), for purposes of determining the*  
 16       *amount of the credit under subsection (a) with respect*  
 17       *to any electricity produced by the taxpayer at such*  
 18       *facility during the taxable year, the applicable*  
 19       *amount under paragraph (2) of such subsection shall*  
 20       *be increased by an amount equal to 10 percent of the*  
 21       *amount otherwise in effect under such paragraph.*

22              “(8) *CREDIT REDUCED FOR TAX-EXEMPT*

23       *BONDS.*—*Rules similar to the rules of section 45(b)(3)*  
 24       *shall apply.*

1           “(9) *WAGE REQUIREMENTS.*—*Rules similar to*  
 2           *the rules of section 45(b)(7) shall apply.*

3           “(10) *APPRENTICESHIP REQUIREMENTS.*—*Rules*  
 4           *similar to the rules of section 45(b)(8) shall apply.*

5           “(11) *DOMESTIC CONTENT BONUS CREDIT*  
 6           *AMOUNT.*—

7                   “(A) *IN GENERAL.*—*In the case of any*  
 8                   *qualified facility which satisfies the requirement*  
 9                   *under subparagraph (B)(i), the amount of the*  
 10                   *credit determined under subsection (a) shall be*  
 11                   *increased by an amount equal to 10 percent of*  
 12                   *the amount so determined (as determined with-*  
 13                   *out application of paragraph (7)).*

14                   “(B) *REQUIREMENT.*—

15                           “(i) *IN GENERAL.*—*The requirement*  
 16                           *described in this subclause is satisfied with*  
 17                           *respect to any qualified facility if the tax-*  
 18                           *payer certifies to the Secretary (at such*  
 19                           *time, and in such form and manner, as the*  
 20                           *Secretary may prescribe) that any steel,*  
 21                           *iron, or manufactured product which is a*  
 22                           *component of such facility (upon completion*  
 23                           *of construction) was produced in the United*  
 24                           *States (as determined under section 661 of*  
 25                           *title 49, Code of Federal Regulations).*



1           “(ii) *STEEL AND IRON.*—*In the case of*  
2           *steel or iron, clause (i) shall be applied in*  
3           *a manner consistent with section 661.5 of*  
4           *title 49, Code of Federal Regulations.*

5           “(iii) *MANUFACTURED PRODUCT.*—*For*  
6           *purposes of clause (i), the manufactured*  
7           *products which are components of a quali-*  
8           *fied facility upon completion of construction*  
9           *shall be deemed to have been produced in*  
10           *the United States if not less than the ad-*  
11           *justed percentage (as determined under sub-*  
12           *paragraph (C)) of the total costs of all such*  
13           *manufactured products of such facility are*  
14           *attributable to manufactured products (in-*  
15           *cluding components) which are mined, pro-*  
16           *duced, or manufactured in the United*  
17           *States.*

18           “(C) *ADJUSTED PERCENTAGE.*—

19           “(i) *IN GENERAL.*—*Subject to sub-*  
20           *clause (ii), for purposes of subparagraph*  
21           *(B)(iii), the adjusted percentage shall be—*

22                   “(I) *in the case of a facility the*  
23                   *construction of which begins before*  
24                   *January 1, 2025, 40 percent,*

1                   “(II) in the case of a facility the  
2                   construction of which begins after De-  
3                   cember 31, 2024, and before January  
4                   1, 2026, 45 percent,

5                   “(III) in the case of a facility the  
6                   construction of which begins after De-  
7                   cember 31, 2025, and before January  
8                   1, 2027, 50 percent, and

9                   “(IV) in the case of a facility the  
10                  construction of which begins after De-  
11                  cember 31, 2026, 55 percent.

12                  “(ii) OFFSHORE WIND FACILITY.—For  
13                  purposes of subparagraph (B)(iii), in the  
14                  case of a qualified facility which is an off-  
15                  shore wind facility, the adjusted percentage  
16                  shall be—

17                       “(I) in the case of a facility the  
18                       construction of which begins before  
19                       January 1, 2025, 20 percent,

20                       “(II) in the case of a facility the  
21                       construction of which begins after De-  
22                       cember 31, 2024, and before January  
23                       1, 2026, 27.5 percent,

24                       “(III) in the case of a facility the  
25                       construction of which begins after De-

1                    *cember 31, 2025, and before January*  
 2                    *1, 2027, 35 percent,*

3                    *“(IV) in the case of a facility the*  
 4                    *construction of which begins after De-*  
 5                    *cember 31, 2026, and before January*  
 6                    *1, 2028, 45 percent, and*

7                    *“(V) in the case of a facility the*  
 8                    *construction of which begins after De-*  
 9                    *cember 31, 2027, 55 percent.*

10                  *“(12) PHASEOUT FOR ELECTIVE PAYMENT.—*

11                  *“(A) IN GENERAL.—In the case of a tax-*  
 12                  *payer making an election under section 6417*  
 13                  *with respect to a credit under this section, the*  
 14                  *amount of such credit shall be replaced with—*

15                  *“(i) the value of such credit (deter-*  
 16                  *mined without regard to this paragraph),*  
 17                  *multiplied by*

18                  *“(ii) the applicable percentage.*

19                  *“(B) 100 PERCENT APPLICABLE PERCENT-*  
 20                  *AGE FOR CERTAIN QUALIFIED FACILITIES.—In*  
 21                  *the case of any qualified facility—*

22                  *“(i) which satisfies the requirements*  
 23                  *under paragraph (11)(B), or*

1                   “(ii) *with a maximum net output of*  
 2                   *less than 1 megawatt (as measured in alter-*  
 3                   *nating current),*

4                   *the applicable percentage shall be 100 percent.*

5                   “(C) *PHASED DOMESTIC CONTENT RE-*  
 6                   *QUIREMENT.—Subject to subparagraph (D), in*  
 7                   *the case of any qualified facility which is not de-*  
 8                   *scribed in subparagraph (B), the applicable per-*  
 9                   *centage shall be—*

10                   “(i) *if construction of such facility*  
 11                   *began before January 1, 2024, 100 percent,*

12                   “(ii) *if construction of such facility*  
 13                   *began in calendar year 2024, 90 percent,*

14                   “(iii) *if construction of such facility*  
 15                   *began in calendar year 2025, 85 percent,*  
 16                   *and*

17                   “(iv) *if construction of such facility*  
 18                   *began after December 31, 2025, 0 percent.*

19                   “(D) *EXCEPTION.—*

20                   “(i) *IN GENERAL.—For purposes of*  
 21                   *this paragraph, the Secretary shall provide*  
 22                   *exceptions to the requirements under this*  
 23                   *paragraph if—*

24                   “(I) *the inclusion of steel, iron, or*  
 25                   *manufactured products which are pro-*

1                    *duced in the United States increases*  
 2                    *the overall costs of construction of*  
 3                    *qualified facilities by more than 25*  
 4                    *percent, or*

5                    *“(II) relevant steel, iron, or man-*  
 6                    *ufactured products are not produced in*  
 7                    *the United States in sufficient and rea-*  
 8                    *sonably available quantities or of a*  
 9                    *satisfactory quality.*

10                  *“(ii) APPLICABLE PERCENTAGE.—In*  
 11                  *any case in which the Secretary provides an*  
 12                  *exception pursuant to clause (i), the appli-*  
 13                  *cable percentage shall be 100 percent.”.*

14                  *(b) CONFORMING AMENDMENTS.—*

15                  *(1) Section 38(b), as amended by the preceding*  
 16                  *provisions of this Act, is amended—*

17                  *(A) in paragraph (37), by striking “plus”*  
 18                  *at the end,*

19                  *(B) in paragraph (38), by striking the pe-*  
 20                  *riod at the end and inserting “, plus”, and*

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

23                  *“(39) the clean electricity production credit de-*  
 24                  *termined under section 45Y(a).”.*

1           (2) *The table of sections for subpart D of part*  
 2           *IV of subchapter A of chapter 1, as amended by the*  
 3           *preceding provisions of this Act, is amended by add-*  
 4           *ing at the end the following new item:*

“Sec. 45Y. Clean electricity production credit.”.

5           (c) *EFFECTIVE DATE.*—*The amendments made by this*  
 6           *section shall apply to facilities placed in service after De-*  
 7           *cember 31, 2024.*

8   **SEC. 13702. CLEAN ELECTRICITY INVESTMENT CREDIT.**

9           (a) *IN GENERAL.*—*Subpart E of part IV of subchapter*  
 10          *A of chapter 1, as amended by section 107(a) of the CHIPS*  
 11          *Act of 2022, is amended by inserting after section 48D the*  
 12          *following new section:*

13   **“SEC. 48E. CLEAN ELECTRICITY INVESTMENT CREDIT.**

14          “(a) *INVESTMENT CREDIT FOR QUALIFIED PROP-*  
 15          *ERTY.*—

16                 “(1) *IN GENERAL.*—*For purposes of section 46,*  
 17                 *the clean electricity investment credit for any taxable*  
 18                 *year is an amount equal to the applicable percentage*  
 19                 *of the qualified investment for such taxable year with*  
 20                 *respect to—*

21                         “(A) *any qualified facility, and*

22                         “(B) *any energy storage technology.*

23                 “(2) *APPLICABLE PERCENTAGE.*—

24                         “(A) *QUALIFIED FACILITIES.*—*Subject to*  
 25                         *paragraph (3)—*

1           “(i) *BASE RATE*.—*In the case of any*  
 2           *qualified facility which is not described in*  
 3           *subclause (I) or (II) of clause (ii) and does*  
 4           *not satisfy the requirements described in*  
 5           *subclause (III) of such clause, the applicable*  
 6           *percentage shall be 6 percent.*

7           “(ii) *ALTERNATIVE RATE*.—*In the case*  
 8           *of any qualified facility—*

9                     “(I) *with a maximum net output*  
 10                    *of less than 1 megawatt (as measured*  
 11                    *in alternating current),*

12                   “(II) *the construction of which be-*  
 13                    *gins prior to the date that is 60 days*  
 14                    *after the Secretary publishes guidance*  
 15                    *with respect to the requirements of*  
 16                    *paragraphs (3) and (4) of subsection*  
 17                    *(d), or*

18                   “(III) *which—*

19                             “(aa) *satisfies the require-*  
 20                            *ments of subsection (d)(3), and*

21                           “(bb) *with respect to the con-*  
 22                            *struction of such facility, satisfies*  
 23                            *the requirements of subsection*  
 24                            *(d)(4),*

1           *the applicable percentage shall be 30 per-*  
 2           *cent.*

3           “(B) *ENERGY STORAGE TECHNOLOGY.*—  
 4           *Subject to paragraph (3)—*

5                   “(i) *BASE RATE.*—*In the case of any*  
 6                   *energy storage technology which is not de-*  
 7                   *scribed in subclause (I) or (II) of clause (ii)*  
 8                   *and does not satisfy the requirements de-*  
 9                   *scribed in subclause (III) of such clause, the*  
 10                   *applicable percentage shall be 6 percent.*

11                   “(ii) *ALTERNATIVE RATE.*—*In the case*  
 12                   *of any energy storage technology—*

13                           “(I) *with a capacity of less than*  
 14                           *1 megawatt,*

15                           “(II) *the construction of which be-*  
 16                           *gins prior to the date that is 60 days*  
 17                           *after the Secretary publishes guidance*  
 18                           *with respect to the requirements of*  
 19                           *paragraphs (3) and (4) of subsection*  
 20                           *(d), or*

21                           “(III) *which—*

22                                   “(aa) *satisfies the require-*  
 23                                   *ments of subsection (d)(3), and*

24                                   “(bb) *with respect to the con-*  
 25                                   *struction of such property, satis-*



1 *fies the requirements of subsection*  
 2 *(d)(4),*  
 3 *the applicable percentage shall be 30 per-*  
 4 *cent.*

5 “(3) *INCREASE IN CREDIT RATE IN CERTAIN*  
 6 *CASES.—*

7 “(A) *ENERGY COMMUNITIES.—*

8 “(i) *IN GENERAL.—In the case of any*  
 9 *qualified investment with respect to a quali-*  
 10 *fied facility or with respect to energy stor-*  
 11 *age technology which is placed in service*  
 12 *within an energy community (as defined in*  
 13 *section 45(b)(11)(B)), for purposes of apply-*  
 14 *ing paragraph (2) with respect to such*  
 15 *property or investment, the applicable per-*  
 16 *centage shall be increased by the applicable*  
 17 *credit rate increase.*

18 “(ii) *APPLICABLE CREDIT RATE IN-*  
 19 *CREASE.—For purposes of clause (i), the*  
 20 *applicable credit rate increase shall be an*  
 21 *amount equal to—*

22 “(I) *in the case of any qualified*  
 23 *investment with respect to a qualified*  
 24 *facility described in paragraph*  
 25 *(2)(A)(i) or with respect to energy stor-*

1                    *age technology described in paragraph*  
 2                    *(2)(B)(i), 2 percentage points, and*

3                    *“(II) in the case of any qualified*  
 4                    *investment with respect to a qualified*  
 5                    *facility described in paragraph*  
 6                    *(2)(A)(ii) or with respect to energy*  
 7                    *storage technology described in para-*  
 8                    *graph (2)(B)(ii), 10 percentage points.*

9                    *“(B) DOMESTIC CONTENT.—Rules similar*  
 10                    *to the rules of section 48(a)(12) shall apply.*

11                    *“(b) QUALIFIED INVESTMENT WITH RESPECT TO A*  
 12                    *QUALIFIED FACILITY.—*

13                    *“(1) IN GENERAL.—For purposes of subsection*  
 14                    *(a), the qualified investment with respect to any*  
 15                    *qualified facility for any taxable year is the sum of—*

16                    *“(A) the basis of any qualified property*  
 17                    *placed in service by the taxpayer during such*  
 18                    *taxable year which is part of a qualified facility,*  
 19                    *plus*

20                    *“(B) the amount of any expenditures which*  
 21                    *are—*

22                    *“(i) paid or incurred by the taxpayer*  
 23                    *for qualified interconnection property—*

24                    *“(I) in connection with a quali-*  
 25                    *fied facility which has a maximum net*

1                    *output of not greater than 5 megawatts*  
 2                    *(as measured in alternating current),*  
 3                    *and*

4                    *“(II) placed in service during the*  
 5                    *taxable year of the taxpayer, and*

6                    *“(ii) properly chargeable to capital ac-*  
 7                    *count of the taxpayer.*

8                    *“(2) QUALIFIED PROPERTY.—For purposes of*  
 9                    *this section, the term ‘qualified property’ means prop-*  
 10                    *erty—*

11                    *“(A) which is—*

12                    *“(i) tangible personal property, or*

13                    *“(ii) other tangible property (not in-*  
 14                    *cluding a building or its structural compo-*  
 15                    *nents), but only if such property is used as*  
 16                    *an integral part of the qualified facility,*

17                    *“(B) with respect to which depreciation (or*  
 18                    *amortization in lieu of depreciation) is allow-*  
 19                    *able, and*

20                    *“(C)(i) the construction, reconstruction, or*  
 21                    *erection of which is completed by the taxpayer,*  
 22                    *or*

23                    *“(ii) which is acquired by the taxpayer if*  
 24                    *the original use of such property commences with*  
 25                    *the taxpayer.*

1 “(3) *QUALIFIED FACILITY*.—

2 “(A) *IN GENERAL*.—For purposes of this  
3 section, the term ‘qualified facility’ means a fa-  
4 cility—

5 “(i) *which is used for the generation of*  
6 *electricity,*

7 “(ii) *which is placed in service after*  
8 *December 31, 2024, and*

9 “(iii) *for which the anticipated green-*  
10 *house gas emissions rate (as determined*  
11 *under subparagraph (B)(ii)) is not greater*  
12 *than zero.*

13 “(B) *ADDITIONAL RULES*.—

14 “(i) *EXPANSION OF FACILITY; INCRE-*  
15 *MENTAL PRODUCTION*.—Rules similar to the  
16 rules of section 45Y(b)(1)(C) shall apply for  
17 purposes of this paragraph.

18 “(ii) *GREENHOUSE GAS EMISSIONS*  
19 *RATE*.—Rules similar to the rules of section  
20 45Y(b)(2) shall apply for purposes of this  
21 paragraph.

22 “(C) *EXCLUSION*.—The term ‘qualified fa-  
23 cility’ shall not include any facility for which—

24 “(i) *a renewable electricity production*  
25 *credit determined under section 45,*

1                   “(ii) an advanced nuclear power facil-  
 2                   ity production credit determined under sec-  
 3                   tion 45J,

4                   “(iii) a carbon oxide sequestration  
 5                   credit determined under section 45Q,

6                   “(iv) a zero-emission nuclear power  
 7                   production credit determined under section  
 8                   45U,

9                   “(v) a clean electricity production  
 10                  credit determined under section 45Y,

11                  “(vi) an energy credit determined  
 12                  under section 48, or

13                  “(vii) a qualifying advanced coal  
 14                  project credit under section 48A,

15                  is allowed under section 38 for the taxable year  
 16                  or any prior taxable year.

17                  “(4) QUALIFIED INTERCONNECTION PROPERTY.—  
 18                  For purposes of this paragraph, the term ‘qualified  
 19                  interconnection property’ has the meaning given such  
 20                  term in section 48(a)(8)(B).

21                  “(5) COORDINATION WITH REHABILITATION  
 22                  CREDIT.—The qualified investment with respect to  
 23                  any qualified facility for any taxable year shall not  
 24                  include that portion of the basis of any property

1       *which is attributable to qualified rehabilitation ex-*  
 2       *penditures (as defined in section 47(c)(2)).*

3               “(6) *DEFINITIONS.*—*For purposes of this sub-*  
 4       *section, the terms ‘CO<sub>2</sub>e per KWh’ and ‘greenhouse*  
 5       *gas emissions rate’ have the same meaning given such*  
 6       *terms under section 45Y.*

7               “(c) *QUALIFIED INVESTMENT WITH RESPECT TO EN-*  
 8       *ERGY STORAGE TECHNOLOGY.*—

9               “(1) *QUALIFIED INVESTMENT.*—*For purposes of*  
 10       *subsection (a), the qualified investment with respect*  
 11       *to energy storage technology for any taxable year is*  
 12       *the basis of any energy storage technology placed in*  
 13       *service by the taxpayer during such taxable year.*

14               “(2) *ENERGY STORAGE TECHNOLOGY.*—*For pur-*  
 15       *poses of this section, the term ‘energy storage tech-*  
 16       *nology’ has the meaning given such term in section*  
 17       *48(c)(6) (except that subparagraph (D) of such sec-*  
 18       *tion shall not apply).*

19               “(d) *SPECIAL RULES.*—

20               “(1) *CERTAIN PROGRESS EXPENDITURE RULES*  
 21       *MADE APPLICABLE.*—*Rules similar to the rules of sub-*  
 22       *sections (c)(4) and (d) of section 46 (as in effect on*  
 23       *the day before the date of the enactment of the Rev-*  
 24       *enue Reconciliation Act of 1990) shall apply for pur-*  
 25       *poses of subsection (a).*

1           “(2) *SPECIAL RULE FOR PROPERTY FINANCED BY*  
 2           *SUBSIDIZED ENERGY FINANCING OR PRIVATE ACTIVITY*  
 3           *BONDS.—Rules similar to the rules of section 45(b)(3)*  
 4           *shall apply.*

5           “(3) *PREVAILING WAGE REQUIREMENTS.—Rules*  
 6           *similar to the rules of section 48(a)(10) shall apply.*

7           “(4) *APPRENTICESHIP REQUIREMENTS.—Rules*  
 8           *similar to the rules of section 45(b)(8) shall apply.*

9           “(5) *DOMESTIC CONTENT REQUIREMENT FOR*  
 10          *ELECTIVE PAYMENT.—In the case of a taxpayer mak-*  
 11          *ing an election under section 6417 with respect to a*  
 12          *credit under this section, rules similar to the rules of*  
 13          *section 45Y(g)(12) shall apply.*

14          “(e) *CREDIT PHASE-OUT.—*

15               “(1) *IN GENERAL.—The amount of the clean elec-*  
 16               *tricity investment credit under subsection (a) for any*  
 17               *qualified investment with respect to any qualified fa-*  
 18               *cility or energy storage technology the construction of*  
 19               *which begins during a calendar year described in*  
 20               *paragraph (2) shall be equal to the product of—*

21                       “(A) *the amount of the credit determined*  
 22                       *under subsection (a) without regard to this sub-*  
 23                       *section, multiplied by*

24                       “(B) *the phase-out percentage under para-*  
 25                       *graph (2).*

1           “(2) *PHASE-OUT PERCENTAGE.*—*The phase-out*  
2           *percentage under this paragraph is equal to—*

3                   “(A) *for any qualified investment with re-*  
4                   *spect to any qualified facility or energy storage*  
5                   *technology the construction of which begins dur-*  
6                   *ing the first calendar year following the applica-*  
7                   *ble year, 100 percent,*

8                   “(B) *for any qualified investment with re-*  
9                   *spect to any qualified facility or energy storage*  
10                  *technology the construction of which begins dur-*  
11                  *ing the second calendar year following the appli-*  
12                  *cable year, 75 percent,*

13                  “(C) *for any qualified investment with re-*  
14                  *spect to any qualified facility or energy storage*  
15                  *technology the construction of which begins dur-*  
16                  *ing the third calendar year following the appli-*  
17                  *cable year, 50 percent, and*

18                  “(D) *for any qualified investment with re-*  
19                  *spect to any qualified facility or energy storage*  
20                  *technology the construction of which begins dur-*  
21                  *ing any calendar year subsequent to the calendar*  
22                  *year described in subparagraph (C), 0 percent.*

23           “(3) *APPLICABLE YEAR.*—*For purposes of this*  
24           *subsection, the term ‘applicable year’ has the same*  
25           *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 section*  
 5 *50, if the Secretary determines that the greenhouse gas emis-*  
 6 *sions rate for a qualified facility is greater than 10 grams*  
 7 *of CO<sub>2</sub>e per KWh, any property for which a credit was al-*  
 8 *lowed under this section with respect to such facility shall*  
 9 *cease to be investment credit property in the taxable year*  
 10 *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 applicable*  
 15 *facility with respect to which the Secretary makes an*  
 16 *allocation of environmental justice capacity limita-*  
 17 *tion under paragraph (4)—*

18                       “(A) *the applicable percentage otherwise de-*  
 19 *termined under subsection (a)(2) with respect to*  
 20 *any eligible property which is part of such facil-*  
 21 *ity 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 subsection  
6                   for any taxable year with respect to all property  
7                   which is part of such facility shall not exceed the  
8                   amount which bears the same ratio to the  
9                   amount of such increase (determined without re-  
10                  gard 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 Policy  
6 Act of 1992 (25 U.S.C. 3501(2))), 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 RESIDENTIAL  
12 BUILDING PROJECT.—A facility shall be treated  
13 as part of a qualified low-income residential  
14 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 in  
18 section 41411(a) of the Violence Against  
19 Women Act of 1994 (34 U.S.C.  
20 12491(a)(3)), a housing assistance program  
21 administered by the Department of Agri-  
22 culture under title V of the Housing Act of  
23 1949, a housing program administered by a  
24 tribally designated housing entity (as de-  
25 fined in section 4(22) of the Native Amer-

ican Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(22))) or such other affordable housing programs as the Secretary may provide, and

“(ii) the financial benefits of the electricity produced by such facility are allocated equitably among the occupants of the dwelling units of such building.

“(C) *QUALIFIED LOW-INCOME ECONOMIC BENEFIT PROJECT.*—A facility shall be treated as part of a qualified low-income economic benefit project if at least 50 percent of the financial benefits of the electricity produced by such facility are provided to households with income of—

“(i) less than 200 percent of the poverty line (as defined in section 36B(d)(3)(A)) applicable to a family of the size involved, or

“(ii) less than 80 percent of area median gross income (as determined under section 142(d)(2)(B)).

“(D) *FINANCIAL BENEFIT.*—For purposes of subparagraphs (B) and (C), electricity acquired at a below-market rate shall not fail to be taken into account as a financial benefit.

1           “(3) *ELIGIBLE PROPERTY.*—For purposes of this  
 2           subsection, the term ‘eligible property’ means a quali-  
 3           fied investment with respect to any applicable facil-  
 4           ity.

5           “(4) *ALLOCATIONS.*—

6                   “(A) *IN GENERAL.*—Not later than January  
 7           1, 2025, the Secretary shall establish a program  
 8           to allocate amounts of environmental justice ca-  
 9           pacity limitation to applicable facilities. In es-  
 10          tablishing such program and to carry out the  
 11          purposes of this subsection, the Secretary shall  
 12          provide procedures to allow for an efficient allo-  
 13          cation process, including, when determined ap-  
 14          propriate, consideration of multiple projects in a  
 15          single application if such projects will be placed  
 16          in service by a single taxpayer.

17                   “(B) *LIMITATION.*—The amount of environ-  
 18          mental justice capacity limitation allocated by  
 19          the Secretary under subparagraph (A) during  
 20          any calendar year shall not exceed the annual  
 21          capacity limitation with respect to such year.

22                   “(C) *ANNUAL CAPACITY LIMITATION.*—For  
 23          purposes of this paragraph, the term ‘annual ca-  
 24          pacity limitation’ means 1.8 gigawatts of direct  
 25          current capacity for each calendar year during

the period beginning on January 1, 2025, and ending on December 31 of the applicable year (as defined in section 45Y(d)(3)), and zero thereafter.

“(D) CARRYOVER OF UNUSED LIMITATION.—

“(i) IN GENERAL.—If the annual capacity limitation for any calendar year exceeds the aggregate amount allocated for such year under this paragraph, such limitation for the succeeding calendar year shall be increased by the amount of such excess. No amount may be carried under the preceding sentence to any calendar year after the third calendar year following the applicable year (as defined in section 45Y(d)(3)).

“(ii) CARRYOVER FROM SECTION 48 FOR CALENDAR YEAR 2025.—If the annual capacity limitation for calendar year 2024 under section 48(e)(4)(D) exceeds the aggregate amount allocated for such year under such section, such excess amount may be carried over and applied to the annual capacity limitation under this subsection for calendar year 2025. The annual capacity

1           *limitation for calendar year 2025 shall be*  
 2           *increased by the amount of such excess.*

3           “(E) *PLACED IN SERVICE DEADLINE.*—

4                 “(i) *IN GENERAL.*—*Paragraph (1)*  
 5           *shall not apply with respect to any property*  
 6           *which is placed in service after the date that*  
 7           *is 4 years after the date of the allocation*  
 8           *with respect to the facility of which such*  
 9           *property is a part.*

10               “(ii) *APPLICATION OF CARRYOVER.*—  
 11           *Any amount of environmental justice capac-*  
 12           *ity limitation which expires under clause*  
 13           *(i) during any calendar year shall be taken*  
 14           *into account as an excess described in sub-*  
 15           *paragraph (D)(i) (or as an increase in such*  
 16           *excess) for such calendar year, subject to the*  
 17           *limitation imposed by the last sentence of*  
 18           *such subparagraph.*

19               “(5) *RECAPTURE.*—*The Secretary shall, by regu-*  
 20           *lations or other guidance, provide for recapturing the*  
 21           *benefit of any increase in the credit allowed under*  
 22           *subsection (a) by reason of this subsection with re-*  
 23           *spect to any property which ceases to be property eli-*  
 24           *gible for such increase (but which does not cease to be*  
 25           *investment credit property within the meaning of sec-*

1        *tion 50(a)). The period and percentage of such recap-*  
 2        *ture shall be determined under rules similar to the*  
 3        *rules of section 50(a). To the extent provided by the*  
 4        *Secretary, such recapture may not apply with respect*  
 5        *to any property if, within 12 months after the date*  
 6        *the taxpayer becomes aware (or reasonably should*  
 7        *have become aware) of such property ceasing to be*  
 8        *property eligible for such increase, the eligibility of*  
 9        *such property for such increase is restored. The pre-*  
 10       *ceding sentence shall not apply more than once with*  
 11       *respect to any facility.*

12       “(i) *GUIDANCE.—Not later than January 1, 2025, the*  
 13       *Secretary shall issue guidance regarding implementation of*  
 14       *this section.*”.

15       (b) *CONFORMING AMENDMENTS.—*

16            (1) *Section 46, as amended by section 107(d) of*  
 17       *the CHIPS Act of 2022, is amended—*

18                    (A) *in paragraph (5), by striking “and” at*  
 19       *the end,*

20                    (B) *in paragraph (6), by striking the period*  
 21       *at the end and inserting “, and”, and*

22                    (C) *by adding at the end the following:*

23                    “(7) *the clean electricity investment credit.*”.

24            (2) *Section 49(a)(1)(C), as amended by section*  
 25       *107(d) of the CHIPS Act of 2022, is amended—*



1                   (A) by striking “and” at the end of clause

2                   (v),

3                   (B) by striking the period at the end of  
4                   clause (vi) and inserting a comma, and

5                   (C) by adding at the end the following new  
6                   clauses:

7                               “(vii) the basis of any qualified prop-  
8                               erty which is part of a qualified facility  
9                               under section 48E, and

10                              “(viii) the basis of any energy storage  
11                              technology under section 48E.”.

12                   (3) Section 50(a)(2)(E), as amended by section  
13                   107(d) of the CHIPS Act of 2022, is amended by  
14                   striking “or 48D(b)(5)” and inserting “48D(b)(5), or  
15                   48E(e)”.

16                   (4) Section 50(c)(3) is amended by inserting “or  
17                   clean electricity investment credit” after “In the case  
18                   of any energy credit”.

19                   (5) The table of sections for subpart E of part IV  
20                   of subchapter A of chapter 1, as amended by section  
21                   107(d) of the CHIPS Act of 2022, is amended by in-  
22                   serting after the item relating to section 48D the fol-  
23                   lowing new item:

“48E. Clean electricity investment credit.”.

1       (c) *EFFECTIVE DATE.*—*The amendments made by this*  
 2 *section shall apply to property placed in service after De-*  
 3 *cember 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 amended—*  
 8       (1) *in clause (vi)(III), by striking “and” at the*  
 9 *end,*

10       (2) *in clause (vii), by striking the period at the*  
 11 *end and inserting “, and”, and*

12       (3) *by inserting after clause (vii) the following:*

13               “(viii) *any qualified facility (as de-*  
 14 *defined in section 45Y(b)(1)(A)), any quali-*  
 15 *fied property (as defined in subsection*  
 16 *(b)(2) of section 48E) which is a qualified*  
 17 *investment (as defined in subsection (b)(1)*  
 18 *of such section), or any energy storage tech-*  
 19 *nology (as defined in subsection (c)(2) of*  
 20 *such section).”.*

21       (b) *EFFECTIVE DATE.*—*The amendments made by this*  
 22 *section shall apply to facilities and property placed in serv-*  
 23 *ice after December 31, 2024.*

1 **SEC. 13704. CLEAN FUEL PRODUCTION CREDIT.**

2       (a) *IN GENERAL.*—Subpart D of part IV of subchapter  
3 A of chapter 1, as amended by the preceding provisions of  
4 this Act, is amended by adding at the end the following  
5 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 of*  
 2           *any transportation fuel produced at a qualified*  
 3           *facility which satisfies the requirements under*  
 4           *paragraphs (6) and (7) of subsection (f), the ap-*  
 5           *plicable amount shall be \$1.00.*

6           “(3) *SPECIAL RATE FOR SUSTAINABLE AVIATION*  
 7           *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 ‘sus-*  
 20           *tainable aviation fuel’ means liquid fuel, the*  
 21           *portion of which is not kerosene, which is sold*  
 22           *for use in an aircraft and which—*

23           “(i) *meets the requirements of—*

24           “(I) *ASTM International Stand-*  
 25           *ard D7566, or*

1                   “(II) the Fischer Tropsch provi-  
 2                   sions of ASTM International Standard  
 3                   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), the  
 7                   transportation fuel is sold in a manner described in  
 8                   this paragraph if such fuel is sold by the taxpayer to  
 9                   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 another  
 15                   person and places such fuel in the fuel tank of  
 16                   such other person.

17                   “(5) ROUNDING.—If any amount determined  
 18                   under paragraph (1) is not a multiple of 1 cent, such  
 19                   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—

1 “(I) an amount equal to—

2 “(aa) 50 kilograms of CO<sub>2e</sub>  
3 per mmBTU, minus

4 “(bb) the emissions rate for  
5 such fuel, divided by

6 “(II) 50 kilograms of CO<sub>2e</sub> 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 amount  
15 of lifecycle greenhouse gas emissions (as de-  
16 scribed in section 211(o)(1)(H) of the Clean  
17 Air Act (42 U.S.C. 7545(o)(1)(H)), as in ef-  
18 fect on the date of the enactment of this sec-  
19 tion) for such fuels, expressed as kilograms  
20 of CO<sub>2e</sub> per mmBTU, which a taxpayer  
21 shall use for purposes of this section.

22 “(ii) NON-AVIATION FUEL.—In the case  
23 of any transportation fuel which is not a  
24 sustainable aviation fuel, the lifecycle green-  
25 house gas emissions of such fuel shall be

1           *based on the most recent determinations*  
2           *under the Greenhouse gases, Regulated*  
3           *Emissions, and Energy use in Transpor-*  
4           *tation model developed by Argonne National*  
5           *Laboratory, or a successor model (as deter-*  
6           *mined by the Secretary).*

7           “(iii) *AVIATION FUEL.—In the case of*  
8           *any transportation fuel which is a sustain-*  
9           *able aviation fuel, the lifecycle greenhouse*  
10           *gas emissions of such fuel shall be deter-*  
11           *mined in accordance with—*

12                 “(I) *the most recent Carbon Off-*  
13                 *setting and Reduction Scheme for*  
14                 *International Aviation which has been*  
15                 *adopted by the International Civil*  
16                 *Aviation Organization with the agree-*  
17                 *ment of the United States, or*

18                 “(II) *any similar methodology*  
19                 *which satisfies the criteria under sec-*  
20                 *tion 211(o)(1)(H) of the Clean Air Act*  
21                 *(42 U.S.C. 7545(o)(1)(H)), as in effect*  
22                 *on the date of enactment of this sec-*  
23                 *tion.*

24           “(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 nearest  
 4                   multiple of 5 kilograms of CO<sub>2e</sub> per  
 5                   mmBTU.

6                   “(ii) *EXCEPTION.*—In the case of an  
 7                   emissions rate that is between 2.5 kilograms  
 8                   of CO<sub>2e</sub> per mmBTU and -2.5 kilograms of  
 9                   CO<sub>2e</sub> per mmBTU, the Secretary may  
 10                  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, such  
 20                  amount shall be rounded to the nearest multiple of  
 21                  0.1.

22                  “(c) *INFLATION ADJUSTMENT.*—

23                  “(1) *IN GENERAL.*—In the case of calendar years  
 24                  beginning after 2024, the 20 cent amount in sub-  
 25                  section (a)(2)(A), the \$1.00 amount in subsection



1       (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 multiple  
 9       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 di-  
 22       oxide (as determined based on relative global warm-  
 23       ing potential).

24       “(3) *GREENHOUSE GAS.*—The term ‘greenhouse  
 25       gas’ has the same meaning given that term under sec-

1        *tion 211(o)(1)(G) of the Clean Air Act (42 U.S.C.*  
 2        *7545(o)(1)(G)), as in effect on the date of the enact-*  
 3        *ment of this section.*

4                “(4) *QUALIFIED FACILITY.*—*The term ‘qualified*  
 5        *facility’—*

6                “(A) *means a facility used for the produc-*  
 7        *tion of transportation fuels, and*

8                “(B) *does not include any facility for which*  
 9        *one of the following credits is allowed under sec-*  
 10        *tion 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)(15) 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 ‘transport-*  
 24        *ation 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, the  
21                  Secretary shall issue guidance regarding implementation of  
22                  this section, including calculation of emissions factors for  
23                  transportation fuel, the table described in subsection  
24                  (b)(1)(B)(i), and the determination of clean fuel production  
25                  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 of*  
10 *clean fuel under section 4101 at the*  
11 *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 Secretary*  
17 *shall prescribe) from an unrelated*  
18 *party demonstrating compliance*  
19 *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 in*  
 8                                    *subclause (II) of such sub-*  
 9                                    *section, requirements similar*  
 10                                   *to the requirements described*  
 11                                   *in subitem (AA), and*

12                                   *“(bb) such other information*  
 13                                   *with respect to such fuel as the*  
 14                                   *Secretary may require for pur-*  
 15                                   *poses of carrying out this section,*  
 16                                   *and*

17                                   *“(ii) such fuel is produced in the*  
 18                                   *United States.*

19                                   *“(B) UNITED STATES.—For purposes of this*  
 20                                   *paragraph, the term ‘United States’ includes any*  
 21                                   *possession of the United States.*

22                                   *“(2) PRODUCTION ATTRIBUTABLE TO THE TAX-*  
 23                                   *PAYER.—In the case of a facility in which more than*  
 24                                   *1 person has an ownership interest, except to the ex-*  
 25                                   *tent provided in regulations prescribed by the Sec-*

1        *retary, production from the facility shall be allocated*  
 2        *among such persons in proportion to their respective*  
 3        *ownership interests in the gross sales from such facil-*  
 4        *ity.*

5            “(3) *RELATED PERSONS.*—*Persons shall be treat-*  
 6        *ed as related to each other if such persons would be*  
 7        *treated as a single employer under the regulations*  
 8        *prescribed under section 52(b). In the case of a cor-*  
 9        *poration which is a member of an affiliated group of*  
 10       *corporations filing a consolidated return, such cor-*  
 11       *poration shall be treated as selling fuel to an unre-*  
 12       *lated person if such fuel is sold to such a person by*  
 13       *another member of such group.*

14           “(4) *PASS-THRU IN THE CASE OF ESTATES AND*  
 15        *TRUSTS.*—*Under regulations prescribed by the Sec-*  
 16        *retary, rules similar to the rules of subsection (d) of*  
 17        *section 52 shall apply.*

18           “(5) *ALLOCATION OF CREDIT TO PATRONS OF AG-*  
 19        *RICULTURAL COOPERATIVE.*—*Rules similar to the*  
 20        *rules of section 45Y(g)(6) shall apply.*

21           “(6) *PREVAILING WAGE REQUIREMENTS.*—

22                “(A) *IN GENERAL.*—*Subject to subpara-*  
 23        *graph (B), rules similar to the rules of section*  
 24        *45(b)(7) shall apply.*

1                   “(B) *SPECIAL RULE FOR FACILITIES*  
 2                   *PLACED IN SERVICE BEFORE JANUARY 1, 2025.—*  
 3                   *For purposes of subparagraph (A), in the case of*  
 4                   *any qualified facility placed in service before*  
 5                   *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 be*  
 9                   *applied by substituting ‘with respect to any*  
 10                   *taxable year beginning after December 31,*  
 11                   *2024, for which the credit is allowed under*  
 12                   *this section’ for ‘with respect to any taxable*  
 13                   *year, for any portion of such taxable year*  
 14                   *which is within the period described in sub-*  
 15                   *section (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 “and”*  
 24                   *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 pre-  
8                   ceding provisions of this Act, is amended by adding  
9                   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 determined  
21                   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 inserting*  
 3           *“every person producing a fuel eligible for the clean*  
 4           *fuel production credit (pursuant to section 45Z),”*  
 5           *after “section 6426(k)(3),”.*

6           (c) *EFFECTIVE DATE.*—*The amendments made by this*  
 7           *section shall apply to transportation fuel produced after De-*  
 8           *cember 31, 2024.*

9           **PART 8—CREDIT MONETIZATION AND**  
 10           **APPROPRIATIONS**  
 11           **SEC. 13801. ELECTIVE PAYMENT FOR ENERGY PROPERTY**  
 12           **AND ELECTRICITY PRODUCED FROM CERTAIN**  
 13           **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 entity*  
 19           *making an election (at such time and in such manner as*  
 20           *the Secretary may provide) under this section with respect*  
 21           *to any applicable credit determined with respect to such*  
 22           *entity, such entity shall be treated as making a payment*  
 23           *against the tax imposed by subtitle A (for the taxable year*  
 24           *with respect to which such credit was determined) equal to*  
 25           *the amount of such credit.*

1       “(b) *APPLICABLE CREDIT*.—The term ‘applicable cred-  
 2   it’ means each of the following:

3               “(1) *So much of the credit for alternative fuel ve-*  
 4       *hicle 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 produc-*  
 8       *tion credit determined under section 45(a) as is at-*  
 9       *tributable 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 at-*  
 13       *tributable to carbon capture equipment which is*  
 14       *originally placed in service after December 31, 2022.*

15              “(4) *The zero-emission nuclear power production*  
 16       *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 is*  
 19       *attributable to qualified clean hydrogen production*  
 20       *facilities which are originally placed in service after*  
 21       *December 31, 2012.*

22              “(6) *In the case of a tax-exempt entity described*  
 23       *in clause (i), (ii), or (iv) of section 168(h)(2)(A), the*  
 24       *credit for qualified commercial vehicles determined*

1        *under section 45W by reason of subsection (d)(3)*  
 2        *thereof.*

3            *“(7) The credit for advanced manufacturing pro-*  
 4        *duction 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 determined*  
 8        *under section 45Z(a).*

9            *“(10) The energy credit determined under section*  
 10       *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 48E.*

15        *“(c) APPLICATION TO PARTNERSHIPS AND S COR-*  
 16       *PORATIONS.—*

17           *“(1) IN GENERAL.—In the case of any applicable*  
 18       *credit determined with respect to any facility or*  
 19       *property held directly by a partnership or S corpora-*  
 20       *tion, any election under subsection (a) shall be made*  
 21       *by such partnership or S corporation. If such part-*  
 22       *nership or S corporation makes an election under*  
 23       *such subsection (in such manner as the Secretary*  
 24       *may provide) with respect to such credit—*

1           “(A) the Secretary shall make a payment to  
2           such partnership or S corporation equal to the  
3           amount of such credit,

4           “(B) subsection (e) shall be applied with re-  
5           spect to such credit before determining any part-  
6           ner’s distributive share, or shareholder’s pro rata  
7           share, of such credit,

8           “(C) any amount with respect to which the  
9           election in subsection (a) is made shall be treated  
10          as tax exempt income for purposes of sections  
11          705 and 1366, and

12          “(D) a partner’s distributive share of such  
13          tax exempt income shall be based on such part-  
14          ner’s distributive share of the otherwise applica-  
15          ble credit for each taxable year.

16          “(2) COORDINATION WITH APPLICATION AT PART-  
17          NER OR SHAREHOLDER LEVEL.—In the case of any  
18          facility or property held directly by a partnership or  
19          S corporation, no election by any partner or share-  
20          holder shall be allowed under subsection (a) with re-  
21          spect to any applicable credit determined with respect  
22          to such facility or property.

23          “(3) TREATMENT OF PAYMENTS TO PARTNER-  
24          SHIPS AND S CORPORATIONS.—For purposes of section  
25          1324 of title 31, United States Code, the payments

1        *under paragraph (1)(A) shall be treated in the same*  
 2        *manner as a refund due from a credit provision re-*  
 3        *ferred to in subsection (b)(2) of such section.*

4        “(d) *SPECIAL RULES.—For purposes of this section—*

5                “(1) *APPLICABLE ENTITY.—*

6                        “(A) *IN GENERAL.—The term ‘applicable*  
 7                        *entity’ means—*

8                                “(i) *any organization exempt from the*  
 9                                *tax imposed by subtitle A,*

10                               “(ii) *any State or political subdivision*  
 11                               *thereof,*

12                               “(iii) *the Tennessee Valley Authority,*

13                               “(iv) *an Indian tribal government (as*  
 14                               *defined in section 30D(g)(9)),*

15                               “(v) *any Alaska Native Corporation*  
 16                               *(as defined in section 3 of the Alaska Native*  
 17                               *Claims Settlement Act (43 U.S.C. 1602(m)),*  
 18                               *or*

19                               “(vi) *any corporation operating on a*  
 20                               *cooperative basis which is engaged in fur-*  
 21                               *nishing electric energy to persons in rural*  
 22                               *areas.*

23                        “(B) *ELECTION WITH RESPECT TO CREDIT*  
 24                        *FOR PRODUCTION OF CLEAN HYDROGEN.—If a*  
 25                        *taxpayer other than an entity described in sub-*

1        *paragraph (A) makes an election under this sub-*  
2        *paragraph with respect to any taxable year in*  
3        *which such taxpayer has placed in service a*  
4        *qualified clean hydrogen production facility (as*  
5        *defined in section 45V(c)(3)), such taxpayer shall*  
6        *be treated as an applicable entity for purposes of*  
7        *this section for such taxable year, but only with*  
8        *respect to the credit described in subsection*  
9        *(b)(5).*

10        “(C) *ELECTION WITH RESPECT TO CREDIT*  
11        *FOR CARBON OXIDE SEQUESTRATION.—If a tax-*  
12        *payer other than an entity described in subpara-*  
13        *graph (A) makes an election under this subpara-*  
14        *graph with respect to any taxable year in which*  
15        *such taxpayer has, after December 31, 2022,*  
16        *placed in service carbon capture equipment at a*  
17        *qualified facility (as defined in section 45Q(d)),*  
18        *such taxpayer shall be treated as an applicable*  
19        *entity for purposes of this section for such tax-*  
20        *able year, but only with respect to the credit de-*  
21        *scribed in subsection (b)(3).*

22        “(D) *ELECTION WITH RESPECT TO AD-*  
23        *VANCED MANUFACTURING PRODUCTION CRED-*  
24        *IT.—*

1           “(i) *IN GENERAL.*—If a taxpayer other  
 2           than an entity described in subparagraph  
 3           (A) makes an election under this subpara-  
 4           graph with respect to any taxable year in  
 5           which such taxpayer has, after December  
 6           31, 2022, produced eligible components (as  
 7           defined in section 45X(c)(1)), such taxpayer  
 8           shall be treated as an applicable entity for  
 9           purposes of this section for such taxable  
 10          year, but only with respect to the credit de-  
 11          scribed in subsection (b)(7).

12          “(ii) *LIMITATION.*—

13                 “(I) *IN GENERAL.*—Except as pro-  
 14                 vided in subclause (II), if a taxpayer  
 15                 makes an election under this subpara-  
 16                 graph with respect to any taxable year,  
 17                 such taxpayer shall be treated as hav-  
 18                 ing made such election for each of the  
 19                 4 succeeding taxable years ending be-  
 20                 fore January 1, 2033.

21                 “(II) *EXCEPTION.*—A taxpayer  
 22                 may elect to revoke the application of  
 23                 the election made under this subpara-  
 24                 graph to any taxable year described in  
 25                 subclause (I). Any such election, if

1           *made, shall apply to the applicable*  
 2           *year specified in such election and each*  
 3           *subsequent taxable year within the pe-*  
 4           *riod described in subclause (I). Any*  
 5           *election under this subclause may not*  
 6           *be subsequently revoked.*

7           “(iii) *PROHIBITION ON TRANSFER.—*  
 8           *For any taxable year described in clause*  
 9           *(ii)(I), no election may be made by the tax-*  
 10          *payer under section 6418(a) for such tax-*  
 11          *able year with respect to eligible components*  
 12          *for purposes of the credit described in sub-*  
 13          *section (b)(7).*

14          “(E) *OTHER RULES.—*

15               “(i) *IN GENERAL.—An election made*  
 16               *under subparagraph (B), (C), or (D) shall*  
 17               *be made at such time and in such manner*  
 18               *as the Secretary may provide.*

19               “(ii) *LIMITATION.—No election may be*  
 20               *made under subparagraph (B), (C), or (D)*  
 21               *with respect to any taxable year beginning*  
 22               *after December 31, 2032.*

23               “(2) *APPLICATION.—In the case of any applica-*  
 24               *ble entity which makes the election described in sub-*



1       *section (a), any applicable credit shall be deter-*  
 2       *mined—*

3               *“(A) without regard to paragraphs (3) and*  
 4       *(4)(A)(i) of section 50(b), and*

5               *“(B) by treating any property with respect*  
 6       *to which such credit is determined as used in a*  
 7       *trade or business of the applicable entity.*

8       *“(3) ELECTIONS.—*

9               *“(A) IN GENERAL.—*

10              *“(i) DUE DATE.—Any election under*  
 11       *subsection (a) shall be made not later*  
 12       *than—*

13              *“(I) in the case of any govern-*  
 14       *ment, or political subdivision, de-*  
 15       *scribed in paragraph (1) and for which*  
 16       *no return is required under section*  
 17       *6011 or 6033(a), such date as is deter-*  
 18       *mined appropriate by the Secretary, or*

19              *“(II) in any other case, the due*  
 20       *date (including extensions of time) for*  
 21       *the return of tax for the taxable year*  
 22       *for which the election is made, but in*  
 23       *no event earlier than 180 days after*  
 24       *the date of the enactment of this sec-*  
 25       *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 for*  
 6                   *which the election is made.*

7                   “(B) *RENEWABLE ELECTRICITY PRODUC-*  
 8                   *TION CREDIT.—In the case of the credit described*  
 9                   *in subsection (b)(2), any election under sub-*  
 10                   *section (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 is*  
 18                   *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                   “(I) *apply separately with respect*  
2                   *to the carbon capture equipment origi-*  
3                   *nally placed in service by the applica-*  
4                   *ble entity during a taxable year, and*

5                   “(II)(aa) *in the case of a taxpayer*  
6                   *who makes an election described in*  
7                   *paragraph (1)(C), apply to the taxable*  
8                   *year in which such equipment is*  
9                   *placed in service and the 4 subsequent*  
10                  *taxable years with respect to such*  
11                  *equipment which end before January*  
12                  *1, 2033, and*

13                  “(bb) *in any other case, apply to*  
14                  *such taxable year and to any subse-*  
15                  *quent taxable year which is within the*  
16                  *period described in paragraph (3)(A)*  
17                  *or (4)(A) of section 45Q(a) with re-*  
18                  *spect to such equipment.*

19                  “(ii) *PROHIBITION ON TRANSFER.—*  
20                  *For any taxable year described in clause*  
21                  *(i)(II)(aa) with respect to carbon capture*  
22                  *equipment, no election may be made by the*  
23                  *taxpayer under section 6418(a) for such*  
24                  *taxable year with respect to such equipment*

1           *for purposes of the credit described in sub-*  
 2           *section (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 respect*  
 10           *to such equipment for any subsequent tax-*  
 11           *able years during such period. Any such*  
 12           *election, if made, shall apply to the applica-*  
 13           *ble year specified in such election and each*  
 14           *subsequent taxable year within the period*  
 15           *described in clause (i)(II)(aa). Any election*  
 16           *under this subclause may not be subse-*  
 17           *quently 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 year  
2           in which such facility is placed in  
3           service (or within the 1-year period  
4           subsequent to the date of enactment of  
5           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 tax-  
12          able years with respect to such facility  
13          which end before January 1, 2033, and

14          “(bb) in any other case, apply to  
15          such taxable year and all subsequent  
16          taxable years with respect to such facil-  
17          ity.

18          “(ii) *PROHIBITION ON TRANSFER.*—  
19          For any taxable year described in clause  
20          (i)(III)(aa) with respect to a qualified clean  
21          hydrogen production facility, no election  
22          may be made by the taxpayer under section  
23          6418(a) for such taxable year with respect  
24          to such facility for purposes of the credit de-  
25          scribed in subsection (b)(5).

1                   “(iii) *REVOCATION OF ELECTION.*—In  
 2                   the case of a taxpayer who makes an elec-  
 3                   tion described in paragraph (1)(B) with re-  
 4                   spect to a qualified clean hydrogen produc-  
 5                   tion facility, such taxpayer may, at any  
 6                   time during the period described in clause  
 7                   (i)(III)(aa), revoke the application of such  
 8                   election with respect to such facility for any  
 9                   subsequent taxable years during such pe-  
 10                  riod. Any such election, if made, shall apply  
 11                  to the applicable year specified in such elec-  
 12                  tion and each subsequent taxable year with-  
 13                  in the period described in clause (i)(II)(aa).  
 14                  Any election under this subclause may not  
 15                  be subsequently revoked.

16                  “(E) *CLEAN ELECTRICITY PRODUCTION*  
 17                  *CREDIT.*—In the case of the credit described in  
 18                  subsection (b)(8), any election under subsection  
 19                  (a) shall—

20                       “(i) apply separately with respect to  
 21                       each qualified facility,

22                       “(ii) be made for the taxable year in  
 23                       which such facility is placed in service, and

24                       “(iii) shall apply to such taxable year  
 25                       and to any subsequent taxable year which is

1                   *within the period described in subsection*  
 2                   *(b)(1)(B) of section 45Y with respect to such*  
 3                   *facility.*

4                   “(4) *TIMING.*—*The payment described in sub-*  
 5                   *section (a) shall be treated as made on—*

6                   “(A) *in the case of any government, or po-*  
 7                   *litical subdivision, described in paragraph (1)*  
 8                   *and for which no return is required under sec-*  
 9                   *tion 6011 or 6033(a), the later of the date that*  
 10                   *a return would be due under section 6033(a) if*  
 11                   *such government or subdivision were described in*  
 12                   *that section or the date on which such govern-*  
 13                   *ment or subdivision submits a claim for credit or*  
 14                   *refund (at such time and in such manner as the*  
 15                   *Secretary shall provide), and*

16                   “(B) *in any other case, the later of the due*  
 17                   *date (determined without regard to extensions) of*  
 18                   *the return of tax for the taxable year or the date*  
 19                   *on which such return is filed.*

20                   “(5) *ADDITIONAL INFORMATION.*—*As a condition*  
 21                   *of, and prior to, any amount being treated as a pay-*  
 22                   *ment which is made by an applicable entity under*  
 23                   *subsection (a), the Secretary may require such infor-*  
 24                   *mation or registration as the Secretary deems nec-*  
 25                   *essary for purposes of preventing duplication, fraud,*

1 *improper payments, or excessive payments under this*  
 2 *section.*

3 “(6) *EXCESSIVE PAYMENT.*—

4 “(A) *IN GENERAL.*—*In the case of any*  
 5 *amount treated as a payment which is made by*  
 6 *the applicable entity under subsection (a), or the*  
 7 *amount of the payment made pursuant to sub-*  
 8 *section (c), which the Secretary determines con-*  
 9 *stitutes an excessive payment, the tax imposed*  
 10 *on such entity by chapter 1 (regardless of wheth-*  
 11 *er such entity would otherwise be subject to tax*  
 12 *under such chapter) for the taxable year in*  
 13 *which such determination is made shall be in-*  
 14 *creased by an amount equal to the sum of—*

15 “(i) *the amount of such excessive pay-*  
 16 *ment, plus*

17 “(ii) *an amount equal to 20 percent of*  
 18 *such excessive payment.*

19 “(B) *REASONABLE CAUSE.*—*Subparagraph*  
 20 *(A)(ii) shall not apply if the applicable entity*  
 21 *demonstrates to the satisfaction of the Secretary*  
 22 *that the excessive payment resulted from reason-*  
 23 *able cause.*

24 “(C) *EXCESSIVE PAYMENT DEFINED.*—*For*  
 25 *purposes of this paragraph, the term ‘excessive*



1           *payment’ means, with respect to a facility or*  
 2           *property for which an election is made under*  
 3           *this section for any taxable year, an amount*  
 4           *equal to the excess of—*

5                   “(i) *the amount treated as a payment*  
 6                   *which is made by the applicable entity*  
 7                   *under subsection (a), or the amount of the*  
 8                   *payment made pursuant to subsection (c),*  
 9                   *with respect to such facility or property for*  
 10                  *such taxable year, over*

11                  “(ii) *the amount of the credit which,*  
 12                  *without application of this section, would be*  
 13                  *otherwise allowable (as determined pursu-*  
 14                  *ant to paragraph (2) and without regard to*  
 15                  *section 38(c)) under this title with respect*  
 16                  *to such facility or property for such taxable*  
 17                  *year.*

18           “(e) *DENIAL OF DOUBLE BENEFIT.—In the case of an*  
 19           *applicable entity making an election under this section with*  
 20           *respect to an applicable credit, such credit shall be reduced*  
 21           *to zero and shall, for any other purposes under this title,*  
 22           *be deemed to have been allowed to such entity for such tax-*  
 23           *able year.*

24           “(f) *MIRROR CODE POSSESSIONS.—In the case of any*  
 25           *possession of the United States with a mirror code tax sys-*

1 *tem (as defined in section 24(k)), this section shall not be*  
 2 *treated as part of the income tax laws of the United States*  
 3 *for purposes of determining the income tax law of such pos-*  
 4 *session unless such possession elects to have this section be*  
 5 *so treated.*

6 “(g) *BASIS REDUCTION AND RECAPTURE.*—*Except as*  
 7 *otherwise provided in subsection (c)(2)(A), rules similar to*  
 8 *the rules of section 50 shall apply for purposes of this sec-*  
 9 *tion.*

10 “(h) *REGULATIONS.*—*The Secretary shall issue such*  
 11 *regulations or other guidance as may be necessary to carry*  
 12 *out the purposes of this section, including guidance to en-*  
 13 *sure that the amount of the payment or deemed payment*  
 14 *made under this section is commensurate with the amount*  
 15 *of the credit that would be otherwise allowable (determined*  
 16 *without regard to section 38(c)).”.*

17 (b) *TRANSFER OF CERTAIN CREDITS.*—*Subchapter B*  
 18 *of chapter 65, as amended by subsection (a), is amended*  
 19 *by inserting after section 6417 the following new section:*

20 **“SEC. 6418. TRANSFER OF CERTAIN CREDITS.**

21 “(a) *IN GENERAL.*—*In the case of an eligible taxpayer*  
 22 *which elects to transfer all (or any portion specified in the*  
 23 *election) of an eligible credit determined with respect to*  
 24 *such taxpayer for any taxable year to a taxpayer (referred*  
 25 *to in this section as the ‘transferee taxpayer’) which is not*

1 *related (within the meaning of section 267(b) or 707(b)(1))*  
 2 *to the eligible taxpayer, the transferee taxpayer specified in*  
 3 *such election (and not the eligible taxpayer) shall be treated*  
 4 *as the taxpayer for purposes of this title with respect to*  
 5 *such credit (or such portion thereof).*

6 “(b) *TREATMENT OF PAYMENTS MADE IN CONNECTION*  
 7 *WITH TRANSFER.*—*With respect to any amount paid by*  
 8 *a transferee taxpayer to an eligible taxpayer as consider-*  
 9 *ation for a transfer described in subsection (a), such consid-*  
 10 *eration—*

11 “(1) *shall be required to be paid in cash,*

12 “(2) *shall not be includible in gross income of*  
 13 *the eligible taxpayer, and*

14 “(3) *with respect to the transferee taxpayer, shall*  
 15 *not be deductible under this title.*

16 “(c) *APPLICATION TO PARTNERSHIPS AND S COR-*  
 17 *PORATIONS.*—

18 “(1) *IN GENERAL.*—*In the case of any eligible*  
 19 *credit determined with respect to any facility or*  
 20 *property held directly by a partnership or S corpora-*  
 21 *tion, if such partnership or S corporation makes an*  
 22 *election under subsection (a) (in such manner as the*  
 23 *Secretary may provide) with respect to such credit—*

24 “(A) *any amount received as consideration*  
 25 *for a transfer described in such subsection shall*

1           *be treated as tax exempt income for purposes of*  
 2           *sections 705 and 1366, and*

3                   “(B) *a partner’s distributive share of such*  
 4           *tax exempt income shall be based on such part-*  
 5           *ner’s distributive share of the otherwise eligible*  
 6           *credit for each taxable year.*

7                   “(2) *COORDINATION WITH APPLICATION AT PART-*  
 8           *NER OR SHAREHOLDER LEVEL.—In the case of any*  
 9           *facility or property held directly by a partnership or*  
 10          *S corporation, no election by any partner or share-*  
 11          *holder shall be allowed under subsection (a) with re-*  
 12          *spect to any eligible credit determined with respect to*  
 13          *such facility or property.*

14                  “(d) *TAXABLE YEAR IN WHICH CREDIT TAKEN INTO*  
 15          *ACCOUNT.—In the case of any credit (or portion thereof)*  
 16          *with respect to which an election is made under subsection*  
 17          *(a), such credit shall be taken into account in the first tax-*  
 18          *able year of the transferee taxpayer ending with, or after,*  
 19          *the taxable year of the eligible taxpayer with respect to*  
 20          *which the credit was determined.*

21                  “(e) *LIMITATIONS ON ELECTION.—*

22                   “(1) *TIME FOR ELECTION.—An election under*  
 23          *subsection (a) to transfer any portion of an eligible*  
 24          *credit shall be made not later than the due date (in-*  
 25          *cluding extensions of time) for the return of tax for*

1     *the taxable year for which the credit is determined,*  
 2     *but in no event earlier than 180 days after the date*  
 3     *of the enactment of this section. Any such election,*  
 4     *once made, shall be irrevocable.*

5             “(2) *NO ADDITIONAL TRANSFERS.*—*No election*  
 6     *may be made under subsection (a) by a transferee*  
 7     *taxpayer with respect to any portion of an eligible*  
 8     *credit which has been previously transferred to such*  
 9     *taxpayer pursuant to this section.*

10           “(f) *DEFINITIONS.*—*For purposes of this section—*

11                 “(1) *ELIGIBLE CREDIT.*—

12                         “(A) *IN GENERAL.*—*The term ‘eligible cred-*  
 13     *it’ means each of the following:*

14                                 “(i) *So much of the credit for alter-*  
 15     *native fuel vehicle refueling property al-*  
 16     *lowed under section 30C which, pursuant to*  
 17     *subsection (d)(1) of such section, is treated*  
 18     *as a credit listed in section 38(b).*

19                                 “(ii) *The renewable electricity produc-*  
 20     *tion credit determined under section 45(a).*

21                                 “(iii) *The credit for carbon oxide se-*  
 22     *questration determined under section*  
 23     *45Q(a).*

1                   “(iv) *The zero-emission nuclear power*  
 2                   *production credit determined under section*  
 3                   *45U(a).*

4                   “(v) *The clean hydrogen production*  
 5                   *credit determined under section 45V(a).*

6                   “(vi) *The advanced manufacturing*  
 7                   *production credit determined under section*  
 8                   *45X(a).*

9                   “(vii) *The clean electricity production*  
 10                  *credit determined under section 45Y(a).*

11                  “(viii) *The clean fuel production credit*  
 12                  *determined under section 45Z(a).*

13                  “(ix) *The energy credit determined*  
 14                  *under section 48.*

15                  “(x) *The qualifying advanced energy*  
 16                  *project credit determined under section 48C.*

17                  “(xi) *The clean electricity investment*  
 18                  *credit determined under section 48E.*

19                  “(B) *ELECTION FOR CERTAIN CREDITS.—In*  
 20                  *the case of any eligible credit described in clause*  
 21                  *(ii), (iii), (v), or (vii) of subparagraph (A), an*  
 22                  *election under subsection (a) shall be made—*

23                         “(i) *separately with respect to each fa-*  
 24                         *cility for which such credit is determined,*  
 25                         *and*

1           “(ii) for each taxable year during the  
 2           10-year period beginning on the date such  
 3           facility was originally placed in service (or,  
 4           in the case of the credit described in clause  
 5           (iii), for each year during the 12-year pe-  
 6           riod beginning on the date the carbon cap-  
 7           ture equipment was originally placed in  
 8           service at such facility).

9           “(C) *EXCEPTION FOR BUSINESS CREDIT*  
 10          *CARRYFORWARDS OR CARRYBACKS.*—The term  
 11          ‘eligible credit’ shall not include any business  
 12          credit carryforward or business credit carryback  
 13          determined under section 39.

14          “(2) *ELIGIBLE TAXPAYER.*—The term ‘eligible  
 15          taxpayer’ means any taxpayer which is not described  
 16          in section 6417(d)(1)(A).

17          “(g) *SPECIAL RULES.*—For purposes of this section—

18               “(1) *ADDITIONAL INFORMATION.*—As a condition  
 19               of, and prior to, any transfer of any portion of an  
 20               eligible credit pursuant to subsection (a), the Sec-  
 21               retary may require such information (including, in  
 22               such form or manner as is determined appropriate by  
 23               the Secretary, such information returns) or registra-  
 24               tion as the Secretary deems necessary for purposes of

1        *preventing duplication, fraud, improper payments, or*  
 2        *excessive payments under this section.*

3                “(2) *EXCESSIVE CREDIT TRANSFER.*—

4                “(A) *IN GENERAL.*—*In the case of any por-*  
 5        *tion of an eligible credit which is transferred to*  
 6        *a transferee taxpayer pursuant to subsection (a)*  
 7        *which the Secretary determines constitutes an ex-*  
 8        *cessive credit transfer, the tax imposed on the*  
 9        *transferee taxpayer by chapter 1 (regardless of*  
 10        *whether such entity would otherwise be subject to*  
 11        *tax under such chapter) for the taxable year in*  
 12        *which such determination is made shall be in-*  
 13        *creased by an amount equal to the sum of—*

14                “(i) *the amount of such excessive credit*  
 15        *transfer, plus*

16                “(ii) *an amount equal to 20 percent of*  
 17        *such excessive credit transfer.*

18                “(B) *REASONABLE CAUSE.*—*Subparagraph*  
 19        *(A)(ii) shall not apply if the transferee taxpayer*  
 20        *demonstrates to the satisfaction of the Secretary*  
 21        *that the excessive credit transfer resulted from*  
 22        *reasonable cause.*

23                “(C) *EXCESSIVE CREDIT TRANSFER DE-*  
 24        *FINED.*—*For purposes of this paragraph, the*  
 25        *term ‘excessive credit transfer’ means, with re-*



1        *spect to a facility or property for which an elec-*  
 2        *tion is made under subsection (a) for any tax-*  
 3        *able year, an amount equal to the excess of—*

4                *“(i) the amount of the eligible credit*  
 5                *claimed by the transferee taxpayer with re-*  
 6                *spect to such facility or property for such*  
 7                *taxable year, over*

8                *“(ii) the amount of such credit which,*  
 9                *without application of this section, would be*  
 10                *otherwise allowable under this title with re-*  
 11                *spect to such facility or property for such*  
 12                *taxable year.*

13                *“(3) BASIS REDUCTION; NOTIFICATION OF RE-*  
 14                *CAPTURE.—In the case of any election under sub-*  
 15                *section (a) with respect to any portion of an eligible*  
 16                *credit described in clauses (ix) through (xi) of sub-*  
 17                *section (f)(1)(A)—*

18                *“(A) subsection (c) of section 50 shall apply*  
 19                *to the applicable investment credit property (as*  
 20                *defined in subsection (a)(5) of such section) as if*  
 21                *such eligible credit was allowed to the eligible*  
 22                *taxpayer, and*

23                *“(B) if, during any taxable year, the appli-*  
 24                *cable investment credit property (as defined in*  
 25                *subsection (a)(5) of section 50) is disposed of, or*

1 *otherwise ceases to be investment credit property*  
 2 *with respect to the eligible taxpayer, before the*  
 3 *close of the recapture period (as described in sub-*  
 4 *section (a)(1) of such section)—*

5 *“(i) such eligible taxpayer shall pro-*  
 6 *vide notice of such occurrence to the trans-*  
 7 *feree taxpayer (in such form and manner as*  
 8 *the Secretary shall prescribe), and*

9 *“(ii) the transferee taxpayer shall pro-*  
 10 *vide notice of the recapture amount (as de-*  
 11 *finied in subsection (c)(2) of such section), if*  
 12 *any, to the eligible taxpayer (in such form*  
 13 *and manner as the Secretary shall pre-*  
 14 *scribe).*

15 *“(4) PROHIBITION ON ELECTION OR TRANSFER*  
 16 *WITH RESPECT TO PROGRESS EXPENDITURES.—This*  
 17 *section shall not apply with respect to any amount of*  
 18 *an eligible credit which is allowed pursuant to rules*  
 19 *similar to the rules of subsections (c)(4) and (d) of*  
 20 *section 46 (as in effect on the day before the date of*  
 21 *the enactment of the Revenue Reconciliation Act of*  
 22 *1990).*

23 *“(h) REGULATIONS.—The Secretary shall issue such*  
 24 *regulations or other guidance as may be necessary to carry*  
 25 *out the purposes of this section, including regulations or*

1 *other guidance providing rules for determining a partner's*  
 2 *distributive share of the tax exempt income described in*  
 3 *subsection (c)(1).”.*

4       (c) *REAL ESTATE INVESTMENT TRUSTS.*—Section  
 5 50(d) is amended by adding at the end the following: “In  
 6 the case of a real estate investment trust making an election  
 7 under section 6418, paragraphs (1)(B) and (2)(B) of the  
 8 section 46(e) referred to in paragraph (1) of this subsection  
 9 shall not apply to any investment credit property of such  
 10 real estate investment trust to which such election applies.”.

11       (d) *3-YEAR CARRYBACK FOR APPLICABLE CREDITS.*—  
 12 Section 39(a) is amended by adding at the end the fol-  
 13 lowing:

14               “(4) *3-YEAR CARRYBACK FOR APPLICABLE CRED-*  
 15 *ITS.*—Notwithstanding subsection (d), in the case of  
 16 any applicable credit (as defined in section  
 17 6417(b))—

18                       “(A) *this section shall be applied separately*  
 19 *from the business credit (other than the applica-*  
 20 *ble credit),*

21                       “(B) *paragraph (1) shall be applied by sub-*  
 22 *stituting ‘each of the 3 taxable years’ for ‘the*  
 23 *taxable year’ in subparagraph (A) thereof, and*

24                       “(C) *paragraph (2) shall be applied—*

1                   “(i) by substituting ‘23 taxable years’  
 2                   for ‘21 taxable years’ in subparagraph (A)  
 3                   thereof, and  
 4                   “(ii) by substituting ‘22 taxable years’  
 5                   for ‘20 taxable years’ in subparagraph (B)  
 6                   thereof.”.

7           (e) *CLERICAL AMENDMENT.*—The table of sections for  
 8   subchapter B of chapter 65 is amended by inserting after  
 9   the item relating to section 6416 the following new items:

“Sec. 6417. Elective payment of applicable credits.

“Sec. 6418. Transfer of certain credits.”.

10          (f) *GROSS-UP OF DIRECT SPENDING.*—Beginning in  
 11   fiscal year 2023 and each fiscal year thereafter, the portion  
 12   of any payment made to a taxpayer pursuant to an election  
 13   under section 6417 of the Internal Revenue Code of 1986,  
 14   or any amount treated as a payment which is made by  
 15   the taxpayer under subsection (a) of such section, that is  
 16   direct spending shall be increased by 6.0445 percent.

17          (g) *EFFECTIVE DATE.*—The amendments made by this  
 18   section shall apply to taxable years beginning after Decem-  
 19   ber 31, 2022.

20   **SEC. 13802. APPROPRIATIONS.**

21          Immediately upon the enactment of this Act, in addi-  
 22   tion to amounts otherwise available, there are appropriated  
 23   for fiscal year 2022, out of any money in the Treasury not  
 24   otherwise appropriated, \$500,000,000 to remain available

1 *until September 30, 2031, for necessary expenses for the In-*  
 2 *ternal Revenue Service to carry out this subtitle (and the*  
 3 *amendments made by this subtitle), which shall supplement*  
 4 *and not supplant any other appropriations that may be*  
 5 *available for this purpose.*

6 **PART 9—OTHER PROVISIONS**

7 **SEC. 13901. PERMANENT EXTENSION OF TAX RATE TO FUND**  
 8 **BLACK LUNG DISABILITY TRUST FUND.**

9 (a) *IN GENERAL.*—Section 4121 is amended by strik-  
 10 *ing subsection (e).*

11 (b) *EFFECTIVE DATE.*—The amendment made by this  
 12 *section shall apply to sales in calendar quarters beginning*  
 13 *after the date which is 1 day after the date of enactment*  
 14 *of this Act.*

15 **SEC. 13902. INCREASE IN RESEARCH CREDIT AGAINST PAY-**  
 16 **ROLL TAX FOR SMALL BUSINESSES.**

17 (a) *IN GENERAL.*—Clause (i) of section 41(h)(4)(B) is  
 18 *amended—*

19 (1) *by striking “AMOUNT.—The amount” and*  
 20 *inserting “AMOUNT.—*

21 *“(I) IN GENERAL.—The amount”,*  
 22 *and*

23 (2) *by adding at the end the following new sub-*  
 24 *clause:*

1                   “(II) INCREASE.—*In the case of*  
 2                   *taxable years beginning after December*  
 3                   *31, 2022, the amount in subclause (I)*  
 4                   *shall be increased by \$250,000.*”.

5           (b) ALLOWANCE OF CREDIT.—

6                   (1) IN GENERAL.—*Paragraph (1) of section*  
 7                   *3111(f) is amended—*

8                           (A) *by striking “for a taxable year, there*  
 9                           *shall be allowed” and inserting “for a taxable*  
 10                           *year—*

11                                   “(A) *there shall be allowed*”,

12                                   (B) *by striking “equal to the” and inserting*  
 13                                   *“equal to so much of the”,*

14                                   (C) *by striking the period at the end and*  
 15                                   *inserting “as does not exceed the limitation of*  
 16                                   *subclause (I) of section 41(h)(4)(B)(i) (applied*  
 17                                   *without regard to subclause (II) thereof), and”,*  
 18                                   *and*

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

21   “(B) *there shall be allowed as a credit*  
 22   *against the tax imposed by subsection (b) for the*  
 23   *first calendar quarter which begins after the date*  
 24   *on which the taxpayer files the return specified*  
 25   *in section 41(h)(4)(A)(ii) an amount equal to so*

1           *much of the payroll tax credit portion deter-*  
 2           *mined under section 41(h)(2) as is not allowed*  
 3           *as a credit under subparagraph (A).”.*

4           (2) *LIMITATION.*—*Paragraph (2) of section*  
 5           *3111(f) is amended—*

6                     *(A) by striking “paragraph (1)” and insert-*  
 7                     *ing “paragraph (1)(A)”, and*

8                     *(B) by inserting “, and the credit allowed*  
 9                     *by paragraph (1)(B) shall not exceed the tax im-*  
 10                    *posed by subsection (b) for any calendar quar-*  
 11                    *ter,” after “calendar quarter”.*

12           (3) *CARRYOVER.*—*Paragraph (3) of section*  
 13           *3111(f) is amended by striking “the credit” and in-*  
 14           *serting “any credit”.*

15           (4) *DEDUCTION ALLOWED.*—*Paragraph (4) of*  
 16           *section 3111(f) is amended—*

17                     *(A) by striking “credit” and inserting*  
 18                     *“credits”, and*

19                     *(B) by striking “subsection (a)” and insert-*  
 20                     *ing “subsection (a) or (b)”.*

21           (c) *AGGREGATION RULES.*—*Clause (ii) of section*  
 22           *41(h)(5)(B) is amended by striking “the \$250,000 amount”*  
 23           *and inserting “each of the \$250,000 amounts”.*

1       (d) *EFFECTIVE DATE.*—*The amendments made by this*  
 2 *section shall apply to taxable years beginning after Decem-*  
 3 *ber 31, 2022.*

4 **SEC. 13903. REINSTATEMENT OF LIMITATION RULES FOR**  
 5 **DEDUCTION FOR STATE AND LOCAL, ETC.,**  
 6 **TAXES; EXTENSION OF LIMITATION ON EX-**  
 7 **CESS BUSINESS LOSSES OF NONCORPORATE**  
 8 **TAXPAYERS.**

9       (a) *REINSTATEMENT OF LIMITATION RULES FOR DE-*  
 10 *DUCTION FOR STATE AND LOCAL, ETC., TAXES.*—

11           (1) *IN GENERAL.*—*Section 164(b)(6), as amend-*  
 12 *ed by section 13904, is further amended—*

13               (A) *in the heading, by striking “2026” and*  
 14 *inserting “2025”, and*

15               (B) *by striking “2027” and inserting*  
 16 *“2026”.*

17           (2) *EFFECTIVE DATE.*—*The amendments made*  
 18 *by this subsection shall apply to taxable years begin-*  
 19 *ning after December 31, 2022.*

20       (b) *EXTENSION OF LIMITATION ON EXCESS BUSINESS*  
 21 *LOSSES OF NONCORPORATE TAXPAYERS.*—

22           (1) *IN GENERAL.*—*Section 461(l)(1) is amended*  
 23 *by striking “January 1, 2027” each place it appears*  
 24 *and inserting “January 1, 2029”.*



1           (2) *EFFECTIVE DATE.*—*The amendments made*  
 2           *by this subsection shall apply to taxable years begin-*  
 3           *ning after December 31, 2026.*

4 **SEC. 13904. REMOVAL OF HARMFUL SMALL BUSINESS**  
 5                   **TAXES; EXTENSION OF LIMITATION ON DE-**  
 6                   **DUCTION FOR STATE AND LOCAL, ETC.,**  
 7                   **TAXES.**

8           (a) *REMOVAL OF HARMFUL SMALL BUSINESS*  
 9           *TAXES.*—*Subparagraph (D) of section 59(k)(1), as added*  
 10          *by section 10101, is amended to read as follows:*

11                   “(D) *SPECIAL RULES FOR DETERMINING*  
 12                   *APPLICABLE CORPORATION STATUS.*—*Solely for*  
 13                   *purposes of determining whether a corporation is*  
 14                   *an applicable corporation under this paragraph,*  
 15                   *all adjusted financial statement income of per-*  
 16                   *sons treated as a single employer with such cor-*  
 17                   *poration under subsection (a) or (b) of section 52*  
 18                   *shall be treated as adjusted financial statement*  
 19                   *income of such corporation, and adjusted finan-*  
 20                   *cial statement income of such corporation shall*  
 21                   *be determined without regard to paragraphs*  
 22                   *(2)(D)(i) and (11) of section 56A(c).”.*

23           (b) *EXTENSION OF LIMITATION ON DEDUCTION FOR*  
 24          *STATE AND LOCAL, ETC., TAXES.*—

1           (1) *IN GENERAL*.—Section 164(b)(6) is amend-  
2       ed—

3                   (A) in the heading, by striking “2025” and  
4       inserting “2026”, and

5                   (B) by striking “2026” and inserting  
6       “2027”.

7           (2) *EFFECTIVE DATE*.—The amendments made  
8       by this subsection shall apply to taxable years begin-  
9       ning after December 31, 2022.

10   ***TITLE II—COMMITTEE ON AGRI-***  
11       ***CULTURE, NUTRITION, AND***  
12       ***FORESTRY***

13       ***Subtitle A—General Provisions***

14   ***SEC. 20001. DEFINITION OF SECRETARY.***

15       In this title, the term “Secretary” means the Secretary  
16   of Agriculture.

17       ***Subtitle B—Conservation***

18   ***SEC. 21001. ADDITIONAL AGRICULTURAL CONSERVATION***  
19       ***INVESTMENTS.***

20       (a) *APPROPRIATIONS*.—In addition to amounts other-  
21   wise available (and subject to subsection (b)), there are ap-  
22   propriated to the Secretary, out of any money in the Treas-  
23   ury not otherwise appropriated, to remain available until  
24   September 30, 2031 (subject to the condition that no such  
25   funds may be disbursed after September 30, 2031)—

(1) to carry out, using the facilities and authorities of the Commodity Credit Corporation, the environmental quality incentives program under subchapter A of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa through 3839aa-8)—

(A)(i) \$250,000,000 for fiscal year 2023;

(ii) \$1,750,000,000 for fiscal year 2024;

(iii) \$3,000,000,000 for fiscal year 2025;

and

(iv) \$3,450,000,000 for fiscal year 2026;

and

(B) subject to the conditions on the use of the funds that—

(i) section 1240B(f)(1) of the Food Security Act of 1985 (16 U.S.C. 3839aa-2(f)(1)) shall not apply;

(ii) section 1240H(c)(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa-8(c)(2)) shall be applied—

(I) by substituting “\$50,000,000” for “\$25,000,000”; and

(II) with the Secretary prioritizing proposals that utilize diet and feed management to reduce enteric

1                    *methane emissions from ruminants;*

2                    *and*

3                    *(iii) the funds shall be available for 1*

4                    *or more agricultural conservation practices*

5                    *or enhancements that the Secretary deter-*

6                    *mines directly improve soil carbon, reduce*

7                    *nitrogen losses, or reduce, capture, avoid, or*

8                    *sequester carbon dioxide, methane, or ni-*

9                    *trous oxide emissions, associated with agri-*

10                  *cultural production;*

11                  *(2) to carry out, using the facilities and authori-*

12                  *ties of the Commodity Credit Corporation, the con-*

13                  *servation stewardship program under subchapter B of*

14                  *that chapter (16 U.S.C. 3839aa–21 through 3839aa–*

15                  *25)—*

16                  *(A)(i) \$250,000,000 for fiscal year 2023;*

17                  *(ii) \$500,000,000 for fiscal year 2024;*

18                  *(iii) \$1,000,000,000 for fiscal year 2025;*

19                  *and*

20                  *(iv) \$1,500,000,000 for fiscal year 2026;*

21                  *and*

22                  *(B) subject to the condition on the use of the*

23                  *funds that the funds shall only be available for*

24                  *1 or more agricultural conservation practices,*

25                  *enhancements, or bundles that the Secretary de-*

1        *termines directly improve soil carbon, reduce ni-*  
 2        *trogen losses, or reduce, capture, avoid, or seques-*  
 3        *ter carbon dioxide, methane, or nitrous oxide*  
 4        *emissions, associated with agricultural produc-*  
 5        *tion;*

6        *(3) to carry out, using the facilities and authori-*  
 7        *ties of the Commodity Credit Corporation, the agri-*  
 8        *cultural conservation easement program under sub-*  
 9        *title H of title XII of that Act (16 U.S.C. 3865*  
 10       *through 3865d) for easements or interests in land that*  
 11       *will most reduce, capture, avoid, or sequester carbon*  
 12       *dioxide, methane, or nitrous oxide emissions associ-*  
 13       *ated with land eligible for the program—*

14                *(A) \$100,000,000 for fiscal year 2023;*

15                *(B) \$200,000,000 for fiscal year 2024;*

16                *(C) \$500,000,000 for fiscal year 2025; and*

17                *(D) \$600,000,000 for fiscal year 2026; and*

18        *(4) to carry out, using the facilities and authori-*  
 19        *ties of the Commodity Credit Corporation, the re-*  
 20        *gional conservation partnership program under sub-*  
 21        *title I of title XII of that Act (16 U.S.C. 3871 through*  
 22        *3871f)—*

23                *(A)(i) \$250,000,000 for fiscal year 2023;*

24                *(ii) \$800,000,000 for fiscal year 2024;*

1                   (iii) \$1,500,000,000 for fiscal year 2025;

2                   and

3                   (iv) \$2,400,000,000 for fiscal year 2026;

4                   and

5                   (B) subject to the conditions on the use of  
6                   the funds that—

7                   (i) section 1271C(d)(2)(B) of the Food  
8                   Security Act of 1985 (16 U.S.C.  
9                   3871c(d)(2)(B)) shall not apply; and

10                  (ii) the Secretary shall prioritize part-  
11                  nership agreements under section 1271C(d)  
12                  of the Food Security Act of 1985 (16 U.S.C.  
13                  3871c(d)) that support the implementation  
14                  of conservation projects that assist agricul-  
15                  tural producers and nonindustrial private  
16                  forestland owners in directly improving soil  
17                  carbon, reducing nitrogen losses, or reduc-  
18                  ing, capturing, avoiding, or sequestering  
19                  carbon dioxide, methane, or nitrous oxide  
20                  emissions, associated with agricultural pro-  
21                  duction.

22                  (b) CONDITIONS.—The funds made available under  
23                  subsection (a) are subject to the conditions that the Sec-  
24                  retary shall not—

25                  (1) enter into any agreement—

1                   (A) that is for a term extending beyond  
2                   September 30, 2031; or

3                   (B) under which any payment could be  
4                   outlaid or funds disbursed after September 30,  
5                   2031; or

6                   (2) use any other funds available to the Sec-  
7                   retary to satisfy obligations initially made under this  
8                   section.

9                   (c) CONFORMING AMENDMENTS.—

10                  (1) Section 1240B of the Food Security Act of  
11                  1985 (16 U.S.C. 3839aa–2) is amended—

12                         (A) in subsection (a), by striking “2023”  
13                         and inserting “2031”; and

14                         (B) in subsection (f)(2)(B)—

15                                 (i) in the subparagraph heading, by  
16                                 striking “2023” and inserting “2031”; and

17                                 (ii) by striking “2023” and inserting  
18                                 “2031”.

19                  (2) Section 1240H of the Food Security Act of  
20                  1985 (16 U.S.C. 3839aa–8) is amended by striking  
21                  “2023” each place it appears and inserting “2031”.

22                  (3) Section 1240J(a) of the Food Security Act of  
23                  1985 (16 U.S.C. 3839aa–22(a)) is amended, in the  
24                  matter preceding paragraph (1), by striking “2023”  
25                  and inserting “2031”.

1           (4) *Section 1240L(h)(2)(A) of the Food Security*  
2     *Act of 1985 (16 U.S.C. 3839aa–24(h)(2)(A)) is*  
3     *amended by striking “2023” and inserting “2031”.*

4           (5) *Section 1241 of the Food Security Act of*  
5     *1985 (16 U.S.C. 3841) is amended—*

6           (A) *in subsection (a)—*

7                 (i) *in the matter preceding paragraph*  
8                 *(1), by striking “2023” and inserting*  
9                 *“2031”;*

10                (ii) *in paragraph (2)(F), by striking*  
11                *“2023” and inserting “2031”; and*

12                (iii) *in paragraph (3), by striking “fis-*  
13                *cal year 2023” each place it appears and*  
14                *inserting “each of fiscal years 2023 through*  
15                *2031”;*

16                (B) *in subsection (b), by striking “2023”*  
17                *and inserting “2031”; and*

18                (C) *in subsection (h)—*

19                   (i) *in paragraph (1)(B), in the sub-*  
20                   *paragraph heading, by striking “2023” and*  
21                   *inserting “2031”; and*

22                   (ii) *by striking “2023” each place it*  
23                   *appears and inserting “2031”.*



1           (6) *Section 1244(n)(3)(A) of the Food Security*  
 2           *Act of 1985 (16 U.S.C. 3844(n)(3)(A)) is amended by*  
 3           *striking “2023” and inserting “2031”.*

4           (7) *Section 1271D(a) of the Food Security Act of*  
 5           *1985 (16 U.S.C. 3871d(a)) is amended by striking*  
 6           *“2023” and inserting “2031”.*

7   **SEC. 21002. CONSERVATION TECHNICAL ASSISTANCE.**

8           (a) *APPROPRIATIONS.—In addition to amounts other-*  
 9           *wise available (and subject to subsection (b)), there are ap-*  
 10          *propriated to the Secretary for fiscal year 2022, out of any*  
 11          *money in the Treasury not otherwise appropriated, to re-*  
 12          *main available until September 30, 2031 (subject to the con-*  
 13          *dition that no such funds may be disbursed after September*  
 14          *30, 2031)—*

15           (1) *\$1,000,000,000 to provide conservation tech-*  
 16           *nical assistance through the Natural Resources Con-*  
 17           *servaion Service; and*

18           (2) *\$300,000,000 to carry out a program to*  
 19           *quantify carbon sequestration and carbon dioxide,*  
 20           *methane, and nitrous oxide emissions, through which*  
 21           *the Natural Resources Conservation Service shall col-*  
 22           *lect field-based data to assess the carbon sequestration*  
 23           *and reduction in carbon dioxide, methane, and ni-*  
 24           *trous oxide emissions outcomes associated with activi-*  
 25           *ties carried out pursuant to this section and use the*

1        *data to monitor and track those carbon sequestration*  
2        *and emissions trends through the Greenhouse Gas In-*  
3        *ventory and Assessment Program of the Department*  
4        *of Agriculture.*

5        (b) *CONDITIONS.—The funds made available under*  
6        *this section are subject to the conditions that the Secretary*  
7        *shall not—*

8                (1) *enter into any agreement—*

9                        (A) *that is for a term extending beyond*  
10                      *September 30, 2031; or*

11                     (B) *under which any payment could be*  
12                      *outlaid or funds disbursed after September 30,*  
13                      *2031;*

14                (2) *use any other funds available to the Sec-*  
15        *retary to satisfy obligations initially made under this*  
16        *section; or*

17                (3) *interpret this section to authorize funds of*  
18        *the Commodity Credit Corporation for activities*  
19        *under this section if such funds are not expressly au-*  
20        *thorized or currently expended for such purposes.*

21        (c) *ADMINISTRATIVE COSTS.—In addition to amounts*  
22        *otherwise available, there is appropriated to the Secretary*  
23        *for fiscal year 2022, out of any money in the Treasury not*  
24        *otherwise appropriated, \$100,000,000, to remain available*  
25        *until September 30, 2028, for administrative costs of the*

1 agencies and offices of the Department of Agriculture for  
 2 costs related to implementing this section.

3 ***Subtitle C—Rural Development and***  
 4 ***Agricultural Credit***

5 ***SEC. 22001. ADDITIONAL FUNDING FOR ELECTRIC LOANS***  
 6 ***FOR RENEWABLE ENERGY.***

7 *Section 9003 of the Farm Security and Rural Invest-*  
 8 *ment Act of 2002 (7 U.S.C. 8103) is amended by adding*  
 9 *at the end the following:*

10 “(h) *ADDITIONAL FUNDING FOR ELECTRIC LOANS FOR*  
 11 *RENEWABLE ENERGY.—*

12 “(1) *APPROPRIATIONS.—Notwithstanding sub-*  
 13 *sections (a) through (e), and (g), in addition to*  
 14 *amounts otherwise available, there is appropriated to*  
 15 *the Secretary for fiscal year 2022, out of any money*  
 16 *in the Treasury not otherwise appropriated,*  
 17 *\$1,000,000,000, to remain available until September*  
 18 *30, 2031, for the cost of loans under section 317 of the*  
 19 *Rural Electrification Act of 1936 (7 U.S.C. 940g), in-*  
 20 *cluding for projects that store electricity that support*  
 21 *the types of eligible projects under that section, which*  
 22 *shall be forgiven in an amount that is not greater*  
 23 *than 50 percent of the loan based on how the borrower*  
 24 *and the project meets the terms and conditions for*  
 25 *loan forgiveness consistent with the purposes of that*

1        *section established by the Secretary, except as pro-*  
 2        *vided in paragraph (3).*

3            “(2) *LIMITATION.*—*The Secretary shall not enter*  
 4        *into any loan agreement pursuant this subsection*  
 5        *that could result in disbursements after September 30,*  
 6        *2031.*

7            “(3) *EXCEPTION.*—*The Secretary shall establish*  
 8        *criteria for waiving the 50 percent limitation de-*  
 9        *scribed in paragraph (1).”.*

10    **SEC. 22002. RURAL ENERGY FOR AMERICA PROGRAM.**

11        (a) *APPROPRIATION.*—*In addition to amounts other-*  
 12        *wise available, there is appropriated to the Secretary, out*  
 13        *of any money in the Treasury not otherwise appropriated,*  
 14        *for eligible projects under section 9007 of the Farm Security*  
 15        *and Rural Investment Act of 2002 (7 U.S.C. 8107), and*  
 16        *notwithstanding section 9007(c)(3)(A) of that Act, the*  
 17        *amount of a grant shall not exceed 50 percent of the cost*  
 18        *of the activity carried out using the grant funds—*

19            (1) *\$820,250,000 for fiscal year 2022, to remain*  
 20        *available until September 30, 2031; and*

21            (2) *\$180,276,500 for each of fiscal years 2023*  
 22        *through 2027, to remain available until September*  
 23        *30, 2031.*

24        (b) *UNDERUTILIZED RENEWABLE ENERGY TECH-*  
 25        *NOLOGIES.*—*In addition to amounts otherwise available,*

1 *there is appropriated to the Secretary, out of any money*  
 2 *in the Treasury not otherwise appropriated, to provide*  
 3 *grants and loans guaranteed by the Secretary (including*  
 4 *the costs of such loans) under the program described in sub-*  
 5 *section (a) relating to underutilized renewable energy tech-*  
 6 *nologies, and to provide technical assistance for applying*  
 7 *to the program described in subsection (a), including for*  
 8 *underutilized renewable energy technologies, notwith-*  
 9 *standing section 9007(c)(3)(A) of the Farm Security and*  
 10 *Rural Investment Act of 2002 (7 U.S.C. 8107(c)(3)(A)), the*  
 11 *amount of a grant shall not exceed 50 percent of the cost*  
 12 *of the activity carried out using the grant funds, and to*  
 13 *the extent the following amounts remain available at the*  
 14 *end of each fiscal year, the Secretary shall use such amounts*  
 15 *in accordance with subsection (a)—*

16           (1) \$144,750,000 for fiscal year 2022, to remain  
 17           available until September 30, 2031; and

18           (2) \$31,813,500 for each of fiscal years 2023  
 19           through 2027, to remain available until September  
 20           30, 2031.

21           (c) *LIMITATION.*—*The Secretary shall not enter into,*  
 22 *pursuant to this section—*

23           (1) *any loan agreement that may result in a dis-*  
 24           *bursement after September 30, 2031; or*

1           (2) *any grant agreement that may result in any*  
 2           *outlay after September 30, 2031.*

3   **SEC. 22003. BIOFUEL INFRASTRUCTURE AND AGRICULTURE**  
 4           **PRODUCT MARKET EXPANSION.**

5           *Section 9003 of the Farm Security and Rural Invest-*  
 6           *ment Act of 2002 (7 U.S.C. 8103) (as amended by section*  
 7           *22001) is amended by adding at the end the following:*

8           “(i) *BIOFUEL INFRASTRUCTURE AND AGRICULTURE*  
 9           *PRODUCT MARKET EXPANSION.—*

10           “(1) *APPROPRIATION.—Notwithstanding sub-*  
 11           *sections (a) through (e) and subsection (g), in addi-*  
 12           *tion to amounts otherwise available, there is appro-*  
 13           *priated to the Secretary for fiscal year 2022, out of*  
 14           *any money in the Treasury not otherwise appro-*  
 15           *priated, \$500,000,000, to remain available until Sep-*  
 16           *tember 30, 2031, to carry out this subsection.*

17           “(2) *USE OF FUNDS.—The Secretary shall use*  
 18           *the amounts made available by paragraph (1) to pro-*  
 19           *vide grants, for which the Federal share shall be not*  
 20           *more than 75 percent of the total cost of carrying out*  
 21           *a project for which the grant is provided, on a com-*  
 22           *petitive basis, to increase the sale and use of agricul-*  
 23           *tural commodity-based fuels through infrastructure*  
 24           *improvements for blending, storing, supplying, or dis-*  
 25           *tributing biofuels, except for transportation infra-*

1        *structure not on location where such biofuels are*  
 2        *blended, stored, supplied, or distributed—*

3                *“(A) by installing, retrofitting, or otherwise*  
 4                *upgrading fuel dispensers or pumps and related*  
 5                *equipment, storage tank system components, and*  
 6                *other infrastructure required at a location re-*  
 7                *lated to dispensing certain biofuel blends to en-*  
 8                *sure the increased sales of fuels with high levels*  
 9                *of commodity-based ethanol and biodiesel that*  
 10               *are at or greater than the levels required in the*  
 11               *Notice of Funding Availability for the Higher*  
 12               *Blends Infrastructure Incentive Program for Fis-*  
 13               *cal Year 2020, published in the Federal Register*  
 14               *(85 Fed. Reg. 26656), as determined by the Sec-*  
 15               *retary; and*

16               *“(B) by building and retrofitting home*  
 17               *heating oil distribution centers or equivalent en-*  
 18               *tities and distribution systems for ethanol and*  
 19               *biodiesel blends.”.*

20    **SEC. 22004. USDA ASSISTANCE FOR RURAL ELECTRIC CO-**  
 21                **OPERATIVES.**

22        *Section 9003 of the Farm Security and Rural Invest-*  
 23        *ment Act of 2002 (7 U.S.C. 8103) (as amended by section*  
 24        *22003) is amended by adding at the end the following:*

1       “(j) *USDA ASSISTANCE FOR RURAL ELECTRIC CO-*  
2 *OPERATIVES.*—

3               “(1) *APPROPRIATION.*—*Notwithstanding sub-*  
4 *sections (a) through (e) and (g), in addition to*  
5 *amounts otherwise available, there is appropriated to*  
6 *the Secretary for fiscal year 2022, out of any money*  
7 *in the Treasury not otherwise appropriated,*  
8 *\$9,700,000,000, to remain available until September*  
9 *30, 2031, for the long-term resiliency, reliability, and*  
10 *affordability of rural electric systems by providing to*  
11 *an eligible entity (defined as an electric cooperative*  
12 *described in section 501(c)(12) or 1381(a)(2) of the*  
13 *Internal Revenue Code of 1986 and is or has been a*  
14 *Rural Utilities Service electric loan borrower pursu-*  
15 *ant to the Rural Electrification Act of 1936 or serv-*  
16 *ing a predominantly rural area or a wholly or jointly*  
17 *owned subsidiary of such electric cooperative) loans,*  
18 *modifications of loans, the cost of loans and modifica-*  
19 *tions, and other financial assistance to achieve the*  
20 *greatest reduction in carbon dioxide, methane, and*  
21 *nitrous oxide emissions associated with rural electric*  
22 *systems through the purchase of renewable energy, re-*  
23 *newable energy systems, zero-emission systems, and*  
24 *carbon capture and storage systems, to deploy such*  
25 *systems, or to make energy efficiency improvements to*



1       *electric generation and transmission systems of the el-*  
 2       *igible entity after the date of enactment of this sub-*  
 3       *section.*

4               “(2) *LIMITATION.*—*No eligible entity may receive*  
 5       *an amount equal to more than 10 percent of the total*  
 6       *amount made available by this subsection.*

7               “(3) *REQUIREMENT.*—*The amount of a grant*  
 8       *under this subsection shall be not more than 25 per-*  
 9       *cent of the total project costs of the eligible entity car-*  
 10       *rying out a project using a grant under this sub-*  
 11       *section.*

12               “(4) *PROHIBITION.*—*Nothing in this subsection*  
 13       *shall be interpreted to authorize funds of the Com-*  
 14       *modity Credit Corporation for activities under this*  
 15       *subsection if such funds are not expressly authorized*  
 16       *or currently expended for such purposes.*

17               “(5) *DISBURSEMENTS.*—*The Secretary shall not*  
 18       *enter into, pursuant to this subsection—*

19                       “(A) *any loan agreement that may result in*  
 20               *a disbursement after September 30, 2031; or*

21                       “(B) *any grant agreement that may result*  
 22               *in any outlay after September 30, 2031.”.*

1 **SEC. 22005. ADDITIONAL USDA RURAL DEVELOPMENT AD-**  
2 **MINISTRATIVE FUNDS.**

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 *\$100,000,000, to remain available until September 30,*  
7 *2031, for administrative costs and salaries and expenses for*  
8 *the Rural Development mission area and administrative*  
9 *costs of the agencies and offices of the Department for costs*  
10 *related to implementing this subtitle.*

11 **SEC. 22006. FARM LOAN IMMEDIATE RELIEF FOR BOR-**  
12 **ROWERS WITH AT-RISK AGRICULTURAL OPER-**  
13 **ATIONS.**

14 *In addition to amounts otherwise available, there is*  
15 *appropriated to the Secretary for fiscal year 2022, out of*  
16 *amounts in the Treasury not otherwise appropriated,*  
17 *\$3,100,000,000, to remain available until September 30,*  
18 *2031, to provide payments to, for the cost of loans or loan*  
19 *modifications for, or to carry out section 331(b)(4) of the*  
20 *Consolidated Farm and Rural Development Act (7 U.S.C.*  
21 *1981(b)(4)) with respect to distressed borrowers of direct or*  
22 *guaranteed loans administered by the Farm Service Agency*  
23 *under subtitle A, B, or C of that Act (7 U.S.C. 1922 through*  
24 *1970). In carrying out this section, the Secretary shall pro-*  
25 *vide relief to those borrowers whose agricultural operations*

1 *are at financial risk as expeditiously as possible, as deter-*  
 2 *mined by the Secretary.*

3 **SEC. 22007. USDA ASSISTANCE AND SUPPORT FOR UNDER-**  
 4 **SERVED FARMERS, RANCHERS, AND FOR-**  
 5 **ESTERS.**

6 *Section 1006 of the American Rescue Plan Act of 2021*  
 7 *(7 U.S.C. 2279 note; Public Law 117–2) is amended to read*  
 8 *as follows:*

9 **“SEC. 1006. USDA ASSISTANCE AND SUPPORT FOR UNDER-**  
 10 **SERVED FARMERS, RANCHERS, FORESTERS.**

11 *“(a) TECHNICAL AND OTHER ASSISTANCE.—In addi-*  
 12 *tion to amounts otherwise available, there is appropriated*  
 13 *to the Secretary of Agriculture for fiscal year 2022, to re-*  
 14 *main available until September 30, 2031, out of any money*  
 15 *in the Treasury not otherwise appropriated, \$125,000,000*  
 16 *to provide outreach, mediation, financial training, capacity*  
 17 *building training, cooperative development and agricul-*  
 18 *tural credit training and support, and other technical as-*  
 19 *sistance on issues concerning food, agriculture, agricultural*  
 20 *credit, agricultural extension, rural development, or nutri-*  
 21 *tion to underserved farmers, ranchers, or forest landowners,*  
 22 *including veterans, limited resource producers, beginning*  
 23 *farmers and ranchers, and farmers, ranchers, and forest*  
 24 *landowners living in high poverty areas.*

1       “(b) *LAND LOSS ASSISTANCE.*—*In addition to*  
2 *amounts otherwise available, there is appropriated to the*  
3 *Secretary of Agriculture for fiscal year 2022, to remain*  
4 *available until September 30, 2031, out of any money in*  
5 *the Treasury not otherwise appropriated, \$250,000,000 to*  
6 *provide grants and loans to eligible entities, as determined*  
7 *by the Secretary, to improve land access (including heirs’*  
8 *property and fractionated land issues) for underserved*  
9 *farmers, ranchers, and forest landowners, including vet-*  
10 *erans, limited resource producers, beginning farmers and*  
11 *ranchers, and farmers, ranchers, and forest landowners liv-*  
12 *ing in high poverty areas.*

13       “(c) *EQUITY COMMISSIONS.*—*In addition to amounts*  
14 *otherwise available, there is appropriated to the Secretary*  
15 *of Agriculture for fiscal year 2022, to remain available*  
16 *until September 30, 2031, out of any money in the Treasury*  
17 *not otherwise appropriated, \$10,000,000 to fund the activi-*  
18 *ties of one or more equity commissions that will address*  
19 *racial equity issues within the Department of Agriculture*  
20 *and the programs of the Department of Agriculture.*

21       “(d) *RESEARCH, EDUCATION, AND EXTENSION.*—*In*  
22 *addition to amounts otherwise available, there is appro-*  
23 *priated to the Secretary of Agriculture for fiscal year 2022,*  
24 *to remain available until September 30, 2031, out of any*  
25 *money in the Treasury not otherwise appropriated,*

1 \$250,000,000 to support and supplement agricultural re-  
 2 search, education, and extension, as well as scholarships  
 3 and programs that provide internships and pathways to ag-  
 4 ricultural sector or Federal employment, for 1890 Institu-  
 5 tions (as defined in section 2 of the Agricultural, Research,  
 6 Extension, and Education Reform Act of 1998 (7 U.S.C.  
 7 7601)), 1994 Institutions (as defined in section 532 of the  
 8 Equity in Educational Land-Grant Status Act of 1994 (7  
 9 U.S.C. 301 note; Public Law 103–382)), Alaska Native  
 10 serving institutions and Native Hawaiian serving institu-  
 11 tions eligible to receive grants under subsections (a) and  
 12 (b), respectively, of section 1419B of the National Agricul-  
 13 tural Research, Extension, and Teaching Policy Act of 1977  
 14 (7 U.S.C. 3156), Hispanic-serving institutions eligible to  
 15 receive grants under section 1455 of the National Agricul-  
 16 tural Research, Extension, and Teaching Policy Act of 1977  
 17 (7 U.S.C. 3241), and the insular area institutions of higher  
 18 education located in the territories of the United States, as  
 19 referred to in section 1489 of the National Agricultural Re-  
 20 search, Extension, and Teaching Policy Act of 1977 (7  
 21 U.S.C. 3361).

22 “(e) *DISCRIMINATION FINANCIAL ASSISTANCE.*—In  
 23 addition to amounts otherwise available, there is appro-  
 24 priated to the Secretary of Agriculture for fiscal year 2022,  
 25 to remain available until September 30, 2031, out of any

1 money in the Treasury not otherwise appropriated,  
2 \$2,200,000,000 for a program to provide financial assist-  
3 ance, including the cost of any financial assistance, to  
4 farmers, ranchers, or forest landowners determined to have  
5 experienced discrimination prior to January 1, 2021, in  
6 Department of Agriculture farm lending programs, under  
7 which the amount of financial assistance provided to a re-  
8 cipient may be not more than \$500,000, as determined to  
9 be appropriate based on any consequences experienced from  
10 the discrimination, which program shall be administered  
11 through 1 or more qualified nongovernmental entities se-  
12 lected by the Secretary subject to standards set and enforced  
13 by the Secretary.

14 “(f) *ADMINISTRATIVE COSTS.*—In addition to amounts  
15 otherwise available, there is appropriated to the Secretary  
16 of Agriculture for fiscal year 2022, to remain available  
17 until September 30, 2031, out of any money in the Treasury  
18 not otherwise appropriated, \$24,000,000 for administrative  
19 costs, including training employees, of the agencies and of-  
20 fices of the Department of Agriculture to carry out this sec-  
21 tion.

22 “(g) *LIMITATION.*—The funds made available under  
23 this section are subject to the condition that the Secretary  
24 shall not—

1           “(1) enter into any agreement under which any  
2           payment could be outlaid or funds disbursed after  
3           September 30, 2031; or

4           “(2) use any other funds available to the Sec-  
5           retary to satisfy obligations initially made under this  
6           section.”.

7   **SEC. 22008. REPEAL OF FARM LOAN ASSISTANCE.**

8           Section 1005 of the American Rescue Plan Act of 2021  
9   (7 U.S.C. 1921 note; Public Law 117–2) is repealed.

10                   **Subtitle D—Forestry**

11   **SEC. 23001. NATIONAL FOREST SYSTEM RESTORATION AND**  
12                   **FUELS REDUCTION PROJECTS.**

13           (a) *APPROPRIATIONS.*—In addition to amounts other-  
14   wise available, there are appropriated to the Secretary for  
15   fiscal year 2022, out of any money in the Treasury not  
16   otherwise appropriated, to remain available until Sep-  
17   tember 30, 2031—

18                   (1) \$1,800,000,000 for hazardous fuels reduction  
19   projects on National Forest System land within the  
20   wildland-urban interface;

21                   (2) \$200,000,000 for vegetation management  
22   projects on National Forest System land carried out  
23   in accordance with a plan developed under section  
24   303(d)(1) or 304(a)(3) of the Healthy Forests Res-

1        *toration Act of 2003 (16 U.S.C. 6542(d)(1) or*  
2        *6543(a)(3));*

3            *(3) \$100,000,000 to provide for environmental*  
4        *reviews by the Chief of the Forest Service in satis-*  
5        *fying the obligations of the Chief of the Forest Service*  
6        *under the National Environmental Policy Act of 1969*  
7        *(42 U.S.C. 4321 through 4370m–12); and*

8            *(4) \$50,000,000 for the protection of old-growth*  
9        *forests on National Forest System land and to com-*  
10       *plete an inventory of old-growth forests and mature*  
11       *forests within the National Forest System.*

12        *(b) RESTRICTIONS.—None of the funds made available*  
13       *by paragraph (1) or (2) of subsection (a) may be used for*  
14       *any activity—*

15            *(1) conducted in a wilderness area or wilderness*  
16        *study area;*

17            *(2) that includes the construction of a permanent*  
18        *road or motorized trail;*

19            *(3) that includes the construction of a temporary*  
20        *road, except in the case of a temporary road that is*  
21        *decommissioned by the Secretary not later than 3*  
22        *years after the earlier of—*

23            *(A) the date on which the temporary road*  
24        *is no longer needed; and*



1                   (B) the date on which the project for which  
2                   the temporary road was constructed is completed;

3                   (4) inconsistent with the applicable land man-  
4                   agement plan;

5                   (5) inconsistent with the prohibitions of the rule  
6                   of the Forest Service entitled “Special Areas; Roadless  
7                   Area Conservation” (66 Fed. Reg. 3244 (January 12,  
8                   2001)), as modified by subparts C and D of part 294  
9                   of title 36, Code of Federal Regulations; or

10                  (6) carried out on any land that is not National  
11                  Forest System land, including other forested land on  
12                  Federal, State, Tribal, or private land.

13                  (c) *LIMITATIONS.*—Nothing in this section shall be in-  
14                  terpreted to authorize funds of the Commodity Credit Cor-  
15                  poration for activities under this section if such funds are  
16                  not expressly authorized or currently expended for such pur-  
17                  poses.

18                  (d) *COST-SHARING WAIVER.*—

19                   (1) *IN GENERAL.*—The non-Federal cost-share re-  
20                   quirement of a project described in paragraph (2)  
21                   may be waived at the discretion of the Secretary.

22                   (2) *PROJECT DESCRIBED.*—A project referred to  
23                   in paragraph (1) is a project that—

24                   (A) is carried out using funds made avail-  
25                   able under this section;

1           (B) requires a partnership agreement, in-  
 2           cluding a cooperative agreement or mutual inter-  
 3           est agreement; and

4           (C) is subject to a non-Federal cost-share re-  
 5           quirement.

6       (e) *DEFINITIONS.*—In this section:

7           (1) *DECOMMISSION.*—The term “decommission”  
 8           means, with respect to a road—

9           (A) reestablishing native vegetation on the  
 10          road;

11          (B) restoring any natural drainage, water-  
 12          shed function, or other ecological processes that  
 13          were disrupted or adversely impacted by the  
 14          road by removing or hydrologically dis-  
 15          connecting the road prism and reestablishing  
 16          stable slope contours; and

17          (C) effectively blocking the road to vehicular  
 18          traffic, where feasible.

19          (2) *ECOLOGICAL INTEGRITY.*—The term “ecologi-  
 20          cal integrity” has the meaning given the term in sec-  
 21          tion 219.19 of title 36, Code of Federal Regulations  
 22          (as in effect on the date of enactment of this Act).

23          (3) *HAZARDOUS FUELS REDUCTION PROJECT.*—  
 24          The term “hazardous fuels reduction project” means  
 25          an activity, including the use of prescribed fire, to

1        *protect structures and communities from wildfire that*  
 2        *is carried out on National Forest System land.*

3            (4) *RESTORATION.*—*The term “restoration” has*  
 4        *the meaning given the term in section 219.19 of title*  
 5        *36, Code of Federal Regulations (as in effect on the*  
 6        *date of enactment of this Act).*

7            (5) *VEGETATION MANAGEMENT PROJECT.*—*The*  
 8        *term “vegetation management project” means an ac-*  
 9        *tivity carried out on National Forest System land to*  
 10       *enhance the ecological integrity and achieve the res-*  
 11       *toration of a forest ecosystem through the removal of*  
 12       *vegetation, the use of prescribed fire, the restoration*  
 13       *of aquatic habitat, or the decommissioning of an un-*  
 14       *authorized, temporary, or system road.*

15           (6) *WILDLAND-URBAN INTERFACE.*—*The term*  
 16        *“wildland-urban interface” has the meaning given the*  
 17        *term in section 101 of the Healthy Forests Restora-*  
 18        *tion Act of 2003 (16 U.S.C. 6511).*

19        **SEC. 23002. COMPETITIVE GRANTS FOR NON-FEDERAL FOR-**  
 20        **EST LANDOWNERS.**

21           (a) *APPROPRIATIONS.*—*In addition to amounts other-*  
 22        *wise available, there are appropriated to the Secretary for*  
 23        *fiscal year 2022, out of any money in the Treasury not*  
 24        *otherwise appropriated, to remain available until Sep-*  
 25        *tember 30, 2031—*

1           (1) \$150,000,000 for the competitive grant pro-  
2           gram under section 13A of the Cooperative Forestry  
3           Assistance Act of 1978 (16 U.S.C. 2109a) for pro-  
4           viding through that program a cost share to carry out  
5           climate mitigation or forest resilience practices in the  
6           case of underserved forest landowners, subject to the  
7           condition that subsection (h) of that section shall not  
8           apply;

9           (2) \$150,000,000 for the competitive grant pro-  
10          gram under section 13A of the Cooperative Forestry  
11          Assistance Act of 1978 (16 U.S.C. 2109a) for pro-  
12          viding through that program grants to support the  
13          participation of underserved forest landowners in  
14          emerging private markets for climate mitigation or  
15          forest resilience, subject to the condition that sub-  
16          section (h) of that section shall not apply;

17          (3) \$100,000,000 for the competitive grant pro-  
18          gram under section 13A of the Cooperative Forestry  
19          Assistance Act of 1978 (16 U.S.C. 2109a) for pro-  
20          viding through that program grants to support the  
21          participation of forest landowners who own less than  
22          2,500 acres of forest land in emerging private markets  
23          for climate mitigation or forest resilience, subject to  
24          the condition that subsection (h) of that section shall  
25          not apply;

1           (4) \$50,000,000 for the competitive grant pro-  
2           gram under section 13A of the Cooperative Forestry  
3           Assistance Act of 1978 (16 U.S.C. 2109a) to provide  
4           grants to states and other eligible entities to provide  
5           payments to owners of private forest land for imple-  
6           mentation of forestry practices on private forest land,  
7           that are determined by the Secretary, based on the  
8           best available science, to provide measurable increases  
9           in carbon sequestration and storage beyond customary  
10          practices on comparable land, subject to the condi-  
11          tions that—

12                   (A) those payments shall not preclude land-  
13                   owners from participation in other public and  
14                   private sector financial incentive programs; and

15                   (B) subsection (h) of that section shall not  
16                   apply; and

17          (5) \$100,000,000 to provide grants under the  
18          wood innovation grant program under section 8643 of  
19          the Agriculture Improvement Act of 2018 (7 U.S.C.  
20          7655d), including for the construction of new facili-  
21          ties that advance the purposes of the program and for  
22          the hauling of material removed to reduce hazardous  
23          fuels to locations where that material can be utilized,  
24          subject to the conditions that—

1                   (A) *the amount of such a grant shall be not*  
 2                   *more than \$5,000,000; and*

3                   (B) *notwithstanding subsection (d) of that*  
 4                   *section, a recipient of such a grant shall provide*  
 5                   *funds equal to not less than 50 percent of the*  
 6                   *amount received under the grant, to be derived*  
 7                   *from non-Federal sources.*

8           (b) *COST-SHARING REQUIREMENT.—Any partnership*  
 9           *agreements, including cooperative agreements and mutual*  
 10           *interest agreements, using funds made available under this*  
 11           *section shall be subject to a non-Federal cost-share require-*  
 12           *ment of not less than 20 percent of the project cost, which*  
 13           *may be waived at the discretion of the Secretary.*

14           (c) *LIMITATIONS.—Nothing in this section shall be in-*  
 15           *terpreted to authorize funds of the Commodity Credit Cor-*  
 16           *poration for activities under this section if such funds are*  
 17           *not expressly authorized or currently expended for such pur-*  
 18           *poses.*

19   **SEC. 23003. STATE AND PRIVATE FORESTRY CONSERVATION**  
 20                   **PROGRAMS.**

21           (a) *APPROPRIATIONS.—In addition to amounts other-*  
 22           *wise available, there are appropriated to the Secretary for*  
 23           *fiscal year 2022, out of any money in the Treasury not*  
 24           *otherwise appropriated, to remain available until Sep-*  
 25           *tember 30, 2031—*

1           (1) \$700,000,000 to provide competitive grants  
 2           to States through the Forest Legacy Program estab-  
 3           lished under section 7 of the Cooperative Forestry As-  
 4           sistance Act of 1978 (16 U.S.C. 2103c) for projects for  
 5           the acquisition of land and interests in land; and

6           (2) \$1,500,000,000 to provide multiyear, pro-  
 7           grammatic, competitive grants to a State agency, a  
 8           local governmental entity, an agency or governmental  
 9           entity of the District of Columbia, an agency or gov-  
 10          ernmental entity of an insular area (as defined in  
 11          section 1404 of the National Agricultural Research,  
 12          Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
 13          3103)), an Indian Tribe, or a nonprofit organization  
 14          through the Urban and Community Forestry Assist-  
 15          ance program established under section 9(c) of the Co-  
 16          operative Forestry Assistance Act of 1978 (16 U.S.C.  
 17          2105(c)) for tree planting and related activities.

18          (b) *WAIVER*.—Any non-Federal cost-share requirement  
 19          otherwise applicable to projects carried out under this sec-  
 20          tion may be waived at the discretion of the Secretary.

21   **SEC. 23004. LIMITATION.**

22          The funds made available under this subtitle are sub-  
 23          ject to the condition that the Secretary shall not—

24               (1) enter into any agreement—

1                   (A) that is for a term extending beyond  
2                   September 30, 2031; or

3                   (B) under which any payment could be  
4                   outlaid or funds disbursed after September 30,  
5                   2031; or

6                   (2) use any other funds available to the Sec-  
7                   retary to satisfy obligations initially made under this  
8                   subtitle.

9   **SEC. 23005. ADMINISTRATIVE COSTS.**

10       In addition to amounts otherwise available, there is  
11       appropriated to the Secretary for fiscal year 2022, out of  
12       any money in the Treasury not otherwise appropriated,  
13       \$100,000,000 to remain available until September 30, 2031,  
14       for administrative costs of the agencies and offices of the  
15       Department of Agriculture for costs related to implementing  
16       this subtitle.

17   **TITLE III—COMMITTEE ON BANK-**  
18       **ING, HOUSING, AND URBAN**  
19       **AFFAIRS**

20   **SEC. 30001. ENHANCED USE OF DEFENSE PRODUCTION ACT**  
21       **OF 1950.**

22       In addition to amounts otherwise available, there is  
23       appropriated for fiscal year 2022, out of any money in the  
24       Treasury not otherwise appropriated, \$500,000,000, to re-



1 *main available until September 30, 2024, to carry out the*  
 2 *Defense Production Act of 1950 (50 U.S.C. 4501 et seq.).*

3 **SEC. 30002. IMPROVING ENERGY EFFICIENCY OR WATER EF-**  
 4 **FICIENCY OR CLIMATE RESILIENCE OF AF-**  
 5 **FORDABLE HOUSING.**

6 (a) *APPROPRIATION.*—*In addition to amounts other-*  
 7 *wise available, there is appropriated to the Secretary of*  
 8 *Housing and Urban Development (in this section referred*  
 9 *to as the “Secretary”) for fiscal year 2022, out of any*  
 10 *money in the Treasury not otherwise appropriated—*

11 (1) *\$837,500,000, to remain available until Sep-*  
 12 *tember 30, 2028, for the cost of providing direct loans,*  
 13 *the costs of modifying such loans, and for grants, as*  
 14 *provided for and subject to terms and conditions in*  
 15 *subsection (b), including to subsidize gross obligations*  
 16 *for the principal amount of such loans, not to exceed*  
 17 *\$4,000,000,000, to fund projects that improve energy*  
 18 *or water efficiency, enhance indoor air quality or sus-*  
 19 *tainability, implement the use of zero-emission elec-*  
 20 *tricity generation, low-emission building materials or*  
 21 *processes, energy storage, or building electrification*  
 22 *strategies, or address climate resilience, of an eligible*  
 23 *property;*

24 (2) *\$60,000,000, to remain available until Sep-*  
 25 *tember 30, 2030, for the costs to the Secretary for in-*

formation technology, research and evaluation, and administering and overseeing the implementation of this section;

(3) \$60,000,000, to remain available until September 30, 2029, for expenses of contracts or cooperative agreements administered by the Secretary; and

(4) \$42,500,000, to remain available until September 30, 2028, for energy and water benchmarking of properties eligible to receive grants or loans under this section, regardless of whether they actually received such grants or loans, along with associated data analysis and evaluation at the property and portfolio level, and the development of information technology systems necessary for the collection, evaluation, and analysis of such data.

(b) *LOAN AND GRANT TERMS AND CONDITIONS.*—

Amounts made available under this section shall be for direct loans, grants, and direct loans that can be converted to grants to eligible recipients that agree to an extended period of affordability for the property.

(c) *DEFINITIONS.*—As used in this section—

(1) the term “eligible recipient” means any owner or sponsor of an eligible property; and

(2) the term “eligible property” means a property assisted pursuant to—

1                   (A) *section 202 of the Housing Act of 1959*  
 2                   (12 U.S.C. 1701q);

3                   (B) *section 202 of the Housing Act of 1959*  
 4                   (former 12 U.S.C. 1701q), *as such section existed*  
 5                   *before the enactment of the Cranston-Gonzalez*  
 6                   *National Affordable Housing Act;*

7                   (C) *section 811 of the Cranston-Gonzalez*  
 8                   *National Affordable Housing Act (42 U.S.C.*  
 9                   *8013);*

10                  (D) *section 8(b) of the United States Hous-*  
 11                  *ing Act of 1937 (42 U.S.C. 1437f(b));*

12                  (E) *section 236 of the National Housing Act*  
 13                  (12 U.S.C. 1715z–1); *or*

14                  (F) *a Housing Assistance Payments con-*  
 15                  *tract for Project-Based Rental Assistance in fis-*  
 16                  *cal year 2021.*

17                  (d) *WAIVER.—The Secretary may waive or specify al-*  
 18                  *ternative requirements for any provision of subsection (c)*  
 19                  *or (bb) of section 8 of the United States Housing Act of*  
 20                  *1937 (42 U.S.C. 1437f(c), 1437f(bb)) upon a finding that*  
 21                  *the waiver or alternative requirement is necessary to facili-*  
 22                  *tate the use of amounts made available under this section.*

23                  (e) *IMPLEMENTATION.—The Secretary shall have the*  
 24                  *authority to establish by notice any requirements that the*  
 25                  *Secretary determines are necessary for timely and effective*

1 *implementation of the program and expenditure of funds*  
 2 *appropriated, which requirements shall take effect upon*  
 3 *issuance.*

4 ***TITLE IV—COMMITTEE ON COM-***  
 5 ***MERCE, SCIENCE, AND TRANS-***  
 6 ***PORTATION***

7 ***SEC. 40001. INVESTING IN COASTAL COMMUNITIES AND CLI-***  
 8 ***MATE RESILIENCE.***

9 *(a) IN GENERAL.—In addition to amounts otherwise*  
 10 *available, there is appropriated to the National Oceanic*  
 11 *and Atmospheric Administration for fiscal year 2022, out*  
 12 *of any money in the Treasury not otherwise appropriated,*  
 13 *\$2,600,000,000, to remain available until September 30,*  
 14 *2026, to provide funding through direct expenditure, con-*  
 15 *tracts, grants, cooperative agreements, or technical assist-*  
 16 *ance to coastal states (as defined in paragraph (4) of section*  
 17 *304 of the Coastal Zone Management Act of 1972 (16*  
 18 *U.S.C. 1453(4))), the District of Columbia, Tribal Govern-*  
 19 *ments, nonprofit organizations, local governments, and in-*  
 20 *stitutions of higher education (as defined in subsection (a)*  
 21 *of section 101 of the Higher Education Act of 1965 (20*  
 22 *U.S.C. 1001(a))), for the conservation, restoration, and pro-*  
 23 *tection of coastal and marine habitats, resources, Pacific*  
 24 *salmon and other marine fisheries, to enable coastal com-*  
 25 *munities to prepare for extreme storms and other changing*

1 *climate conditions, and for projects that support natural*  
 2 *resources that sustain coastal and marine resource depend-*  
 3 *ent communities, marine fishery and marine mammal stock*  
 4 *assessments, and for related administrative expenses.*

5 (b) *TRIBAL GOVERNMENT DEFINED.*—*In this section,*  
 6 *the term “Tribal Government” means the recognized gov-*  
 7 *erning body of any Indian or Alaska Native tribe, band,*  
 8 *nation, pueblo, village, community, component band, or*  
 9 *component reservation, individually identified (including*  
 10 *parenthetically) in the list published most recently as of the*  
 11 *date of enactment of this subsection pursuant to section 104*  
 12 *of the Federally Recognized Indian Tribe List Act of 1994*  
 13 *(25 U.S.C. 5131).*

14 **SEC. 40002. FACILITIES OF THE NATIONAL OCEANIC AND**  
 15 **ATMOSPHERIC ADMINISTRATION AND NA-**  
 16 **TIONAL MARINE SANCTUARIES.**

17 (a) *NATIONAL OCEANIC AND ATMOSPHERIC ADMINIS-*  
 18 *TRATION FACILITIES.*—*In addition to amounts otherwise*  
 19 *available, there is appropriated to the National Oceanic*  
 20 *and Atmospheric Administration for fiscal year 2022, out*  
 21 *of any money in the Treasury not otherwise appropriated,*  
 22 *\$150,000,000, to remain available until September 30,*  
 23 *2026, for the construction of new facilities, facilities in need*  
 24 *of replacement, piers, marine operations facilities, and fish-*  
 25 *eries laboratories.*

1       (b) *NATIONAL MARINE SANCTUARIES FACILITIES.*—In  
 2       addition to amounts otherwise available, there is appro-  
 3       priated to the National Oceanic and Atmospheric Adminis-  
 4       tration for fiscal year 2022, out of any money in the Treas-  
 5       ury not otherwise appropriated, \$50,000,000, to remain  
 6       available until September 30, 2026, for the construction of  
 7       facilities to support the National Marine Sanctuary System  
 8       established under subsection (c) of section 301 of the Na-  
 9       tional Marine Sanctuaries Act (16 U.S.C. 1431(c)).

10   **SEC. 40003. NOAA EFFICIENT AND EFFECTIVE REVIEWS.**

11       In addition to amounts otherwise available, there is  
 12       appropriated to the National Oceanic and Atmospheric Ad-  
 13       ministration for fiscal year 2022, out of any money in the  
 14       Treasury not otherwise appropriated, \$20,000,000, to re-  
 15       main available until September 30, 2026, to conduct more  
 16       efficient, accurate, and timely reviews for planning, permit-  
 17       ting and approval processes through the hiring and train-  
 18       ing of personnel, and the purchase of technical and sci-  
 19       entific services and new equipment, and to improve agency  
 20       transparency, accountability, and public engagement.

21   **SEC. 40004. OCEANIC AND ATMOSPHERIC RESEARCH AND**  
 22       **FORECASTING FOR WEATHER AND CLIMATE.**

23       (a) *FORECASTING AND RESEARCH.*—In addition to  
 24       amounts otherwise available, there is appropriated to the  
 25       National Oceanic and Atmospheric Administration for fis-

1 cal year 2022, out of any money in the Treasury not other-  
 2 wise appropriated, \$150,000,000, to remain available until  
 3 September 30, 2026, to accelerate advances and improve-  
 4 ments in research, observation systems, modeling, fore-  
 5 casting, assessments, and dissemination of information to  
 6 the public as it pertains to ocean and atmospheric processes  
 7 related to weather, coasts, oceans, and climate, and to carry  
 8 out section 102(a) of the Weather Research and Forecasting  
 9 Innovation Act of 2017 (15 U.S.C. 8512(a)), and for related  
 10 administrative expenses.

11 (b) *RESEARCH GRANTS AND SCIENCE INFORMATION,*  
 12 *PRODUCTS, AND SERVICES.*—In addition to amounts other-  
 13 wise available, there are appropriated to the National Oce-  
 14 anic and Atmospheric Administration for fiscal year 2022,  
 15 out of any money in the Treasury not otherwise appro-  
 16 priated, to remain available until September 30, 2026,  
 17 \$50,000,000 for competitive grants to fund climate research  
 18 as it relates to weather, ocean, coastal, and atmospheric  
 19 processes and conditions, and impacts to marine species  
 20 and coastal habitat, and for related administrative ex-  
 21 penses.

22 **SEC. 40005. COMPUTING CAPACITY AND RESEARCH FOR**  
 23 **WEATHER, OCEANS, AND CLIMATE.**

24 In addition to amounts otherwise available, there is  
 25 appropriated to the National Oceanic and Atmospheric Ad-

1 *ministration for fiscal year 2022, out of any money in the*  
 2 *Treasury not otherwise appropriated, \$190,000,000, to re-*  
 3 *main available until September 30, 2026, for the procure-*  
 4 *ment of additional high-performance computing, data proc-*  
 5 *essing capacity, data management, and storage assets, to*  
 6 *carry out section 204(a)(2) of the High-Performance Com-*  
 7 *puting Act of 1991 (15 U.S.C. 5524(a)(2)), and for trans-*  
 8 *action agreements authorized under section 301(d)(1)(A) of*  
 9 *the Weather Research and Forecasting Innovation Act of*  
 10 *2017 (15 U.S.C. 8531(d)(1)(A)), and for related adminis-*  
 11 *trative expenses.*

12 **SEC. 40006. ACQUISITION OF HURRICANE FORECASTING**  
 13 **AIRCRAFT.**

14 *In addition to amounts otherwise available, there is*  
 15 *appropriated to the National Oceanic and Atmospheric Ad-*  
 16 *ministration 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, 2026, for the acquisi-*  
 19 *tion of hurricane hunter aircraft under section 413(a) of*  
 20 *the Weather Research and Forecasting Innovation Act of*  
 21 *2017 (15 U.S.C. 8549(a)).*

22 **SEC. 40007. ALTERNATIVE FUEL AND LOW-EMISSION AVIA-**  
 23 **TION TECHNOLOGY PROGRAM.**

24 *(a) APPROPRIATION AND ESTABLISHMENT.—For pur-*  
 25 *poses of establishing a competitive grant program for eligi-*



1 *ble entities to carry out projects located in the United States*  
2 *that produce, transport, blend, or store sustainable aviation*  
3 *fuel, or develop, demonstrate, or apply low-emission avia-*  
4 *tion technologies, in addition to amounts otherwise avail-*  
5 *able, there are appropriated to the Secretary for fiscal year*  
6 *2022, out of any money in the Treasury not otherwise ap-*  
7 *propriated, to remain available until September 30, 2026—*

8           (1) *\$244,530,000 for projects relating to the pro-*  
9           *duction, transportation, blending, or storage of sus-*  
10          *tainable aviation fuel;*

11          (2) *\$46,530,000 for projects relating to low-emis-*  
12          *sion aviation technologies; and*

13          (3) *\$5,940,000 to fund the award of grants under*  
14          *this section, and oversight of the program, by the Sec-*  
15          *retary.*

16          (b) *CONSIDERATIONS.—In carrying out subsection (a),*  
17 *the Secretary shall consider, with respect to a proposed*  
18 *project—*

19           (1) *the capacity for the eligible entity to increase*  
20           *the domestic production and deployment of sustain-*  
21           *able aviation fuel or the use of low-emission aviation*  
22           *technologies among the United States commercial*  
23           *aviation and aerospace industry;*

24           (2) *the projected greenhouse gas emissions from*  
25           *such project, including emissions resulting from the*

1        *development of the project, and the potential the*  
 2        *project has to reduce or displace, on a lifecycle basis,*  
 3        *United States greenhouse gas emissions associated*  
 4        *with air travel;*

5            *(3) the capacity to create new jobs and develop*  
 6        *supply chain partnerships in the United States;*

7            *(4) for projects related to the production of sus-*  
 8        *tainable aviation fuel, the projected lifecycle green-*  
 9        *house gas emissions benefits from the proposed project,*  
 10       *which shall include feedstock and fuel production and*  
 11       *potential direct and indirect greenhouse gas emissions*  
 12       *(including resulting from changes in land use); and*

13           *(5) the benefits of ensuring a diversity of feed-*  
 14        *stocks for sustainable aviation fuel, including the use*  
 15        *of waste carbon oxides and direct air capture.*

16        *(c) COST SHARE.—The Federal share of the cost of a*  
 17        *project carried out using grant funds under subsection (a)*  
 18        *shall be 75 percent of the total proposed cost of the project,*  
 19        *except that such Federal share shall increase to 90 percent*  
 20        *of the total proposed cost of the project if the eligible entity*  
 21        *is a small hub airport or nonhub airport, as such terms*  
 22        *are defined in section 47102 of title 49, United States Code.*

23        *(d) FUEL EMISSIONS REDUCTION TEST.—For pur-*  
 24        *poses of clause (ii) of subsection (e)(7)(E), the Secretary*  
 25        *shall, not later than 2 years after the date of enactment*

1 *of this section, adopt at least 1 methodology for testing*  
 2 *lifecycle greenhouse gas emissions that meets the require-*  
 3 *ments of such clause.*

4 (e) *DEFINITIONS.—In this section:*

5 (1) *ELIGIBLE ENTITY.—The term “eligible enti-*  
 6 *ty” means—*

7 (A) *a State or local government, including*  
 8 *the District of Columbia, other than an airport*  
 9 *sponsor;*

10 (B) *an air carrier;*

11 (C) *an airport sponsor;*

12 (D) *an accredited institution of higher edu-*  
 13 *cation;*

14 (E) *a research institution;*

15 (F) *a person or entity engaged in the pro-*  
 16 *duction, transportation, blending, or storage of*  
 17 *sustainable aviation fuel in the United States or*  
 18 *feedstocks in the United States that could be used*  
 19 *to produce sustainable aviation fuel;*

20 (G) *a person or entity engaged in the devel-*  
 21 *opment, demonstration, or application of low-*  
 22 *emission aviation technologies; or*

23 (H) *nonprofit entities or nonprofit con-*  
 24 *sortia with experience in sustainable aviation*

1           *fuels, low-emission aviation technologies, or other*  
 2           *clean transportation research programs.*

3           (2) *FEEDSTOCK.*—*The term “feedstock” means*  
 4           *sources of hydrogen and carbon not originating from*  
 5           *unrefined or refined petrochemicals.*

6           (3) *INDUCED LAND-USE CHANGE VALUES.*—*The*  
 7           *term “induced land-use change values” means the*  
 8           *greenhouse gas emissions resulting from the conver-*  
 9           *sion of land to the production of feedstocks and from*  
 10          *the conversion of other land due to the displacement*  
 11          *of crops or animals for which the original land was*  
 12          *previously used.*

13          (4) *LIFECYCLE GREENHOUSE GAS EMISSIONS.*—  
 14          *The term “lifecycle greenhouse gas emissions” means*  
 15          *the combined greenhouse gas emissions from feedstock*  
 16          *production, collection of feedstock, transportation of*  
 17          *feedstock to fuel production facilities, conversion of*  
 18          *feedstock to fuel, transportation and distribution of*  
 19          *fuel, and fuel combustion in an aircraft engine, as*  
 20          *well as from induced land-use change values.*

21          (5) *LOW-EMISSION AVIATION TECHNOLOGIES.*—  
 22          *The term “low-emission aviation technologies” means*  
 23          *technologies, produced in the United States, that sig-*  
 24          *nificantly—*

25                 (A) *improve aircraft fuel efficiency;*

1                   (B) increase utilization of sustainable avia-  
2                   tion fuel; or

3                   (C) reduce greenhouse gas emissions pro-  
4                   duced during operation of civil aircraft.

5                   (6) *SECRETARY*.—The term “Secretary” means  
6                   the Secretary of Transportation.

7                   (7) *SUSTAINABLE AVIATION FUEL*.—The term  
8                   “sustainable aviation fuel” means liquid fuel, pro-  
9                   duced in the United States, that—

10                   (A) consists of synthesized hydrocarbons;

11                   (B) meets the requirements of—

12                   (i) *ASTM International Standard*  
13                   *D7566*; or

14                   (ii) the co-processing provisions of  
15                   *ASTM International Standard D1655*,  
16                   *Annex A1* (or such successor standard);

17                   (C) is derived from biomass (in a similar  
18                   manner as such term is defined in section  
19                   45K(c)(3) of the Internal Revenue Code of 1986),  
20                   waste streams, renewable energy sources, or gas-  
21                   eous carbon oxides;

22                   (D) is not derived from palm fatty acid dis-  
23                   tillates; and

24                   (E) achieves at least a 50 percent lifecycle  
25                   greenhouse gas emissions reduction in compari-

son with petroleum-based jet fuel, as determined  
by a test that shows—

(i) the fuel production pathway  
achieves at least a 50 percent reduction of  
the aggregate attributional core lifecycle  
emissions and the induced land-use change  
values under a lifecycle methodology for sus-  
tainable aviation fuels similar to that  
adopted by the International Civil Aviation  
Organization with the agreement of the  
United States; or

(ii) the fuel production pathway  
achieves at least a 50 percent reduction of  
the aggregate attributional core lifecycle  
greenhouse gas emissions values and the in-  
duced land-use change values under another  
methodology that the Secretary determines  
is—

(I) reflective of the latest scientific  
understanding of lifecycle greenhouse  
gas emissions; and

(II) as stringent as the require-  
ment under clause (i).

1 **TITLE V—COMMITTEE ON EN-**  
 2 **ERGY AND NATURAL RE-**  
 3 **SOURCES**

4 **Subtitle A—Energy**

5 **PART 1—GENERAL PROVISIONS**

6 **SEC. 50111. DEFINITIONS.**

7 *In this subtitle:*

8 (1) **GREENHOUSE GAS.**—*The term “greenhouse*  
 9 *gas” has the meaning given the term in section*  
 10 *1610(a) of the Energy Policy Act of 1992 (42 U.S.C.*  
 11 *13389(a)).*

12 (2) **SECRETARY.**—*The term “Secretary” means*  
 13 *the Secretary of Energy.*

14 (3) **STATE.**—*The term “State” means a State,*  
 15 *the District of Columbia, and a United States Insular*  
 16 *Area (as that term is defined in section 50211).*

17 (4) **STATE ENERGY OFFICE.**—*The term “State*  
 18 *energy office” has the meaning given the term in sec-*  
 19 *tion 124(a) of the Energy Policy Act of 2005 (42*  
 20 *U.S.C. 15821(a)).*

21 (5) **STATE ENERGY PROGRAM.**—*The term “State*  
 22 *Energy Program” means the State Energy Program*  
 23 *established pursuant to part D of title III of the En-*  
 24 *ergy Policy and Conservation Act (42 U.S.C. 6321*  
 25 *through 6326).*

**PART 2—RESIDENTIAL EFFICIENCY AND  
ELECTRIFICATION REBATES**

**SEC. 50121. HOME ENERGY PERFORMANCE-BASED, WHOLE-  
HOUSE REBATES.**

*(a) APPROPRIATION.—*

*(1) IN GENERAL.—In addition to amounts otherwise available, there is appropriated to the Secretary for fiscal year 2022, out of any money in the Treasury not otherwise appropriated, \$4,300,000,000, to remain available through September 30, 2031, to carry out a program to award grants to State energy offices to develop and implement a HOMES rebate program.*

*(2) ALLOCATION OF FUNDS.—*

*(A) IN GENERAL.—The Secretary shall reserve funds made available under paragraph (1) for each State energy office—*

*(i) in accordance with the allocation formula for the State Energy Program in effect on January 1, 2022; and*

*(ii) to be distributed to a State energy office if the application of the State energy office under subsection (b) is approved.*

*(B) ADDITIONAL FUNDS.—Not earlier than 2 years after the date of enactment of this Act, any money reserved under subparagraph (A) but not distributed under clause (ii) of that subpara-*



1           *graph shall be redistributed to the State energy*  
2           *offices operating a HOMES rebate program*  
3           *using a grant received under this section in pro-*  
4           *portion to the amount distributed to those State*  
5           *energy offices under subparagraph (A)(ii).*

6           (3) *ADMINISTRATIVE EXPENSES.—Of the funds*  
7           *made available under paragraph (1), the Secretary*  
8           *shall use not more than 3 percent for—*

9                     *(A) administrative purposes; and*

10                    *(B) providing technical assistance relating*  
11           *to activities carried out under this section.*

12           (b) *APPLICATION.—A State energy office seeking a*  
13           *grant under this section shall submit to the Secretary an*  
14           *application that includes a plan to implement a HOMES*  
15           *rebate program, including a plan—*

16                    (1) *to use procedures, as approved by the Sec-*  
17           *retary, for determining the reductions in home energy*  
18           *use resulting from the implementation of a home en-*  
19           *ergy efficiency retrofit that are calibrated to historical*  
20           *energy usage for a home consistent with BPI 2400,*  
21           *for purposes of modeled performance home rebates;*

22                    (2) *to use open-source advanced measurement*  
23           *and verification software, as approved by the Sec-*  
24           *retary, for determining and documenting the monthly*  
25           *and hourly (if available) weather-normalized energy*

1        *use of a home before and after the implementation of*  
2        *a home energy efficiency retrofit, for purposes of*  
3        *measured performance home rebates;*

4            *(3) to value savings based on time, location, or*  
5        *greenhouse gas emissions;*

6            *(4) for quality monitoring to ensure that each*  
7        *home energy efficiency retrofit for which a rebate is*  
8        *provided is documented in a certificate that—*

9            *(A) is provided by the contractor and cer-*  
10        *tified by a third party to the homeowner; and*

11           *(B) details the work performed, the equip-*  
12        *ment and materials installed, and the projected*  
13        *energy savings or energy generation to support*  
14        *accurate valuation of the retrofit;*

15           *(5) to provide a contractor performing a home*  
16        *energy efficiency retrofit or an aggregator who has the*  
17        *right to claim a rebate \$200 for each home located in*  
18        *a disadvantaged community that receives a home en-*  
19        *ergy efficiency retrofit for which a rebate is provided*  
20        *under the program; and*

21           *(6) to ensure that a homeowner or aggregator*  
22        *does not receive a rebate for the same upgrade through*  
23        *both a HOMES rebate program and any other Fed-*  
24        *eral grant or rebate program, pursuant to subsection*  
25        *(c)(7).*

1       (c) *HOMES REBATE PROGRAM.*—

2               (1) *IN GENERAL.*—A *HOMES* rebate program  
3       carried out by a State energy office receiving a grant  
4       pursuant to this section shall provide rebates to home-  
5       owners and aggregators for whole-house energy saving  
6       retrofits begun on or after the date of enactment of  
7       this Act and completed by not later than September  
8       30, 2031.

9               (2) *AMOUNT OF REBATE.*—Subject to paragraph  
10       (3), under a *HOMES* rebate program, the amount of  
11       a rebate shall not exceed—

12               (A) for individuals and aggregators car-  
13       rying out energy efficiency upgrades of single-  
14       family homes—

15               (i) in the case of a retrofit that  
16       achieves modeled energy system savings of  
17       not less than 20 percent but less than 35  
18       percent, the lesser of—

19                       (I) \$2,000; and

20                       (II) 50 percent of the project cost;

21               (ii) in the case of a retrofit that  
22       achieves modeled energy system savings of  
23       not less than 35 percent, the lesser of—

24                       (I) \$4,000; and

1                   (II) 50 percent of the project cost;

2                   and

3                   (iii) for measured energy savings, in  
4                   the case of a home or portfolio of homes that  
5                   achieves energy savings of not less than 15  
6                   percent—

7                   (I) a payment rate per kilowatt  
8                   hour saved, or kilowatt hour-equivalent  
9                   saved, equal to \$2,000 for a 20 percent  
10                  reduction of energy use for the average  
11                  home in the State; or

12                  (II) 50 percent of the project cost;

13                  (B) for multifamily building owners and  
14                  aggregators carrying out energy efficiency up-  
15                  grades of multifamily buildings—

16                  (i) in the case of a retrofit that  
17                  achieves modeled energy system savings of  
18                  not less than 20 percent but less than 35  
19                  percent, \$2,000 per dwelling unit, with a  
20                  maximum of \$200,000 per multifamily  
21                  building;

22                  (ii) in the case of a retrofit that  
23                  achieves modeled energy system savings of  
24                  not less than 35 percent, \$4,000 per dwell-

1            *ing unit, with a maximum of \$400,000 per*  
2            *multifamily building; or*

3            *(iii) for measured energy savings, in*  
4            *the case of a multifamily building or port-*  
5            *folio of multifamily buildings that achieves*  
6            *energy savings of not less than 15 percent—*

7            *(I) a payment rate per kilowatt*  
8            *hour saved, or kilowatt hour-equivalent*  
9            *saved, equal to \$2,000 for a 20 percent*  
10           *reduction of energy use per dwelling*  
11           *unit for the average multifamily build-*  
12           *ing in the State; or*

13           *(II) 50 percent of the project cost;*

14           *and*

15           *(C) for individuals and aggregators car-*  
16           *rying out energy efficiency upgrades of a single-*  
17           *family home occupied by a low- or moderate-in-*  
18           *come household or a multifamily building not*  
19           *less than 50 percent of the dwelling units of*  
20           *which are occupied by low- or moderate-income*  
21           *households—*

22           *(i) in the case of a retrofit that*  
23           *achieves modeled energy system savings of*  
24           *not less than 20 percent but less than 35*  
25           *percent, the lesser of—*

1                   (I) \$4,000 per single-family home  
2                   or dwelling unit; and

3                   (II) 80 percent of the project cost;  
4                   (ii) in the case of a retrofit that  
5                   achieves modeled energy system savings of  
6                   not less than 35 percent, the lesser of—

7                   (I) \$8,000 per single-family home  
8                   or dwelling unit; and

9                   (II) 80 percent of the project cost;  
10                  and

11                  (iii) for measured energy savings, in  
12                  the case of a single-family home, multi-  
13                  family building, or portfolio of single-fam-  
14                  ily homes or multifamily buildings that  
15                  achieves energy savings of not less than 15  
16                  percent—

17                  (I) a payment rate per kilowatt  
18                  hour saved, or kilowatt hour-equivalent  
19                  saved, equal to \$4,000 for a 20 percent  
20                  reduction of energy use per single-fam-  
21                  ily home or dwelling unit, as applica-  
22                  ble, for the average single-family home  
23                  or multifamily building in the State;  
24                  or

25                  (II) 80 percent of the project cost.

1           (3) *REBATES TO LOW- OR MODERATE-INCOME*  
 2           *HOUSEHOLDS.*—On approval from the Secretary, not-  
 3           withstanding paragraph (2), a State energy office  
 4           carrying out a HOMES rebate program using a  
 5           grant awarded pursuant to this section may increase  
 6           rebate amounts for low- or moderate-income house-  
 7           holds.

8           (4) *USE OF FUNDS.*—A State energy office that  
 9           receives a grant pursuant to this section may use not  
 10          more than 20 percent of the grant amount for plan-  
 11          ning, administration, or technical assistance related  
 12          to a HOMES rebate program.

13          (5) *DATA ACCESS GUIDELINES.*—The Secretary  
 14          shall develop and publish guidelines for States relat-  
 15          ing to residential electric and natural gas energy  
 16          data sharing.

17          (6) *EXEMPTION.*—Activities carried out by a  
 18          State energy office using a grant awarded pursuant  
 19          to this section shall not be subject to the expenditure  
 20          prohibitions and limitations described in section  
 21          420.18 of title 10, Code of Federal Regulations.

22          (7) *PROHIBITION ON COMBINING REBATES.*—A  
 23          rebate provided by a State energy office under a  
 24          HOMES rebate program may not be combined with  
 25          any other Federal grant or rebate, including a rebate

1        *provided under a high-efficiency electric home rebate*  
 2        *program (as defined in section 50122(d)), for the*  
 3        *same single upgrade.*

4        (d) *DEFINITIONS.—In this section:*

5            (1) *DISADVANTAGED COMMUNITY.—The term*  
 6            *“disadvantaged community” means a community*  
 7            *that the Secretary determines, based on appropriate*  
 8            *data, indices, and screening tools, is economically, so-*  
 9            *cially, or environmentally disadvantaged.*

10          (2) *HOMES REBATE PROGRAM.—The term*  
 11          *“HOMES rebate program” means a Home Owner*  
 12          *Managing Energy Savings rebate program established*  
 13          *by a State energy office as part of an approved State*  
 14          *energy conservation plan under the State Energy*  
 15          *Program.*

16          (3) *LOW- OR MODERATE-INCOME HOUSEHOLD.—*  
 17          *The term “low- or moderate-income household” means*  
 18          *an individual or family the total annual income of*  
 19          *which is less than 80 percent of the median income*  
 20          *of the area in which the individual or family resides,*  
 21          *as reported by the Department of Housing and Urban*  
 22          *Development, including an individual or family that*  
 23          *has demonstrated eligibility for another Federal pro-*  
 24          *gram with income restrictions equal to or below 80*  
 25          *percent of area median income.*



1 **SEC. 50122. HIGH-EFFICIENCY ELECTRIC HOME REBATE**  
 2 **PROGRAM.**

3 (a) *APPROPRIATIONS.*—

4 (1) *FUNDS TO STATE ENERGY OFFICES AND IN-*  
 5 *DIAN TRIBES.*—*In addition to amounts otherwise*  
 6 *available, there is appropriated to the Secretary for*  
 7 *fiscal year 2022, out of any money in the Treasury*  
 8 *not otherwise appropriated, to carry out a program—*

9 (A) *to award grants to State energy offices*  
 10 *to develop and implement a high-efficiency elec-*  
 11 *tric home rebate program in accordance with*  
 12 *subsection (c), \$4,275,000,000, to remain avail-*  
 13 *able through September 30, 2031; and*

14 (B) *to award grants to Indian Tribes to de-*  
 15 *velop and implement a high-efficiency electric*  
 16 *home rebate program in accordance with sub-*  
 17 *section (c), \$225,000,000, to remain available*  
 18 *through September 30, 2031.*

19 (2) *ALLOCATION OF FUNDS.*—

20 (A) *STATE ENERGY OFFICES.*—*The Sec-*  
 21 *retary shall reserve funds made available under*  
 22 *paragraph (1)(A) 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) INDIAN TRIBES.—The Secretary shall  
5                   reserve funds made available under paragraph  
6                   (1)(B)—

7                   (i) in a manner determined appro-  
8                   priate by the Secretary; and

9                   (ii) to be distributed to an Indian  
10                  Tribe if the application of the Indian Tribe  
11                  under subsection (b) is approved.

12                  (C) ADDITIONAL FUNDS.—Not earlier than  
13                  2 years after the date of enactment of this Act,  
14                  any money reserved under—

15                  (i) subparagraph (A) but not distrib-  
16                  uted under clause (ii) of that subparagraph  
17                  shall be redistributed to the State energy of-  
18                  fices operating a high-efficiency electric  
19                  home rebate program in proportion to the  
20                  amount distributed to those State energy of-  
21                  fices under that clause; and

22                  (ii) subparagraph (B) but not distrib-  
23                  uted under clause (ii) of that subparagraph  
24                  shall be redistributed to the Indian Tribes  
25                  operating a high-efficiency electric home re-

1                   bate program in proportion to the amount  
2                   distributed to those Indian Tribes under  
3                   that clause.

4                   (3) *ADMINISTRATIVE EXPENSES.*—Of the funds  
5                   made available under paragraph (1), the Secretary  
6                   shall use not more than 3 percent for—

7                   (A) administrative purposes; and

8                   (B) providing technical assistance relating  
9                   to activities carried out under this section.

10                  (b) *APPLICATION.*—A State energy office or Indian  
11                  Tribe seeking a grant under the program shall submit to  
12                  the Secretary an application that includes a plan to imple-  
13                  ment a high-efficiency electric home rebate program, includ-  
14                  ing—

15                   (1) a plan to verify the income eligibility of eli-  
16                   gible entities seeking a rebate for a qualified elec-  
17                   trification project;

18                   (2) a plan to allow rebates for qualified elec-  
19                   trification projects at the point of sale in a manner  
20                   that ensures that the income eligibility of an eligible  
21                   entity seeking a rebate may be verified at the point  
22                   of sale;

23                   (3) a plan to ensure that an eligible entity does  
24                   not receive a rebate for the same qualified electrifica-  
25                   tion project through both a high-efficiency electric

1        *home rebate program and any other Federal grant or*  
 2        *rebate program, pursuant to subsection (c)(8); and*

3            *(4) any additional information that the Sec-*  
 4        *retary may require.*

5        *(c) HIGH-EFFICIENCY ELECTRIC HOME REBATE PRO-*  
 6        *GRAM.—*

7            *(1) IN GENERAL.—Under the program, the Sec-*  
 8        *retary shall award grants to State energy offices and*  
 9        *Indian Tribes to establish a high-efficiency electric*  
 10       *home rebate program under which rebates shall be*  
 11       *provided to eligible entities for qualified electrifica-*  
 12       *tion projects.*

13           *(2) GUIDELINES.—The Secretary shall prescribe*  
 14        *guidelines for high-efficiency electric home rebate pro-*  
 15        *grams, including guidelines for providing point of*  
 16        *sale rebates in a manner consistent with the income*  
 17        *eligibility requirements under this section.*

18           *(3) AMOUNT OF REBATE.—*

19            *(A) APPLIANCE UPGRADES.—The amount of*  
 20        *a rebate provided under a high-efficiency electric*  
 21        *home rebate program for the purchase of an ap-*  
 22        *pliance under a qualified electrification project*  
 23        *shall be—*

24            *(i) not more than \$1,750 for a heat*  
 25        *pump water heater;*

1                   (ii) not more than \$8,000 for a heat  
2                   pump for space heating or cooling; and

3                   (iii) not more than \$840 for—

4                   (I) an electric stove, cooktop,  
5                   range, or oven; or

6                   (II) an electric heat pump clothes  
7                   dryer.

8                   (B) *NONAPPLIANCE UPGRADES.*—The  
9                   amount of a rebate provided under a high-effi-  
10                  ciency electric home rebate program for the pur-  
11                  chase of a nonappliance upgrade under a quali-  
12                  fied electrification project shall be—

13                  (i) not more than \$4,000 for an electric  
14                  load service center upgrade;

15                  (ii) not more than \$1,600 for insula-  
16                  tion, air sealing, and ventilation; and

17                  (iii) not more than \$2,500 for electric  
18                  wiring.

19                  (C) *MAXIMUM REBATE.*—An eligible entity  
20                  receiving multiple rebates under this section may  
21                  receive not more than a total of \$14,000 in re-  
22                  bates.

23                  (4) *LIMITATIONS.*—A rebate provided using  
24                  funding under this section shall not exceed—

1           (A) in the case of an eligible entity de-  
2           scribed in subsection (d)(1)(A)—

3                 (i) 50 percent of the cost of the quali-  
4                 fied electrification project for a household  
5                 the annual income of which is not less than  
6                 80 percent and not greater than 150 percent  
7                 of the area median income; and

8                 (ii) 100 percent of the cost of the quali-  
9                 fied electrification project for a household  
10                the annual income of which is less than 80  
11                percent of the area median income;

12           (B) in the case of an eligible entity de-  
13           scribed in subsection (d)(1)(B)—

14                (i) 50 percent of the cost of the quali-  
15                fied electrification project for a multifamily  
16                building not less than 50 percent of the resi-  
17                dents of which are households the annual  
18                income of which is not less than 80 percent  
19                and not greater than 150 percent of the  
20                area median income; and

21                (ii) 100 percent of the cost of the quali-  
22                fied electrification project for a multifamily  
23                building not less than 50 percent of the resi-  
24                dents of which are households the annual

1                    *income of which is less than 80 percent of*  
 2                    *the area median income; or*

3                    *(C) in the case of an eligible entity de-*  
 4                    *scribed in subsection (d)(1)(C)—*

5                    *(i) 50 percent of the cost of the quali-*  
 6                    *fied electrification project for a household—*

7                    *(I) on behalf of which the eligible*  
 8                    *entity is working; and*

9                    *(II) the annual income of which is*  
 10                    *not less than 80 percent and not great-*  
 11                    *er than 150 percent of the area median*  
 12                    *income; and*

13                    *(ii) 100 percent of the cost of the quali-*  
 14                    *fied electrification project for a household—*

15                    *(I) on behalf of which the eligible*  
 16                    *entity is working; and*

17                    *(II) the annual income of which is*  
 18                    *less than 80 percent of the area median*  
 19                    *income.*

20                    *(5) AMOUNT FOR INSTALLATION OF UP-*  
 21                    *GRADES.—*

22                    *(A) IN GENERAL.—In the case of an eligible*  
 23                    *entity described in subsection (d)(1)(C) that re-*  
 24                    *ceives a rebate under the program and performs*  
 25                    *the installation of the applicable qualified elec-*

1           *trification project, a State energy office or In-*  
 2           *dian Tribe shall provide to that eligible entity,*  
 3           *in addition to the rebate, an amount that—*

4                     *(i) does not exceed \$500; and*

5                     *(ii) is commensurate with the scale of*  
 6                     *the upgrades installed as part of the quali-*  
 7                     *fied electrification project, as determined by*  
 8                     *the Secretary.*

9           *(B) TREATMENT.—An amount received*  
 10           *under subparagraph (A) by an eligible entity de-*  
 11           *scribed in that subparagraph shall not be subject*  
 12           *to the requirement under paragraph (6).*

13           *(6) REQUIREMENT.—An eligible entity described*  
 14           *in subparagraph (C) of subsection (d)(1) shall dis-*  
 15           *count the amount of a rebate received for a qualified*  
 16           *electrification project from any amount charged by*  
 17           *that eligible entity to the eligible entity described in*  
 18           *subparagraph (A) or (B) of that subsection on behalf*  
 19           *of which the qualified electrification project is carried*  
 20           *out.*

21           *(7) EXEMPTION.—Activities carried out by a*  
 22           *State energy office using a grant provided under the*  
 23           *program shall not be subject to the expenditure prohi-*  
 24           *bitions and limitations described in section 420.18 of*  
 25           *title 10, Code of Federal Regulations.*



1           (8) *PROHIBITION ON COMBINING REBATES.*—A  
 2       *rebate provided by a State energy office or Indian*  
 3       *Tribe under a high-efficiency electric home rebate pro-*  
 4       *gram may not be combined with any other Federal*  
 5       *grant or rebate, including a rebate provided under a*  
 6       *HOMES rebate program (as defined in section*  
 7       *50121(d)), for the same qualified electrification*  
 8       *project.*

9           (9) *ADMINISTRATIVE COSTS.*—A State energy of-  
 10      *fice or Indian Tribe that receives a grant under the*  
 11      *program shall use not more than 20 percent of the*  
 12      *grant amount for planning, administration, or tech-*  
 13      *nical assistance relating to a high-efficiency electric*  
 14      *home rebate program.*

15      (d) *DEFINITIONS.*—In this section:

16           (1) *ELIGIBLE ENTITY.*—The term “eligible enti-  
 17      *ty” means—*

18                   (A) *a low- or moderate-income household;*

19                   (B) *an individual or entity that owns a*  
 20                   *multifamily building not less than 50 percent of*  
 21                   *the residents of which are low- or moderate-in-*  
 22                   *come households; and*

23                   (C) *a governmental, commercial, or non-*  
 24                   *profit entity, as determined by the Secretary,*  
 25                   *carrying out a qualified electrification project on*

1           *behalf of an entity described in subparagraph*  
 2           *(A) or (B).*

3           (2) *HIGH-EFFICIENCY ELECTRIC HOME REBATE*  
 4           *PROGRAM.—The term “high-efficiency electric home*  
 5           *rebate program” means a rebate program carried out*  
 6           *by a State energy office or Indian Tribe pursuant to*  
 7           *subsection (c) using a grant received under the pro-*  
 8           *gram.*

9           (3) *INDIAN TRIBE.—The term “Indian Tribe”*  
 10          *has the meaning given the term in section 4 of the In-*  
 11          *dian Self-Determination and Education Assistance*  
 12          *Act (25 U.S.C. 5304).*

13          (4) *LOW- OR MODERATE-INCOME HOUSEHOLD.—*  
 14          *The term “low- or moderate-income household” means*  
 15          *an individual or family the total annual income of*  
 16          *which is less than 150 percent of the median income*  
 17          *of the area in which the individual or family resides,*  
 18          *as reported by the Department of Housing and Urban*  
 19          *Development, including an individual or family that*  
 20          *has demonstrated eligibility for another Federal pro-*  
 21          *gram with income restrictions equal to or below 150*  
 22          *percent of area median income.*

23          (5) *PROGRAM.—The term “program” means the*  
 24          *program carried out by the Secretary under sub-*  
 25          *section (a)(1).*

1           (6) *QUALIFIED ELECTRIFICATION PROJECT.*—

2                   (A) *IN GENERAL.*—*The term “qualified elec-*  
3 *trification project” means a project that—*

4                           (i) *includes the purchase and installa-*  
5 *tion of—*

6                                   (I) *an electric heat pump water*  
7 *heater;*

8                                   (II) *an electric heat pump for*  
9 *space heating and cooling;*

10                                  (III) *an electric stove, cooktop,*  
11 *range, or oven;*

12                                  (IV) *an electric heat pump clothes*  
13 *dryer;*

14                                  (V) *an electric load service center;*

15                                  (VI) *insulation;*

16                                  (VII) *air sealing and materials to*  
17 *improve ventilation; or*

18                                  (VIII) *electric wiring;*

19                                  (ii) *with respect to any appliance de-*  
20 *scribed in clause (i), the purchase of which*  
21 *is carried out—*

22                                   (I) *as part of new construction;*

23                                   (II) *to replace a nonelectric appli-*  
24 *ance; or*

1                   (III) as a first-time purchase with  
2                   respect to that appliance; and

3                   (iii) is carried out at, or relating to, a  
4                   single-family home or multifamily building,  
5                   as applicable and defined by the Secretary.

6                   (B) *EXCLUSIONS.*—The term “qualified  
7                   electrification project” does not include any  
8                   project with respect to which the appliance, sys-  
9                   tem, equipment, infrastructure, component, or  
10                  other item described in subclauses (I) through  
11                  (VIII) of subparagraph (A)(i) is not certified  
12                  under the Energy Star program established by  
13                  section 324A of the Energy Policy and Conserva-  
14                  tion Act (42 U.S.C. 6294a), if applicable.

15 **SEC. 50123. STATE-BASED HOME ENERGY EFFICIENCY CON-**  
16 **TRACTOR TRAINING GRANTS.**

17           (a) *APPROPRIATION.*—In addition to amounts other-  
18           wise available, there is appropriated to the Secretary for  
19           fiscal year 2022, out of any money in the Treasury not  
20           otherwise appropriated, \$200,000,000, to remain available  
21           through September 30, 2031, to carry out a program to pro-  
22           vide financial assistance to States to develop and imple-  
23           ment a State program described in section 362(d)(13) of  
24           the Energy Policy and Conservation Act (42 U.S.C.  
25           6322(d)(13)), which shall provide training and education

1 *to contractors involved in the installation of home energy*  
2 *efficiency and electrification improvements, including im-*  
3 *provements eligible for rebates under a HOMES rebate pro-*  
4 *gram (as defined in section 50121(d)) or a high-efficiency*  
5 *electric home rebate program (as defined in section*  
6 *50122(d)), as part of an approved State energy conserva-*  
7 *tion plan under the State Energy Program.*

8       **(b) USE OF FUNDS.**—*A State may use amounts re-*  
9 *ceived under subsection (a)—*

10           *(1) to reduce the cost of training contractor em-*  
11 *ployees;*

12           *(2) to provide testing and certification of con-*  
13 *tractors trained and educated under a State program*  
14 *developed and implemented pursuant to subsection*  
15 *(a); and*

16           *(3) to partner with nonprofit organizations to*  
17 *develop and implement a State program pursuant to*  
18 *subsection (a).*

19       **(c) ADMINISTRATIVE EXPENSES.**—*Of the amounts re-*  
20 *ceived by a State under subsection (a), a State shall use*  
21 *not more than 10 percent for administrative expenses asso-*  
22 *ciated with developing and implementing a State program*  
23 *pursuant to that subsection.*

1 **PART 3—BUILDING EFFICIENCY AND RESILIENCE**

2 **SEC. 50131. ASSISTANCE FOR LATEST AND ZERO BUILDING**

3 **ENERGY CODE ADOPTION.**

4 (a) *APPROPRIATION.*—*In addition to amounts other-*  
 5 *wise available, there is appropriated to the Secretary for*  
 6 *fiscal year 2022, out of any money in the Treasury not*  
 7 *otherwise appropriated—*

8 (1) *\$330,000,000, to remain available through*  
 9 *September 30, 2029, to carry out activities under*  
 10 *part D of title III of the Energy Policy and Con-*  
 11 *servation Act (42 U.S.C. 6321 through 6326) in ac-*  
 12 *cordance with subsection (b); and*

13 (2) *\$670,000,000, to remain available through*  
 14 *September 30, 2029, to carry out activities under*  
 15 *part D of title III of the Energy Policy and Con-*  
 16 *servation Act (42 U.S.C. 6321 through 6326) in ac-*  
 17 *cordance with subsection (c).*

18 (b) *LATEST BUILDING ENERGY CODE.*—*The Secretary*  
 19 *shall use funds made available under subsection (a)(1) for*  
 20 *grants to assist States, and units of local government that*  
 21 *have authority to adopt building codes—*

22 (1) *to adopt—*

23 (A) *a building energy code (or codes) for*  
 24 *residential buildings that meets or exceeds the*  
 25 *2021 International Energy Conservation Code,*  
 26 *or achieves equivalent or greater energy savings;*

1           (B) a building energy code (or codes) for  
 2           commercial buildings that meets or exceeds the  
 3           ANSI/ASHRAE/IES Standard 90.1–2019, or  
 4           achieves equivalent or greater energy savings; or

5           (C) any combination of building energy  
 6           codes described in subparagraph (A) or (B); and

7           (2) to implement a plan for the jurisdiction to  
 8           achieve full compliance with any building energy code  
 9           adopted under paragraph (1) in new and renovated  
 10          residential or commercial buildings, as applicable,  
 11          which plan shall include active training and enforce-  
 12          ment programs and measurement of the rate of com-  
 13          pliance each year.

14          (c) *ZERO ENERGY CODE.*—The Secretary shall use  
 15          funds made available under subsection (a)(2) for grants to  
 16          assist States, and units of local government that have au-  
 17          thority to adopt building codes—

18               (1) to adopt a building energy code (or codes) for  
 19               residential and commercial buildings that meets or  
 20               exceeds the zero energy provisions in the 2021 Inter-  
 21               national Energy Conservation Code or an equivalent  
 22               stretch code; and

23               (2) to implement a plan for the jurisdiction to  
 24               achieve full compliance with any building energy code  
 25               adopted under paragraph (1) in new and renovated

1        *residential and commercial buildings, which plan*  
 2        *shall include active training and enforcement pro-*  
 3        *grams and measurement of the rate of compliance*  
 4        *each year.*

5        (d) *STATE MATCH.*—*The State cost share requirement*  
 6        *under the item relating to “Department of Energy—Energy*  
 7        *Conservation” in title II of the Department of the Interior*  
 8        *and Related Agencies Appropriations Act, 1985 (42 U.S.C.*  
 9        *6323a; 98 Stat. 1861), shall not apply to assistance pro-*  
 10       *vided under this section.*

11       (e) *ADMINISTRATIVE COSTS.*—*Of the amounts made*  
 12       *available under this section, the Secretary shall reserve not*  
 13       *more than 5 percent for administrative costs necessary to*  
 14       *carry out this section.*

15       **PART 4—DOE LOAN AND GRANT PROGRAMS**

16       **SEC. 50141. FUNDING FOR DEPARTMENT OF ENERGY LOAN**  
 17       **PROGRAMS OFFICE.**

18       (a) *COMMITMENT AUTHORITY.*—*In addition to com-*  
 19       *mitment authority otherwise available and previously pro-*  
 20       *vided, the Secretary may make commitments to guarantee*  
 21       *loans for eligible projects under section 1703 of the Energy*  
 22       *Policy Act of 2005 (42 U.S.C. 16513), up to a total prin-*  
 23       *cipal amount of \$40,000,000,000, to remain available*  
 24       *through September 30, 2026.*



1       (b) *APPROPRIATION.*—*In addition to amounts other-*  
 2 *wise available and previously provided, there is appro-*  
 3 *priated to the Secretary for fiscal year 2022, out of any*  
 4 *money in the Treasury not otherwise appropriated,*  
 5 *\$3,600,000,000, to remain available through September 30,*  
 6 *2026, for the costs of guarantees made under section 1703*  
 7 *of the Energy Policy Act of 2005 (42 U.S.C. 16513), using*  
 8 *the loan guarantee authority provided under subsection (a)*  
 9 *of this section.*

10       (c) *ADMINISTRATIVE EXPENSES.*—*Of the amount*  
 11 *made available under subsection (b), the Secretary shall re-*  
 12 *serve not more than 3 percent for administrative expenses*  
 13 *to carry out title XVII of the Energy Policy Act of 2005*  
 14 *and for carrying out section 1702(h)(3) of such Act (42*  
 15 *U.S.C. 16512(h)(3)).*

16       (d) *LIMITATIONS.*—

17               (1) *CERTIFICATION.*—*None of the amounts made*  
 18 *available under this section for loan guarantees shall*  
 19 *be available for any project unless the President has*  
 20 *certified in advance in writing that the loan guar-*  
 21 *antee and the project comply with the provisions*  
 22 *under this section.*

23               (2) *DENIAL OF DOUBLE BENEFIT.*—*Except as*  
 24 *provided in paragraph (3), none of the amounts made*  
 25 *available under this section for loan guarantees shall*

1     *be available for commitments to guarantee loans for*  
2     *any projects under which funds, personnel, or prop-*  
3     *erty (tangible or intangible) of any Federal agency,*  
4     *instrumentality, personnel, or affiliated entity are ex-*  
5     *pected to be used (directly or indirectly) through ac-*  
6     *quisitions, contracts, demonstrations, exchanges,*  
7     *grants, incentives, leases, procurements, sales, other*  
8     *transaction authority, or other arrangements to sup-*  
9     *port the project or to obtain goods or services from the*  
10    *project.*

11           (3) *EXCEPTION.—Paragraph (2) shall not pre-*  
12    *clude the use of the loan guarantee authority provided*  
13    *under this section for commitments to guarantee loans*  
14    *for—*

15                   (A) *projects benefitting from otherwise al-*  
16    *lowable Federal tax benefits;*

17                   (B) *projects benefitting from being located*  
18    *on Federal land pursuant to a lease or right-of-*  
19    *way agreement for which all consideration for*  
20    *all uses is—*

21                           (i) *paid exclusively in cash;*

22                           (ii) *deposited in the Treasury as offset-*  
23    *ting receipts; and*

24                           (iii) *equal to the fair market value;*

1                   (C) projects benefitting from the Federal in-  
 2                   surance program under section 170 of the Atomic  
 3                   Energy Act of 1954 (42 U.S.C. 2210); or

4                   (D) electric generation projects using trans-  
 5                   mission facilities owned or operated by a Federal  
 6                   Power Marketing Administration or the Ten-  
 7                   nessee Valley Authority that have been author-  
 8                   ized, approved, and financed independent of the  
 9                   project receiving the guarantee.

10           (e) GUARANTEE.—Section 1701(4)(A) of the Energy  
 11 Policy Act of 2005 (42 U.S.C. 16511(4)(A)) is amended by  
 12 inserting “, except that a loan guarantee may guarantee  
 13 any debt obligation of a non-Federal borrower to any Eligi-  
 14 ble Lender (as defined in section 609.2 of title 10, Code of  
 15 Federal Regulations)” before the period at the end.

16           (f) SOURCE OF PAYMENTS.—Section 1702(b) of the  
 17 Energy Policy Act of 2005 (42 U.S.C. 16512(b)(2)) is  
 18 amended by adding at the end the following:

19                   “(3) SOURCE OF PAYMENTS.—The source of a  
 20                   payment received from a borrower under subpara-  
 21                   graph (A) or (B) of paragraph (2) may not be a loan  
 22                   or other debt obligation that is made or guaranteed  
 23                   by the Federal Government.”.

1 **SEC. 50142. ADVANCED TECHNOLOGY VEHICLE MANUFAC-**  
2 **TURING.**

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, \$3,000,000,000, to remain avail-*  
7 *able through September 30, 2028, for the costs of providing*  
8 *direct loans under section 136(d) of the Energy Independ-*  
9 *ence and Security Act of 2007 (42 U.S.C. 17013(d)): Pro-*  
10 *vided, That funds appropriated by this section may be used*  
11 *for the costs of providing direct loans for reequipping, ex-*  
12 *panding, or establishing a manufacturing facility in the*  
13 *United States to produce, or for engineering integration*  
14 *performed in the United States of, advanced technology ve-*  
15 *hicles described in subparagraph (C), (D), (E), or (F) of*  
16 *section 136(a)(1) of such Act (42 U.S.C. 17013(a)(1)) only*  
17 *if such advanced technology vehicles emit, under any pos-*  
18 *sible operational mode or condition, low or zero exhaust*  
19 *emissions of greenhouse gases.*

20 (b) *ADMINISTRATIVE COSTS.*—*The Secretary shall re-*  
21 *serve not more than \$25,000,000 of amounts made available*  
22 *under subsection (a) for administrative costs of providing*  
23 *loans as described in subsection (a).*

24 (c) *ELIMINATION OF LOAN PROGRAM CAP.*—*Section*  
25 *136(d)(1) of the Energy Independence and Security Act of*

1 2007 (42 U.S.C. 17013(d)(1)) is amended by striking “a  
2 total of not more than \$25,000,000,000 in”.

3 **SEC. 50143. DOMESTIC MANUFACTURING CONVERSION**  
4 **GRANTS.**

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, \$2,000,000,000, to remain avail-  
9 able through September 30, 2031, to provide grants for do-  
10 mestic production of efficient hybrid, plug-in electric hy-  
11 brid, plug-in electric drive, and hydrogen fuel cell electric  
12 vehicles, in accordance with section 712 of the Energy Pol-  
13 icy Act of 2005 (42 U.S.C. 16062).

14 (b) *COST SHARE.*—The Secretary shall require a re-  
15 cipient of a grant provided under subsection (a) to provide  
16 not less than 50 percent of the cost of the project carried  
17 out using the grant.

18 (c) *ADMINISTRATIVE COSTS.*—The Secretary shall re-  
19 serve not more than 3 percent of amounts made available  
20 under subsection (a) for administrative costs of making  
21 grants described in such subsection (a) pursuant to section  
22 712 of the Energy Policy Act of 2005 (42 U.S.C. 16062).

1 **SEC. 50144. ENERGY INFRASTRUCTURE REINVESTMENT FI-**  
 2 **NANCING.**

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, \$5,000,000,000, to remain avail-*  
 7 *able through September 30, 2026, to carry out activities*  
 8 *under section 1706 of the Energy Policy Act of 2005.*

9 (b) *COMMITMENT AUTHORITY.*—*The Secretary may*  
 10 *make, through September 30, 2026, commitments to guar-*  
 11 *antee loans for projects under section 1706 of the Energy*  
 12 *Policy Act of 2005 the total principal amount of which is*  
 13 *not greater than \$250,000,000,000, subject to the limita-*  
 14 *tions that apply to loan guarantees under section 50141(d).*

15 (c) *ENERGY INFRASTRUCTURE REINVESTMENT FI-*  
 16 *NANCING.*—*Title XVII of the Energy Policy Act of 2005 is*  
 17 *amended by inserting after section 1705 (42 U.S.C. 16516)*  
 18 *the following:*

19 **“SEC. 1706. ENERGY INFRASTRUCTURE REINVESTMENT FI-**  
 20 **NANCING.**

21 “(a) *IN GENERAL.*—*Notwithstanding section 1703, the*  
 22 *Secretary may make guarantees, including refinancing,*  
 23 *under this section only for projects that—*

24 “(1) *retool, repower, repurpose, or replace energy*  
 25 *infrastructure that has ceased operations; or*

1           “(2) *enable operating energy infrastructure to*  
2           *avoid, reduce, utilize, or sequester air pollutants or*  
3           *anthropogenic emissions of greenhouse gases.*

4           “(b) *INCLUSION.—A project under subsection (a) may*  
5           *include the remediation of environmental damage associ-*  
6           *ated with energy infrastructure.*

7           “(c) *REQUIREMENT.—A project under subsection*  
8           *(a)(1) that involves electricity generation through the use*  
9           *of fossil fuels shall be required to have controls or tech-*  
10           *nologies to avoid, reduce, utilize, or sequester air pollutants*  
11           *and anthropogenic emissions of greenhouse gases.*

12           “(d) *APPLICATION.—To apply for a guarantee under*  
13           *this section, an applicant shall submit to the Secretary an*  
14           *application at such time, in such manner, and containing*  
15           *such information as the Secretary may require, including—*

16           “(1) *a detailed plan describing the proposed*  
17           *project;*

18           “(2) *an analysis of how the proposed project will*  
19           *engage with and affect associated communities; and*

20           “(3) *in the case of an applicant that is an elec-*  
21           *tric utility, an assurance that the electric utility shall*  
22           *pass on any financial benefit from the guarantee*  
23           *made under this section to the customers of, or associ-*  
24           *ated communities served by, the electric utility.*

1       “(e) *TERM.*—Notwithstanding section 1702(f), the  
 2   term of an obligation shall require full repayment over a  
 3   period not to exceed 30 years.

4       “(f) *DEFINITION OF ENERGY INFRASTRUCTURE.*—In  
 5   this section, the term ‘energy infrastructure’ means a facil-  
 6   ity, and associated equipment, used for—

7               “(1) the generation or transmission of electric  
 8       energy; or

9               “(2) the production, processing, and delivery of  
 10      fossil fuels, fuels derived from petroleum, or petro-  
 11      chemical feedstocks.”.

12      (d) *CONFORMING AMENDMENT.*—Section 1702(o)(3) of  
 13   the Energy Policy Act of 2005 (42 U.S.C. 16512(o)(3)) is  
 14   amended by inserting “and projects described in section  
 15   1706(a)” before the period at the end.

16   **SEC. 50145. TRIBAL ENERGY LOAN GUARANTEE PROGRAM.**

17      (a) *APPROPRIATION.*—In addition to amounts other-  
 18   wise available, there is appropriated to the Secretary for  
 19   fiscal year 2022, out of any money in the Treasury not  
 20   otherwise appropriated, \$75,000,000, to remain available  
 21   through September 30, 2028, to carry out section 2602(c)  
 22   of the Energy Policy Act of 1992 (25 U.S.C. 3502(c)), sub-  
 23   ject to the limitations that apply to loan guarantees under  
 24   section 50141(d).



1       (b) *DEPARTMENT OF ENERGY TRIBAL ENERGY LOAN*  
 2 *GUARANTEE PROGRAM.*—Section 2602(c) of the *Energy*  
 3 *Policy Act of 1992 (25 U.S.C. 3502(c))* is amended—

4           (1) in paragraph (1), by striking “) for an  
 5 amount equal to not more than 90 percent of” and  
 6 inserting “, except that a loan guarantee may guar-  
 7 antee any debt obligation of a non-Federal borrower  
 8 to any Eligible Lender (as defined in section 609.2 of  
 9 title 10, Code of Federal Regulations)) for”; and

10          (2) in paragraph (4), by striking  
 11 “\$2,000,000,000” and inserting “\$20,000,000,000”.

12           **PART 5—ELECTRIC TRANSMISSION**

13       **SEC. 50151. TRANSMISSION FACILITY FINANCING.**

14       (a) *APPROPRIATION.*—In addition to amounts other-  
 15 wise available, there is appropriated to the Secretary for  
 16 fiscal year 2022, out of any money in the Treasury not  
 17 otherwise appropriated, \$2,000,000,000, to remain avail-  
 18 able through September 30, 2030, to carry out this section:  
 19 Provided, That the Secretary shall not enter into any loan  
 20 agreement pursuant to this section that could result in dis-  
 21 bursements after September 30, 2031.

22       (b) *USE OF FUNDS.*—The Secretary shall use the  
 23 amounts made available by subsection (a) to carry out a  
 24 program to pay the costs of direct loans to non-Federal bor-  
 25 rowers, subject to the limitations that apply to loan guaran-

tees under section 50141(d) and under such terms and conditions as the Secretary determines to be appropriate, for the construction or modification of electric transmission facilities designated by the Secretary to be necessary in the national interest under section 216(a) of the Federal Power Act (16 U.S.C. 824p(a)).

(c) *LOANS.*—A direct loan provided under this section—

(1) shall have a term that does not exceed the lesser of—

(A) 90 percent of the projected useful life, in years, of the eligible transmission facility; and

(B) 30 years;

(2) shall not exceed 80 percent of the project costs; and

(3) shall, on first issuance, be subject to the condition that the direct loan is not subordinate to other financing.

(d) *INTEREST RATES.*—A direct loan provided under this section shall bear interest at a rate determined by the Secretary, taking into consideration market yields on outstanding marketable obligations of the United States of comparable maturities as of the date on which the direct loan is made.

1       (e) *DEFINITION OF DIRECT LOAN.*—*In this section, the*  
 2 *term “direct loan” has the meaning given the term in sec-*  
 3 *tion 502 of the Federal Credit Reform Act of 1990 (2 U.S.C.*  
 4 *661a).*

5       **SEC. 50152. GRANTS TO FACILITATE THE SITING OF INTER-**  
 6               **STATE ELECTRICITY TRANSMISSION LINES.**

7       (a) *APPROPRIATION.*—*In addition to amounts other-*  
 8 *wise available, there is appropriated to the Secretary for*  
 9 *fiscal year 2022, out of any money in the Treasury not*  
 10 *otherwise appropriated, \$760,000,000, to remain available*  
 11 *through September 30, 2029, for making grants in accord-*  
 12 *ance with this section and for administrative expenses asso-*  
 13 *ciated with carrying out this section.*

14       (b) *USE OF FUNDS.*—

15               (1) *IN GENERAL.*—*The Secretary may make a*  
 16 *grant under this section to a siting authority for,*  
 17 *with respect to a covered transmission project, any of*  
 18 *the following activities:*

19                       (A) *Studies and analyses of the impacts of*  
 20 *the covered transmission project.*

21                       (B) *Examination of up to 3 alternate siting*  
 22 *corridors within which the covered transmission*  
 23 *project feasibly could be sited.*

24                       (C) *Participation by the siting authority in*  
 25 *regulatory proceedings or negotiations in another*

1        *jurisdiction, or under the auspices of a Trans-*  
2        *mission Organization (as defined in section 3 of*  
3        *the Federal Power Act (16 U.S.C. 796)) that is*  
4        *also considering the siting or permitting of the*  
5        *covered transmission project.*

6                *(D) Participation by the siting authority in*  
7        *regulatory proceedings at the Federal Energy*  
8        *Regulatory Commission or a State regulatory*  
9        *commission for determining applicable rates and*  
10       *cost allocation for the covered transmission*  
11       *project.*

12               *(E) Other measures and actions that may*  
13       *improve the chances of, and shorten the time re-*  
14       *quired for, approval by the siting authority of*  
15       *the application relating to the siting or permit-*  
16       *ting of the covered transmission project, as the*  
17       *Secretary determines appropriate.*

18               *(2) ECONOMIC DEVELOPMENT.—The Secretary*  
19       *may make a grant under this section to a siting au-*  
20       *thority, or other State, local, or Tribal governmental*  
21       *entity, for economic development activities for com-*  
22       *munities that may be affected by the construction and*  
23       *operation of a covered transmission project, provided*  
24       *that the Secretary shall not enter into any grant*

1       *agreement pursuant to this section that could result*  
 2       *in any outlays after September 30, 2031.*

3       (c) *CONDITIONS.*—

4               (1) *FINAL DECISION ON APPLICATION.*—*In order*  
 5       *to receive a grant for an activity described in sub-*  
 6       *section (b)(1), the Secretary shall require a siting au-*  
 7       *thority to agree, in writing, to reach a final decision*  
 8       *on the application relating to the siting or permitting*  
 9       *of the applicable covered transmission project not*  
 10       *later than 2 years after the date on which such grant*  
 11       *is provided, unless the Secretary authorizes an exten-*  
 12       *sion for good cause.*

13              (2) *FEDERAL SHARE.*—*The Federal share of the*  
 14       *cost of an activity described in subparagraph (C) or*  
 15       *(D) of subsection (b)(1) shall not exceed 50 percent.*

16              (3) *ECONOMIC DEVELOPMENT.*—*The Secretary*  
 17       *may only disburse grant funds for economic develop-*  
 18       *ment activities under subsection (b)(2)—*

19                      (A) *to a siting authority upon approval by*  
 20       *the siting authority of the applicable covered*  
 21       *transmission project; and*

22                      (B) *to any other State, local, or Tribal gov-*  
 23       *ernmental entity upon commencement of con-*  
 24       *struction of the applicable covered transmission*

1           *project in the area under the jurisdiction of the*  
 2           *entity.*

3           (d) *RETURNING FUNDS.*—*If a siting authority that re-*  
 4           *ceives a grant for an activity described in subsection (b)(1)*  
 5           *fails to use all grant funds within 2 years of receipt, the*  
 6           *siting authority shall return to the Secretary any such un-*  
 7           *used funds.*

8           (e) *DEFINITIONS.*—*In this section:*

9           (1) *COVERED TRANSMISSION PROJECT.*—*The*  
 10          *term “covered transmission project” means a high-*  
 11          *voltage interstate or offshore electricity transmission*  
 12          *line—*

13                 (A) *that is proposed to be constructed and*  
 14                 *to operate—*

15                         (i) *at a minimum of 275 kilovolts of*  
 16                         *either alternating-current or direct-current*  
 17                         *electric energy by an entity; or*

18                         (ii) *offshore and at a minimum of 200*  
 19                         *kilovolts of either alternating-current or di-*  
 20                         *rect-current electric energy by an entity;*  
 21                         *and*

22                 (B) *for which such entity has applied, or*  
 23                 *informed a siting authority of such entity’s in-*  
 24                 *tent to apply, for regulatory approval.*

1           (2) *SITING AUTHORITY.*—*The term “siting au-*  
 2           *thority” means a State, local, or Tribal governmental*  
 3           *entity with authority to make a final determination*  
 4           *regarding the siting, permitting, or regulatory status*  
 5           *of a covered transmission project that is proposed to*  
 6           *be located in an area under the jurisdiction of the en-*  
 7           *tity.*

8   **SEC. 50153. INTERREGIONAL AND OFFSHORE WIND ELEC-**  
 9                   **TRICITY TRANSMISSION PLANNING, MOD-**  
 10                  **ELING, AND ANALYSIS.**

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, \$100,000,000, to remain available*  
 15          *through September 30, 2031, to carry out this section.*

16          (b) *USE OF FUNDS.*—*The Secretary shall use amounts*  
 17          *made available under subsection (a)—*

18               (1) *to pay expenses associated with convening*  
 19               *relevant stakeholders to address the development of*  
 20               *interregional electricity transmission and trans-*  
 21               *mission of electricity that is generated by offshore*  
 22               *wind; and*

23               (2) *to conduct planning, modeling, and analysis*  
 24               *regarding interregional electricity transmission and*  
 25               *transmission of electricity that is generated by off-*

1 *shore wind, taking into account the local, regional,*  
 2 *and national economic, reliability, resilience, secu-*  
 3 *rity, public policy, and environmental benefits of*  
 4 *interregional electricity transmission and trans-*  
 5 *mission of electricity that is generated by offshore*  
 6 *wind, including planning, modeling, and analysis, as*  
 7 *the Secretary determines appropriate, pertaining to—*

8 *(A) clean energy integration into the elec-*  
 9 *tric grid, including the identification of renew-*  
 10 *able energy zones;*

11 *(B) the effects of changes in weather due to*  
 12 *climate change on the reliability and resilience*  
 13 *of the electric grid;*

14 *(C) cost allocation methodologies that facili-*  
 15 *tate the expansion of the bulk power system;*

16 *(D) the benefits of coordination between*  
 17 *generator interconnection processes and trans-*  
 18 *mission planning processes;*

19 *(E) the effect of increased electrification on*  
 20 *the electric grid;*

21 *(F) power flow modeling;*

22 *(G) the benefits of increased interconnec-*  
 23 *tions or interties between or among the Western*  
 24 *Interconnection, the Eastern Interconnection, the*



*Electric Reliability Council of Texas, and other interconnections, as applicable;*

*(H) the cooptimization of transmission and generation, including variable energy resources, energy storage, and demand-side management;*

*(I) the opportunities for use of nontransmission alternatives, energy storage, and grid-enhancing technologies;*

*(J) economic development opportunities for communities arising from development of inter-regional electricity transmission and transmission of electricity that is generated by offshore wind;*

*(K) evaluation of existing rights-of-way and the need for additional transmission corridors; and*

*(L) a planned national transmission grid, which would include a networked transmission system to optimize the existing grid for interconnection of offshore wind farms.*

## **PART 6—INDUSTRIAL**

### **SEC. 50161. ADVANCED INDUSTRIAL FACILITIES DEPLOYMENT PROGRAM.**

*(a) OFFICE OF CLEAN ENERGY DEMONSTRATIONS.—*

*In addition to amounts otherwise available, there is appro-*

1 *priated to the Secretary, acting through the Office of Clean*  
2 *Energy Demonstrations, for fiscal year 2022, out of any*  
3 *money in the Treasury not otherwise appropriated,*  
4 *\$5,812,000,000, to remain available through September 30,*  
5 *2026, to carry out this section.*

6 (b) *FINANCIAL ASSISTANCE.—The Secretary shall use*  
7 *funds appropriated by subsection (a) to provide financial*  
8 *assistance, on a competitive basis, to eligible entities to*  
9 *carry out projects for—*

10 (1) *the purchase and installation, or implemen-*  
11 *tation, of advanced industrial technology at an eligi-*  
12 *ble facility;*

13 (2) *retrofits, upgrades to, or operational im-*  
14 *provements at an eligible facility to install or imple-*  
15 *ment advanced industrial technology; or*

16 (3) *engineering studies and other work needed to*  
17 *prepare an eligible facility for activities described in*  
18 *paragraph (1) or (2).*

19 (c) *APPLICATION.—To be eligible to receive financial*  
20 *assistance under subsection (b), an eligible entity shall sub-*  
21 *mit to the Secretary an application at such time, in such*  
22 *manner, and containing such information as the Secretary*  
23 *may require, including the expected greenhouse gas emis-*  
24 *sions reductions to be achieved by carrying out the project.*

1       (d) *PRIORITY.*—*In providing financial assistance*  
 2 *under subsection (b), the Secretary shall give priority con-*  
 3 *sideration to projects on the basis of, as determined by the*  
 4 *Secretary—*

5           (1) *the expected greenhouse gas emissions reduc-*  
 6 *tions to be achieved by carrying out the project;*

7           (2) *the extent to which the project would provide*  
 8 *the greatest benefit for the greatest number of people*  
 9 *within the area in which the eligible facility is lo-*  
 10 *cated; and*

11          (3) *whether the eligible entity participates or*  
 12 *would participate in a partnership with purchasers of*  
 13 *the output of the eligible facility.*

14       (e) *COST SHARE.*—*The Secretary shall require an eli-*  
 15 *gible entity to provide not less than 50 percent of the cost*  
 16 *of a project carried out pursuant to this section.*

17       (f) *ADMINISTRATIVE COSTS.*—*The Secretary shall re-*  
 18 *serve not more than \$300,000,000 of amounts made avail-*  
 19 *able under subsection (a) for administrative costs of car-*  
 20 *rying out this section.*

21       (g) *DEFINITIONS.*—*In this section:*

22           (1) *ADVANCED INDUSTRIAL TECHNOLOGY.*—*The*  
 23 *term “advanced industrial technology” means a tech-*  
 24 *nology directly involved in an industrial process, as*  
 25 *described in any of paragraphs (1) through (6) of sec-*

tion 454(c) of the Energy Independence and Security Act of 2007 (42 U.S.C. 17113(c)), and designed to accelerate greenhouse gas emissions reduction progress to net-zero at an eligible facility, as determined by the Secretary.

(2) *ELIGIBLE ENTITY*.—The term “eligible entity” means the owner or operator of an eligible facility.

(3) *ELIGIBLE FACILITY*.—The term “eligible facility” means a domestic, non-Federal, nonpower industrial or manufacturing facility engaged in energy-intensive industrial processes, including production processes for iron, steel, steel mill products, aluminum, cement, concrete, glass, pulp, paper, industrial ceramics, chemicals, and other energy intensive industrial processes, as determined by the Secretary.

(4) *FINANCIAL ASSISTANCE*.—The term “financial assistance” means a grant, rebate, direct loan, or cooperative agreement.

## **PART 7—OTHER ENERGY MATTERS**

### **SEC. 50171. DEPARTMENT OF ENERGY OVERSIGHT.**

In addition to amounts otherwise available, there is appropriated to the Secretary for fiscal year 2022, out of any money in the Treasury not otherwise appropriated, \$20,000,000, to remain available through September 30,

1 2031, for oversight by the Department of Energy Office of  
2 Inspector General of the Department of Energy activities  
3 for which funding is appropriated in this subtitle.

4 **SEC. 50172. NATIONAL LABORATORY INFRASTRUCTURE.**

5 (a) *OFFICE OF SCIENCE.*—In addition to amounts oth-  
6 erwise available, there is appropriated to the Secretary, act-  
7 ing through the Director of the Office of Science, for fiscal  
8 year 2022, out of any money in the Treasury not otherwise  
9 appropriated, to remain available through September 30,  
10 2027—

11 (1) \$133,240,000 to carry out activities for  
12 science laboratory infrastructure projects;

13 (2) \$303,656,000 to carry out activities for high  
14 energy physics construction and major items of equip-  
15 ment projects;

16 (3) \$280,000,000 to carry out activities for fu-  
17 sion energy science construction and major items of  
18 equipment projects;

19 (4) \$217,000,000 to carry out activities for nu-  
20 clear physics construction and major items of equip-  
21 ment projects;

22 (5) \$163,791,000 to carry out activities for ad-  
23 vanced scientific computing research facilities;

24 (6) \$294,500,000 to carry out activities for basic  
25 energy sciences projects; and

1           (7) \$157,813,000 to carry out activities for iso-  
2       tope research and development facilities.

3       (b) *OFFICE OF FOSSIL ENERGY AND CARBON MANAGE-*  
4 *MENT.*—In addition to amounts otherwise available, there  
5 is appropriated to the Secretary for fiscal year 2022, out  
6 of any money in the Treasury not otherwise appropriated,  
7 \$150,000,000, to remain available through September 30,  
8 2027, to carry out activities for infrastructure and general  
9 plant projects carried out by the Office of Fossil Energy  
10 and Carbon Management.

11       (c) *OFFICE OF NUCLEAR ENERGY.*—In addition to  
12 amounts otherwise available, there is appropriated to the  
13 Secretary for fiscal year 2022, out of any money in the  
14 Treasury not otherwise appropriated, \$150,000,000, to re-  
15 main available through September 30, 2027, to carry out  
16 activities for infrastructure and general plant projects car-  
17 ried out by the Office of Nuclear Energy.

18       (d) *OFFICE OF ENERGY EFFICIENCY AND RENEWABLE*  
19 *ENERGY.*—In addition to amounts otherwise available,  
20 there is appropriated to the Secretary for fiscal year 2022,  
21 out of any money in the Treasury not otherwise appro-  
22 priated, \$150,000,000, to remain available through Sep-  
23 tember 30, 2027, to carry out activities for infrastructure  
24 and general plant projects carried out by the Office of En-  
25 ergy Efficiency and Renewable Energy.

1 **SEC. 50173. AVAILABILITY OF HIGH-ASSAY LOW-ENRICHED**  
2 **URANIUM.**

3 (a) *APPROPRIATIONS.*—*In addition to amounts other-*  
4 *wise available, there is appropriated to the Secretary of for*  
5 *fiscal year 2022, out of any money in the Treasury not*  
6 *otherwise appropriated, to remain available through Sep-*  
7 *tember 30, 2026—*

8 (1) *\$100,000,000 to carry out the program ele-*  
9 *ments described in subparagraphs (A) through (C) of*  
10 *section 2001(a)(2) of the Energy Act of 2020 (42*  
11 *U.S.C. 16281(a)(2));*

12 (2) *\$500,000,000 to carry out the program ele-*  
13 *ments described in subparagraphs (D) through (H) of*  
14 *that section; and*

15 (3) *\$100,000,000 to carry out activities to sup-*  
16 *port the availability of high-assay low-enriched ura-*  
17 *nium for civilian domestic research, development,*  
18 *demonstration, and commercial use under section*  
19 *2001 of the Energy Act of 2020 (42 U.S.C. 16281).*

20 (b) *COMPETITIVE PROCEDURES.*—*To the maximum*  
21 *extent practicable, the Department of Energy shall, in a*  
22 *manner consistent with section 989 of the Energy Policy*  
23 *Act of 2005 (42 U.S.C. 16353), use a competitive, merit-*  
24 *based review process in carrying out research, development,*  
25 *demonstration, and deployment activities under section*  
26 *2001 of the Energy Act of 2020 (42 U.S.C. 16281).*

1       (c) *ADMINISTRATIVE EXPENSES.*—*The Secretary may*  
 2   *use not more than 3 percent of the amounts appropriated*  
 3   *by subsection (a) for administrative purposes.*

## 4       ***Subtitle B—Natural Resources***

### 5               ***PART 1—GENERAL PROVISIONS***

#### 6   ***SEC. 50211. DEFINITIONS.***

7       *In this subtitle:*

8               (1) *SECRETARY.*—*The term “Secretary” means*  
 9       *the Secretary of the Interior.*

10              (2) *UNITED STATES INSULAR AREAS.*—*The term*  
 11       *“United States Insular Areas” means American*  
 12       *Samoa, the Commonwealth of the Northern Mariana*  
 13       *Islands, Guam, the Commonwealth of Puerto Rico,*  
 14       *and the United States Virgin Islands.*

### 15              ***PART 2—PUBLIC LANDS***

#### 16   ***SEC. 50221. NATIONAL PARKS AND PUBLIC LANDS CON-*** 17       ***SERVATION AND RESILIENCE.***

18       *In addition to amounts otherwise available, there is*  
 19       *appropriated to the Secretary for fiscal year 2022, out of*  
 20       *any money in the Treasury not otherwise appropriated,*  
 21       *\$250,000,000, to remain available through September 30,*  
 22       *2031, to carry out projects for the conservation, protection,*  
 23       *and resiliency of lands and resources administered by the*  
 24       *National Park Service and Bureau of Land Management.*



1 *None of the funds provided under this section shall be sub-*  
2 *ject to cost-share or matching requirements.*

3 **SEC. 50222. NATIONAL PARKS AND PUBLIC LANDS CON-**  
4 **SERVATION AND ECOSYSTEM RESTORATION.**

5 *In addition to amounts otherwise available, there is*  
6 *appropriated to the Secretary for fiscal year 2022, out of*  
7 *any money in the Treasury not otherwise appropriated,*  
8 *\$250,000,000, to remain available through September 30,*  
9 *2031, to carry out conservation, ecosystem and habitat res-*  
10 *toration projects on lands administered by the National*  
11 *Park Service and Bureau of Land Management. None of*  
12 *the funds provided under this section shall be subject to cost-*  
13 *share or matching requirements.*

14 **SEC. 50223. NATIONAL PARK SERVICE EMPLOYEES.**

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 *\$500,000,000, to remain available through September 30,*  
19 *2030, to hire employees to serve in units of the National*  
20 *Park System or national historic or national scenic trails*  
21 *administered by the National Park Service.*

22 **SEC. 50224. NATIONAL PARK SYSTEM DEFERRED MAINTENANCE.**  
23

24 *In addition to amounts otherwise available, there is*  
25 *appropriated to the Secretary for fiscal year 2022, out of*

1 *any money in the Treasury not otherwise appropriated,*  
 2 *\$200,000,000, to remain available through September 30,*  
 3 *2026, to carry out priority deferred maintenance projects,*  
 4 *through direct expenditures or transfers, within the bound-*  
 5 *aries of the National Park System.*

6 **PART 3—DROUGHT RESPONSE AND**  
 7 **PREPAREDNESS**

8 **SEC. 50231. BUREAU OF RECLAMATION DOMESTIC WATER**  
 9 **SUPPLY PROJECTS.**

10 *In addition to amounts otherwise available, there is*  
 11 *appropriated to the Secretary, acting through the Commis-*  
 12 *sioner of Reclamation, for fiscal year 2022, out of any*  
 13 *money in the Treasury not otherwise appropriated,*  
 14 *\$550,000,000, to remain available through September 30,*  
 15 *2031, for grants, contracts, or financial assistance agree-*  
 16 *ments for disadvantaged communities (identified according*  
 17 *to criteria adopted by the Commissioner of Reclamation)*  
 18 *in a manner as determined by the Commissioner of Rec-*  
 19 *lamation for up to 100 percent of the cost of the planning,*  
 20 *design, or construction of water projects the primary pur-*  
 21 *pose of which is to provide domestic water supplies to com-*  
 22 *munities or households that do not have reliable access to*  
 23 *domestic water supplies in a State or territory described*  
 24 *in the first section of the Act of June 17, 1902 (43 U.S.C.*  
 25 *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 Commis-*  
 4 *sioner 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 projects*  
 8 *(including pilot and demonstration projects) to cover water*  
 9 *conveyance facilities with solar panels to generate renew-*  
 10 *able energy in a manner as determined by the Secretary*  
 11 *or for other solar projects associated with Bureau of Rec-*  
 12 *lamation projects that increase water efficiency and assist*  
 13 *in implementation of clean energy goals.*

14 **SEC. 50233. DROUGHT MITIGATION IN THE RECLAMATION**  
 15 **STATES.**

16 (a) *DEFINITION OF RECLAMATION STATE.*—*In this*  
 17 *section, the term “Reclamation State” means a State or ter-*  
 18 *ritory described in the first section of the Act of June 17,*  
 19 *1902 (32 Stat. 388, chapter 1093; 43 U.S.C. 391).*

20 (b) *APPROPRIATION.*—*In addition to amounts other-*  
 21 *wise available, there is appropriated to the Secretary (act-*  
 22 *ing through the Commissioner of Reclamation), for fiscal*  
 23 *year 2022, out of any money in the Treasury not otherwise*  
 24 *appropriated, \$4,000,000,000, to remain available through*  
 25 *September 30, 2026, for grants, contracts, or financial as-*  
 26 *sistance agreements, in accordance with the reclamation*

1 *laws, to or with public entities and Indian Tribes, that pro-*  
2 *vide for the conduct of the following activities to mitigate*  
3 *the impacts of drought in the Reclamation States, with pri-*  
4 *ority given to the Colorado River Basin and other basins*  
5 *experiencing comparable levels of long-term drought, to be*  
6 *implemented in compliance with applicable environmental*  
7 *law:*

8           (1) *Compensation for a temporary or multiyear*  
9           *voluntary reduction in diversion of water or con-*  
10          *sumptive water use.*

11          (2) *Voluntary system conservation projects that*  
12          *achieve verifiable reductions in use of or demand for*  
13          *water supplies or provide environmental benefits in*  
14          *the Lower Basin or Upper Basin of the Colorado*  
15          *River.*

16          (3) *Ecosystem and habitat restoration projects to*  
17          *address issues directly caused by drought in a river*  
18          *basin or inland water body.*

19          (c) *REPORT.*—*Not later than 1 year after the date of*  
20 *enactment of this Act, and each year thereafter, the Sec-*  
21 *retary shall submit to Congress a report that describes any*  
22 *expenditures under this section.*

1 **PART 4—INSULAR AFFAIRS**

2 **SEC. 50241. OFFICE OF INSULAR AFFAIRS CLIMATE CHANGE**  
 3 **TECHNICAL ASSISTANCE.**

4 (a) *IN GENERAL.*—*In addition to amounts otherwise*  
 5 *available, there is appropriated to the Secretary, acting*  
 6 *through the Office of Insular Affairs, for fiscal year 2022,*  
 7 *out of any money in the Treasury not otherwise appro-*  
 8 *priated, \$15,000,000, to remain available through Sep-*  
 9 *tember 30, 2026, to provide technical assistance for climate*  
 10 *change planning, mitigation, adaptation, and resilience to*  
 11 *United States Insular Areas.*

12 (b) *ADMINISTRATIVE EXPENSES.*—*In addition to*  
 13 *amounts otherwise available, there is appropriated to the*  
 14 *Secretary, acting through the Office of Insular Affairs, for*  
 15 *fiscal year 2022, out of any money in the Treasury not*  
 16 *otherwise appropriated, \$900,000, to remain available*  
 17 *through September 30, 2026, for necessary administrative*  
 18 *expenses associated with carrying out this section.*

19 **PART 5—OFFSHORE WIND**

20 **SEC. 50251. LEASING ON THE OUTER CONTINENTAL SHELF.**

21 (a) *LEASING AUTHORIZED.*—*The Secretary may grant*  
 22 *leases, easements, and rights-of-way pursuant to section*  
 23 *8(p)(1)(C) of the Outer Continental Shelf Lands Act (43*  
 24 *U.S.C. 1337(p)(1)(C)) in an area withdrawn by—*

25 (1) *the Presidential memorandum entitled*  
 26 *“Memorandum on the Withdrawal of Certain Areas of*

1       *the United States Outer Continental Shelf from Leas-*  
 2       *ing Disposition” and dated September 8, 2020; or*

3               *(2) the Presidential memorandum entitled “Pres-*  
 4       *idential Determination on the Withdrawal of Certain*  
 5       *Areas of the United States Outer Continental Shelf*  
 6       *from Leasing Disposition” and dated September 25,*  
 7       *2020.*

8       *(b) OFFSHORE WIND FOR THE TERRITORIES.—*

9               *(1) APPLICATION OF OUTER CONTINENTAL SHELF*  
 10       *LANDS ACT WITH RESPECT TO TERRITORIES OF THE*  
 11       *UNITED STATES.—*

12               *(A) IN GENERAL.—Section 2 of the Outer*  
 13       *Continental Shelf Lands Act (43 U.S.C. 1331) is*  
 14       *amended—*

15               *(i) in subsection (a)—*

16                       *(I) by striking “means all” and*  
 17                       *inserting the following: “means—*  
 18               *“(1) all”; and*

19                       *(II) in paragraph (1) (as so des-*  
 20                       *ignated), by striking “control;” and in-*  
 21                       *serting the following: “control or with-*  
 22                       *in the exclusive economic zone of the*  
 23                       *United States and adjacent to any ter-*  
 24                       *ritory of the United States; and”; and*

1                   (III) *by adding at the end fol-*  
 2                   *lowing:*

3                   “(2) *does not include any area conveyed by Con-*  
 4                   *gress to a territorial government for administration;*”;

5                   (ii) *in subsection (p), by striking*  
 6                   *“and” after the semicolon at the end;*

7                   (iii) *in subsection (q), by striking the*  
 8                   *period at the end and inserting “; and”;*  
 9                   *and*

10                  (iv) *by adding at the end the following:*

11                  “(r) *The term ‘State’ means—*

12                   “(1) *each of the several States;*

13                   “(2) *the Commonwealth of Puerto Rico;*

14                   “(3) *Guam;*

15                   “(4) *American Samoa;*

16                   “(5) *the United States Virgin Islands; and*

17                   “(6) *the Commonwealth of the Northern Mariana*  
 18                   *Islands.*”.

19                  (B) *EXCLUSIONS.—Section 18 of the Outer*  
 20                  *Continental Shelf Lands Act (43 U.S.C. 1344) is*  
 21                  *amended by adding at the end the following:*

22                   “(i) *APPLICATION.—This section shall*  
 23                   *not apply to the scheduling of any lease sale*  
 24                   *in an area of the outer Continental Shelf*  
 25                   *that is adjacent to the Commonwealth of*

1                   *Puerto Rico, Guam, American Samoa, the*  
 2                   *United States Virgin Islands, or the Com-*  
 3                   *monwealth of the Northern Mariana Is-*  
 4                   *lands.”.*

5                   (2) *WIND LEASE SALES FOR AREAS OF THE*  
 6                   *OUTER CONTINENTAL SHELF.—The Outer Continental*  
 7                   *Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended*  
 8                   *by adding at the end the following:*

9                   **“SEC. 33. WIND LEASE SALES FOR AREAS OF THE OUTER**  
 10                   **CONTINENTAL SHELF OFFSHORE OF TERRI-**  
 11                   **TORIES OF THE UNITED STATES.**

12                   “(a) *WIND LEASE SALES OFF COASTS OF TERRI-*  
 13                   *TORIES OF THE UNITED STATES.—*

14                   “(1) *CALL FOR INFORMATION AND NOMINA-*  
 15                   *TIONS.—*

16                   “(A) *IN GENERAL.—The Secretary shall*  
 17                   *issue calls for information and nominations for*  
 18                   *proposed wind lease sales for areas of the outer*  
 19                   *Continental Shelf described in paragraph (2)*  
 20                   *that are determined to be feasible.*

21                   “(B) *INITIAL CALL.—Not later than Sep-*  
 22                   *tember 30, 2025, the Secretary shall issue an ini-*  
 23                   *tial call for information and nominations under*  
 24                   *this paragraph.*



1           “(2) *CONDITIONAL WIND LEASE SALES.*—*The*  
 2           *Secretary may conduct wind lease sales in each area*  
 3           *within the exclusive economic zone of the United*  
 4           *States adjacent to the Commonwealth of Puerto Rico,*  
 5           *Guam, American Samoa, the United States Virgin Is-*  
 6           *lands, or the Commonwealth of the Northern Mariana*  
 7           *Islands that meets each of the following criteria:*

8                   “(A) *The Secretary has concluded that a*  
 9                   *wind lease sale in the area is feasible.*

10                  “(B) *The Secretary has determined that*  
 11                  *there is sufficient interest in leasing the area.*

12                  “(C) *The Secretary has consulted with the*  
 13                  *Governor of the territory regarding the suit-*  
 14                  *ability of the area for wind energy develop-*  
 15                  *ment.”.*

16           **PART 6—FOSSIL FUEL RESOURCES**

17   **SEC. 50261. OFFSHORE OIL AND GAS ROYALTY RATE.**

18           *Section 8(a)(1) of the Outer Continental Shelf Lands*  
 19   *Act (43 U.S.C. 1337(a)(1)) is amended—*

20                   (1) *in each of subparagraphs (A) and (C), by*  
 21                   *striking “not less than 12<sup>1</sup>/<sub>2</sub> per centum” each place*  
 22                   *it appears and inserting “not less than 16<sup>2</sup>/<sub>3</sub> percent,*  
 23                   *but not more than 18<sup>3</sup>/<sub>4</sub> percent, during the 10-year*  
 24                   *period beginning on the date of enactment of the Act*  
 25                   *titled ‘An Act to provide for reconciliation pursuant*

1       to title II of S. Con. Res. 14', and not less than  $16\frac{2}{3}$   
 2       percent thereafter,";

3               (2) in subparagraph (F), by striking "no less  
 4       than  $12\frac{1}{2}$  per centum" and inserting "not less than  
 5        $16\frac{2}{3}$  percent, but not more than  $18\frac{3}{4}$  percent, during  
 6       the 10-year period beginning on the date of enactment  
 7       of the Act titled 'An Act to provide for reconciliation  
 8       pursuant to title II of S. Con. Res. 14', and not less  
 9       than  $16\frac{2}{3}$  percent thereafter,"; and

10              (3) in subparagraph (H), by striking "no less  
 11       than 12 and  $\frac{1}{2}$  per centum" and inserting "not less  
 12       than  $16\frac{2}{3}$  percent, but not more than  $18\frac{3}{4}$  percent,  
 13       during the 10-year period beginning on the date of  
 14       enactment of the Act titled 'An Act to provide for rec-  
 15       onciliation pursuant to title II of S. Con. Res. 14',  
 16       and not less than  $16\frac{2}{3}$  percent thereafter,".

17   **SEC. 50262. MINERAL LEASING ACT MODERNIZATION.**

18       (a) **ONSHORE OIL AND GAS ROYALTY RATES.**—

19              (1) **LEASE OF OIL AND GAS LAND.**—Section 17  
 20       of the Mineral Leasing Act (30 U.S.C. 226) is amend-  
 21       ed—

22                      (A) in subsection (b)(1)(A), in the fifth sen-  
 23       tence—

24                              (i) by striking "12.5" and inserting  
 25                              " $16\frac{2}{3}$ "; and

1                   (ii) by inserting “or, in the case of a  
 2                   lease issued during the 10-year period be-  
 3                   ginning on the date of enactment of the Act  
 4                   titled ‘An Act to provide for reconciliation  
 5                   pursuant to title II of S. Con. Res. 14’,  
 6                   16<sup>2</sup>/<sub>3</sub> percent in amount or value of the pro-  
 7                   duction removed or sold from the lease” be-  
 8                   fore the period at the end; and

9                   (B) by striking “12<sup>1</sup>/<sub>2</sub> per centum” each  
 10                  place it appears and inserting “16<sup>2</sup>/<sub>3</sub> percent”.

11               (2) CONDITIONS FOR REINSTATEMENT.—Section  
 12               31(e)(3) of the Mineral Leasing Act (30 U.S.C.  
 13               188(e)(3)) is amended by striking “16<sup>2</sup>/<sub>3</sub>” each place  
 14               it appears and inserting “20”.

15               (b) OIL AND GAS MINIMUM BID.—Section 17(b) of the  
 16               Mineral Leasing Act (30 U.S.C. 226(b)) is amended—

17               (1) in paragraph (1)(B), in the first sentence, by  
 18               striking “\$2 per acre for a period of 2 years from the  
 19               date of enactment of the Federal Onshore Oil and Gas  
 20               Leasing Reform Act of 1987.” and inserting “\$10 per  
 21               acre during the 10-year period beginning on the date  
 22               of enactment of the Act titled ‘An Act to provide for  
 23               reconciliation pursuant to title II of S. Con. Res.  
 24               14’.”; and

1           (2) in paragraph (2)(C), by striking “\$2 per  
2           acre” and inserting “\$10 per acre”.

3           (c) *FOSSIL FUEL RENTAL RATES.*—

4           (1) *ANNUAL RENTALS.*—Section 17(d) of the  
5           *Mineral Leasing Act* (30 U.S.C. 226(d)) is amended,  
6           in the first sentence, by striking “\$1.50 per acre” and  
7           all that follows through the period at the end and in-  
8           serting “\$3 per acre per year during the 2-year pe-  
9           riod beginning on the date the lease begins for new  
10          leases, and after the end of that 2-year period, \$5 per  
11          acre per year for the following 6-year period, and not  
12          less than \$15 per acre per year thereafter, or, in the  
13          case of a lease issued during the 10-year period begin-  
14          ning on the date of enactment of the Act titled ‘An  
15          Act to provide for reconciliation pursuant to title II  
16          of S. Con. Res. 14’, \$3 per acre per year during the  
17          2-year period beginning on the date the lease begins,  
18          and after the end of that 2-year period, \$5 per acre  
19          per year for the following 6-year period, and \$15 per  
20          acre per year thereafter.”.

21          (2) *RENTALS IN REINSTATED LEASES.*—Section  
22          31(e)(2) of the *Mineral Leasing Act* (30 U.S.C.  
23          188(e)(2)) is amended by striking “\$10” and insert-  
24          ing “\$20”.

1       (d) *EXPRESSION OF INTEREST FEE.*—Section 17 of the  
 2   *Mineral Leasing Act (30 U.S.C. 226)* is amended by adding  
 3   at the end the following:

4       “(q) *FEE FOR EXPRESSION OF INTEREST.*—

5               “(1) *IN GENERAL.*—The Secretary shall assess a  
 6       nonrefundable fee against any person that, in accord-  
 7       ance with procedures established by the Secretary to  
 8       carry out this subsection, submits an expression of in-  
 9       terest in leasing land available for disposition under  
 10      this section for exploration for, and development of,  
 11      oil or gas.

12              “(2) *AMOUNT OF FEE.*—

13                   “(A) *IN GENERAL.*—Subject to subpara-  
 14      graph (B), the fee assessed under paragraph (1)  
 15      shall be \$5 per acre of the area covered by the  
 16      applicable expression of interest.

17                   “(B) *ADJUSTMENT OF FEE.*—The Secretary  
 18      shall, by regulation, not less frequently than  
 19      every 4 years, adjust the amount of the fee under  
 20      subparagraph (A) to reflect the change in infla-  
 21      tion.”.

22      (e) *ELIMINATION OF NONCOMPETITIVE LEASING.*—

23              “(1) *IN GENERAL.*—Section 17 of the *Mineral*  
 24      *Leasing Act (30 U.S.C. 226)* is amended—

25                   (A) in subsection (b)—

1                   (i) in paragraph (1)(A)—

2                   (I) in the first sentence, by strik-  
3                   ing “paragraphs (2) and (3) of this  
4                   subsection” and inserting “paragraph  
5                   (2)”; and

6                   (II) by striking the last sentence;  
7                   and

8                   (ii) by striking paragraph (3);

9                   (B) by striking subsection (c) and inserting  
10                  the following:

11               “(c) *ADDITIONAL ROUNDS OF COMPETITIVE BID-*  
12 *DING.—Land made available for leasing under subsection*  
13 *(b)(1) for which no bid is accepted or received, or the land*  
14 *for which a lease terminates, expires, is cancelled, or is re-*  
15 *linquished, may be made available by the Secretary of the*  
16 *Interior for a new round of competitive bidding under that*  
17 *subsection.”; and*

18               (C) by striking subsection (e) and inserting  
19               the following:

20               “(e) *TERM OF LEASE.—*

21               “(1) *IN GENERAL.—Any lease issued under this*  
22 *section, including a lease for tar sand areas, shall be*  
23 *for a primary term of 10 years.*

24               “(2) *CONTINUATION OF LEASE.—A lease de-*  
25 *scribed in paragraph (1) shall continue after the pri-*

1        *mary term of the lease for any period during which*  
 2        *oil or gas is produced in paying quantities.*

3            “(3) *ADDITIONAL EXTENSIONS.—Any lease*  
 4        *issued under this section for land on which, or for*  
 5        *which under an approved cooperative or unit plan of*  
 6        *development or operation, actual drilling operations*  
 7        *were commenced and diligently prosecuted prior to*  
 8        *the end of the primary term of the lease shall be ex-*  
 9        *tended for 2 years and for any period thereafter dur-*  
 10       *ing which oil or gas is produced in paying quan-*  
 11       *tities.”.*

12           (2) *CONFORMING AMENDMENTS.—Section 31 of*  
 13        *the Mineral Leasing Act (30 U.S.C. 188) is amend-*  
 14        *ed—*

15                (A) *in subsection (d)(1), in the first sen-*  
 16        *tence, by striking “or section 17(c) of this Act”;*

17                (B) *in subsection (e)—*

18                        (i) *in paragraph (2)—*

19                                (I) *by striking “either”; and*

20                                (II) *by striking “or the inclusion”*

21                                *and all that follows through “, all”;*

22                                *and*

23                        (ii) *in paragraph (3)—*

24                                (I) *in subparagraph (A), by add-*

25                                *ing “and” after the semicolon;*

1                   (II) *by striking subparagraph*  
 2                   *(B); and*

3                   (III) *by striking “(3)(A) pay-*  
 4                   *ment” and inserting the following:*

5                   *“(3) payment”;*

6                   *(C) in subsection (g)—*

7                   *(i) in paragraph (1), by striking “as a*  
 8                   *competitive” and all that follows through*  
 9                   *“of this Act” and inserting “in the same*  
 10                   *manner as the original lease issued pursu-*  
 11                   *ant to section 17”;*

12                   *(ii) by striking paragraph (2);*

13                   *(iii) by redesignating paragraphs (3)*  
 14                   *and (4) as paragraphs (2) and (3), respec-*  
 15                   *tively; and*

16                   *(iv) in paragraph (2) (as so redesign-*  
 17                   *ated), by striking “applicable to leases*  
 18                   *issued under subsection 17(c) of this Act (30*  
 19                   *U.S.C. 226(c)) except,” and inserting “ex-*  
 20                   *cept”;*

21                   *(D) in subsection (h), by striking “sub-*  
 22                   *sections (d) and (f) of this section” and inserting*  
 23                   *“subsection (d)”;*

24                   *(E) in subsection (i), by striking “(i)(1) In*  
 25                   *acting” and all that follows through “of this sec-*



1           tion” in paragraph (2) and inserting the fol-  
 2           lowing:

3                           “(i) *ROYALTY REDUCTION IN REIN-*  
 4                           *STATED LEASES.—In acting on a petition*  
 5                           *for reinstatement pursuant to subsection*  
 6                           *(d)”;*  
 7                           *(F) by striking subsection (f); and*  
 8                           *(G) by redesignating subsections (g) through*  
 9                           *(j) as subsections (f) through (i), respectively.*

10 **SEC. 50263. ROYALTIES ON ALL EXTRACTED METHANE.**

11           (a) *IN GENERAL.—For all leases issued after the date*  
 12           *of enactment of this Act, except as provided in subsection*  
 13           *(b), royalties paid for gas produced from Federal land and*  
 14           *on the outer Continental Shelf shall be assessed on all gas*  
 15           *produced, including all gas that is consumed or lost by vent-*  
 16           *ing, flaring, or negligent releases through any equipment*  
 17           *during upstream operations.*

18           (b) *EXCEPTION.—Subsection (a) shall not apply with*  
 19           *respect to—*

20                           (1) *gas vented or flared for not longer than 48*  
 21                           *hours in an emergency situation that poses a danger*  
 22                           *to human health, safety, or the environment;*

23                           (2) *gas used or consumed within the area of the*  
 24                           *lease, unit, or communitized area for the benefit of the*  
 25                           *lease, unit, or communitized area; or*

1           (3) *gas that is unavoidably lost.*

2   **SEC. 50264. LEASE SALES UNDER THE 2017–2022 OUTER**  
 3           **CONTINENTAL SHELF LEASING PROGRAM.**

4           (a) *DEFINITIONS.—In this section:*

5           (1) *LEASE SALE 257.—The term “Lease Sale*  
 6           *257” means the lease sale numbered 257 that was ap-*  
 7           *proved in the Record of Decision described in the no-*  
 8           *tice of availability of a record of decision issued on*  
 9           *August 31, 2021, entitled “Gulf of Mexico, Outer Con-*  
 10          *tinental Shelf (OCS), Oil and Gas Lease Sale 257”*  
 11          *(86 Fed. Reg. 50160 (September 7, 2021)), and is the*  
 12          *subject of the final notice of sale entitled “Gulf of*  
 13          *Mexico Outer Continental Shelf Oil and Gas Lease*  
 14          *Sale 257” (86 Fed. Reg. 54728 (October 4, 2021)).*

15          (2) *LEASE SALE 258.—The term “Lease Sale*  
 16          *258” means the lease sale numbered 258 described in*  
 17          *the 2017–2022 Outer Continental Shelf Oil and Gas*  
 18          *Leasing Proposed Final Program published on No-*  
 19          *vember 18, 2016, and approved by the Secretary in*  
 20          *the Record of Decision issued on January 17, 2017,*  
 21          *described in the notice of availability entitled “Record*  
 22          *of Decision for the 2017–2022 Outer Continental*  
 23          *Shelf Oil and Gas Leasing Program Final Pro-*  
 24          *grammatic Environmental Impact Statement;*

1        *MMAA104000” (82 Fed. Reg. 6643 (January 19,*  
2        *2017)).*

3            (3) *LEASE SALE 259.—The term “Lease Sale*  
4        *259” means the lease sale numbered 259 described in*  
5        *the 2017–2022 Outer Continental Shelf Oil and Gas*  
6        *Leasing Proposed Final Program published on No-*  
7        *vember 18, 2016, and approved by the Secretary in*  
8        *the Record of Decision issued on January 17, 2017,*  
9        *described in the notice of availability entitled “Record*  
10       *of Decision for the 2017–2022 Outer Continental*  
11       *Shelf Oil and Gas Leasing Program Final Pro-*  
12       *grammatic Environmental Impact Statement;*  
13       *MMAA104000” (82 Fed. Reg. 6643 (January 19,*  
14       *2017)).*

15           (4) *LEASE SALE 261.—The term “Lease Sale*  
16        *261” means the lease sale numbered 261 described in*  
17        *the 2017–2022 Outer Continental Shelf Oil and Gas*  
18        *Leasing Proposed Final Program published on No-*  
19        *vember 18, 2016, and approved by the Secretary in*  
20        *the Record of Decision issued on January 17, 2017,*  
21        *described in the notice of availability entitled “Record*  
22        *of Decision for the 2017–2022 Outer Continental*  
23        *Shelf Oil and Gas Leasing Program Final Pro-*  
24        *grammatic 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 Secretary*  
 6        *shall, without modification or delay—*

7                        *(A) accept the highest valid bid for each*  
 8        *tract or bidding unit of Lease Sale 257 for which*  
 9        *a valid bid was received on November 17, 2021;*  
 10        *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 executed*  
 14        *lease form under paragraph (1)(B) and payment of*  
 15        *the rental for the first year, the balance of the bonus*  
 16        *bid (unless deferred), and any required bond or secu-*  
 17        *rity from the high bidder, the Secretary shall prompt-*  
 18        *ly issue to the high bidder a fully executed lease, in*  
 19        *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 LEASE SALE 258.*—Notwith-  
2   standing the expiration of the 2017–2022 leasing program,  
3   not later than December 31, 2022, the Secretary shall con-  
4   duct Lease Sale 258 in accordance with the Record of Deci-  
5   sion approved by the Secretary on January 17, 2017, de-  
6   scribed in the notice of availability entitled “Record of De-  
7   cision for the 2017–2022 Outer Continental Shelf Oil and  
8   Gas Leasing Program Final Programmatic Environmental  
9   Impact Statement; MMAA104000” issued on January 17,  
10  2017 (82 Fed. Reg. 6643 (January 19, 2017)).

11       (d) *REQUIREMENT FOR LEASE SALE 259.*—Notwith-  
12  standing the expiration of the 2017–2022 leasing program,  
13  not later than March 31, 2023, the Secretary shall conduct  
14  Lease Sale 259 in accordance with the Record of Decision  
15  approved by the Secretary on January 17, 2017, described  
16  in the notice of availability entitled “Record of Decision  
17  for the 2017–2022 Outer Continental Shelf Oil and Gas  
18  Leasing Program Final Programmatic Environmental Im-  
19  pact Statement; MMAA104000” issued on January 17,  
20  2017 (82 Fed. Reg. 6643 (January 19, 2017)).

21       (e) *REQUIREMENT FOR LEASE SALE 261.*—Notwith-  
22  standing the expiration of the 2017–2022 leasing program,  
23  not later than September 30, 2023, the Secretary shall con-  
24  duct Lease Sale 261 in accordance with the Record of Deci-  
25  sion approved by the Secretary on January 17, 2017, de-

1 scribed in the notice of availability entitled “Record of De-  
 2 cision for the 2017–2022 Outer Continental Shelf Oil and  
 3 Gas Leasing Program Final Programmatic Environmental  
 4 Impact Statement; MMAA104000” issued on January 17,  
 5 2017 (82 Fed. Reg. 6643 (January 19, 2017)).

6 **SEC. 50265. ENSURING ENERGY SECURITY.**

7 (a) *DEFINITIONS.*—In this section:

8 (1) *FEDERAL LAND.*—The term “Federal land”  
 9 means public lands (as defined in section 103 of the  
 10 Federal Land Policy and Management Act of 1976  
 11 (43 U.S.C. 1702)).

12 (2) *OFFSHORE LEASE SALE.*—The term “offshore  
 13 lease sale” means an oil and gas lease sale—

14 (A) that is held by the Secretary in accord-  
 15 ance with the Outer Continental Shelf Lands Act  
 16 (43 U.S.C. 1331 et seq.); and

17 (B) that, if any acceptable bids have been  
 18 received for any tract offered in the lease sale, re-  
 19 sults in the issuance of a lease.

20 (3) *ONSHORE LEASE SALE.*—The term “onshore  
 21 lease sale” means a quarterly oil and gas lease sale—

22 (A) that is held by the Secretary in accord-  
 23 ance with section 17 of the Mineral Leasing Act  
 24 (30 U.S.C. 226); and

1                   (B) that, if any acceptable bids have been  
 2                   received for any parcel offered in the lease sale,  
 3                   results in the issuance of a lease.

4           (b) *LIMITATION ON ISSUANCE OF CERTAIN LEASES OR*  
 5 *RIGHTS-OF-WAY.—During the 10-year period beginning on*  
 6 *the date of enactment of this Act—*

7                   (1) *the Secretary may not issue a right-of-way*  
 8 *for wind or solar energy development on Federal land*  
 9 *unless—*

10                   (A) *an onshore lease sale has been held dur-*  
 11 *ing the 120-day period ending on the date of the*  
 12 *issuance of the right-of-way for wind or solar en-*  
 13 *ergy development; and*

14                   (B) *the sum total of acres offered for lease*  
 15 *in onshore lease sales during the 1-year period*  
 16 *ending on the date of the issuance of the right-*  
 17 *of-way for wind or solar energy development is*  
 18 *not less than the lesser of—*

19                               (i) *2,000,000 acres; and*

20                               (ii) *50 percent of the acreage for which*  
 21 *expressions of interest have been submitted*  
 22 *for lease sales during that period; and*

23                   (2) *the Secretary may not issue a lease for off-*  
 24 *shore wind development under section 8(p)(1)(C) of*

1        *the Outer Continental Shelf Lands Act (43 U.S.C.*  
 2        *1337(p)(1)(C)) unless—*

3                *(A) an offshore lease sale has been held dur-*  
 4                *ing the 1-year period ending on the date of the*  
 5                *issuance of the lease for offshore wind develop-*  
 6                *ment; and*

7                *(B) the sum total of acres offered for lease*  
 8                *in offshore lease sales during the 1-year period*  
 9                *ending on the date of the issuance of the lease for*  
 10               *offshore wind development is not less than*  
 11               *60,000,000 acres.*

12        *(c) SAVINGS.—Except as expressly provided in para-*  
 13        *graphs (1) and (2) of subsection (b), nothing in this section*  
 14        *supersedes, amends, or modifies existing law.*

15        **PART 7—UNITED STATES GEOLOGICAL SURVEY**

16        **SEC. 50271. UNITED STATES GEOLOGICAL SURVEY 3D ELE-**  
 17        **VATION PROGRAM.**

18        *In addition to amounts otherwise available, there is*  
 19        *appropriated to the Secretary, acting through the Director*  
 20        *of the United States Geological Survey, for fiscal year 2022,*  
 21        *out of any money in the Treasury not otherwise appro-*  
 22        *priated, \$23,500,000, to remain available through Sep-*  
 23        *tember 30, 2031, to produce, collect, disseminate, and use*  
 24        *3D elevation data.*



1 **PART 8—OTHER NATURAL RESOURCES MATTERS**

2 **SEC. 50281. DEPARTMENT OF THE INTERIOR 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 the Interior Office*  
 8 *of Inspector General of the Department of the Interior ac-*  
 9 *tivities for which funding is appropriated in this subtitle.*

10 **Subtitle C—Environmental Reviews**

11 **SEC. 50301. DEPARTMENT OF ENERGY.**

12 *In addition to amounts otherwise available, there is*  
 13 *appropriated to the Secretary of Energy for fiscal year*  
 14 *2022, out of any money in the Treasury not otherwise ap-*  
 15 *propriated, \$115,000,000, to remain available through Sep-*  
 16 *tember 30, 2031, to provide for the hiring and training of*  
 17 *personnel, the development of programmatic environmental*  
 18 *documents, the procurement of technical or scientific serv-*  
 19 *ices for environmental reviews, the development of environ-*  
 20 *mental data or information systems, stakeholder and com-*  
 21 *munity engagement, and the purchase of new equipment for*  
 22 *environmental analysis to facilitate timely and efficient en-*  
 23 *vironmental reviews and authorizations.*

24 **SEC. 50302. FEDERAL ENERGY REGULATORY COMMISSION.**

25 *(a) IN GENERAL.—In addition to amounts otherwise*  
 26 *available, there is appropriated to the Federal Energy Reg-*

1 *ulatory Commission for fiscal year 2022, out of any money*  
 2 *in the Treasury not otherwise appropriated, \$100,000,000,*  
 3 *to remain available through September 30, 2031, to provide*  
 4 *for the hiring and training of personnel, the development*  
 5 *of programmatic environmental documents, the procure-*  
 6 *ment of technical or scientific services for environmental re-*  
 7 *views, the development of environmental data or informa-*  
 8 *tion systems, stakeholder and community engagement, and*  
 9 *the purchase of new equipment for environmental analysis*  
 10 *to facilitate timely and efficient environmental reviews and*  
 11 *authorizations.*

12 *(b) FEES AND CHARGES.—Section 3401(a) of the Om-*  
 13 *nibus Budget Reconciliation Act of 1986 (42 U.S.C.*  
 14 *7178(a)) shall not apply to the costs incurred by the Federal*  
 15 *Energy Regulatory Commission in carrying out this sec-*  
 16 *tion.*

17 **SEC. 50303. DEPARTMENT OF THE INTERIOR.**

18 *In addition to amounts otherwise available, there is*  
 19 *appropriated to the Secretary of the Interior for fiscal year*  
 20 *2022, out of any money in the Treasury not otherwise ap-*  
 21 *propriated, \$150,000,000, to remain available through Sep-*  
 22 *tember 30, 2026, to provide for the hiring and training of*  
 23 *personnel, the development of programmatic environmental*  
 24 *documents, the procurement of technical or scientific serv-*  
 25 *ices for environmental reviews, the development of environ-*

1 *mental data or information systems, stakeholder and com-*  
 2 *munity engagement, and the purchase of new equipment for*  
 3 *environmental analysis to facilitate timely and efficient en-*  
 4 *vironmental reviews and authorizations by the National*  
 5 *Park Service, the Bureau of Land Management, the Bureau*  
 6 *of Ocean Energy Management, the Bureau of Reclamation,*  
 7 *the Bureau of Safety and Environmental Enforcement, and*  
 8 *the Office of Surface Mining Reclamation and Enforcement.*

9 ***TITLE VI—COMMITTEE ON ENVI-***  
 10 ***RONMENT AND PUBLIC***  
 11 ***WORKS***

12 ***Subtitle A—Air Pollution***

13 ***SEC. 60101. CLEAN HEAVY-DUTY VEHICLES.***

14 *The Clean Air Act is amended by inserting after sec-*  
 15 *tion 131 of such Act (42 U.S.C. 7431) the following:*

16 ***“SEC. 132. CLEAN HEAVY-DUTY VEHICLES.***

17 ***“(a) APPROPRIATIONS.—***

18 ***“(1) IN GENERAL.—****In addition to amounts oth-*  
 19 *erwise available, there is appropriated to the Admin-*  
 20 *istrator for fiscal year 2022, out of any money in the*  
 21 *Treasury not otherwise appropriated, \$600,000,000,*  
 22 *to remain available until September 30, 2031, to*  
 23 *carry out this section.*

24 ***“(2) NONATTAINMENT AREAS.—****In addition to*  
 25 *amounts otherwise available, there is appropriated to*

1        *the Administrator for fiscal year 2022, out of any*  
2        *money in the Treasury not otherwise appropriated,*  
3        *\$400,000,000, to remain available until September*  
4        *30, 2031, to make awards under this section to eligi-*  
5        *ble recipients and to eligible contractors that propose*  
6        *to replace eligible vehicles to serve 1 or more commu-*  
7        *nities located in an air quality area designated pur-*  
8        *suant to section 107 as nonattainment for any air*  
9        *pollutant.*

10            *“(3) RESERVATION.—Of the funds appropriated*  
11        *by paragraph (1), the Administrator shall reserve 3*  
12        *percent for administrative costs necessary to carry*  
13        *out this section.*

14            *“(b) PROGRAM.—Beginning not later than 180 days*  
15        *after the date of enactment of this section, the Adminis-*  
16        *trator shall implement a program to make awards of grants*  
17        *and rebates to eligible recipients, and to make awards of*  
18        *contracts to eligible contractors for providing rebates, for*  
19        *up to 100 percent of costs for—*

20            *“(1) the incremental costs of replacing an eligible*  
21        *vehicle that is not a zero-emission vehicle with a zero-*  
22        *emission vehicle, as determined by the Administrator*  
23        *based on the market value of the vehicles;*

1           “(2) purchasing, installing, operating, and  
 2           maintaining infrastructure needed to charge, fuel, or  
 3           maintain zero-emission vehicles;

4           “(3) workforce development and training to sup-  
 5           port the maintenance, charging, fueling, and oper-  
 6           ation of zero-emission vehicles; and

7           “(4) planning and technical activities to support  
 8           the adoption and deployment of zero-emission vehi-  
 9           cles.

10          “(c) *APPLICATIONS*.—To seek an award under this sec-  
 11          tion, an eligible recipient or eligible contractor shall submit  
 12          to the Administrator an application at such time, in such  
 13          manner, and containing such information as the Adminis-  
 14          trator shall prescribe.

15          “(d) *DEFINITIONS*.—For purposes of this section:

16               “(1) *ELIGIBLE CONTRACTOR*.—The term ‘eligible  
 17               contractor’ means a contractor that has the capac-  
 18               ity—

19                       “(A) to sell, lease, license, or contract for  
 20                       service zero-emission vehicles, or charging or  
 21                       other equipment needed to charge, fuel, or main-  
 22                       tain zero-emission vehicles, to individuals or en-  
 23                       tities that own, lease, license, or contract for  
 24                       service an eligible vehicle; or

1                   “(B) to arrange financing for such a sale,  
2                   lease, license, or contract for service.

3                   “(2) *ELIGIBLE RECIPIENT.*—The term ‘eligible  
4                   recipient’ means—

5                   “(A) a State;

6                   “(B) a municipality;

7                   “(C) an Indian tribe; or

8                   “(D) a nonprofit school transportation asso-  
9                   ciation.

10                  “(3) *ELIGIBLE VEHICLE.*—The term ‘eligible ve-  
11                  hicle’ means a Class 6 or Class 7 heavy-duty vehicle  
12                  as defined in section 1037.801 of title 40, Code of  
13                  Federal Regulations (as in effect on the date of enact-  
14                  ment of this section).

15                  “(4) *GREENHOUSE GAS.*—The term ‘greenhouse  
16                  gas’ means the air pollutants carbon dioxide,  
17                  hydrofluorocarbons, methane, nitrous oxide,  
18                  perfluorocarbons, and sulfur hexafluoride.

19                  “(5) *ZERO-EMISSION VEHICLE.*—The term ‘zero-  
20                  emission vehicle’ means a vehicle that has a  
21                  drivetrain that produces, under any possible oper-  
22                  ational mode or condition, zero exhaust emissions  
23                  of—

1                   “(A) *any air pollutant that is listed pursu-*  
 2                   *ant to section 108(a) (or any precursor to such*  
 3                   *an air pollutant); and*

4                   “(B) *any greenhouse gas.*”.

5 **SEC. 60102. GRANTS TO REDUCE AIR POLLUTION AT PORTS.**

6           *The Clean Air Act is amended by inserting after sec-*  
 7           *tion 132 of such Act, as added by section 60101 of this Act,*  
 8           *the following:*

9 **“SEC. 133. GRANTS TO REDUCE AIR POLLUTION AT PORTS.**

10           “(a) *APPROPRIATIONS.—*

11                   “(1) *GENERAL ASSISTANCE.—In addition to*  
 12                   *amounts otherwise available, there is appropriated to*  
 13                   *the Administrator for fiscal year 2022, out of any*  
 14                   *money in the Treasury not otherwise appropriated,*  
 15                   *\$2,250,000,000, to remain available until September*  
 16                   *30, 2027, to award rebates and grants to eligible re-*  
 17                   *cipients on a competitive basis—*

18                   “(A) *to purchase or install zero-emission*  
 19                   *port equipment or technology for use at, or to di-*  
 20                   *rectly serve, one or more ports;*

21                   “(B) *to conduct any relevant planning or*  
 22                   *permitting in connection with the purchase or*  
 23                   *installation of such zero-emission port equipment*  
 24                   *or technology; and*

1                   “(C) to develop qualified climate action  
2                   plans.

3                   “(2) *NONATTAINMENT AREAS.*—In addition to  
4                   amounts otherwise available, there is appropriated to  
5                   the Administrator for fiscal year 2022, out of any  
6                   money in the Treasury not otherwise appropriated,  
7                   \$750,000,000, to remain available until September  
8                   30, 2027, to award rebates and grants to eligible re-  
9                   cipients to carry out activities described in paragraph  
10                  (1) with respect to ports located in air quality areas  
11                  designated pursuant to section 107 as nonattainment  
12                  for an air pollutant.

13                  “(b) *LIMITATION.*—Funds awarded under this section  
14                  shall not be used by any recipient or subrecipient to pur-  
15                  chase or install zero-emission port equipment or technology  
16                  that will not be located at, or directly serve, the one or more  
17                  ports involved.

18                  “(c) *ADMINISTRATION OF FUNDS.*—Of the funds made  
19                  available by this section, the Administrator shall reserve 2  
20                  percent for administrative costs necessary to carry out this  
21                  section.

22                  “(d) *DEFINITIONS.*—In this section:

23                         “(1) *ELIGIBLE RECIPIENT.*—The term ‘eligible  
24                         recipient’ means—

25                                 “(A) a port authority;



1           “(B) a State, regional, local, or Tribal  
2           agency that has jurisdiction over a port author-  
3           ity or a port;

4           “(C) an air pollution control agency; or

5           “(D) a private entity that—

6           “(i) applies for a grant under this sec-  
7           tion in partnership with an entity described  
8           in any of subparagraphs (A) through (C);  
9           and

10          “(ii) owns, operates, or uses the facili-  
11          ties, cargo-handling equipment, transpor-  
12          tation equipment, or related technology of a  
13          port.

14          “(2) *GREENHOUSE GAS*.—The term ‘greenhouse  
15          gas’ means the air pollutants carbon dioxide,  
16          hydrofluorocarbons, methane, nitrous oxide,  
17          perfluorocarbons, and sulfur hexafluoride.

18          “(3) *QUALIFIED CLIMATE ACTION PLAN*.—The  
19          term ‘qualified climate action plan’ means a detailed  
20          and strategic plan that—

21          “(A) establishes goals, implementation strat-  
22          egies, and accounting and inventory practices to  
23          reduce emissions at one or more ports of—

24          “(i) greenhouse gases;

1                   “(ii) an air pollutant that is listed  
2                   pursuant to section 108(a) (or any pre-  
3                   cursor to such an air pollutant); and

4                   “(iii) hazardous air pollutants;

5                   “(B) includes a strategy to collaborate with,  
6                   communicate with, and address potential effects  
7                   on low-income and disadvantaged near-port  
8                   communities and other stakeholders that may be  
9                   affected by implementation of the plan; and

10                  “(C) describes how an eligible recipient has  
11                  implemented or will implement measures to in-  
12                  crease the resilience of the one or more ports in-  
13                  volved.

14                  “(4) ZERO-EMISSION PORT EQUIPMENT OR  
15                  TECHNOLOGY.—The term ‘zero-emission port equip-  
16                  ment or technology’ means human-operated equip-  
17                  ment or human-maintained technology that—

18                         “(A) produces zero emissions of any air pol-  
19                         lutant that is listed pursuant to section 108(a)  
20                         (or any precursor to such an air pollutant) and  
21                         any greenhouse gas other than water vapor; or

22                         “(B) captures 100 percent of the emissions  
23                         described in subparagraph (A) that are produced  
24                         by an ocean-going vessel at berth.”.

1 **SEC. 60103. GREENHOUSE GAS REDUCTION FUND.**

2       *The Clean Air Act is amended by inserting after sec-*  
 3 *tion 133 of such Act, as added by section 60102 of this Act,*  
 4 *the following:*

5 **“SEC. 134. GREENHOUSE GAS REDUCTION FUND.**

6       “(a) *APPROPRIATIONS.—*

7               “(1) *ZERO-EMISSION TECHNOLOGIES.—In addi-*  
 8 *tion to amounts otherwise available, there is appro-*  
 9 *priated to the Administrator for fiscal year 2022, out*  
 10 *of any money in the Treasury not otherwise appro-*  
 11 *priated, \$7,000,000,000, to remain available until*  
 12 *September 30, 2024, to make grants, on a competitive*  
 13 *basis and beginning not later than 180 calendar days*  
 14 *after the date of enactment of this section, to States,*  
 15 *municipalities, Tribal governments, and eligible re-*  
 16 *cipients for the purposes of providing grants, loans,*  
 17 *or other forms of financial assistance, as well as tech-*  
 18 *nical assistance, to enable low-income and disadvan-*  
 19 *taged communities to deploy or benefit from zero-*  
 20 *emission technologies, including distributed tech-*  
 21 *nologies on residential rooftops, and to carry out*  
 22 *other greenhouse gas emission reduction activities, as*  
 23 *determined appropriate by the Administrator in ac-*  
 24 *cordance with this section.*

25               “(2) *GENERAL ASSISTANCE.—In addition to*  
 26 *amounts otherwise available, there is appropriated to*

1     *the Administrator for fiscal year 2022, out of any*  
2     *money in the Treasury not otherwise appropriated,*  
3     *\$11,970,000,000, to remain available until September*  
4     *30, 2024, to make grants, on a competitive basis and*  
5     *beginning not later than 180 calendar days after the*  
6     *date of enactment of this section, to eligible recipients*  
7     *for the purposes of providing financial assistance and*  
8     *technical assistance in accordance with subsection (b).*

9             “(3) *LOW-INCOME AND DISADVANTAGED COMMU-*  
10     *NITIES.—In addition to amounts otherwise available,*  
11     *there is appropriated to the Administrator for fiscal*  
12     *year 2022, out of any money in the Treasury not oth-*  
13     *erwise appropriated, \$8,000,000,000, to remain avail-*  
14     *able until September 30, 2024, to make grants, on a*  
15     *competitive basis and beginning not later than 180*  
16     *calendar days after the date of enactment of this sec-*  
17     *tion, to eligible recipients for the purposes of pro-*  
18     *viding financial assistance and technical assistance*  
19     *in low-income and disadvantaged communities in ac-*  
20     *cordance with subsection (b).*

21             “(4) *ADMINISTRATIVE COSTS.—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     *\$30,000,000, to remain available until September 30,*

1       2031, for the administrative costs necessary to carry  
2       out activities under this section.

3       “(b) *USE OF FUNDS.*—An eligible recipient that re-  
4       ceives a grant pursuant to subsection (a) shall use the grant  
5       in accordance with the following:

6               “(1) *DIRECT INVESTMENT.*—The eligible recipi-  
7       ent shall—

8                       “(A) provide financial assistance to quali-  
9                       fied projects at the national, regional, State, and  
10                      local levels;

11                     “(B) prioritize investment in qualified  
12                     projects that would otherwise lack access to fi-  
13                     nancing; and

14                     “(C) retain, manage, recycle, and monetize  
15                     all repayments and other revenue received from  
16                     fees, interest, repaid loans, and all other types of  
17                     financial assistance provided using grant funds  
18                     under this section to ensure continued oper-  
19                     ability.

20               “(2) *INDIRECT INVESTMENT.*—The eligible re-  
21       cipient shall provide funding and technical assistance  
22       to establish new or support existing public, quasi-pub-  
23       lic, not-for-profit, or nonprofit entities that provide  
24       financial assistance to qualified projects at the State,  
25       local, territorial, or Tribal level or in the District of

1 *Columbia, including community- and low-income-foc-*  
 2 *used lenders and capital providers.*

3 “(c) *DEFINITIONS.—In this section:*

4 “(1) *ELIGIBLE RECIPIENT.—The term ‘eligible*  
 5 *recipient’ means a nonprofit organization that—*

6 “(A) *is designed to provide capital, leverage*  
 7 *private capital, and provide other forms of fi-*  
 8 *nancial assistance for the rapid deployment of*  
 9 *low- and zero-emission products, technologies,*  
 10 *and services;*

11 “(B) *does not take deposits other than de-*  
 12 *posits from repayments and other revenue re-*  
 13 *ceived from financial assistance provided using*  
 14 *grant funds under this section;*

15 “(C) *is funded by public or charitable con-*  
 16 *tributions; and*

17 “(D) *invests in or finances projects alone or*  
 18 *in conjunction with other investors.*

19 “(2) *GREENHOUSE GAS.—The term ‘greenhouse*  
 20 *gas’ means the air pollutants carbon dioxide,*  
 21 *hydrofluorocarbons, methane, nitrous oxide,*  
 22 *perfluorocarbons, and sulfur hexafluoride.*

23 “(3) *QUALIFIED PROJECT.—The term ‘qualified*  
 24 *project’ includes any project, activity, or technology*  
 25 *that—*

1                   “(A) reduces or avoids greenhouse gas emis-  
 2                   sions and other forms of air pollution in part-  
 3                   nership with, and by leveraging investment from,  
 4                   the private sector; or

5                   “(B) assists communities in the efforts of  
 6                   those communities to reduce or avoid greenhouse  
 7                   gas emissions and other forms of air pollution.

8                   “(4) *ZERO-EMISSION TECHNOLOGY*.—The term  
 9                   ‘zero-emission technology’ means any technology that  
 10                  produces zero emissions of—

11                  “(A) any air pollutant that is listed pursu-  
 12                  ant to section 108(a) (or any precursor to such  
 13                  an air pollutant); and

14                  “(B) any greenhouse gas.”.

15 **SEC. 60104. DIESEL EMISSIONS REDUCTIONS.**

16                  (a) *GOODS MOVEMENT*.—In addition to amounts oth-  
 17                  erwise available, there is appropriated to the Administrator  
 18                  of the Environmental Protection Agency for fiscal year  
 19                  2022, out of any money in the Treasury not otherwise ap-  
 20                  propriated, \$60,000,000, to remain available until Sep-  
 21                  tember 30, 2031, for grants, rebates, and loans under section  
 22                  792 of the Energy Policy Act of 2005 (42 U.S.C. 16132)  
 23                  to identify and reduce diesel emissions resulting from goods  
 24                  movement facilities, and vehicles servicing goods movement  
 25                  facilities, in low-income and disadvantaged communities to

1 *address the health impacts of such emissions on such com-*  
 2 *munities.*

3 (b) *ADMINISTRATIVE COSTS.*—*The Administrator of*  
 4 *the Environmental Protection Agency shall reserve 2 per-*  
 5 *cent of the amounts made available under this section for*  
 6 *the administrative costs necessary to carry out activities*  
 7 *pursuant to this section.*

8 **SEC. 60105. FUNDING TO ADDRESS AIR POLLUTION.**

9 (a) *FENCELINE AIR MONITORING AND SCREENING AIR*  
 10 *MONITORING.*—*In addition to amounts otherwise available,*  
 11 *there is appropriated to the Administrator of the Environ-*  
 12 *mental Protection Agency for fiscal year 2022, out of any*  
 13 *money in the Treasury not otherwise appropriated,*  
 14 *\$117,500,000, to remain available until September 30,*  
 15 *2031, for grants and other activities authorized under sub-*  
 16 *sections (a) through (c) of section 103 and section 105 of*  
 17 *the Clean Air Act (42 U.S.C. 7403(a)–(c), 7405) to deploy,*  
 18 *integrate, support, and maintain fenceline air monitoring,*  
 19 *screening air monitoring, national air toxics trend stations,*  
 20 *and other air toxics and community monitoring.*

21 (b) *MULTIPOLLUTANT MONITORING STATIONS.*—*In*  
 22 *addition to amounts otherwise available, there is appro-*  
 23 *priated to the Administrator of the Environmental Protec-*  
 24 *tion Agency for fiscal year 2022, out of any money in the*  
 25 *Treasury not otherwise appropriated, \$50,000,000, to re-*



1 *main available until September 30, 2031, for grants and*  
 2 *other activities authorized under subsections (a) through (c)*  
 3 *of section 103 and section 105 of the Clean Air Act (42*  
 4 *U.S.C. 7403(a)–(c), 7405)—*

5 *(1) to expand the national ambient air quality*  
 6 *monitoring network with new multipollutant moni-*  
 7 *toring stations; and*

8 *(2) to replace, repair, operate, and maintain ex-*  
 9 *isting monitors.*

10 *(c) AIR QUALITY SENSORS IN LOW-INCOME AND DIS-*  
 11 *ADVANTAGED COMMUNITIES.—In addition to amounts oth-*  
 12 *erwise available, there is appropriated to the Administrator*  
 13 *of the Environmental Protection Agency for fiscal year*  
 14 *2022, out of any money in the Treasury not otherwise ap-*  
 15 *propriated, \$3,000,000, to remain available until Sep-*  
 16 *tember 30, 2031, for grants and other activities authorized*  
 17 *under subsections (a) through (c) of section 103 and section*  
 18 *105 of the Clean Air Act (42 U.S.C. 7403(a)–(c), 7405) to*  
 19 *deploy, integrate, and operate air quality sensors in low-*  
 20 *income and disadvantaged communities.*

21 *(d) EMISSIONS FROM WOOD HEATERS.—In addition*  
 22 *to amounts otherwise available, there is appropriated to the*  
 23 *Administrator of the Environmental Protection Agency for*  
 24 *fiscal year 2022, out of any money in the Treasury not*  
 25 *otherwise appropriated, \$15,000,000, to remain available*

1 *until September 30, 2031, for grants and other activities*  
 2 *authorized under subsections (a) through (c) of section 103*  
 3 *and section 105 of the Clean Air Act (42 U.S.C. 7403(a)–*  
 4 *(c), 7405) for testing and other agency activities to address*  
 5 *emissions from wood heaters.*

6       *(e) METHANE MONITORING.—In addition to amounts*  
 7 *otherwise available, there is appropriated to the Adminis-*  
 8 *trator of the Environmental Protection Agency for fiscal*  
 9 *year 2022, out of any money in the Treasury not otherwise*  
 10 *appropriated, \$20,000,000, to remain available until Sep-*  
 11 *tember 30, 2031, for grants and other activities authorized*  
 12 *under subsections (a) through (c) of section 103 and section*  
 13 *105 of the Clean Air Act (42 U.S.C. 7403(a)–(c), 7405) for*  
 14 *monitoring emissions of methane.*

15       *(f) CLEAN AIR ACT GRANTS.—In addition to amounts*  
 16 *otherwise available, there is appropriated to the Adminis-*  
 17 *trator of the Environmental Protection Agency for fiscal*  
 18 *year 2022, out of any money in the Treasury not otherwise*  
 19 *appropriated, \$25,000,000, to remain available until Sep-*  
 20 *tember 30, 2031, for grants and other activities authorized*  
 21 *under subsections (a) through (c) of section 103 and section*  
 22 *105 of the Clean Air Act (42 U.S.C. 7403(a)–(c), 7405).*

23       *(g) GREENHOUSE GAS AND ZERO-EMISSION STAND-*  
 24 *ARDS FOR MOBILE SOURCES.—In addition to amounts oth-*  
 25 *erwise available, there is appropriated to the Administrator*

1 *of the Environmental Protection Agency for fiscal year*  
 2 *2022, out of any money in the Treasury not otherwise ap-*  
 3 *propriated, \$5,000,000, to remain available until Sep-*  
 4 *tember 30, 2031, to provide grants to States to adopt and*  
 5 *implement greenhouse gas and zero-emission standards for*  
 6 *mobile sources pursuant to section 177 of the Clean Air Act*  
 7 *(42 U.S.C. 7507).*

8       *(h) DEFINITION OF GREENHOUSE GAS.—In this sec-*  
 9 *tion, the term “greenhouse gas” means the air pollutants*  
 10 *carbon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 11 *perfluorocarbons, and sulfur hexafluoride.*

12 **SEC. 60106. FUNDING TO ADDRESS AIR POLLUTION AT**  
 13 **SCHOOLS.**

14       *(a) IN GENERAL.—In addition to amounts otherwise*  
 15 *available, there is appropriated to the Administrator of the*  
 16 *Environmental Protection Agency for fiscal year 2022, out*  
 17 *of any money in the Treasury not otherwise appropriated,*  
 18 *\$37,500,000, to remain available until September 30, 2031,*  
 19 *for grants and other activities to monitor and reduce green-*  
 20 *house gas emissions and other air pollutants at schools in*  
 21 *low-income and disadvantaged communities under sub-*  
 22 *sections (a) through (c) of section 103 of the Clean Air Act*  
 23 *(42 U.S.C. 7403(a)–(c)) and section 105 of that Act (42*  
 24 *U.S.C. 7405).*

1       (b) *TECHNICAL ASSISTANCE.*—*In addition to amounts*  
 2 *otherwise available, there is appropriated to the Adminis-*  
 3 *trator of the Environmental Protection Agency for fiscal*  
 4 *year 2022, out of any money in the Treasury not otherwise*  
 5 *appropriated, \$12,500,000, to remain available until Sep-*  
 6 *tember 30, 2031, for providing technical assistance to*  
 7 *schools in low-income and disadvantaged communities*  
 8 *under subsections (a) through (c) of section 103 of the Clean*  
 9 *Air Act (42 U.S.C. 7403(a)–(c)) and section 105 of that*  
 10 *Act (42 U.S.C. 7405)—*

11               (1) *to address environmental issues;*

12               (2) *to develop school environmental quality plans*  
 13 *that include standards for school building, design,*  
 14 *construction, and renovation; and*

15               (3) *to identify and mitigate ongoing air pollu-*  
 16 *tion hazards.*

17       (c) *DEFINITION OF GREENHOUSE GAS.*—*In this sec-*  
 18 *tion, the term “greenhouse gas” means the air pollutants*  
 19 *carbon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 20 *perfluorocarbons, and sulfur hexafluoride.*

21 **SEC. 60107. LOW EMISSIONS ELECTRICITY PROGRAM.**

22       *The Clean Air Act is amended by inserting after sec-*  
 23 *tion 134 of such Act, as added by section 60103 of this Act,*  
 24 *the following:*

1 **“SEC. 135. LOW EMISSIONS ELECTRICITY PROGRAM.**

2       “(a) *APPROPRIATION.*—*In addition to amounts other-*  
3 *wise available, there is appropriated to the Administrator*  
4 *for fiscal year 2022, out of any money in the Treasury not*  
5 *otherwise appropriated, to remain available until Sep-*  
6 *tember 30, 2031—*

7               “(1) *\$17,000,000 for consumer-related education*  
8 *and partnerships with respect to reductions in green-*  
9 *house gas emissions that result from domestic elec-*  
10 *tricity generation and use;*

11               “(2) *\$17,000,000 for education, technical assist-*  
12 *ance, and partnerships within low-income and dis-*  
13 *advantaged communities with respect to reductions in*  
14 *greenhouse gas emissions that result from domestic*  
15 *electricity generation and use;*

16               “(3) *\$17,000,000 for industry-related outreach,*  
17 *technical assistance, and partnerships with respect to*  
18 *reductions in greenhouse gas emissions that result*  
19 *from domestic electricity generation and use;*

20               “(4) *\$17,000,000 for outreach and technical as-*  
21 *sistance to, and partnerships with, State, Tribal, and*  
22 *local governments with respect to reductions in green-*  
23 *house gas emissions that result from domestic elec-*  
24 *tricity generation and use;*

25               “(5) *\$1,000,000 to assess, not later than 1 year*  
26 *after the date of enactment of this section, the reduc-*

1        *tions in greenhouse gas emissions that result from*  
 2        *changes in domestic electricity generation and use*  
 3        *that are anticipated to occur on an annual basis*  
 4        *through fiscal year 2031; and*

5                *“(6) \$18,000,000 to ensure that reductions in*  
 6        *greenhouse gas emissions are achieved through use of*  
 7        *the existing authorities of this Act, incorporating the*  
 8        *assessment under paragraph (5).*

9                *“(b) ADMINISTRATION OF FUNDS.—Of the amounts*  
 10        *made available under subsection (a), the Administrator*  
 11        *shall reserve 2 percent for the administrative costs necessary*  
 12        *to carry out activities pursuant to that subsection.*

13                *“(c) DEFINITION OF GREENHOUSE GAS.—In this sec-*  
 14        *tion, the term ‘greenhouse gas’ means the air pollutants car-*  
 15        *bon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 16        *perfluorocarbons, and sulfur hexafluoride.”.*

17        **SEC. 60108. FUNDING FOR SECTION 211(O) OF THE CLEAN**  
 18                **AIR ACT.**

19                *(a) TEST AND PROTOCOL DEVELOPMENT.—In addi-*  
 20        *tion to amounts otherwise available, there is appropriated*  
 21        *to the Administrator of the Environmental Protection Agen-*  
 22        *cy for fiscal year 2022, out of any money in the Treasury*  
 23        *not otherwise appropriated, \$5,000,000, to remain available*  
 24        *until September 30, 2031, to carry out section 211(o) of*  
 25        *the Clean Air Act (42 U.S.C. 7545(o)) with respect to—*

1           (1) *the development and establishment of tests*  
 2           *and protocols regarding the environmental and public*  
 3           *health effects of a fuel or fuel additive;*

4           (2) *internal and extramural data collection and*  
 5           *analyses to regularly update applicable regulations,*  
 6           *guidance, and procedures for determining lifecycle*  
 7           *greenhouse gas emissions of a fuel; and*

8           (3) *the review, analysis, and evaluation of the*  
 9           *impacts of all transportation fuels, including fuel*  
 10          *lifecycle implications, on the general public and on*  
 11          *low-income and disadvantaged communities.*

12          (b) *INVESTMENTS IN ADVANCED BIOFUELS.—In addi-*  
 13          *tion to amounts otherwise available, there is appropriated*  
 14          *to the Administrator of the Environmental Protection Agen-*  
 15          *cy for fiscal year 2022, out of any money in the Treasury*  
 16          *not otherwise appropriated, \$10,000,000, to remain avail-*  
 17          *able until September 30, 2031, for new grants to industry*  
 18          *and other related activities under section 211(o) of the*  
 19          *Clean Air Act (42 U.S.C. 7545(o)) to support investments*  
 20          *in advanced biofuels.*

21          (c) *DEFINITION OF GREENHOUSE GAS.—In this sec-*  
 22          *tion, the term “greenhouse gas” means the air pollutants*  
 23          *carbon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 24          *perfluorocarbons, and sulfur hexafluoride.*

1 **SEC. 60109. FUNDING FOR IMPLEMENTATION OF THE AMER-**  
2 **ICAN INNOVATION AND MANUFACTURING**  
3 **ACT.**

4 (a) *APPROPRIATIONS.—*

5 (1) *IN GENERAL.—In addition to amounts other-*  
6 *wise available, there is appropriated to the Adminis-*  
7 *trator of the Environmental Protection Agency for fis-*  
8 *cal year 2022, out of any money in the Treasury not*  
9 *otherwise appropriated, \$20,000,000, to remain avail-*  
10 *able until September 30, 2026, to carry out sub-*  
11 *sections (a) through (i) and subsection (k) of section*  
12 *103 of division S of Public Law 116–260 (42 U.S.C.*  
13 *7675).*

14 (2) *IMPLEMENTATION AND COMPLIANCE*  
15 *TOOLS.—In addition to amounts otherwise available,*  
16 *there is appropriated to the Administrator of the En-*  
17 *vironmental Protection Agency for fiscal year 2022,*  
18 *out of any money in the Treasury not otherwise ap-*  
19 *propriated, \$3,500,000, to remain available until*  
20 *September 30, 2026, to deploy new implementation*  
21 *and compliance tools to carry out subsections (a)*  
22 *through (i) and subsection (k) of section 103 of divi-*  
23 *sion S of Public Law 116–260 (42 U.S.C. 7675).*

24 (3) *COMPETITIVE GRANTS.—In addition to*  
25 *amounts otherwise available, there is appropriated to*  
26 *the Administrator of the Environmental Protection*



13 **SEC. 60110. FUNDING FOR ENFORCEMENT TECHNOLOGY**  
14 **AND PUBLIC INFORMATION.**

† HR 5376 EAS

1       (b) *COMMUNICATIONS WITH ICIS.*—*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, \$3,000,000, to remain available*  
6 *until September 30, 2031, for grants to States, Indian*  
7 *tribes, and air pollution control agencies (as such terms are*  
8 *defined in section 302 of the Clean Air Act (42 U.S.C.*  
9 *7602)) to update their systems to ensure communication*  
10 *with the Integrated Compliance Information System of the*  
11 *Environmental Protection Agency and any associated sys-*  
12 *tems.*

13       (c) *INSPECTION SOFTWARE.*—*In addition to amounts*  
14 *otherwise available, there is appropriated to the Adminis-*  
15 *trator of the Environmental Protection Agency for fiscal*  
16 *year 2022, out of any money in the Treasury not otherwise*  
17 *appropriated, \$4,000,000, to remain available until Sep-*  
18 *tember 30, 2031—*

19               (1) *to acquire or update inspection software for*  
20 *use by the Environmental Protection Agency, States,*  
21 *Indian tribes, and air pollution control agencies (as*  
22 *such terms are defined in section 302 of the Clean Air*  
23 *Act (42 U.S.C. 7602)); or*

24               (2) *to acquire necessary devices on which to run*  
25 *such inspection software.*

1 **SEC. 60111. GREENHOUSE GAS CORPORATE REPORTING.**

2 (a) *IN GENERAL.*—*In addition to amounts otherwise*  
 3 *available, there is appropriated to the Administrator of the*  
 4 *Environmental Protection Agency for fiscal year 2022, out*  
 5 *of any money in the Treasury not otherwise appropriated,*  
 6 *\$5,000,000, to remain available until September 30, 2031,*  
 7 *for the Environmental Protection Agency to support—*

8 (1) *enhanced standardization and transparency*  
 9 *of corporate climate action commitments and plans to*  
 10 *reduce greenhouse gas emissions;*

11 (2) *enhanced transparency regarding progress to-*  
 12 *ward meeting such commitments and implementing*  
 13 *such plans; and*

14 (3) *progress toward meeting such commitments*  
 15 *and implementing such plans.*

16 (b) *DEFINITION OF GREENHOUSE GAS.*—*In this sec-*  
 17 *tion, the term “greenhouse gas” means the air pollutants*  
 18 *carbon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 19 *perfluorocarbons, and sulfur hexafluoride.*

20 **SEC. 60112. ENVIRONMENTAL PRODUCT DECLARATION AS-**  
 21 **SISTANCE.**

22 (a) *IN GENERAL.*—*In addition to amounts otherwise*  
 23 *available, there is appropriated to the Administrator of the*  
 24 *Environmental Protection Agency for fiscal year 2022, out*  
 25 *of any money in the Treasury not otherwise appropriated,*  
 26 *\$250,000,000, to remain available until September 30,*

1 2031, to develop and carry out a program to support the  
 2 development, enhanced standardization and transparency,  
 3 and reporting criteria for environmental product declara-  
 4 tions that include measurements of the embodied greenhouse  
 5 gas emissions of the material or product associated with  
 6 all relevant stages of production, use, and disposal, and con-  
 7 form with international standards, for construction mate-  
 8 rials and products by—

9           (1) providing grants to businesses that manufac-  
 10       ture construction materials and products for devel-  
 11       oping and verifying environmental product declara-  
 12       tions, and to States, Indian Tribes, and nonprofit or-  
 13       ganizations that will support such businesses;

14           (2) providing technical assistance to businesses  
 15       that manufacture construction materials and products  
 16       in developing and verifying environmental product  
 17       declarations, and to States, Indian Tribes, and non-  
 18       profit organizations that will support such businesses;  
 19       and

20           (3) carrying out other activities that assist in  
 21       measuring, reporting, and steadily reducing the quan-  
 22       tity of embodied carbon of construction materials and  
 23       products.

24       (b) *ADMINISTRATIVE COSTS.*—Of the amounts made  
 25       available under this section, the Administrator of the Envi-

1 *ronmental Protection Agency shall reserve 5 percent for ad-*  
 2 *ministrative costs necessary to carry out this section.*

3 *(c) DEFINITIONS.—In this section:*

4 *(1) GREENHOUSE GAS.—The term “greenhouse*  
 5 *gas” means the air pollutants carbon dioxide,*  
 6 *hydrofluorocarbons, methane, nitrous oxide,*  
 7 *perfluorocarbons, and sulfur hexafluoride.*

8 *(2) STATE.—The term “State” has the meaning*  
 9 *given to that term in section 302(d) of the Clean Air*  
 10 *Act (42 U.S.C. 7602(d)).*

11 **SEC. 60113. METHANE EMISSIONS REDUCTION PROGRAM.**

12 *The Clean Air Act is amended by inserting after sec-*  
 13 *tion 135 of such Act, as added by section 60107 of this Act,*  
 14 *the following:*

15 **“SEC. 136. METHANE EMISSIONS AND WASTE REDUCTION**  
 16 **INCENTIVE PROGRAM FOR PETROLEUM AND**  
 17 **NATURAL GAS SYSTEMS.**

18 *“(a) INCENTIVES FOR METHANE MITIGATION AND*  
 19 *MONITORING.—In addition to amounts otherwise available,*  
 20 *there is appropriated to the Administrator for fiscal year*  
 21 *2022, out of any money in the Treasury not otherwise ap-*  
 22 *propriated, \$850,000,000, to remain available until Sep-*  
 23 *tember 30, 2028—*

24 *“(1) for grants, rebates, contracts, loans, and*  
 25 *other activities of the Environmental Protection Agen-*

1      *cy for the purposes of providing financial and tech-*  
 2      *nical assistance to owners and operators of applicable*  
 3      *facilities to prepare and submit greenhouse gas re-*  
 4      *ports under subpart W of part 98 of title 40, Code of*  
 5      *Federal Regulations;*

6           “(2) for grants, rebates, contracts, loans, and  
 7      *other activities of the Environmental Protection Agen-*  
 8      *cy authorized under subsections (a) through (c) of sec-*  
 9      *tion 103 for methane emissions monitoring;*

10          “(3) for grants, rebates, contracts, loans, and  
 11      *other activities of the Environmental Protection Agen-*  
 12      *cy for the purposes of providing financial and tech-*  
 13      *nical assistance to reduce methane and other green-*  
 14      *house gas emissions from petroleum and natural gas*  
 15      *systems, mitigate legacy air pollution from petroleum*  
 16      *and natural gas systems, and provide 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 and*  
 25      *waste from petroleum and natural gas systems;*

1                   “(D) permanently shutting in and plugging  
2                   wells on non-Federal land;

3                   “(E) mitigating health effects of methane  
4                   and other greenhouse gas emissions, and legacy  
5                   air pollution from petroleum and natural gas  
6                   systems in low-income and disadvantaged com-  
7                   munities; and

8                   “(F) supporting environmental restoration;  
9                   and

10                  “(4) to cover all direct and indirect costs re-  
11                  quired to administer this section, prepare inventories,  
12                  gather empirical data, and track emissions.

13                  “(b) *INCENTIVES FOR METHANE MITIGATION FROM*  
14                  *CONVENTIONAL WELLS.*—In addition to amounts otherwise  
15                  available, there is appropriated to the Administrator for fis-  
16                  cal year 2022, out of any money in the Treasury not other-  
17                  wise appropriated, \$700,000,000, to remain available until  
18                  September 30, 2028, for activities described in paragraphs  
19                  (1) through (4) of subsection (a) at marginal conventional  
20                  wells.

21                  “(c) *WASTE EMISSIONS CHARGE.*—The Administrator  
22                  shall impose and collect a charge on methane emissions that  
23                  exceed an applicable waste emissions threshold under sub-  
24                  section (f) from an owner or operator of an applicable facil-  
25                  ity that reports more than 25,000 metric tons of carbon di-

1 *oxide equivalent of greenhouse gases emitted per year pursu-*  
 2 *ant to subpart W of part 98 of title 40, Code of Federal*  
 3 *Regulations, regardless of the reporting threshold under that*  
 4 *subpart.*

5 “(d) *APPLICABLE FACILITY.*—For purposes of this sec-  
 6 *tion, the term ‘applicable facility’ means a facility within*  
 7 *the following industry segments, as defined in subpart W*  
 8 *of part 98 of title 40, Code of Federal Regulations:*

9 “(1) *Offshore petroleum and natural gas produc-*  
 10 *tion.*

11 “(2) *Onshore petroleum and natural gas produc-*  
 12 *tion.*

13 “(3) *Onshore natural gas processing.*

14 “(4) *Onshore natural gas transmission compres-*  
 15 *sion.*

16 “(5) *Underground natural gas storage.*

17 “(6) *Liquefied natural gas storage.*

18 “(7) *Liquefied natural gas import and export*  
 19 *equipment.*

20 “(8) *Onshore petroleum and natural gas gath-*  
 21 *ering and boosting.*

22 “(9) *Onshore natural gas transmission pipeline.*

23 “(e) *CHARGE AMOUNT.*—The amount of a charge  
 24 *under subsection (c) for an applicable facility shall be equal*  
 25 *to the product obtained by multiplying—*



1           “(1) the number of metric tons of methane emis-  
 2           sions reported pursuant to subpart W of part 98 of  
 3           title 40, Code of Federal Regulations, for the applica-  
 4           ble facility that exceed the applicable annual waste  
 5           emissions threshold listed in subsection (f) during the  
 6           previous reporting period; and

7           “(2)(A) \$900 for emissions reported for calendar  
 8           year 2024;

9           “(B) \$1,200 for emissions reported for calendar  
 10          year 2025; or

11          “(C) \$1,500 for emissions reported for calendar  
 12          year 2026 and each year thereafter.

13          “(f) WASTE EMISSIONS THRESHOLD.—

14               “(1) PETROLEUM AND NATURAL GAS PRODUC-  
 15               TION.—With respect to imposing and collecting the  
 16               charge under subsection (c) for an applicable facility  
 17               in an industry segment listed in paragraph (1) or (2)  
 18               of subsection (d), the Administrator shall impose and  
 19               collect the charge on the reported metric tons of meth-  
 20               ane emissions from such facility that exceed—

21                       “(A) 0.20 percent of the natural gas sent to  
 22                       sale from such facility; or

23                       “(B) 10 metric tons of methane per million  
 24                       barrels of oil sent to sale from such facility, if  
 25                       such facility sent no natural gas to sale.

1           “(2) *NONPRODUCTION PETROLEUM AND NATURAL*  
 2           *GAS SYSTEMS.*—*With respect to imposing and col-*  
 3           *lecting the charge under subsection (c) for an applica-*  
 4           *ble facility in an industry segment listed in para-*  
 5           *graph (3), (6), (7), or (8) of subsection (d), the Ad-*  
 6           *ministrator shall impose and collect the charge on the*  
 7           *reported metric tons of methane emissions that exceed*  
 8           *0.05 percent of the natural gas sent to sale from or*  
 9           *through such facility.*

10           “(3) *NATURAL GAS TRANSMISSION.*—*With re-*  
 11           *spect to imposing and collecting the charge under sub-*  
 12           *section (c) for an applicable facility in an industry*  
 13           *segment listed in paragraph (4), (5), or (9) of sub-*  
 14           *section (d), the Administrator shall impose and collect*  
 15           *the charge on the reported metric tons of methane*  
 16           *emissions that exceed 0.11 percent of the natural gas*  
 17           *sent to sale from or through such facility.*

18           “(4) *COMMON OWNERSHIP OR CONTROL.*—*In cal-*  
 19           *culating the total emissions charge obligation for fa-*  
 20           *cilities under common ownership or control, the Ad-*  
 21           *ministrator shall allow for the netting of emissions by*  
 22           *reducing the total obligation to account for facility*  
 23           *emissions levels that are below the applicable thresh-*  
 24           *olds within and across all applicable segments identi-*  
 25           *fied in subsection (d).*

1           “(5) *EXEMPTION.*—Charges shall not be imposed  
 2           pursuant to paragraph (1) on emissions that exceed  
 3           the waste emissions threshold specified in such para-  
 4           graph if such emissions are caused by unreasonable  
 5           delay, as determined by the Administrator, in envi-  
 6           ronmental permitting of gathering or transmission  
 7           infrastructure necessary for offtake of increased vol-  
 8           ume as a result of methane emissions mitigation im-  
 9           plementation.

10           “(6) *EXEMPTION FOR REGULATORY COMPLI-*  
 11           *ANCE.*—

12           “(A) *IN GENERAL.*—Charges shall not be  
 13           imposed pursuant to subsection (c) on an appli-  
 14           cable facility that is subject to and in compli-  
 15           ance with methane emissions requirements pur-  
 16           suant to subsections (b) and (d) of section 111  
 17           upon a determination by the Administrator  
 18           that—

19           “(i) methane emissions standards and  
 20           plans pursuant to subsections (b) and (d) of  
 21           section 111 have been approved and are in  
 22           effect in all States with respect to the appli-  
 23           cable facilities; and

24           “(ii) compliance with the requirements  
 25           described in clause (i) will result in equiva-

1            *lent or greater emissions reductions as*  
2            *would be achieved by the proposed rule of*  
3            *the Administrator entitled ‘Standards of*  
4            *Performance for New, Reconstructed, and*  
5            *Modified Sources and Emissions Guidelines*  
6            *for Existing Sources: Oil and Natural Gas*  
7            *Sector Climate Review’ (86 Fed. Reg. 63110*  
8            *(November 15, 2021)), if such rule had been*  
9            *finalized and implemented.*

10            “(B) *RESUMPTION OF CHARGE.*—*If the con-*  
11            *ditions in clause (i) or (ii) of subparagraph (A)*  
12            *cease to apply after the Administrator has made*  
13            *the determination in that subparagraph, the ap-*  
14            *plicable facility will again be subject to the*  
15            *charge under subsection (c) beginning in the first*  
16            *calendar year in which the conditions in either*  
17            *clause (i) or (ii) of that subparagraph are no*  
18            *longer met.*

19            “(7) *PLUGGED WELLS.*—*Charges shall not be im-*  
20            *posed with respect to the emissions rate from any well*  
21            *that has been permanently shut-in and plugged in the*  
22            *previous year in accordance with all applicable clo-*  
23            *sure requirements, as determined by the Adminis-*  
24            *trator.*

1       “(g) *PERIOD.*—*The charge under subsection (c) shall*  
 2 *be imposed and collected beginning with respect to emis-*  
 3 *sions reported for calendar year 2024 and for each year*  
 4 *thereafter.*

5       “(h) *REPORTING.*—*Not later than 2 years after the*  
 6 *date of enactment of this section, the Administrator shall*  
 7 *revise the requirements of subpart W of part 98 of title 40,*  
 8 *Code of Federal Regulations, to ensure the reporting under*  
 9 *such subpart, and calculation of charges under subsections*  
 10 *(e) and (f) of this section, are based on empirical data, in-*  
 11 *cluding data collected pursuant to subsection (a)(4), accu-*  
 12 *rately reflect the total methane emissions and waste emis-*  
 13 *sions from the applicable facilities, and allow owners and*  
 14 *operators of applicable facilities to submit empirical emis-*  
 15 *sions data, in a manner to be prescribed by the Adminis-*  
 16 *trator, to demonstrate the extent to which a charge under*  
 17 *subsection (c) is owed.*

18       “(i) *DEFINITION OF GREENHOUSE GAS.*—*In this sec-*  
 19 *tion, the term ‘greenhouse gas’ means the air pollutants car-*  
 20 *bon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 21 *perfluorocarbons, and sulfur hexafluoride.”.*

22       **SEC. 60114. CLIMATE POLLUTION REDUCTION GRANTS.**

23       *The Clean Air Act is amended by inserting after sec-*  
 24 *tion 136 of such Act, as added by section 60113 of this Act,*  
 25 *the following:*

1 **“SEC. 137. GREENHOUSE GAS AIR POLLUTION PLANS AND**  
2 **IMPLEMENTATION GRANTS.**

3 “(a) *APPROPRIATIONS.—*

4 “(1) *GREENHOUSE GAS AIR POLLUTION PLAN-*  
5 *NING GRANTS.—In addition to amounts otherwise*  
6 *available, there is appropriated to the Administrator*  
7 *for fiscal year 2022, out of any amounts in the Treas-*  
8 *ury not otherwise appropriated, \$250,000,000, to re-*  
9 *main available until September 30, 2031, to carry*  
10 *out subsection (b).*

11 “(2) *GREENHOUSE GAS AIR POLLUTION IMPLE-*  
12 *MENTATION GRANTS.—In addition to amounts other-*  
13 *wise available, there is appropriated to the Adminis-*  
14 *trator for fiscal year 2022, out of any amounts in the*  
15 *Treasury not otherwise appropriated, \$4,750,000,000,*  
16 *to remain available until September 30, 2026, to*  
17 *carry out subsection (c).*

18 “(3) *ADMINISTRATIVE COSTS.—Of the funds*  
19 *made available under paragraph (2), the Adminis-*  
20 *trator shall reserve 3 percent for administrative costs*  
21 *necessary to carry out this section, to provide tech-*  
22 *nical assistance to eligible entities, to develop a plan*  
23 *that could be used as a model by grantees in devel-*  
24 *oping a plan under subsection (b), and to model the*  
25 *effects of plans described in this section.*

1       “(b) *GREENHOUSE GAS AIR POLLUTION PLANNING*  
2 *GRANTS.*—*The Administrator shall make a grant to at least*  
3 *one eligible entity in each State for the costs of developing*  
4 *a plan for the reduction of greenhouse gas air pollution to*  
5 *be submitted with an application for a grant under sub-*  
6 *section (c). Each such plan shall include programs, policies,*  
7 *measures, and projects that will achieve or facilitate the re-*  
8 *duction of greenhouse gas air pollution. Not later than 270*  
9 *days after the date of enactment of this section, the Admin-*  
10 *istrator shall publish a funding opportunity announcement*  
11 *for grants under this subsection.*

12       “(c) *GREENHOUSE GAS AIR POLLUTION REDUCTION*  
13 *IMPLEMENTATION GRANTS.*—

14               “(1) *IN GENERAL.*—*The Administrator shall*  
15 *competitively award grants to eligible entities to im-*  
16 *plement plans developed under subsection (b).*

17               “(2) *APPLICATION.*—*To apply for a grant under*  
18 *this subsection, an eligible entity shall submit to the*  
19 *Administrator an application at such time, in such*  
20 *manner, and containing such information as the Ad-*  
21 *ministrator shall require, which such application*  
22 *shall include information regarding the degree to*  
23 *which greenhouse gas air pollution is projected to be*  
24 *reduced in total and with respect to low-income and*  
25 *disadvantaged communities.*

1           “(3) *TERMS AND CONDITIONS.*—*The Adminis-*  
 2           *trator shall make funds available to a grantee under*  
 3           *this subsection in such amounts, upon such a sched-*  
 4           *ule, and subject to such conditions based on its per-*  
 5           *formance in implementing its plan submitted under*  
 6           *this section and in achieving projected greenhouse gas*  
 7           *air pollution reduction, as determined by the Admin-*  
 8           *istrator.*

9           “(d) *DEFINITIONS.*—*In this section:*

10           “(1) *ELIGIBLE ENTITY.*—*The term ‘eligible enti-*  
 11           *ty’ means—*

12                   “(A) *a State;*

13                   “(B) *an air pollution control agency;*

14                   “(C) *a municipality;*

15                   “(D) *an Indian tribe; and*

16                   “(E) *a group of one or more entities listed*  
 17           *in subparagraphs (A) through (D).*

18           “(2) *GREENHOUSE GAS.*—*The term ‘greenhouse*  
 19           *gas’ means the air pollutants carbon dioxide,*  
 20           *hydrofluorocarbons, methane, nitrous oxide,*  
 21           *perfluorocarbons, and sulfur hexafluoride.”.*

22   **SEC. 60115. ENVIRONMENTAL PROTECTION AGENCY EFFI-**  
 23           **CIENT, ACCURATE, AND TIMELY REVIEWS.**

24           *In addition to amounts otherwise available, there is*  
 25           *appropriated to the Environmental Protection Agency for*



1 *fiscal year 2022, out of any money in the Treasury not*  
 2 *otherwise appropriated, \$40,000,000, to remain available*  
 3 *until September 30, 2026, to provide for the development*  
 4 *of efficient, accurate, and timely reviews for permitting and*  
 5 *approval processes through the hiring and training of per-*  
 6 *sonnel, the development of programmatic documents, the*  
 7 *procurement of technical or scientific services for reviews,*  
 8 *the development of environmental data or information sys-*  
 9 *tems, stakeholder and community engagement, the purchase*  
 10 *of new equipment for environmental analysis, and the de-*  
 11 *velopment of geographic information systems and other*  
 12 *analysis tools, techniques, and guidance to improve agency*  
 13 *transparency, accountability, and public engagement.*

14 **SEC. 60116. LOW-EMBODIED CARBON LABELING FOR CON-**  
 15 **STRUCTION MATERIALS.**

16 (a) *IN GENERAL.*—*In addition to amounts otherwise*  
 17 *available, there is appropriated to the Administrator of the*  
 18 *Environmental Protection Agency for fiscal year 2022, out*  
 19 *of any money in the Treasury not otherwise appropriated,*  
 20 *\$100,000,000, to remain available until September 30,*  
 21 *2026, for necessary administrative costs of the Adminis-*  
 22 *trator of the Environmental Protection Agency to carry out*  
 23 *this section and to develop and carry out a program, in*  
 24 *consultation with the Administrator of the Federal High-*  
 25 *way Administration for construction materials used in*

1 *transportation projects and the Administrator of General*  
 2 *Services for construction materials used for Federal build-*  
 3 *ings, to identify and label construction materials and prod-*  
 4 *ucts that have substantially lower levels of embodied green-*  
 5 *house gas emissions associated with all relevant stages of*  
 6 *production, use, and disposal, as compared to estimated in-*  
 7 *dustry averages of similar materials or products, as deter-*  
 8 *mined by the Administrator of the Environmental Protec-*  
 9 *tion Agency, based on—*

10 *(1) environmental product declarations; or*

11 *(2) determinations by State agencies, as verified*  
 12 *by the Administrator of the Environmental Protection*  
 13 *Agency.*

14 *(b) DEFINITION OF GREENHOUSE GAS.—In this sec-*  
 15 *tion, the term “greenhouse gas” means the air pollutants*  
 16 *carbon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 17 *perfluorocarbons, and sulfur hexafluoride.*

## 18 ***Subtitle B—Hazardous Materials***

### 19 **SEC. 60201. ENVIRONMENTAL AND CLIMATE JUSTICE** 20 **BLOCK GRANTS.**

21 *The Clean Air Act is amended by inserting after sec-*  
 22 *tion 137, as added by subtitle A of this title, the following:*

1 **“SEC. 138. ENVIRONMENTAL AND CLIMATE JUSTICE BLOCK**  
 2 **GRANTS.**

3 “(a) *APPROPRIATION.*—*In addition to amounts other-*  
 4 *wise available, there is appropriated to the Administrator*  
 5 *for fiscal year 2022, out of any money in the Treasury not*  
 6 *otherwise appropriated—*

7 “(1) *\$2,800,000,000 to remain available until*  
 8 *September 30, 2026, to award grants for the activities*  
 9 *described in subsection (b); and*

10 “(2) *\$200,000,000 to remain available until Sep-*  
 11 *tember 30, 2026, to provide technical assistance to eli-*  
 12 *gible entities related to grants awarded under this*  
 13 *section.*

14 “(b) *GRANTS.*—

15 “(1) *IN GENERAL.*—*The Administrator shall use*  
 16 *amounts made available under subsection (a)(1) to*  
 17 *award grants for periods of up to 3 years to eligible*  
 18 *entities to carry out activities described in paragraph*  
 19 *(2) that benefit disadvantaged communities, as de-*  
 20 *fin ed by the Administrator.*

21 “(2) *ELIGIBLE ACTIVITIES.*—*An eligible entity*  
 22 *may use a grant awarded under this subsection for—*

23 “(A) *community-led air and other pollution*  
 24 *monitoring, prevention, and remediation, and*  
 25 *investments in low- and zero-emission and resil-*  
 26 *ient technologies and related infrastructure and*

1           *workforce development that help reduce green-*  
 2           *house gas emissions and other air pollutants;*

3           “(B) *mitigating climate and health risks*  
 4           *from urban heat islands, extreme heat, wood*  
 5           *heater emissions, and wildfire events;*

6           “(C) *climate resiliency and adaptation;*

7           “(D) *reducing indoor toxics and indoor air*  
 8           *pollution; or*

9           “(E) *facilitating engagement of disadvan-*  
 10          *tagged communities in State and Federal advi-*  
 11          *sory groups, workshops, rulemakings, and other*  
 12          *public processes.*

13          “(3) *ELIGIBLE ENTITIES.—In this subsection,*  
 14          *the term ‘eligible entity’ means—*

15               “(A) *a partnership between—*

16                   “(i) *an Indian tribe, a local govern-*  
 17                   *ment, or an institution of higher education;*  
 18                   *and*

19                   “(ii) *a community-based nonprofit or-*  
 20                   *ganization;*

21               “(B) *a community-based nonprofit organi-*  
 22               *zation; or*

23               “(C) *a partnership of community-based*  
 24               *nonprofit organizations.*

1       “(c) *ADMINISTRATIVE COSTS.*—*The Administrator*  
 2 *shall reserve 7 percent of the amounts made available under*  
 3 *subsection (a) for administrative costs to carry out this sec-*  
 4 *tion.*

5       “(d) *DEFINITION OF GREENHOUSE GAS.*—*In this sec-*  
 6 *tion, the term ‘greenhouse gas’ means the air pollutants car-*  
 7 *bon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 8 *perfluorocarbons, and sulfur hexafluoride.”.*

## 9       ***Subtitle C—United States Fish and*** 10       ***Wildlife Service***

### 11       ***SEC. 60301. ENDANGERED SPECIES ACT RECOVERY PLANS.***

12       *In addition to amounts otherwise available, there is*  
 13 *appropriated to the United States Fish and Wildlife Service*  
 14 *for fiscal year 2022, out of any money in the Treasury not*  
 15 *otherwise appropriated, \$125,000,000, to remain available*  
 16 *until expended, for the purposes of developing and imple-*  
 17 *menting recovery plans under paragraphs (1), (3), and (4)*  
 18 *of subsection (f) of section 4 of the Endangered Species Act*  
 19 *of 1973 (16 U.S.C. 1533(f)).*

### 20       ***SEC. 60302. FUNDING FOR THE UNITED STATES FISH AND*** 21       ***WILDLIFE SERVICE TO ADDRESS WEATHER*** 22       ***EVENTS.***

23       “(a) *IN GENERAL.*—*In addition to amounts otherwise*  
 24 *available, there is appropriated to the United States Fish*  
 25 *and Wildlife Service for fiscal year 2022, out of any money*

1 *in the Treasury not otherwise appropriated, \$121,250,000,*  
 2 *to remain available until September 30, 2026, to make di-*  
 3 *rect expenditures, award grants, and enter into contracts*  
 4 *and cooperative agreements for the purposes of rebuilding*  
 5 *and restoring units of the National Wildlife Refuge System*  
 6 *and State wildlife management areas by—*

7 *(1) addressing the threat of invasive species;*

8 *(2) increasing the resiliency and capacity of*  
 9 *habitats and infrastructure to withstand weather*  
 10 *events; and*

11 *(3) reducing the amount of damage caused by*  
 12 *weather events.*

13 *(b) ADMINISTRATIVE COSTS.—In addition to amounts*  
 14 *otherwise available, there is appropriated to the United*  
 15 *States Fish and Wildlife Service for fiscal year 2022, out*  
 16 *of any money in the Treasury not otherwise appropriated,*  
 17 *\$3,750,000, to remain available until September 30, 2026,*  
 18 *for necessary administrative expenses associated with car-*  
 19 *rying out this section.*

20 ***Subtitle D—Council on***  
 21 ***Environmental Quality***

22 ***SEC. 60401. ENVIRONMENTAL AND CLIMATE DATA COLLEC-***  
 23 ***TION.***

24 *In addition to amounts otherwise available, there is*  
 25 *appropriated to the Chair of the Council on Environmental*

1 *Quality for fiscal year 2022, out of any money in the Treas-*  
 2 *ury not otherwise appropriated, \$32,500,000, to remain*  
 3 *available until September 30, 2026—*

4 *(1) to support data collection efforts relating*  
 5 *to—*

6 *(A) disproportionate negative environ-*  
 7 *mental harms and climate impacts; and*

8 *(B) cumulative impacts of pollution and*  
 9 *temperature rise;*

10 *(2) to establish, expand, and maintain efforts to*  
 11 *track disproportionate burdens and cumulative im-*  
 12 *pacts and provide academic and workforce support*  
 13 *for analytics and informatics infrastructure and data*  
 14 *collection systems; and*

15 *(3) to support efforts to ensure that any map-*  
 16 *ping or screening tool is accessible to community-*  
 17 *based organizations and community members.*

18 **SEC. 60402. COUNCIL ON ENVIRONMENTAL QUALITY EFFI-**  
 19 **CIENT AND EFFECTIVE ENVIRONMENTAL RE-**  
 20 **VIEWS.**

21 *In addition to amounts otherwise available, there is*  
 22 *appropriated to the Chair of the Council on Environmental*  
 23 *Quality for fiscal year 2022, out of any money in the Treas-*  
 24 *ury not otherwise appropriated, \$30,000,000, to remain*  
 25 *available until September 30, 2026, to carry out the Council*

1 *on Environmental Quality’s functions and for the purposes*  
 2 *of training personnel, developing programmatic environ-*  
 3 *mental documents, and developing tools, guidance, and*  
 4 *techniques to improve stakeholder and community engage-*  
 5 *ment.*

6       ***Subtitle E—Transportation and***  
 7               ***Infrastructure***

8       ***SEC. 60501. NEIGHBORHOOD ACCESS AND EQUITY GRANT***  
 9               ***PROGRAM.***

10       *(a) IN GENERAL.—Chapter 1 of title 23, United States*  
 11 *Code, is amended by adding at the end the following:*

12       ***“§177. Neighborhood access and equity grant pro-***  
 13               ***gram***

14       *“(a) IN GENERAL.—In addition to amounts otherwise*  
 15 *available, there is appropriated for fiscal year 2022, out*  
 16 *of any money in the Treasury not otherwise appropriated,*  
 17 *\$1,893,000,000, to remain available until September 30,*  
 18 *2026, to the Administrator of the Federal Highway Admin-*  
 19 *istration for competitive grants to eligible entities described*  
 20 *in subsection (b)—*

21               *“(1) to improve walkability, safety, and afford-*  
 22               *able transportation access through projects that are*  
 23               *context-sensitive—*

24               *“(A) to remove, remediate, or reuse a facil-*  
 25               *ity described in subsection (c)(1);*



1           “(B) to replace a facility described in sub-  
 2           section (c)(1) with a facility that is at-grade or  
 3           lower speed;

4           “(C) to retrofit or cap a facility described  
 5           in subsection (c)(1);

6           “(D) to build or improve complete streets,  
 7           multiuse trails, regional greenways, or active  
 8           transportation networks and spines; or

9           “(E) to provide affordable access to essential  
 10          destinations, public spaces, or transportation  
 11          links and hubs;

12          “(2) to mitigate or remediate negative impacts  
 13          on the human or natural environment resulting from  
 14          a facility described in subsection (c)(2) in a dis-  
 15          advantaged or underserved community through—

16               “(A) noise barriers to reduce impacts result-  
 17               ing from a facility described in subsection (c)(2);

18               “(B) technologies, infrastructure, and ac-  
 19               tivities to reduce surface transportation-related  
 20               greenhouse gas emissions and other air pollution;

21               “(C) natural infrastructure, pervious, per-  
 22               meable, or porous pavement, or protective fea-  
 23               tures to reduce or manage stormwater run-off re-  
 24               sulting from a facility described in subsection  
 25               (c)(2);

1           “(D) infrastructure and natural features to  
2           reduce or mitigate urban heat island hot spots in  
3           the transportation right-of-way or on surface  
4           transportation facilities; or

5           “(E) safety improvements for vulnerable  
6           road users; and

7           “(3) for planning and capacity building activi-  
8           ties in disadvantaged or underserved communities  
9           to—

10           “(A) identify, monitor, or assess local and  
11           ambient air quality, emissions of transportation  
12           greenhouse gases, hot spot areas of extreme heat  
13           or elevated air pollution, gaps in tree canopy  
14           coverage, or flood prone transportation infra-  
15           structure;

16           “(B) assess transportation equity or pollu-  
17           tion impacts and develop local anti-displacement  
18           policies and community benefit agreements;

19           “(C) conduct predevelopment activities for  
20           projects eligible under this subsection;

21           “(D) expand public participation in trans-  
22           portation planning by individuals and organiza-  
23           tions in disadvantaged or underserved commu-  
24           nities; or

1                   “(E) administer or obtain technical assist-  
 2                   ance related to activities described in this sub-  
 3                   section.

4                   “(b) *ELIGIBLE ENTITIES DESCRIBED.*—An eligible en-  
 5                   tity referred to in subsection (a) is—

6                   “(1) a State;

7                   “(2) a unit of local government;

8                   “(3) a political subdivision of a State;

9                   “(4) an entity described in section 207(m)(1)(E);

10                  “(5) a territory of the United States;

11                  “(6) a special purpose district or public author-  
 12                  ity with a transportation function;

13                  “(7) a metropolitan planning organization (as  
 14                  defined in section 134(b)(2)); or

15                  “(8) with respect to a grant described in sub-  
 16                  section (a)(3), in addition to an eligible entity de-  
 17                  scribed in paragraphs (1) through (7), a nonprofit or-  
 18                  ganization or institution of higher education that has  
 19                  entered into a partnership with an eligible entity de-  
 20                  scribed in paragraphs (1) through (7).

21                  “(c) *FACILITY DESCRIBED.*—A facility referred to in  
 22                  subsection (a) is—

23                  “(1) a surface transportation facility for which  
 24                  high speeds, grade separation, or other design factors

1       *create an obstacle to connectivity within a commu-*  
 2       *nity; or*

3               “(2) *a surface transportation facility which is a*  
 4       *source of air pollution, noise, stormwater, or other*  
 5       *burden to a disadvantaged or underserved commu-*  
 6       *nity.*

7       “(d) *INVESTMENT IN ECONOMICALLY DISADVANTAGED*  
 8       *COMMUNITIES.—*

9               “(1) *IN GENERAL.—In addition to amounts oth-*  
 10       *erwise available, there is appropriated for fiscal year*  
 11       *2022, out of any money in the Treasury not otherwise*  
 12       *appropriated, \$1,262,000,000, to remain available*  
 13       *until September 30, 2026, to the Administrator of the*  
 14       *Federal Highway Administration to provide grants*  
 15       *for projects in communities described in paragraph*  
 16       *(2) for the same purposes and administered in the*  
 17       *same manner as described in subsection (a).*

18               “(2) *COMMUNITIES DESCRIBED.—A community*  
 19       *referred to in paragraph (1) is a community that—*

20                       “(A) *is economically disadvantaged, under-*  
 21       *served, or located in an area of persistent pov-*  
 22       *erty;*

23                       “(B) *has entered or will enter into a com-*  
 24       *munity benefits agreement with representatives*  
 25       *of the community;*

1           “(C) *has an anti-displacement policy, a*  
 2           *community land trust, or a community advisory*  
 3           *board in effect; or*

4           “(D) *has demonstrated a plan for employ-*  
 5           *ing local residents in the area impacted by the*  
 6           *activity or project proposed under this section.*

7           “(e) *ADMINISTRATION.—*

8           “(1) *IN GENERAL.—A project carried out under*  
 9           *subsection (a) or (d) shall be treated as a project on*  
 10          *a Federal-aid highway.*

11          “(2) *COMPLIANCE WITH EXISTING REQUIRE-*  
 12          *MENTS.—Funds made available for a grant under*  
 13          *this section and administered by or through a State*  
 14          *department of transportation shall be expended in*  
 15          *compliance with the U.S. Department of Transpor-*  
 16          *tation’s Disadvantaged Business Enterprise Program.*

17          “(f) *COST SHARE.—The Federal share of the cost of*  
 18          *an activity carried out using a grant awarded under this*  
 19          *section shall be not more than 80 percent, except that the*  
 20          *Federal share of the cost of a project in a disadvantaged*  
 21          *or underserved community may be up to 100 percent.*

22          “(g) *TECHNICAL ASSISTANCE.—In addition to*  
 23          *amounts otherwise available, there is appropriated for fiscal*  
 24          *year 2022, out of any money in the Treasury not otherwise*  
 25          *appropriated, \$50,000,000, to remain available until Sep-*

1 *tember 30, 2026, to the Administrator of the Federal High-*  
 2 *way Administration for—*

3           “(1) *guidance, technical assistance, templates,*  
 4           *training, or tools to facilitate efficient and effective*  
 5           *contracting, design, and project delivery by units of*  
 6           *local government;*

7           “(2) *subgrants to units of local government to*  
 8           *build capacity of such units of local government to as-*  
 9           *sume responsibilities to deliver surface transportation*  
 10          *projects; and*

11          “(3) *operations and administration of the Fed-*  
 12          *eral Highway Administration.*

13          “(h) *LIMITATIONS.—Amounts made available under*  
 14          *this section shall not—*

15               “(1) *be subject to any restriction or limitation*  
 16               *on the total amount of funds available for implemen-*  
 17               *tation or execution of programs authorized for Fed-*  
 18               *eral-aid highways; and*

19               “(2) *be used for a project for additional through*  
 20               *travel lanes for single-occupant passenger vehicles.”.*

21          “(b) *CLERICAL AMENDMENT.—The analysis for chapter*  
 22          *1 of title 23, United States Code, is amended by adding*  
 23          *at the end the following:*

          “177. *Neighborhood access and equity grant program.”.*

1 **SEC. 60502. ASSISTANCE FOR FEDERAL BUILDINGS.**

2       *In addition to amounts otherwise available, there is*  
3 *appropriated for fiscal year 2022, out of any money in the*  
4 *Treasury not otherwise appropriated, \$250,000,000, to re-*  
5 *main available until September 30, 2031, to be deposited*  
6 *in the Federal Buildings Fund established under section*  
7 *592 of title 40, United States Code, for measures necessary*  
8 *to convert facilities of the Administrator of General Services*  
9 *to high-performance green buildings (as defined in section*  
10 *401 of the Energy Independence and Security Act of 2007*  
11 *(42 U.S.C. 17061)).*

12 **SEC. 60503. USE OF LOW-CARBON MATERIALS.**

13       *(a) APPROPRIATION.—In addition to amounts other-*  
14 *wise available, there is appropriated for fiscal year 2022,*  
15 *out of any money in the Treasury not otherwise appro-*  
16 *priated, \$2,150,000,000, to remain available until Sep-*  
17 *tember 30, 2026, to be deposited in the Federal Buildings*  
18 *Fund established under section 592 of title 40, United*  
19 *States Code, to acquire and install materials and products*  
20 *for use in the construction or alteration of buildings under*  
21 *the jurisdiction, custody, and control of the General Services*  
22 *Administration that have substantially lower levels of em-*  
23 *bodied greenhouse gas emissions associated with all relevant*  
24 *stages of production, use, and disposal as compared to esti-*  
25 *mated industry averages of similar materials or products,*

1 *as determined by the Administrator of the Environmental*  
 2 *Protection Agency.*

3 (b) *DEFINITION OF GREENHOUSE GAS.*—*In this sec-*  
 4 *tion, the term “greenhouse gas” means the air pollutants*  
 5 *carbon dioxide, hydrofluorocarbons, methane, nitrous oxide,*  
 6 *perfluorocarbons, and sulfur hexafluoride.*

7 **SEC. 60504. GENERAL SERVICES ADMINISTRATION EMERG-**  
 8 **ING TECHNOLOGIES.**

9 *In addition to amounts otherwise available, there is*  
 10 *appropriated to the Administrator of General Services for*  
 11 *fiscal year 2022, out of any money in the Treasury not*  
 12 *otherwise appropriated, \$975,000,000, to remain available*  
 13 *until September 30, 2026, to be deposited in the Federal*  
 14 *Buildings Fund established under section 592 of title 40,*  
 15 *United States Code, for emerging and sustainable tech-*  
 16 *nologies, and related sustainability and environmental pro-*  
 17 *grams.*

18 **SEC. 60505. ENVIRONMENTAL REVIEW IMPLEMENTATION**  
 19 **FUNDS.**

20 (a) *IN GENERAL.*—*Chapter 1 of title 23, United States*  
 21 *Code, is further amended by adding at the end the following:*  
 22 **“§ 178. Environmental review implementation funds**

23 **“(a) ESTABLISHMENT.**—*In addition to amounts other-*  
 24 *wise available, for fiscal year 2022, there is appropriated*  
 25 *to the Administrator, out of any money in the Treasury*



1 *not otherwise appropriated, \$100,000,000, to remain avail-*  
2 *able until September 30, 2026, for the purpose of facili-*  
3 *tating the development and review of documents for the en-*  
4 *vironmental review process for proposed projects through—*

5       “(1) *the provision of guidance, technical assist-*  
6       *ance, templates, training, or tools to facilitate an effi-*  
7       *cient and effective environmental review process for*  
8       *surface transportation projects and any administra-*  
9       *tive expenses of the Federal Highway Administration*  
10      *to conduct activities described in this section; and*

11       “(2) *providing funds made available under this*  
12      *subsection to eligible entities—*

13               “(A) *to build capacity of such eligible enti-*  
14              *ties to conduct environmental review processes;*

15               “(B) *to facilitate the environmental review*  
16              *process for proposed projects by—*

17                       “(i) *defining the scope or study areas;*

18                       “(ii) *identifying impacts, mitigation*  
19                      *measures, and reasonable alternatives;*

20                       “(iii) *preparing planning and envi-*  
21                      *ronmental studies and other documents*  
22                      *prior to and during the environmental re-*  
23                      *view process, for potential use in the envi-*  
24                      *ronmental review process in accordance*  
25                      *with applicable statutes and regulations;*

1                   “(iv) conducting public engagement ac-  
2                   tivities; and

3                   “(v) carrying out permitting or other  
4                   activities, as the Administrator determines  
5                   to be appropriate, to support the timely  
6                   completion of an environmental review  
7                   process required for a proposed project; and

8                   “(C) for administrative expenses of the eli-  
9                   gible entity to conduct any of the activities de-  
10                  scribed in subparagraphs (A) and (B).

11               “(b) *COST SHARE*.—

12                   “(1) *IN GENERAL*.—The Federal share of the cost  
13                   of an activity carried out under this section by an el-  
14                   igible entity shall be not more than 80 percent.

15                   “(2) *SOURCE OF FUNDS*.—The non-Federal share  
16                   of the cost of an activity carried out under this sec-  
17                   tion by an eligible entity may be satisfied using funds  
18                   made available to the eligible entity under any other  
19                   Federal, State, or local grant program.

20               “(c) *DEFINITIONS*.—In this section:

21                   “(1) *ADMINISTRATOR*.—The term ‘Adminis-  
22                   trator’ means the Administrator of the Federal High-  
23                   way Administration.

24                   “(2) *ELIGIBLE ENTITY*.—The term ‘eligible enti-  
25                   ty’ means—

- 1                   “(A) a State;  
 2                   “(B) a unit of local government;  
 3                   “(C) a political subdivision of a State;  
 4                   “(D) a territory of the United States;  
 5                   “(E) an entity described in section  
 6                   207(m)(1)(E);  
 7                   “(F) a recipient of funds under section 203;  
 8                   or  
 9                   “(G) a metropolitan planning organization  
 10                  (as defined in section 134(b)(2)).

11               “(3) *ENVIRONMENTAL REVIEW PROCESS*.—The  
 12               term ‘environmental review process’ has the meaning  
 13               given the term in section 139(a)(5).

14               “(4) *PROPOSED PROJECT*.—The term ‘proposed  
 15               project’ means a surface transportation project for  
 16               which an environmental review process is required.”.

17               (b) *CLERICAL AMENDMENT*.—The analysis for chapter  
 18               1 of title 23, United States Code, is further amended by  
 19               adding at the end the following:

                  “178. Environmental review implementation funds.”.

20   **SEC. 60506. LOW-CARBON TRANSPORTATION MATERIALS**  
 21                   **GRANTS.**

22               (a) *IN GENERAL*.—Chapter 1 of title 23, United States  
 23               Code, is further amended by adding at the end the following:

1 **“§ 179. Low-carbon transportation materials grants**

2       “(a) *FEDERAL HIGHWAY ADMINISTRATION APPRO-*  
 3 *PRIATION.—In addition to amounts otherwise available,*  
 4 *there is appropriated for fiscal year 2022, out of any money*  
 5 *in the Treasury not otherwise appropriated,*  
 6 *\$2,000,000,000, to remain available until September 30,*  
 7 *2026, to the Administrator to reimburse or provide incen-*  
 8 *tives to eligible recipients for the use, in projects, of con-*  
 9 *struction materials and products that have substantially*  
 10 *lower levels of embodied greenhouse gas emissions associated*  
 11 *with all relevant stages of production, use, and disposal as*  
 12 *compared to estimated industry averages of similar mate-*  
 13 *rials or products, as determined by the Administrator of*  
 14 *the Environmental Protection Agency, and for the oper-*  
 15 *ations and administration of the Federal Highway Admin-*  
 16 *istration to carry out this section.*

17       “(b) *REIMBURSEMENT OF INCREMENTAL COSTS; IN-*  
 18 *CENTIVES.—*

19               “(1) *IN GENERAL.—The Administrator shall,*  
 20 *subject to the availability of funds, either reimburse*  
 21 *or provide incentives to eligible recipients that use*  
 22 *low-embodied carbon construction materials and*  
 23 *products on a project funded under this title.*

24               “(2) *REIMBURSEMENT AND INCENTIVE*  
 25 *AMOUNTS.—*

1           “(A) *INCREMENTAL AMOUNT.*—*The amount*  
 2           *of reimbursement under paragraph (1) shall be*  
 3           *equal to the incrementally higher cost of using*  
 4           *such materials relative to the cost of using tradi-*  
 5           *tional materials, as determined by the eligible re-*  
 6           *cipient and verified by the Administrator.*

7           “(B) *INCENTIVE AMOUNT.*—*The amount of*  
 8           *an incentive under paragraph (1) shall be equal*  
 9           *to 2 percent of the cost of using low-embodied*  
 10          *carbon construction materials and products on a*  
 11          *project funded under this title.*

12          “(3) *FEDERAL SHARE.*—*If a reimbursement or*  
 13          *incentive is provided under paragraph (1), the total*  
 14          *Federal share payable for the project for which the re-*  
 15          *imbursement or incentive is provided shall be up to*  
 16          *100 percent.*

17          “(4) *LIMITATIONS.*—

18                 “(A) *IN GENERAL.*—*The Administrator*  
 19                 *shall only provide a reimbursement or incentive*  
 20                 *under paragraph (1) for a project on a—*

21                         “(i) *Federal-aid highway;*

22                         “(ii) *tribal transportation facility;*

23                         “(iii) *Federal lands transportation fa-*  
 24                         *cility; or*

1                   “(iv) *Federal lands access transpor-*  
 2                   *tation facility.*

3                   “(B) *OTHER RESTRICTIONS.—Amounts*  
 4                   *made available under this section shall not be*  
 5                   *subject to any restriction or limitation on the*  
 6                   *total amount of funds available for implementa-*  
 7                   *tion or execution of programs authorized for*  
 8                   *Federal-aid highways.*

9                   “(C) *SINGLE OCCUPANT PASSENGER VEHI-*  
 10                   *CLES.—Funds made available under this section*  
 11                   *shall not be used for projects that result in addi-*  
 12                   *tional through travel lanes for single occupant*  
 13                   *passenger vehicles.*

14                   “(5) *MATERIALS IDENTIFICATION.—The Admin-*  
 15                   *istrator shall review the low-embodied carbon con-*  
 16                   *struction materials and products identified by the Ad-*  
 17                   *ministrator of the Environmental Protection Agency*  
 18                   *and shall identify low-embodied carbon construction*  
 19                   *materials and products—*

20                   “(A) *appropriate for use in projects eligible*  
 21                   *under this title; and*

22                   “(B) *eligible for reimbursement or incen-*  
 23                   *tives under this section.*

24                   “(c) *DEFINITIONS.—In this section:*

1           “(1) *ADMINISTRATOR*.—The term ‘Adminis-  
 2           trator’ means the Administrator of the Federal High-  
 3           way Administration.

4           “(2) *ELIGIBLE RECIPIENT*.—The term ‘eligible  
 5           recipient’ means—

6                   “(A) a State;

7                   “(B) a unit of local government;

8                   “(C) a political subdivision of a State;

9                   “(D) a territory of the United States;

10                  “(E) an entity described in section  
 11                  207(m)(1)(E);

12                  “(F) a recipient of funds under section 203;

13                  “(G) a metropolitan planning organization  
 14                  (as defined in section 134(b)(2)); or

15                  “(H) a special purpose district or public  
 16                  authority with a transportation function.

17           “(3) *GREENHOUSE GAS*.—The term ‘greenhouse  
 18           gas’ means the air pollutants carbon dioxide,  
 19           hydrofluorocarbons, methane, nitrous oxide,  
 20           perfluorocarbons, and sulfur hexafluoride.”.

21           “(b) *CLERICAL AMENDMENT*.—The analysis for chapter  
 22           1 of title 23, United States Code, is further amended by  
 23           adding at the end the following:

          “179. Low-carbon transportation materials grants.”.

1 **TITLE VII—COMMITTEE ON**  
 2 **HOMELAND SECURITY AND**  
 3 **GOVERNMENTAL AFFAIRS**

4 **SEC. 70001. DHS OFFICE OF CHIEF READINESS SUPPORT**  
 5 **OFFICER.**

6 *In addition to the amounts otherwise available, there*  
 7 *is appropriated to the Secretary of Homeland Security for*  
 8 *fiscal year 2022, out of any money in the Treasury not*  
 9 *otherwise appropriated, \$500,000,000, to remain available*  
 10 *until September 30, 2028, for the Office of the Chief Readiness*  
 11 *Support Officer to carry out sustainability and envi-*  
 12 *ronmental programs.*

13 **SEC. 70002. UNITED STATES POSTAL SERVICE CLEAN**  
 14 **FLEETS.**

15 *In addition to amounts otherwise available, there is*  
 16 *appropriated to the United States Postal Service for fiscal*  
 17 *year 2022, out of any money in the Treasury not otherwise*  
 18 *appropriated, the following amounts, to be deposited into*  
 19 *the Postal Service Fund established under section 2003 of*  
 20 *title 39, United States Code:*

21 *(1) \$1,290,000,000, to remain available through*  
 22 *September 30, 2031, for the purchase of zero-emission*  
 23 *delivery vehicles.*

24 *(2) \$1,710,000,000, to remain available through*  
 25 *September 30, 2031, for the purchase, design, and in-*



1        *stallation of the requisite infrastructure to support*  
2        *zero-emission delivery vehicles at facilities that the*  
3        *United States Postal Service owns or leases from non-*  
4        *Federal entities.*

5    **SEC. 70003. UNITED STATES POSTAL SERVICE OFFICE OF**  
6                    **INSPECTOR GENERAL.**

7        *In addition to amounts otherwise available, there is*  
8        *appropriated to the Office of Inspector General of the*  
9        *United States Postal Service for fiscal year 2022, out of*  
10       *any money in the Treasury not otherwise appropriated,*  
11       *\$15,000,000, to remain available through September 30,*  
12       *2031, to support oversight of United States Postal Service*  
13       *activities implemented pursuant to this Act.*

14    **SEC. 70004. GOVERNMENT ACCOUNTABILITY OFFICE OVER-**  
15                    **SIGHT.**

16       *In addition to amounts otherwise available, there is*  
17       *appropriated to the Comptroller General of the United*  
18       *States for fiscal year 2022, out of any money in the Treas-*  
19       *ury not otherwise appropriated, \$25,000,000, to remain*  
20       *available until September 30, 2031, for necessary expenses*  
21       *of the Government Accountability Office to support the over-*  
22       *sight of—*

23                *(1) the distribution and use of funds appro-*  
24       *priated under this Act; and*

1           (2) *whether the economic, social, and environ-*  
 2           *mental impacts of the funds described in paragraph*  
 3           *(1) are equitable.*

4   **SEC. 70005. OFFICE OF MANAGEMENT AND BUDGET OVER-**  
 5           **SIGHT.**

6           *In addition to amounts otherwise available, there are*  
 7           *appropriated to the Director of the Office of Management*  
 8           *and Budget for fiscal year 2022, out of any money in the*  
 9           *Treasury not otherwise appropriated, \$25,000,000, to re-*  
 10          *main available until September 30, 2026, for necessary ex-*  
 11          *penses to—*

12           (1) *oversee the implementation of this Act; and*  
 13           (2) *track labor, equity, and environmental*  
 14          *standards and performance.*

15   **SEC. 70006. FEMA BUILDING MATERIALS PROGRAM.**

16          *Through September 30, 2026, the Administrator of the*  
 17          *Federal Emergency Management Agency may provide fi-*  
 18          *nancial assistance under sections 203(h), 404(a), and*  
 19          *406(b) of the Robert T. Stafford Disaster Relief and Emer-*  
 20          *gency Assistance Act (42 U.S.C. 5133(h), 42 U.S.C.*  
 21          *5170c(a), 42 U.S.C. 5172(b)) for—*

22           (1) *costs associated with low-carbon materials;*  
 23          *and*  
 24           (2) *incentives that encourage low-carbon and*  
 25          *net-zero energy projects.*

1 **SEC. 70007. FEDERAL PERMITTING IMPROVEMENT STEER-**  
 2 **ING COUNCIL ENVIRONMENTAL REVIEW IM-**  
 3 **PROVEMENT FUND MANDATORY FUNDING.**

4 *In addition to amounts otherwise available, there is*  
 5 *appropriated to the Federal Permitting Improvement Steer-*  
 6 *ing Council Environmental Review Improvement Fund, out*  
 7 *of any money in the Treasury not otherwise appropriated,*  
 8 *\$350,000,000 for fiscal year 2023, to remain available*  
 9 *through September 30, 2031.*

10 **TITLE VIII—COMMITTEE ON**  
 11 **INDIAN AFFAIRS**

12 **SEC. 80001. TRIBAL CLIMATE RESILIENCE.**

13 (a) *TRIBAL CLIMATE RESILIENCE AND ADAPTA-*  
 14 *TION.—In addition to amounts otherwise available, there*  
 15 *is appropriated to the Director of the Bureau of Indian Af-*  
 16 *fairs for fiscal year 2022, out of any money in the Treasury*  
 17 *not otherwise appropriated, \$220,000,000, to remain avail-*  
 18 *able until September 30, 2031, for Tribal climate resilience*  
 19 *and adaptation programs.*

20 (b) *BUREAU OF INDIAN AFFAIRS FISH HATCH-*  
 21 *ERIES.—In addition to amounts otherwise available, there*  
 22 *is appropriated to the Director of the Bureau of Indian Af-*  
 23 *fairs for fiscal year 2022, out of any money in the Treasury*  
 24 *not otherwise appropriated, \$10,000,000, to remain avail-*  
 25 *able until September 30, 2031, for fish hatchery operations*  
 26 *and maintenance programs of the Bureau of Indian Affairs.*

1       (c) *ADMINISTRATION.*—*In addition to amounts other-*  
 2 *wise available, there is appropriated to the Director of the*  
 3 *Bureau of Indian Affairs for fiscal year 2022, out of any*  
 4 *money in the Treasury not otherwise appropriated,*  
 5 *\$5,000,000, to remain available until September 30, 2031,*  
 6 *for the administrative costs of carrying out this section.*

7       (d) *COST-SHARING AND MATCHING REQUIREMENTS.*—  
 8 *None of the funds provided by this section shall be subject*  
 9 *to cost-sharing or matching requirements.*

10       (e) *SMALL AND NEEDY PROGRAM.*—*Amounts made*  
 11 *available under this section shall be excluded from the cal-*  
 12 *culatation of funds received by those Tribal governments that*  
 13 *participate in the “Small and Needy” program.*

14       (f) *DISTRIBUTION; USE OF FUNDS.*—*Amounts made*  
 15 *available under this section that are distributed to Indian*  
 16 *Tribes and Tribal organizations for services pursuant to a*  
 17 *self-determination contract (as defined in subsection (j) of*  
 18 *section 4 of the Indian Self-Determination and Education*  
 19 *Assistance Act (25 U.S.C. 5304(j))) or a self-governance*  
 20 *compact entered into pursuant to subsection (a) of section*  
 21 *404 of the Indian Self-Determination and Education As-*  
 22 *sistance Act (25 U.S.C. 5364(a))—*

23               (1) *shall be distributed on a 1-time basis;*

24               (2) *shall not be part of the amount required by*  
 25 *subsections (a) through (b) of section 106 of the In-*

1        *dian Self-Determination and Education Assistance*  
 2        *Act (25 U.S.C. 5325(a)–(b)); and*

3                *(3) shall only be used for the purposes identified*  
 4        *under the applicable subsection.*

5    **SEC. 80002. NATIVE HAWAIIAN CLIMATE RESILIENCE.**

6        *(a) NATIVE HAWAIIAN CLIMATE RESILIENCE AND AD-*  
 7        *APTATION.—In addition to amounts otherwise available,*  
 8        *there is appropriated to the Senior Program Director of the*  
 9        *Office of Native Hawaiian Relations for fiscal year 2022,*  
 10        *out of any money in the Treasury not otherwise appro-*  
 11        *priated, \$23,500,000, to remain available until September*  
 12        *30, 2031, to carry out, through financial assistance, tech-*  
 13        *nical assistance, direct expenditure, grants, contracts, or co-*  
 14        *operative agreements, climate resilience and adaptation ac-*  
 15        *tivities that serve the Native Hawaiian Community.*

16        *(b) ADMINISTRATION.—In addition to amounts other-*  
 17        *wise available, there is appropriated to the Senior Program*  
 18        *Director of the Office of Native Hawaiian Relations for fis-*  
 19        *cal year 2022, out of any money in the Treasury not other-*  
 20        *wise appropriated, \$1,500,000, to remain available until*  
 21        *September 30, 2031, for the administrative costs of carrying*  
 22        *out this section.*

23        *(c) COST-SHARING AND MATCHING REQUIREMENTS.—*  
 24        *None of the funds provided by this section shall be subject*  
 25        *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 Sep-*  
 7 *tember 30, 2031, for—*

8           (1) *the provision of electricity to unelectrified*  
 9 *Tribal homes through zero-emissions energy systems;*

10          (2) *transitioning electrified Tribal homes to zero-*  
 11 *emissions energy systems; and*

12          (3) *associated home repairs and retrofitting nec-*  
 13 *essary to install the zero-emissions energy systems au-*  
 14 *thorized under paragraphs (1) and (2).*

15       (b) *ADMINISTRATION.*—*In addition to amounts other-*  
 16 *wise available, there is appropriated to the Director of the*  
 17 *Bureau of Indian Affairs for fiscal year 2022, out of any*  
 18 *money in the Treasury not otherwise appropriated,*  
 19 *\$4,500,000, to remain available until September 30, 2031,*  
 20 *for the administrative costs of carrying out this section.*

21       (c) *COST-SHARING AND MATCHING REQUIREMENTS.*—  
 22 *None of the funds provided by this section shall be subject*  
 23 *to cost-sharing or matching requirements.*

24       (d) *SMALL AND NEEDY PROGRAM.*—*Amounts made*  
 25 *available under this section shall be excluded from the cal-*

1 culation of funds received by those Tribal governments that  
 2 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 a  
 6 self-determination contract (as defined in subsection (j) of  
 7 section 4 of the Indian Self-Determination and Education  
 8 Assistance Act (25 U.S.C. 5304(j))) or a self-governance  
 9 compact entered into pursuant to subsection (a) of section  
 10 404 of the Indian Self-Determination and Education As-  
 11 sistance 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 identified  
 18 under the applicable subsection.

19 **SEC. 80004. EMERGENCY DROUGHT RELIEF FOR TRIBES.**

20 (a) *EMERGENCY DROUGHT RELIEF FOR TRIBES.*—In  
 21 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 not  
 24 otherwise appropriated, \$12,500,000, to remain available  
 25 until September 30, 2026, for near-term drought relief ac-

1    *tions to mitigate drought impacts for Indian Tribes that*  
2    *are impacted by the operation of a Bureau of Reclamation*  
3    *water project, including through direct financial assistance*  
4    *to address drinking water shortages and to mitigate the loss*  
5    *of Tribal trust resources.*

6        *(b) COST-SHARING AND MATCHING REQUIREMENTS.—*  
7    *None of the funds provided by this section shall be subject*  
8    *to cost-sharing or matching requirements.*

Attest:

*Secretary.*





117<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H.R. 5376**

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**AMENDMENT**