CARBON CAPTURE COALITION

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The Carbon Capture, Utilization, and Storage Tax Credit Amendments Act

To achieve carbon capture's full potential for enhancing domestic energy and industrial production, protecting and creating jobs that pay family-sustaining wages, and achieving net-zero emissions by mid-century, we need a suite of federal policies that enhance the federal Section 45Q tax credit. The Carbon Capture, Utilization, and Storage Tax Credit Amendments Act helps meet this urgent need.

The Carbon Capture, Utilization, and Storage Tax Credit Amendments Acts:

- **Extends the commence construction window of the 45Q tax credit an additional five years to the end of 2030**, establishing a critically needed investment horizon to give carbon capture, utilization, storage and direct air capture projects the time required to begin scaling up between now and midcentury;

- **Provides a direct pay option for 45Q and 48A tax credits** at the full value of the credits, eliminating the loss of significant incentive value to financial third parties and creating an urgently needed alternative for the majority of project developers who otherwise lack sufficient taxable income to fully utilize the credits, or they are exempt from federal tax liability;

- **Prevents the disallowance of 45Q credits under the BEAT tax**, granting the same tax treatment to investors in carbon capture, direct air capture and carbon utilization projects as is currently enjoyed by investors in wind and solar projects;

- **Reforms the 48A investment tax credit to implement technical fixes** to allow access to existing federal incentives to complement 45Q in financing carbon capture retrofits at existing power plants; and

- **Increases the 45Q credit value for direct air capture projects** from \$50 to \$120 per metric ton for CO_2 captured and securely stored in saline geologic formations and from \$35 to \$75 per ton for CO_2 securely stored in oil and gas fields, or for beneficial utilization as fuels, chemicals, and useful products, thus enabling crucial early commercial deployment of this climate-essential technology.

Why the Carbon Capture, Utilization, and Storage Tax Credit Amendments Act matters for investment, jobs and climate:

- The 2018 reform and expansion of the 45Q tax credit remains a signature bipartisan accomplishment and the most important carbon capture and storage incentive globally. 45Q is already spurring the development of over 30 publicly announced projects to capture and manage emissions from industrial facilities, power plants, and from ambient air through direct air capture, with many more unannounced projects in the development pipeline.

- Analyses from the International Energy Agency and Intergovernmental Panel on Climate Change make clear that the scale of deployment needed to reach net-zero emissions reduction goals requires accelerating project development economywide. Now we must optimize the 45Q credit to enable these projects to be built.

- Expanded and accelerated adoption of carbon capture, direct air capture and carbon utilization is not only essential to meeting our climate goals, but critical to continued American technology leadership and to the future of domestic energy, industry and manufacturing sectors and the high wage jobs and communities that depend on them. In fact, recent analyses by the Rhodium Group show that deployment of carbon capture and direct air capture projects and associated CO_2 transport infrastructure will generate tens to hundreds of thousands of jobs paying above average wages.

- The enhancements to the 45Q tax credit in this legislation will provide greater financial certainty, increase value and reduce risk for developers and investors in projects, leveraging greater private investment on more favorable terms, thus increasing future deployment and emissions reduction potential.