

**From:** [Carbon Capture Coalition](#)  
**Cc:** [Madelyn Morrison](#); [Jessie Stolark](#); [Sangeet Nepal](#); [Christian Flinn](#); [Leo Duke](#)  
**Subject:** Carbon Capture Coalition Legislative Update - August 19  
**Date:** Monday, August 19, 2024 2:12:16 PM  
**Attachments:** [Making the Case for CCU Parity Act Talking Points \(1\).pdf](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[Environmental-Benefits-of-Carbon-Reuse-3 \(2\).pdf](#)  
[Captured-Carbon-Utilization-Parity-Act-S.542H.R.1262-5 \(3\).pdf](#)  
[Federal-Section-45Q-Inflation-Adjustment Fact-Sheet.pdf](#)  
[Making the Case for Inflation Adjustment TPs \(2\).pdf](#)

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**[August 19, 2024]**

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Dear Legislative Work Group members,

As we wrap up the end of the 2024 summer months and head into what's shaping up to be an extremely busy fall, we wanted to provide you with a short landscape analysis on tax policy broadly on Capitol Hill and how it is impacting Coalition tax priorities.

**Heading into the fall, our top legislative priority will be getting a 45Q indexing bill introduced, so that we can build momentum for this Coalition priority ahead of 2025 and any potential discussions on revisiting clean energy tax credits as part of the expiration of TCJA.** At the end of this summary, you'll find some action items and target offices related to inflation adjustment and the CCU Parity Act.

**ASK:** If you could make sure to raise our important tax priorities during any meetings you have with offices in the next several weeks, that would be great. In addition to the targeted list of offices listed at the bottom of this message, you can reference our [118th Congress outreach list](#) for potential offices. Coalition staff is putting together a more robust strategy around 45Q indexing for the remainder of the year that builds on our collective efforts on these topics over the last 18 months, and we look forward to sharing more with you in September.

In the meantime, if you have any questions about the below, please direct them to the Coalition's Director of Government Affairs, Madelyn Morrison ([mmorrison@carboncapturecoalition.org](mailto:mmorrison@carboncapturecoalition.org)).

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## Recent Work Group Notes

[June 12 – Ad-hoc Work Group: CO<sub>2</sub> Pipeline Legislation](#)

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### Tax Policy Conversations on Capitol Hill

**House Ways and Means Republican Tax Teams:** Coalition staff have met with staff of the tax team leading the House GOP Ways and Means Supply Chains working group which is examining energy tax credits ahead of the next Congress and the 2025 expiration of the Tax Cuts and Jobs Act. Coalition staff have shared [this comment](#) with the working group which reinforces the utility of 45Q, its bipartisan nature, and the important role it plays as a key economic driver and emissions reduction tool. In addition, the comment encompasses the Coalition's top legislative and regulatory tax priorities, including adjusting 45Q for inflation beginning immediately, creating parity between credit levels for geologic storage and utilization, and making the credit more accessible for utilization project developers through targeted adjustments to the LCA process. We expect conversations with this work group to continue and become more robust post-election and as we look to a new Congress in January.

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**Group of House Republicans Defend Energy Tax Credits:** Last week, a group of House Republicans, led by Representative Andrew Garbarino (R-NY-02), penned a [letter](#) to Speaker of the House Mike Johnson (R-LA-04) cautioning that repealing energy tax credits reformed or created under the Inflation Reduction Act (IRA) could undermine the growth in the energy sector spurred by its tax provisions. In noting the bipartisan support for many of these credits, the members write, "prematurely repealing energy tax credits, particularly those which were used to justify investments that already broke ground, would undermine private investments and stop development that is already ongoing." The members go on to note that "energy tax credits have spurred innovation, incentivized investment, and created good jobs in many parts of the country - including many districts represented by members of our conference."

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**Insight from Senate Finance Committee Republicans:** Over the course of the summer, Coalition staff have met with down-dais Senate Finance Committee Republicans to ensure that we continue to tout the importance of carbon management in the broader landscape of domestic energy and climate policy and encourage congressional champions to protect key bipartisan enhancements to the credit as we enter an uncertain political environment. Coalition staff have received encouraging feedback from SFC Republican offices in that broadly, the Republican caucus sees great utility in 45Q, and given its broad bipartisan support, we are in one of the best positions of energy tax policy stakeholders moving into

the next Congress, should the balance in power shift to Republican hands. While this feedback is encouraging, it remains **essential** that Coalition participants continue to make touches with champion offices to ensure we have a robust bench of supporters to defend and build upon enhancements made to the credit in the 117th Congress. From what we understand, Senate Republican members of the Finance Committee are holding off on introducing or cosponsoring any new tax legislation while the caucus prepares a tax platform for the 119th Congress. We will continue to keep you updated as these conversations progress.

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**Insight from Senate Democrats:** Coalition staff continue to have positive conversations with Senate Democrats of key committees, including Senate Energy and Natural Resources, Senate Finance, and Senate Environment and Public Works regarding our top tax priorities and permitting guiding principles. While these conversations have been positive, the discussion around carbon management and energy policy broadly, particularly from Senate Democratic staff, has shifted to focus on trade and compliance market policy, including carbon pricing, carbon border adjustments, and the potential for a clean energy standard, next Congress. Senate Democrats seem less keen to engage on policy that could be seen as amending IRA in a concern that this could open up the law for broader reforms.

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## Action Items

Throughout the remainder of the August recess, to the extent that you are having conversations with offices, please make sure to touch on the Coalition's two top tax-based priorities, inflation indexing for 45Q and the CCU Parity Act.

Attached to this email you will find our inflation adjustment fact sheet (also [here](#)), talking points, CCU Parity fact sheets (also [here](#) and [here](#)), and talking points. In September, Coalition staff will be sharing with the Legislative Work Group a more robust work plan for inflation adjustment throughout the remainder of the year, and we look forward to your active engagement and support on these topics.

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## Indexing 45Q for Inflation

Key targets to lead the bill:

- *House Republicans:* **Feenstra, Arrington**, Fishbach, Van Duyne, Garbarino, Miller-Meeks, Dave Joyce
- *House Democrats:* **DelBene**, Budzinski, Craig, Veasey, Fletcher, Houlahan, Pettersen, Sorensen

- *Senate Republicans:* Capito, Cassidy, Grassley, Barrasso, Hoeven, Cramer, Ernst
- *Senate Democrats:* Smith, Duckworth, Hickenlooper, Coons, Schatz

***Key points to hit in your outreach on 45Q indexing:***

Thank you so much for our previous discussions on the importance of the 45Q tax credit for deploying carbon management technology across the economy. I wanted to follow up with you on a critical issue – indexing the credit for inflation.

As you are aware, high levels of inflation over the last several years have made all energy projects, including carbon management, far more costly. As a result, the real value of 45Q has diminished, reducing its effectiveness in incentivizing key projects.

The Great Plains Institute published the attached analysis, showing just how much the value of the 45Q enhancements have eroded over time, imperiling the economics of this critical technology.

As you know, most other clean energy incentives began indexing to inflation in 2022. However, the 45Q enhancements do not begin indexing until 2027. Aligning the 45Q credit with these other provisions ensures consistency and fairness across energy incentives and will help keep critical projects in the pipeline.

**We are asking that your boss lead the effort on a simple but critical piece of legislation – a bill to begin indexing 45Q for inflation starting immediately. We are happy to come meet with you to discuss this issue further and explain why crucial projects are at risk with an eroded credit value.**

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## **CCU Parity Act**

**CCU Parity Act (S.542 / H.R.1262)** (This is by no means a fully comprehensive list and encourage you to reach out to offices where you have a footprint/relationship):

- *House Republicans:* Armstrong, Buchson, Cole, Estes, Feenstra, Fischbach, Fitzpatrick, Gonzales, Hern, Hinson, Kelly, LaHood, Lucas, Meuser, Moolenaar, Mooney, Miller-Meeks, Pence, Stauber, Van Duyne, Walberg
- *House Democrats:* Budzinski, Craig, Himes, Fletcher, Mrvan, Peters, Slotkin, Sorensen, Veasey, Wild
- *Senate Democrats:* Casey, Coons, Durbin, Duckworth, Hickenlooper, Klobuchar, Lujan, Schatz, Smith, Tester

***Key points to hit in your outreach on CCU Parity:***

Thank you so much for your support of the 45Q tax credit. I am reaching out once again to encourage your boss to cosponsor the CCU Parity Act (H.R.1262/S.542), which was introduced by Reps. Schweikert and Sewell along with Sens. Whitehouse and Cassidy.

This bill would bring credit levels of the utilization pathway of 45Q in line with those of

geologic storage (\$85/ton for capture at industrial/power sources; \$180/ton for direct air capture). This parity would encourage innovation and investment in a broader range of carbon reduction technologies beyond geologic storage.

Here is a statement from the Carbon Capture [Coalition](#) in support of the bill, a short [fact sheet](#), along with a [link to the text](#). We'd be grateful to have your boss on board as a cosponsor of this legislation.

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The Carbon Capture Coalition is a nonpartisan collaboration of more than 100 companies, unions, conservation and environmental policy organizations, building federal policy support to enable economywide, commercial scale deployment of carbon management technologies. Economywide adoption of carbon management technologies are critical to **achieving net zero emissions to meet midcentury climate goals, strengthening and decarbonizing domestic energy, industrial production and manufacturing, and retaining and expanding a high-wage jobs base**. Convened by the **Great Plains Institute**, Coalition membership includes industry, energy, and technology companies; energy and industrial labor unions; and conservation, environmental, and energy policy organizations.

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[View our Member Website Here](#)

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