

115TH CONGRESS 1ST SESSION

H. R. 2853

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

IN THE HOUSE OF REPRESENTATIVES

June 8, 2017

Mr. Kind (for himself, Mr. Reed, Ms. Delbene, Mrs. Walorski, Ms. Stefanik, Mr. Pocan, Mr. Newhouse, Mr. Welch, Mr. Simpson, Mr. Schrader, Mr. Thompson of Pennsylvania, Mr. Courtney, Mr. Valadao, Mr. Gibbs, Mr. Rokita, Mr. Thomas J. Rooney of Florida, Mr. Arrington, Mr. Blum, Mr. Smucker, Mr. Katko, Mr. Stivers, Mr. Thornberry, and Mr. Collins of New York) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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

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

SECTION 1. SHORT TITLE.

- This Act may be cited as the "Agriculture Environ-
- 3 mental Stewardship Act of 2017".
- 4 SEC. 2. FINDINGS.
- 5 Congress finds the following:
- 6 (1) Incentives and encouragement for the con-7 servation and appropriate handling of nutrients con-
- 8 tained in organic matter are necessary.
- 9 (2) Biogas systems will save Federal, State, and 10 local taxpayers money by converting waste into use-11 ful products, such as fuel, fertilizer, thermal heat, 12 feedstock for hydrogen fuel cells, and renewable
- chemicals.
- 14 (3) Manure resource recovery systems will save
- 15 Federal, State, and local taxpayers money by recov-
- ering the nutrients contained in organic matter from
- their source, rather than recovering the nutrients
- after they have entered landfills or waterways.
- 19 SEC. 3. ENERGY CREDIT FOR QUALIFIED BIOGAS PROP-
- 20 ERTY AND QUALIFIED MANURE RESOURCE
- 21 **RECOVERY PROPERTY.**
- 22 (a) IN GENERAL.—Section 48(a)(3)(A) of the Inter-
- 23 nal Revenue Code of 1986 is amended by striking "or"
- 24 at the end of clause (vi) and by adding at the end the
- 25 following new clauses:
- 26 "(viii) qualified biogas property, or

1	"(ix) qualified manure resource recov-
2	ery property,".
3	(b) 30-Percent Credit.—Section 48(a)(2)(A)(i) of
4	such Code is amended by striking "and" at the end of
5	subclause (III), by striking "and" at the end of subclause
6	(IV), and by adding at the end the following new sub-
7	clauses:
8	"(V) qualified biogas property,
9	and
10	"(VI) qualified manure resource
11	recovery property, and".
12	(c) Definitions.—Section 48(c) of such Code is
13	amended by adding at the end the following new para-
14	graphs:
15	"(5) Qualified biogas property.—
16	"(A) In General.—The term 'qualified
17	biogas property' means property comprising a
18	system which—
19	"(i) uses anaerobic digesters, or other
20	biological, chemical, thermal, or mechanical
21	processes (alone or in combination), to
22	convert biomass (as defined in section
23	45K(c)(3)) into a gas which consists of not
24	less than 52 percent methane, and

1	"(ii) captures such gas for use as a
2	fuel.
3	"(B) Inclusion of Certain Cleaning
4	AND CONDITIONING EQUIPMENT.—Such term
5	shall include any property which cleans and
6	conditions the gas referred to in subparagraph
7	(A) for use as a fuel.
8	"(C) TERMINATION.—No credit shall be
9	determined under this section with respect to
10	any qualified biogas property for any period
11	after December 31, 2021.
12	"(6) Qualified manure resource recovery
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13	PROPERTY.—
	PROPERTY.— "(A) IN GENERAL.—The term 'qualified
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13 14	"(A) IN GENERAL.—The term 'qualified
13 14 15	"(A) IN GENERAL.—The term 'qualified manure resource recovery property' means
13141516	"(A) In general.—The term 'qualified manure resource recovery property' means property comprising a system which uses phys-
13 14 15 16 17	"(A) IN GENERAL.—The term 'qualified manure resource recovery property' means property comprising a system which uses physical, biological, chemical, thermal, or mechanical
13 14 15 16 17 18	"(A) IN GENERAL.—The term 'qualified manure resource recovery property' means property comprising a system which uses physical, biological, chemical, thermal, or mechanical processes to recover the nutrients nitrogen and
13 14 15 16 17 18	"(A) IN GENERAL.—The term 'qualified manure resource recovery property' means property comprising a system which uses physical, biological, chemical, thermal, or mechanical processes to recover the nutrients nitrogen and phosphorus from a non-treated digestate or ani-
13 14 15 16 17 18 19 20	"(A) IN GENERAL.—The term 'qualified manure resource recovery property' means property comprising a system which uses physical, biological, chemical, thermal, or mechanical processes to recover the nutrients nitrogen and phosphorus from a non-treated digestate or animal manure by reducing or separating at least
13 14 15 16 17 18 19 20 21	"(A) IN GENERAL.—The term 'qualified manure resource recovery property' means property comprising a system which uses physical, biological, chemical, thermal, or mechanical processes to recover the nutrients nitrogen and phosphorus from a non-treated digestate or animal manure by reducing or separating at least 50 percent of the concentration of such nutri-

1	"(B) Inclusion of certain processing
2	EQUIPMENT.—Such term shall include—
3	"(i) any property which is used to re-
4	cover the nutrients referred to in subpara-
5	graph (A), such as—
6	"(I) biological reactors,
7	"(II) crystallizers,
8	"(III) reverse osmosis mem-
9	branes and other water purifiers,
10	"(IV) evaporators,
11	"(V) distillers,
12	"(VI) decanter centrifuges, and
13	"(VII) equipment that facilitates
14	the process of dissolved air flotation,
15	ammonia stripping, gasification, or
16	ozonation, and
17	"(ii) any thermal drier which treats
18	the nutrients recovered by the processes re-
19	ferred to in subparagraph (A).
20	"(C) TERMINATION.—No credit shall be
21	determined under this section with respect to
22	any qualified manure resource recovery prop-
23	erty for any period after December 31, 2021.".
24	(d) Denial of Double Benefit for Qualified
25	BIOGAS PROPERTY.—Section 45(e) of such Code is

- 1 amended by adding at the end the following new para-
- 2 graph:
- 3 "(12) Coordination with energy credit
- 4 FOR QUALIFIED BIOGAS PROPERTY.—The term
- 5 'qualified facility' shall not include any facility which
- 6 produces electricity from gas produced by qualified
- 7 biogas property (as defined in section 48(c)(5)) if a
- 8 credit is determined under section 48 with respect to
- 9 such property for the taxable year or any prior tax-
- able year.".
- 11 (e) Effective Date.—The amendments made by
- 12 this section shall apply to periods after December 31,
- 13 2016, in taxable years ending after such date, under rules
- 14 similar to the rules of section 48(m) of such Code (as in
- 15 effect on the day before the date of the enactment of the
- 16 Revenue Reconciliation Act of 1990).
- 17 SEC. 4. NEW CLEAN RENEWABLE ENERGY BONDS FOR
- 18 QUALIFIED BIOGAS PROPERTY AND QUALI-
- 19 FIED MANURE RESOURCE RECOVERY PROP-
- 20 **ERTY.**
- 21 (a) IN GENERAL.—Section 54C(d)(1) of the Internal
- 22 Revenue Code of 1986 is amended by inserting ", a quali-
- 23 field biogas property (as defined in section 48(c)(5)), or
- 24 a qualified manure resource recovery property (as defined
- 25 in section 48(c)(6))" before "owned by".

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

4 SEC. 5. STUDY OF BIOGAS AND NUTRIENT REUSE.

- 5 (a) In General.—The Secretary of the Treasury
- 6 shall enter into an agreement with the National Renewable
- 7 Energy Laboratory to undertake a study of biogas that
- 8 addresses the following:
- 9 (1) The quality of biogas, including a compari-
- son of biogas to natural gas and the identification
- of any components of biogas which make biogas un-
- suitable for injection into existing natural gas pipe-
- lines.
- 14 (2) Methods for obtaining the highest energy
- 15 content in biogas, including the use of co-digestion
- and identifying the optimal feed mixture.
- 17 (3) Recommendations for the expansion of
- biogas production, including an analysis of the ex-
- tent to which increasing the methane content of
- biogas would result in the greater use of biogas and
- an analysis of how the expanded use of biogas could
- help meet the growing energy needs of the United
- 23 States.

- (4) Methods for productive use of nutrients re-1 2 covered from qualified manure resource recovery 3 property that benefits the agricultural economy.
- (b) REPORT.—Not later than 2 years after the date 5 of the enactment of this Act, the Secretary shall submit

to Congress a report on the study conducted under subsection (a).

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