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 renewable energy bonds to finance qualified biogas property, and for other purposes.

IN THE SENATE OF THE UNITED STATES

September 24, 2019

Mr. Brown (for himself and Mr. Roberts) introduced the following bill; which was read twice and referred to the Committee on Finance

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 renewable energy bonds to finance qualified biogas property, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 2. FINDINGS.

This Act may be cited as the “Agriculture Environmental Stewardship Act of 2019”.

Congress finds the following:
(1) Incentives and encouragement for the conservation and appropriate handling of nutrients contained in organic matter are necessary.

(2) Biogas systems will save Federal, State, and local taxpayers money by converting waste into useful products, such as fuel, fertilizer, thermal heat, feedstock for hydrogen fuel cells, and renewable chemicals.

(3) Manure resource recovery systems will save Federal, State, and local taxpayers money by recovering the nutrients contained in organic matter from their source, rather than recovering the nutrients after they have entered landfills or waterways.

SEC. 3. ENERGY CREDIT FOR QUALIFIED BIOGAS PROPERTY AND QUALIFIED MANURE RESOURCE RECOVERY PROPERTY.

(a) IN GENERAL.—Section 48(a)(3)(A) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of clause (vi) and by adding at the end the following new clauses:

“(viii) qualified biogas property, or

“(ix) qualified manure resource recovery property,”.

(b) 30-PERCENT CREDIT.—Section 48(a)(2)(A)(i) of such Code is amended by striking “and” at the end of
subclause (III), by striking “and” at the end of subclause
(IV), and by adding at the end the following new sub-
clauses:

“(V) qualified biogas property,
and
“(VI) qualified manure resource
recovery property, and”.

(c) Definitions.—Section 48(c) of such Code is
amended by adding at the end the following new para-
graphs:

“(5) Qualified biogas property.—
“(A) In general.—The term ‘qualified
biogas property’ means property comprising a
system which—
“(i) uses anaerobic digesters, or other
biological, chemical, thermal, or mechanical
processes (alone or in combination), to
convert biomass (as defined in section
45K(c)(3)) into a gas which consists of not
less than 52 percent methane, and
“(ii) captures such gas for use as a
fuel.
“(B) Inclusion of certain cleaning
and conditioning equipment.—Such term
shall include any property which cleans and
conditions the gas referred to in subparagraph (A) for use as a fuel.

"(C) Termination.—No credit shall be determined under this section with respect to any qualified biogas property for any period after December 31, 2021.

"(6) Qualified manure resource recovery property.—

"(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 nutrients, excluding any reductions during the incineration, storage, composting, or field application of the non-treated digestate or animal manure.

"(B) Inclusion of certain processing equipment.—Such term shall include—

"(i) any property which is used to recover the nutrients referred to in subparagraph (A), such as—

"(I) biological reactors,
“(II) crystallizers,

“(III) reverse osmosis membranes and other water purifiers,

“(IV) evaporators,

“(V) distillers,

“(VI) decanter centrifuges, and

“(VII) equipment that facilitates

the process of dissolved air flotation, ammonia stripping, gasification, or ozonation, and

“(ii) any thermal drier which treats

the nutrients recovered by the processes referred to in subparagraph (A).

“(C) Termination.—No credit shall be determined under this section with respect to any qualified manure resource recovery property for any period after December 31, 2021.”.

(d) Denial of Double Benefit for Qualified Biogas Property.—Section 45(e) of such Code is amended by adding at the end the following new paragraph:

“(12) Coordination with energy credit for qualified biogas property.—The term ‘qualified facility’ shall not include any facility which produces electricity from gas produced by qualified
biogas property (as defined in section 48(c)(5)) if a credit is determined under section 48 with respect to such property for the taxable year or any prior taxable year.”.

(e) Effective Date.—The amendments made by this section shall apply to periods after December 31, 2018, in taxable years ending after such date, under rules similar to the rules of section 48(m) of such Code (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 4. STUDY OF BIOGAS AND NUTRIENT REUSE.

(a) In General.—The Secretary of the Treasury shall enter into an agreement with the National Renewable Energy Laboratory to undertake a study of biogas that addresses the following:

(1) The quality of biogas, including a comparison of biogas to natural gas and the identification of any components of biogas which make biogas unsuitable for injection into existing natural gas pipelines.

(2) Methods for obtaining the highest energy content in biogas, including the use of co-digestion and identifying the optimal feed mixture.

(3) Recommendations for the expansion of biogas production, including an analysis of the...
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 States.

(4) Methods for productive use of nutrients recovered from qualified manure resource recovery property that benefits the agricultural economy.

(b) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under subsection (a).