

114TH CONGRESS
1ST SESSION

S. 1656

To amend the Internal Revenue Code of 1986 to extend the publicly traded partnership ownership structure to energy power generation projects and transportation fuels, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 24, 2015

Mr. COONS (for himself, Mr. MORAN, Ms. MURKOWSKI, Ms. STABENOW, Ms. COLLINS, Mr. BENNET, Mr. GARDNER, and Mr. KING) 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 extend the publicly traded partnership ownership structure to energy power generation projects and transportation fuels, 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,

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Master Limited Part-
5 nerships Parity Act”.

1 **SEC. 2. EXTENSION OF PUBLICLY TRADED PARTNERSHIP**
2 **OWNERSHIP STRUCTURE TO ENERGY POWER**
3 **GENERATION PROJECTS, TRANSPORTATION**
4 **FUELS, AND RELATED ENERGY ACTIVITIES.**

5 (a) **IN GENERAL.**—Subparagraph (E) of section
6 7704(d)(1) of the Internal Revenue Code of 1986 is
7 amended—

8 (1) by striking “income and gains derived from
9 the exploration” and inserting “income and gains
10 derived from the following:

11 “(i) **MINERALS, NATURAL RE-**
12 **SOURCES, ETC.**—The exploration”,

13 (2) by inserting “or” before “industrial
14 source”,

15 (3) by inserting a period after “carbon diox-
16 ide”, and

17 (4) by striking “, or the transportation or stor-
18 age” and all that follows and inserting the following:

19 “(ii) **RENEWABLE ENERGY.**—The gen-
20 eration of electric power (including the
21 leasing of tangible personal property used
22 for such generation) exclusively utilizing
23 any resource described in section 45(c)(1)
24 or energy property described in section 48
25 (determined without regard to any termi-
26 nation date), or in the case of a facility de-

1 scribed in paragraph (3) or (7) of section
2 45(d) (determined without regard to any
3 placed in service date or date by which
4 construction of the facility is required to
5 begin), the accepting or processing of such
6 resource.

7 “(iii) ELECTRICITY STORAGE DE-
8 VICES.—The receipt and sale of electric
9 power that has been stored in a device di-
10 rectly connected to the grid.

11 “(iv) COMBINED HEAT AND POWER.—
12 The generation, storage, or distribution of
13 thermal energy exclusively utilizing prop-
14 erty described in section 48(c)(3) (deter-
15 mined without regard to subparagraphs
16 (B) and (D) thereof and without regard to
17 any placed in service date).

18 “(v) RENEWABLE THERMAL EN-
19 ERGY.—The generation, storage, or dis-
20 tribution of thermal energy exclusively
21 using any resource described in section
22 45(c)(1) or energy property described in
23 clause (i) or (iii) of section 48(a)(3)(A).

24 “(vi) WASTE HEAT TO POWER.—The
25 use of recoverable waste energy, as defined

1 in section 371(5) of the Energy Policy and
2 Conservation Act (42 U.S.C. 6341(5)) (as
3 in effect on the date of the enactment of
4 the Master Limited Partnerships Parity
5 Act).

6 “(vii) RENEWABLE FUEL INFRA-
7 STRUCTURE.—The storage or transpor-
8 tation of any fuel described in subsection
9 (b), (c), (d), or (e) of section 6426.

10 “(viii) RENEWABLE FUELS.—The pro-
11 duction, storage, or transportation of any
12 renewable fuel described in section
13 211(o)(1)(J) of the Clean Air Act (42
14 U.S.C. 7545(o)(1)(J)) (as in effect on the
15 date of the enactment of the Master Lim-
16 ited Partnerships Parity Act) or section
17 40A(d)(1).

18 “(ix) RENEWABLE CHEMICALS.—The
19 production, storage, or transportation of
20 any qualifying renewable chemical (as de-
21 fined in paragraph (6)).

22 “(x) ENERGY EFFICIENT BUILD-
23 INGS.—The audit and installation through
24 contract or other agreement of any energy

1 efficient building property described in sec-
2 tion 179D(c)(1).

3 “(xi) GASIFICATION WITH SEQUES-
4 TRATION.—The production of any product
5 or the generation of electric power from a
6 project that meets the requirements of sub-
7 paragraphs (A) and (B) of section
8 48B(c)(1) and that separates and seques-
9 ters in secure geological storage (as deter-
10 mined under section 45Q(d)(2)) at least 75
11 percent of such project’s total qualified
12 carbon dioxide (as defined in section
13 45Q(b)).

14 “(xii) CARBON CAPTURE AND SEQUES-
15 TRATION.—

16 “(I) POWER GENERATION FACILI-
17 TIES.—The generation or storage of
18 electric power (including associated
19 income from the sale or marketing of
20 energy, capacity, resource adequacy,
21 and ancillary services) produced from
22 any power generation facility which is,
23 or from any power generation unit
24 within, a qualified facility described in
25 section 45Q(c) which—

1 “(aa) in the case of a power
2 generation facility or power gen-
3 eration unit placed in service
4 after January 8, 2013, captures
5 50 percent or more of the quali-
6 fied carbon dioxide (as defined in
7 section 45Q(b)) of such facility
8 and disposes of such captured
9 qualified carbon dioxide in secure
10 geological storage (as determined
11 under section 45Q(d)(2)), and

12 “(bb) in the case of a power
13 generation facility or power gen-
14 eration unit placed in service be-
15 fore January 9, 2013, captures
16 30 percent or more of the quali-
17 fied carbon dioxide (as defined in
18 section 45Q(b)) of such facility
19 and disposes of such captured
20 qualified carbon dioxide in secure
21 geological storage (as determined
22 under section 45Q(d)(2)).

23 “(II) OTHER FACILITIES.—The
24 sale of any good or service from any
25 facility (other than a power generation

1 facility) which is a qualified facility
2 described in section 45Q(c) and the
3 captured qualified carbon dioxide (as
4 so defined) of which is disposed of in
5 secure geological storage (as deter-
6 mined under section 45Q(d)(2)).”.

7 (b) RENEWABLE CHEMICAL.—

8 (1) IN GENERAL.—Section 7704(d) of such
9 Code is amended by adding at the end the following
10 new paragraph:

11 “(6) QUALIFYING RENEWABLE CHEMICAL.—

12 “(A) IN GENERAL.—The term ‘qualifying
13 renewable chemical’ means any renewable chem-
14 ical (as defined in section 9001 of the Agri-
15 culture Act of 2014)—

16 “(i) which is produced by the taxpayer
17 in the United States or in a territory or
18 possession of the United States,

19 “(ii) which is the product of, or reli-
20 ant upon, biological conversion, thermal
21 conversion, or a combination of biological
22 and thermal conversion, of renewable bio-
23 mass (as defined in section 9001(12) of
24 the Farm Security and Rural Investment
25 Act of 2002),

1 “(iii) the biobased content of which is
2 95 percent or higher,

3 “(iv) which is sold or used by the tax-
4 payer—

5 “(I) for the production of chem-
6 ical products, polymers, plastics, or
7 formulated products, or

8 “(II) as chemicals, polymers,
9 plastics, or formulated products,

10 “(v) which is not sold or used for the
11 production of any food, feed, or fuel, and

12 “(vi) which is—

13 “(I) acetic acid, acrylic acid, acyl
14 glutamate, adipic acid, algae oils,
15 algae sugars, aromatics, 1,4-
16 butanediol, iso-butanol, n-butanol,
17 carboxylic acids, cellulosic sugar,
18 diethyl methylene malonate, ethyl ace-
19 tate, farnesene, gamma-butyrolactone,
20 glucaric acid, hexamethylenediamine,
21 3-hydroxy propionic acid, C10 hydro-
22 carbons, isoprene, itaconic acid,
23 ketals, levulinic acid, olefins,
24 polyhydroxyalkonate, polylactic acid,
25 polyitaconic acid, polyols from vege-

1 table oils, poly(xylitan levulinate
2 ketal), 1,3-propanediol, 1,2-
3 propanediol, succinic acid, terpenes,
4 thiols, or p-Xylene, or

5 “(II) any chemical not described
6 in clause (i) which is a chemical listed
7 by the Secretary for purposes of this
8 paragraph.

9 “(B) BIOBASED CONTENT.—For purposes
10 of subparagraph (A)(iii), the term ‘biobased
11 content percentage’ means, with respect to any
12 renewable chemical, the biobased content of
13 such chemical (expressed as a percentage) de-
14 termined by testing representative samples
15 using the American Society for Testing and
16 Materials (ASTM) D6866.’”.

17 (2) LIST OF OTHER QUALIFYING RENEWABLE
18 CHEMICALS.—Not later than 180 days after the date
19 of the enactment of this Act, the Secretary of the
20 Treasury (or the Secretary’s delegate), in consulta-
21 tion with the Secretary of Agriculture, shall establish
22 a program to consider applications from taxpayers
23 for the listing of chemicals under section
24 7874(d)(6)(A)(vi)(II) (as added by paragraph (1)).

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on the date of the enactment
3 of this Act, in taxable years ending after such date.

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