

AMENDMENT NO. _____ Calendar No. _____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—117th Cong., 1st Sess.

H. R. 5376

To provide for reconciliation pursuant to title II of S. Con.
Res. 14.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by _____

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Inflation Reduction
5 Act of 2022”.

6 **TITLE I—COMMITTEE ON**
7 **FINANCE**

8 **Subtitle A—Deficit Reduction**

9 **SEC. 10001. AMENDMENT OF 1986 CODE.**

10 Except as otherwise expressly provided, whenever in
11 this subtitle an amendment or repeal is expressed in terms
12 of an amendment to, or repeal of, a section or other provi-

1 sion, the reference shall be considered to be made to a
2 section or other provision of the Internal Revenue Code
3 of 1986.

4 **PART 1—CORPORATE TAX REFORM**

5 **SEC. 10101. CORPORATE ALTERNATIVE MINIMUM TAX.**

6 (a) IMPOSITION OF TAX.—

7 (1) IN GENERAL.—Paragraph (2) of section
8 55(b) is amended to read as follows:

9 “(2) CORPORATIONS.—

10 “(A) APPLICABLE CORPORATIONS.—In the
11 case of an applicable corporation, the tentative
12 minimum tax for the taxable year shall be the
13 excess of—

14 “(i) 15 percent of the adjusted finan-
15 cial statement income for the taxable year
16 (as determined under section 56A), over

17 “(ii) the corporate AMT foreign tax
18 credit for the taxable year.

19 “(B) OTHER CORPORATIONS.—In the case
20 of any corporation which is not an applicable
21 corporation, the tentative minimum tax for the
22 taxable year shall be zero.”.

23 (2) APPLICABLE CORPORATION.—Section 59 is
24 amended by adding at the end the following new
25 subsection:

1 “(k) APPLICABLE CORPORATION.—For purposes of
2 this part—

3 “(1) APPLICABLE CORPORATION DEFINED.—

4 “(A) IN GENERAL.—The term ‘applicable
5 corporation’ means, with respect to any taxable
6 year, any corporation (other than an S corpora-
7 tion, a regulated investment company, or a real
8 estate investment trust) which meets the aver-
9 age annual adjusted financial statement income
10 test of subparagraph (B) for one or more tax-
11 able years which—

12 “(i) are prior to such taxable year,

13 and

14 “(ii) end after December 31, 2021.

15 “(B) AVERAGE ANNUAL ADJUSTED FINAN-
16 CIAL STATEMENT INCOME TEST.—For purposes
17 of this subsection—

18 “(i) a corporation meets the average
19 annual adjusted financial statement income
20 test for a taxable year if the average an-
21 nual adjusted financial statement income
22 of such corporation for the 3-taxable-year
23 period ending with such taxable year ex-
24 ceeds \$1,000,000,000, and

1 “(ii) in the case of a corporation de-
2 scribed in paragraph (2), such corporation
3 meets the average annual adjusted finan-
4 cial statement income test for a taxable
5 year if—

6 “(I) the corporation meets the re-
7 quirements of clause (i) for such tax-
8 able year (determined after the appli-
9 cation of paragraph (2)), and

10 “(II) the average annual adjusted
11 financial statement income of such
12 corporation (determined without re-
13 gard to the application of paragraph
14 (2)) for the 3-taxable-year-period end-
15 ing with such taxable year is
16 \$100,000,000 or more.

17 “(C) EXCEPTION.—Notwithstanding sub-
18 paragraph (A), the term ‘applicable corporation’
19 shall not include any corporation which other-
20 wise meets the requirements of subparagraph
21 (A) if—

22 “(i) such corporation—

23 “(I) has a change in ownership,
24 or

1 “(II) has a specified number (to
2 be determined by the Secretary and
3 which shall, as appropriate, take into
4 account the facts and circumstances
5 of the taxpayer) of consecutive taxable
6 years, including the most recent tax-
7 able year, in which the corporation
8 does not meet the average annual ad-
9 justed financial statement income test
10 of subparagraph (B), and

11 “(ii) the Secretary determines that it
12 would not be appropriate to continue to
13 treat such corporation as an applicable cor-
14 poration.

15 The preceding sentence shall not apply to any
16 corporation if, after the Secretary makes the
17 determination described in clause (ii), such cor-
18 poration meets the average annual adjusted fi-
19 nancial statement income test of subparagraph
20 (B) for any taxable year beginning after the
21 first taxable year for which such determination
22 applies.

23 “(D) SPECIAL RULES FOR DETERMINING
24 APPLICABLE CORPORATION STATUS.—Solely for
25 purposes of determining whether a corporation

1 is an applicable corporation under paragraph
2 (1), all adjusted financial statement income of
3 persons treated as a single employer with such
4 corporation under subsection (a) or (b) of sec-
5 tion 52 shall be treated as adjusted financial
6 statement of income of such corporation, and
7 adjusted financial statement income of such
8 corporation shall be determined without regard
9 to paragraphs (2)(D)(i) and (11) of section
10 56A(c).

11 “(E) OTHER SPECIAL RULES.—

12 “(i) CORPORATIONS IN EXISTENCE
13 FOR LESS THAN 3 YEARS.—If the corpora-
14 tion was in existence for less than 3-tax-
15 able years, subparagraph (B) shall be ap-
16 plied on the basis of the period during
17 which such corporation was in existence.

18 “(ii) SHORT TAXABLE YEARS.—Ad-
19 justed financial statement income for any
20 taxable year of less than 12 months shall
21 be annualized by multiplying the adjusted
22 financial statement income for the short
23 period by 12 and dividing the result by the
24 number of months in the short period.

1 “(iii) TREATMENT OF PREDE-
2 CESSORS.—Any reference in this subpara-
3 graph to a corporation shall include a ref-
4 erence to any predecessor of such corpora-
5 tion.

6 “(2) SPECIAL RULE FOR FOREIGN-PARENTED
7 CORPORATIONS.—

8 “(A) IN GENERAL.—Solely for purposes of
9 determining whether a corporation meets the
10 average annual adjusted financial statement in-
11 come test under paragraph (1)(B)(ii)(I), in the
12 case of any corporation which for any taxable
13 year is a member of an international financial
14 reporting group the common parent of which is
15 a foreign corporation, such corporation shall in-
16 clude in the adjusted financial statement in-
17 come of such corporation for such taxable year
18 the adjusted financial statement income of all
19 foreign members of such group. Solely for pur-
20 poses of this subparagraph, adjusted financial
21 statement income shall be determined without
22 regard to paragraphs (2)(D)(i), (3), (4), and
23 (11) of section 56A(c).

24 “(B) INTERNATIONAL FINANCIAL REPORT-
25 ING GROUP.—For purposes of subparagraph

1 (A), the term ‘international financial reporting
2 group’ shall have the meaning given such term
3 by section 163(n)(3).

4 “(C) COMMON PARENT.—For purposes of
5 subparagraph (A), the term ‘common parent’
6 has the meaning given such term under section
7 163(n)(5).

8 “(3) REGULATIONS OR OTHER GUIDANCE.—
9 The Secretary shall provide regulations or other
10 guidance for the purposes of carrying out this sub-
11 section, including regulations or other guidance—

12 “(A) providing a simplified method for de-
13 termining whether a corporation meets the re-
14 quirements of paragraph (1), and

15 “(B) addressing the application of this
16 subsection to a corporation that experiences a
17 change in ownership.”.

18 (3) REDUCTION FOR BASE EROSION AND ANTI-
19 ABUSE TAX.—Section 55(a)(2) is amended by insert-
20 ing “plus, in the case of an applicable corporation,
21 the tax imposed by section 59A” before the period
22 at the end.

23 (4) CONFORMING AMENDMENTS.—

1 (A) Section 55(a) is amended by striking
2 “In the case of a taxpayer other than a cor-
3 poration, there” and inserting “There”.

4 (B)(i) Section 55(b)(1) is amended—

5 (I) by striking so much as precedes
6 subparagraph (A) and inserting the fol-
7 lowing:

8 “(1) NONCORPORATE TAXPAYERS.—In the case
9 of a taxpayer other than a corporation—”, and

10 (II) by adding at the end the fol-
11 lowing new subparagraph:

12 “(D) ALTERNATIVE MINIMUM TAXABLE IN-
13 COME.—The term ‘alternative minimum taxable
14 income’ means the taxable income of the tax-
15 payer for the taxable year—

16 “(i) determined with the adjustments
17 provided in section 56 and section 58, and

18 “(ii) increased by the amount of the
19 items of tax preference described in section
20 57.

21 If a taxpayer is subject to the regular tax, such
22 taxpayer shall be subject to the tax imposed by
23 this section (and, if the regular tax is deter-
24 mined by reference to an amount other than
25 taxable income, such amount shall be treated as

1 the taxable income of such taxpayer for pur-
2 poses of the preceding sentence).”.

3 (ii) Section 860E(a)(4) is amended by
4 striking “55(b)(2)” and inserting
5 “55(b)(1)(D)”.

6 (iii) Section 897(a)(2)(A)(i) is amended by
7 striking “55(b)(2)” and inserting
8 “55(b)(1)(D)”.

9 (C) Section 11(d) is amended by striking
10 “the tax imposed by subsection (a)” and insert-
11 ing “the taxes imposed by subsection (a) and
12 section 55”.

13 (D) Section 12 is amended by adding at
14 the end the following new paragraph:

15 “(5) For alternative minimum tax, see section
16 55.”.

17 (E) Section 882(a)(1) is amended by in-
18 serting “, 55,” after “section 11”.

19 (F) Section 6425(c)(1)(A) is amended to
20 read as follows:

21 “(A) the sum of—

22 “(i) the tax imposed by section 11 or
23 subchapter L of chapter 1, whichever is
24 applicable, plus

1 “(ii) the tax imposed by section 55,
2 plus
3 “(iii) the tax imposed by section 59A,
4 over”.

5 (G) Section 6655(e)(2) is amended by in-
6 serting “, adjusted financial statement income
7 (as defined in section 56A),” before “and modi-
8 fied taxable income” each place it appears in
9 subparagraphs (A)(i) and (B)(i).

10 (H) Section 6655(g)(1)(A) is amended by
11 redesignating clauses (ii) and (iii) as clauses
12 (iii) and (iv), respectively, and by inserting
13 after clause (i) the following new clause:

14 “(ii) the tax imposed by section 55,”.

15 (b) ADJUSTED FINANCIAL STATEMENT INCOME.—

16 (1) IN GENERAL.—Part VI of subchapter A of
17 chapter 1 is amended by inserting after section 56
18 the following new section:

19 **“SEC. 56A. ADJUSTED FINANCIAL STATEMENT INCOME.**

20 “(a) IN GENERAL.—For purposes of this part, the
21 term ‘adjusted financial statement income’ means, with re-
22 spect to any corporation for any taxable year, the net in-
23 come or loss of the taxpayer set forth on the taxpayer’s
24 applicable financial statement for such taxable year, ad-
25 justed as provided in this section.

1 “(b) APPLICABLE FINANCIAL STATEMENT.—For
2 purposes of this section, the term ‘applicable financial
3 statement’ means, with respect to any taxable year, an ap-
4 plicable financial statement (as defined in section
5 451(b)(3) or as specified by the Secretary in regulations
6 or other guidance) which covers such taxable year.

7 “(c) GENERAL ADJUSTMENTS.—

8 “(1) STATEMENTS COVERING DIFFERENT TAX-
9 ABLE YEARS.—Appropriate adjustments shall be
10 made in adjusted financial statement income in any
11 case in which an applicable financial statement cov-
12 ers a period other than the taxable year.

13 “(2) SPECIAL RULES FOR RELATED ENTI-
14 TIES.—

15 “(A) CONSOLIDATED FINANCIAL STATE-
16 MENTS.—If the financial results of a taxpayer
17 are reported on the applicable financial state-
18 ment for a group of entities, rules similar to the
19 rules of section 451(b)(5) shall apply.

20 “(B) CONSOLIDATED RETURNS.—Except
21 as provided in regulations prescribed by the
22 Secretary, if the taxpayer is part of an affili-
23 ated group of corporations filing a consolidated
24 return for any taxable year, adjusted financial
25 statement income for such group for such tax-

1 able year shall take into account items on the
2 group's applicable financial statement which are
3 properly allocable to members of such group.

4 “(C) TREATMENT OF DIVIDENDS AND
5 OTHER AMOUNTS.—In the case of any corpora-
6 tion which is not included on a consolidated re-
7 turn with the taxpayer, adjusted financial state-
8 ment income of the taxpayer with respect to
9 such other corporation shall be determined by
10 only taking into account the dividends received
11 from such other corporation (reduced to the ex-
12 tent provided by the Secretary in regulations or
13 other guidance) and other amounts which are
14 includible in gross income or deductible as a
15 loss under this chapter (other than amounts re-
16 quired to be included under sections 951 and
17 951A or such other amounts as provided by the
18 Secretary) with respect to such other corpora-
19 tion.

20 “(D) TREATMENT OF PARTNERSHIPS.—

21 “(i) IN GENERAL.—Except as pro-
22 vided by the Secretary, if the taxpayer is
23 a partner in a partnership, adjusted finan-
24 cial statement income of the taxpayer shall
25 be adjusted to only take into account the

1 taxpayer's distributive share of adjusted fi-
2 nancial statement income of such partner-
3 ship.

4 “(ii) ADJUSTED FINANCIAL STATE-
5 MENT INCOME OF PARTNERSHIPS.—For
6 the purposes of this part, the adjusted fi-
7 nancial statement income of a partnership
8 shall be the partnership's net income or
9 loss set forth on such partnership's appli-
10 cable financial statement (adjusted under
11 rules similar to the rules of this section).

12 “(3) ADJUSTMENTS TO TAKE INTO ACCOUNT
13 CERTAIN ITEMS OF FOREIGN INCOME.—

14 “(A) IN GENERAL.—If, for any taxable
15 year, a taxpayer is a United States shareholder
16 of one or more controlled foreign corporations,
17 the adjusted financial statement income of such
18 taxpayer shall be adjusted to take into account
19 such taxpayer's pro rata share (determined
20 under rules similar to the rules under section
21 951(a)(2)) of items taken into account in com-
22 puting the net income or loss set forth on the
23 applicable financial statement (as adjusted
24 under rules similar to those that apply in deter-
25 mining adjusted financial statement income) of

1 each such controlled foreign corporation with
2 respect to which such taxpayer is a United
3 States shareholder.

4 “(B) NEGATIVE ADJUSTMENTS.—In any
5 case in which the adjustment determined under
6 subparagraph (A) would result in a negative ad-
7 justment for such taxable year—

8 “(i) no adjustment shall be made
9 under this paragraph for such taxable
10 year, and

11 “(ii) the amount of the adjustment
12 determined under this paragraph for the
13 succeeding taxable year (determined with-
14 out regard to this paragraph) shall be re-
15 duced by an amount equal to the negative
16 adjustment for such taxable year.

17 “(4) EFFECTIVELY CONNECTED INCOME.—In
18 the case of a foreign corporation, to determine ad-
19 justed financial statement income, the principles of
20 section 882 shall apply.

21 “(5) ADJUSTMENTS FOR CERTAIN TAXES.—Ad-
22 justed financial statement income shall be appro-
23 priately adjusted to disregard any Federal income
24 taxes, or income, war profits, or excess profits taxes
25 (within the meaning of section 901) with respect to

1 a foreign country or possession of the United States,
2 which are taken into account on the taxpayer's ap-
3 plicable financial statement. To the extent provided
4 by the Secretary, the preceding sentence shall not
5 apply to income, war profits, or excess profits taxes
6 (within the meaning of section 901) that are im-
7 posed by a foreign country or possession of the
8 United States and taken into account on the tax-
9 payer's applicable financial statement if the taxpayer
10 does not choose to have the benefits of subpart A of
11 part III of subchapter N for the taxable year. The
12 Secretary shall prescribe such regulations or other
13 guidance as may be necessary and appropriate to
14 provide for the proper treatment of current and de-
15 ferred taxes for purposes of this paragraph, includ-
16 ing the time at which such taxes are properly taken
17 into account.

18 “(6) ADJUSTMENT WITH RESPECT TO DIS-
19 REGARDED ENTITIES.—Adjusted financial statement
20 income shall be adjusted to take into account any
21 adjusted financial statement income of a disregarded
22 entity owned by the taxpayer.

23 “(7) SPECIAL RULE FOR COOPERATIVES.—In
24 the case of a cooperative to which section 1381 ap-
25 plies, the adjusted financial statement income (deter-

1 mined without regard to this paragraph) shall be re-
2 duced by the amounts referred to in section 1382(b)
3 (relating to patronage dividends and per-unit retain
4 allocations) to the extent such amounts were not
5 otherwise taken into account in determining ad-
6 justed financial statement income.

7 “(8) RULES FOR ALASKA NATIVE CORPORA-
8 TIONS.—Adjusted financial statement income shall
9 be appropriately adjusted to allow—

10 “(A) cost recovery and depletion attrib-
11 utable to property the basis of which is deter-
12 mined under section 21(c) of the Alaska Native
13 Claims Settlement Act (43 U.S.C. 1620(c)),
14 and

15 “(B) deductions for amounts payable made
16 pursuant to section 7(i) or section 7(j) of such
17 Act (43 U.S.C. 1606(i) and 1606(j)) only at
18 such time as the deductions are allowed for tax
19 purposes.

20 “(9) AMOUNTS ATTRIBUTABLE TO ELECTIONS
21 FOR DIRECT PAYMENT OF CERTAIN CREDITS.—Ad-
22 justed financial statement income shall be appro-
23 priately adjusted to disregard any amount treated as
24 a payment against the tax imposed by subtitle A
25 pursuant to an election under section 6417, to the

1 extent such amount was not otherwise taken into ac-
2 count under paragraph (5).

3 “(10) CONSISTENT TREATMENT OF MORTGAGE
4 SERVICING INCOME OF TAXPAYER OTHER THAN A
5 REGULATED INVESTMENT COMPANY.—

6 “(A) IN GENERAL.—Adjusted financial
7 statement income shall be adjusted so as not to
8 include any item of income in connection with
9 a mortgage servicing contract any earlier than
10 when such income is included in gross income
11 under any other provision of this chapter.

12 “(B) RULES FOR AMOUNTS NOT REP-
13 RESENTING REASONABLE COMPENSATION.—
14 The Secretary shall provide regulations to pre-
15 vent the avoidance of taxes imposed by this
16 chapter with respect to amounts not rep-
17 resenting reasonable compensation (as deter-
18 mined by the Secretary) with respect to a mort-
19 gage servicing contract.

20 “(11) ADJUSTMENT WITH RESPECT TO DE-
21 FINED BENEFIT PENSIONS.—

22 “(A) IN GENERAL.—Except as otherwise
23 provided in rules prescribed by the Secretary in
24 regulations or other guidance, adjusted finan-
25 cial statement income shall be—

1 “(i) adjusted to disregard any amount
2 of income, cost, or expense that would oth-
3 erwise be included on the applicable finan-
4 cial statement in connection with any cov-
5 ered benefit plan,

6 “(ii) increased by any amount of in-
7 come in connection with any such covered
8 benefit plan that is included in the gross
9 income of the corporation under any other
10 provision of this chapter, and

11 “(iii) reduced by deductions allowed
12 under any other provision of this chapter
13 with respect to any such covered benefit
14 plan.

15 “(B) COVERED BENEFIT PLAN.—For pur-
16 poses of this paragraph, the term ‘covered ben-
17 efit plan’ means—

18 “(i) a defined benefit plan (other than
19 a multiemployer plan described in section
20 414(f)) if the trust which is part of such
21 plan is an employees’ trust described in
22 section 401(a) which is exempt from tax
23 under section 501(a),

24 “(ii) any qualified foreign plan (as de-
25 fined in section 404A(e)), or

1 “(iii) any other defined benefit plan
2 which provides post-employment benefits
3 other than pension benefits.

4 “(12) TAX-EXEMPT ENTITIES.—In the case of
5 an organization subject to tax under section 511, ad-
6 justed financial statement income shall be appro-
7 priately adjusted to only take into account any ad-
8 justed financial statement income—

9 “(A) of an unrelated trade or business (as
10 defined in section 513) of such organization, or

11 “(B) derived from debt-financed property
12 (as defined in section 514) to the extent that
13 income from such property is treated as unre-
14 lated business taxable income.

15 “(13) SECRETARIAL AUTHORITY TO ADJUST
16 ITEMS.—The Secretary shall issue regulations or
17 other guidance to provide for such adjustments to
18 adjusted financial statement income as the Secretary
19 determines necessary to carry out the purposes of
20 this section, including adjustments—

21 “(A) to prevent the omission or duplication
22 of any item, and

23 “(B) to carry out the principles of part II
24 of subchapter C of this chapter (relating to cor-
25 porate liquidations), part III of subchapter C of

1 this chapter (relating to corporate organizations
2 and reorganizations), and part II of subchapter
3 K of this chapter (relating to partnership con-
4 tributions and distributions).

5 “(d) DEDUCTION FOR FINANCIAL STATEMENT NET
6 OPERATING LOSS.—

7 “(1) IN GENERAL.—Adjusted financial state-
8 ment income (determined after application of sub-
9 section (c) and without regard to this subsection)
10 shall be reduced by an amount equal to the lesser
11 of—

12 “(A) the aggregate amount of financial
13 statement net operating loss carryovers to the
14 taxable year, or

15 “(B) 80 percent of adjusted financial
16 statement income computed without regard to
17 the deduction allowable under this subsection.

18 “(2) FINANCIAL STATEMENT NET OPERATING
19 LOSS CARRYOVER.—A financial statement net oper-
20 ating loss for any taxable year shall be a financial
21 statement net operating loss carryover to each tax-
22 able year following the taxable year of the loss. The
23 portion of such loss which shall be carried to subse-
24 quent taxable years shall be the amount of such loss

1 remaining (if any) after the application of paragraph
2 (1).

3 “(3) FINANCIAL STATEMENT NET OPERATING
4 LOSS DEFINED.—For purposes of this subsection,
5 the term ‘financial statement net operating loss’
6 means the amount of the net loss (if any) set forth
7 on the corporation’s applicable financial statement
8 (determined after application of subsection (c) and
9 without regard to this subsection) for taxable years
10 ending after December 31, 2019.

11 “(e) REGULATIONS AND OTHER GUIDANCE.—The
12 Secretary shall provide for such regulations and other
13 guidance as necessary to carry out the purposes of this
14 section, including regulations and other guidance relating
15 to the effect of the rules of this section on partnerships
16 with income taken into account by an applicable corpora-
17 tion.”.

18 (2) CLERICAL AMENDMENT.—The table of sec-
19 tions for part VI of subchapter A of chapter 1 is
20 amended by inserting after the item relating to sec-
21 tion 56 the following new item:

“Sec. 56A. Adjusted financial statement income.”.

22 (c) CORPORATE AMT FOREIGN TAX CREDIT.—Sec-
23 tion 59, as amended by this section, is amended by adding
24 at the end the following new subsection:

25 “(l) CORPORATE AMT FOREIGN TAX CREDIT.—

1 “(ii) the product of the amount of the
2 adjustment under section 56A(c)(3) and
3 the percentage specified in section
4 55(b)(2)(A)(i), and

5 “(B) in the case of an applicable corpora-
6 tion that is a domestic corporation, the amount
7 of income, war profits, and excess profits taxes
8 (within the meaning of section 901) imposed by
9 any foreign country or possession of the United
10 States to the extent such taxes are—

11 “(i) taken into account on the applica-
12 ble corporation’s applicable financial state-
13 ment, and

14 “(ii) paid or accrued (for Federal in-
15 come tax purposes) by the applicable cor-
16 poration.

17 “(2) CARRYOVER OF EXCESS TAX PAID.—For
18 any taxable year for which an applicable corporation
19 chooses to have the benefits of subpart A of part III
20 of subchapter N, the excess of the amount described
21 in paragraph (1)(A)(i) over the amount described in
22 paragraph (1)(A)(ii) shall increase the amount de-
23 scribed in paragraph (1)(A)(i) in any of the first 5
24 succeeding taxable years to the extent not taken into
25 account in a prior taxable year.

1 “(3) REGULATIONS OR OTHER GUIDANCE.—

2 The Secretary shall provide for such regulations or
3 other guidance as is necessary to carry out the pur-
4 poses of this subsection.”.

5 (d) TREATMENT OF GENERAL BUSINESS CREDIT.—

6 Section 38(c)(6)(E) is amended to read as follows:

7 “(E) CORPORATIONS.—In the case of a
8 corporation—

9 “(i) the first sentence of paragraph
10 (1) shall be applied by substituting ‘25
11 percent of the taxpayer’s net income tax as
12 exceeds \$25,000’ for ‘the greater of’ and
13 all that follows,

14 “(ii) paragraph (2)(A) shall be applied
15 without regard to clause (ii)(I) thereof,
16 and

17 “(iii) paragraph (4)(A) shall be ap-
18 plied without regard to clause (ii)(I) there-
19 of.”.

20 (e) CREDIT FOR PRIOR YEAR MINIMUM TAX LIABIL-
21 ITY.—

22 (1) IN GENERAL.—Section 53(e) is amended to
23 read as follows:

24 “(e) APPLICATION TO APPLICABLE CORPORA-
25 TIONS.—In the case of a corporation—

1 “(a) IN GENERAL.—If one or more applicable part-
2 nership interests are held by a taxpayer at any time during
3 the taxable year, the taxpayer’s net applicable partnership
4 gain for such taxable year shall be treated as short-term
5 capital gain.

6 “(b) NET APPLICABLE PARTNERSHIP GAIN.—For
7 purposes of this section—

8 “(1) IN GENERAL.—The term ‘net applicable
9 partnership gain’ means—

10 “(A) the taxpayer’s net long-term capital
11 gain determined by only taking into account
12 gains and losses with respect to one or more ap-
13 plicable partnership interests described in sub-
14 section (a), and

15 “(B) any other amounts which are—

16 “(i) includible in the gross income of
17 the taxpayer with respect to one or more
18 such applicable partnership interests, and

19 “(ii) treated as capital gain or subject
20 to tax at the rate applicable to capital
21 gain.

22 “(2) HOLDING PERIOD EXCEPTION.—

23 “(A) IN GENERAL.—Net applicable part-
24 nership gain shall be determined without regard

1 to any amount which is realized after the date
2 that is 5 years after the latest of:

3 “(i) The date on which the taxpayer
4 acquired substantially all of the applicable
5 partnership interest with respect to which
6 the amount is realized.

7 “(ii) The date on which the partner-
8 ship in which such applicable partnership
9 interest is held acquired substantially all of
10 the assets held by such partnership.

11 “(iii) If the partnership described in
12 clause (i) owns, directly or indirectly, inter-
13 ests in one or more other partnerships, the
14 dates determined by applying rules similar
15 to the rules in clauses (i) and (ii) in the
16 case of each such other partnership.

17 “(B) SHORTER HOLDING PERIOD IN CER-
18 TAIN CIRCUMSTANCES.—Subparagraph (A)
19 shall be applied by substituting ‘3 years’ for ‘5
20 years’ in the case of—

21 “(i) a taxpayer (other than a trust or
22 estate) with an adjusted gross income (de-
23 termined without regard to sections 911,
24 931 and 933) of less than \$400,000, and

1 “(ii) any income with respect to any
2 applicable partnership interest that is at-
3 tributable to a real property trade or busi-
4 ness within the meaning of section
5 469(e)(7)(C).

6 “(iii) The Secretary is directed to pro-
7 vide guidance regarding determination of
8 the amount described in subsection (a) as
9 applied in paragraph (1) hereof, and any
10 necessary and appropriate reporting by any
11 partnership to carry out the purposes of
12 this section. —

13 “(3) SECTION 83 TO NOT APPLY.—This section
14 shall be applied without regard to section 83 and
15 any election in effect under section 83(b).

16 “(4) SPECIAL RULE.—To the extent provided
17 by the Secretary, subsection (a) shall not apply to
18 income or gain attributable to any asset not held for
19 portfolio investment on behalf of third party inves-
20 tors.”.

21 (b) MODIFICATIONS RELATED TO DEFINITION OF
22 APPLICABLE PARTNERSHIP INTEREST.—Section 1061(c)
23 is amended—

1 (1) in paragraph (1), by striking “to such other
2 entity” and inserting “with respect to a trade or
3 business that is not an applicable trade or business”,

4 (2) in paragraph (3), by striking “an interest in
5 a partnership to the extent of the partnership’s pro-
6 portionate interest in any of the foregoing” and in-
7 serting “except as otherwise provided by the Sec-
8 retary, an interest in a partnership if such partner-
9 ship has a direct or indirect interest in any of the
10 foregoing”, and

11 (3) in paragraph (4)—

12 (A) by striking “The term” and inserting
13 “Except as otherwise provided by the Secretary,
14 the term”, and

15 (B) in subparagraph (A), by striking “cor-
16 poration” and inserting “C corporation”.

17 (c) RECOGNITION OF GAIN ON TRANSFERS OF AP-
18 PLICABLE PARTNERSHIP INTERESTS TO UNRELATED
19 PARTIES.—Section 1061(d) is amended to read as follows:

20 “(d) TRANSFER OF APPLICABLE PARTNERSHIP IN-
21 TEREST.—If a taxpayer transfers any applicable partner-
22 ship interest, gain shall be recognized notwithstanding any
23 other provision of this subtitle.”.

1 (d) REGULATIONS.—Section 1061(e) is amended by
2 striking the period at the end and inserting the following:

3 “, including regulations or other guidance to—

4 “(1) to prevent the avoidance of the purposes of
5 this section, including through the distribution of
6 property by a partnership and through carry waiv-
7 ers, and

8 “(2) to provide for the application of this sec-
9 tion to financial instruments, contracts or interests
10 in entities other than partnerships to the extent nec-
11 essary or appropriate to carry out the purposes of
12 this section.”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2022.

16 **PART 3—FUNDING THE INTERNAL REVENUE**
17 **SERVICE AND IMPROVING TAXPAYER COM-**
18 **PLIANCE**

19 **SEC. 10301. ENHANCEMENT OF INTERNAL REVENUE SERV-**
20 **ICE RESOURCES.**

21 (a) APPROPRIATIONS.—

22 (1) IN GENERAL.—The following sums are ap-
23 propriated, out of any money in the Treasury not
24 otherwise appropriated, for the fiscal year ending
25 September 30, 2022:

1 (A) INTERNAL REVENUE SERVICE.—

2 (i) IN GENERAL.—

3 (I) TAXPAYER SERVICES.—For
4 necessary expenses of the Internal
5 Revenue Service to provide taxpayer
6 services, including pre-filing assistance
7 and education, filing and account
8 services, taxpayer advocacy services,
9 and other services as authorized by 5
10 U.S.C. 3109, at such rates as may be
11 determined by the Commissioner,
12 \$3,181,500,000, to remain available
13 until September 30, 2031: *Provided*,
14 That these amounts shall be in addi-
15 tion to amounts otherwise available
16 for such purposes.

17 (II) ENFORCEMENT.—For nec-
18 essary expenses for tax enforcement
19 activities of the Internal Revenue
20 Service to determine and collect owed
21 taxes, to provide legal and litigation
22 support, to conduct criminal investiga-
23 tions (including investigative tech-
24 nology), to provide digital asset moni-
25 toring and compliance activities, to

1 enforce criminal statutes related to
2 violations of internal revenue laws and
3 other financial crimes, to purchase
4 and hire passenger motor vehicles (31
5 U.S.C. 1343(b)), and to provide other
6 services as authorized by 5 U.S.C.
7 3109, at such rates as may be deter-
8 mined by the Commissioner,
9 \$45,637,400,000, to remain available
10 until September 30, 2031: *Provided*,
11 That these amounts shall be in addi-
12 tion to amounts otherwise available
13 for such purposes.

14 (III) OPERATIONS SUPPORT.—
15 For necessary expenses of the Inter-
16 nal Revenue Service to support tax-
17 payer services and enforcement pro-
18 grams, including rent payments; fa-
19 cilities services; printing; postage;
20 physical security; headquarters and
21 other IRS-wide administration activi-
22 ties; research and statistics of income;
23 telecommunications; information tech-
24 nology development, enhancement, op-
25 erations, maintenance, and security;

1 the hire of passenger motor vehicles
2 (31 U.S.C. 1343(b)); the operations of
3 the Internal Revenue Service Over-
4 sight Board; and other services as au-
5 thorized by 5 U.S.C. 3109, at such
6 rates as may be determined by the
7 Commissioner, \$25,326,400,000, to
8 remain available until September 30,
9 2031: *Provided*, That these amounts
10 shall be in addition to amounts other-
11 wise available for such purposes.

12 (IV) BUSINESS SYSTEMS MOD-
13 ERNIZATION.—For necessary expenses
14 of the Internal Revenue Service’s
15 business systems modernization pro-
16 gram, including development of call-
17 back technology and other technology
18 to provide a more personalized cus-
19 tomer service but not including the
20 operation and maintenance of legacy
21 systems, \$4,750,700,000, to remain
22 available until September 30, 2031:
23 *Provided*, That these amounts shall be
24 in addition to amounts otherwise
25 available for such purposes.

1 (ii) TASK FORCE TO DESIGN AN IRS-
2 RUN FREE “DIRECT EFILE” TAX RETURN
3 SYSTEM.—For necessary expenses of the
4 Internal Revenue Service to deliver to Con-
5 gress, within nine months following the
6 date of the enactment of this Act, a report
7 on (I) the cost (including options for dif-
8 ferential coverage based on taxpayer ad-
9 justed gross income and return complexity)
10 of developing and running a free direct
11 efile tax return system, including costs to
12 build and administer each release, with a
13 focus on multi-lingual and mobile-friendly
14 features and safeguards for taxpayer data;
15 (II) taxpayer opinions, expectations, and
16 level of trust, based on surveys, for such a
17 free direct efile system; and (III) the opin-
18 ions of an independent third-party on the
19 overall feasibility, approach, schedule, cost,
20 organizational design, and Internal Rev-
21 enue Service capacity to deliver such a di-
22 rect efile tax return system, \$15,000,000,
23 to remain available until September 30,
24 2023: *Provided*, That these amounts shall

1 be in addition to amounts otherwise avail-
2 able for such purposes.

3 (B) TREASURY INSPECTOR GENERAL FOR
4 TAX ADMINISTRATION.—For necessary expenses
5 of the Treasury Inspector General for Tax Ad-
6 ministration in carrying out the Inspector Gen-
7 eral Act of 1978, as amended, including pur-
8 chase and hire of passenger motor vehicles (31
9 U.S.C. 1343(b)); and services authorized by 5
10 U.S.C. 3109, at such rates as may be deter-
11 mined by the Inspector General for Tax Admin-
12 istration, \$403,000,000, to remain available
13 until September 30, 2031: *Provided*, That these
14 amounts shall be in addition to amounts other-
15 wise available for such purposes.

16 (C) OFFICE OF TAX POLICY.—For nec-
17 essary expenses of the Office of Tax Policy of
18 the Department of the Treasury to carry out
19 functions related to promulgating regulations
20 under the Internal Revenue Code of 1986,
21 \$104,533,803, to remain available until Sep-
22 tember 30, 2031: *Provided*, That these amounts
23 shall be in addition to amounts otherwise avail-
24 able for such purposes.

1 (D) UNITED STATES TAX COURT.—For
2 necessary expenses of the United States Tax
3 Court, including contract reporting and other
4 services as authorized by 5 U.S.C. 3109;
5 \$153,000,000, to remain available until Sep-
6 tember 30, 2031: *Provided*, That these amounts
7 shall be in addition to amounts otherwise avail-
8 able for such purposes.

9 (E) TREASURY DEPARTMENTAL OF-
10 FICES.—For necessary expenses of the Depart-
11 mental Offices of the Department of the Treas-
12 ury to provide for oversight and implementation
13 support for actions by the Internal Revenue
14 Service to implement this Act and the amend-
15 ments made by this Act, \$50,000,000, to re-
16 main available until September 30, 2031: *Pro-*
17 *vided*, That these amounts shall be in addition
18 to amounts otherwise available for such pur-
19 poses.

20 (2) MULTI-YEAR OPERATIONAL PLAN.—

21 (A) IN GENERAL.—Not later than 6
22 months after the date of the enactment of this
23 Act, the Commissioner of Internal Revenue
24 shall submit to Congress a plan detailing how
25 the funds appropriated under paragraph

1 (1)(A)(i) will be spent over the ten-year period
2 ending with fiscal year 2031.

3 (B) QUARTERLY UPDATES.—

4 (i) IN GENERAL.—Not later than the
5 last day of each calendar quarter beginning
6 during the applicable period, the Commis-
7 sioner of Internal Revenue shall submit to
8 Congress a report on the plan established
9 under subparagraph (A), including—

10 (I) any updates to the plan;

11 (II) progress made in imple-
12 menting the plan; and

13 (III) any changes in cir-
14 cumstances or challenges in imple-
15 menting the plan.

16 (ii) APPLICABLE PERIOD.—For pur-
17 poses of clause (i), the applicable period is
18 the period beginning 1 year after the date
19 the report under subparagraph (A) is due
20 and ending on September 30, 2031.

21 (C) REDUCTION IN APPROPRIATION.—

22 (i) IN GENERAL.—In the case of any
23 failure to submit a plan required under
24 subparagraph (A) or a report required
25 under subparagraph (B) by the required

1 date, the amounts made available under
2 paragraph (1)(A)(i) shall be reduced by
3 \$100,000 for each day after such required
4 date that report has not been submitted to
5 Congress.

6 (ii) REQUIRED DATE.—For purposes
7 of clause (i), the required date is the date
8 that is 60 days after the date the plan or
9 report is required to be submitted under
10 subparagraph (A) or (B), as the case may
11 be.

12 (3) NO TAX INCREASES ON CERTAIN TAX-
13 PAYERS.—Nothing in this subsection is intended to
14 increase taxes on any taxpayer with a taxable in-
15 come below \$400,000.

16 (b) PERSONNEL FLEXIBILITIES.—The Secretary of
17 the Treasury (or the Secretary's delegate) may use the
18 funds made available under subsection (a)(1)(A), subject
19 to such policies as the Secretary (or the Secretary's dele-
20 gate) may establish, to take such personnel actions as the
21 Secretary (or the Secretary's delegate) determines nec-
22 essary to administer the Internal Revenue Code of 1986,
23 including—

24 (1) utilizing direct hire authority to recruit and
25 appoint qualified applicants, without regard to any

1 notice or preference requirements, directly to posi-
2 tions in the competitive service;

3 (2) in addition to the authority under section
4 7812(1) of the Internal Revenue Code of 1986, ap-
5 pointing not more than 200 individuals to positions
6 in the Internal Revenue Service under streamlined
7 critical pay authority, except that—

8 (A) the authority to offer streamlined crit-
9 ical pay under this paragraph shall expire on
10 September 30, 2031; and

11 (B) the positions for which streamlined
12 critical pay is authorized under this paragraph
13 may include positions critical to the purposes
14 described in subclauses (I), (II), and (III) of
15 subsection (a)(1)(A)(i); and

16 (3) appointing not more than 300 individuals to
17 positions in the Internal Revenue Service for
18 which—

19 (A) the rate of basic pay may be estab-
20 lished by the Secretary of the Treasury (or the
21 Secretary's delegate) at a rate that does not ex-
22 ceed the salary set in accordance with section
23 104 of title 3, United States Code; and

24 (B) the total annual compensation paid to
25 an employee in such a position, including allow-

1 ances, differentials, bonuses, awards, and simi-
2 lar cash payments, may not exceed the max-
3 imum amount of total annual compensation
4 payable at the salary set in accordance with
5 section 104 of title 3, United States Code.

6 **Subtitle B—Prescription Drug**
7 **Pricing Reform**

8 **PART 1—LOWERING PRICES THROUGH DRUG**
9 **PRICE NEGOTIATION**

10 **SEC. 11001. PROVIDING FOR LOWER PRICES FOR CERTAIN**
11 **HIGH-PRICED SINGLE SOURCE DRUGS.**

12 (a) PROGRAM TO LOWER PRICES FOR CERTAIN
13 HIGH-PRICED SINGLE SOURCE DRUGS.—Title XI of the
14 Social Security Act is amended by adding after section
15 1184 (42 U.S.C. 1320e–3) the following new part:

16 **“PART E—PRICE NEGOTIATION PROGRAM TO**
17 **LOWER PRICES FOR CERTAIN HIGH-PRICED**
18 **SINGLE SOURCE DRUGS**

19 **“SEC. 1191. ESTABLISHMENT OF PROGRAM.**

20 “(a) IN GENERAL.—The Secretary shall establish a
21 Drug Price Negotiation Program (in this part referred to
22 as the ‘program’). Under the program, with respect to
23 each price applicability period, the Secretary shall—

24 “(1) publish a list of selected drugs in accord-
25 ance with section 1192;

1 “(2) enter into agreements with manufacturers
2 of selected drugs with respect to such period, in ac-
3 cordance with section 1193;

4 “(3) negotiate and, if applicable, renegotiate
5 maximum fair prices for such selected drugs, in ac-
6 cordance with section 1194;

7 “(4) carry out the publication and administra-
8 tive duties and compliance monitoring in accordance
9 with sections 1195 and 1196.

10 “(b) DEFINITIONS RELATING TO TIMING.—For pur-
11 poses of this part:

12 “(1) INITIAL PRICE APPLICABILITY YEAR.—The
13 term ‘initial price applicability year’ means a year
14 (beginning with 2026).

15 “(2) PRICE APPLICABILITY PERIOD.—The term
16 ‘price applicability period’ means, with respect to a
17 qualifying single source drug, the period beginning
18 with the first initial price applicability year with re-
19 spect to which such drug is a selected drug and end-
20 ing with the last year during which the drug is a se-
21 lected drug.

22 “(3) SELECTED DRUG PUBLICATION DATE.—
23 The term ‘selected drug publication date’ means,
24 with respect to each initial price applicability year,

1 February 1 of the year that begins 2 years prior to
2 such year.

3 “(4) NEGOTIATION PERIOD.—The term ‘nego-
4 tiation period’ means, with respect to an initial price
5 applicability year with respect to a selected drug, the
6 period—

7 “(A) beginning on the sooner of—

8 “(i) the date on which the manufac-
9 turer of the drug and the Secretary enter
10 into an agreement under section 1193 with
11 respect to such drug; or

12 “(ii) February 28 following the se-
13 lected drug publication date with respect to
14 such selected drug; and

15 “(B) ending on November 1 of the year
16 that begins 2 years prior to the initial price ap-
17 plicability year.

18 “(c) OTHER DEFINITIONS.—For purposes of this
19 part:

20 “(1) MAXIMUM FAIR PRICE ELIGIBLE INDI-
21 VIDUAL.—The term ‘maximum fair price eligible in-
22 dividual’ means, with respect to a selected drug—

23 “(A) in the case such drug is dispensed to
24 the individual at a pharmacy, by a mail order
25 service, or by another dispenser, an individual

1 who is enrolled under a prescription drug plan
2 under part D of title XVIII or an MA–PD plan
3 under part C of such title if coverage is pro-
4 vided under such plan for such selected drug;
5 and

6 “(B) in the case such drug is furnished or
7 administered to the individual by a hospital,
8 physician, or other provider of services or sup-
9 plier, an individual who is enrolled under part
10 B of title XVIII, including an individual who is
11 enrolled under an MA plan under part C of
12 such title, if such selected drug is covered under
13 such part.

14 “(2) MAXIMUM FAIR PRICE.—The term ‘max-
15 imum fair price’ means, with respect to a year dur-
16 ing a price applicability period and with respect to
17 a selected drug (as defined in section 1192(c)) with
18 respect to such period, the price negotiated pursuant
19 to section 1194, and updated pursuant to section
20 1195(b), as applicable, for such drug and year.

21 “(3) REFERENCE PRODUCT.—The term ‘ref-
22 erence product’ has the meaning given such term in
23 section 351(i) of the Public Health Service Act.

24 “(4) UNIT.—The term ‘unit’ means, with re-
25 spect to a drug or biological product, the lowest

1 identifiable amount (such as a capsule or tablet, mil-
2 ligram of molecules, or grams) of the drug or bio-
3 logical product that is dispensed or furnished. The
4 determination of a unit, with respect to a drug or
5 biological product, pursuant to this paragraph shall
6 not be subject to administrative or judicial review.

7 “(5) TOTAL EXPENDITURES.—The term ‘total
8 expenditures’ includes, in the case of expenditures
9 with respect to part D of title XVIII, the total gross
10 covered prescription drug costs (as defined in section
11 1860D–15(b)(3)). The term ‘total expenditures’ ex-
12 cludes, in the case of expenditures with respect to
13 part B of such title, expenditures for a drug or bio-
14 logical product that are bundled or packaged into
15 the payment for another service.

16 “(d) TIMING FOR INITIAL PRICE APPLICABILITY
17 YEAR 2026.—Notwithstanding the provisions of this part,
18 in the case of initial price applicability year 2026, the fol-
19 lowing rules shall apply for purposes of implementing the
20 program:

21 “(1) Subsection (b)(3) shall be applied by sub-
22 stituting ‘September 1, 2023’ for ‘, with respect to
23 each initial price applicability year, February 1 of
24 the year that begins 2 years prior to such year’.

25 “(2) Subsection (b)(4) shall be applied—

1 “(A) in subparagraph (A)(ii), by sub-
2 stituting ‘October 1, 2023’ for ‘February 28
3 following the selected drug publication date
4 with respect to such selected drug’; and

5 “(B) in subparagraph (B), by substituting
6 ‘August 1, 2024’ for ‘November 1 of the year
7 that begins 2 years prior to the initial price ap-
8 plicability year’.

9 “(3) Section 1192 shall be applied—

10 “(A) in subsection (b)(1)(A), by sub-
11 stituting ‘during the period beginning on June
12 1, 2022, and ending on May 31, 2023’ for ‘dur-
13 ing the most recent period of 12 months prior
14 to the selected drug publication date (but end-
15 ing not later than October 31 of the year prior
16 to the year of such drug publication date), with
17 respect to such year’;

18 “(B) in subsection (d)(1)(A), by sub-
19 stituting ‘during the period beginning on June
20 1, 2022, and ending on May 31, 2023’ for ‘dur-
21 ing the most recent period for which data are
22 available of at least 12 months prior to the se-
23 lected drug publication date (but ending no
24 later than October 31 of the year prior to the

1 year of such drug publication date), with re-
2 spect to such year'; and

3 “(C) in subsection (e)(3)(B), by sub-
4 stituting ‘during the period beginning on June
5 1, 2022, and ending on May 31, 2023’ for ‘dur-
6 ing the most recent period for which data are
7 available of at least 12 months prior to the se-
8 lected drug publication date (but ending no
9 later than October 31 of the year prior to the
10 year of such drug publication date), with re-
11 spect to such year’.

12 “(4) Section 1193(a) shall be applied by sub-
13 stituting ‘October 1, 2023’ for ‘February 28 fol-
14 lowing the selected drug publication date with re-
15 spect to such selected drug’.

16 “(5) Section 1194(b)(2) shall be applied—

17 “(A) in subparagraph (A), by substituting
18 ‘October 2, 2023’ for ‘March 1 of the year of
19 the selected drug publication date, with respect
20 to the selected drug’;

21 “(B) in subparagraph (B), by substituting
22 ‘February 1, 2024’ for ‘the June 1 following
23 the selected drug publication date’; and

24 “(C) in subparagraph (E), by substituting
25 ‘August 1, 2024’ for ‘the first day of November

1 following the selected drug publication date,
2 with respect to the initial price applicability
3 year ’.

4 “(6) Section 1195(a) shall be applied—

5 “(A) in paragraph (1), by substituting
6 ‘September 1, 2024’ for ‘November 30 of the
7 year that is 2 years prior to such initial price
8 applicability year’; and

9 “(B) in paragraph (2), by substituting
10 ‘March 1, 2025’ for ‘March 1 of the year prior
11 to such initial price applicability year’.

12 **“SEC. 1192. SELECTION OF NEGOTIATION-ELIGIBLE DRUGS**
13 **AS SELECTED DRUGS.**

14 “(a) IN GENERAL.—Not later than the selected drug
15 publication date with respect to an initial price applica-
16 bility year, in accordance with subsection (b), the Sec-
17 retary shall select and publish a list of—

18 “(1) with respect to the initial price applica-
19 bility year 2026, 10 negotiation-eligible drugs de-
20 scribed in subparagraph (A) of subsection (d)(1),
21 but not subparagraph (B) of such subsection, with
22 respect to such year (or, all (if such number is less
23 than 10) such negotiation-eligible drugs with respect
24 to such year);

1 “(2) with respect to the initial price applica-
2 bility year 2027, 15 negotiation-eligible drugs de-
3 scribed in subparagraph (A) of subsection (d)(1),
4 but not subparagraph (B) of such subsection, with
5 respect to such year (or, all (if such number is less
6 than 15) such negotiation-eligible drugs with respect
7 to such year);

8 “(3) with respect to the initial price applica-
9 bility year 2028, 15 negotiation-eligible drugs de-
10 scribed in subparagraph (A) or (B) of subsection
11 (d)(1) with respect to such year (or, all (if such
12 number is less than 15) such negotiation-eligible
13 drugs with respect to such year); and

14 “(4) with respect to the initial price applica-
15 bility year 2029 or a subsequent year, 20 negotia-
16 tion-eligible drugs described in subparagraph (A) or
17 (B) of subsection (d)(1), with respect to such year
18 (or, all (if such number is less than 20) such nego-
19 tiation-eligible drugs with respect to such year); and
20 Subject to subsection (c)(2) and section 1194(f)(5), each
21 drug published on the list pursuant to the previous sen-
22 tence shall be subject to the negotiation process under sec-
23 tion 1194 for the negotiation period with respect to such
24 initial price applicability year (and the renegotiation proc-

1 ess under such section as applicable for any subsequent
2 year during the applicable price applicability period).

3 “(b) SELECTION OF DRUGS.—

4 “(1) IN GENERAL.—In carrying out subsection
5 (a)(1), subject to paragraph (2), the Secretary shall,
6 with respect to an initial price applicability year, do
7 the following:

8 “(A) Rank negotiation-eligible drugs de-
9 scribed in subsection (d)(1) according to the
10 total expenditures for such drugs under parts B
11 and D of title XVIII, as determined by the Sec-
12 retary, during the most recent period of 12
13 months prior to the selected drug publication
14 date (but ending not later than October 31 of
15 the year prior to the year of such drug publica-
16 tion date), with respect to such year, for which
17 data are available, with the negotiation-eligible
18 drugs with the highest total expenditures being
19 ranked the highest.

20 “(B) Select from such ranked drugs with
21 respect to such year the negotiation-eligible
22 drugs with the highest such rankings.

23 “(2) HIGH SPEND PART D DRUGS FOR 2026 AND
24 2027.—With respect to the initial price applicability
25 year 2026 and with respect to the initial price appli-

1 cability year 2027, the Secretary shall apply para-
2 graph (1) as if the reference to ‘negotiation-eligible
3 drugs described in subsection (d)(1)’ were a ref-
4 erence to ‘negotiation-eligible drugs described in sub-
5 section (d)(1)(A)’ and as if the reference to ‘total ex-
6 penditures for such drugs under parts B and D of
7 title XVIII’ were a reference to ‘total expenditures
8 for such drugs under part D of title XVIII’.

9 “(c) SELECTED DRUG.—

10 “(1) IN GENERAL.—For purposes of this part,
11 in accordance with subsection (e)(2) and subject to
12 paragraph (2), each negotiation-eligible drug in-
13 cluded on the list published under subsection (a)
14 with respect to an initial price applicability year
15 shall be referred to as a ‘selected drug’ with respect
16 to such year and each subsequent year beginning be-
17 fore the first year that begins at least 9 months
18 after the date on which the Secretary determines at
19 least one drug or biological product—

20 “(A) is approved or licensed (as applica-
21 ble)—

22 “(i) under section 505(j) of the Fed-
23 eral Food, Drug, and Cosmetic Act using
24 such drug as the listed drug; or

1 “(ii) under section 351(k) of the Pub-
2 lic Health Service Act using such drug as
3 the reference product; and

4 “(B) is marketed pursuant to such ap-
5 proval or licensure.

6 “(2) CLARIFICATION.—A negotiation-eligible
7 drug—

8 “(A) that is included on the list published
9 under subsection (a) with respect to an initial
10 price applicability year; and

11 “(B) for which the Secretary makes a de-
12 termination described in paragraph (1) before
13 or during the negotiation period with respect to
14 such initial price applicability year;

15 shall not be subject to the negotiation process under
16 section 1194 with respect to such negotiation period
17 and shall continue to be considered a selected drug
18 under this part with respect to the number of nego-
19 tiation-eligible drugs published on the list under sub-
20 section (a) with respect to such initial price applica-
21 bility year.

22 “(d) NEGOTIATION-ELIGIBLE DRUG.—

23 “(1) IN GENERAL.—For purposes of this part,
24 subject to paragraph (2), the term ‘negotiation-eli-
25 ble drug’ means, with respect to the selected drug

1 publication date with respect to an initial price ap-
2 plicability year, a qualifying single source drug, as
3 defined in subsection (e), that is described in either
4 of the following subparagraphs (or, with respect to
5 the initial price applicability year 2026 or 2027, that
6 is described in subparagraph (A)):

7 “(A) PART D HIGH SPEND DRUGS.—The
8 qualifying single source drug is, determined in
9 accordance with subsection (e)(2), among the
10 50 qualifying single source drugs with the high-
11 est total expenditures under part D of title
12 XVIII, as determined by the Secretary in ac-
13 cordance with paragraph (3), during the most
14 recent period for which data are available of at
15 least 12 months prior to the selected drug pub-
16 lication date (but ending no later than October
17 31 of the year prior to the year of such drug
18 publication date), with respect to such year.

19 “(B) PART B HIGH SPEND DRUGS.—The
20 qualifying single source drug is, determined in
21 accordance with subsection (e)(2), among the
22 50 qualifying single source drugs with the high-
23 est total expenditures under part B of title
24 XVIII, as determined by the Secretary in ac-

1 cordance with paragraph (3), during such most
2 recent period, as described in clause (i).

3 “(2) EXCEPTION FOR SMALL BIOTECH
4 DRUGS.—

5 “(A) IN GENERAL.—Subject to subpara-
6 graph (C), the term ‘negotiation-eligible drug’
7 shall not include, with respect to the initial
8 price applicability years 2026, 2027, and 2028,
9 a qualifying single source drug that meets ei-
10 ther of the following:

11 “(i) PART D DRUGS.—The total ex-
12 penditures for the qualifying single source
13 drug under part D of title XVIII, as deter-
14 mined by the Secretary in accordance with
15 paragraph (3)(B), during 2021—

16 “(I) are equal to or less than 1
17 percent of the total expenditures
18 under such part D, as so determined,
19 for all covered part D drugs (as de-
20 fined in section 1860D–2(e)) during
21 such year; and

22 “(II) are equal to at least 80 per-
23 cent of the total expenditures under
24 such part D, as so determined, for all
25 covered part D drugs for which the

1 manufacturer of the drug has an
2 agreement in effect under section
3 1860D–14A during such year.

4 “(ii) PART B DRUGS.—The total ex-
5 penditures for the qualifying single source
6 drug under part B of title XVIII, as deter-
7 mined by the Secretary in accordance with
8 paragraph (3)(B), during 2021—

9 “(I) are equal to or less than 1
10 percent of the total expenditures
11 under such part B, as so determined,
12 for all qualifying single source drugs
13 covered under such part B during
14 such year; and

15 “(II) are equal to at least 80 per-
16 cent of the total expenditures under
17 such part B, as so determined, for all
18 qualifying single source drugs of the
19 manufacturer that are covered under
20 such part B during such year.

21 “(B) CLARIFICATIONS RELATING TO MAN-
22 UFACTURERS.—

23 “(i) AGGREGATION RULE.—All per-
24 sons treated as a single employer under
25 subsection (a) or (b) of section 52 of the

1 Internal Revenue Code of 1986 shall be
2 treated as one manufacturer for purposes
3 of this paragraph.

4 “(ii) LIMITATION.—A drug shall not
5 be considered to be a qualifying single
6 source drug described in clause (i) or (ii)
7 of subparagraph (A) if the manufacturer
8 of such drug is acquired after 2021 by an-
9 other manufacturer that does not meet the
10 definition of a specified manufacturer
11 under section 1860D–14C(g)(4)(B)(ii), ef-
12 fective at the beginning of the plan year
13 immediately following such acquisition or,
14 in the case of an acquisition before 2025,
15 effective January 1, 2025.

16 “(C) DRUGS NOT INCLUDED AS SMALL
17 BIOTECH DRUGS.—The following shall not be
18 considered a qualifying single source drug de-
19 scribed in subparagraph (A):

20 “(i) A vaccine that is licensed under
21 section 351 of the Public Health Service
22 Act and is marketed pursuant to such sec-
23 tion.

1 “(ii) A new formulation, such as an
2 extended release formulation, of a quali-
3 fying single source drug.

4 “(3) CLARIFICATIONS AND DETERMINATIONS.—

5 “(A) PREVIOUSLY SELECTED DRUGS AND
6 SMALL BIOTECH DRUGS EXCLUDED.—In apply-
7 ing subparagraphs (A) and (B) of paragraph
8 (1), the Secretary shall not consider or count—

9 “(i) drugs that are already selected
10 drugs; and

11 “(ii) for initial price applicability
12 years 2026, 2027, and 2028, qualifying
13 single source drugs described in paragraph
14 (2)(A).

15 “(B) USE OF DATA.—In determining
16 whether a qualifying single source drug satisfies
17 any of the criteria described in paragraph (1)
18 or (2), the Secretary shall use data that is ag-
19 gregated across dosage forms and strengths of
20 the drug, including new formulations of the
21 drug, such as an extended release formulation,
22 and not based on the specific formulation or
23 package size or package type of the drug.

24 “(e) QUALIFYING SINGLE SOURCE DRUG.—

1 and is marketed under section 351 of such
2 Act;

3 “(ii) for which, as of the selected drug
4 publication date with respect to such initial
5 price applicability year, at least 11 years
6 will have elapsed since the date of such li-
7 censure; and

8 “(iii) that is not the reference product
9 for any biological product that is licensed
10 and marketed under section 351(k) of such
11 Act.

12 “(2) TREATMENT OF AUTHORIZED GENERIC
13 DRUGS.—

14 “(A) IN GENERAL.—In the case of a quali-
15 fying single source drug described in subpara-
16 graph (A) or (B) of paragraph (1) that is the
17 listed drug (as such term is used in section
18 505(j) of the Federal Food, Drug, and Cos-
19 metic Act) or a product described in clause (ii)
20 of subparagraph (B), with respect to an author-
21 ized generic drug, in applying the provisions of
22 this part, such authorized generic drug and
23 such listed drug or such product shall be treat-
24 ed as the same qualifying single source drug.

1 “(B) AUTHORIZED GENERIC DRUG DE-
2 FINED.—For purposes of this paragraph, the
3 term ‘authorized generic drug’ means—

4 “(i) in the case of a drug, an author-
5 ized generic drug (as such term is defined
6 in section 505(t)(3) of the Federal Food,
7 Drug, and Cosmetic Act); and

8 “(ii) in the case of a biological prod-
9 uct, a product that—

10 “(I) has been licensed under sec-
11 tion 351(a) of such Act; and

12 “(II) is marketed, sold, or dis-
13 tributed directly or indirectly to retail
14 class of trade under a different label-
15 ing, packaging (other than repack-
16 aging as the reference product in blis-
17 ter packs, unit doses, or similar pack-
18 aging for use in institutions), product
19 code, labeler code, trade name, or
20 trade mark than the reference prod-
21 uct.

22 “(3) EXCLUSIONS.—In this part, the term
23 ‘qualifying single source drug’ does not include any
24 of the following:

1 “(A) CERTAIN ORPHAN DRUGS.—A drug
2 that is designated as a drug for only one rare
3 disease or condition under section 526 of the
4 Federal Food, Drug, and Cosmetic Act and for
5 which the only approved indication (or indica-
6 tions) is for such disease or condition.

7 “(B) LOW SPEND MEDICARE DRUGS.—A
8 drug or biological product with respect to which
9 the total expenditures under parts B and D of
10 title XVIII, as determined by the Secretary,
11 during the most recent period for which data
12 are available of at least 12 months prior to the
13 selected drug publication date (but ending no
14 later than October 31 of the year prior to the
15 year of such drug publication date), with re-
16 spect to such year, is less than—

17 “(i) with respect to 2021,
18 \$200,000,000; or

19 “(ii) with respect to a subsequent
20 year, the dollar amount specified in this
21 subparagraph for the previous year in-
22 creased by the annual percentage increase
23 in the consumer price index for all urban
24 consumers (all items; United States city

1 average) for the 12-month period ending
2 with September of such previous year.

3 “(C) PLASMA-DERIVED PRODUCTS.—A bio-
4 logical product that is derived from human
5 whole blood or plasma.

6 “(f) NO ADMINISTRATIVE OR JUDICIAL REVIEW.—
7 The determination of negotiation-eligible drugs under sub-
8 section (d), the determination of qualifying single source
9 drugs under subsection (e), and the selection of drugs
10 under this section are not subject to administrative or ju-
11 dicial review.

12 **“SEC. 1193. MANUFACTURER AGREEMENTS.**

13 “(a) IN GENERAL.—For purposes of section
14 1191(a)(2), the Secretary shall enter into agreements with
15 manufacturers of selected drugs with respect to a price
16 applicability period, by not later than February 28 fol-
17 lowing the selected drug publication date with respect to
18 such selected drug, under which—

19 “(1) during the negotiation period for the initial
20 price applicability year for the selected drug, the
21 Secretary and the manufacturer, in accordance with
22 section 1194, negotiate to determine (and, by not
23 later than the last date of such period, agree to) a
24 maximum fair price for such selected drug of the

1 manufacturer in order for the manufacturer to pro-
2 vide access to such price—

3 “(A) to maximum fair price eligible indi-
4 viduals who with respect to such drug are de-
5 scribed in subparagraph (A) of section
6 1191(c)(1) and are dispensed such drug (and to
7 pharmacies, mail order services, and other dis-
8 pensers, with respect to such maximum fair
9 price eligible individuals who are dispensed such
10 drugs) during, subject to paragraph (2), the
11 price applicability period; and

12 “(B) to hospitals, physicians, and other
13 providers of services and suppliers with respect
14 to maximum fair price eligible individuals who
15 with respect to such drug are described in sub-
16 paragraph (B) of such section and are fur-
17 nished or administered such drug during, sub-
18 ject to paragraph (2), the price applicability pe-
19 riod;

20 “(2) the Secretary and the manufacturer shall,
21 in accordance with section 1194, renegotiate (and,
22 by not later than the last date of such period, agree
23 to) the maximum fair price for such drug, in order
24 for the manufacturer to provide access to such max-
25 imum fair price (as so renegotiated)—

1 “(A) to maximum fair price eligible indi-
2 viduals who with respect to such drug are de-
3 scribed in subparagraph (A) of section
4 1191(c)(1) and are dispensed such drug (and to
5 pharmacies, mail order services, and other dis-
6 pensers, with respect to such maximum fair
7 price eligible individuals who are dispensed such
8 drugs) during any year during the price appli-
9 cability period (beginning after such renegoti-
10 ation) with respect to such selected drug; and

11 “(B) to hospitals, physicians, and other
12 providers of services and suppliers with respect
13 to maximum fair price eligible individuals who
14 with respect to such drug are described in sub-
15 paragraph (B) of such section and are fur-
16 nished or administered such drug during any
17 year described in subparagraph (A);

18 “(3) subject to subsection (d), access to the
19 maximum fair price (including as renegotiated pur-
20 suant to paragraph (2)), with respect to such a se-
21 lected drug, shall be provided by the manufacturer
22 to—

23 “(A) maximum fair price eligible individ-
24 uals, who with respect to such drug are de-
25 scribed in subparagraph (A) of section

1 1191(c)(1), at the pharmacy, mail order service,
2 or other dispenser at the point-of-sale of such
3 drug (and shall be provided by the manufac-
4 turer to the pharmacy, mail order service, or
5 other dispenser, with respect to such maximum
6 fair price eligible individuals who are dispensed
7 such drugs), as described in paragraph (1)(A)
8 or (2)(A), as applicable; and

9 “(B) hospitals, physicians, and other pro-
10 viders of services and suppliers with respect to
11 maximum fair price eligible individuals who
12 with respect to such drug are described in sub-
13 paragraph (B) of such section and are fur-
14 nished or administered such drug, as described
15 in paragraph (1)(B) or (2)(B), as applicable;

16 “(4) the manufacturer submits to the Sec-
17 retary, in a form and manner specified by the Sec-
18 retary, for the negotiation period for the price appli-
19 cability period (and, if applicable, before any period
20 of renegotiation pursuant to section 1194(f)) with
21 respect to such drug—

22 “(A) information on the non-Federal aver-
23 age manufacturer price (as defined in section
24 8126(h)(5) of title 38, United States Code) for
25 the drug for the applicable year or period; and

1 “(B) information that the Secretary re-
2 quires to carry out the negotiation (or renegoti-
3 ation process) under this part; and

4 “(5) the manufacturer complies with require-
5 ments determined by the Secretary to be necessary
6 for purposes of administering the program and mon-
7 itoring compliance with the program.

8 “(b) AGREEMENT IN EFFECT UNTIL DRUG IS NO
9 LONGER A SELECTED DRUG.—An agreement entered into
10 under this section shall be effective, with respect to a se-
11 lected drug, until such drug is no longer considered a se-
12 lected drug under section 1192(c).

13 “(c) CONFIDENTIALITY OF INFORMATION.—Informa-
14 tion submitted to the Secretary under this part by a man-
15 ufacturer of a selected drug that is proprietary informa-
16 tion of such manufacturer (as determined by the Sec-
17 retary) shall be used only by the Secretary or disclosed
18 to and used by the Comptroller General of the United
19 States for purposes of carrying out this part.

20 “(d) NONDUPLICATION WITH 340B CEILING
21 PRICE.—Under an agreement entered into under this sec-
22 tion, the manufacturer of a selected drug shall not be re-
23 quired to provide access to the maximum fair price under
24 subsection (a)(3), with respect to such selected drug and
25 maximum fair price eligible individuals who are eligible to

1 be furnished, administered, or dispensed such selected
2 drug at a covered entity described in section 340B(a)(4)
3 of the Public Health Service Act, to such covered entity
4 if such selected drug is subject to an agreement described
5 in section 340B(a)(1) of such Act and the ceiling price
6 (defined in section 340B(a)(1) of such Act) is lower than
7 the maximum fair price for such selected drug, except that
8 the manufacturer shall provide for the maximum fair price
9 to such covered entity with respect to maximum fair price
10 eligible individuals who are eligible to be furnished, admin-
11 istered, or dispensed such selected drug at such entity at
12 such ceiling price in a nonduplicated amount to the ceiling
13 price if the maximum fair price is below the ceiling price
14 for such selected drug.

15 **“SEC. 1194. NEGOTIATION AND RENEGOTIATION PROCESS.**

16 “(a) IN GENERAL.—For purposes of this part, under
17 an agreement under section 1193 between the Secretary
18 and a manufacturer of a selected drug (or selected drugs),
19 with respect to the period for which such agreement is
20 in effect and in accordance with subsections (b), (c), and
21 (d), the Secretary and the manufacturer—

22 “(1) shall during the negotiation period with re-
23 spect to such drug, in accordance with this section,
24 negotiate a maximum fair price for such drug for
25 the purpose described in section 1193(a)(1); and

1 “(2) renegotiate, in accordance with the process
2 specified pursuant to subsection (f), such maximum
3 fair price for such drug for the purpose described in
4 section 1193(a)(2) if such drug is a renegotiation-el-
5 igible drug under such subsection.

6 “(b) NEGOTIATION PROCESS REQUIREMENTS.—

7 “(1) METHODOLOGY AND PROCESS.—The Sec-
8 retary shall develop and use a consistent method-
9 ology and process, in accordance with paragraph (2),
10 for negotiations under subsection (a) that aims to
11 achieve the lowest maximum fair price for each se-
12 lected drug.

13 “(2) SPECIFIC ELEMENTS OF NEGOTIATION
14 PROCESS.—As part of the negotiation process under
15 this section, with respect to a selected drug and the
16 negotiation period with respect to the initial price
17 applicability year with respect to such drug, the fol-
18 lowing shall apply:

19 “(A) SUBMISSION OF INFORMATION.—Not
20 later than March 1 of the year of the selected
21 drug publication date, with respect to the se-
22 lected drug, the manufacturer of the drug shall
23 submit to the Secretary, in accordance with sec-
24 tion 1193(a)(4), the information described in
25 such section.

1 “(B) INITIAL OFFER BY SECRETARY.—Not
2 later than the June 1 following the selected
3 drug publication date, the Secretary shall pro-
4 vide the manufacturer of a selected drug with
5 a written initial offer that contains the Sec-
6 retary’s proposal for the maximum fair price of
7 the drug and a list of the factors described in
8 section 1194(e) that were used in developing
9 such offer.

10 “(C) RESPONSE TO INITIAL OFFER.—

11 “(i) IN GENERAL.—Not later than 30
12 days after the date of receipt of an initial
13 offer under subparagraph (B), the manu-
14 facturer shall either accept such offer or
15 propose a counteroffer to such offer.

16 “(ii) COUNTEROFFER REQUIRE-
17 MENTS.—If a manufacturer proposes a
18 counteroffer, such counteroffer—

19 “(I) shall be in writing; and

20 “(II) shall be justified based on
21 the factors described in subsection (e).

22 “(D) RESPONSE TO COUNTEROFFER.—
23 After receiving a counteroffer under subpara-
24 graph (C), the Secretary shall respond in writ-
25 ing to such counteroffer.

1 “(E) DEADLINE.—All negotiations between
2 the Secretary and the manufacturer of the se-
3 lected drug shall end prior to the first day of
4 November following the selected drug publica-
5 tion date, with respect to the initial price appli-
6 cability year.

7 “(F) LIMITATIONS ON OFFER AMOUNT.—
8 In negotiating the maximum fair price of a se-
9 lected drug, with respect to an initial price ap-
10 plicability year for the selected drug, and, as
11 applicable, in renegotiating the maximum fair
12 price for such drug, with respect to a subse-
13 quent year during the price applicability period
14 for such drug, the Secretary shall not offer (or
15 agree to a counteroffer for) a maximum fair
16 price for the selected drug that—

17 “(i) exceeds the ceiling determined
18 under subsection (c) for the selected drug
19 and year; or

20 “(ii) as applicable, is less than the
21 floor determined under subsection (d) for
22 the selected drug and year.

23 “(G) TREATMENT OF DETERMINATION.—
24 The determination of a maximum fair price

1 under this section is not subject to administra-
2 tive or judicial review.

3 “(c) CEILING FOR MAXIMUM FAIR PRICE.—

4 “(1) GENERAL CEILING.—

5 “(A) IN GENERAL.—The maximum fair
6 price negotiated under this section for a se-
7 lected drug, with respect to the first year of the
8 price applicability period with respect to such
9 drug, shall not exceed the lower of the amount
10 under subparagraph (B) or the amount under
11 subparagraph (C).

12 “(B) SUBPARAGRAPH (B) AMOUNT.—An
13 amount equal to the following:

14 “(i) COVERED PART D DRUG.—In the
15 case of a covered part D drug (as defined
16 in section 1860D–2(e)), the sum of the
17 plan specific enrollment weighted amounts
18 for each prescription drug plan or MA–PD
19 plan (as determined under paragraph (2)).

20 “(ii) PART B DRUG OR BIOLOGICAL.—
21 In the case of a drug or biological product
22 covered under part B of title XVIII, the
23 payment amount under section
24 1847A(b)(4) for the drug or biological
25 product for the year prior to the year of

1 the selected drug publication date with re-
2 spect to the initial price applicability year
3 for the drug or biological product.

4 “(C) SUBPARAGRAPH (C) AMOUNT.—An
5 amount equal to the applicable percent de-
6 scribed in paragraph (3), with respect to such
7 drug, of the following:

8 “(i) INITIAL PRICE APPLICABILITY
9 YEAR 2026.—In the case of a selected drug
10 with respect to which such initial price ap-
11 plicability year is 2026, the average non-
12 Federal average manufacturer price for
13 such drug for 2021 (or, in the case that
14 there is not an average non-Federal aver-
15 age manufacturer price available for such
16 drug for 2021, for the first full year fol-
17 lowing the market entry for such drug), in-
18 creased by the percentage increase in the
19 consumer price index for all urban con-
20 sumers (all items; United States city aver-
21 age) from September 2021 (or December
22 of such first full year following the market
23 entry), as applicable, to September of the
24 year prior to the year of the selected drug

1 publication date with respect to such initial
2 price applicability year.

3 “(ii) INITIAL PRICE APPLICABILITY
4 YEAR 2027 AND SUBSEQUENT YEARS.—In
5 the case of a selected drug with respect to
6 which such initial price applicability year is
7 2027 or a subsequent year, the lower of—

8 “(I) the average non-Federal av-
9 erage manufacturer price for such
10 drug for 2021 (or, in the case that
11 there is not an average non-Federal
12 average manufacturer price available
13 for such drug for 2021, for the first
14 full year following the market entry
15 for such drug), increased by the per-
16 centage increase in the consumer price
17 index for all urban consumers (all
18 items; United States city average)
19 from September 2021 (or December
20 of such first full year following the
21 market entry), as applicable, to Sep-
22 tember of the year prior to the year of
23 the selected drug publication date
24 with respect to such initial price appli-
25 cability year; or

1 “(II) the average non-Federal av-
2 erage manufacturer price for such
3 drug for the year prior to the selected
4 drug publication date with respect to
5 such initial price applicability year.

6 “(2) PLAN SPECIFIC ENROLLMENT WEIGHTED
7 AMOUNT.—For purposes of paragraph (1)(B)(i), the
8 plan specific enrollment weighted amount for a pre-
9 scription drug plan or an MA–PD plan with respect
10 to a covered Part D drug is an amount equal to the
11 product of—

12 “(A) the negotiated price of the drug
13 under such plan under part D of title XVIII,
14 net of all price concessions received by such
15 plan or pharmacy benefit managers on behalf of
16 such plan, for the most recent year for which
17 data is available; and

18 “(B) a fraction—

19 “(i) the numerator of which is the
20 total number of individuals enrolled in
21 such plan in such year; and

22 “(ii) the denominator of which is the
23 total number of individuals enrolled in a
24 prescription drug plan or an MA–PD plan
25 in such year.

1 “(3) APPLICABLE PERCENT DESCRIBED.—For
2 purposes of this subsection, the applicable percent
3 described in this paragraph is the following:

4 “(A) SHORT-MONOPOLY DRUGS AND VAC-
5 CINES.—With respect to a selected drug (other
6 than an extended-monopoly drug and a long-
7 monopoly drug), 75 percent.

8 “(B) EXTENDED-MONOPOLY DRUGS.—
9 With respect to an extended-monopoly drug, 65
10 percent.

11 “(C) LONG-MONOPOLY DRUGS.—With re-
12 spect to a long-monopoly drug, 40 percent.

13 “(4) EXTENDED-MONOPOLY DRUG DEFINED.—

14 “(A) IN GENERAL.—In this part, subject
15 to subparagraph (B), the term ‘extended-mo-
16 nopoly drug’ means, with respect to an initial
17 price applicability year, a selected drug for
18 which at least 12 years, but fewer than 16
19 years, have elapsed since the date of approval
20 of such drug under section 505(c) of the Fed-
21 eral Food, Drug, and Cosmetic Act or since the
22 date of licensure of such drug under section
23 351(a) of the Public Health Service Act, as ap-
24 plicable.

1 “(B) EXCLUSIONS.—The term ‘extended-
2 monopoly drug’ shall not include any of the fol-
3 lowing:

4 “(i) A vaccine that is licensed under
5 section 351 of the Public Health Service
6 Act and marketed pursuant to such sec-
7 tion.

8 “(ii) A selected drug for which a man-
9 ufacturer had an agreement under this
10 part with the Secretary with respect to an
11 initial price applicability year that is before
12 2030.

13 “(C) CLARIFICATION.—Nothing in sub-
14 paragraph (B)(ii) shall limit the transition of a
15 selected drug described in paragraph (3)(A) to
16 a long-monopoly drug if the selected drug meets
17 the definition of a long-monopoly drug.

18 “(5) LONG-MONOPOLY DRUG DEFINED.—

19 “(A) IN GENERAL.—In this part, subject
20 to subparagraph (B), the term ‘long-monopoly
21 drug’ means, with respect to an initial price ap-
22 plicability year, a selected drug for which at
23 least 16 years have elapsed since the date of
24 approval of such drug under section 505(c) of
25 the Federal Food, Drug, and Cosmetic Act or

1 since the date of licensure of such drug under
2 section 351(a) of the Public Health Service Act,
3 as applicable.

4 “(B) EXCLUSION.—The term ‘long-monop-
5 oly drug’ shall not include a vaccine that is li-
6 censed under section 351 of the Public Health
7 Service Act and marketed pursuant to such sec-
8 tion.

9 “(6) AVERAGE NON-FEDERAL AVERAGE MANU-
10 FACTURER PRICE.—In this part, the term ‘average
11 non-Federal average manufacturer price’ means the
12 average of the non-Federal average manufacturer
13 price (as defined in section 8126(h)(5) of title 38,
14 United States Code) for the 4 calendar quarters of
15 the year involved.

16 “(d) TEMPORARY FLOOR FOR SMALL BIOTECH
17 DRUGS.—In the case of a selected drug that is a quali-
18 fying single source drug described in section 1192(d)(2)
19 and with respect to which the first initial price applica-
20 bility year of the price applicability period with respect to
21 such drug is 2029 or 2030, the maximum fair price nego-
22 tiated under this section for such drug for such initial
23 price applicability year may not be less than 66 percent
24 of the average non-Federal average manufacturer price for
25 such drug (as defined in subsection (c)(6)) for 2021 (or,

1 in the case that there is not an average non-Federal aver-
2 age manufacturer price available for such drug for 2021,
3 for the first full year following the market entry for such
4 drug), increased by the percentage increase in the con-
5 sumer price index for all urban consumers (all items;
6 United States city average) from September 2021 (or De-
7 cember of such first full year following the market entry),
8 as applicable, to September of the year prior to the se-
9 lected drug publication date with respect to the initial
10 price applicability year.

11 “(e) FACTORS.—For purposes of negotiating the
12 maximum fair price of a selected drug under this part with
13 the manufacturer of the drug, the Secretary shall consider
14 the following factors (and, with respect to extended-mo-
15 nopoly drugs and long-monopoly drugs, shall not, except
16 in making a determination of a material change under
17 subsection (f)(2)(D), consider factors other than those de-
18 scribed in subparagraphs (B) and (C) of paragraph (1)):

19 “(1) MANUFACTURER-SPECIFIC INFORMA-
20 TION.—The following information, with respect to
21 such selected drug, including as submitted by the
22 manufacturer:

23 “(A) Research and development costs of
24 the manufacturer for the drug and the extent to

1 which the manufacturer has recouped research
2 and development costs.

3 “(B) Market data for the drug.

4 “(C) Unit costs of production and distribu-
5 tion of the drug.

6 “(D) Prior Federal financial support for
7 novel therapeutic discovery and development
8 with respect to the drug.

9 “(E) Data on patents and on existing and
10 pending exclusivity for the drug.

11 “(F) National sales data for the drug.

12 “(G) Information on clinical trials for the
13 drug.

14 “(2) INFORMATION ON ALTERNATIVE TREAT-
15 MENTS.—The following information, with respect to
16 such selected drug and therapeutic alternatives to
17 such drug:

18 “(A) The extent to which such drug rep-
19 resents a therapeutic advance as compared to
20 existing therapeutic alternatives and, to the ex-
21 tent such information is available, the costs of
22 such existing therapeutic alternatives.

23 “(B) Approval by the Food and Drug Ad-
24 ministration of such drug and therapeutic alter-
25 natives of such drug.

1 “(C) Comparative effectiveness of such
2 drug and therapeutic alternatives to such drug,
3 taking into consideration the effects of such
4 drug and therapeutic alternatives of such drug
5 on specific populations, such as individuals with
6 disabilities, the elderly, the terminally ill, chil-
7 dren, and other patient populations.

8 “(D) The extent to which such drug and
9 therapeutic alternatives to such drug address
10 unmet medical needs for a condition for which
11 treatment or diagnosis is not addressed ade-
12 quately by available therapy.

13 In considering information described in subpara-
14 graph (C), the Secretary shall not use evidence or
15 findings from comparative clinical effectiveness re-
16 search in a manner that treats extending the life of
17 an elderly, disabled, or terminally ill individual as of
18 lower value than extending the life of an individual
19 who is younger, nondisabled, or not terminally ill.

20 “(f) RENEGOTIATION PROCESS.—

21 “(1) IN GENERAL.—In the case of a renegoti-
22 ation-eligible drug (as defined in paragraph (2)) that
23 is selected under paragraph (3), the Secretary shall
24 provide for a process of renegotiation (for years (be-
25 ginning with 2028) during the price applicability pe-

1 riod, with respect to such drug) of the maximum fair
2 price for such drug consistent with paragraph (4).

3 “(2) RENEGOTIATION-ELIGIBLE DRUG DE-
4 FINED.—In this section, the term ‘renegotiation-eli-
5 gible drug’ means a selected drug that is any of the
6 following:

7 “(A) ADDITION OF NEW INDICATION.—A
8 selected drug for which a new indication is
9 added to the drug.

10 “(B) CHANGE OF STATUS TO AN EX-
11 TENDED-MONOPOLY DRUG.—A selected drug
12 that—

13 “(i) is not an extended-monopoly or a
14 long-monopoly drug; and

15 “(ii) for which there is a change in
16 status to that of an extended-monopoly
17 drug.

18 “(C) CHANGE OF STATUS TO A LONG-MO-
19 NOPOLY DRUG.—A selected drug that—

20 “(i) is not a long-monopoly drug; and

21 “(ii) for which there is a change in
22 status to that of a long-monopoly drug.

23 “(D) MATERIAL CHANGES.—A selected
24 drug for which the Secretary determines there
25 has been a material change of any of the fac-

1 tors described in paragraph (1) or (2) of sub-
2 section (e).

3 “(3) SELECTION OF DRUGS FOR RENEGOTI-
4 ATION.—Each year the Secretary shall select among
5 renegotiation-eligible drugs for renegotiation as fol-
6 lows:

7 “(A) ALL EXTENDED-MONOPOLY NEGOTIA-
8 TION-ELIGIBLE DRUGS.—The Secretary shall
9 select all renegotiation-eligible drugs described
10 in paragraph (2)(B).

11 “(B) ALL LONG-MONOPOLY NEGOTIATION-
12 ELIGIBLE DRUGS.—The Secretary shall select
13 all renegotiation-eligible drugs described in
14 paragraph (2)(C).

15 “(C) REMAINING DRUGS.—Among the re-
16 maining renegotiation-eligible drugs described
17 in subparagraphs (A) and (D) of paragraph (2),
18 the Secretary shall select renegotiation-eligible
19 drugs for which the Secretary expects renegoti-
20 ation is likely to result in a significant change
21 in the maximum fair price otherwise negotiated.

22 “(4) RENEGOTIATION PROCESS.—The Secretary
23 shall specify the process for renegotiation of max-
24 imum fair prices with the manufacturer of a renegoti-
25 ation-eligible drug selected for renegotiation under

1 this subsection. Such process shall, to the extent
2 practicable, be consistent with the methodology and
3 process established under subsection (b) and in ac-
4 cordance with subsections (c) and (d), and for pur-
5 poses of applying subsections (c) and (d), the ref-
6 erence to the first initial price applicability year of
7 the price applicability period with respect to such
8 drug shall be treated as the first initial price appli-
9 cability year of such period for which the maximum
10 fair price established pursuant to such renegotiation
11 applies, including for applying subsection (c)(3)(B)
12 in the case of renegotiation-eligible drugs described
13 in paragraph (3)(A) of this subsection and sub-
14 section (c)(3)(C) in the case of renegotiation-eligible
15 drugs described in paragraph (3)(B) of this sub-
16 section.

17 “(5) CLARIFICATION.—A renegotiation-eligible
18 drug for which the Secretary makes a determination
19 described in section 1192(c)(1) before or during the
20 period of renegotiation shall not be subject to the re-
21 negotiation process under this section.

22 “(6) NO ADMINISTRATIVE OR JUDICIAL RE-
23 VIEW.—The determination of renegotiation-eligible
24 drugs under paragraph (2) and the selection of re-

1 negotiation-eligible drugs under paragraph (3) are
2 not subject to administrative or judicial review.

3 “(g) LIMITATION.—

4 “(1) IN GENERAL.—In no case shall the max-
5 imum fair price negotiated under this section for a
6 selected drug that is a qualifying single source drug
7 described in section 1192(e)(1) apply before—

8 “(A) in the case the selected drug is a
9 qualifying single source drug described in sub-
10 paragraph (A) of section 1192(e)(1), the date
11 that is 9 years after the day on which the drug
12 was approved under section 505(c) of the Fed-
13 eral Food, Drug, and Cosmetic Act; and

14 “(B) in the case the selected drug is a
15 qualifying single source drug described in sub-
16 paragraph (B) of section 1192(e)(1), the date
17 that is 13 years after the day on which the
18 drug was licensed under section 351(a) of the
19 Public Health Service Act.

20 “(2) CLARIFICATION.—The maximum fair price
21 for a selected drug described in subparagraph (A) or
22 (B) of paragraph (1) shall take effect no later than
23 the first day of the first calendar quarter that begins
24 after the date described in subparagraph (A) or (B),
25 as applicable.

1 **“SEC. 1195. PUBLICATION OF MAXIMUM FAIR PRICES.**

2 “(a) IN GENERAL.—With respect to an initial price
3 applicability year and a selected drug with respect to such
4 year—

5 “(1) not later than November 30 of the year
6 that is 2 years prior to such initial price applicability
7 year, the Secretary shall publish the maximum fair
8 price for such drug negotiated with the manufac-
9 turer of such drug under this part; and

10 “(2) not later than March 1 of the year prior
11 to such initial price applicability year, the Secretary
12 shall publish, subject to section 1193(c), the expla-
13 nation for the maximum fair price with respect to
14 the factors as applied under section 1194(e) for such
15 drug described in paragraph (1).

16 “(b) UPDATES.—

17 “(1) SUBSEQUENT YEAR MAXIMUM FAIR
18 PRICES.—For a selected drug, for each year subse-
19 quent to the first initial price applicability year of
20 the price applicability period with respect to such
21 drug, with respect to which an agreement for such
22 drug is in effect under section 1193, not later than
23 November 30 of the year that is 2 years prior to
24 such subsequent year, the Secretary shall publish
25 the maximum fair price applicable to such drug and
26 year, which shall be—

1 “(1) The establishment of procedures to ensure
2 that the maximum fair price for a selected drug is
3 applied before—

4 “(A) any coverage or financial assistance
5 under other health benefit plans or programs
6 that provide coverage or financial assistance for
7 the purchase or provision of prescription drug
8 coverage on behalf of maximum fair price eligi-
9 ble individuals; and

10 “(B) any other discounts.

11 “(2) The establishment of procedures to com-
12 pute and apply the maximum fair price across dif-
13 ferent strengths and dosage forms of a selected drug
14 and not based on the specific formulation or package
15 size or package type of such drug.

16 “(3) The establishment of procedures to carry
17 out the provisions of this part, as applicable, with
18 respect to—

19 “(A) maximum fair price eligible individ-
20 uals who are enrolled under a prescription drug
21 plan under part D of title XVIII or an MA-PD
22 plan under part C of such title; and

23 “(B) maximum fair price eligible individ-
24 uals who are enrolled under part B of such

1 title, including who are enrolled under an MA
2 plan under part C of such title.

3 “(4) The establishment of a negotiation process
4 and renegotiation process in accordance with section
5 1194.

6 “(5) The establishment of a process for manu-
7 facturers to submit information described in section
8 1194(b)(2)(A).

9 “(6) The sharing with the Secretary of the
10 Treasury of such information as is necessary to de-
11 termine the tax imposed by section 4192 of the In-
12 ternal Revenue Code of 1986 (relating to enforce-
13 ment of this part).

14 “(7) The establishment of procedures for pur-
15 poses of applying section 1192(d)(2)(B).

16 “(b) COMPLIANCE MONITORING.—The Secretary
17 shall monitor compliance by a manufacturer with the
18 terms of an agreement under section 1193 and establish
19 a mechanism through which violations of such terms shall
20 be reported.

21 **“SEC. 1197. CIVIL MONETARY PENALTIES.**

22 “(a) VIOLATIONS RELATING TO OFFERING OF MAX-
23 IMUM FAIR PRICE.—Any manufacturer of a selected drug
24 that has entered into an agreement under section 1193,
25 with respect to a year during the price applicability period

1 with respect to such drug, that does not provide access
2 to a price that is not more than the maximum fair price
3 (or a lesser price) for such drug for such year—

4 “(1) to a maximum fair price eligible individual
5 who with respect to such drug is described in sub-
6 paragraph (A) of section 1191(c)(1) and who is dis-
7 pensed such drug during such year (and to phar-
8 macies, mail order services, and other dispensers,
9 with respect to such maximum fair price eligible in-
10 dividuals who are dispensed such drugs); or

11 “(2) to a hospital, physician, or other provider
12 of services or supplier with respect to maximum fair
13 price eligible individuals who with respect to such
14 drug is described in subparagraph (B) of such sec-
15 tion and is furnished or administered such drug by
16 such hospital, physician, or provider or supplier dur-
17 ing such year;

18 shall be subject to a civil monetary penalty equal to ten
19 times the amount equal to the product of the number of
20 units of such drug so furnished, dispensed, or adminis-
21 tered during such year and the difference between the
22 price for such drug made available for such year by such
23 manufacturer with respect to such individual or hospital,
24 physician, provider of services, or supplier and the max-
25 imum fair price for such drug for such year.

1 “(b) VIOLATIONS OF CERTAIN TERMS OF AGREE-
2 MENT.—Any manufacturer of a selected drug that has en-
3 tered into an agreement under section 1193, with respect
4 to a year during the price applicability period with respect
5 to such drug, that is in violation of a requirement imposed
6 pursuant to section 1193(a)(5), including the requirement
7 to submit information pursuant to section 1193(a)(4),
8 shall be subject to a civil monetary penalty equal to
9 \$1,000,000 for each day of such violation.

10 “(c) FALSE INFORMATION.—Any manufacturer that
11 knowingly provides false information pursuant to section
12 1196(a)(7) shall be subject to a civil monetary penalty
13 equal to \$100,000,000 for each item of such false informa-
14 tion.

15 “(d) APPLICATION.—The provisions of section 1128A
16 (other than subsections (a) and (b)) shall apply to a civil
17 monetary penalty under this section in the same manner
18 as such provisions apply to a penalty or proceeding under
19 section 1128A(a).”.

20 (b) APPLICATION OF MAXIMUM FAIR PRICES AND
21 CONFORMING AMENDMENTS.—

22 (1) UNDER MEDICARE.—

23 (A) APPLICATION TO PAYMENTS UNDER
24 PART B.—Section 1847A(b)(1)(B) of the Social
25 Security Act (42 U.S.C. 1395w–3a(b)(1)(B)) is

1 amended by inserting “or in the case of such a
2 drug or biological product that is a selected
3 drug (as referred to in section 1192(c)), with
4 respect to a price applicability period (as de-
5 fined in section 1191(b)(2)), 106 percent of the
6 maximum fair price (as defined in section
7 1191(c)(2)) applicable for such drug and a year
8 during such period” after “paragraph (4)”.

9 (B) APPLICATION UNDER MA OF COST-
10 SHARING FOR PART B DRUGS BASED OFF OF
11 NEGOTIATED PRICE.—Section
12 1852(a)(1)(B)(iv) of the Social Security Act
13 (42 U.S.C. 1395w–22(a)(1)(B)(iv)) is amend-
14 ed—

15 (i) by redesignating subclause (VII) as
16 subclause (VIII); and

17 (ii) by inserting after subclause (VI)
18 the following subclause:

19 “(VII) A drug or biological prod-
20 uct that is a selected drug (as referred
21 to in section 1192(c)).”.

22 (C) EXCEPTION TO PART D NON-INTER-
23 FERENCE.—Section 1860D–11(i) of the Social
24 Security Act (42 U.S.C. 1395w–111(i)) is
25 amended—

1 (i) in paragraph (1), by striking
2 “and” at the end;

3 (ii) in paragraph (2), by striking the
4 period at the end and inserting “, except
5 as provided under section 1860D–
6 4(b)(3)(l); and”; and

7 (iii) by adding at the end the fol-
8 lowing new paragraph:

9 “(3) may not institute a price structure for the
10 reimbursement of covered part D drugs, except as
11 provided under part E of title XI.”

12 (D) APPLICATION AS NEGOTIATED PRICE
13 UNDER PART D.—Section 1860D–2(d)(1) of the
14 Social Security Act (42 U.S.C. 1395w–
15 102(d)(1)) is amended—

16 (i) in subparagraph (B), by inserting
17 “, subject to subparagraph (D),” after
18 “negotiated prices”; and

19 (ii) by adding at the end the following
20 new subparagraph:

21 “(D) APPLICATION OF MAXIMUM FAIR
22 PRICE FOR SELECTED DRUGS.—In applying this
23 section, in the case of a covered part D drug
24 that is a selected drug (as referred to in section
25 1192(c)), with respect to a price applicability

1 period (as defined in section 1191(b)(2)), the
2 negotiated prices used for payment (as de-
3 scribed in this subsection) shall be no greater
4 than the maximum fair price (as defined in sec-
5 tion 1191(c)(2)) for such drug and for each
6 year during such period plus any dispensing
7 fees for such drug.”.

8 (E) COVERAGE OF SELECTED DRUGS.—
9 Section 1860D–4(b)(3) of the Social Security
10 Act (42 U.S.C. 1395w–104(b)(3)) is amended
11 by adding at the end the following new sub-
12 paragraph:

13 “(I) REQUIRED INCLUSION OF SELECTED
14 DRUGS.—

15 “(i) IN GENERAL.—For 2026 and
16 each subsequent year, the PDP sponsor of-
17 fering a prescription drug plan shall in-
18 clude each covered part D drug that is a
19 selected drug under section 1192 for which
20 an agreement for such drug is in effect
21 under section 1193 with respect to the
22 year.

23 “(ii) CLARIFICATION.—Nothing in
24 clause (i) shall be construed as prohibiting
25 a PDP sponsor from removing such a se-

1 lected drug from a formulary if such re-
2 moval would be permitted under section
3 423.120(b)(5)(iv) of title 42, Code of Fed-
4 eral Regulations (or any successor regula-
5 tion).”.

6 (F) INFORMATION FROM PRESCRIPTION
7 DRUG PLANS AND MA-PD PLANS REQUIRED.—

8 (i) PRESCRIPTION DRUG PLANS.—Sec-
9 tion 1860D-12(b) of the Social Security
10 Act (42 U.S.C. 1395w-112(b)) is amended
11 by adding at the end the following new
12 paragraph:

13 “(8) PROVISION OF INFORMATION RELATED TO
14 MAXIMUM FAIR PRICES.—Each contract entered into
15 with a PDP sponsor under this part with respect to
16 a prescription drug plan offered by such sponsor
17 shall require the sponsor to provide information to
18 the Secretary as requested by the Secretary in ac-
19 cordance with section 1194(g).”.

20 (ii) MA-PD PLANS.—Section
21 1857(f)(3) of the Social Security Act (42
22 U.S.C. 1395w-27(f)(3)) is amended by
23 adding at the end the following new sub-
24 paragraph:

1 “(E) PROVISION OF INFORMATION RE-
2 LATED TO MAXIMUM FAIR PRICES.—Section
3 1860D–12(b)(8).”.

4 (2) DRUG PRICE NEGOTIATION PROGRAM
5 PRICES INCLUDED IN BEST PRICE.—Section
6 1927(c)(1)(C) of the Social Security Act (42 U.S.C.
7 1396r–8(c)(1)(C)) is amended—

8 (A) in clause (i)(VI), by striking “any
9 prices charged” and inserting “subject to clause
10 (ii)(V), any prices charged”; and

11 (B) in clause (ii)—

12 (i) in subclause (III), by striking “;
13 and” at the end;

14 (ii) in subclause (IV), by striking the
15 period at the end and inserting “; and”;
16 and

17 (iii) by adding at the end the fol-
18 lowing new subclause:

19 “(V) in the case of a rebate pe-
20 riod and a covered outpatient drug
21 that is a selected drug (as referred to
22 in section 1192(e)) during such rebate
23 period, shall be inclusive of the max-
24 imum fair price (as defined in section

1 1191(e)(2)) for such drug with re-
2 spect to such period.”.

3 (3) MAXIMUM FAIR PRICES EXCLUDED FROM
4 AVERAGE MANUFACTURER PRICE.—Section
5 1927(k)(1)(B)(i) of the Social Security Act (42
6 U.S.C. 1396r-8(k)(1)(B)(i)) is amended—

7 (A) in subclause (IV) by striking “; and”
8 at the end;

9 (B) in subclause (V) by striking the period
10 at the end and inserting “; and”; and

11 (C) by adding at the end the following new
12 subclause:

13 “(VI) any reduction in price paid
14 during the rebate period to the manu-
15 facturer for a drug by reason of appli-
16 cation of part E of title XI.”.

17 (c) IMPLEMENTATION FOR 2026 THROUGH 2028.—
18 The Secretary of Health and Human Services shall imple-
19 ment this section, including the amendments made by this
20 section, for 2026, 2027, and 2028 by program instruction
21 or other forms of program guidance.

1 **SEC. 11002. SPECIAL RULE TO DELAY SELECTION AND NE-**
2 **GOTIATION OF BIOLOGICS FOR BIOSIMILAR**
3 **MARKET ENTRY.**

4 (a) IN GENERAL.—Part E of title XI of the Social
5 Security Act, as added by section 11001, is amended—

6 (1) in section 1192—

7 (A) in subsection (a), in the flush matter
8 following paragraph (2), by inserting “and sub-
9 section (b)(3)” after “the previous sentence”;

10 (B) in subsection (b)—

11 (i) in paragraph (1), by adding at the
12 end the following new subparagraph:

13 “(C) In the case of a biological product for
14 which the inclusion of the biological product as
15 a selected drug on a list published under sub-
16 section (a) has been delayed under subsection
17 (f)(2), remove such biological product from the
18 rankings under subparagraph (A) before mak-
19 ing the selections under subparagraph (B).”;
20 and

21 (ii) by adding at the end the following
22 new paragraph:

23 “(3) INCLUSION OF DELAYED BIOLOGICAL
24 PRODUCTS.—Pursuant to subparagraphs (B)(ii)(I)
25 and (C)(i) of subsection (f)(2), the Secretary shall
26 select and include on the list published under sub-

1 section (a) the biological products described in such
2 subparagraphs. Such biological products shall count
3 towards the required number of drugs to be selected
4 under subsection (a)(1).”;

5 (C) by redesignating subsection (f) as sub-
6 section (g);

7 (D) by inserting after subsection (e) the
8 following new subsection:

9 “(f) SPECIAL RULE TO DELAY SELECTION AND NE-
10 GOTIATION OF BIOLOGICS FOR BIOSIMILAR MARKET
11 ENTRY.—

12 “(1) APPLICATION.—

13 “(A) IN GENERAL.—Subject to subpara-
14 graph (B), in the case of a biological product
15 that would (but for this subsection) be an ex-
16 tended-monopoly drug (as defined in section
17 1194(c)(4)) included as a selected drug on the
18 list published under subsection (a) with respect
19 to an initial price applicability year, the rules
20 described in paragraph (2) shall apply if the
21 Secretary determines that there is a high likeli-
22 hood (as described in paragraph (3)) that a bio-
23 similar biological product (for which such bio-
24 logical product will be the reference product)
25 will be licensed and marketed under section

1 351(k) of the Public Health Service Act before
2 the date that is 2 years after the selected drug
3 publication date with respect to such initial
4 price applicability year.

5 “(B) REQUEST REQUIRED.—

6 “(i) IN GENERAL.—The Secretary
7 shall not provide for a delay under—

8 “(I) paragraph (2)(A) unless a
9 request is made for such a delay by a
10 manufacturer of a biosimilar biological
11 product prior to the selected drug
12 publication date for the list published
13 under subsection (a) with respect to
14 the initial price applicability year for
15 which the biological product would
16 have been included as a selected drug
17 on such list but for subparagraph
18 (2)(A); or

19 “(II) paragraph (2)(B)(iii) unless
20 a request is made for such a delay by
21 such a manufacturer prior to the se-
22 lected drug publication date for the
23 list published under subsection (a)
24 with respect to the initial price appli-
25 cability year that is 1 year after the

1 initial price applicability year for
2 which the biological product described
3 in subsection (a) would have been in-
4 cluded as a selected drug on such list
5 but for paragraph (2)(A).

6 “(ii) INFORMATION AND DOCU-
7 MENTS.—

8 “(I) IN GENERAL.—A request
9 made under clause (i) shall be sub-
10 mitted to the Secretary by such man-
11 ufacturer at a time and in a form and
12 manner specified by the Secretary,
13 and contain—

14 “(aa) information and docu-
15 ments necessary for the Sec-
16 retary to make determinations
17 under this subsection, as speci-
18 fied by the Secretary; and

19 “(bb) all agreements related
20 to the biosimilar biological prod-
21 uct filed with the Federal Trade
22 Commission or the Assistant At-
23 torney General pursuant to sub-
24 sections (a) and (c) of section
25 1112 of the Medicare Prescrip-

1 tion Drug, Improvement, and
2 Modernization Act of 2003.

3 “(II) ADDITIONAL INFORMATION
4 AND DOCUMENTS.—After the Sec-
5 retary has reviewed the request and
6 materials submitted under subclause
7 (I), the manufacturer shall submit
8 any additional information and docu-
9 ments requested by the Secretary nec-
10 essary to make determinations under
11 this subsection.

12 “(C) AGGREGATION RULE.—

13 “(i) IN GENERAL.—All persons treat-
14 ed as a single employer under subsection
15 (a) or (b) of section 52 of the Internal
16 Revenue Code of 1986, or in a partnership,
17 shall be treated as one manufacturer for
18 purposes of paragraph (2)(D)(iv).

19 “(ii) PARTNERSHIP DEFINED.—In
20 clause (i), the term ‘partnership’ means a
21 syndicate, group, pool, joint venture, or
22 other organization through or by means of
23 which any business, financial operation, or
24 venture is carried on by the manufacturer

1 of the biological product and the manufac-
2 turer of the biosimilar biological product.

3 “(2) RULES DESCRIBED.—The rules described
4 in this paragraph are the following:

5 “(A) DELAYED SELECTION AND NEGOTIA-
6 TION FOR 1 YEAR.—If a determination of high
7 likelihood is made under paragraph (3), the
8 Secretary shall delay the inclusion of the bio-
9 logical product as a selected drug on the list
10 published under subsection (a) until such list is
11 published with respect to the initial price appli-
12 cability year that is 1 year after the initial price
13 applicability year for which the biological prod-
14 uct would have been included as a selected drug
15 on such list.

16 “(B) IF NOT LICENSED AND MARKETED
17 DURING THE INITIAL DELAY.—

18 “(i) IN GENERAL.—If, during the
19 time period between the selected drug pub-
20 lication date on which the biological prod-
21 uct would have been included on the list as
22 a selected drug pursuant to subsection (a)
23 but for subparagraph (A) and the selected
24 drug publication date with respect to the
25 initial price applicability year that is 1

1 year after the initial price applicability
2 year for which such biological product
3 would have been included as a selected
4 drug on such list, the Secretary determines
5 that the biosimilar biological product for
6 which the manufacturer submitted the re-
7 quest under paragraph (1)(B)(i)(II) (and
8 for which the Secretary previously made a
9 high likelihood determination under para-
10 graph (3)) has not been licensed and mar-
11 keted under such section 351(k), the Sec-
12 retary shall, at the request of such manu-
13 facturer—

14 “(I) reevaluate whether there is a
15 high likelihood (as described in para-
16 graph (3)) that such biosimilar bio-
17 logical product will be licensed and
18 marketed under such section 351(k)
19 before the selected drug publication
20 date that is 2 years after the selected
21 drug publication date for which such
22 biological product would have been in-
23 cluded as a selected drug on such list
24 published but for subparagraph (A);
25 and

1 after the initial price applicability year
2 for which such biological product
3 would have been included as a selected
4 drug on such list but for subpara-
5 graph (A); and

6 “(II) the manufacturer of such
7 biological product shall pay a rebate
8 under paragraph (4) with respect to
9 the year for which such manufacturer
10 would have provided access to a max-
11 imum fair price for such biological
12 product but for subparagraph (A).

13 “(iii) SECOND 1-YEAR DELAY.—If the
14 Secretary determines that there is a high
15 likelihood that such biosimilar biological
16 product will be licensed and marketed (as
17 described in clause (i)(I)) and a significant
18 amount of progress has been made by the
19 manufacturer of such biosimilar biological
20 product towards such licensure and mar-
21 keting (as described in clause (i)(II)), the
22 Secretary shall delay the inclusion of the
23 biological product as a selected drug on the
24 list published under subsection (a) until
25 the selected drug publication date of such

1 list with respect to the initial price applica-
2 bility year that is 2 years after the initial
3 price applicability year for which such bio-
4 logical product would have been included
5 as a selected drug on such list but for this
6 subsection.

7 “(C) IF NOT LICENSED AND MARKETED
8 DURING THE YEAR TWO DELAY.—If, during the
9 time period between the selected drug publica-
10 tion date of the list for which the biological
11 product would have been included as a selected
12 drug but for subparagraph (B)(iii) and the se-
13 lected drug publication date with respect to the
14 initial price applicability year that is 2 years
15 after the initial price applicability year for
16 which such biological product would have been
17 included as a selected drug on such list but for
18 this subsection, the Secretary determines that
19 such biosimilar biological product has not been
20 licensed and marketed—

21 “(i) the Secretary shall include such
22 biological product as a selected drug on
23 such list with respect to the initial price
24 applicability year that is 2 years after the
25 initial price applicability year for which

1 such biological product would have been in-
2 cluded as a selected drug on such list; and

3 “(ii) the manufacturer of such biologi-
4 cal product shall pay a rebate under para-
5 graph (4) with respect to the years for
6 which such manufacturer would have pro-
7 vided access to a maximum fair price for
8 such biological product but for this sub-
9 section.

10 “(D) LIMITATIONS ON DELAYS.—

11 “(i) LIMITED TO 2 YEARS.—In no
12 case shall the Secretary delay the inclusion
13 of a biological product on the list published
14 under subsection (a) for more than 2
15 years.

16 “(ii) EXCLUSION OF BIOLOGICAL
17 PRODUCTS THAT TRANSITIONED TO A
18 LONG-MONOPOLY DRUG DURING THE
19 DELAY.—In the case of a biological prod-
20 uct for which the inclusion on the list pub-
21 lished pursuant to subsection (a) was de-
22 layed by 1 year under subparagraph (A)
23 and for which there would have been a
24 change in status to a long-monopoly drug
25 (as defined in section 1194(c)(5)) if such

1 biological product had been a selected
2 drug, in no case may the Secretary provide
3 for a second 1-year delay under subpara-
4 graph (B)(iii).

5 “(iii) EXCLUSION OF BIOLOGICAL
6 PRODUCTS IF MORE THAN 1 YEAR SINCE
7 LICENSURE.—In no case shall the Sec-
8 retary delay the inclusion of a biological
9 product on the list published under sub-
10 section (a) if more than 1 year has elapsed
11 since the biosimilar biological product has
12 been licensed under section 351(k) and
13 marketing has not commenced for such
14 biosimilar biological product.

15 “(iv) CERTAIN MANUFACTURERS OF
16 BIOSIMILAR BIOLOGICAL PRODUCTS EX-
17 CLUDED.—In no case shall the Secretary
18 delay the inclusion of a biological product
19 as a selected drug on the list published
20 under subsection (a) if the manufacturer
21 of the biosimilar biological product de-
22 scribed in paragraph (1)(A)—

23 “(I) is the same as the manufac-
24 turer of the reference product de-
25 scribed in such paragraph or is treat-

1 ed as being the same pursuant to
2 paragraph (1)(C);

3 “(II) has—

4 “(aa) in the past 5 years,
5 been subject to exclusion under
6 section 1128(b)(7) or to the im-
7 position of civil monetary pen-
8 alties under section 1128A; or

9 “(bb) an integrity agreement
10 in effect with the Inspector Gen-
11 eral of the Department of Health
12 and Human Services that was
13 entered into in lieu of exclusion
14 under section 1128(b)(7);

15 “(III) is currently subject to a
16 cease and desist order or an injunc-
17 tion in a proceeding or civil action
18 brought by the Federal Trade Com-
19 mission except for proceedings or ac-
20 tions related solely to a merger or ac-
21 quisition; or

22 “(IV) has entered into any agree-
23 ment described in paragraph
24 (1)(B)(ii)(I)(bb) with the manufac-
25 turer of the reference product de-

1 scribed in paragraph (1)(A) that re-
2 quires or incentivizes the manufac-
3 turer of the biosimilar biological prod-
4 uct to submit a request described in
5 paragraph (1)(B).

6 “(E) PUBLIC NOTIFICATION.—If the Sec-
7 retary delays the inclusion of a biological prod-
8 uct as a selected drug on the list published
9 under this section pursuant to subparagraph
10 (A) or (B)(iii), the Secretary shall, within 30
11 days of making the determination with respect
12 to such delay, provide notification to the public
13 of such delay in a form and manner determined
14 by the Secretary.

15 “(3) HIGH LIKELIHOOD.—

16 “(A) IN GENERAL.—For purposes of this
17 subsection, there is a high likelihood described
18 in paragraph (1) or paragraph (2), as applica-
19 ble, if the Secretary finds that—

20 “(i) an application for licensure under
21 such section 351(k) for the biosimilar bio-
22 logical product has been accepted for re-
23 view or approved by the Food and Drug
24 Administration; and

1 “(ii) information from documents de-
2 scribed in paragraph (1)(B)(ii) submitted
3 by the manufacturer requesting a delay
4 under paragraph (1)(B) to the Secretary
5 provides clear and convincing evidence that
6 such biosimilar biological product will,
7 within the time period specified under
8 paragraph (1)(A) or (2)(B)(i)(I), be mar-
9 keted.

10 “(B) ITEMS DESCRIBED.—The items de-
11 scribed in this subparagraph are the following:

12 “(i) The manufacturing schedule for
13 such biosimilar biological product sub-
14 mitted to the Food and Drug Administra-
15 tion during its review of the application
16 under such section 351(k).

17 “(ii) Disclosures (in filings by the
18 manufacturer of such biosimilar biological
19 product with the Securities and Exchange
20 Commission required under section 12(b),
21 12(g), 13(a), or 15(d) of the Securities Ex-
22 change Act of 1934 about capital invest-
23 ment, revenue expectations, and actions
24 taken by the manufacturer that are typical
25 of the normal course of business in the

1 year (or the 2 years, as applicable) before
2 marketing of a biosimilar biological prod-
3 uct) that pertain to the marketing of such
4 biosimilar biological product, or com-
5 parable documentation that is distributed
6 to the shareholders of privately held com-
7 panies.

8 “(iii) Agreements filed with the Fed-
9 eral Trade Commission or the Assistant
10 Attorney General pursuant to subsections
11 (a) and (c) of section 1112 of the Medicare
12 Prescription Drug, Improvement, and
13 Modernization Act of 2003.

14 “(4) REBATE.—

15 “(A) IN GENERAL.—For purposes of sub-
16 paragraphs (B)(ii)(II) and (C)(ii) of paragraph
17 (2), in the case of a biological product for which
18 the inclusion on the list under subsection (a)
19 was delayed under this subsection and for
20 which the Secretary has negotiated and entered
21 into an agreement under section 1193 with re-
22 spect to such biological product, the manufac-
23 turer shall be required to pay a rebate to the
24 Secretary at such time and in such manner as
25 determined by the Secretary.

1 “(B) AMOUNT.—Subject to subparagraph
2 (C), the amount of the rebate under subpara-
3 graph (A) with respect to a biological product
4 shall be equal to the estimated amount—

5 “(i) in the case of a biological product
6 that is a covered part D drug (as defined
7 in section 1860D–2(e)), that is the sum of
8 the products of—

9 “(I) 75 percent of the amount by
10 which—

11 “(aa) the average manufac-
12 turer price, as reported by the
13 manufacturer of such covered
14 part D drug under section 1927
15 (or, if not reported by such man-
16 ufacturer under section 1927, as
17 reported by such manufacturer to
18 the Secretary pursuant to the
19 agreement under section
20 1193(a)) for such biological prod-
21 uct, with respect to each of the
22 calendar quarters of the price ap-
23 plicability period that would have
24 applied but for this subsection;
25 exceeds

1 “(bb) in the initial price ap-
2 plicability year that would have
3 applied but for a delay under—

4 “(AA) paragraph
5 (2)(A), the maximum fair
6 price negotiated under sec-
7 tion 1194 for such biological
8 product under such agree-
9 ment; or

10 “(BB) paragraph
11 (2)(B)(iii), such maximum
12 fair price, increased by the
13 annual percentage increase
14 in the consumer price index
15 for all urban consumers (all
16 items; United States city av-
17 erage) for the 12-month pe-
18 riod ending with September
19 of such previous year; and

20 “(II) the number of units dis-
21 pensed under part D of title XVIII
22 for such covered part D drug during
23 each such quarter of such price appli-
24 cability period; and

1 in the consumer price index
2 for all urban consumers (all
3 items; United States city av-
4 erage) for the 12-month pe-
5 riod ending with September
6 of such previous year; and

7 “(II) the number of units (ex-
8 cluding units that are packaged into
9 the payment amount for an item or
10 service and are not separately payable
11 under such part B) of the billing and
12 payment code of such biological prod-
13 uct administered or furnished under
14 such part B during each such cal-
15 endar quarter of such price applica-
16 bility period.

17 “(C) SPECIAL RULE FOR DELAYED BIO-
18 LOGICAL PRODUCTS THAT ARE LONG-MONOP-
19 OLY DRUGS.—

20 “(i) IN GENERAL.—In the case of a
21 biological product with respect to which a
22 rebate is required to be paid under this
23 paragraph, if such biological product quali-
24 fies as a long-monopoly drug (as defined in
25 section 1194(c)(5)) at the time of its inclu-

1 sion on the list published under subsection
2 (a), in determining the amount of the re-
3 bate for such biological product under sub-
4 paragraph (B), the amount described in
5 clause (ii) shall be substituted for the max-
6 imum fair price described in clause (i)(I)
7 or (ii)(I) of such subparagraph (B), as ap-
8 plicable.

9 “(ii) AMOUNT DESCRIBED.—The
10 amount described in this clause is an
11 amount equal to 65 percent of the average
12 non-Federal average manufacturer price
13 for the biological product for 2021 (or, in
14 the case that there is not an average non-
15 Federal average manufacturer price avail-
16 able for such biological product for 2021,
17 for the first full year following the market
18 entry for such biological product), in-
19 creased by the percentage increase in the
20 consumer price index for all urban con-
21 sumers (all items; United States city aver-
22 age) from September 2021 (or December
23 of such first full year following the market
24 entry), as applicable, to September of the
25 year prior to the selected drug publication

1 date with respect to the initial price appli-
2 cability year that would have applied but
3 for this subsection.

4 “(D) REBATE DEPOSITS.—Amounts paid
5 as rebates under this paragraph shall be depos-
6 ited into—

7 “(i) in the case payment is made for
8 such biological product under part B of
9 title XVIII, the Federal Supplementary
10 Medical Insurance Trust Fund established
11 under section 1841; and

12 “(ii) in the case such biological prod-
13 uct is a covered part D drug (as defined in
14 section 1860D–2(e)), the Medicare Pre-
15 scription Drug Account under section
16 1860D–16 in such Trust Fund.

17 “(5) DETERMINATIONS.—The determinations of
18 high likelihood and significant amount of progress
19 under this subsection and the determinations re-
20 quired under paragraph (2)(D)(iv) shall be based on
21 information available to the Secretary, including in-
22 formation required by the Secretary from the manu-
23 facturer of the biosimilar biological product making
24 a request for a delay under this subsection.

1 “(6) DEFINITIONS OF BIOSIMILAR BIOLOGICAL
2 PRODUCT.—In this subsection, the term ‘biosimilar
3 biological product’ has the meanings given such term
4 in section 1847A(c)(6).”; and

5 (E) in subsection (g), as redesignated by
6 subparagraph (C), by inserting “the application
7 of subsection (f),” after “subsection (e),”;
8 (2) in section 1193(a)(4)—

9 (A) in the matter preceding subparagraph
10 (A), by inserting “and for section 1192(f)”
11 after “section 1194(f)”;

12 (B) in subparagraph (A), by striking
13 “and” at the end;

14 (C) by adding at the end the following new
15 subparagraph:

16 “(C) information that the Secretary re-
17 quires to carry out section 1192(f), including
18 rebates under paragraph (4) of such section;
19 and”;

20 (3) in section 1196(a)(7), by inserting “,
21 1192(f)(1)(C),” after “sections 1192(d)(2)(B)”;

22 (4) in section 1197—

23 (A) by redesignating subsections (b), (c),
24 and (d) as subsections (c), (d), and (e), respec-
25 tively; and

1 (B) by inserting after subsection (a) the
2 following new subsection:

3 “(b) VIOLATIONS RELATING TO PROVIDING RE-
4 BATES.—Any manufacturer that fails to comply with the
5 rebate requirements under section 1192(f)(4) shall be sub-
6 ject to a civil monetary penalty equal to 10 times the
7 amount of the rebate the manufacturer failed to pay under
8 such section.”.

9 (b) CONFORMING AMENDMENTS FOR DISCLOSURE
10 OF CERTAIN INFORMATION.—Section 1927(b)(3)(D) of
11 the Social Security Act (42 U.S.C. 1396r–8(b)(3)(D)) is
12 amended—

13 (1) in clause (vi), by striking “and” at the end;

14 (2) in clause (vii), by striking the period at the
15 end and inserting “; and”; and

16 (3) by inserting after clause (vii) the following
17 new clause:

18 “(viii) as the Secretary determines
19 necessary to carry out section 1192(f), in-
20 cluding rebates under paragraph (4) of
21 such section.”.

22 (c) IMPLEMENTATION FOR 2026 THROUGH 2028.—
23 The Secretary of Health and Human Services shall imple-
24 ment this section, including the amendments made by this

1 section, for 2026, 2027, and 2028 by program instruction
2 or other forms of program guidance.

3 **SEC. 11003. SELECTED DRUG MANUFACTURER EXCISE TAX**
4 **IMPOSED DURING NONCOMPLIANCE PERI-**
5 **ODS.**

6 (a) IN GENERAL.—Subtitle D of the Internal Rev-
7 enue Code of 1986 is amended by adding at the end the
8 following new chapter:

9 **“CHAPTER 50A—SELECTED DRUGS**

“Sec. 5000D. Selected drugs during noncompliance periods.

10 **“SEC. 5000D. SELECTED DRUGS DURING NONCOMPLIANCE**
11 **PERIODS.**

12 “(a) IN GENERAL.—There is hereby imposed on the
13 sale by the manufacturer, producer, or importer of any
14 selected drug during a day described in subsection (b) a
15 tax in an amount such that the applicable percentage is
16 equal to the ratio of—

17 “(1) such tax, divided by

18 “(2) the sum of such tax and the price for
19 which so sold.

20 “(b) NONCOMPLIANCE PERIODS.—A day is described
21 in this subsection with respect to a selected drug if it is
22 a day during one of the following periods:

23 “(1) The period beginning on the March 1st
24 (or, in the case of initial price applicability year

1 2026, the October 2nd) immediately following the
2 selected drug publication date and ending on the
3 first date during which the manufacturer of the drug
4 has in place an agreement described in subsection
5 (a) of section 1193 of the Social Security Act with
6 respect to such drug.

7 “(2) The period beginning on the November
8 2nd immediately following the March 1st described
9 in paragraph (1) (or, in the case of initial price ap-
10 plicability year 2026, the August 2nd immediately
11 following the October 2nd described in such para-
12 graph) and ending on the first date during which the
13 manufacturer of the drug and the Secretary of
14 Health and Human Services have agreed to a max-
15 imum fair price under such agreement.

16 “(3) In the case of a selected drug with respect
17 to which the Secretary of Health and Human Serv-
18 ices has specified a renegotiation period under such
19 agreement, the period beginning on the first date
20 after the last date of such renegotiation period and
21 ending on the first date during which the manufac-
22 turer of the drug has agreed to a renegotiated max-
23 imum fair price under such agreement.

24 “(4) With respect to information that is re-
25 quired to be submitted to the Secretary of Health

1 and Human Services under such agreement, the pe-
2 riod beginning on the date on which such Secretary
3 certifies that such information is overdue and ending
4 on the date that such information is so submitted.

5 “(c) APPLICABLE PERCENTAGE.—For purposes of
6 this section, the term ‘applicable percentage’ means—

7 “(1) in the case of sales of a selected drug dur-
8 ing the first 90 days described in subsection (b) with
9 respect to such drug, 65 percent,

10 “(2) in the case of sales of such drug during
11 the 91st day through the 180th day described in
12 subsection (b) with respect to such drug, 75 percent,

13 “(3) in the case of sales of such drug during
14 the 181st day through the 270th day described in
15 subsection (b) with respect to such drug, 85 percent,
16 and

17 “(4) in the case of sales of such drug during
18 any subsequent day, 95 percent.

19 “(d) SELECTED DRUG.—For purposes of this sec-
20 tion—

21 “(1) IN GENERAL.—The term ‘selected drug’
22 means any selected drug (within the meaning of sec-
23 tion 1192(e) of the Social Security Act) which is
24 manufactured or produced in the United States or

1 entered into the United States for consumption, use,
2 or warehousing.

3 “(2) UNITED STATES.—The term ‘United
4 States’ has the meaning given such term by section
5 4612(a)(4).

6 “(3) COORDINATION WITH RULES FOR POSSES-
7 SIONS OF THE UNITED STATES.—Rules similar to
8 the rules of paragraphs (2) and (4) of section
9 4132(c) shall apply for purposes of this section.

10 “(e) OTHER DEFINITIONS.—For purposes of this
11 section, the terms ‘initial price applicability year’, ‘selected
12 drug publication date’, and ‘maximum fair price’ have the
13 meaning given such terms in section 1191 of the Social
14 Security Act.

15 “(f) SPECIAL RULES.—

16 “(1) ANTI-ABUSE RULE.—In the case of a sale
17 which was timed for the purpose of avoiding the tax
18 imposed by this section, the Secretary may treat
19 such sale as occurring during a day described in
20 subsection (b).

21 “(2) PROHIBITION ON ADMINISTRATIVE AP-
22 PEALS.—Any tax controversy with respect to the tax
23 imposed by this section shall not be referred to, or
24 considered by, the Internal Revenue Service Inde-
25 pendent Office of Appeals.

1 “(g) EXPORTS.—Rules similar to the rules of section
2 4662(e) (other than section 4662(e)(2)(A)(ii)(II)) shall
3 apply for purposes of this chapter.

4 “(h) REGULATIONS.—The Secretary shall prescribe
5 such regulations and other guidance as may be necessary
6 or appropriate to carry out this section.”.

7 (b) NO DEDUCTION FOR EXCISE TAX PAYMENTS.—
8 Section 275(a)(6) of the Internal Revenue Code of 1986
9 is amended by inserting “50A,” after “46,”.

10 (c) CIVIL ACTIONS FOR REFUND.—Section 7422 of
11 the Internal Revenue Code of 1986 is amended by insert-
12 ing after subsection (g) the following new subsection:

13 “(h) SPECIAL RULES FOR EXCISE TAX IMPOSED BY
14 CHAPTER 50A.—No suit or proceeding shall be main-
15 tained in any court for the recovery of any tax imposed
16 under section 5000D until payment has been made by the
17 taxpayer in an amount equal to the full amount of the
18 tax imposed under such section (including any interest or
19 penalties in connection with such tax) with respect to any
20 sales of a selected drug (as defined in section
21 5000D(d)(1)) during the period for which a return is re-
22 quired to be made with respect to such tax (as determined
23 under regulations prescribed by the Secretary).”.

1 (d) CLERICAL AMENDMENT.—The table of chapters
2 for subtitle D of the Internal Revenue Code of 1986 is
3 amended by adding at the end the following new item:

“CHAPTER 50A—SELECTED DRUGS”.

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to sales after the date of the enact-
6 ment of this Act.

7 **SEC. 11004. FUNDING.**

8 In addition to amounts otherwise available, there is
9 appropriated to the Centers for Medicare & Medicaid Serv-
10 ices, out of any money in the Treasury not otherwise ap-
11 propriated, \$3,000,000,000 for fiscal year 2022, to remain
12 available until expended, to carry out the provisions of,
13 including the amendments made by, this part.

14 **PART 2—PRESCRIPTION DRUG INFLATION**

15 **REBATES**

16 **SEC. 11101. MEDICARE PART B REBATE BY MANUFACTUR-**
17 **ERS.**

18 (a) IN GENERAL.—Section 1847A of the Social Secu-
19 rity Act (42 U.S.C. 1395w–3a) is amended—

20 (1) by redesignating subsection (i) as subsection
21 (j) and by inserting after subsection (h) the fol-
22 lowing subsection:

23 “(i) REBATE BY MANUFACTURERS FOR SINGLE
24 SOURCE DRUGS AND BIOLOGICALS WITH PRICES IN-
25 CREASING FASTER THAN INFLATION.—

1 “(1) REQUIREMENTS.—

2 “(A) SECRETARIAL PROVISION OF INFOR-
3 MATION.—Not later than 6 months after the
4 end of each calendar quarter beginning on or
5 after January 1, 2023, the Secretary shall, for
6 each part B rebatable drug, report to each
7 manufacturer of such part B rebatable drug the
8 following for such calendar quarter:

9 “(i) Information on the total number
10 of billing units of the billing and payment
11 code described in subparagraph (A)(i) of
12 paragraph (3) with respect to such drug
13 and calendar quarter.

14 “(ii) Information on the amount (if
15 any) of the excess average sales price in-
16 crease described in subparagraph (A)(ii) of
17 such paragraph for such drug and calendar
18 quarter.

19 “(iii) The rebate amount specified
20 under such paragraph for such part B
21 rebatable drug and calendar quarter.

22 “(B) MANUFACTURER REQUIREMENT.—
23 For each calendar quarter beginning on or after
24 January 1, 2023, the manufacturer of a part B
25 rebatable drug shall, for such drug, not later

1 than 30 days after the date of receipt from the
2 Secretary of the information described in sub-
3 paragraph (A) for such calendar quarter, pro-
4 vide to the Secretary a rebate that is equal to
5 the amount specified in paragraph (3) for such
6 drug for such calendar quarter.

7 “(C) TRANSITION RULE FOR REPORT-
8 ING.—The Secretary may, for each part B
9 rebatable drug, delay the timeframe for report-
10 ing the information described in subparagraph
11 (A) for calendar quarters beginning in 2023
12 and 2024 until not later than September 30,
13 2025.

14 “(2) PART B REBATABLE DRUG DEFINED.—

15 “(A) IN GENERAL.—In this subsection, the
16 term ‘part B rebatable drug’ means a single
17 source drug or biological (as defined in sub-
18 paragraph (D) of subsection (c)(6)), including a
19 biosimilar biological product (as defined in sub-
20 paragraph (H) of such subsection) but exclud-
21 ing a qualifying biosimilar biological product
22 (as defined in subsection (b)(8)(B)(iii)), that
23 would be payable under this part if such drug
24 were furnished to an individual enrolled under

1 this part, except such term shall not include
2 such a drug or biological—

3 “(i) if, as determined by the Sec-
4 retary, the average total allowed charges
5 for such drug or biological under this part
6 for a year per individual that uses such a
7 drug or biological are less than, subject to
8 subparagraph (B), \$100; or

9 “(ii) that is a vaccine described in
10 subparagraph (A) or (B) of section
11 1861(s)(10).

12 “(B) INCREASE.—The dollar amount ap-
13 plied under subparagraph (A)(i)—

14 “(i) for 2024, shall be the dollar
15 amount specified under such subparagraph
16 for 2023, increased by the percentage in-
17 crease in the consumer price index for all
18 urban consumers (United States city aver-
19 age) for the 12-month period ending with
20 June of the previous year; and

21 “(ii) for a subsequent year, shall be
22 the dollar amount specified in this clause
23 (or clause (i)) for the previous year (with-
24 out application of subparagraph (C)), in-
25 creased by the percentage increase in the

1 consumer price index for all urban con-
2 sumers (United States city average) for
3 the 12-month period ending with June of
4 the previous year.

5 “(C) ROUNDING.—Any dollar amount de-
6 termined under subparagraph (B) that is not a
7 multiple of \$10 shall be rounded to the nearest
8 multiple of \$10.

9 “(3) REBATE AMOUNT.—

10 “(A) IN GENERAL.—For purposes of para-
11 graph (1), the amount specified in this para-
12 graph for a part B rebatable drug assigned to
13 a billing and payment code for a calendar quar-
14 ter is, subject to subparagraphs (B) and (G)
15 and paragraph (4), the estimated amount equal
16 to the product of—

17 “(i) the total number of billing units
18 determined under subparagraph (B) for
19 the billing and payment code of such drug;
20 and

21 “(ii) the amount (if any) by which—

22 “(I) the amount equal to—

23 “(aa) in the case of a part B
24 rebatable drug described in para-
25 graph (1)(B) of section

1 1847A(b), 106 percent of the
2 amount determined under para-
3 graph (4) of such section for
4 such drug during the calendar
5 quarter; or

6 “(bb) in the case of a part B
7 rebatable drug described in para-
8 graph (1)(C) of such section, the
9 payment amount under such
10 paragraph for such drug during
11 the calendar quarter; exceeds

12 “(II) the inflation-adjusted pay-
13 ment amount determined under sub-
14 paragraph (C) for such part B
15 rebatable drug during the calendar
16 quarter.

17 “(B) TOTAL NUMBER OF BILLING
18 UNITS.—For purposes of subparagraph (A)(i),
19 the total number of billing units with respect to
20 a part B rebatable drug is determined as fol-
21 lows:

22 “(i) Determine the total number of
23 units equal to—

24 “(I) the total number of units, as
25 reported under subsection (c)(1)(B)

1 for each National Drug Code of such
2 drug during the calendar quarter that
3 is two calendar quarters prior to the
4 calendar quarter as described in sub-
5 paragraph (A), minus

6 “(II) the total number of units
7 with respect to each National Drug
8 Code of such drug for which payment
9 was made under a State plan under
10 title XIX (or waiver of such plan), as
11 reported by States under section
12 1927(b)(2)(A) for the rebate period
13 that is the same calendar quarter as
14 described in subclause (I).

15 “(ii) Convert the units determined
16 under clause (i) to billing units for the bill-
17 ing and payment code of such drug, using
18 a methodology similar to the methodology
19 used under this section, by dividing the
20 units determined under clause (i) for each
21 National Drug Code of such drug by the
22 billing unit for the billing and payment
23 code of such drug.

1 “(iii) Compute the sum of the billing
2 units for each National Drug Code of such
3 drug in clause (ii).

4 “(C) DETERMINATION OF INFLATION-AD-
5 JUSTED PAYMENT AMOUNT.—The inflation-ad-
6 justed payment amount determined under this
7 subparagraph for a part B rebatable drug for
8 a calendar quarter is—

9 “(i) the payment amount for the bill-
10 ing and payment code for such drug in the
11 payment amount benchmark quarter (as
12 defined in subparagraph (D)); increased by

13 “(ii) the percentage by which the re-
14 bate period CPI-U (as defined in subpara-
15 graph (F)) for the calendar quarter ex-
16 ceeds the benchmark period CPI-U (as de-
17 fined in subparagraph (E)).

18 “(D) PAYMENT AMOUNT BENCHMARK
19 QUARTER.—The term ‘payment amount bench-
20 mark quarter’ means the calendar quarter be-
21 ginning July 1, 2021.

22 “(E) BENCHMARK PERIOD CPI-U.—The
23 term ‘benchmark period CPI-U’ means the con-
24 sumer price index for all urban consumers
25 (United States city average) for January 2021.

1 “(F) REBATE PERIOD CPI-U.—The term
2 ‘rebate period CPI-U’ means, with respect to a
3 calendar quarter described in subparagraph
4 (C), the greater of the benchmark period CPI-
5 U and the consumer price index for all urban
6 consumers (United States city average) for the
7 first month of the calendar quarter that is two
8 calendar quarters prior to such described cal-
9 endar quarter.

10 “(G) REDUCTION OR WAIVER FOR SHORT-
11 AGES AND SEVERE SUPPLY CHAIN DISRUP-
12 TIONS.—The Secretary shall reduce or waive
13 the amount under subparagraph (A) with re-
14 spect to a part B rebatable drug and a calendar
15 quarter—

16 “(i) in the case of a part B rebatable
17 drug that is described as currently in
18 shortage on the shortage list in effect
19 under section 506E of the Federal Food,
20 Drug, and Cosmetic Act at any point dur-
21 ing the calendar quarter; or

22 “(ii) in the case of a biosimilar bio-
23 logical product, when the Secretary deter-
24 mines there is a severe supply chain dis-
25 ruption during the calendar quarter, such

1 as that caused by a natural disaster or
2 other unique or unexpected event.

3 “(4) SPECIAL TREATMENT OF CERTAIN DRUGS
4 AND EXEMPTION.—

5 “(A) SUBSEQUENTLY APPROVED DRUGS.—

6 In the case of a part B rebatable drug first ap-
7 proved or licensed by the Food and Drug Ad-
8 ministration after December 1, 2020, clause (i)
9 of paragraph (3)(C) shall be applied as if the
10 term ‘payment amount benchmark quarter’
11 were defined under paragraph (3)(D) as the
12 third full calendar quarter after the day on
13 which the drug was first marketed and clause
14 (ii) of paragraph (3)(C) shall be applied as if
15 the term ‘benchmark period CPI-U’ were de-
16 fined under paragraph (3)(E) as if the ref-
17 erence to ‘January 2021’ under such paragraph
18 were a reference to ‘the first month of the first
19 full calendar quarter after the day on which the
20 drug was first marketed’.

21 “(B) TIMELINE FOR PROVISION OF RE-
22 BATES FOR SUBSEQUENTLY APPROVED
23 DRUGS.—In the case of a part B rebatable drug
24 first approved or licensed by the Food and
25 Drug Administration after December 1, 2020,

1 paragraph (1)(B) shall be applied as if the ref-
2 erence to ‘January 1, 2023’ under such para-
3 graph were a reference to ‘the later of the 6th
4 full calendar quarter after the day on which the
5 drug was first marketed or January 1, 2023’.

6 “(C) SELECTED DRUGS.—In the case of a
7 part B rebatable drug that is a selected drug
8 (as defined in section 1192(c)) with respect to
9 a price applicability period (as defined in sec-
10 tion 1191(b)(2)), in the case such drug is no
11 longer considered to be a selected drug under
12 section 1192(c), for each applicable period (as
13 defined under subsection (g)(7)) beginning after
14 the price applicability period with respect to
15 such drug, clause (i) of paragraph (3)(C) shall
16 be applied as if the term ‘payment amount
17 benchmark quarter’ were defined under para-
18 graph (3)(D) as the calendar quarter beginning
19 January 1 of the last year during such price
20 applicability period with respect to such selected
21 drug and clause (ii) of paragraph (3)(C) shall
22 be applied as if the term ‘benchmark period
23 CPI–U’ were defined under paragraph (3)(E)
24 as if the reference to ‘January 2021’ under

1 such paragraph were a reference to ‘the July of
2 the year preceding such last year’.

3 “(5) APPLICATION TO BENEFICIARY COINSUR-
4 ANCE.—In the case of a part B rebatable drug fur-
5 nished on or after April 1, 2023, if the payment
6 amount described in paragraph (3)(A)(ii)(I) (or, in
7 the case of a part B rebatable drug that is a selected
8 drug (as defined in section 1192(c)), the payment
9 amount described in subsection (b)(1)(B) for such
10 drug) for a calendar quarter exceeds the inflation
11 adjusted payment for such quarter—

12 “(A) in computing the amount of any coin-
13 surance applicable under this part to an indi-
14 vidual to whom such drug is furnished, the
15 computation of such coinsurance shall be equal
16 to 20 percent of the inflation-adjusted payment
17 amount determined under paragraph (3)(C) for
18 such part B rebatable drug; and

19 “(B) the amount of such coinsurance for
20 such calendar quarter, as computed under sub-
21 paragraph (A), shall be applied as a percent, as
22 determined by the Secretary, to the payment
23 amount that would otherwise apply under sub-
24 paragraphs (B) or (C) of subsection (b)(1).

1 “(6) REBATE DEPOSITS.—Amounts paid as re-
2 bates under paragraph (1)(B) shall be deposited into
3 the Federal Supplementary Medical Insurance Trust
4 Fund established under section 1841.

5 “(7) CIVIL MONEY PENALTY.—If a manufac-
6 turer of a part B rebatable drug has failed to com-
7 ply with the requirements under paragraph (1)(B)
8 for such drug for a calendar quarter, the manufac-
9 turer shall be subject to, in accordance with a proc-
10 ess established by the Secretary pursuant to regula-
11 tions, a civil money penalty in an amount equal to
12 at least 125 percent of the amount specified in para-
13 graph (3) for such drug for such calendar quarter.
14 The provisions of section 1128A (other than sub-
15 sections (a) (with respect to amounts of penalties or
16 additional assessments) and (b)) shall apply to a
17 civil money penalty under this paragraph in the
18 same manner as such provisions apply to a penalty
19 or proceeding under section 1128A(a).”; and

20 (2) in subsection (j), as redesignated by para-
21 graph (1)—

22 (A) in paragraph (4), by striking at the
23 end “and”;

24 (B) in paragraph (5), by striking at the
25 end the period and inserting a semicolon; and

1 (C) by adding at the end the following new
2 paragraphs:

3 “(6) the determination of units under sub-
4 section (i);

5 “(7) the determination of whether a drug is a
6 part B rebatable drug under subsection (i);

7 “(8) the calculation of the rebate amount under
8 subsection (i); and

9 “(9) the computation of coinsurance under sub-
10 section (i)(5); and

11 “(10) the computation of amounts paid under
12 section 1833(a)(1)(EE).”.

13 (b) AMOUNTS PAYABLE; COST-SHARING.—Section
14 1833 of the Social Security Act (42 U.S.C. 1395l) is
15 amended—

16 (1) in subsection (a)(1)—

17 (A) in subparagraph (G), by inserting “,
18 subject to subsection (i)(9),” after “the
19 amounts paid”;

20 (B) in subparagraph (S), by striking “with
21 respect to” and inserting “subject to subpara-
22 graph (EE), with respect to”;

23 (C) by striking “and (DD)” and inserting
24 “(DD)”; and

1 (D) by inserting before the semicolon at
2 the end the following: “, and (EE) with respect
3 to a part B rebatable drug (as defined in para-
4 graph (2) of section 1847A(i)) furnished on or
5 after April 1, 2023, for which the payment
6 amount for a calendar quarter under paragraph
7 (3)(A)(ii)(I) of such section (or, in the case of
8 a part B rebatable drug that is a selected drug
9 (as defined in section 1192(c) for which, the
10 payment amount described in section
11 1847A(b)(1)(B)) for such drug for such quarter
12 exceeds the inflation-adjusted payment under
13 paragraph (3)(A)(ii)(II) of such section for
14 such quarter, the amounts paid shall be equal
15 to the percent of the payment amount under
16 paragraph (3)(A)(ii)(I) of such section or sec-
17 tion 1847A(b)(1)(B), as applicable, that equals
18 the difference between (i) 100 percent, and (ii)
19 the percent applied under section
20 1847A(i)(5)(B)”;

21 (2) in subsection (i), by adding at the end the
22 following new paragraph:

23 “(9) In the case of a part B rebatable drug (as de-
24 fined in paragraph (2) of section 1847A(i)) for which pay-
25 ment under this subsection is not packaged into a payment

1 for a service furnished on or after April 1, 2023, under
2 the revised payment system under this subsection, in lieu
3 of calculation of coinsurance and the amount of payment
4 otherwise applicable under this subsection, the provisions
5 of section 1847A(i)(5) and paragraph (1)(EE) of sub-
6 section (a), shall, as determined appropriate by the Sec-
7 retary, apply under this subsection in the same manner
8 as such provisions of section 1847A(i)(5) and subsection
9 (a) apply under such section and subsection.”; and

10 (3) in subsection (t)(8), by adding at the end
11 the following new subparagraph:

12 “(F) PART B REBATABLE DRUGS.—In the
13 case of a part B rebatable drug (as defined in
14 paragraph (2) of section 1847A(i), except if
15 such drug does not have a copayment amount
16 as a result of application of subparagraph (E))
17 for which payment under this part is not pack-
18 aged into a payment for a covered OPD service
19 (or group of services) furnished on or after
20 April 1, 2023, and the payment for such drug
21 under this subsection is the same as the
22 amount for a calendar quarter under paragraph
23 (3)(A)(ii)(I) of section 1847A(i), under the sys-
24 tem under this subsection, in lieu of calculation
25 of the copayment amount and the amount of

1 payment otherwise applicable under this sub-
2 section (other than the application of the limita-
3 tion described in subparagraph (C)), the provi-
4 sions of section 1847A(i)(5) and paragraph
5 (1)(EE) of subsection (a), shall, as determined
6 appropriate by the Secretary, apply under this
7 subsection in the same manner as such provi-
8 sions of section 1847A(i)(5) and subsection (a)
9 apply under such section and subsection.”.

10 (c) CONFORMING AMENDMENTS.—

11 (1) TO PART B ASP CALCULATION.—Section
12 1847A(c)(3) of the Social Security Act (42 U.S.C.
13 1395w-3a(c)(3)) is amended by inserting “sub-
14 section (i) or” before “section 1927”.

15 (2) EXCLUDING PART B DRUG INFLATION RE-
16 BATE FROM BEST PRICE.—Section
17 1927(e)(1)(C)(ii)(I) of the Social Security Act (42
18 U.S.C. 1396r-8(e)(1)(C)(ii)(I)) is amended by in-
19 serting “or section 1847A(i)” after “this section”.

20 (3) COORDINATION WITH MEDICAID REBATE IN-
21 FORMATION DISCLOSURE.—Section 1927(b)(3)(D)(i)
22 of the Social Security Act (42 U.S.C. 1396r-
23 8(b)(3)(D)(i)) is amended by inserting “and the re-
24 bate” after “the payment amount”.

1 (4) EXCLUDING PART B DRUG INFLATION RE-
2 BATES FROM AVERAGE MANUFACTURER PRICE.—
3 Section 1927(k)(1)(B)(i) of the Social Security Act
4 (42 U.S.C. 1396r–8(k)(1)(B)(i)), as amended by
5 section 11001(b)(3), is amended—

6 (A) in subclause (V), by striking “and” at
7 the end;

8 (B) in subclause (VI), by striking the pe-
9 riod at the end and inserting a semicolon; and

10 (C) by adding at the end the following new
11 subclause:

12 “(VII) rebates paid by manufac-
13 turers under section 1847A(i); and”.

14 (d) FUNDING.—In addition to amounts otherwise
15 available, there are appropriated to the Centers for Medi-
16 care & Medicaid Services, out of any money in the Treas-
17 ury not otherwise appropriated, \$80,000,000 for fiscal
18 year 2022, including \$12,500,000 to carry out the provi-
19 sions of, including the amendments made by, this section
20 in fiscal year 2022, and \$7,500,000 to carry out the provi-
21 sions of, including the amendments made by, this section
22 in each of fiscal years 2023 through 2031, to remain avail-
23 able until expended.

1 **SEC. 11102. MEDICARE PART D REBATE BY MANUFACTUR-**
2 **ERS.**

3 (a) IN GENERAL.—Part D of title XVIII of the Social
4 Security Act is amended by inserting after section 1860D–
5 14A (42 U.S.C. 1395w–114a) the following new section:

6 **“SEC. 1860D–14B. MANUFACTURER REBATE FOR CERTAIN**
7 **DRUGS WITH PRICES INCREASING FASTER**
8 **THAN INFLATION.**

9 “(a) REQUIREMENTS.—

10 “(1) SECRETARIAL PROVISION OF INFORMA-
11 TION.—Not later than 9 months after the end of
12 each applicable period (as defined in subsection
13 (g)(7)), subject to paragraph (3), the Secretary
14 shall, for each part D rebatable drug, report to each
15 manufacturer of such part D rebatable drug the fol-
16 lowing for such period:

17 “(A) The amount (if any) of the excess an-
18 nual manufacturer price increase described in
19 subsection (b)(1)(A)(ii) for each dosage form
20 and strength with respect to such drug and pe-
21 riod.

22 “(B) The rebate amount specified under
23 subsection (b) for each dosage form and
24 strength with respect to such drug and period.

25 “(2) MANUFACTURER REQUIREMENTS.—For
26 each applicable period, the manufacturer of a part D

1 rebatable drug, for each dosage form and strength
2 with respect to such drug, not later than 30 days
3 after the date of receipt from the Secretary of the
4 information described in paragraph (1) for such pe-
5 riod, shall provide to the Secretary a rebate that is
6 equal to the amount specified in subsection (b) for
7 such dosage form and strength with respect to such
8 drug for such period.

9 “(3) TRANSITION RULE FOR REPORTING.—The
10 Secretary may, for each rebatable covered part D
11 drug, delay the timeframe for reporting the informa-
12 tion and rebate amount described in subparagraphs
13 (A) and (B) of such paragraph for the applicable pe-
14 riods beginning October 1, 2022, and October 1,
15 2023, until not later than December 31, 2025.

16 “(b) REBATE AMOUNT.—

17 “(1) IN GENERAL.—

18 “(A) CALCULATION.—For purposes of this
19 section, the amount specified in this subsection
20 for a dosage form and strength with respect to
21 a part D rebatable drug and applicable period
22 is, subject to subparagraph (C), paragraph
23 (5)(B), and paragraph (6), the estimated
24 amount equal to the product of—

1 “(i) subject to subparagraph (B) of
2 this paragraph, the total number of units
3 that are used to calculate the average man-
4 ufacturer price of such dosage form and
5 strength with respect to such part D
6 rebtable drug, as reported by the manu-
7 facturer of such drug under section 1927
8 for each month, with respect to such pe-
9 riod; and

10 “(ii) the amount (if any) by which—

11 “(I) the annual manufacturer
12 price (as determined in paragraph
13 (2)) paid for such dosage form and
14 strength with respect to such part D
15 rebtable drug for the period; exceeds

16 “(II) the inflation-adjusted pay-
17 ment amount determined under para-
18 graph (3) for such dosage form and
19 strength with respect to such part D
20 rebtable drug for the period.

21 “(B) EXCLUDED UNITS.—For purposes of
22 subparagraph (A)(i), the Secretary shall exclude
23 from the total number of units for a dosage
24 form and strength with respect to a part D

1 rebatable drug, with respect to an applicable pe-
2 riod, the following:

3 “(i) Units of each dosage form and
4 strength of such part D rebatable drug for
5 which payment was made under a State
6 plan under title XIX (or waiver of such
7 plan), as reported by States under section
8 1927(b)(2)(A).

9 “(ii) Units of each dosage form and
10 strength of such part D rebatable drug for
11 which a rebate is paid under section
12 1847A(i).

13 “(C) REDUCTION OR WAIVER FOR SHORT-
14 AGES AND SEVERE SUPPLY CHAIN DISRUP-
15 TIONS.—The Secretary shall reduce or waive
16 the amount under subparagraph (A) with re-
17 spect to a part D rebatable drug and an appli-
18 cable period—

19 “(i) in the case of a part D rebatable
20 drug that is described as currently in
21 shortage on the shortage list in effect
22 under section 506E of the Federal Food,
23 Drug, and Cosmetic Act at any point dur-
24 ing the applicable period;

1 “(ii) in the case of a generic part D
2 rebatable drug (described in subsection
3 (g)(1)(C)(ii)) or a biosimilar (defined as a
4 biological product licensed under section
5 351(k) of the Public Health Service Act),
6 when the Secretary determines there is a
7 severe supply chain disruption during the
8 applicable period, such as that caused by a
9 natural disaster or other unique or unex-
10 pected event; and

11 “(iii) in the case of a generic Part D
12 rebatable drug (as so described), if the
13 Secretary determines that without such re-
14 duction or waiver, the drug is likely to be
15 described as in shortage on such shortage
16 list during a subsequent applicable period.

17 “(2) DETERMINATION OF ANNUAL MANUFAC-
18 TURER PRICE.—The annual manufacturer price de-
19 termined under this paragraph for a dosage form
20 and strength, with respect to a part D rebatable
21 drug and an applicable period, is the sum of the
22 products of—

23 “(A) the average manufacturer price (as
24 defined in subsection (g)(6)) of such dosage
25 form and strength, as calculated for a unit of

1 such drug, with respect to each of the calendar
2 quarters of such period; and

3 “(B) the ratio of—

4 “(i) the total number of units of such
5 dosage form and strength reported under
6 section 1927 with respect to each such cal-
7 endar quarter of such period; to

8 “(ii) the total number of units of such
9 dosage form and strength reported under
10 section 1927 with respect to such period,
11 as determined by the Secretary.

12 “(3) DETERMINATION OF INFLATION-ADJUSTED
13 PAYMENT AMOUNT.—The inflation-adjusted payment
14 amount determined under this paragraph for a dos-
15 age form and strength with respect to a part D
16 rebatable drug for an applicable period, subject to
17 paragraph (5), is—

18 “(A) the benchmark period manufacturer
19 price determined under paragraph (4) for such
20 dosage form and strength with respect to such
21 drug and period; increased by

22 “(B) the percentage by which the applica-
23 ble period CPI-U (as defined in subsection
24 (g)(5)) for the period exceeds the benchmark
25 period CPI-U (as defined in subsection (g)(4)).

1 “(4) DETERMINATION OF BENCHMARK PERIOD
2 MANUFACTURER PRICE.—The benchmark period
3 manufacturer price determined under this paragraph
4 for a dosage form and strength, with respect to a
5 part D rebatable drug and an applicable period, is
6 the sum of the products of—

7 “(A) the average manufacturer price (as
8 defined in subsection (g)(6)) of such dosage
9 form and strength, as calculated for a unit of
10 such drug, with respect to each of the calendar
11 quarters of the payment amount benchmark pe-
12 riod (as defined in subsection (g)(3)); and

13 “(B) the ratio of—

14 “(i) the total number of units re-
15 ported under section 1927 of such dosage
16 form and strength with respect to each
17 such calendar quarter of such payment
18 amount benchmark period; to

19 “(ii) the total number of units re-
20 ported under section 1927 of such dosage
21 form and strength with respect to such
22 payment amount benchmark period.

23 “(5) SPECIAL TREATMENT OF CERTAIN DRUGS
24 AND EXEMPTION.—

1 “(A) SUBSEQUENTLY APPROVED DRUGS.—

2 In the case of a part D rebatable drug first ap-
3 proved or licensed by the Food and Drug Ad-
4 ministration after October 1, 2021, subpara-
5 graphs (A) and (B) of paragraph (4) shall be
6 applied as if the term ‘payment amount bench-
7 mark period’ were defined under subsection
8 (g)(3) as the first calendar year beginning after
9 the day on which the drug was first marketed
10 and subparagraph (B) of paragraph (3) shall be
11 applied as if the term ‘benchmark period CPI-
12 U’ were defined under subsection (g)(4) as if
13 the reference to ‘January 2021’ under such
14 subsection were a reference to ‘January of the
15 first year beginning after the date on which the
16 drug was first marketed’.

17 “(B) TREATMENT OF NEW FORMULA-
18 TIONS.—

19 “(i) IN GENERAL.—In the case of a
20 part D rebatable drug that is a line exten-
21 sion of a part D rebatable drug that is an
22 oral solid dosage form, the Secretary shall
23 establish a formula for determining the re-
24 bate amount under paragraph (1) and the
25 inflation adjusted payment amount under

1 paragraph (3) with respect to such part D
2 rebatable drug and an applicable period,
3 consistent with the formula applied under
4 subsection (c)(2)(C) of section 1927 for
5 determining a rebate obligation for a re-
6 bate period under such section.

7 “(ii) LINE EXTENSION DEFINED.—In
8 this subparagraph, the term ‘line exten-
9 sion’ means, with respect to a part D
10 rebatable drug, a new formulation of the
11 drug, such as an extended release formula-
12 tion, but does not include an abuse-deter-
13 rent formulation of the drug (as deter-
14 mined by the Secretary), regardless of
15 whether such abuse-deterrent formulation
16 is an extended release formulation.

17 “(C) SELECTED DRUGS.—In the case of a
18 part D rebatable drug that is a selected drug
19 (as defined in section 1192(c)) with respect to
20 a price applicability period (as defined in sec-
21 tion 1191(b)(2)), in the case such drug is no
22 longer considered to be a selected drug under
23 section 1192(c), for each applicable period (as
24 defined under subsection (g)(7)) beginning after
25 the price applicability period with respect to

1 such drug, subparagraphs (A) and (B) of para-
2 graph (4) shall be applied as if the term ‘pay-
3 ment amount benchmark period’ were defined
4 under subsection (g)(3) as the last year begin-
5 ning during such price applicability period with
6 respect to such selected drug and subparagraph
7 (B) of paragraph (3) shall be applied as if the
8 term ‘benchmark period CPI-U’ were defined
9 under subsection (g)(4) as if the reference to
10 ‘January 2021’ under such subsection were a
11 reference to ‘January of the last year beginning
12 during such price applicability period with re-
13 spect to such drug’.

14 “(6) RECONCILIATION IN CASE OF REVISED
15 AMP REPORTS.—The Secretary shall provide for a
16 method and process under which, in the case of a
17 manufacturer of a part D rebatable drug that sub-
18 mits revisions to information submitted under sec-
19 tion 1927 by the manufacturer with respect to such
20 drug, the Secretary determines, pursuant to such re-
21 visions, adjustments, if any, to the calculation of the
22 amount specified in this subsection for a dosage
23 form and strength with respect to such part D
24 rebatable drug and an applicable period and rec-
25 onciles any overpayments or underpayments in

1 amounts paid as rebates under this subsection. Any
2 identified underpayment shall be rectified by the
3 manufacturer not later than 30 days after the date
4 of receipt from the Secretary of information on such
5 underpayment.

6 “(c) REBATE DEPOSITS.—Amounts paid as rebates
7 under subsection (b) shall be deposited into the Medicare
8 Prescription Drug Account in the Federal Supplementary
9 Medical Insurance Trust Fund established under section
10 1841.

11 “(d) INFORMATION.—For purposes of carrying out
12 this section, the Secretary shall use information submitted
13 by manufacturers under section 1927(b)(3) and informa-
14 tion submitted by States under section 1927(b)(2)(A).

15 “(e) CIVIL MONEY PENALTY.—If a manufacturer of
16 a part D rebatable drug has failed to comply with the re-
17 quirement under subsection (a)(2) with respect to such
18 drug for an applicable period, the manufacturer shall be
19 subject to, in accordance with a process established by the
20 Secretary pursuant to regulations, a civil money penalty
21 in an amount equal to 125 percent of the amount specified
22 in subsection (b) for such drug for such period. The provi-
23 sions of section 1128A (other than subsections (a) (with
24 respect to amounts of penalties or additional assessments)
25 and (b)) shall apply to a civil money penalty under this

1 subsection in the same manner as such provisions apply
2 to a penalty or proceeding under section 1128A(a).

3 “(f) NO ADMINISTRATIVE OR JUDICIAL REVIEW.—

4 There shall be no administrative or judicial review of the
5 following:

6 “(1) The determination of units under this sec-
7 tion.

8 “(2) The determination of whether a drug is a
9 part D rebatable drug under this section.

10 “(3) The calculation of the rebate amount
11 under this section.

12 “(g) DEFINITIONS.—In this section:

13 “(1) PART D REBATABLE DRUG.—

14 “(A) IN GENERAL.—Except as provided in
15 subparagraph (B), the term ‘part D rebatable
16 drug’ means, with respect to an applicable pe-
17 riod, a drug or biological described in subpara-
18 graph (C) that would (without application of
19 this section) be a covered part D drug (as such
20 term is defined under section 1860D–2(e)).

21 “(B) EXCLUSION.—

22 “(i) IN GENERAL.—Such term shall,
23 with respect to an applicable period, not
24 include a drug or biological if the average
25 annual total cost under this part for such

1 period per individual who uses such a drug
2 or biological, as determined by the Sec-
3 retary, is less than, subject to clause (ii),
4 \$100, as determined by the Secretary
5 using the most recent data available or, if
6 data is not available, as estimated by the
7 Secretary.

8 “(ii) INCREASE.—The dollar amount
9 applied under clause (i)—

10 “(I) for the applicable period be-
11 ginning October 1, 2023, shall be the
12 dollar amount specified under such
13 clause for the applicable period begin-
14 ning October 1, 2022, increased by
15 the percentage increase in the con-
16 sumer price index for all urban con-
17 sumers (United States city average)
18 for the 12-month period beginning
19 with October of 2023; and

20 “(II) for a subsequent applicable
21 period, shall be the dollar amount
22 specified in this clause for the pre-
23 vious applicable period, increased by
24 the percentage increase in the con-
25 sumer price index for all urban con-

1 sumers (United States city average)
2 for the 12-month period beginning
3 with October of the previous period.

4 Any dollar amount specified under this
5 clause that is not a multiple of \$10 shall
6 be rounded to the nearest multiple of \$10.

7 “(C) DRUG OR BIOLOGICAL DESCRIBED.—

8 A drug or biological described in this subpara-
9 graph is a drug or biological that, as of the first
10 day of the applicable period involved, is—

11 “(i) a drug approved under a new
12 drug application under section 505(c) of
13 the Federal Food, Drug, and Cosmetic
14 Act;

15 “(ii) a drug approved under an abbrevi-
16 ated new drug application under section
17 505(j) of the Federal Food, Drug, and
18 Cosmetic Act, in the case where—

19 “(I) the reference listed drug ap-
20 proved under section 505(c) of the
21 Federal Food, Drug, and Cosmetic
22 Act, including any ‘authorized generic
23 drug’ (as that term is defined in sec-
24 tion 505(t)(3) of the Federal Food,
25 Drug, and Cosmetic Act), is not being

1 marketed, as identified in the Food
2 and Drug Administration’s National
3 Drug Code Directory;

4 “(II) there is no other drug ap-
5 proved under section 505(j) of the
6 Federal Food, Drug, and Cosmetic
7 Act that is rated as therapeutically
8 equivalent (under the Food and Drug
9 Administration’s most recent publica-
10 tion of ‘Approved Drug Products with
11 Therapeutic Equivalence Evaluations’)
12 and that is being marketed, as identi-
13 fied in the Food and Drug Adminis-
14 tration’s National Drug Code Direc-
15 tory;

16 “(III) the manufacturer is not a
17 ‘first applicant’ during the ‘180-day
18 exclusivity period’, as those terms are
19 defined in section 505(j)(5)(B)(iv) of
20 the Federal Food, Drug, and Cos-
21 metic Act; and

22 “(IV) the manufacturer is not a
23 ‘first approved applicant’ for a com-
24 petitive generic therapy, as that term
25 is defined in section 505(j)(5)(B)(v)

1 of the Federal Food, Drug, and Cos-
2 metic Act; or

3 “(iii) a biological licensed under sec-
4 tion 351 of the Public Health Service Act.

5 “(2) UNIT.—The term ‘unit’ means, with re-
6 spect to a part D rebatable drug, the lowest dispen-
7 sable amount (such as a capsule or tablet, milligram
8 of molecules, or grams) of the part D rebatable
9 drug, as reported under section 1927.

10 “(3) PAYMENT AMOUNT BENCHMARK PE-
11 RIOD.—The term ‘payment amount benchmark pe-
12 riod’ means the period beginning January 1, 2021,
13 and ending in the month immediately prior to Octo-
14 ber 1, 2021.

15 “(4) BENCHMARK PERIOD CPI-U.—The term
16 ‘benchmark period CPI-U’ means the consumer
17 price index for all urban consumers (United States
18 city average) for January 2021.

19 “(5) APPLICABLE PERIOD CPI-U.—The term
20 ‘applicable period CPI-U’ means, with respect to an
21 applicable period, the consumer price index for all
22 urban consumers (United States city average) for
23 the first month of such applicable period.

24 “(6) AVERAGE MANUFACTURER PRICE.—The
25 term ‘average manufacturer price’ has the meaning,

1 with respect to a part D rebatable drug of a manu-
2 facturer, given such term in section 1927(k)(1), with
3 respect to a covered outpatient drug of a manufac-
4 turer for a rebate period under section 1927.

5 “(7) APPLICABLE PERIOD.—The term ‘applica-
6 ble period’ means a 12-month period beginning with
7 October 1 of a year (beginning with October 1,
8 2022).

9 “(h) IMPLEMENTATION FOR 2022, 2023, AND
10 2024.—The Secretary shall implement this section for
11 2022, 2023, and 2024 by program instruction or other
12 forms of program guidance.”

13 (b) CONFORMING AMENDMENTS.—

14 (1) TO PART B ASP CALCULATION.—Section
15 1847A(c)(3) of the Social Security Act (42 U.S.C.
16 1395w–3a(c)(3)), as amended by section
17 11101(c)(1), is amended by striking “subsection (i)
18 or section 1927” and inserting “subsection (i), sec-
19 tion 1927, or section 1860D–14B”.

20 (2) EXCLUDING PART D DRUG INFLATION RE-
21 BATE FROM BEST PRICE.—Section
22 1927(e)(1)(C)(ii)(I) of the Social Security Act (42
23 U.S.C. 1396r–8(c)(1)(C)(ii)(I)), as amended by sec-
24 tion 11101(c)(2), is amended by striking “or section

1 1847A(i)” and inserting “, section 1847A(i), or sec-
2 tion 1860D–14B”.

3 (3) COORDINATION WITH MEDICAID REBATE IN-
4 FORMATION DISCLOSURE.—Section 1927(b)(3)(D)(i)
5 of the Social Security Act (42 U.S.C. 1396r-
6 8(b)(3)(D)(i)), as amended by section 11101(c)(3),
7 is amended by striking “or to carry out section
8 1847B” and inserting “or to carry out section
9 1847B or section 1860D–14B”.

10 (4) EXCLUDING PART D DRUG INFLATION RE-
11 BATES FROM AVERAGE MANUFACTURER PRICE.—
12 Section 1927(k)(1)(B)(i) of the Social Security Act
13 (42 U.S.C. 1396r–8(k)(1)(B)(i)), as amended by
14 section 11001(b)(3) and section 11101(c)(4), is
15 amended by adding at the end the following new
16 subclause:

17 (A) in subclause (VI), by striking “and” at
18 the end;

19 (B) in subclause (VII), by striking the pe-
20 riod at the end and inserting a semicolon; and

21 (C) by adding at the end the following new
22 subclause:

23 “(VIII) rebates paid by manufac-
24 turers under section 1860D–14B.”.

1 (c) FUNDING.—In addition to amounts otherwise
2 available, there are appropriated to the Centers for Medi-
3 care & Medicaid Services, out of any money in the Treas-
4 ury not otherwise appropriated, \$80,000,000 for fiscal
5 year 2022, including \$12,500,000 to carry out the provi-
6 sions of, including the amendments made by, this section
7 in fiscal year 2022, and \$7,500,000 to carry out the provi-
8 sions of, including the amendments made by, this section
9 in each of fiscal years 2023 through 2031, to remain avail-
10 able until expended.

11 **PART 3—PART D IMPROVEMENTS AND MAXIMUM**
12 **OUT-OF-POCKET CAP FOR MEDICARE BENE-**
13 **FICIARIES**

14 **SEC. 11201. MEDICARE PART D BENEFIT REDESIGN.**

15 (a) BENEFIT STRUCTURE REDESIGN.—Section
16 1860D–2(b) of the Social Security Act (42 U.S.C. 1395w–
17 102(b)) is amended—

18 (1) in paragraph (2)—

19 (A) in subparagraph (A), in the matter
20 preceding clause (i), by inserting “for a year
21 preceding 2025 and for costs above the annual
22 deductible specified in paragraph (1) and up to
23 the annual out-of-pocket threshold specified in
24 paragraph (4)(B) for 2025 and each subsequent
25 year” after “paragraph (3)”;

1 (B) in subparagraph (C)—

2 (i) in clause (i), in the matter pre-
3 ceding subclause (I), by inserting “for a
4 year preceding 2025,” after “paragraph
5 (4),”; and

6 (ii) in clause (ii)(III), by striking
7 “and each subsequent year” and inserting
8 “through 2024”; and

9 (C) in subparagraph (D)—

10 (i) in clause (i)—

11 (I) in the matter preceding sub-
12 clause (I), by inserting “for a year
13 preceding 2025,” after “paragraph
14 (4),”; and

15 (II) in subclause (I)(bb), by
16 striking “a year after 2018” and in-
17 serting “each of years 2019 through
18 2024”; and

19 (ii) in clause (ii)(V), by striking
20 “2019 and each subsequent year” and in-
21 serting “each of years 2019 through
22 2024”;

23 (2) in paragraph (3)(A)—

1 (A) in the matter preceding clause (i), by
2 inserting “for a year preceding 2025,” after
3 “and (4),”; and

4 (B) in clause (ii), by striking “for a subse-
5 quent year” and inserting “for each of years
6 2007 through 2024”; and

7 (3) in paragraph (4)—

8 (A) in subparagraph (A)—

9 (i) in clause (i)—

10 (I) by redesignating subclauses
11 (I) and (II) as items (aa) and (bb),
12 respectively, and moving the margin
13 of each such redesignated item 2 ems
14 to the right;

15 (II) in the matter preceding item
16 (aa), as redesignated by subclause (I),
17 by striking “is equal to the greater
18 of—” and inserting “is equal to—

19 “(I) for a year preceding 2024,
20 the greater of—”;

21 (III) by striking the period at the
22 end of item (bb), as redesignated by
23 subclause (I), and inserting “; and”;
24 and

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1 (IV) by adding at the end the fol-
2 lowing:

3 “(II) for 2024 and each suc-
4 ceeding year, \$0.”; and

5 (ii) in clause (ii)—

6 (I) by striking “clause (i)(I)” and
7 inserting “clause (i)(I)(aa)”; and

8 (II) by adding at the end the fol-
9 lowing new sentence: “The Secretary
10 shall continue to calculate the dollar
11 amounts specified in clause (i)(I)(aa),
12 including with the adjustment under
13 this clause, after 2023 for purposes of
14 section 1860D–14(a)(1)(D)(iii).”;

15 (B) in subparagraph (B)—

16 (i) in clause (i)—

17 (I) in subclause (V), by striking
18 “or” at the end;

19 (II) in subclause (VI)—

20 (aa) by striking “for a sub-
21 sequent year” and inserting “for
22 each of years 2021 through
23 2024”; and

1 (bb) by striking the period
2 at the end and inserting a semi-
3 colon; and

4 (III) by adding at the end the
5 following new subclauses:

6 “(VII) for 2025, is equal to
7 \$2,000; or

8 “(VIII) for a subsequent year, is
9 equal to the amount specified in this
10 subparagraph for the previous year,
11 increased by the annual percentage in-
12 crease described in paragraph (6) for
13 the year involved.”; and

14 (ii) in clause (ii), by striking “clause
15 (i)(II)” and inserting “clause (i)”;
16 (C) in subparagraph (C)—

17 (i) in clause (i), by striking “and for
18 amounts” and inserting “and, for a year
19 preceding 2025, for amounts”; and

20 (ii) in clause (iii)—

21 (I) by redesignating subclauses
22 (I) through (IV) as items (aa)
23 through (dd) and indenting appro-
24 priately;

1 (II) by striking “if such costs are
2 borne or paid” and inserting “if such
3 costs—

4 “(I) are borne or paid—”; and

5 (III) in item (dd), by striking the
6 period at the end and inserting “; or”;
7 and

8 (IV) by adding at the end the fol-
9 lowing new subclause:

10 “(II) for 2025 and subsequent
11 years, are reimbursed through insur-
12 ance, a group health plan, or certain
13 other third party payment arrange-
14 ments, but not including the coverage
15 provided by a prescription drug plan
16 or an MA–PD plan that is basic pre-
17 scription drug coverage (as defined in
18 subsection (a)(3)) or any payments by
19 a manufacturer under the manufac-
20 turer discount program under section
21 1860D–14C.”; and

22 (D) in subparagraph (E), by striking “In
23 applying” and inserting “For each of years
24 2011 through 2024, in applying”.

1 (b) REINSURANCE PAYMENT AMOUNT.—Section
2 1860D–15(b) of the Social Security Act (42 U.S.C.
3 1395w–115(b)) is amended—

4 (1) in paragraph (1)—

5 (A) by striking “equal to 80 percent” and
6 inserting “equal to—

7 “(A) for a year preceding 2025, 80 per-
8 cent”;

9 (B) in subparagraph (A), as added by sub-
10 paragraph (A), by striking the period at the
11 end and inserting “; and”; and

12 (C) by adding at the end the following new
13 subparagraph:

14 “(B) for 2025 and each subsequent year,
15 the sum of—

16 “(i) with respect to applicable drugs
17 (as defined in section 1860D–14C(g)(2)),
18 an amount equal to 20 percent of such al-
19 lowable reinsurance costs attributable to
20 that portion of gross covered prescription
21 drug costs as specified in paragraph (3) in-
22 curred in the coverage year after such indi-
23 vidual has incurred costs that exceed the
24 annual out-of-pocket threshold specified in
25 section 1860D–2(b)(4)(B); and

1 “(ii) with respect to covered part D
2 drugs that are not applicable drugs (as so
3 defined), an amount equal to 40 percent of
4 such allowable reinsurance costs attrib-
5 utable to that portion of gross covered pre-
6 scription drug costs as specified in para-
7 graph (3) incurred in the coverage year
8 after such individual has incurred costs
9 that exceed the annual out-of-pocket
10 threshold specified in section 1860D-
11 2(b)(4)(B).”;

12 (2) in paragraph (2)—

13 (A) by striking “COSTS.—For purposes”
14 and inserting “COSTS.—

15 “(A) IN GENERAL.—Subject to subpara-
16 graph (B), for purposes”; and

17 (B) by adding at the end the following new
18 subparagraph:

19 “(B) INCLUSION OF MANUFACTURER DIS-
20 COUNTS ON APPLICABLE DRUGS.—For purposes
21 of applying subparagraph (A), the term ‘allow-
22 able reinsurance costs’ shall include the portion
23 of the negotiated price (as defined in section
24 1860D-14C(g)(6)) of an applicable drug (as
25 defined in section 1860D-14C(g)(2)) that was

1 paid by a manufacturer under the manufacturer
2 discount program under section 1860D–14C.”;
3 and

4 (3) in paragraph (3)—

5 (A) in the first sentence, by striking “For
6 purposes” and inserting “Subject to paragraph
7 (2)(B), for purposes”; and

8 (B) in the second sentence, by inserting
9 “(or, with respect to 2025 and subsequent
10 years, in the case of an applicable drug, as de-
11 fined in section 1860D–14C(g)(2), by a manu-
12 facturer)” after “by the individual or under the
13 plan”.

14 (c) MANUFACTURER DISCOUNT PROGRAM.—

15 (1) IN GENERAL.—Part D of title XVIII of the
16 Social Security Act (42 U.S.C. 1395w–101 through
17 42 U.S.C. 1395w–153), as amended by section
18 11102, is amended by inserting after section
19 1860D–14B the following new sections:

20 **“SEC. 1860D–14C. MANUFACTURER DISCOUNT PROGRAM.**

21 “(a) ESTABLISHMENT.—The Secretary shall estab-
22 lish a manufacturer discount program (in this section re-
23 ferred to as the ‘program’). Under the program, the Sec-
24 retary shall enter into agreements described in subsection

1 (b) with manufacturers and provide for the performance
2 of the duties described in subsection (c).

3 “(b) TERMS OF AGREEMENT.—

4 “(1) IN GENERAL.—

5 “(A) AGREEMENT.—An agreement under
6 this section shall require the manufacturer to
7 provide, in accordance with this section, dis-
8 counted prices for applicable drugs of the man-
9 ufacturer that are dispensed to applicable bene-
10 ficiaries on or after January 1, 2025.

11 “(B) CLARIFICATION.—Nothing in this
12 section shall be construed as affecting—

13 “(i) the application of a coinsurance
14 of 25 percent of the negotiated price, as
15 applied under paragraph (2)(A) of section
16 1860D–2(b), for costs described in such
17 paragraph; or

18 “(ii) the application of the copayment
19 amount described in paragraph (4)(A) of
20 such section, with respect to costs de-
21 scribed in such paragraph.

22 “(C) TIMING OF AGREEMENT.—

23 “(i) SPECIAL RULE FOR 2025.—In
24 order for an agreement with a manufac-
25 turer to be in effect under this section with

1 respect to the period beginning on January
2 1, 2025, and ending on December 31,
3 2025, the manufacturer shall enter into
4 such agreement not later than March 1,
5 2024.

6 “(ii) 2026 AND SUBSEQUENT
7 YEARS.—In order for an agreement with a
8 manufacturer to be in effect under this
9 section with respect to plan year 2026 or
10 a subsequent plan year, the manufacturer
11 shall enter into such agreement not later
12 than a calendar quarter or semi-annual
13 deadline established by the Secretary.

14 “(2) PROVISION OF APPROPRIATE DATA.—Each
15 manufacturer with an agreement in effect under this
16 section shall collect and have available appropriate
17 data, as determined by the Secretary, to ensure that
18 it can demonstrate to the Secretary compliance with
19 the requirements under the program.

20 “(3) COMPLIANCE WITH REQUIREMENTS FOR
21 ADMINISTRATION OF PROGRAM.—Each manufac-
22 turer with an agreement in effect under this section
23 shall comply with requirements imposed by the Sec-
24 retary, as applicable, for purposes of administering
25 the program, including any determination under

1 subparagraph (A) of subsection (c)(1) or procedures
2 established under such subsection (c)(1).

3 “(4) LENGTH OF AGREEMENT.—

4 “(A) IN GENERAL.—An agreement under
5 this section shall be effective for an initial pe-
6 riod of not less than 12 months and shall be
7 automatically renewed for a period of not less
8 than 1 year unless terminated under subpara-
9 graph (B).

10 “(B) TERMINATION.—

11 “(i) BY THE SECRETARY.—The Sec-
12 retary shall provide for termination of an
13 agreement under this section for a knowing
14 and willful violation of the requirements of
15 the agreement or other good cause shown.
16 Such termination shall not be effective ear-
17 lier than 30 days after the date of notice
18 to the manufacturer of such termination.
19 The Secretary shall provide, upon request,
20 a manufacturer with a hearing concerning
21 such a termination, and such hearing shall
22 take place prior to the effective date of the
23 termination with sufficient time for such
24 effective date to be repealed if the Sec-
25 retary determines appropriate.

1 “(1) ADMINISTRATION OF PROGRAM.—Admin-
2 istering the program, including—

3 “(A) the determination of the amount of
4 the discounted price of an applicable drug of a
5 manufacturer;

6 “(B) the establishment of procedures to
7 ensure that, not later than the applicable num-
8 ber of calendar days after the dispensing of an
9 applicable drug by a pharmacy or mail order
10 service, the pharmacy or mail order service is
11 reimbursed for an amount equal to the dif-
12 ference between—

13 “(i) the negotiated price of the appli-
14 cable drug; and

15 “(ii) the discounted price of the appli-
16 cable drug;

17 “(C) the establishment of procedures to
18 ensure that the discounted price for an applica-
19 ble drug under this section is applied before any
20 coverage or financial assistance under other
21 health benefit plans or programs that provide
22 coverage or financial assistance for the pur-
23 chase or provision of prescription drug coverage
24 on behalf of applicable beneficiaries as specified
25 by the Secretary; and

1 “(D) providing a reasonable dispute resolu-
2 tion mechanism to resolve disagreements be-
3 tween manufacturers, prescription drug plans
4 and MA–PD plans, and the Secretary.

5 “(2) MONITORING COMPLIANCE.—The Sec-
6 retary shall monitor compliance by a manufacturer
7 with the terms of an agreement under this section.

8 “(3) COLLECTION OF DATA FROM PRESCRIP-
9 TION DRUG PLANS AND MA–PD PLANS.—The Sec-
10 retary may collect appropriate data from prescrip-
11 tion drug plans and MA–PD plans in a timeframe
12 that allows for discounted prices to be provided for
13 applicable drugs under this section.

14 “(d) ADMINISTRATION.—

15 “(1) IN GENERAL.—Subject to paragraph (2),
16 the Secretary shall provide for the implementation of
17 this section, including the performance of the duties
18 described in subsection (c).

19 “(2) LIMITATION.—In providing for the imple-
20 mentation of this section, the Secretary shall not re-
21 ceive or distribute any funds of a manufacturer
22 under the program.

23 “(e) ENFORCEMENT.—

1 “(1) AUDITS.—Each manufacturer with an
2 agreement in effect under this section shall be sub-
3 ject to periodic audit by the Secretary.

4 “(2) CIVIL MONEY PENALTY.—

5 “(A) IN GENERAL.—A manufacturer that
6 fails to provide discounted prices for applicable
7 drugs of the manufacturer dispensed to applica-
8 ble beneficiaries in accordance with such agree-
9 ment shall be subject to a civil money penalty
10 for each such failure in an amount the Sec-
11 retary determines is equal to the sum of—

12 “(i) the amount that the manufac-
13 turer would have paid with respect to such
14 discounts under the agreement, which will
15 then be used to pay the discounts which
16 the manufacturer had failed to provide;
17 and

18 “(ii) 25 percent of such amount.

19 “(B) APPLICATION.—The provisions of
20 section 1128A (other than subsections (a) and
21 (b)) shall apply to a civil money penalty under
22 this paragraph in the same manner as such
23 provisions apply to a penalty or proceeding
24 under section 1128A(a).

1 “(f) CLARIFICATION REGARDING AVAILABILITY OF
2 OTHER COVERED PART D DRUGS.—Nothing in this sec-
3 tion shall prevent an applicable beneficiary from pur-
4 chasing a covered part D drug that is not an applicable
5 drug (including a generic drug or a drug that is not on
6 the formulary of the prescription drug plan or MA–PD
7 plan that the applicable beneficiary is enrolled in).

8 “(g) DEFINITIONS.—In this section:

9 “(1) APPLICABLE BENEFICIARY.—The term
10 ‘applicable beneficiary’ means an individual who, on
11 the date of dispensing a covered part D drug—

12 “(A) is enrolled in a prescription drug plan
13 or an MA–PD plan;

14 “(B) is not enrolled in a qualified retiree
15 prescription drug plan; and

16 “(C) has incurred costs, as determined in
17 accordance with section 1860D–2(b)(4)(C), for
18 covered part D drugs in the year that exceed
19 the annual deductible specified in section
20 1860D–2(b)(1).

21 “(2) APPLICABLE DRUG.—The term ‘applicable
22 drug’, with respect to an applicable beneficiary—

23 “(A) means a covered part D drug—

24 “(i) approved under a new drug appli-
25 cation under section 505(c) of the Federal

1 Food, Drug, and Cosmetic Act or, in the
2 case of a biologic product, licensed under
3 section 351 of the Public Health Service
4 Act; and

5 “(ii)(I) if the PDP sponsor of the pre-
6 scription drug plan or the MA organization
7 offering the MA–PD plan uses a for-
8 mulary, which is on the formulary of the
9 prescription drug plan or MA–PD plan
10 that the applicable beneficiary is enrolled
11 in;

12 “(II) if the PDP sponsor of the pre-
13 scription drug plan or the MA organization
14 offering the MA–PD plan does not use a
15 formulary, for which benefits are available
16 under the prescription drug plan or MA–
17 PD plan that the applicable beneficiary is
18 enrolled in; or

19 “(III) is provided through an excep-
20 tion or appeal; and

21 “(B) does not include a selected drug (as
22 referred to under section 1192(c)) during a
23 price applicability period (as defined in section
24 1191(b)(2)) with respect to such drug.

1 “(3) APPLICABLE NUMBER OF CALENDAR
2 DAYS.—The term ‘applicable number of calendar
3 days’ means—

4 “(A) with respect to claims for reimburse-
5 ment submitted electronically, 14 days; and

6 “(B) with respect to claims for reimburse-
7 ment submitted otherwise, 30 days.

8 “(4) DISCOUNTED PRICE.—

9 “(A) IN GENERAL.—The term ‘discounted
10 price’ means, subject to subparagraphs (B) and
11 (C), with respect to an applicable drug of a
12 manufacturer dispensed during a year to an ap-
13 plicable beneficiary—

14 “(i) who has not incurred costs, as de-
15 termined in accordance with section
16 1860D–2(b)(4)(C), for covered part D
17 drugs in the year that are equal to or ex-
18 ceed the annual out-of-pocket threshold
19 specified in section 1860D–2(b)(4)(B)(i)
20 for the year, 90 percent of the negotiated
21 price of such drug; and

22 “(ii) who has incurred such costs, as
23 so determined, in the year that are equal
24 to or exceed such threshold for the year,

1 80 percent of the negotiated price of such
2 drug.

3 “(B) PHASE-IN FOR CERTAIN DRUGS DIS-
4 PENSED TO LIS BENEFICIARIES.—

5 “(i) IN GENERAL.—In the case of an
6 applicable drug of a specified manufacturer
7 (as defined in clause (ii)) that is marketed
8 as of the date of enactment of this sub-
9 paragraph and dispensed for an applicable
10 beneficiary who is a subsidy eligible indi-
11 vidual (as defined in section 1860D-
12 14(a)(3)), the term ‘discounted price’
13 means the specified LIS percent (as de-
14 fined in clause (iii)) of the negotiated price
15 of the applicable drug of the manufacturer.

16 “(ii) SPECIFIED MANUFACTURER.—

17 “(I) IN GENERAL.—In this sub-
18 paragraph, subject to subclause (II),
19 the term ‘specified manufacturer’
20 means a manufacturer of an applica-
21 ble drug for which, in 2021—

22 “(aa) the manufacturer had
23 a coverage gap discount agree-
24 ment under section 1860D-14A;

1 “(bb) the total expenditures
2 for all of the specified drugs of
3 the manufacturer covered by
4 such agreement or agreements
5 for such year and covered under
6 this part during such year rep-
7 resented less than 1.0 percent of
8 the total expenditures under this
9 part for all covered Part D drugs
10 during such year; and

11 “(cc) the total expenditures
12 for all of the specified drugs of
13 the manufacturer that are single
14 source drugs and biological prod-
15 ucts covered under part B during
16 such year represented less than
17 1.0 percent of the total expendi-
18 tures under part B for all drugs
19 or biological products covered
20 under such part during such
21 year.

22 “(II) SPECIFIED DRUGS.—

23 “(aa) IN GENERAL.—For
24 purposes of this clause, the term
25 ‘specified drug’ means, with re-

1 spect to a specified manufac-
2 turer, for 2021, an applicable
3 drug that is produced, prepared,
4 propagated, compounded, con-
5 verted, or processed by the man-
6 ufacturer.

7 “(bb) AGGREGATION
8 RULE.—All persons treated as a
9 single employer under subsection
10 (a) or (b) of section 52 of the In-
11 ternal Revenue Code of 1986
12 shall be treated as one manufac-
13 turer for purposes of this sub-
14 paragraph. For purposes of mak-
15 ing a determination pursuant to
16 the previous sentence, an agree-
17 ment under this section shall re-
18 quire that a manufacturer pro-
19 vide and attest to such informa-
20 tion as specified by the Secretary
21 as necessary.

22 “(III) LIMITATION.—The term
23 ‘specified manufacturer’ shall not in-
24 clude a manufacturer described in
25 subclause (I) if such manufacturer is

1 acquired after 2021 by another manu-
2 facturer that is not a specified manu-
3 facturer, effective at the beginning of
4 the plan year immediately following
5 such acquisition or, in the case of an
6 acquisition before 2025, effective Jan-
7 uary 1, 2025.

8 “(iii) SPECIFIED LIS PERCENT.—In
9 this subparagraph, the ‘specified LIS per-
10 cent’ means, with respect to a year—

11 “(I) for an applicable drug dis-
12 pensed for an applicable beneficiary
13 described in clause (i) who has not in-
14 curred costs, as determined in accord-
15 ance with section 1860D–2(b)(4)(C),
16 for covered part D drugs in the year
17 that are equal to or exceed the annual
18 out-of-pocket threshold specified in
19 section 1860D–2(b)(4)(B)(i) for the
20 year—

21 “(aa) for 2025, 99 percent;

22 “(bb) for 2026, 98 percent;

23 “(cc) for 2027, 95 percent;

24 “(dd) for 2028, 92 percent;

25 and

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1 “(ee) for 2029 and each
2 subsequent year, 90 percent; and

3 “(II) for an applicable drug dis-
4 pensed for an applicable beneficiary
5 described in clause (i) who has in-
6 curred costs, as determined in accord-
7 ance with section 1860D–2(b)(4)(C),
8 for covered part D drugs in the year
9 that are equal to or exceed the annual
10 out-of-pocket threshold specified in
11 section 1860D–2(b)(4)(B)(i) for the
12 year—

13 “(aa) for 2025, 99 percent;
14 “(bb) for 2026, 98 percent;
15 “(cc) for 2027, 95 percent;
16 “(dd) for 2028, 92 percent;
17 “(ee) for 2029, 90 percent;
18 “(ff) for 2030, 85 percent;

19 and

20 “(gg) for 2031 and each
21 subsequent year, 80 percent.

22 “(C) PHASE-IN FOR SPECIFIED SMALL
23 MANUFACTURERS.—

24 “(i) IN GENERAL.—In the case of an
25 applicable drug of a specified small manu-

1 manufacturer (as defined in clause (ii)) that is
2 marketed as of the date of enactment of
3 this subparagraph and dispensed for an
4 applicable beneficiary, the term ‘discounted
5 price’ means the specified small manufac-
6 turer percent (as defined in clause (iii)) of
7 the negotiated price of the applicable drug
8 of the manufacturer.

9 “(ii) SPECIFIED SMALL MANUFAC-
10 TURER.—

11 “(I) IN GENERAL.—In this sub-
12 paragraph, subject to subclause (III),
13 the term ‘specified small manufac-
14 turer’ means a manufacturer of an
15 applicable drug for which, in 2021—

16 “(aa) the manufacturer is a
17 specified manufacturer (as de-
18 fined in subparagraph (B)(ii));
19 and

20 “(bb) the total expenditures
21 under part D for any one of the
22 specified small manufacturer
23 drugs of the manufacturer that
24 are covered by the agreement or
25 agreements under section

1 1860D–14A of such manufac-
2 turer for such year and covered
3 under this part during such year
4 are equal to or more than 80 per-
5 cent of the total expenditures
6 under this part for all specified
7 small manufacturer drugs of the
8 manufacturer that are covered by
9 such agreement or agreements
10 for such year and covered under
11 this part during such year.

12 “(II) SPECIFIED SMALL MANU-
13 FACTURER DRUGS.—

14 “(aa) IN GENERAL.—For
15 purposes of this clause, the term
16 ‘specified small manufacturer
17 drugs’ means, with respect to a
18 specified small manufacturer, for
19 2021, an applicable drug that is
20 produced, prepared, propagated,
21 compounded, converted, or proc-
22 essed by the manufacturer.

23 “(bb) AGGREGATION
24 RULE.—All persons treated as a
25 single employer under subsection

1 (a) or (b) of section 52 of the In-
2 ternal Revenue Code of 1986
3 shall be treated as one manufac-
4 turer for purposes of this sub-
5 paragraph. For purposes of mak-
6 ing a determination pursuant to
7 the previous sentence, an agree-
8 ment under this section shall re-
9 quire that a manufacturer pro-
10 vide and attest to such informa-
11 tion as specified by the Secretary
12 as necessary.

13 “(III) LIMITATION.—The term
14 ‘specified small manufacturer’ shall
15 not include a manufacturer described
16 in subclause (I) if such manufacturer
17 is acquired after 2021 by another
18 manufacturer that is not a specified
19 small manufacturer, effective at the
20 beginning of the plan year imme-
21 diately following such acquisition or,
22 in the case of an acquisition before
23 2025, effective January 1, 2025.

24 “(iii) SPECIFIED SMALL MANUFAC-
25 Turer Percent.—In this subparagraph,

1 the term ‘specified small manufacturer per-
2 cent’ means, with respect to a year—

3 “(I) for an applicable drug dis-
4 pensed for an applicable beneficiary
5 who has not incurred costs, as deter-
6 mined in accordance with section
7 1860D–2(b)(4)(C), for covered part D
8 drugs in the year that are equal to or
9 exceed the annual out-of-pocket
10 threshold specified in section 1860D–
11 2(b)(4)(B)(i) for the year—

12 “(aa) for 2025, 99 percent;

13 “(bb) for 2026, 98 percent;

14 “(cc) for 2027, 95 percent;

15 “(dd) for 2028, 92 percent;

16 and

17 “(ee) for 2029 and each
18 subsequent year, 90 percent; and

19 “(II) for an applicable drug dis-
20 pensed for an applicable beneficiary
21 who has incurred costs, as determined
22 in accordance with section 1860D–
23 2(b)(4)(C), for covered part D drugs
24 in the year that are equal to or exceed
25 the annual out-of-pocket threshold

1 specified in section 1860D–
2 2(b)(4)(B)(i) for the year—

3 “(aa) for 2025, 99 percent;

4 “(bb) for 2026, 98 percent;

5 “(cc) for 2027, 95 percent;

6 “(dd) for 2028, 92 percent;

7 “(ee) for 2029, 90 percent;

8 “(ff) for 2030, 85 percent;

9 and

10 “(gg) for 2031 and each

11 subsequent year, 80 percent.

12 “(D) TOTAL EXPENDITURES.—For pur-
13 poses of this paragraph, the term ‘total expend-
14 itures’ includes, in the case of expenditures with
15 respect to part D, the total gross covered pre-
16 scription drug costs as defined in section
17 1860D–15(b)(3). The term ‘total expenditures’
18 excludes, in the case of expenditures with re-
19 spect to part B, expenditures for a drug or bio-
20 logical that are bundled or packaged into the
21 payment for another service.

22 “(E) SPECIAL CASE FOR CERTAIN
23 CLAIMS.—

24 “(i) CLAIMS SPANNING DEDUCT-
25 IBLE.—In the case where the entire

1 amount of the negotiated price of an indi-
2 vidual claim for an applicable drug with re-
3 spect to an applicable beneficiary does not
4 fall above the annual deductible specified
5 in section 1860D–2(b)(1) for the year, the
6 manufacturer of the applicable drug shall
7 provide the discounted price under this
8 section on only the portion of the nego-
9 tiated price of the applicable drug that
10 falls above such annual deductible.

11 “(ii) CLAIMS SPANNING OUT-OF-POCK-
12 ET THRESHOLD.—In the case where the
13 entire amount of the negotiated price of an
14 individual claim for an applicable drug
15 with respect to an applicable beneficiary
16 does not fall entirely below or entirely
17 above the annual out-of-pocket threshold
18 specified in section 1860D–2(b)(4)(B)(i)
19 for the year, the manufacturer of the ap-
20 plicable drug shall provide the discounted
21 price—

22 “(I) in accordance with subpara-
23 graph (A)(i) on the portion of the ne-
24 gotiated price of the applicable drug
25 that falls below such threshold; and

1 “(II) in accordance with subpara-
2 graph (A)(ii) on the portion of such
3 price of such drug that falls at or
4 above such threshold.

5 “(5) MANUFACTURER.—The term ‘manufac-
6 turer’ means any entity which is engaged in the pro-
7 duction, preparation, propagation, compounding,
8 conversion, or processing of prescription drug prod-
9 ucts, either directly or indirectly by extraction from
10 substances of natural origin, or independently by
11 means of chemical synthesis, or by a combination of
12 extraction and chemical synthesis. Such term does
13 not include a wholesale distributor of drugs or a re-
14 tail pharmacy licensed under State law.

15 “(6) NEGOTIATED PRICE.—The term ‘nego-
16 tiated price’ has the meaning given such term for
17 purposes of section 1860D–2(d)(1)(B), and, with re-
18 spect to an applicable drug, such negotiated price
19 shall include any dispensing fee and, if applicable,
20 any vaccine administration fee for the applicable
21 drug.

22 “(7) QUALIFIED RETIREE PRESCRIPTION DRUG
23 PLAN.—The term ‘qualified retiree prescription drug
24 plan’ has the meaning given such term in section
25 1860D–22(a)(2).

1 **“SEC. 1860D-14D. SELECTED DRUG SUBSIDY PROGRAM.**

2 “With respect to covered part D drugs that would
3 be applicable drugs (as defined in section 1860D-
4 14C(g)(2)) but for the application of subparagraph (B)
5 of such section, the Secretary shall provide a process
6 whereby, in the case of an applicable beneficiary (as de-
7 fined in section 1860D-14C(g)(1)) who, with respect to
8 a year, is enrolled in a prescription drug plan or is enrolled
9 in an MA-PD plan, has not incurred costs that are equal
10 to or exceed the annual out-of-pocket threshold specified
11 in section 1860D-2(b)(4)(B)(i), and is dispensed such a
12 drug, the Secretary (periodically and on a timely basis)
13 provides the PDP sponsor or the MA organization offering
14 the plan, a subsidy with respect to such drug that is equal
15 to 10 percent of the negotiated price (as defined in section
16 1860D-14C(g)(6)) of such drug.”.

17 (2) SUNSET OF MEDICARE COVERAGE GAP DIS-
18 COUNT PROGRAM.—Section 1860D-14A of the So-
19 cial Security Act (42 U.S.C. 1395w-114a) is amend-
20 ed—

21 (A) in subsection (a), in the first sentence,
22 by striking “The Secretary” and inserting
23 “Subject to subsection (h), the Secretary”; and

24 (B) by adding at the end the following new
25 subsection:

26 “(h) SUNSET OF PROGRAM.—

1 “(1) IN GENERAL.—The program shall not
2 apply with respect to applicable drugs dispensed on
3 or after January 1, 2025, and, subject to paragraph
4 (2), agreements under this section shall be termi-
5 nated as of such date.

6 “(2) CONTINUED APPLICATION FOR APPLICA-
7 BLE DRUGS DISPENSED PRIOR TO SUNSET.—The
8 provisions of this section (including all responsibil-
9 ities and duties) shall continue to apply on and after
10 January 1, 2025, with respect to applicable drugs
11 dispensed prior to such date.”.

12 (3) SELECTED DRUG SUBSIDY PAYMENTS FROM
13 MEDICARE PRESCRIPTION DRUG ACCOUNT.—Section
14 1860D–16(b)(1) of the Social Security Act (42
15 U.S.C. 1395w–116(b)(1)) is amended—

16 (A) in subparagraph (C), by striking
17 “and” at the end;

18 (B) in subparagraph (D), by striking the
19 period at the end and inserting “; and”; and

20 (C) by adding at the end the following new
21 subparagraph:

22 “(E) payments under section 1860D–14D
23 (relating to selected drug subsidy payments).”.

24 (d) MEDICARE PART D PREMIUM STABILIZATION.—

1 “(i) 2024.—The base beneficiary pre-
2 mium for a month in 2024 shall be equal
3 to the lesser of—

4 “**(I)** the base beneficiary pre-
5 mium computed under paragraph (2)
6 for a month in 2023 increased by 6
7 percent; or

8 “**(II)** the base beneficiary pre-
9 mium computed under paragraph (2)
10 for a month in 2024 that would have
11 applied if this paragraph had not been
12 enacted.

13 “(ii) 2025.—The base beneficiary pre-
14 mium for a month in 2025 shall be equal
15 to the lesser of—

16 “**(I)** the base beneficiary pre-
17 mium computed under clause (i) for a
18 month in 2024 increased by 6 per-
19 cent; or

20 “**(II)** the base beneficiary pre-
21 mium computed under paragraph (2)
22 for a month in 2025 that would have
23 applied if this paragraph had not been
24 enacted.

1 “(iii) 2026.—The base beneficiary
2 premium for a month in 2026 shall be
3 equal to the lesser of—

4 “(I) the base beneficiary pre-
5 mium computed under clause (ii) for
6 a month in 2025 increased by 6 per-
7 cent; or

8 “(II) the base beneficiary pre-
9 mium computed under paragraph (2)
10 for a month in 2026 that would have
11 applied if this paragraph had not been
12 enacted.

13 “(iv) 2027.—The base beneficiary
14 premium for a month in 2027 shall be
15 equal to the lesser of—

16 “(I) the base beneficiary pre-
17 mium computed under clause (iii) for
18 a month in 2026 increased by 6 per-
19 cent; or

20 “(II) the base beneficiary pre-
21 mium computed under paragraph (2)
22 for a month in 2027 that would have
23 applied if this paragraph had not been
24 enacted.

1 “(v) 2028.—The base beneficiary pre-
2 mium for a month in 2028 shall be equal
3 to the lesser of—

4 “ (I) the base beneficiary pre-
5 mium computed under clause (iv) for
6 a month in 2027 increased by 6 per-
7 cent; or

8 “ (II) the base beneficiary pre-
9 mium computed under paragraph (2)
10 for a month in 2028 that would have
11 applied if this paragraph had not been
12 enacted.

13 “(vi) 2029.—The base beneficiary
14 premium for a month in 2029 shall be
15 equal to the lesser of—

16 “ (I) the base beneficiary pre-
17 mium computed under clause (v) for a
18 month in 2028 increased by 6 per-
19 cent; or

20 “ (II) the base beneficiary pre-
21 mium computed under paragraph (2)
22 for a month in 2029 that would have
23 applied if this paragraph had not been
24 enacted.

1 “(B) CLARIFICATION REGARDING 2030 AND
2 SUBSEQUENT YEARS.—The base beneficiary
3 premium for a month in 2030 or a subsequent
4 year shall be computed under paragraph (2)
5 without regard to this paragraph.”; and

6 (B) in subsection (b)(3)(A)(ii), by striking
7 “subsection (a)(2)” and inserting “paragraph
8 (2) or (8) of subsection (a) (as applicable)”.

9 (2) ADJUSTMENT TO BENEFICIARY PREMIUM
10 PERCENTAGE FOR 2030 AND SUBSEQUENT YEARS.—
11 Section 1860D–13(a) of the Social Security Act (42
12 U.S.C. 1395w–113(a)), as amended by paragraph
13 (1), is amended—

14 (A) in paragraph (3)(A), by inserting “(or,
15 for 2030 and each subsequent year, the percent
16 specified under paragraph (9))” after “25.5
17 percent”; and

18 (B) by adding at the end the following new
19 paragraph:

20 “(9) PERCENT SPECIFIED.—

21 “(A) IN GENERAL.—Subject to subpara-
22 graph (B), for purposes of paragraph (3)(A),
23 the percent specified under this paragraph for
24 2030 and each subsequent year is the percent
25 that the Secretary determines is necessary to

1 ensure that the base beneficiary premium com-
2 puted under paragraph (2) for a month in 2030
3 is equal to the lesser of—

4 “(i) the base beneficiary premium
5 computed under paragraph (8)(A)(vi) for a
6 month in 2029 increased by 6 percent; or

7 “(ii) the base beneficiary premium
8 computed under paragraph (2) for a
9 month in 2030 that would have applied if
10 this paragraph had not been enacted.

11 “(B) FLOOR.—The percent specified under
12 subparagraph (A) may not be less than 20 per-
13 cent.”.

14 (3) CONFORMING AMENDMENTS.—

15 (A) Section 1854(b)(2)(B) of the Social
16 Security Act 42 U.S.C. 1395w–24(b)(2)(B)) is
17 amended by striking “section 1860D–13(a)(2)”
18 and inserting “paragraph (2) or (8) (as applica-
19 ble) of section 1860D–13(a)”.

20 (B) Section 1860D–11(g)(6) of the Social
21 Security Act (42 U.S.C. 1395w–111(g)(6)) is
22 amended by inserting “(or, for 2030 and each
23 subsequent year, the percent specified under
24 section 1860D–13(a)(9))” after “25.5 percent”.

1 (C) Section 1860D–13(a)(7)(B)(i) of the
2 Social Security Act (42 U.S.C. 1395w–
3 113(a)(7)(B)(i)) is amended—

4 (i) in subclause (I), by inserting “(or,
5 for 2030 and each subsequent year, the
6 percent specified under paragraph (9))”
7 after “25.5 percent”; and

8 (ii) in subclause (II), by inserting
9 “(or, for 2030 and each subsequent year,
10 the percent specified under paragraph
11 (9))” after “25.5 percent”.

12 (D) Section 1860D–15(a) of the Social Se-
13 curity Act (42 U.S.C. 1395w–115(a)) is amend-
14 ed—

15 (i) in the matter preceding paragraph
16 (1), by inserting “(or, for each of 2024
17 through 2029, the percent applicable as a
18 result of the application of section 1860D–
19 13(a)(8), or, for 2030 and each subsequent
20 year, 100 percent minus the percent speci-
21 fied under section 1860D–13(a)(9))” after
22 “74.5 percent”; and

23 (ii) in paragraph (1)(B), by striking
24 “paragraph (2) of section 1860D–13(a)”

1 and inserting “paragraph (2) or (8) of sec-
2 tion 1860D–13(a) (as applicable)”.

3 (e) CONFORMING AMENDMENTS.—

4 (1) Section 1860D–2 of the Social Security Act
5 (42 U.S.C. 1395w–102) is amended—

6 (A) in subsection (a)(2)(A)(i)(I), by striking
7 “, or an increase in the initial” and inserting
8 “or, for a year preceding 2025, an increase in
9 the initial”;

10 (B) in subsection (c)(1)(C)—

11 (i) in the subparagraph heading, by
12 striking “AT INITIAL COVERAGE LIMIT”;
13 and

14 (ii) by inserting “for a year preceding
15 2025 or the annual out-of-pocket threshold
16 specified in subsection (b)(4)(B) for the
17 year for 2025 and each subsequent year”
18 after “subsection (b)(3) for the year” each
19 place it appears; and

20 (C) in subsection (d)(1)(A), by striking “or
21 an initial” and inserting “or, for a year pre-
22 ceding 2025, an initial”.

23 (2) Section 1860D–4(a)(4)(B)(i) of the Social
24 Security Act (42 U.S.C. 1395w–104(a)(4)(B)(i)) is

1 amended by striking “the initial” and inserting “for
2 a year preceding 2025, the initial”.

3 (3) Section 1860D–14(a) of the Social Security
4 Act (42 U.S.C. 1395w–114(a)) is amended—

5 (A) in paragraph (1)—

6 (i) in subparagraph (C), by striking
7 “The continuation” and inserting “For a
8 year preceding 2025, the continuation”;

9 (ii) in subparagraph (D)(iii), by strik-
10 ing “1860D–2(b)(4)(A)(i)(I)” and insert-
11 ing “1860D–2(b)(4)(A)(i)(I)(aa)”; and

12 (iii) in subparagraph (E), by striking
13 “The elimination” and inserting “For a
14 year preceding 2024, the elimination”; and

15 (B) in paragraph (2)—

16 (i) in subparagraph (C), by striking
17 “The continuation” and inserting “For a
18 year preceding 2025, the continuation”;

19 and

20 (ii) in subparagraph (E), by striking
21 “1860D–2(b)(4)(A)(i)(I)” and inserting
22 “1860D–2(b)(4)(A)(i)(I)(aa) (for a year
23 preceding 2024)”.

24 (4) Section 1860D–21(d)(7) of the Social Secu-
25 rity Act (42 U.S.C. 1395w–131(d)(7)) is amended

1 by striking “section 1860D–2(b)(4)(B)(i)” and in-
2 sserting “section 1860D–2(b)(4)(C)(i)”.

3 (5) Section 1860D–22(a)(2)(A) of the Social
4 Security Act (42 U.S.C. 1395w–132(a)(2)(A)) is
5 amended—

6 (A) by striking “the value of any discount”
7 and inserting the following: “the value of—

8 “(i) for years prior to 2025, any dis-
9 count”;

10 (B) in clause (i), as inserted by subpara-
11 graph (A) of this paragraph, by striking the pe-
12 riod at the end and inserting “; and”; and

13 (C) by adding at the end the following new
14 clause:

15 “(ii) for 2025 and each subsequent
16 year, any discount provided pursuant to
17 section 1860D–14C.”.

18 (6) Section 1860D–41(a)(6) of the Social Secu-
19 rity Act (42 U.S.C. 1395w–151(a)(6)) is amended—

20 (A) by inserting “for a year before 2025”
21 after “1860D–2(b)(3)”; and

22 (B) by inserting “for such year” before the
23 period.

24 (7) Section 1860D–43 of the Social Security
25 Act (42 U.S.C. 1395w–153) is amended—

1 (A) in subsection (a)—

2 (i) by striking paragraph (1) and in-
3 serting the following:

4 “(1) participate in—

5 “(A) for 2011 through 2024, the Medicare
6 coverage gap discount program under section
7 1860D–14A; and

8 “(B) for 2025 and each subsequent year,
9 the manufacturer discount program under sec-
10 tion 1860D–14C;”;

11 (ii) by striking paragraph (2) and in-
12 serting the following:

13 “(2) have entered into and have in effect—

14 “(A) for 2011 through 2024, an agreement
15 described in subsection (b) of section 1860D–
16 14A with the Secretary; and

17 “(B) for 2025 and each subsequent year,
18 an agreement described in subsection (b) of sec-
19 tion 1860D–14C with the Secretary; and”;

20 (iii) in paragraph (3), by striking
21 “such section” and inserting “section
22 1860D–14A”; and

23 (B) by striking subsection (b) and insert-
24 ing the following:

1 “(b) EFFECTIVE DATE.—Paragraphs (1)(A), (2)(A),
2 and (3) of subsection (a) shall apply to covered part D
3 drugs dispensed under this part on or after January 1,
4 2011, and before January 1, 2025, and paragraphs (1)(B)
5 and (2)(B) of such subsection shall apply to covered part
6 D drugs dispensed under this part on or after January
7 1, 2025.”.

8 (8) Section 1927 of the Social Security Act (42
9 U.S.C. 1396r–8) is amended—

10 (A) in subsection (c)(1)(C)(i)(VI), by in-
11 serting before the period at the end the fol-
12 lowing: “or under the manufacturer discount
13 program under section 1860D–14C”; and

14 (B) in subsection (k)(1)(B)(i)(V), by in-
15 serting before the period at the end the fol-
16 lowing: “or under section 1860D–14C”.

17 (f) IMPLEMENTATION FOR 2024 THROUGH 2026.—
18 The Secretary shall implement this section, including the
19 amendments made by this section, for 2024, 2025, and
20 2026 by program instruction or other forms of program
21 guidance.

22 (g) FUNDING.—In addition to amounts otherwise
23 available, there are appropriated to the Centers for Medi-
24 care & Medicaid Services, out of any money in the Treas-
25 ury not otherwise appropriated, \$341,000,000 for fiscal

1 year 2022, including \$20,000,000 and \$65,000,000 to
2 carry out the provisions of, including the amendments
3 made by, this section in fiscal years 2022 and 2023, re-
4 spectively, and \$32,000,000 to carry out the provisions of,
5 including the amendments made by, this section in each
6 of fiscal years 2024 through 2031, to remain available
7 until expended.

8 **SEC. 11202. MAXIMUM MONTHLY CAP ON COST-SHARING**
9 **PAYMENTS UNDER PRESCRIPTION DRUG**
10 **PLANS AND MA-PD PLANS.**

11 (a) IN GENERAL.—Section 1860D–2(b) of the Social
12 Security Act (42 U.S.C. 1395w–102(b)) is amended—

13 (1) in paragraph (2)—

14 (A) in subparagraph (A), by striking “and
15 (D)” and inserting “, (D), and (E)”; and

16 (B) by adding at the end the following new
17 subparagraph:

18 “(E) MAXIMUM MONTHLY CAP ON COST-
19 SHARING PAYMENTS.—

20 “(i) IN GENERAL.—For plan years be-
21 ginning on or after January 1, 2025, each
22 PDP sponsor offering a prescription drug
23 plan and each MA organization offering an
24 MA–PD plan shall provide to any enrollee
25 of such plan, including an enrollee who is

1 a subsidy eligible individual (as defined in
2 paragraph (3) of section 1860D–14(a)),
3 the option to elect with respect to a plan
4 year to pay cost-sharing under the plan in
5 monthly amounts that are capped in ac-
6 cordance with this subparagraph.

7 “(ii) DETERMINATION OF MAXIMUM
8 MONTHLY CAP.—For each month in the
9 plan year for which an enrollee in a pre-
10 scription drug plan or an MA–PD plan has
11 made an election pursuant to clause (i),
12 the PDP sponsor or MA organization shall
13 determine a maximum monthly cap (as de-
14 fined in clause (iv)) for such enrollee.

15 “(iii) BENEFICIARY MONTHLY PAY-
16 MENTS.—With respect to an enrollee who
17 has made an election pursuant to clause
18 (i), for each month described in clause (ii),
19 the PDP sponsor or MA organization shall
20 bill such enrollee an amount (not to exceed
21 the maximum monthly cap) for the out-of-
22 pocket costs of such enrollee in such
23 month.

24 “(iv) MAXIMUM MONTHLY CAP DE-
25 FINED.—In this subparagraph, the term

1 ‘maximum monthly cap’ means, with re-
2 spect to an enrollee—

3 “(I) for the first month for which
4 the enrollee has made an election pur-
5 suant to clause (i), an amount deter-
6 mined by calculating—

7 “(aa) the annual out-of-
8 pocket threshold specified in
9 paragraph (4)(B) minus the in-
10 curred costs of the enrollee as de-
11 scribed in paragraph (4)(C); di-
12 vided by

13 “(bb) the number of months
14 remaining in the plan year; and

15 “(II) for a subsequent month, an
16 amount determined by calculating—

17 “(aa) the sum of any re-
18 maining out-of-pocket costs owed
19 by the enrollee from a previous
20 month that have not yet been
21 billed to the enrollee and any ad-
22 ditional out-of-pocket costs in-
23 curred by the enrollee; divided by

24 “(bb) the number of months
25 remaining in the plan year.

1 “(v) ADDITIONAL REQUIREMENTS.—

2 The following requirements shall apply
3 with respect to the option to make an elec-
4 tion pursuant to clause (i) under this sub-
5 paragraph:

6 “(I) SECRETARIAL RESPONSIBIL-
7 ITIES.—The Secretary shall provide
8 information to part D eligible individ-
9 uals on the option to make such elec-
10 tion through educational materials, in-
11 cluding through the notices provided
12 under section 1804(a).

13 “(II) TIMING OF ELECTION.—An
14 enrollee in a prescription drug plan or
15 an MA–PD plan may make such an
16 election—

17 “(aa) prior to the beginning
18 of the plan year; or

19 “(bb) in any month during
20 the plan year.

21 “(III) PDP SPONSOR AND MA OR-
22 GANIZATION RESPONSIBILITIES.—
23 Each PDP sponsor offering a pre-
24 scription drug plan or MA organiza-
25 tion offering an MA–PD plan—

1 “(aa) may not limit the op-
2 tion for an enrollee to make such
3 an election to certain covered
4 part D drugs;

5 “(bb) shall, prior to the plan
6 year, notify prospective enrollees
7 of the option to make such an
8 election in promotional materials;

9 “(cc) shall include informa-
10 tion on such option in enrollee
11 educational materials;

12 “(dd) shall have in place a
13 mechanism to notify a pharmacy
14 during the plan year when an en-
15 rollee incurs out-of-pocket costs
16 with respect to covered part D
17 drugs that make it likely the en-
18 rollee may benefit from making
19 such an election;

20 “(ee) shall provide that a
21 pharmacy, after receiving a noti-
22 fication described in item (dd)
23 with respect to an enrollee, in-
24 forms the enrollee of such notifi-
25 cation;

1 “(ff) shall ensure that such
2 an election by an enrollee has no
3 effect on the amount paid to
4 pharmacies (or the timing of
5 such payments) with respect to
6 covered part D drugs dispensed
7 to the enrollee; and

8 “(gg) shall have in place a
9 financial reconciliation process to
10 correct inaccuracies in payments
11 made by an enrollee under this
12 subparagraph with respect to
13 covered part D drugs during the
14 plan year.

15 “(IV) FAILURE TO PAY AMOUNT
16 BILLED.—If an enrollee fails to pay
17 the amount billed for a month as re-
18 quired under this subparagraph—

19 “(aa) the election of the en-
20 rollee pursuant to clause (i) shall
21 be terminated and the enrollee
22 shall pay the cost-sharing other-
23 wise applicable for any covered
24 part D drugs subsequently dis-
25 pensed to the enrollee up to the

1 annual out-of-pocket threshold
2 specified in paragraph (4)(B);
3 and

4 “(bb) the PDP sponsor or
5 MA organization may preclude
6 the enrollee from making an elec-
7 tion pursuant to clause (i) in a
8 subsequent plan year.

9 “(V) CLARIFICATION REGARDING
10 PAST DUE AMOUNTS.—Nothing in this
11 subparagraph shall be construed as
12 prohibiting a PDP sponsor or an MA
13 organization from billing an enrollee
14 for an amount owed under this sub-
15 paragraph.

16 “(VI) TREATMENT OF UNSET-
17 TLED BALANCES.—Any unsettled bal-
18 ances with respect to amounts owed
19 under this subparagraph shall be
20 treated as plan losses and the Sec-
21 retary shall not be liable for any such
22 balances outside of those assumed as
23 losses estimated in plan bids.”; and

24 (2) in paragraph (4)—

1 (A) in subparagraph (C), by striking “sub-
2 paragraph (E)” and inserting “subparagraph
3 (E) or subparagraph (F)”; and

4 (B) by adding at the end the following new
5 subparagraph:

6 “(F) INCLUSION OF COSTS PAID UNDER
7 MAXIMUM MONTHLY CAP OPTION.—In applying
8 subparagraph (A), with respect to an enrollee
9 who has made an election pursuant to clause (i)
10 of paragraph (2)(E), costs shall be treated as
11 incurred if such costs are paid by a PDP spon-
12 sor or an MA organization under the option
13 provided under such paragraph.”.

14 (b) APPLICATION TO ALTERNATIVE PRESCRIPTION
15 DRUG COVERAGE.—Section 1860D–2(c) of the Social Se-
16 curity Act (42 U.S.C. 1395w–102(c)) is amended by add-
17 ing at the end the following new paragraph:

18 “(4) SAME MAXIMUM MONTHLY CAP ON COST-
19 SHARING.—The maximum monthly cap on cost-shar-
20 ing payments shall apply to coverage with respect to
21 an enrollee who has made an election pursuant to
22 clause (i) of subsection (b)(2)(E) under the option
23 provided under such subsection.”.

24 (c) IMPLEMENTATION FOR 2025.—The Secretary
25 shall implement this section, including the amendments

1 made by this section, for 2025 by program instruction or
2 other forms of program guidance.

3 (d) FUNDING.—In addition to amounts otherwise
4 available, there are appropriated to the Centers for Medi-
5 care & Medicaid Services, out of any money in the Treas-
6 ury not otherwise appropriated, \$10,000,000 for fiscal
7 year 2023, to remain available until expended, to carry
8 out the provisions of, including the amendments made by,
9 this section.

10 **PART 4—REPEAL OF PRESCRIPTION DRUG**

11 **REBATE RULE**

12 **SEC. 11301. PROHIBITING IMPLEMENTATION OF RULE RE-**
13 **LATING TO ELIMINATING THE ANTI-KICK-**
14 **BACK STATUTE SAFE HARBOR PROTECTION**
15 **FOR PRESCRIPTION DRUG REBATES.**

16 Section 90006 of division I of the Infrastructure In-
17 vestment and Jobs Act (42 U.S.C. 1320a–7b note), as
18 amended by section 13101 of division A of the Bipartisan
19 Safer Communities Act, is amended by striking “, prior
20 to January 1, 2027,”.

1 **PART 5—MISCELLANEOUS**
2 **SEC. 11401. COVERAGE OF ADULT VACCINES REC-**
3 **COMMENDED BY THE ADVISORY COMMITTEE**
4 **ON IMMUNIZATION PRACTICES UNDER MEDI-**
5 **CARE PART D.**

6 (a) ENSURING TREATMENT OF COST-SHARING AND
7 DEDUCTIBLE IS CONSISTENT WITH TREATMENT OF VAC-
8 CINES UNDER MEDICARE PART B.—Section 1860D–2 of
9 the Social Security Act (42 U.S.C. 1395w–102), as
10 amended by sections 11201 and 11202, is amended—

11 (1) in subsection (b)—

12 (A) in paragraph (1)(A), by striking “The
13 coverage” and inserting “Subject to paragraph
14 (8), the coverage”;

15 (B) in paragraph (2)—

16 (i) in subparagraph (A), by inserting
17 “and paragraph (8)” after “and (E)”;

18 (ii) in subparagraph (C)(i), in the
19 matter preceding subclause (I), by striking
20 “paragraph (4)” and inserting “para-
21 graphs (4) and (8)”;

22 (iii) in subparagraph (D)(i), in the
23 matter preceding subclause (I), by striking
24 “paragraph (4)” and inserting “para-
25 graphs (4) and (8)”;

1 (C) in paragraph (4)(A)(i), by striking
2 “The coverage” and inserting “Subject to para-
3 graph (8), the coverage”; and

4 (D) by adding at the end the following new
5 paragraph:

6 “(8) TREATMENT OF COST-SHARING FOR
7 ADULT VACCINES RECOMMENDED BY THE ADVISORY
8 COMMITTEE ON IMMUNIZATION PRACTICES CON-
9 SISTENT WITH TREATMENT OF VACCINES UNDER
10 PART B.—

11 “(A) IN GENERAL.—For plan years begin-
12 ning on or after January 1, 2023, with respect
13 to an adult vaccine recommended by the Advi-
14 sory Committee on Immunization Practices (as
15 defined in subparagraph (B))—

16 “(i) the deductible under paragraph
17 (1) shall not apply; and

18 “(ii) there shall be no coinsurance or
19 other cost-sharing under this part with re-
20 spect to such vaccine.

21 “(B) ADULT VACCINES RECOMMENDED BY
22 THE ADVISORY COMMITTEE ON IMMUNIZATION
23 PRACTICES.—For purposes of this paragraph,
24 the term ‘adult vaccine recommended by the
25 Advisory Committee on Immunization Prac-

1 tices’ means a covered part D drug that is a
2 vaccine licensed under section 351 of the Public
3 Health Service Act for use by adult populations
4 and administered in accordance with rec-
5 ommendations of the Advisory Committee on
6 Immunization Practices of the Centers for Dis-
7 ease Control and Prevention.”; and

8 (2) in subsection (c), by adding at the end the
9 following new paragraph:

10 “(5) TREATMENT OF COST-SHARING FOR
11 ADULT VACCINES RECOMMENDED BY THE ADVISORY
12 COMMITTEE ON IMMUNIZATION PRACTICES.—The
13 coverage is in accordance with subsection (b)(8).”.

14 (b) CONFORMING AMENDMENTS TO COST-SHARING
15 FOR LOW-INCOME INDIVIDUALS.—Section 1860D–14(a)
16 of the Social Security Act (42 U.S.C. 1395w–114(a)), as
17 amended by section 11201, is amended—

18 (1) in paragraph (1)(D), in each of clauses (ii)
19 and (iii), by striking “In the case” and inserting
20 “Subject to paragraph (6), in the case”;

21 (2) in paragraph (2)—

22 (A) in subparagraph (B), by striking “A
23 reduction” and inserting “Subject to section
24 1860D–2(b)(8), a reduction”;

1 (B) in subparagraph (D), by striking “The
2 substitution” and inserting “Subject to para-
3 graph (6), the substitution”; and

4 (C) in subparagraph (E), by striking “and
5 subsection (c)” and inserting “, paragraph (6)
6 of this subsection, and subsection (c)”; and

7 (3) by adding at the end the following new
8 paragraph:

9 “(6) NO APPLICATION OF COST-SHARING OR
10 DEDUCTIBLE FOR ADULT VACCINES RECOMMENDED
11 BY THE ADVISORY COMMITTEE ON IMMUNIZATION
12 PRACTICES.—For plan years beginning on or after
13 January 1, 2023, with respect to an adult vaccine
14 recommended by the Advisory Committee on Immu-
15 nization Practices (as defined in section 1860D-
16 2(b)(8)(B))—

17 “(A) the deductible under section 1860D-
18 2(b)(1) shall not apply; and

19 “(B) there shall be no cost-sharing under
20 this section with respect to such vaccine.”.

21 (c) TEMPORARY RETROSPECTIVE SUBSIDY.—Section
22 1860D-15 of the Social Security Act (42 U.S.C. 1395w-
23 115) is amended by adding at the end the following new
24 subsection:

1 “(h) TEMPORARY RETROSPECTIVE SUBSIDY FOR RE-
2 DUCTION IN COST-SHARING FOR ADULT VACCINES REC-
3 COMMENDED BY THE ADVISORY COMMITTEE ON IMMUNI-
4 ZATION PRACTICES DURING 2023.—

5 “(1) IN GENERAL.—In addition to amounts
6 otherwise payable under this section to a PDP spon-
7 sor of a prescription drug plan or an MA organiza-
8 tion offering an MA–PD plan, for plan year 2023,
9 the Secretary shall provide the PDP sponsor or MA
10 organization offering the plan subsidies in an
11 amount equal to the aggregate reduction in cost-
12 sharing by reason of the application of section
13 1860D–2(b)(8) for individuals under the plan during
14 the year.

15 “(2) TIMING.—The Secretary shall provide a
16 subsidy under paragraph (1), as applicable, not later
17 than 18 months following the end of the applicable
18 plan year.”.

19 “(d) RULE OF CONSTRUCTION.—Nothing in this sec-
20 tion shall be construed as limiting coverage under part D
21 of title XVIII of the Social Security Act for vaccines that
22 are not recommended by the Advisory Committee on Im-
23 munization Practices.

24 “(e) IMPLEMENTATION FOR 2023 THROUGH 2025.—
25 The Secretary shall implement this section, including the

1 amendments made by this section, for 2023, 2024, and
2 2025, by program instruction or other forms of program
3 guidance.

4 **SEC. 11402. PAYMENT FOR BIOSIMILAR BIOLOGICAL PROD-**
5 **UCTS DURING INITIAL PERIOD.**

6 Section 1847A(c)(4) of the Social Security Act (42
7 U.S.C. 1395w-3a(c)(4)) is amended—

8 (1) in each of subparagraphs (A) and (B), by
9 redesignating clauses (i) and (ii) as subclauses (I)
10 and (II), respectively, and moving such subclauses 2
11 ems to the right;

12 (2) by redesignating subparagraphs (A) and
13 (B) as clauses (i) and (ii) and moving such clauses
14 2 ems to the right;

15 (3) by striking “UNAVAILABLE.—In the case”
16 and inserting “UNAVAILABLE.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B), in the case”; and

19 (4) by adding at the end the following new sub-
20 paragraph:

21 “(B) LIMITATION ON PAYMENT AMOUNT
22 FOR BIOSIMILAR BIOLOGICAL PRODUCTS DUR-
23 ING INITIAL PERIOD.—In the case of a bio-
24 similar biological product furnished on or after
25 July 1, 2024, during the initial period described

1 in subparagraph (A) with respect to the bio-
2 similar biological product, the amount payable
3 under this section for the biosimilar biological
4 product is the lesser of the following:

5 “(i) The amount determined under
6 clause (ii) of such subparagraph for the
7 biosimilar biological product.

8 “(ii) The amount determined under
9 subsection (b)(1)(B) for the reference bio-
10 logical product.”.

11 **SEC. 11403. TEMPORARY INCREASE IN MEDICARE PART B**
12 **PAYMENT FOR CERTAIN BIOSIMILAR BIO-**
13 **LOGICAL PRODUCTS.**

14 Section 1847A(b)(8) of the Social Security Act (42
15 U.S.C. 1395w-3a(b)(8)) is amended—

16 (1) by redesignating subparagraphs (A) and
17 (B) as clauses (i) and (ii), respectively, and moving
18 the margin of each such redesignated clause 2 ems
19 to the right;

20 (2) by striking “PRODUCT.—The amount” and
21 inserting the following: “PRODUCT.—

22 “(A) IN GENERAL.—Subject to subpara-
23 graph (B), the amount”; and

24 (3) by adding at the end the following new sub-
25 paragraph:

1 “(B) TEMPORARY PAYMENT INCREASE.—

2 “(i) IN GENERAL.—In the case of a
3 qualifying biosimilar biological product
4 that is furnished during the applicable 5-
5 year period for such product, the amount
6 specified in this paragraph for such prod-
7 uct with respect to such period is the sum
8 determined under subparagraph (A), ex-
9 cept that clause (ii) of such subparagraph
10 shall be applied by substituting ‘8 percent’
11 for ‘6 percent’.

12 “(ii) APPLICABLE 5-YEAR PERIOD.—
13 For purposes of clause (i), the applicable
14 5-year period for a qualifying biosimilar bi-
15 ological product is—

16 “(I) in the case of such a product
17 for which payment was made under
18 this paragraph as of September 30,
19 2022, the 5-year period beginning on
20 October 1, 2022; and

21 “(II) in the case of such a prod-
22 uct for which payment is first made
23 under this paragraph during a cal-
24 endar quarter during the period be-
25 ginning October 1, 2022, and ending

1 December 31, 2027, the 5-year period
2 beginning on the first day of such cal-
3 endar quarter during which such pay-
4 ment is first made.

5 “(iii) QUALIFYING BIOSIMILAR BIO-
6 LOGICAL PRODUCT DEFINED.—For pur-
7 poses of this subparagraph, the term
8 ‘qualifying biosimilar biological product’
9 means a biosimilar biological product de-
10 scribed in paragraph (1)(C) with respect to
11 which—

12 “(I) in the case of a product de-
13 scribed in clause (ii)(I), the average
14 sales price under paragraph (8)(A)(i)
15 for a calendar quarter during the 5-
16 year period described in such clause is
17 not more than the average sales price
18 under paragraph (4)(A) for such
19 quarter for the reference biological
20 product; and

21 “(II) in the case of a product de-
22 scribed in clause (ii)(II), the average
23 sales price under paragraph (8)(A)(i)
24 for a calendar quarter during the 5-
25 year period described in such clause is

1 not more than the average sales price
2 under paragraph (4)(A) for such
3 quarter for the reference biological
4 product.”.

5 **SEC. 11404. EXPANDING ELIGIBILITY FOR LOW-INCOME**
6 **SUBSIDIES UNDER PART D OF THE MEDI-**
7 **CARE PROGRAM.**

8 Section 1860D–14(a) of the Social Security Act (42
9 U.S.C. 1395w–114(a)), as amended by section 11201, is
10 amended—

11 (1) in the subsection heading, by striking “IN-
12 DIVIDUALS” and all that follows through “LINE”
13 and inserting “CERTAIN INDIVIDUALS”;

14 (2) in paragraph (1)—

15 (A) by striking the paragraph heading and
16 inserting “INDIVIDUALS WITH CERTAIN LOW IN-
17 COMES”; and

18 (B) in the matter preceding subparagraph
19 (A), by inserting “(or, with respect to a plan
20 year beginning on or after January 1, 2024,
21 150 percent)” after “135 percent”; and

22 (3) in paragraph (2)—

23 (A) by striking the paragraph heading and
24 inserting “OTHER LOW-INCOME INDIVIDUALS”;
25 and

1 (B) in the matter preceding subparagraph
2 (A), by striking “In the case of a subsidy” and
3 inserting “With respect to a plan year begin-
4 ning before January 1, 2024, in the case of a
5 subsidy”.

6 **SEC. 11405. IMPROVING ACCESS TO ADULT VACCINES**
7 **UNDER MEDICAID AND CHIP.**

8 (a) **MEDICAID.—**

9 (1) **REQUIRING COVERAGE OF ADULT VACCINA-**
10 **TIONS.—**

11 (A) **IN GENERAL.—**Section 1902(a)(10)(A)
12 of the Social Security Act (42 U.S.C.
13 1396a(a)(10)(A)) is amended in the matter pre-
14 ceeding clause (i) by inserting “(13)(B),” after
15 “(5),”.

16 (B) **MEDICALLY NEEDED.—**Section
17 1902(a)(10)(C)(iv) of such Act (42 U.S.C.
18 1396a(a)(10)(C)(iv)) is amended by inserting “,
19 (13)(B),” after “(5)”.

20 (2) **NO COST SHARING FOR VACCINATIONS.—**

21 (A) **GENERAL COST-SHARING LIMITA-**
22 **TIONS.—**Section 1916 of the Social Security
23 Act (42 U.S.C. 1396o) is amended—

24 (i) in subsection (a)(2)—

1 (I) in subparagraph (G), by in-
2 sserting a comma after “State plan”;

3 (II) in subparagraph (H), by
4 striking “; or” and inserting a
5 comma;

6 (III) in subparagraph (I), by
7 striking “; and” and inserting “, or”;
8 and

9 (IV) by adding at the end the fol-
10 lowing new subparagraph:

11 “(J) vaccines described in section
12 1905(a)(13)(B) and the administration of such
13 vaccines; and”;

14 (ii) in subsection (b)(2)—

15 (I) in subparagraph (G), by in-
16 sserting a comma after “State plan”;

17 (II) in subparagraph (H), by
18 striking “; or” and inserting a
19 comma;

20 (III) in subparagraph (I), by
21 striking “; and” and inserting “, or”;
22 and

23 (IV) by adding at the end the fol-
24 lowing new subparagraph:

1 “(J) vaccines described in section
2 1905(a)(13)(B) and the administration of such
3 vaccines; and”.

4 (B) APPLICATION TO ALTERNATIVE COST
5 SHARING.—Section 1916A(b)(3)(B) of the So-
6 cial Security Act (42 U.S.C. 1396o–1(b)(3)(B))
7 is amended by adding at the end the following
8 new clause:

9 “(xiv) Vaccines described in section
10 1905(a)(13)(B) and the administration of
11 such vaccines.”.

12 (3) INCREASED FMAP FOR ADULT VACCINES
13 AND THEIR ADMINISTRATION.—Section 1905(b) of
14 the Social Security Act (42 U.S.C. 1396d(b)) is
15 amended—

16 (A) by striking “and (5)” and inserting
17 “(5)”;

18 (B) by striking “services and vaccines de-
19 scribed in subparagraphs (A) and (B) of sub-
20 section (a)(13), and prohibits cost-sharing for
21 such services and vaccines” and inserting “serv-
22 ices described in subsection (a)(13)(A), and
23 prohibits cost-sharing for such services”;

1 (C) by striking “medical assistance for
2 such services and vaccines” and inserting “med-
3 ical assistance for such services”; and

4 (D) by inserting “, and (6) during the first
5 8 fiscal quarters beginning on or after the effec-
6 tive date of this clause, in the case of a State
7 which, as of the date of enactment of the Infla-
8 tion Reduction Act of 2022, provides medical
9 assistance for vaccines described in subsection
10 (a)(13)(B) and their administration and pro-
11 hibits cost-sharing for such vaccines, the Fed-
12 eral medical assistance percentage, as deter-
13 mined under this subsection and subsection (y),
14 shall be increased by 1 percentage point with
15 respect to medical assistance for such vaccines
16 and their administration” before the first pe-
17 riod.

18 (b) CHIP.—

19 (1) REQUIRING COVERAGE OF ADULT VACCINA-
20 TIONS.—Section 2103(c) of the Social Security Act
21 (42 U.S.C. 1397cc(c)) is amended by adding at the
22 end the following paragraph:

23 “(12) REQUIRED COVERAGE OF APPROVED,
24 RECOMMENDED ADULT VACCINES AND THEIR AD-
25 MINISTRATION.—Regardless of the type of coverage

1 elected by a State under subsection (a), if the State
2 child health plan or a waiver of such plan provides
3 child health assistance or pregnancy-related assist-
4 ance (as defined in section 2112) to an individual
5 who is 19 years of age or older, such assistance shall
6 include coverage of vaccines described in section
7 1905(a)(13)(B) and their administration.”.

8 (2) NO COST-SHARING FOR VACCINATIONS.—
9 Section 2103(e)(2) of such Act (42 U.S.C.
10 1397cc(e)(2)) is amended by inserting “vaccines de-
11 scribed in subsection (e)(12) (and the administration
12 of such vaccines),” after “in vitro diagnostic prod-
13 ucts described in subsection (c)(10) (and administra-
14 tion of such products),”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section take effect on the 1st day of the 1st fiscal
17 quarter that begins on or after the date that is 1 year
18 after the date of enactment of this Act and shall apply
19 to expenditures made under a State plan or waiver of such
20 plan under title XIX of the Social Security Act (42 U.S.C.
21 1396 through 1396w–6) or under a State child health plan
22 or waiver of such plan under title XXI of such Act (42
23 U.S.C. 1397aa through 1397mm) on or after such effec-
24 tive date.

1 **Subtitle C—Affordable Care Act**
2 **Subsidies**

3 **SEC. 12001. IMPROVE AFFORDABILITY AND REDUCE PRE-**
4 **MIUM COSTS OF HEALTH INSURANCE FOR**
5 **CONSUMERS.**

6 (a) IN GENERAL.—Clause (iii) of section
7 36B(b)(3)(A) of the Internal Revenue Code of 1986 is
8 amended—

9 (1) by striking “in 2021 or 2022” and inserting
10 “after December 31, 2020, and before January 1,
11 2026”, and

12 (2) by striking “2021 AND 2022” in the heading
13 and inserting “2021 THROUGH 2025”.

14 (b) EXTENSION THROUGH 2025 OF RULE TO ALLOW
15 CREDIT TO TAXPAYERS WHOSE HOUSEHOLD INCOME
16 EXCEEDS 400 PERCENT OF THE POVERTY LINE.—Sec-
17 tion 36B(c)(1)(E) of the Internal Revenue Code of 1986
18 is amended—

19 (1) by striking “in 2021 or 2022” and inserting
20 “after December 31, 2020, and before January 1,
21 2026”, and

22 (2) by striking “2021 AND 2022” in the heading
23 and inserting “2021 THROUGH 2025”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2022.

4 **Subtitle D—Energy Security**

5 **SEC. 13001. AMENDMENT OF 1986 CODE.**

6 Except as otherwise expressly provided, whenever in
7 this subtitle an amendment or repeal is expressed in terms
8 of an amendment to, or repeal of, a section or other provi-
9 sion, the reference shall be considered to be made to a
10 section or other provision of the Internal Revenue Code
11 of 1986.

12 **PART 1—CLEAN ELECTRICITY AND REDUCING**

13 **CARBON EMISSIONS**

14 **SEC. 13101. EXTENSION AND MODIFICATION OF CREDIT**

15 **FOR ELECTRICITY PRODUCED FROM CER-**

16 **TAIN RENEWABLE RESOURCES.**

17 (a) IN GENERAL.—The following provisions of sec-
18 tion 45(d) are each amended by striking “January 1,
19 2022” each place it appears and inserting “January 1,
20 2025”:

21 (1) Paragraph (2)(A).

22 (2) Paragraph (3)(A).

23 (3) Paragraph (6).

24 (4) Paragraph (7).

25 (5) Paragraph (9).

1 (6) Paragraph (11)(B).

2 (b) BASE CREDIT AMOUNT.—Section 45 is amend-
3 ed—

4 (1) in subsection (a)(1), by striking “1.5 cents”
5 and inserting “0.3 cents”, and

6 (2) in subsection (b)(2), by striking “1.5 cent”
7 and inserting “0.3 cent”.

8 (c) APPLICATION OF EXTENSION TO GEOTHERMAL
9 AND SOLAR.—Section 45(d)(4) is amended by striking
10 “and which” and all that follows through “January 1,
11 2022” and inserting “and the construction of which begins
12 before January 1, 2025”.

13 (d) EXTENSION OF ELECTION TO TREAT QUALIFIED
14 FACILITIES AS ENERGY PROPERTY.—Section
15 48(a)(5)(C)(ii) is amended by striking “January 1, 2022”
16 and inserting “January 1, 2025”.

17 (e) APPLICATION OF EXTENSION TO WIND FACILI-
18 TIES.—

19 (1) IN GENERAL.—Section 45(d)(1) is amended
20 by striking “January 1, 2022” and inserting “Janu-
21 ary 1, 2025”.

22 (2) APPLICATION OF PHASEOUT PERCENT-
23 AGE.—

24 (A) RENEWABLE ELECTRICITY PRODUC-
25 TION CREDIT.—Section 45(b)(5) is amended by

1 inserting “which is placed in service before Jan-
2 uary 1, 2022” after “using wind to produce
3 electricity”.

4 (B) ENERGY CREDIT.—Section
5 48(a)(5)(E) is amended by inserting “placed in
6 service before January 1, 2022, and” before
7 “treated as energy property”.

8 (3) QUALIFIED OFFSHORE WIND FACILITIES
9 UNDER ENERGY CREDIT.—Section 48(a)(5)(F)(i) is
10 amended by striking “offshore wind facility” and all
11 that follows and inserting the following: “offshore
12 wind facility, subparagraph (E) shall not apply.”.

13 (f) WAGE AND APPRENTICESHIP REQUIREMENTS.—
14 Section 45(b) is amended by adding at the end the fol-
15 lowing new paragraphs:

16 “(6) INCREASED CREDIT AMOUNT FOR QUALI-
17 FIED FACILITIES.—

18 “(A) IN GENERAL.—In the case of any
19 qualified facility which satisfies the require-
20 ments of subparagraph (B), the amount of the
21 credit determined under subsection (a) (deter-
22 mined after the application of paragraphs (1)
23 through (5) and without regard to this para-
24 graph) shall be equal to such amount multiplied
25 by 5.

1 “(B) QUALIFIED FACILITY REQUIRE-
2 MENTS.—A qualified facility meets the require-
3 ments of this subparagraph if it is one of the
4 following:

5 “(i) A facility with a maximum net
6 output of less than 1 megawatt (as meas-
7 ured in alternating current).

8 “(ii) A facility the construction of
9 which begins prior to the date that is 60
10 days after the Secretary publishes guid-
11 ance with respect to the requirements of
12 paragraphs (7)(A) and (8).

13 “(iii) A facility which satisfies the re-
14 quirements of paragraphs (7)(A) and (8).

15 “(7) PREVAILING WAGE REQUIREMENTS.—

16 “(A) IN GENERAL.—The requirements de-
17 scribed in this subparagraph with respect to
18 any qualified facility are that the taxpayer shall
19 ensure that any laborers and mechanics em-
20 ployed by contractors and subcontractors in—

21 “(i) the construction of such facility,
22 and

23 “(ii) with respect to any taxable year,
24 for any portion of such taxable year which
25 is within the period described in subsection

1 (a)(2)(A)(ii), the alteration or repair of
2 such facility,
3 shall be paid wages at rates not less than the
4 prevailing rates for construction, alteration, or
5 repair of a similar character in the locality in
6 which such facility is located as most recently
7 determined by the Secretary of Labor, in ac-
8 cordance with subchapter IV of chapter 31 of
9 title 40, United States Code. For purposes of
10 determining an increased credit amount under
11 paragraph (6)(A) for a taxable year, the re-
12 quirement under clause (ii) is applied to such
13 taxable year in which the alteration or repair of
14 the qualified facility occurs.”

15 “(B) CORRECTION AND PENALTY RELATED
16 TO FAILURE TO SATISFY WAGE REQUIRE-
17 MENTS.—

18 “(i) IN GENERAL.—In the case of any
19 taxpayer which fails to satisfy the require-
20 ment under subparagraph (A) with respect
21 to the construction of any qualified facility
22 or with respect to the alteration or repair
23 of a facility in any year during the period
24 described in subparagraph (A)(ii), such
25 taxpayer shall be deemed to have satisfied

1 such requirement under such subparagraph
2 with respect to such facility for any year if,
3 with respect to any laborer or mechanic
4 who was paid wages at a rate below the
5 rate described in such subparagraph for
6 any period during such year, such tax-
7 payer—

8 “(I) makes payment to such la-
9 borer or mechanic in an amount equal
10 to the sum of—

11 “(aa) an amount equal to
12 the difference between—

13 “(AA) the amount of
14 wages paid to such laborer
15 or mechanic during such pe-
16 riod, and

17 “(BB) the amount of
18 wages required to be paid to
19 such laborer or mechanic
20 pursuant to such subpara-
21 graph during such period,
22 plus

23 “(bb) interest on the
24 amount determined under item
25 (aa) at the underpayment rate

1 established under section 6621
2 (determined by substituting ‘6
3 percentage points’ for ‘3 percent-
4 age points’ in subsection (a)(2)
5 of such section) for the period
6 described in such item, and

7 “(II) makes payment to the Sec-
8 retary of a penalty in an amount
9 equal to the product of—

10 “(aa) \$5,000, multiplied by
11 “(bb) the total number of la-
12 borers and mechanics who were
13 paid wages at a rate below the
14 rate described in subparagraph
15 (A) for any period during such
16 year.

17 “(ii) DEFICIENCY PROCEDURES NOT
18 TO APPLY.—Subchapter B of chapter 63
19 (relating to deficiency procedures for in-
20 come, estate, gift, and certain excise taxes)
21 shall not apply with respect to the assess-
22 ment or collection of any penalty imposed
23 by this paragraph.

24 “(iii) INTENTIONAL DISREGARD.—If
25 the Secretary determines that any failure

1 described in clause (i) is due to intentional
2 disregard of the requirements under sub-
3 paragraph (A), such clause shall be ap-
4 plied—

5 “(I) in subclause (I), by sub-
6 stituting ‘three times the sum’ for ‘the
7 sum’, and

8 “(II) in subclause (II), by sub-
9 stituting ‘\$10,000’ for ‘5,000’ in item
10 (aa) thereof.

11 “(iv) LIMITATION ON PERIOD FOR
12 PAYMENT.—Pursuant to rules issued by
13 the Secretary, in the case of a final deter-
14 mination by the Secretary with respect to
15 any failure by the taxpayer to satisfy the
16 requirement under subparagraph (A), sub-
17 paragraph (B)(i) shall not apply unless the
18 payments described in subclauses (I) and
19 (II) of such subparagraph are made by the
20 taxpayer on or before the date which is
21 180 days after the date of such determina-
22 tion.

23 “(8) APPRENTICESHIP REQUIREMENTS.—The
24 requirements described in this paragraph with re-

1 to the construction, alteration, or re-
2 pair work on any qualified facility to
3 which subclause (I) does not apply,
4 makes payment to the Secretary of a
5 penalty in an amount equal to the
6 product of—

7 “(aa) \$50, multiplied by

8 “(bb) the total labor hours
9 for which the requirement de-
10 scribed in such subparagraph was
11 not satisfied with respect to the
12 construction, alteration, or repair
13 work on such qualified facility.

14 “(ii) GOOD FAITH EFFORT.—For pur-
15 poses of clause (i), a taxpayer shall be
16 deemed to have satisfied the requirements
17 under this paragraph with respect to a
18 qualified facility if such taxpayer has re-
19 quested qualified apprentices from a reg-
20 istered apprenticeship program, as defined
21 in section 3131(e)(3)(B), and—

22 “(I) such request has been de-
23 nied, provided that such denial is not
24 the result of a refusal by the contrac-
25 tors or subcontractors engaged in the

1 performance of construction, alter-
2 ation, or repair work with respect to
3 such qualified facility to comply with
4 the established standards and require-
5 ments of the registered apprenticeship
6 program, or

7 “(II) the registered apprentice-
8 ship program fails to respond to such
9 request within 5 business days after
10 the date on which such registered ap-
11 prenticeship program received such
12 request.

13 “(iii) INTENTIONAL DISREGARD.—If
14 the Secretary determines that any failure
15 described in subclause (i)(II) is due to in-
16 tentional disregard of the requirements
17 under subparagraphs (A) and (C), sub-
18 clause (i)(II) shall be applied by sub-
19 stituting ‘\$500’ for ‘\$50’ in item (aa)
20 thereof.

21 “(E) DEFINITIONS.—For purposes of this
22 paragraph—

23 “(i) LABOR HOURS.—The term ‘labor
24 hours’—

1 “(I) means the total number of
2 hours devoted to the performance of
3 construction, alteration, or repair
4 work by employees of the taxpayer
5 (including construction, alteration, or
6 repair work by any contractor or sub-
7 contractor), and

8 “(II) excludes any hours worked
9 by—

10 “(aa) foremen,

11 “(bb) superintendents,

12 “(cc) owners, or

13 “(dd) persons employed in a
14 bona fide executive, administra-
15 tive, or professional capacity
16 (within the meaning of those
17 terms in part 541 of title 29,
18 Code of Federal Regulations).

19 “(ii) QUALIFIED APPRENTICE.—The
20 term ‘qualified apprentice’ means an indi-
21 vidual who is an employee of the con-
22 tractor or subcontractor and who is par-
23 ticipating in a registered apprenticeship
24 program, as defined in section
25 3131(e)(3)(B).

1 “(9) REGULATIONS AND GUIDANCE.—The Sec-
2 retary shall issue such regulations or other guidance
3 as the Secretary determines necessary or appropriate
4 to carry out the purposes of this subsection, includ-
5 ing regulations or other guidance which provides for
6 requirements for recordkeeping or information re-
7 porting for purposes of administering the require-
8 ments of this subsection.”.

9 (g) DOMESTIC CONTENT, PHASEOUT, AND ENERGY
10 COMMUNITIES.—Section 45(b), as amended by subsection
11 (f), is amended—

12 (1) by redesignating paragraph (9) as para-
13 graph (12), and

14 (2) by inserting after paragraph (8) the fol-
15 lowing:

16 “(9) DOMESTIC CONTENT BONUS CREDIT
17 AMOUNT.—

18 “(A) IN GENERAL.—In the case of any
19 qualified facility which satisfies the requirement
20 under subparagraph (B)(i), the amount of the
21 credit determined under subsection (a) (deter-
22 mined after the application of paragraphs (1)
23 through (8)) shall be increased by an amount
24 equal to 10 percent of the amount so deter-
25 mined.

1 “(B) REQUIREMENT.—

2 “(i) IN GENERAL.—The requirement
3 described in this subclause is satisfied with
4 respect to any qualified facility if the tax-
5 payer certifies to the Secretary (at such
6 time, and in such form and manner, as the
7 Secretary may prescribe) that any steel,
8 iron, or manufactured product which is a
9 component of such facility (upon comple-
10 tion of construction) was produced in the
11 United States (as determined under sec-
12 tion 661 of title 49, Code of Federal Regu-
13 lations).

14 “(ii) STEEL AND IRON.—In the case
15 of steel or iron, clause (i) shall be applied
16 in a manner consistent with section 661.5
17 of title 49, Code of Federal Regulations.

18 “(iii) MANUFACTURED PRODUCT.—
19 For purposes of clause (i), the manufac-
20 tured products which are components of a
21 qualified facility upon completion of con-
22 struction shall be deemed to have been pro-
23 duced in the United States if not less than
24 the adjusted percentage (as determined
25 under subparagraph (C)) of the total costs

1 of all such manufactured products of such
2 facility are attributable to manufactured
3 products (including components) which are
4 mined, produced, or manufactured in the
5 United States.

6 “(C) ADJUSTED PERCENTAGE.—

7 “(i) IN GENERAL.—Subject to sub-
8 clause (ii), for purposes of subparagraph
9 (B)(iii), the adjusted percentage shall be
10 40 percent.

11 “(ii) OFFSHORE WIND FACILITY.—
12 For purposes of subparagraph (B)(iii), in
13 the case of a qualified facility which is an
14 offshore wind facility, the adjusted per-
15 centage shall be 20 percent.

16 “(10) PHASEOUT FOR ELECTIVE PAYMENT.—

17 “(A) IN GENERAL.—In the case of a tax-
18 payer making an election under section 6417
19 with respect to a credit under this section, the
20 amount of such credit shall be replaced with—

21 “(i) the value of such credit (deter-
22 mined without regard to this paragraph),
23 multiplied by

24 “(ii) the applicable percentage.

1 “(B) 100 PERCENT APPLICABLE PERCENT-
2 AGE FOR CERTAIN QUALIFIED FACILITIES.—In
3 the case of any qualified facility—

4 “(i) which satisfies the requirements
5 under paragraph (9)(B) with respect to the
6 construction of such facility, or

7 “(ii) with a maximum net output of
8 less than 1 megawatt (as measured in al-
9 ternating current),
10 the applicable percentage shall be 100 percent.

11 “(C) PHASED DOMESTIC CONTENT RE-
12 QUIREMENT.—Subject to subparagraph (D), in
13 the case of any qualified facility which is not
14 described in subparagraph (B), the applicable
15 percentage shall be—

16 “(i) if construction of such facility
17 began before January 1, 2024, 100 per-
18 cent, and

19 “(ii) if construction of such facility
20 began in calendar year 2024, 90 percent.

21 “(D) EXCEPTION.—

22 “(i) IN GENERAL.—For purposes of
23 this paragraph, the Secretary shall provide
24 exceptions to the requirements under this

1 paragraph for the construction of qualified
2 facilities if—

3 “(I) the inclusion of steel, iron,
4 or manufactured products which are
5 produced in the United States in-
6 creases the overall costs of construc-
7 tion of qualified facilities by more
8 than 25 percent, or

9 “(II) relevant steel, iron, or man-
10 ufactured products are not produced
11 in the United States in sufficient and
12 reasonably available quantities or of a
13 satisfactory quality.

14 “(ii) APPLICABLE PERCENTAGE.—In
15 any case in which the Secretary provides
16 an exception pursuant to clause (i), the ap-
17 plicable percentage shall be 100 percent.

18 “(11) SPECIAL RULE FOR QUALIFIED FACILITY
19 LOCATED IN ENERGY COMMUNITY.—

20 “(A) IN GENERAL.—In the case of a quali-
21 fied facility which is located in an energy com-
22 munity, the credit determined under subsection
23 (a) (determined after the application of para-
24 graphs (1) through (10), without the applica-
25 tion of paragraph (9)) shall be increased by an

1 amount equal to 10 percent of the amount so
2 determined.

3 “(B) ENERGY COMMUNITY.—For purposes
4 of this paragraph, the term ‘energy community’
5 means—

6 “(i) a brownfield site (as defined in
7 subparagraphs (A), (B), and (D)(ii)(III) of
8 section 101(39) of the Comprehensive En-
9 vironmental Response, Compensation, and
10 Liability Act of 1980 (42 U.S.C.
11 9601(39))),

12 “(ii) an area which has (or, at any
13 time during the period beginning after De-
14 cember 31, 1999, had) significant employ-
15 ment related to the extraction, processing,
16 transport, or storage of coal, oil, or natural
17 gas (as determined by the Secretary), or

18 “(iii) a census tract—

19 “(I) in which—

20 “(aa) after December 31,
21 1999, a coal mine has closed, or

22 “(bb) after December 31,
23 2009, a coal-fired electric gener-
24 ating unit has been retired, or

1 “(II) which is directly adjoining
2 to any census tract described in sub-
3 clause (I).”.

4 (h) CREDIT REDUCED FOR TAX-EXEMPT BONDS.—
5 Section 45(b)(3) is amended to read as follows:

6 “(3) CREDIT REDUCED FOR TAX-EXEMPT
7 BONDS.—The amount of the credit determined
8 under subsection (a) with respect to any facility for
9 any taxable year (determined after the application of
10 paragraphs (1) and (2)) shall be reduced by the
11 amount which is the product of the amount so deter-
12 mined for such year and the lesser of 15 percent or
13 a fraction—

14 “(A) the numerator of which is the sum,
15 for the taxable year and all prior taxable years,
16 of proceeds of an issue of any obligations the
17 interest on which is exempt from tax under sec-
18 tion 103 and which is used to provide financing
19 for the qualified facility, and

20 “(B) the denominator of which is the ag-
21 gregate amount of additions to the capital ac-
22 count for the qualified facility for the taxable
23 year and all prior taxable years.

1 The amounts under the preceding sentence for any
2 taxable year shall be determined as of the close of
3 the taxable year.”.

4 (i) ROUNDING ADJUSTMENT.—

5 (1) IN GENERAL.—Section 45(b)(2) is amended
6 by striking the second sentence and inserting the fol-
7 lowing: “If the 0.3 cent amount as increased under
8 the preceding sentence is not a multiple of 0.05 cent,
9 such amount shall be rounded to the nearest mul-
10 tiple of 0.05 cent. In any other case, if an amount
11 as increased under this paragraph is not a multiple
12 of 0.1 cent, such amount shall be rounded to the
13 nearest multiple of 0.1 cent.”.

14 (2) CONFORMING AMENDMENT.—Section
15 45(b)(4)(A) is amended by striking “last sentence”
16 and inserting “last two sentences”.

17 (j) HYDROPOWER.—

18 (1) ELIMINATION OF CREDIT RATE REDUCTION
19 FOR QUALIFIED HYDROELECTRIC PRODUCTION AND
20 MARINE AND HYDROKINETIC RENEWABLE EN-
21 ERGY.—Section 45(b)(4)(A), as amended by the pre-
22 ceding provisions of this section, is amended by
23 striking “(7), (9), or (11)” and inserting “or (7)”.

24 (2) MARINE AND HYDROKINETIC RENEWABLE
25 ENERGY.—Section 45 is amended—

1 (A) in subsection (c)(10)(A)—
2 (i) in clause (iii), by striking “or”,
3 (ii) in clause (iv), by striking the pe-
4 riod at the end and inserting “, or” and
5 (iii) by adding at the end the fol-
6 lowing:
7 “(v) pressurized water used in a pipe-
8 line (or similar man-made water convey-
9 ance) which is operated—
10 “(I) for the distribution of water
11 for agricultural, municipal, or indus-
12 trial consumption, and
13 “(II) not primarily for the gen-
14 eration of electricity.”, and
15 (B) in subsection (d)(11)(A), by striking
16 “150” and inserting “25”.

17 (k) EFFECTIVE DATES.—

18 (1) IN GENERAL.—Except as provided in para-
19 graphs (2) and (3), the amendments made by this
20 section shall apply to facilities placed in service after
21 December 31, 2021.

22 (2) CREDIT REDUCED FOR TAX-EXEMPT
23 BONDS.—The amendment made by subsection (h)
24 shall apply to facilities the construction of which be-
25 gins after the date of enactment of this Act.

1 (3) DOMESTIC CONTENT, PHASEOUT, ENERGY
2 COMMUNITIES, AND HYDROPOWER.—The amend-
3 ments made by subsections (g) and (j) shall apply to
4 facilities placed in service after December 31, 2022.

5 **SEC. 13102. EXTENSION AND MODIFICATION OF ENERGY**
6 **CREDIT.**

7 (a) EXTENSION OF CREDIT.—The following provi-
8 sions of section 48 are each amended by striking “January
9 1, 2024” each place it appears and inserting “January
10 1, 2025”:

11 (1) Subsection (a)(2)(A)(i)(II).

12 (2) Subsection (a)(3)(A)(ii).

13 (3) Subsection (c)(1)(D).

14 (4) Subsection (c)(2)(D).

15 (5) Subsection (c)(3)(A)(iv).

16 (6) Subsection (c)(4)(C).

17 (7) Subsection (c)(5)(D).

18 (b) FURTHER EXTENSION FOR CERTAIN ENERGY
19 PROPERTY.—Section 48(a)(3)(A)(vii) is amended by
20 striking “January 1, 2024” and inserting “January 1,
21 2035”.

22 (c) PHASEOUT OF CREDIT.—Section 48(a) is amend-
23 ed by striking paragraphs (6) and (7) and inserting the
24 following new paragraph:

1 “(6) PHASEOUT FOR CERTAIN ENERGY PROP-
2 ERTY.—In the case of any qualified fuel cell prop-
3 erty, qualified small wind property, or energy prop-
4 erty described in clause (i) or clause (ii) of para-
5 graph (3)(A) the construction of which begins after
6 December 31, 2019, and which is placed in service
7 before January 1, 2022, the energy percentage de-
8 termined under paragraph (2) shall be equal to 26
9 percent.”.

10 (d) BASE ENERGY PERCENTAGE AMOUNT.—Section
11 48(a) is amended—

12 (1) in paragraph (2)(A)—

13 (A) in clause (i), by striking “30 percent”
14 and inserting “6 percent”, and

15 (B) in clause (ii), by striking “10 percent”
16 and inserting “2 percent”, and

17 (2) in paragraph (5)(A)(ii), by striking “30 per-
18 cent” and inserting “6 percent”.

19 (e) 6 PERCENT CREDIT FOR GEOTHERMAL.—Section
20 48(a)(2)(A)(i)(II) is amended by striking “paragraph
21 (3)(A)(i)” and inserting “clause (i) or (iii) of paragraph
22 (3)(A)”.

23 (f) ENERGY STORAGE TECHNOLOGIES; QUALIFIED
24 BIOGAS PROPERTY; MICROGRID CONTROLLERS; EXTEN-
25 SION OF OTHER PROPERTY.—

1 (1) IN GENERAL.—Section 48(a)(3)(A) is
2 amended by striking “or” at the end of clause (vii),
3 and by adding at the end the following new clauses:

4 “(ix) energy storage technology,

5 “(x) qualified biogas property, or

6 “(xi) microgrid controllers,”.

7 (2) APPLICATION OF 6 PERCENT CREDIT.—Sec-
8 tion 48(a)(2)(A)(i) is amended by striking “and” at
9 the end of subclauses (IV) and (V) and adding at
10 the end the following new subclauses:

11 “(VI) energy storage technology,

12 “(VII) qualified biogas property,

13 “(VIII) microgrid controllers,

14 and

15 “(IX) energy property described

16 in clauses (v) and (vii) of paragraph

17 (3)(A), and”.

18 (3) DEFINITIONS.—Section 48(c) is amended
19 by adding at the end the following new paragraphs:

20 “(6) ENERGY STORAGE TECHNOLOGY.—

21 “(A) IN GENERAL.—The term ‘energy
22 storage technology’ means—

23 “(i) property (other than property pri-
24 marily used in the transportation of goods
25 or individuals and not for the production

1 of electricity) which receives, stores, and
2 delivers energy for conversion to electricity
3 (or, in the case of hydrogen, which stores
4 energy), and has a nameplate capacity of
5 not less than 5 kilowatt hours, and

6 “(ii) thermal energy storage property.

7 “(B) MODIFICATIONS OF CERTAIN PROP-
8 ERTY.—In the case of any property which ei-
9 ther—

10 “(i) was placed in service before the
11 date of enactment of this section and
12 would be described in subparagraph (A)(i),
13 except that such property has a capacity of
14 less than 5 kilowatt hours and is modified
15 in a manner that such property (after such
16 modification) has a nameplate capacity of
17 not less than 5 kilowatt hours, or

18 “(ii) is described in subparagraph
19 (A)(i) and is modified in a manner that
20 such property (after such modification) has
21 an increase in nameplate capacity of not
22 less than 5 kilowatt hours,

23 such property shall be treated as described in
24 subparagraph (A)(i) except that the basis of
25 any existing property prior to such modification

1 shall not be taken into account for purposes of
2 this section. In the case of any property to
3 which this subparagraph applies, subparagraph
4 (D) shall be applied by substituting ‘modifica-
5 tion’ for ‘construction’.

6 “(C) THERMAL ENERGY STORAGE PROP-
7 ERTY.—

8 “(i) IN GENERAL.—Subject to clause
9 (ii), for purposes of this paragraph, the
10 term ‘thermal energy storage property’
11 means a system which—

12 “(I) is directly connected to a
13 heating, ventilation, or air condi-
14 tioning system,

15 “(II) removes heat from, or adds
16 heat to, a storage medium for subse-
17 quent use, and

18 “(III) provides energy for the
19 heating or cooling of the interior of a
20 residential or commercial building.

21 “(ii) EXCLUSION.—The term ‘thermal
22 energy storage property’ shall not in-
23 clude—

24 “(I) a swimming pool,

1 “(II) combined heat and power
2 system property, or

3 “(III) a building or its structural
4 components.

5 “(D) TERMINATION.—The term ‘energy
6 storage technology’ shall not include any prop-
7 erty the construction of which begins after De-
8 cember 31, 2024.

9 “(7) QUALIFIED BIOGAS PROPERTY.—

10 “(A) IN GENERAL.—The term ‘qualified
11 biogas property’ means property comprising a
12 system which—

13 “(i) converts biomass (as defined in
14 section 45K(c)(3), as in effect on the date
15 of enactment of this paragraph) into a gas
16 which—

17 “(I) consists of not less than 52
18 percent methane by volume, or

19 “(II) is concentrated by such sys-
20 tem into a gas which consists of not
21 less than 52 percent methane, and

22 “(ii) captures such gas for sale or pro-
23 ductive use, and not for disposal via com-
24 bustion.

1 “(B) INCLUSION OF CLEANING AND CON-
2 DITIONING PROPERTY.—The term ‘qualified
3 biogas property’ includes any property which is
4 part of such system which cleans or conditions
5 such gas.

6 “(C) TERMINATION.—The term ‘qualified
7 biogas property’ shall not include any property
8 the construction of which begins after Decem-
9 ber 31, 2024.

10 “(8) MICROGRID CONTROLLER.—

11 “(A) IN GENERAL.—The term ‘microgrid
12 controller’ means equipment which is—

13 “(i) part of a qualified microgrid, and

14 “(ii) designed and used to monitor
15 and control the energy resources and loads
16 on such microgrid.

17 “(B) QUALIFIED MICROGRID.—The term
18 ‘qualified microgrid’ means an electrical system
19 which—

20 “(i) includes equipment which is capa-
21 ble of generating not less than 4 kilowatts
22 and not greater than 20 megawatts of elec-
23 tricity,

24 “(ii) is capable of operating—

1 “(I) in connection with the elec-
2 trical grid and as a single controllable
3 entity with respect to such grid, and

4 “(II) independently (and discon-
5 nected) from such grid, and

6 “(iii) is not part of a bulk-power sys-
7 tem (as defined in section 215 of the Fed-
8 eral Power Act (16 U.S.C. 824o)).

9 “(C) TERMINATION.—The term ‘microgrid
10 controller’ shall not include any property the
11 construction of which begins after December
12 31, 2024.”.

13 (4) DENIAL OF DOUBLE BENEFIT FOR QUALI-
14 FIED BIOGAS PROPERTY.—Section 45(e) is amended
15 by adding at the end the following new paragraph:

16 “(12) COORDINATION WITH ENERGY CREDIT
17 FOR QUALIFIED BIOGAS PROPERTY.—The term
18 ‘qualified facility’ shall not include any facility which
19 produces electricity from gas produced by qualified
20 biogas property (as defined in section 48(c)(7)) if a
21 credit is allowed under section 48 with respect to
22 such property for the taxable year or any prior tax-
23 able year.”.

24 (5) PHASEOUT OF CERTAIN ENERGY PROP-
25 ERTY.—Section 48(a), as amended by the preceding

1 provisions of this Act, is amended by adding at the
2 end the following new paragraph:

3 “(7) PHASEOUT FOR CERTAIN ENERGY PROP-
4 ERTY.—In the case of any energy property described
5 in clause (vii) of paragraph (3)(A), the energy per-
6 centage determined under paragraph (2) shall be
7 equal to—

8 “(A) in the case of any property the con-
9 struction of which begins before January 1,
10 2033, and which is placed in service after De-
11 cember 31, 2021, 6 percent,

12 “(B) in the case of any property the con-
13 struction of which begins after December 31,
14 2032, and before January 1, 2034, 5.2 percent,
15 and

16 “(C) in the case of any property the con-
17 struction of which begins after December 31,
18 2033, and before January 1, 2035, 4.4 per-
19 cent.”.

20 (6) PUBLIC UTILITY PROPERTY.—Paragraph
21 (2) of section 50(d) is amended—

22 (A) by adding after the first sentence the
23 following new sentence: “At the election of a
24 taxpayer, this paragraph shall not apply to any

1 energy storage technology (as defined in section
2 48(c)(6)), provided—”, and

3 (B) by adding the following new subpara-
4 graphs:

5 “(A) no election under this paragraph shall
6 be permitted if the making of such election is
7 prohibited by a State or political subdivision
8 thereof, by any agency or instrumentality of the
9 United States, or by a public service or public
10 utility commission or other similar body of any
11 State or political subdivision that regulates pub-
12 lic utilities as described in section
13 7701(a)(33)(A),

14 “(B) an election under this paragraph
15 shall be made separately with respect to each
16 energy storage technology by the due date (in-
17 cluding extensions) of the Federal tax return
18 for the taxable year in which the energy storage
19 technology is placed in service by the taxpayer,
20 and once made, may be revoked only with the
21 consent of the Secretary, and

22 “(C) an election shall not apply with re-
23 spect to any energy storage technology if such
24 energy storage technology has a maximum ca-

1 capacity equal to or less than 500 kilowatt
2 hours.”.

3 (g) FUEL CELLS USING ELECTROMECHANICAL
4 PROCESSES.—

5 (1) IN GENERAL.—Section 48(e)(1) is amend-
6 ed—

7 (A) in subparagraph (A)(i)—

8 (i) by inserting “or electromechanical”
9 after “electrochemical”, and

10 (ii) by inserting “(1 kilowatt in the
11 case of a fuel cell power plant with a linear
12 generator assembly)” after “0.5 kilowatt”,
13 and

14 (B) in subparagraph (C)—

15 (i) by inserting “, or linear generator
16 assembly,” after “a fuel cell stack assem-
17 bly”, and

18 (ii) by inserting “or
19 electromechanical” after “electrochemical”.

20 (2) LINEAR GENERATOR ASSEMBLY LIMITA-
21 TION.—Section 48(e)(1) is amended by redesign-
22 ating subparagraph (D) as subparagraph (E) and
23 by inserting after subparagraph (C) the following
24 new subparagraph:

1 “(D) LINEAR GENERATOR ASSEMBLY.—
2 The term ‘linear generator assembly’ does not
3 include any assembly which contains rotating
4 parts.”.

5 (h) DYNAMIC GLASS.—Section 48(a)(3)(A)(ii) is
6 amended by inserting “, or electrochromic glass which
7 uses electricity to change its light transmittance properties
8 in order to heat or cool a structure,” after “sunlight”.

9 (i) COORDINATION WITH LOW INCOME HOUSING
10 TAX CREDIT.—Paragraph (3) of section 50(c) is amend-
11 ed—

12 (1) by striking “and” at the end of subpara-
13 graph (A),

14 (2) by striking the period at the end of sub-
15 paragraph (B) and inserting “, and”, and

16 (3) by adding at the end the following new sub-
17 paragraph:

18 “(C) paragraph (1) shall not apply for pur-
19 poses of determining eligible basis under section
20 42.”.

21 (j) INTERCONNECTION PROPERTY.—Section 48(a),
22 as amended by the preceding provisions of this Act, is
23 amended by adding at the end the following new para-
24 graph:

25 “(8) INTERCONNECTION PROPERTY.—

1 “(A) IN GENERAL.—For purposes of deter-
2 mining the credit under subsection (a), energy
3 property shall include amounts paid or incurred
4 by the taxpayer for qualified interconnection
5 property in connection with the installation of
6 energy property (as defined in paragraph (3))
7 which has a maximum net output of not greater
8 than 5 megawatts (as measured in alternating
9 current), to provide for the transmission or dis-
10 tribution of the electricity produced or stored by
11 such property, and which are properly charge-
12 able to the capital account of the taxpayer.

13 “(B) QUALIFIED INTERCONNECTION PROP-
14 PERTY.—The term ‘qualified interconnection
15 property’ means, with respect to an energy
16 project which is not a microgrid controller, any
17 tangible property—

18 “(i) which is part of an addition,
19 modification, or upgrade to a transmission
20 or distribution system which is required at
21 or beyond the point at which the energy
22 project interconnects to such transmission
23 or distribution system in order to accom-
24 modate such interconnection,

25 “(ii) either—

1 “(I) which is constructed, recon-
2 structed, or erected by the taxpayer,
3 or

4 “(II) for which the cost with re-
5 spect to the construction, reconstruc-
6 tion, or erection of such property is
7 paid or incurred by such taxpayer,
8 and

9 “(iii) the original use of which, pursu-
10 ant to an interconnection agreement, com-
11 mences with a utility.

12 “(C) INTERCONNECTION AGREEMENT.—
13 The term ‘interconnection agreement’ means an
14 agreement with a utility for the purposes of
15 interconnecting the energy property owned by
16 such taxpayer to the transmission or distribu-
17 tion system of such utility.

18 “(D) UTILITY.—For purposes of this para-
19 graph, the term ‘utility’ means the owner or op-
20 erator of an electrical transmission or distribu-
21 tion system which is subject to the regulatory
22 authority of a State or political subdivision
23 thereof, any agency or instrumentality of the
24 United States, a public service or public utility
25 commission or other similar body of any State

1 or political subdivision thereof, or the governing
2 or ratemaking body of an electric cooperative.

3 “(E) SPECIAL RULE FOR INTERCONNEC-
4 TION PROPERTY.—In the case of expenses paid
5 or incurred for interconnection property,
6 amounts otherwise chargeable to capital ac-
7 count with respect to such expenses shall be re-
8 duced under rules similar to the rules of section
9 50(c).”.

10 (k) ENERGY PROJECTS, WAGE REQUIREMENTS, AND
11 APPRENTICESHIP REQUIREMENTS.—Section 48(a), as
12 amended by the preceding provisions of this Act, is amend-
13 ed by adding at the end the following new paragraphs:

14 “(9) INCREASED CREDIT AMOUNT FOR ENERGY
15 PROJECTS.—

16 “(A) IN GENERAL.—

17 “(i) RULE.—In the case of any energy
18 project which satisfies the requirements of
19 subparagraph (B), the amount of the cred-
20 it determined under this subsection (deter-
21 mined after the application of paragraphs
22 (1) through (8) and without regard to this
23 clause) shall be equal to such amount mul-
24 tiplied by 5.

1 “(ii) ENERGY PROJECT DEFINED.—
2 For purposes of this subsection, the term
3 ‘energy project’ means a project consisting
4 of one or more energy properties that are
5 part of a single project.

6 “(B) PROJECT REQUIREMENTS.—A project
7 meets the requirements of this subparagraph if
8 it is one of the following:

9 “(i) A project with a maximum net
10 output of less than 1 megawatt (as meas-
11 ured in alternating current) of electrical or
12 thermal energy.

13 “(ii) A project the construction of
14 which begins before the date that is 60
15 days after the Secretary publishes guid-
16 ance with respect to the requirements of
17 paragraphs (10)(A) and (11).

18 “(iii) A project which satisfies the re-
19 quirements of paragraphs (10)(A) and
20 (11).

21 “(10) PREVAILING WAGE REQUIREMENTS.—

22 “(A) IN GENERAL.—The requirements de-
23 scribed in this subparagraph with respect to
24 any energy project are that the taxpayer shall

1 ensure that any laborers and mechanics em-
2 ployed by contractors and subcontractors in—

3 “(i) the construction of such energy
4 project, and

5 “(ii) for the 5-year period beginning
6 on the date such project is originally
7 placed in service, the alteration or repair of
8 such project,

9 shall be paid wages at rates not less than the
10 prevailing rates for construction, alteration, or
11 repair of a similar character in the locality in
12 which such project is located as most recently
13 determined by the Secretary of Labor, in ac-
14 cordance with subchapter IV of chapter 31 of
15 title 40, United States Code. Subject to sub-
16 paragraph (C), for purposes of any determina-
17 tion under paragraph (9)(A)(i) for the taxable
18 year in which the energy project is placed in
19 service, the taxpayer shall be deemed to satisfy
20 the requirement under clause (ii) at the time
21 such project is placed in service.

22 “(B) CORRECTION AND PENALTY RELATED
23 TO FAILURE TO SATISFY WAGE REQUIRE-
24 MENTS.—Rules similar to the rules of section
25 45(b)(7)(B) shall apply.

1 “(C) RECAPTURE.—The Secretary shall,
2 by regulations or other guidance, provide for re-
3 capturing the benefit of any increase in the
4 credit allowed under this subsection by reason
5 of this paragraph with respect to any project
6 which does not satisfy the requirements under
7 subparagraph (A) (after application of subpara-
8 graph (B)) for the period described in clause
9 (ii) of subparagraph (A) (but which does not
10 cease to be investment credit property within
11 the meaning of section 50(a)). The period and
12 percentage of such recapture shall be deter-
13 mined under rules similar to the rules of section
14 50(a).

15 “(11) APPRENTICESHIP REQUIREMENTS.—
16 Rules similar to the rules of section 45(b)(8) shall
17 apply.”.

18 (l) DOMESTIC CONTENT; PHASEOUT FOR ELECTIVE
19 PAYMENT.—Section 48(a), as amended by the preceding
20 provisions of this Act, is amended by adding at the end
21 the following new paragraphs:

22 “(12) DOMESTIC CONTENT BONUS CREDIT
23 AMOUNT.—

24 “(A) IN GENERAL.—In the case of any en-
25 ergy project which satisfies the requirement

1 under subparagraph (B), for purposes of apply-
2 ing paragraph (2) with respect to such prop-
3 erty, the energy percentage shall be increased
4 by the applicable credit rate increase.

5 “(B) REQUIREMENT.—Rules similar to the
6 rules of section 45(b)(9)(B) shall apply.

7 “(C) APPLICABLE CREDIT RATE IN-
8 CREASE.—For purposes of subparagraph (A),
9 the applicable credit rate increase shall be—

10 “(i) in the case of an energy project
11 which does not satisfy the requirements of
12 paragraph (9)(B), 2 percentage points, and

13 “(ii) in the case of an energy project
14 which satisfies the requirements of para-
15 graph (9)(B), 10 percentage points.

16 “(13) PHASEOUT FOR ELECTIVE PAYMENT.—In
17 the case of a taxpayer making an election under sec-
18 tion 6417 with respect to a credit under this section,
19 rules similar to the rules of section 45(b)(10) shall
20 apply.”.

21 (m) SPECIAL RULE FOR PROPERTY FINANCED BY
22 TAX-EXEMPT BONDS.—Section 48(a)(4) is amended to
23 read as follows:

24 “(4) SPECIAL RULE FOR PROPERTY FINANCED
25 BY TAX-EXEMPT BONDS.—Rules similar to the rule

1 under section 45(b)(3) shall apply for purposes of
2 this section.”.

3 (n) TREATMENT OF CERTAIN CONTRACTS INVOLV-
4 ING ENERGY STORAGE.—Section 7701(e) is amended—

5 (1) in paragraph (3)—

6 (A) in subparagraph (A)(i), by striking
7 “or” at the end of subclause (II), by striking
8 “and” at the end of subclause (III) and insert-
9 ing “or”, and by adding at the end the fol-
10 lowing new subclause:

11 “(IV) the operation of a storage
12 facility, and”, and

13 (B) by adding at the end the following new
14 subparagraph:

15 “(F) STORAGE FACILITY.—For purposes
16 of subparagraph (A), the term ‘storage facility’
17 means a facility which uses energy storage tech-
18 nology within the meaning of section 48(c)(6).”,
19 and

20 (2) in paragraph (4), by striking “or water
21 treatment works facility” and inserting “water treat-
22 ment works facility, or storage facility”.

23 (o) INCREASE IN CREDIT RATE FOR ENERGY COM-
24 MUNITIES.—Section 48(a), as amended by the preceding

1 provisions of this Act, is amended by adding at the end
2 the following new paragraph:

3 “(14) INCREASE IN CREDIT RATE FOR ENERGY
4 COMMUNITIES.—

5 “(A) IN GENERAL.—In the case of any en-
6 ergy project that is placed in service within an
7 energy community (as defined in section
8 45(b)(11)(B), as applied by substituting ‘energy
9 project’ for ‘qualified facility’ each place it ap-
10 pears), for purposes of applying paragraph (2)
11 with respect to energy property which is part of
12 such project, the energy percentage shall be in-
13 creased by the applicable credit rate increase.

14 “(B) APPLICABLE CREDIT RATE IN-
15 CREASE.—For purposes of subparagraph (A),
16 the applicable credit rate increase shall be equal
17 to—

18 “(i) in the case of any energy project
19 which does not satisfy the requirements of
20 paragraph (9)(B), 2 percentage points, and

21 “(ii) in the case of any energy project
22 which satisfies the requirements of para-
23 graph (9)(B), 10 percentage points.”.

1 (p) REGULATIONS.—Section 48(a), as amended by
2 the preceding provisions of this Act, is amended by adding
3 at the end the following new paragraph:

4 “(15) REGULATIONS AND GUIDANCE.—The
5 Secretary shall issue such regulations or other guid-
6 ance as the Secretary determines necessary or ap-
7 propriate to carry out the purposes of this sub-
8 section, including regulations or other guidance
9 which provides for requirements for recordkeeping or
10 information reporting for purposes of administering
11 the requirements of this subsection.”.

12 (q) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in para-
14 graphs (2) and (3), the amendments made by this
15 section shall apply to property placed in service after
16 December 31, 2021.

17 (2) OTHER PROPERTY.—The amendments
18 made by subsections (f), (g), (h), (i), (j), (l), (n),
19 and (o) shall apply to property placed in service
20 after December 31, 2022.

21 (3) SPECIAL RULE FOR PROPERTY FINANCED
22 BY TAX-EXEMPT BONDS.—The amendments made by
23 subsection (m) shall apply to property the construc-
24 tion of which begins after the date of enactment of
25 this Act.

1 **SEC. 13103. INCREASE IN ENERGY CREDIT FOR SOLAR AND**
2 **WIND FACILITIES PLACED IN SERVICE IN**
3 **CONNECTION WITH LOW-INCOME COMMU-**
4 **NITIES.**

5 (a) IN GENERAL.—Section 48 is amended by adding
6 at the end the following new subsection:

7 “(e) SPECIAL RULES FOR CERTAIN SOLAR AND
8 WIND FACILITIES PLACED IN SERVICE IN CONNECTION
9 WITH LOW-INCOME COMMUNITIES.—

10 “(1) IN GENERAL.—In the case of any qualified
11 solar and wind facility with respect to which the Sec-
12 retary makes an allocation of environmental justice
13 solar and wind capacity limitation under paragraph
14 (4)—

15 “(A) the energy percentage otherwise de-
16 termined under paragraph (2) or (5) of sub-
17 section (a) with respect to any eligible property
18 which is part of such facility shall be increased
19 by—

20 “(i) in the case of a facility described
21 in subclause (I) of paragraph (2)(A)(iii)
22 and not described in subclause (II) of such
23 paragraph, 10 percentage points, and

24 “(ii) in the case of a facility described
25 in subclause (II) of paragraph (2)(A)(iii),
26 20 percentage points, and

1 “(B) the increase in the credit determined
2 under subsection (a) by reason of this sub-
3 section for any taxable year with respect to all
4 property which is part of such facility shall not
5 exceed the amount which bears the same ratio
6 to the amount of such increase (determined
7 without regard to this subparagraph) as—

8 “(i) the environmental justice solar
9 and wind capacity limitation allocated to
10 such facility, bears to

11 “(ii) the total megawatt nameplate ca-
12 pacity of such facility, as measured in di-
13 rect current.

14 “(2) QUALIFIED SOLAR AND WIND FACILITY.—
15 For purposes of this subsection—

16 “(A) IN GENERAL.—The term ‘qualified
17 solar and wind facility’ means any facility—

18 “(i) which generates electricity solely
19 from property described in section 45(d)(1)
20 or in clause (i) or (vi) of subsection
21 (a)(3)(A),

22 “(ii) which has a maximum net output
23 of less than 5 megawatts (as measured in
24 alternating current), and

25 “(iii) which—

1 “(I) is located in a low-income
2 community (as defined in section
3 45D(e)) or on Indian land (as defined
4 in section 2601(2) of the Energy Pol-
5 icy Act of 1992 (25 U.S.C. 3501(2))),
6 or

7 “(II) is part of a qualified low-in-
8 come residential building project or a
9 qualified low-income economic benefit
10 project.

11 “(B) QUALIFIED LOW-INCOME RESIDEN-
12 TIAL BUILDING PROJECT.—A facility shall be
13 treated as part of a qualified low-income resi-
14 dential building project if—

15 “(i) such facility is installed on a resi-
16 dential rental building which participates
17 in a covered housing program (as defined
18 in section 41411(a) of the Violence Against
19 Women Act of 1994 (34 U.S.C.
20 12491(a)(3)), a housing assistance pro-
21 gram administered by the Department of
22 Agriculture under title V of the Housing
23 Act of 1949, a housing program adminis-
24 tered by a tribally designated housing enti-
25 ty (as defined in section 4(22) of the Na-

1 tive American Housing Assistance and
2 Self-Determination Act of 1996 (25 U.S.C.
3 4103(22))) or such other affordable hous-
4 ing programs as the Secretary may pro-
5 vide, and

6 “(ii) the financial benefits of the elec-
7 tricity produced by such facility are allo-
8 cated equitably among the occupants of the
9 dwelling units of such building.

10 “(C) QUALIFIED LOW-INCOME ECONOMIC
11 BENEFIT PROJECT.—A facility shall be treated
12 as part of a qualified low-income economic ben-
13 efit project if at least 50 percent of the finan-
14 cial benefits of the electricity produced by such
15 facility are provided to households with income
16 of—

17 “(i) less than 200 percent of the pov-
18 erty line (as defined in section
19 36B(d)(3)(A)) applicable to a family of the
20 size involved, or

21 “(ii) less than 80 percent of area me-
22 dian gross income (as determined under
23 section 142(d)(2)(B)).

24 “(D) FINANCIAL BENEFIT.—For purposes
25 of subparagraphs (B) and (C), electricity ac-

1 required at a below-market rate shall not fail to
2 be taken into account as a financial benefit.

3 “(3) ELIGIBLE PROPERTY.—For purposes of
4 this section, the term ‘eligible property’ means en-
5 ergy property which—

6 “(A) is part of a facility described in sec-
7 tion 45(d)(1) for which an election was made
8 under subsection (a)(5), or

9 “(B) is described in clause (i) or (vi) of
10 subsection (a)(3)(A),

11 including energy storage technology (as described in
12 subsection (a)(3)(A)(ix)) installed in connection with
13 such energy property.

14 “(4) ALLOCATIONS.—

15 “(A) IN GENERAL.—Not later than 180
16 days after the date of enactment of this sub-
17 section, the Secretary shall establish a program
18 to allocate amounts of environmental justice
19 solar and wind capacity limitation to qualified
20 solar and wind facilities. In establishing such
21 program and to carry out the purposes of this
22 subsection, the Secretary shall provide proce-
23 dures to allow for an efficient allocation proc-
24 ess, including, when determined appropriate,
25 consideration of multiple projects in a single ap-

1 plication if such projects will be placed in serv-
2 ice by a single taxpayer.

3 “(B) LIMITATION.—The amount of envi-
4 ronmental justice solar and wind capacity limi-
5 tation allocated by the Secretary under sub-
6 paragraph (A) during any calendar year shall
7 not exceed the annual capacity limitation with
8 respect to such year.

9 “(C) ANNUAL CAPACITY LIMITATION.—For
10 purposes of this paragraph, the term ‘annual
11 capacity limitation’ means 1.8 gigawatts of di-
12 rect current capacity for each of calendar years
13 2023 and 2024, and zero thereafter.

14 “(D) CARRYOVER OF UNUSED LIMITA-
15 TION.—If the annual capacity limitation for any
16 calendar year exceeds the aggregate amount al-
17 located for such year under this paragraph,
18 such limitation for the succeeding calendar year
19 shall be increased by the amount of such excess.
20 No amount may be carried under the preceding
21 sentence to any calendar year after 2024 except
22 as provided in section 48D(h)(4)(D)(ii).

23 “(E) PLACED IN SERVICE DEADLINE.—

24 “(i) IN GENERAL.—Paragraph (1)
25 shall not apply with respect to any prop-

1 erty which is placed in service after the
2 date that is 4 years after the date of the
3 allocation with respect to the facility of
4 which such property is a part.

5 “(ii) APPLICATION OF CARRYOVER.—
6 Any amount of environmental justice solar
7 and wind capacity limitation which expires
8 under clause (i) during any calendar year
9 shall be taken into account as an excess
10 described in subparagraph (D) (or as an
11 increase in such excess) for such calendar
12 year, subject to the limitation imposed by
13 the last sentence of such subparagraph.

14 “(5) RECAPTURE.—The Secretary shall, by reg-
15 ulations or other guidance, provide for recapturing
16 the benefit of any increase in the credit allowed
17 under subsection (a) by reason of this subsection
18 with respect to any property which ceases to be
19 property eligible for such increase (but which does
20 not cease to be investment credit property within the
21 meaning of section 50(a)). The period and percent-
22 age of such recapture shall be determined under
23 rules similar to the rules of section 50(a). To the ex-
24 tent provided by the Secretary, such recapture may
25 not apply with respect to any property if, within 12

1 months after the date the taxpayer becomes aware
2 (or reasonably should have become aware) of such
3 property ceasing to be property eligible for such in-
4 crease, the eligibility of such property for such in-
5 crease is restored. The preceding sentence shall not
6 apply more than once with respect to any facility.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect on January 1, 2023.

9 **SEC. 13104. EXTENSION AND MODIFICATION OF CREDIT**
10 **FOR CARBON OXIDE SEQUESTRATION.**

11 (a) MODIFICATION OF CARBON OXIDE CAPTURE RE-
12 QUIREMENTS.—

13 (1) IN GENERAL.—Section 45Q(d) is amended
14 to read as follows:

15 “(d) QUALIFIED FACILITY.—For purposes of this
16 section, the term ‘qualified facility’ means any industrial
17 facility or direct air capture facility—

18 “(1) the construction of which begins before
19 January 1, 2033, and either—

20 “(A) construction of carbon capture equip-
21 ment begins before such date, or

22 “(B) the original planning and design for
23 such facility includes installation of carbon cap-
24 ture equipment, and

25 “(2) which—

1 “(A) in the case of a direct air capture fa-
2 cility, captures not less than 1,000 metric tons
3 of qualified carbon oxide during the taxable
4 year,

5 “(B) in the case of an electricity gener-
6 ating facility—

7 “(i) captures not less than 18,750
8 metric tons of qualified carbon oxide dur-
9 ing the taxable year, and

10 “(ii) with respect to any carbon cap-
11 ture equipment for the applicable electric
12 generating unit at such facility, has a cap-
13 ture design capacity of not less than 75
14 percent of the baseline carbon oxide pro-
15 duction of such unit, or

16 “(C) in the case of any other facility, cap-
17 tures not less than 12,500 metric tons of quali-
18 fied carbon oxide during the taxable year.”.

19 (2) DEFINITIONS.—

20 (A) IN GENERAL.—Section 45Q(e) is
21 amended—

22 (i) by redesignating paragraphs (1)
23 through (3) as paragraphs (3) through (5),
24 respectively, and

1 (ii) by inserting after “For purposes
2 of this section—” the following new para-
3 graphs:

4 “(1) APPLICABLE ELECTRIC GENERATING
5 UNIT.—The term ‘applicable electric generating unit’
6 means the principal electric generating unit for
7 which the carbon capture equipment is originally
8 planned and designed.

9 “(2) BASELINE CARBON OXIDE PRODUCTION.—

10 “(A) IN GENERAL.—The term ‘baseline
11 carbon oxide production’ means either of the
12 following:

13 “(i) In the case of an applicable elec-
14 tric generating unit which was originally
15 placed in service more than 1 year prior to
16 the date on which construction of the car-
17 bon capture equipment begins, the average
18 annual carbon oxide production, by mass,
19 from such unit during the shorter of either
20 the following periods:

21 “(I) The period beginning on the
22 date such unit was placed in service
23 and ending on the date on which con-
24 struction of such equipment began.

1 “(II) The 6-year period preceding
2 the date on which construction of
3 such equipment began.

4 “(ii) In the case of an applicable elec-
5 tric generating unit which—

6 “(I) as of the date on which con-
7 struction of the carbon capture equip-
8 ment begins, is not yet placed in serv-
9 ice, or

10 “(II) was placed in service during
11 the 1-year period prior to the date on
12 which construction of the carbon cap-
13 ture equipment begins,

14 the designed annual carbon oxide produc-
15 tion, by mass, as determined based on an
16 assumed capacity factor of 60 percent.

17 “(B) CAPACITY FACTOR.—The term ‘ca-
18 pacity factor’ means the ratio (expressed as a
19 percentage) of the actual electric output from
20 the applicable electric generating unit to the po-
21 tential electric output from such unit.”.

22 (B) CONFORMING AMENDMENT.—Section
23 142(o)(1)(B) is amended by striking “section
24 45Q(e)(1)” and inserting “section 45Q(e)(3)”.

1 (b) MODIFIED APPLICABLE DOLLAR AMOUNT.—Sec-
2 tion 45Q(b)(1)(A) is amended—

3 (1) in clause (i)—

4 (A) in subclause (I), by striking “the dollar
5 amount” and all that follows through “such pe-
6 riod” and inserting “\$17”, and

7 (B) in subclause (II), by striking “the dol-
8 lar amount” and all that follows through “such
9 period” and inserting “\$12”, and

10 (2) in clause (ii)—

11 (A) in subclause (I), by striking “\$50” and
12 inserting “\$17”, and

13 (B) in subclause (II), by striking “\$35”
14 and inserting “\$12”.

15 (c) DETERMINATION OF APPLICABLE DOLLAR
16 AMOUNT.—

17 (1) IN GENERAL.—Section 45Q(b)(1), as
18 amended by the preceding provisions of this Act, is
19 amended—

20 (A) by redesignating subparagraph (B) as
21 subparagraph (D), and

22 (B) by inserting after subparagraph (A)
23 the following new subparagraphs:

24 “(B) SPECIAL RULE FOR DIRECT AIR CAP-
25 TURE FACILITIES.—In the case of any qualified

1 facility described in subsection (d)(2)(A) which
2 is placed in service after December 31, 2022,
3 the applicable dollar amount shall be an amount
4 equal to the applicable dollar amount otherwise
5 determined with respect to such qualified facil-
6 ity under subparagraph (A), except that such
7 subparagraph shall be applied—

8 “(i) by substituting ‘\$36’ for ‘\$17’
9 each place it appears, and

10 “(ii) by substituting ‘\$26’ for ‘\$12’
11 each place it appears.

12 “(C) APPLICABLE DOLLAR AMOUNT FOR
13 ADDITIONAL CARBON CAPTURE EQUIPMENT.—
14 In the case of any qualified facility which is
15 placed in service before January 1, 2023, if any
16 additional carbon capture equipment is installed
17 at such facility and such equipment is placed in
18 service after December 31, 2022, the applicable
19 dollar amount shall be an amount equal to the
20 applicable dollar amount otherwise determined
21 under this paragraph, except that subparagraph
22 (B) shall be applied—

23 “(i) by substituting ‘before January 1,
24 2023’ for ‘after December 31, 2022’, and

1 “(ii) by substituting ‘the additional
2 carbon capture equipment installed at such
3 qualified facility’ for ‘such qualified facil-
4 ity’.”.

5 (2) CONFORMING AMENDMENTS.—

6 (A) Section 45Q(b)(1)(A) is amended by
7 striking “The applicable dollar amount” and in-
8 serting “Except as provided in subparagraph
9 (B) or (C), the applicable dollar amount”.

10 (B) Section 45Q(b)(1)(D), as redesignated
11 by paragraph (1)(A), is amended by striking
12 “subparagraph (A)” and inserting “subpara-
13 graph (A), (B), or (C)”.

14 (d) INSTALLATION OF ADDITIONAL CARBON CAP-
15 TURE EQUIPMENT ON CERTAIN FACILITIES.—

16 (1) IN GENERAL.—Section 45Q(b) is amended
17 by redesignating paragraph (3) as paragraph (4)
18 and by inserting after paragraph (2) the following
19 new paragraph:

20 “(3) INSTALLATION OF ADDITIONAL CARBON
21 CAPTURE EQUIPMENT ON CERTAIN FACILITIES.—In
22 the case of a qualified facility described in para-
23 graph (1)(C), the amount of qualified carbon oxide
24 which is captured by the taxpayer for purposes of

1 subsection (a) shall be determined pursuant to para-
2 graph (2), as applied—

3 “(A) in the matter preceding subparagraph
4 (A)—

5 “(i) by substituting ‘January 1, 2023’
6 for ‘the date of the enactment of the Bi-
7 partisan Budget Act of 2018’, and

8 “(ii) by substituting ‘after December
9 31, 2022’ for ‘on or after the date of the
10 enactment of such Act’, and

11 “(B) in subparagraph (A)(ii), by sub-
12 stituting ‘December 31, 2022’ for ‘the day be-
13 fore the date of the enactment of the Bipartisan
14 Budget Act of 2018’.”.

15 (2) CONFORMING AMENDMENT.—Section
16 45Q(b)(2) is amended by striking “In the case” and
17 inserting “Subject to paragraph (3), in the case”.

18 (e) WAGE AND APPRENTICESHIP REQUIREMENTS.—
19 Section 45Q is amended by redesignating subsection (h)
20 as subsection (i) and inserting after subsection (g) fol-
21 lowing new subsection:

22 “(h) INCREASED CREDIT AMOUNT FOR QUALIFIED
23 FACILITIES AND CARBON CAPTURE EQUIPMENT.—

24 “(1) IN GENERAL.—In the case of any qualified
25 facility or any carbon capture equipment which sat-

1 isfy the requirements of paragraph (2), the amount
2 of the credit determined under subsection (a) shall
3 be equal to such amount (determined without regard
4 to this sentence) multiplied by 5.

5 “(2) REQUIREMENTS.—The requirements de-
6 scribed in this paragraph are that—

7 “(A) with respect to any qualified facility
8 the construction of which begins on or after the
9 date that is 60 days after the Secretary pub-
10 lishes guidance with respect to the requirements
11 of paragraphs (3)(A) and (4), as well as any
12 carbon capture equipment placed in service at
13 such facility—

14 “(i) subject to subparagraph (B) of
15 paragraph (3), the taxpayer satisfies the
16 requirements under subparagraph (A) of
17 such paragraph with respect to such facil-
18 ity and equipment, and

19 “(ii) the taxpayer satisfies the re-
20 quirements under paragraph (4) with re-
21 spect to the construction of such facility
22 and equipment,

23 “(B) with respect to any carbon capture
24 equipment the construction of which begins
25 after the date that is 60 days after the Sec-

1 retary publishes guidance with respect to the
2 requirements of paragraphs (3)(A) and (4), and
3 which is installed at a qualified facility the con-
4 struction of which began prior to such date—

5 “(i) subject to subparagraph (B) of
6 paragraph (3), the taxpayer satisfies the
7 requirements under subparagraph (A) of
8 such paragraph with respect to such equip-
9 ment, and

10 “(ii) the taxpayer satisfies the re-
11 quirements under paragraph (4) with re-
12 spect to the construction of such equip-
13 ment, or

14 “(C) the construction of carbon capture
15 equipment begins prior to the date that is 60
16 days after the Secretary publishes guidance
17 with respect to the requirements of paragraphs
18 (3)(A) and (4), and such equipment is installed
19 at a qualified facility the construction of which
20 begins prior to such date.

21 “(3) PREVAILING WAGE REQUIREMENTS.—

22 “(A) IN GENERAL.—The requirements de-
23 scribed in this subparagraph with respect to
24 any qualified facility and any carbon capture
25 equipment placed in service at such facility are

1 that the taxpayer shall ensure that any laborers
2 and mechanics employed by contractors and
3 subcontractors in—
4 “(i) the construction of such facility
5 or equipment, and
6 “(ii) with respect to any taxable year,
7 for any portion of such taxable year which
8 is within the period described in paragraph
9 (3)(A) or (4)(A) of subsection (a), the al-
10 teration or repair of such facility or such
11 equipment,
12 shall be paid wages at rates not less than the
13 prevailing rates for construction, alteration, or
14 repair of a similar character in the locality in
15 which such facility and equipment are located
16 as most recently determined by the Secretary of
17 Labor, in accordance with subchapter IV of
18 chapter 31 of title 40, United States Code. For
19 purposes of determining an increased credit
20 amount under paragraph (1) for a taxable year,
21 the requirement under clause (ii) of this sub-
22 paragraph is applied to such taxable year in
23 which the alteration or repair of qualified facil-
24 ity occurs.

1 “(B) CORRECTION AND PENALTY RELATED
2 TO FAILURE TO SATISFY WAGE REQUIRE-
3 MENTS.—Rules similar to the rules of section
4 45(b)(7)(B) shall apply.

5 “(4) APPRENTICESHIP REQUIREMENTS.—Rules
6 similar to the rules of section 45(b)(8) shall apply.

7 “(5) REGULATIONS AND GUIDANCE.—The Sec-
8 retary shall issue such regulations or other guidance
9 as the Secretary determines necessary or appropriate
10 to carry out the purposes of this subsection, includ-
11 ing regulations or other guidance which provides for
12 requirements for recordkeeping or information re-
13 porting for purposes of administering the require-
14 ments of this subsection.”.

15 (f) CREDIT REDUCED FOR TAX-EXEMPT BONDS.—
16 Section 45Q(f) is amended—

17 (1) by striking the second paragraph (3), as
18 added at the end of such section by section 80402(e)
19 of the Infrastructure Investment and Jobs Act (Pub-
20 lic Law 117-58), and

21 (2) by adding at the end the following new
22 paragraph:

23 “(8) CREDIT REDUCED FOR TAX-EXEMPT
24 BONDS.—Rules similar to the rule under section
25 45(b)(3) shall apply for purposes of this section.”.

1 (g) APPLICATION OF SECTION FOR CERTAIN CARBON
2 CAPTURE EQUIPMENT.—Section 45Q(g) is amended by
3 inserting “the earlier of January 1, 2023, and” before
4 “the end of the calendar year”.

5 (h) ELECTION.—Section 45Q(f), as amended by sub-
6 section (f), is amended by adding at the end the following
7 new paragraph:

8 “(9) ELECTION.—For purposes of paragraphs
9 (3) and (4) of subsection (a), a person described in
10 paragraph (3)(A)(ii) may elect, at such time and in
11 such manner as the Secretary may prescribe, to have
12 the 12–year period begin on the first day of the first
13 taxable year in which a credit under this section is
14 claimed with respect to carbon capture equipment
15 which is originally placed in service at a qualified fa-
16 cility on or after the date of the enactment of the
17 Bipartisan Budget Act of 2018 (after application of
18 subsection (f)(6), where applicable) if—

19 “(A) no taxpayer claimed a credit under
20 this section with respect to such carbon capture
21 equipment for any prior taxable year,

22 “(B) the qualified facility at which such
23 carbon capture equipment is placed in service is
24 located in an area affected by a federally-de-
25 clared disaster (as defined by section

1 165(i)(5)(A)) after the carbon capture equip-
2 ment is originally placed in service, and

3 “(C) such federally-declared disaster re-
4 sults in a cessation of the operation of the
5 qualified facility or the carbon capture equip-
6 ment after such equipment is originally placed
7 in service.”.

8 (i) REGULATIONS FOR BASELINE CARBON OXIDE
9 PRODUCTION.—Subsection (i) of section 45Q, as redesi-
10 nated by subsection (e), is amended—

11 (1) in paragraph (1), by striking “and”,

12 (2) in paragraph (2), by striking the period at
13 the end and inserting “, and”, and

14 (3) by adding at the end the following new
15 paragraph:

16 “(3) for purposes of subsection (d)(2)(B)(ii),
17 adjust the baseline carbon oxide production with re-
18 spect to any applicable electric generating unit at
19 any electricity generating facility if—

20 “(A) after the date on which the carbon
21 capture equipment is placed in service, modi-
22 fications are made to such unit which result in
23 a significant increase or decrease in carbon
24 oxide production, or

1 **SEC. 13105. ZERO-EMISSION NUCLEAR POWER PRODUC-**
2 **TION CREDIT.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 is amended by adding at the end
5 the following new section:

6 **“SEC. 45U. ZERO-EMISSION NUCLEAR POWER PRODUCTION**
7 **CREDIT.**

8 “(a) AMOUNT OF CREDIT.—For purposes of section
9 38, the zero-emission nuclear power production credit for
10 any taxable year is an amount equal to the amount by
11 which—

12 “(1) the product of—

13 “(A) 0.3 cents, multiplied by

14 “(B) the kilowatt hours of electricity—

15 “(i) produced by the taxpayer at a
16 qualified nuclear power facility, and

17 “(ii) sold by the taxpayer to an unre-
18 lated person during the taxable year, ex-
19 ceeds

20 “(2) the reduction amount for such taxable
21 year.

22 “(b) DEFINITIONS.—

23 “(1) QUALIFIED NUCLEAR POWER FACILITY.—

24 For purposes of this section, the term ‘qualified nu-
25 clear power facility’ means any nuclear facility—

1 sold to an unrelated person during
2 such taxable year, over

3 “(II) the amount equal to the
4 product of—

5 “(aa) 2.5 cents, multiplied
6 by

7 “(bb) the amount deter-
8 mined under subsection
9 (a)(1)(B).

10 “(B) TREATMENT OF CERTAIN RE-
11 CEIPTS.—

12 “(i) IN GENERAL.—The amount de-
13 termined under subparagraph (A)(ii)(I)
14 shall include any amount received by the
15 taxpayer during the taxable year with re-
16 spect to the qualified nuclear power facility
17 from a zero-emission credit program.

18 “(ii) ZERO-EMISSION CREDIT PRO-
19 GRAM.—For purposes of this subpara-
20 graph, the term ‘zero-emission credit pro-
21 gram’ means any payments with respect to
22 a qualified nuclear power facility as a re-
23 sult of any Federal, State or local govern-
24 ment program for, in whole or in part, the
25 zero-emission, zero-carbon, or air quality

1 attributes of any portion of the electricity
2 produced by such facility.

3 “(3) ELECTRICITY.—For purposes of this sec-
4 tion, the term ‘electricity’ means the energy pro-
5 duced by a qualified nuclear power facility from the
6 conversion of nuclear fuel into electric power.

7 “(c) OTHER RULES.—

8 “(1) INFLATION ADJUSTMENT.—The 0.3 cent
9 amount in subsection (a)(1)(A) and the 2.5 cent
10 amount in subsection (b)(2)(A)(ii)(II)(aa) shall each
11 be adjusted by multiplying such amount by the infla-
12 tion adjustment factor (as determined under section
13 45(e)(2), as applied by substituting ‘calendar year
14 2023’ for ‘calendar year 1992’ in subparagraph (B)
15 thereof) for the calendar year in which the sale oc-
16 curs. If the 0.3 cent amount as increased under this
17 paragraph is not a multiple of 0.05 cent, such
18 amount shall be rounded to the nearest multiple of
19 0.05 cent. If the 2.5 cent amount as increased under
20 this paragraph is not a multiple of 0.1 cent, such
21 amount shall be rounded to the nearest multiple of
22 0.1 cent.

23 “(2) SPECIAL RULES.—Rules similar to the
24 rules of paragraphs (1), (3), (4), and (5) of section
25 45(e) shall apply for purposes of this section.

1 “(d) WAGE REQUIREMENTS.—

2 “(1) INCREASED CREDIT AMOUNT FOR QUALI-
3 FIED NUCLEAR POWER FACILITIES.—In the case of
4 any qualified nuclear power facility which satisfies
5 the requirements of paragraph (2)(A), the amount of
6 the credit determined under subsection (a) shall be
7 equal to such amount (as determined without regard
8 to this sentence) multiplied by 5.

9 “(2) PREVAILING WAGE REQUIREMENTS.—

10 “(A) IN GENERAL.—The requirements de-
11 scribed in this subparagraph with respect to
12 any qualified nuclear power facility are that the
13 taxpayer shall ensure that any laborers and me-
14 chanics employed by contractors and sub-
15 contractors in the alteration or repair of such
16 facility shall be paid wages at rates not less
17 than the prevailing rates for alteration or repair
18 of a similar character in the locality in which
19 such facility is located as most recently deter-
20 mined by the Secretary of Labor, in accordance
21 with subchapter IV of chapter 31 of title 40,
22 United States Code.

23 “(B) CORRECTION AND PENALTY RELATED
24 TO FAILURE TO SATISFY WAGE REQUIRE-

1 MENTS.—Rules similar to the rules of section
2 45(b)(7)(B) shall apply.

3 “(3) REGULATIONS AND GUIDANCE.—The Sec-
4 retary shall issue such regulations or other guidance
5 as the Secretary determines necessary or appropriate
6 to carry out the purposes of this subsection, includ-
7 ing regulations or other guidance which provides for
8 requirements for recordkeeping or information re-
9 porting for purposes of administering the require-
10 ments of this subsection.

11 “(e) TERMINATION.—This section shall not apply to
12 taxable years beginning after December 31, 2032.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 38(b) is amended—

15 (A) in paragraph (32), by striking “plus”
16 at the end,

17 (B) in paragraph (33), by striking the pe-
18 riod at the end and inserting “, plus”, and

19 (C) by adding at the end the following new
20 paragraph:

21 “(34) the zero-emission nuclear power produc-
22 tion credit determined under section 45U(a).”.

23 (2) The table of sections for subpart D of part
24 IV of subchapter A of chapter 1 is amended by add-
25 ing at the end the following new item:

“Sec. 45U. Zero-emission nuclear power production credit.”.

1 (c) EFFECTIVE DATE.—This section shall apply to
2 electricity produced and sold after December 31, 2023, in
3 taxable years beginning after such date.

4 **PART 2—CLEAN FUELS**

5 **SEC. 13201. EXTENSION OF INCENTIVES FOR BIODIESEL,**
6 **RENEWABLE DIESEL AND ALTERNATIVE**
7 **FUELS.**

8 (a) BIODIESEL AND RENEWABLE DIESEL CREDIT.—
9 Section 40A(g) is amended by striking “December 31,
10 2022” and inserting “December 31, 2024”.

11 (b) BIODIESEL MIXTURE CREDIT.—

12 (1) IN GENERAL.—Section 6426(c)(6) is
13 amended by striking “December 31, 2022” and in-
14 serting “December 31, 2024”.

15 (2) FUELS NOT USED FOR TAXABLE PUR-
16 POSES.—Section 6427(e)(6)(B) is amended by strik-
17 ing “December 31, 2022” and inserting “December
18 31, 2024”.

19 (c) ALTERNATIVE FUEL CREDIT.—Section
20 6426(d)(5) is amended by striking “December 31, 2021”
21 and inserting “December 31, 2024”.

22 (d) ALTERNATIVE FUEL MIXTURE CREDIT.—Section
23 6426(e)(3) is amended by striking “December 31, 2021”
24 and inserting “December 31, 2024”.

1 (e) PAYMENTS FOR ALTERNATIVE FUELS.—Section
2 6427(e)(6)(C) is amended by striking “December 31,
3 2021” and inserting “December 31, 2024”.

4 (f) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to fuel sold or used after December
6 31, 2021.

7 (g) SPECIAL RULE.—Notwithstanding any other pro-
8 vision of law, in the case of any alternative fuel credit
9 properly determined under section 6426(d) of the Internal
10 Revenue Code of 1986 for the period beginning on Janu-
11 ary 1, 2022, and ending with the close of the last calendar
12 quarter beginning before the date of the enactment of this
13 Act, such credit shall be allowed, and any refund or pay-
14 ment attributable to such credit (including any payment
15 under section 6427(e) of such Code) shall be made, only
16 in such manner as the Secretary of the Treasury (or the
17 Secretary’s delegate) shall provide. Such Secretary shall
18 issue guidance within 30 days after the date of the enact-
19 ment of this Act providing for a one-time submission of
20 claims covering periods described in the preceding sen-
21 tence. Such guidance shall provide for a 180-day period
22 for the submission of such claims (in such manner as pre-
23 scribed by such Secretary) to begin not later than 30 days
24 after such guidance is issued. Such claims shall be paid
25 by such Secretary not later than 60 days after receipt.

1 If such Secretary has not paid pursuant to a claim filed
2 under this subsection within 60 days after the date of the
3 filing of such claim, the claim shall be paid with interest
4 from such date determined by using the overpayment rate
5 and method under section 6621 of such Code.

6 **SEC. 13202. EXTENSION OF SECOND GENERATION BIOFUEL**
7 **INCENTIVES.**

8 (a) IN GENERAL.—Section 40(b)(6)(J)(i) is amended
9 by striking “2022” and inserting “2025”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to qualified second generation
12 biofuel production after December 31, 2021.

13 **SEC. 13203. SUSTAINABLE AVIATION FUEL CREDIT.**

14 (a) IN GENERAL.—Subpart D of part IV of sub-
15 chapter A of chapter 1 is amended by inserting after sec-
16 tion 40A the following new section:

17 **“SEC. 40B. SUSTAINABLE AVIATION FUEL CREDIT.**

18 “(a) IN GENERAL.—For purposes of section 38, the
19 sustainable aviation fuel credit determined under this sec-
20 tion for the taxable year is, with respect to any sale or
21 use of a qualified mixture which occurs during such tax-
22 able year, an amount equal to the product of—

23 “(1) the number of gallons of sustainable avia-
24 tion fuel in such mixture, multiplied by

25 “(2) the sum of—

1 “(A) \$1.25, plus

2 “(B) the applicable supplementary amount
3 with respect to such sustainable aviation fuel.

4 “(b) APPLICABLE SUPPLEMENTARY AMOUNT.—For
5 purposes of this section, the term ‘applicable supple-
6 mentary amount’ means, with respect to any sustainable
7 aviation fuel, an amount equal to \$0.01 for each percent-
8 age point by which the lifecycle greenhouse gas emissions
9 reduction percentage with respect to such fuel exceeds 50
10 percent. In no event shall the applicable supplementary
11 amount determined under this subsection exceed \$0.50.

12 “(c) QUALIFIED MIXTURE.—For purposes of this
13 section, the term ‘qualified mixture’ means a mixture of
14 sustainable aviation fuel and kerosene if—

15 “(1) such mixture is produced by the taxpayer
16 in the United States,

17 “(2) such mixture is used by the taxpayer (or
18 sold by the taxpayer for use) in an aircraft,

19 “(3) such sale or use is in the ordinary course
20 of a trade or business of the taxpayer, and

21 “(4) the transfer of such mixture to the fuel
22 tank of such aircraft occurs in the United States.

23 “(d) SUSTAINABLE AVIATION FUEL.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the term ‘sustainable aviation fuel’ means liq-
3 uid fuel which—

4 “(A) meets the requirements of—

5 “(i) ASTM International Standard
6 D7566, or

7 “(ii) the Fischer Tropsch provisions of
8 ASTM International Standard D1655,
9 Annex A1,

10 “(B) is not derived from coprocessing an
11 applicable material (or materials derived from
12 an applicable material) with a feedstock which
13 is not biomass,

14 “(C) is not derived from palm fatty acid
15 distillates or petroleum, and

16 “(D) has been certified in accordance with
17 subsection (e) as having a lifecycle greenhouse
18 gas emissions reduction percentage of at least
19 50 percent.

20 “(2) DEFINITIONS.—In this subsection—

21 “(A) APPLICABLE MATERIAL.—The term
22 ‘applicable material’ means—

23 “(i) monoglycerides, diglycerides, and
24 triglycerides,

25 “(ii) free fatty acids, and

1 “(iii) fatty acid esters.

2 “(B) BIOMASS.—The term ‘biomass’ has
3 the same meaning given such term in section
4 45K(e)(3).

5 “(e) LIFECYCLE GREENHOUSE GAS EMISSIONS RE-
6 Duction PERCENTAGE.—For purposes of this section, the
7 term ‘lifecycle greenhouse gas emissions reduction per-
8 centage’ means, with respect to any sustainable aviation
9 fuel, the percentage reduction in lifecycle greenhouse gas
10 emissions achieved by such fuel as compared with petro-
11 leum-based jet fuel, as defined in accordance with—

12 “(1) the most recent Carbon Offsetting and Re-
13 duction Scheme for International Aviation which has
14 been adopted by the International Civil Aviation Or-
15 ganization with the agreement of the United States,
16 or

17 “(2) any similar methodology which satisfies
18 the criteria under section 211(o)(1)(H) of the Clean
19 Air Act (42 U.S.C. 7545(o)(1)(H)), as in effect on
20 the date of enactment of this section.

21 “(f) REGISTRATION OF SUSTAINABLE AVIATION
22 FUEL PRODUCERS.—No credit shall be allowed under this
23 section with respect to any sustainable aviation fuel unless
24 the producer of such fuel—

1 “(1) is registered with the Secretary under sec-
2 tion 4101, and

3 “(2) provides—

4 “(A) certification (in such form and man-
5 ner as the Secretary shall prescribe) from an
6 unrelated party demonstrating compliance
7 with—

8 “(i) any general requirements, supply
9 chain traceability requirements, and infor-
10 mation transmission requirements estab-
11 lished under the Carbon Offsetting and
12 Reduction Scheme for International Avia-
13 tion described in paragraph (1) of sub-
14 section (e), or

15 “(ii) in the case of any methodology
16 established under paragraph (2) of such
17 subsection, requirements similar to the re-
18 quirements described in clause (i), and

19 “(B) such other information with respect
20 to such fuel as the Secretary may require for
21 purposes of carrying out this section.

22 “(g) COORDINATION WITH CREDIT AGAINST EXCISE
23 TAX.—The amount of the credit determined under this
24 section with respect to any sustainable aviation fuel shall,
25 under rules prescribed by the Secretary, be properly re-

1 duced to take into account any benefit provided with re-
2 spect to such sustainable aviation fuel solely by reason of
3 the application of section 6426 or 6427(e).

4 “(h) TERMINATION.—This section shall not apply to
5 any sale or use after December 31, 2024.”.

6 (b) CREDIT MADE PART OF GENERAL BUSINESS
7 CREDIT.— Section 38(b), as amended by the preceding
8 provisions of this Act, is amended by striking “plus” at
9 the end of paragraph (33), by striking the period at the
10 end of paragraph (34) and inserting “, plus”, and by in-
11 serting after paragraph (34) the following new paragraph:

12 “(35) the sustainable aviation fuel credit deter-
13 mined under section 40B.”.

14 (c) COORDINATION WITH BIODIESEL INCENTIVES.—

15 (1) IN GENERAL.—Section 40A(d)(1) is amend-
16 ed by inserting “or 40B” after “determined under
17 section 40”.

18 (2) CONFORMING AMENDMENT.—Section
19 40A(f) is amended by striking paragraph (4).

20 (d) SUSTAINABLE AVIATION FUEL ADDED TO CRED-
21 IT FOR ALCOHOL FUEL, BIODIESEL, AND ALTERNATIVE
22 FUEL MIXTURES.—

23 (1) IN GENERAL.—Section 6426 is amended by
24 adding at the end the following new subsection:

25 “(k) SUSTAINABLE AVIATION FUEL CREDIT.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the sustainable aviation fuel credit for the tax-
3 able year is, with respect to any sale or use of a
4 qualified mixture, an amount equal to the product
5 of—

6 “(A) the number of gallons of sustainable
7 aviation fuel in such mixture, multiplied by

8 “(B) the sum of—

9 “(i) \$1.25, plus

10 “(ii) the applicable supplementary
11 amount with respect to such sustainable
12 aviation fuel.

13 “(2) DEFINITIONS.—Any term used in this sub-
14 section which is also used in section 40B shall have
15 the meaning given such term by section 40B.

16 “(3) REGISTRATION REQUIREMENT.—For pur-
17 poses of this subsection, rules similar to the rules of
18 section 40B(f) shall apply.”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) Section 6426 is amended—

21 (i) in subsection (a)(1), by striking
22 “and (e)” and inserting “(e), and (k)”,
23 and

1 (ii) in subsection (h), by striking
2 “under section 40 or 40A” and inserting
3 “under section 40, 40A, or 40B”.

4 (B) Section 6427(e) is amended—

5 (i) in the heading, by striking “OR
6 ALTERNATIVE FUEL” and inserting, “AL-
7 TERNATIVE FUEL, OR SUSTAINABLE AVIA-
8 TION FUEL”,

9 (ii) in paragraph (1), by inserting “or
10 the sustainable aviation fuel mixture cred-
11 it” after “alternative fuel mixture credit”,
12 and

13 (iii) in paragraph (6)—

14 (I) in subparagraph (C), by strik-
15 ing “and” at the end,

16 (II) in subparagraph (D), by
17 striking the period at the end and in-
18 serting “, and”, and

19 (III) by adding at the end the
20 following new subparagraph:

21 “(E) any qualified mixture of sustainable
22 aviation fuel (as defined in section 6426(k)(3))
23 sold or used after December 31, 2024.”.

24 (C) Section 4101(a)(1) is amended by in-
25 serting “every person producing sustainable

1 aviation fuel (as defined in section 40B),” be-
2 fore “and every person producing second gen-
3 eration biofuel”.

4 (D) The table of sections for subpart D of
5 subchapter A of chapter 1 is amended by in-
6 serting after the item relating to section 40A
7 the following new item:

“Sec. 40B. Sustainable aviation fuel credit.”.

8 (e) AMOUNT OF CREDIT INCLUDED IN GROSS IN-
9 COME.—Section 87 is amended by striking “and” in para-
10 graph (1), by striking the period at the end of paragraph
11 (2) and inserting “, and”, and by adding at the end the
12 following new paragraph:

13 “(3) the sustainable aviation fuel credit deter-
14 mined with respect to the taxpayer for the taxable
15 year under section 40B(a).”.

16 (f) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to fuel sold or used after December
18 31, 2022.

19 **SEC. 13204. CLEAN HYDROGEN.**

20 (a) CREDIT FOR PRODUCTION OF CLEAN HYDRO-
21 GEN.—

22 (1) IN GENERAL.—Subpart D of part IV of
23 subchapter A of chapter 1, as amended by the pre-
24 ceding provisions of this Act, is amended by adding
25 at the end the following new section:

1 **“SEC. 45V. CREDIT FOR PRODUCTION OF CLEAN HYDRO-**
2 **GEN.**

3 “(a) AMOUNT OF CREDIT.—For purposes of section
4 38, the clean hydrogen production credit for any taxable
5 year is an amount equal to the product of—

6 “(1) the kilograms of qualified clean hydrogen
7 produced by the taxpayer during such taxable year
8 at a qualified clean hydrogen production facility dur-
9 ing the 10-year period beginning on the date such
10 facility was originally placed in service, multiplied by

11 “(2) the applicable amount (as determined
12 under subsection (b)) with respect to such hydrogen.

13 “(b) APPLICABLE AMOUNT.—

14 “(1) IN GENERAL.—For purposes of subsection
15 (a)(2), the applicable amount shall be an amount
16 equal to the applicable percentage of \$0.60. If any
17 amount as determined under the preceding sentence
18 is not a multiple of 0.1 cent, such amount shall be
19 rounded to the nearest multiple of 0.1 cent.

20 “(2) APPLICABLE PERCENTAGE.—For purposes
21 of paragraph (1), the applicable percentage shall be
22 determined as follows:

23 “(A) In the case of any qualified clean hy-
24 drogen which is produced through a process
25 that results in a lifecycle greenhouse gas emis-
26 sions rate of—

1 “(i) not greater than 4 kilograms of
2 CO₂e per kilogram of hydrogen, and

3 “(ii) not less than 2.5 kilograms of
4 CO₂e per kilogram of hydrogen,
5 the applicable percentage shall be 20 percent.

6 “(B) In the case of any qualified clean hy-
7 drogen which is produced through a process
8 that results in a lifecycle greenhouse gas emis-
9 sions rate of—

10 “(i) less than 2.5 kilograms of CO₂e
11 per kilogram of hydrogen, and

12 “(ii) not less than 1.5 kilograms of
13 CO₂e per kilogram of hydrogen,
14 the applicable percentage shall be 25 percent.

15 “(C) In the case of any qualified clean hy-
16 drogen which is produced through a process
17 that results in a lifecycle greenhouse gas emis-
18 sions rate of—

19 “(i) less than 1.5 kilograms of CO₂e
20 per kilogram of hydrogen, and

21 “(ii) not less than 0.45 kilograms of
22 CO₂e per kilogram of hydrogen,
23 the applicable percentage shall be 33.4 percent.

24 “(D) In the case of any qualified clean hy-
25 drogen which is produced through a process

1 that results in a lifecycle greenhouse gas emis-
2 sions rate of less than 0.45 kilograms of CO₂e
3 per kilogram of hydrogen, the applicable per-
4 centage shall be 100 percent.

5 “(3) INFLATION ADJUSTMENT.—The \$0.60
6 amount in paragraph (1) shall be adjusted by multi-
7 plying such amount by the inflation adjustment fac-
8 tor (as determined under section 45(e)(2), deter-
9 mined by substituting ‘2022’ for ‘1992’ in subpara-
10 graph (B) thereof) for the calendar year in which
11 the qualified clean hydrogen is produced. If any
12 amount as increased under the preceding sentence is
13 not a multiple of 0.1 cent, such amount shall be
14 rounded to the nearest multiple of 0.1 cent.

15 “(c) DEFINITIONS.—For purposes of this section—

16 “(1) LIFECYCLE GREENHOUSE GAS EMIS-
17 SIONS.—

18 “(A) IN GENERAL.—Subject to subpara-
19 graph (B), the term ‘lifecycle greenhouse gas
20 emissions’ has the same meaning given such
21 term under subparagraph (H) of section
22 211(o)(1) of the Clean Air Act (42 U.S.C.
23 7545(o)(1)), as in effect on the date of enact-
24 ment of this section.

1 “(B) GREET MODEL.—The term ‘lifecycle
2 greenhouse gas emissions’ shall only include
3 emissions through the point of production (well-
4 to-gate), as determined under the most recent
5 Greenhouse gases, Regulated Emissions, and
6 Energy use in Transportation model (commonly
7 referred to as the ‘GREET model’) developed
8 by Argonne National Laboratory, or a successor
9 model (as determined by the Secretary).

10 “(2) QUALIFIED CLEAN HYDROGEN.—

11 “(A) IN GENERAL.—The term ‘qualified
12 clean hydrogen’ means hydrogen which is pro-
13 duced through a process that results in a
14 lifecycle greenhouse gas emissions rate of not
15 greater than 4 kilograms of CO₂e per kilogram
16 of hydrogen.

17 “(B) ADDITIONAL REQUIREMENTS.—Such
18 term shall not include any hydrogen unless—

19 “(i) such hydrogen is produced—

20 “(I) in the United States (as de-
21 fined in section 638(1)) or a posses-
22 sion of the United States (as defined
23 in section 638(2)),

24 “(II) in the ordinary course of a
25 trade or business of the taxpayer, and

1 “(III) for sale or use, and

2 “(ii) the production and sale or use of
3 such hydrogen is verified by an unrelated
4 party.

5 “(C) PROVISIONAL EMISSIONS RATE.—In
6 the case of any hydrogen for which a lifecycle
7 greenhouse gas emissions rate has not been de-
8 termined for purposes of this section, a tax-
9 payer producing such hydrogen may file a peti-
10 tion with the Secretary for determination of the
11 lifecycle greenhouse gas emissions rate with re-
12 spect to such hydrogen.

13 “(3) QUALIFIED CLEAN HYDROGEN PRODUC-
14 TION FACILITY.—The term ‘qualified clean hydrogen
15 production facility’ means a facility—

16 “(A) owned by the taxpayer,

17 “(B) which produces qualified clean hydro-
18 gen, and

19 “(C) the construction of which begins be-
20 fore January 1, 2033.

21 “(d) SPECIAL RULES.—

22 “(1) TREATMENT OF FACILITIES OWNED BY
23 MORE THAN 1 TAXPAYER.—Rules similar to the
24 rules section 45(e)(3) shall apply for purposes of
25 this section.

1 “(2) COORDINATION WITH CREDIT FOR CARBON
2 OXIDE SEQUESTRATION.—No credit shall be allowed
3 under this section with respect to any qualified clean
4 hydrogen produced at a facility which includes car-
5 bon capture equipment for which a credit is allowed
6 to any taxpayer under section 45Q for the taxable
7 year or any prior taxable year.

8 “(e) INCREASED CREDIT AMOUNT FOR QUALIFIED
9 CLEAN HYDROGEN PRODUCTION FACILITIES.—

10 “(1) IN GENERAL.—In the case of any qualified
11 clean hydrogen production facility which satisfies the
12 requirements of paragraph (2), the amount of the
13 credit determined under subsection (a) with respect
14 to qualified clean hydrogen described in subsection
15 (b)(2) shall be equal to such amount (determined
16 without regard to this sentence) multiplied by 5.

17 “(2) REQUIREMENTS.—A facility meets the re-
18 quirements of this paragraph if it is one of the fol-
19 lowing:

20 “(A) A facility—

21 “(i) the construction of which begins
22 prior to the date that is 60 days after the
23 Secretary publishes guidance with respect
24 to the requirements of paragraphs (3)(A)
25 and (4), and

1 “(ii) which meets the requirements of
2 paragraph (3)(A) with respect to alteration
3 or repair of such facility which occurs after
4 such date.

5 “(B) A facility which satisfies the require-
6 ments of paragraphs (3)(A) and (4).

7 “(3) PREVAILING WAGE REQUIREMENTS.—

8 “(A) IN GENERAL.—The requirements de-
9 scribed in this subparagraph with respect to
10 any qualified clean hydrogen production facility
11 are that the taxpayer shall ensure that any la-
12 borers and mechanics employed by contractors
13 and subcontractors in—

14 “(i) the construction of such facility,
15 and

16 “(ii) with respect to any taxable year,
17 for any portion of such taxable year which
18 is within the period described in subsection
19 (a)(2), the alteration or repair of such fa-
20 cility,

21 shall be paid wages at rates not less than the
22 prevailing rates for construction, alteration, or
23 repair of a similar character in the locality in
24 which such facility is located as most recently
25 determined by the Secretary of Labor, in ac-

1 cordance with subchapter IV of chapter 31 of
2 title 40, United States Code. For purposes of
3 determining an increased credit amount under
4 paragraph (1) for a taxable year, the require-
5 ment under clause (ii) of this subparagraph is
6 applied to such taxable year in which the alter-
7 ation or repair of qualified facility occurs.

8 “(B) CORRECTION AND PENALTY RELATED
9 TO FAILURE TO SATISFY WAGE REQUIRE-
10 MENTS.—Rules similar to the rules of section
11 45(b)(7)(B) shall apply.

12 “(4) APPRENTICESHIP REQUIREMENTS.—Rules
13 similar to the rules of section 45(b)(8) shall apply.

14 “(5) REGULATIONS AND GUIDANCE.—The Sec-
15 retary shall issue such regulations or other guidance
16 as the Secretary determines necessary or appropriate
17 to carry out the purposes of this subsection, includ-
18 ing regulations or other guidance which provides for
19 requirements for recordkeeping or information re-
20 porting for purposes of administering the require-
21 ments of this subsection.

22 “(f) REGULATIONS.—Not later than 1 year after the
23 date of enactment of this section, the Secretary shall issue
24 regulations or other guidance to carry out the purposes

1 of this section, including regulations or other guidance for
2 determining lifecycle greenhouse gas emissions.”.

3 (2) CREDIT REDUCED FOR TAX-EXEMPT
4 BONDS.—Section 45V(d), as added by this section,
5 is amended by adding at the end the following new
6 paragraph:

7 “(3) CREDIT REDUCED FOR TAX-EXEMPT
8 BONDS.—Rules similar to the rule under section
9 45(b)(3) shall apply for purposes of this section.”.

10 (3) MODIFICATION OF EXISTING FACILITIES.—
11 Section 45V(d), as added and amended by the pre-
12 ceding provisions of this section, is amended by add-
13 ing at the end the following new paragraph:

14 “(4) MODIFICATION OF EXISTING FACILI-
15 TIES.—For purposes of subsection (a)(2), in the
16 case of any facility which—

17 “(A) was originally placed in service before
18 January 1, 2023, and, prior to the modification
19 described in subparagraph (B), did not produce
20 qualified clean hydrogen, and

21 “(B) after the date such facility was origi-
22 nally placed in service—

23 “(i) is modified to produce qualified
24 clean hydrogen, and

1 “(ii) amounts paid or incurred with
2 respect to such modification are properly
3 chargeable to capital account of the tax-
4 payer,

5 such facility shall be deemed to have been originally
6 placed in service as of the date that the property re-
7 quired to complete the modification described in sub-
8 paragraph (B) is placed in service.”.

9 (4) CONFORMING AMENDMENTS.—

10 (A) Section 38(b), as amended by the pre-
11 ceding provisions of this Act, is amended—

12 (i) in paragraph (34), by striking
13 “plus” at the end,

14 (ii) in paragraph (35), by striking the
15 period at the end and inserting “, plus”,
16 and

17 (iii) by adding at the end the fol-
18 lowing new paragraph:

19 “(36) the clean hydrogen production credit de-
20 termined under section 45V(a).”.

21 (B) The table of sections for subpart D of
22 part IV of subchapter A of chapter 1, as
23 amended by the preceding provisions of this
24 Act, is amended by adding at the end the fol-
25 lowing new item:

“Sec. 45V. Credit for production of clean hydrogen.”.

1 (5) EFFECTIVE DATES.—

2 (A) IN GENERAL.—The amendments made
3 by paragraphs (1) and (4) of this subsection
4 shall apply to hydrogen produced after Decem-
5 ber 31, 2022.

6 (B) CREDIT REDUCED FOR TAX-EXEMPT
7 BONDS.—The amendment made by paragraph
8 (2) shall apply to facilities the construction of
9 which begins after the date of enactment of this
10 Act.

11 (C) MODIFICATION OF EXISTING FACILI-
12 TIES.—The amendment made by paragraph (3)
13 shall apply to modifications made after Decem-
14 ber 31, 2022.

15 (b) CREDIT FOR ELECTRICITY PRODUCED FROM RE-
16 NEWABLE RESOURCES ALLOWED IF ELECTRICITY IS
17 USED TO PRODUCE CLEAN HYDROGEN.—

18 (1) IN GENERAL.—Section 45(e), as amended
19 by the preceding provisions of this Act, is amended
20 by adding at the end the following new paragraph:

21 “(13) SPECIAL RULE FOR ELECTRICITY USED
22 AT A QUALIFIED CLEAN HYDROGEN PRODUCTION
23 FACILITY.—Electricity produced by the taxpayer
24 shall be treated as sold by such taxpayer to an unre-
25 lated person during the taxable year if—

1 “(A) such electricity is used during such
2 taxable year by the taxpayer or a person related
3 to the taxpayer at a qualified clean hydrogen
4 production facility (as defined in section
5 45V(c)(3)) to produce qualified clean hydrogen
6 (as defined in section 45V(c)(2)), and

7 “(B) such use and production is verified
8 (in such form or manner as the Secretary may
9 prescribe) by an unrelated third party.”.

10 (2) SIMILAR RULE FOR ZERO-EMISSION NU-
11 CLEAR POWER PRODUCTION CREDIT.—Subsection
12 (c)(2) of section 45U, as added by section 13105 of
13 this Act, is amended by striking “and (5)” and in-
14 serting “(5), and (13)”.

15 (3) EFFECTIVE DATE.—The amendments made
16 by this subsection shall apply to electricity produced
17 after December 31, 2022.

18 (c) ELECTION TO TREAT CLEAN HYDROGEN PRO-
19 Duction Facilities as Energy Property.—

20 (1) IN GENERAL.—Section 48(a), as amended
21 by the preceding provisions of this Act, is amend-
22 ed—

23 (A) by redesignating paragraph (15) as
24 paragraph (16), and

1 (B) by inserting after paragraph (14) the
2 following new paragraph:

3 “(15) ELECTION TO TREAT CLEAN HYDROGEN
4 PRODUCTION FACILITIES AS ENERGY PROPERTY.—

5 “(A) IN GENERAL.—In the case of any
6 qualified property (as defined in paragraph
7 (5)(D)) which is part of a specified clean hydro-
8 gen production facility—

9 “(i) such property shall be treated as
10 energy property for purposes of this sec-
11 tion, and

12 “(ii) the energy percentage with re-
13 spect to such property is—

14 “(I) in the case of a facility
15 which is designed and reasonably ex-
16 pected to produce qualified clean hy-
17 drogen which is described in a sub-
18 paragraph (A) of section 45V(b)(2),
19 1.2 percent,

20 “(II) in the case of a facility
21 which is designed and reasonably ex-
22 pected to produce qualified clean hy-
23 drogen which is described in a sub-
24 paragraph (B) of such section, 1.5
25 percent,

1 “(III) in the case of a facility
2 which is designed and reasonably ex-
3 pected to produce qualified clean hy-
4 drogen which is described in a sub-
5 paragraph (C) of such section, 2 per-
6 cent, and

7 “(IV) in the case of a facility
8 which is designed and reasonably ex-
9 pected to produce qualified clean hy-
10 drogen which is described in subpara-
11 graph (D) of such section, 6 percent.

12 “(B) DENIAL OF PRODUCTION CREDIT.—
13 No credit shall be allowed under section 45V or
14 section 45Q for any taxable year with respect to
15 any specified clean hydrogen production facility
16 or any carbon capture equipment included at
17 such facility.

18 “(C) SPECIFIED CLEAN HYDROGEN PRO-
19 DUCTION FACILITY.—For purposes of this para-
20 graph, the term ‘specified clean hydrogen pro-
21 duction facility’ means any qualified clean hy-
22 drogen production facility (as defined in section
23 45V(c)(3))—

24 “(i) which is placed in service after
25 December 31, 2022,

1 “(ii) with respect to which—

2 “(I) no credit has been allowed
3 under section 45V or 45Q, and

4 “(II) the taxpayer makes an ir-
5 revocable election to have this para-
6 graph apply, and

7 “(iii) for which an unrelated third
8 party has verified (in such form or manner
9 as the Secretary may prescribe) that such
10 facility produces hydrogen through a proc-
11 ess which results in lifecycle greenhouse
12 gas emissions which are consistent with the
13 hydrogen that such facility was designed
14 and expected to produce under subpara-
15 graph (A)(ii).

16 “(D) QUALIFIED CLEAN HYDROGEN.—For
17 purposes of this paragraph, the term ‘qualified
18 clean hydrogen’ has the meaning given such
19 term by section 45V(c)(2).

20 “(E) REGULATIONS.—The Secretary shall
21 issue such regulations or other guidance as the
22 Secretary determines necessary or appropriate
23 to carry out the purposes of this section, includ-
24 ing regulations or other guidance which recap-
25 tures so much of any credit allowed under this

1 section as exceeds the amount of the credit
2 which would have been allowed if the expected
3 production were consistent with the actual
4 verified production (or all of the credit so al-
5 lowed in the absence of such verification).”.

6 (2) CONFORMING AMENDMENT.—Paragraph
7 (9)(A)(i) of section 48(a), as added by section
8 13102, is amended by inserting “and paragraph
9 (15)” after “paragraphs (1) through (8)”.

10 (3) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to property placed in
12 service after December 31, 2022, and, for any prop-
13 erty the construction of which begins prior to Janu-
14 ary 1, 2023, only to the extent of the basis thereof
15 attributable to the construction, reconstruction, or
16 erection after December 31, 2022.

17 (d) TERMINATION OF EXCISE TAX CREDIT FOR HY-
18 DROGEN.—

19 (1) IN GENERAL.—Section 6426(d)(2) is
20 amended by striking subparagraph (D) and by re-
21 designating subparagraphs (E), (F), and (G) as sub-
22 paragraphs (D), (E), and (F), respectively.

23 (2) CONFORMING AMENDMENT.—Section
24 6426(e)(2) is amended by striking “(F)” and insert-
25 ing “(E)”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to fuel sold or used
3 after December 31, 2022.

4 **PART 3—CLEAN ENERGY AND EFFICIENCY**
5 **INCENTIVES FOR INDIVIDUALS**

6 **SEC. 13301. EXTENSION, INCREASE, AND MODIFICATIONS**
7 **OF NONBUSINESS ENERGY PROPERTY CRED-**
8 **IT.**

9 (a) EXTENSION OF CREDIT.—Section 25C(g)(2) is
10 amended by striking “December 31, 2021” and inserting
11 “December 31, 2032”.

12 (b) ALLOWANCE OF CREDIT.—Section 25C(a) is
13 amended to read as follows:

14 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
15 dividual, there shall be allowed as a credit against the tax
16 imposed by this chapter for the taxable year an amount
17 equal to 30 percent of the sum of—

18 “(1) the amount paid or incurred by the tax-
19 payer for qualified energy efficiency improvements
20 installed during such taxable year, and

21 “(2) the amount of the residential energy prop-
22 erty expenditures paid or incurred by the taxpayer
23 during such taxable year.”.

1 (c) APPLICATION OF ANNUAL LIMITATION IN LIEU
2 OF LIFETIME LIMITATION.—Section 25C(b) is amended
3 to read as follows:

4 “(b) LIMITATIONS.—

5 “(1) IN GENERAL.—The credit allowed under
6 this section with respect to any taxpayer for any tax-
7 able year shall not exceed \$1,200.

8 “(2) ENERGY PROPERTY.—The credit allowed
9 under this section by reason of subsection (a)(2)
10 with respect to any taxpayer for any taxable year
11 shall not exceed, with respect to any item of quali-
12 fied energy property, \$600.

13 “(3) WINDOWS.—The credit allowed under this
14 section by reason of subsection (a)(1) with respect to
15 any taxpayer for any taxable year shall not exceed,
16 in the aggregate with respect to all exterior windows
17 and skylights, \$600.

18 “(4) DOORS.—The credit allowed under this
19 section by reason of subsection (a)(1) with respect to
20 any taxpayer for any taxable year shall not exceed—

21 “(A) \$250 in the case of any exterior door,

22 and

23 “(B) \$500 in the aggregate with respect to
24 all exterior doors.

1 “(5) HEAT PUMP AND HEAT PUMP WATER
2 HEATERS; BIOMASS STOVES AND BOILERS.—Not-
3 withstanding paragraphs (1) and (2), the credit al-
4 lowed under this section by reason of subsection
5 (a)(2) with respect to any taxpayer for any taxable
6 year shall not, in the aggregate, exceed \$2,000 with
7 respect to amounts paid or incurred for property de-
8 scribed in clauses (i) and (ii) of subsection (d)(2)(A)
9 and in subsection (d)(2)(B).”.

10 (d) MODIFICATIONS RELATED TO QUALIFIED EN-
11 ERGY EFFICIENCY IMPROVEMENTS.—

12 (1) STANDARDS FOR ENERGY EFFICIENT
13 BUILDING ENVELOPE COMPONENTS.—Section
14 25C(e)(2) is amended by striking “meets—” and all
15 that follows through the period at the end and in-
16 serting the following: “meets—

17 “(A) in the case of an exterior window or
18 skylight, Energy Star most efficient certifi-
19 cation requirements,

20 “(B) in the case of an exterior door, appli-
21 cable Energy Star requirements, and

22 “(C) in the case of any other component,
23 the prescriptive criteria for such component es-
24 tablished by the most recent International En-
25 ergy Conservation Code standard in effect as of

1 the beginning of the calendar year which is 2
2 years prior to the calendar year in which such
3 component is placed in service.”.

4 (2) ROOFS NOT TREATED AS BUILDING ENVE-
5 LOPE COMPONENTS.—Section 25C(e)(3) is amended
6 by adding “and” at the end of subparagraph (B), by
7 striking “, and” at the end of subparagraph (C) and
8 inserting a period, and by striking subparagraph
9 (D).

10 (3) AIR SEALING INSULATION ADDED TO DEFI-
11 NITION OF BUILDING ENVELOPE COMPONENT.—Sec-
12 tion 25C(c)(3)(A) is amended by inserting “, includ-
13 ing air sealing material or system,” after “material
14 or system”.

15 (e) MODIFICATION OF RESIDENTIAL ENERGY PROP-
16 ERTY EXPENDITURES.—Section 25C(d) is amended to
17 read as follows:

18 “(d) RESIDENTIAL ENERGY PROPERTY EXPENDI-
19 TURES.—For purposes of this section—

20 “(1) IN GENERAL.—The term ‘residential en-
21 ergy property expenditures’ means expenditures
22 made by the taxpayer for qualified energy property
23 which is—

1 “(A) installed on or in connection with a
2 dwelling unit located in the United States and
3 used as a residence by the taxpayer, and

4 “(B) originally placed in service by the tax-
5 payer.

6 Such term includes expenditures for labor costs
7 properly allocable to the onsite preparation, assem-
8 bly, or original installation of the property.

9 “(2) QUALIFIED ENERGY PROPERTY.—The
10 term ‘qualified energy property’ means any of the
11 following:

12 “(A) Any of the following which meet or
13 exceed the highest efficiency tier (not including
14 any advanced tier) established by the Consor-
15 tium for Energy Efficiency which is in effect as
16 of the beginning of the calendar year in which
17 the property is placed in service:

18 “(i) An electric or natural gas heat
19 pump water heater.

20 “(ii) An electric or natural gas heat
21 pump.

22 “(iii) A central air conditioner.

23 “(iv) A natural gas, propane, or oil
24 water heater.

1 “(v) A natural gas, propane, or oil
2 furnace or hot water boiler.

3 “(B) A biomass stove or boiler which—

4 “(i) uses the burning of biomass fuel
5 to heat a dwelling unit located in the
6 United States and used as a residence by
7 the taxpayer, or to heat water for use in
8 such a dwelling unit, and

9 “(ii) has a thermal efficiency rating of
10 at least 75 percent (measured by the high-
11 er heating value of the fuel).

12 “(C) Any oil furnace or hot water boiler
13 which—

14 “(i) is placed in service after Decem-
15 ber 31, 2022, and before January 1, 2027,
16 and—

17 “(I) meets or exceeds 2021 En-
18 ergy Star efficiency criteria, and

19 “(II) is rated by the manufac-
20 turer for use with fuel blends at least
21 20 percent of the volume of which
22 consists of an eligible fuel, or

23 “(ii) is placed in service after Decem-
24 ber 31, 2026, and—

1 “(I) achieves an annual fuel utili-
2 zation efficiency rate of not less than
3 90, and

4 “(II) is rated by the manufac-
5 turer for use with eligible fuel blends
6 of 50 percent or more.

7 “(D) Any improvement to, or replacement
8 of, a panelboard, sub-panelboard, branch cir-
9 cuits, or feeders which—

10 “(i) is installed in a manner con-
11 sistent with the National Electric Code,

12 “(ii) has a load capacity of not less
13 than 200 amps,

14 “(iii) is installed in conjunction
15 with—

16 “(I) any qualified energy effi-
17 ciency improvements, or

18 “(II) any qualified energy prop-
19 erty described in subparagraphs (A)
20 through (C) for which a credit is al-
21 lowed under this section for expendi-
22 tures with respect to such property,
23 and

1 “(iv) enables the installation and use
2 of any property described in subclause (I)
3 or (II) of clause (iii).

4 “(3) ELIGIBLE FUEL.—For purposes of para-
5 graph (2), the term ‘eligible fuel’ means—

6 “(A) biodiesel and renewable diesel (within
7 the meaning of section 40A), and

8 “(B) second generation biofuel (within the
9 meaning of section 40).”.

10 (f) HOME ENERGY AUDITS.—

11 (1) IN GENERAL.—Section 25C(a), as amended
12 by subsection (b), is amended by striking “and” at
13 the end of paragraph (1), by striking the period at
14 the end of paragraph (2) and inserting “, and”, and
15 by adding at the end the following new paragraph:

16 “(3) the amount paid or incurred by the tax-
17 payer during the taxable year for home energy au-
18 dits.”.

19 (2) LIMITATION.—Section 25C(b), as amended
20 by subsection (c), is amended adding at the end the
21 following new paragraph:

22 “(6) HOME ENERGY AUDITS.—

23 “(A) DOLLAR LIMITATION.—The amount
24 of the credit allowed under this section by rea-
25 son of subsection (a)(3) shall not exceed \$150.

1 “(B) SUBSTANTIATION REQUIREMENT.—
2 No credit shall be allowed under this section by
3 reason of subsection (a)(3) unless the taxpayer
4 includes with the taxpayer’s return of tax such
5 information or documentation as the Secretary
6 may require.”.

7 (3) HOME ENERGY AUDITS.—

8 (A) IN GENERAL.—Section 25C is amend-
9 ed by redesignating subsections (e), (f), and (g),
10 as subsections (f), (g), and (h), respectively,
11 and by inserting after subsection (d) the fol-
12 lowing new subsection:

13 “(e) HOME ENERGY AUDITS.—For purposes of this
14 section, the term ‘home energy audit’ means an inspection
15 and written report with respect to a dwelling unit located
16 in the United States and owned or used by the taxpayer
17 as the taxpayer’s principal residence (within the meaning
18 of section 121) which—

19 “(1) identifies the most significant and cost-ef-
20 fective energy efficiency improvements with respect
21 to such dwelling unit, including an estimate of the
22 energy and cost savings with respect to each such
23 improvement, and

24 “(2) is conducted and prepared by a home en-
25 ergy auditor that meets the certification or other re-

1 requirements specified by the Secretary in regulations
2 or other guidance (as prescribed by the Secretary
3 not later than 365 days after the date of the enact-
4 ment of this subsection).”.

5 (B) CONFORMING AMENDMENT.—Section
6 1016(a)(33) is amended by striking “section
7 25C(f)” and inserting “section 25C(g)”.

8 (4) LACK OF SUBSTANTIATION TREATED AS
9 MATHEMATICAL OR CLERICAL ERROR.—Section
10 6213(g)(2) is amended—

11 (A) in subparagraph (P), by striking
12 “and” at the end,

13 (B) in subparagraph (Q), by striking the
14 period at the end and inserting “, and”, and

15 (C) by inserting after subparagraph (Q)
16 the following:

17 “(R) an omission of information or docu-
18 mentation required under section 25C(b)(6)(B)
19 (relating to home energy audits) to be included
20 on a return.”.

21 (g) IDENTIFICATION NUMBER REQUIREMENT.—

22 (1) IN GENERAL.—Section 25C, as amended by
23 this section, is amended by redesignating subsection
24 (h) as subsection (i) and by inserting after sub-
25 section (g) the following new subsection:

1 “(h) PRODUCT IDENTIFICATION NUMBER REQUIRE-
2 MENT.—

3 “(1) IN GENERAL.—No credit shall be allowed
4 under subsection (a) with respect to any item of
5 specified property placed in service after December
6 31, 2024, unless—

7 “(A) such item is produced by a qualified
8 manufacturer, and

9 “(B) the taxpayer includes the qualified
10 product identification number of such item on
11 the return of tax for the taxable year.

12 “(2) QUALIFIED PRODUCT IDENTIFICATION
13 NUMBER.—For purposes of this section, the term
14 ‘qualified product identification number’ means, with
15 respect to any item of specified property, the prod-
16 uct identification number assigned to such item by
17 the qualified manufacturer pursuant to the method-
18 ology referred to in paragraph (3).

19 “(3) QUALIFIED MANUFACTURER.—For pur-
20 poses of this section, the term ‘qualified manufac-
21 turer’ means any manufacturer of specified property
22 which enters into an agreement with the Secretary
23 which provides that such manufacturer will—

24 “(A) assign a product identification num-
25 ber to each item of specified property produced

1 by such manufacturer utilizing a methodology
2 that will ensure that such number (including
3 any alphanumeric) is unique to each such item
4 (by utilizing numbers or letters which are
5 unique to such manufacturer or by such other
6 method as the Secretary may provide),

7 “(B) label such item with such number in
8 such manner as the Secretary may provide, and

9 “(C) make periodic written reports to the
10 Secretary (at such times and in such manner as
11 the Secretary may provide) of the product iden-
12 tification numbers so assigned and including
13 such information as the Secretary may require
14 with respect to the item of specified property to
15 which such number was so assigned.

16 “(4) SPECIFIED PROPERTY.—For purposes of
17 this subsection, the term ‘specified property’ means
18 any qualified energy property and any property de-
19 scribed in subparagraph (B) or (C) of subsection
20 (c)(3).”.

21 (2) OMISSION OF CORRECT PRODUCT IDENTI-
22 FICATION NUMBER TREATED AS MATHEMATICAL OR
23 CLERICAL ERROR.—Section 6213(g)(2), as amended
24 by the preceding provisions of this Act, is amend-
25 ed—

1 (A) in subparagraph (Q), by striking
2 “and” at the end,

3 (B) in subparagraph (R), by striking the
4 period at the end and inserting “, and”, and

5 (C) by inserting after subparagraph (R)
6 the following:

7 “(S) an omission of a correct product iden-
8 tification number required under section 25C(h)
9 (relating to credit for nonbusiness energy prop-
10 erty) to be included on a return.”.

11 (h) ENERGY EFFICIENT HOME IMPROVEMENT
12 CREDIT.—

13 (1) IN GENERAL.—The heading for section 25C
14 is amended by striking “**NONBUSINESS ENERGY**
15 **PROPERTY**” and inserting “**ENERGY EFFICIENT**
16 **HOME IMPROVEMENT CREDIT**”.

17 (2) CLERICAL AMENDMENT.—The table of sec-
18 tions for subpart A of part IV of subchapter A of
19 chapter 1 is amended by striking the item relating
20 to section 25C and inserting after the item relating
21 to section 25B the following item:

“Sec. 25C. Energy efficient home improvement credit.”.

22 (i) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as otherwise pro-
24 vided by this subsection, the amendments made by

1 this section shall apply to property placed in service
2 after December 31, 2022.

3 (2) EXTENSION OF CREDIT.—The amendments
4 made by subsection (a) shall apply to property
5 placed in service after December 31, 2021.

6 (3) IDENTIFICATION NUMBER REQUIREMENT.—
7 The amendments made by subsection (g) shall apply
8 to property placed in service after December 31,
9 2024.

10 **SEC. 13302. RESIDENTIAL CLEAN ENERGY CREDIT.**

11 (a) EXTENSION OF CREDIT.—

12 (1) IN GENERAL.—Section 25D(h) is amended
13 by striking “December 31, 2023” and inserting
14 “December 31, 2034”.

15 (2) APPLICATION OF PHASEOUT.—Section
16 25D(g) is amended—

17 (A) in paragraph (2), by striking “before
18 January 1, 2023, 26 percent, and” and insert-
19 ing “before January 1, 2022, 26 percent,” and

20 (B) by striking paragraph (3) and by in-
21 serting after paragraph (2) the following new
22 paragraphs:

23 “(3) in the case of property placed in service
24 after December 31, 2021, and before January 1,
25 2033, 30 percent,

1 “(4) in the case of property placed in service
2 after December 31, 2032, and before January 1,
3 2034, 26 percent, and

4 “(5) in the case of property placed in service
5 after December 31, 2033, and before January 1,
6 2035, 22 percent.”.

7 (b) RESIDENTIAL CLEAN ENERGY CREDIT FOR BAT-
8 TERY STORAGE TECHNOLOGY; CERTAIN EXPENDITURES
9 DISALLOWED.—

10 (1) ALLOWANCE OF CREDIT.—Paragraph (6) of
11 section 25D(a) is amended to read as follows:

12 “(6) the qualified battery storage technology ex-
13 penditures,”.

14 (2) DEFINITION OF QUALIFIED BATTERY STOR-
15 AGE TECHNOLOGY EXPENDITURE.—Paragraph (6)
16 of section 25D(d) is amended to read as follows:

17 “(6) QUALIFIED BATTERY STORAGE TECH-
18 NOLOGY EXPENDITURE.—The term ‘qualified bat-
19 tery storage technology expenditure’ means an ex-
20 penditure for battery storage technology which—

21 “(A) is installed in connection with a
22 dwelling unit located in the United States and
23 used as a residence by the taxpayer, and

24 “(B) has a capacity of not less than 3 kilo-
25 watt hours.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) The heading for section 25D is amended by
3 striking “**ENERGY EFFICIENT PROPERTY**” and
4 inserting “**CLEAN ENERGY CREDIT**”.

5 (2) The table of sections for subpart A of part
6 IV of subchapter A of chapter 1 is amended by
7 striking the item relating to section 25D and insert-
8 ing the following:

“Sec. 25D. Residential clean energy credit.”.

9 (d) EFFECTIVE DATES.—

10 (1) IN GENERAL.—Except as provided in para-
11 graph (2), the amendments made by this section
12 shall apply to expenditures made after December 31,
13 2021.

14 (2) RESIDENTIAL CLEAN ENERGY CREDIT FOR
15 BATTERY STORAGE TECHNOLOGY; CERTAIN EXPEND-
16 ITURES DISALLOWED.—The amendments made by
17 subsection (b) shall apply to expenditures made after
18 December 31, 2022.

19 **SEC. 13303. ENERGY EFFICIENT COMMERCIAL BUILDINGS**
20 **DEDUCTION.**

21 (a) IN GENERAL.—

22 (1) MAXIMUM AMOUNT OF DEDUCTION.—Sub-
23 section (b) of section 179D is amended to read as
24 follows:

25 “(b) MAXIMUM AMOUNT OF DEDUCTION.—

1 “(1) IN GENERAL.—The deduction under sub-
2 section (a) with respect to any building for any tax-
3 able year shall not exceed the excess (if any) of—

4 “(A) the product of—

5 “(i) the applicable dollar value, and

6 “(ii) the square footage of the build-
7 ing, over

8 “(B) the aggregate amount of the deduc-
9 tions under subsections (a) and (f) with respect
10 to the building for the 3 taxable years imme-
11 diately preceding such taxable year (or, in the
12 case of any such deduction allowable to a per-
13 son other than the taxpayer, for any taxable
14 year ending during the 4-taxable-year period
15 ending with such taxable year).

16 “(2) APPLICABLE DOLLAR VALUE.—For pur-
17 poses of paragraph (1)(A)(i), the applicable dollar
18 value shall be an amount equal to \$0.50 increased
19 (but not above \$1.00) by \$0.02 for each percentage
20 point by which the total annual energy and power
21 costs for the building are certified to be reduced by
22 a percentage greater than 25 percent.

23 “(3) INCREASED CREDIT AMOUNT FOR CERTAIN
24 PROPERTY.—

1 “(A) IN GENERAL.—In the case of any
2 property which satisfies the requirements of
3 subparagraph (B), paragraph (2) shall be ap-
4 plied by substituting ‘\$2.50’ for ‘\$0.50’, ‘\$.10’
5 for ‘\$.02’, and ‘\$5.00’ for ‘\$1.00’.

6 “(B) PROPERTY REQUIREMENTS.—In the
7 case of any energy efficient commercial building
8 property, energy efficient building retrofit prop-
9 erty, or property installed pursuant to a quali-
10 fied retrofit plan, such property shall meet the
11 requirements of this subparagraph if —

12 “(i) installation of such property be-
13 gins prior to the date that is 60 days after
14 the Secretary publishes guidance with re-
15 spect to the requirements of paragraphs
16 (4)(A) and (5), or

17 “(ii) installation of such property sat-
18 isfies the requirements of paragraphs
19 (4)(A) and (5).

20 “(4) PREVAILING WAGE REQUIREMENTS.—

21 “(A) IN GENERAL.—The requirements de-
22 scribed in this subparagraph with respect to
23 any property are that the taxpayer shall ensure
24 that any laborers and mechanics employed by
25 contractors and subcontractors in the installa-

1 tion of any property shall be paid wages at
2 rates not less than the prevailing rates for con-
3 struction, alteration, or repair of a similar char-
4 acter in the locality in which such property is
5 located as most recently determined by the Sec-
6 retary of Labor, in accordance with subchapter
7 IV of chapter 31 of title 40, United States
8 Code.

9 “(B) CORRECTION AND PENALTY RELATED
10 TO FAILURE TO SATISFY WAGE REQUIRE-
11 MENTS.—Rules similar to the rules of section
12 45(b)(7)(B) shall apply.

13 “(5) APPRENTICESHIP REQUIREMENTS.—Rules
14 similar to the rules of section 45(b)(8) shall apply.”.

15 (2) MODIFICATION OF EFFICIENCY STAND-
16 ARD.—Section 179D(c)(1)(D) is amended by strik-
17 ing “50 percent” and inserting “25 percent”.

18 (3) REFERENCE STANDARD.—Section
19 179D(c)(2) is amended by striking “the most re-
20 cent” and inserting the following: “the more recent
21 of—

22 “(A) Standard 90.1-2007 published by the
23 American Society of Heating, Refrigerating,
24 and Air Conditioning Engineers and the Illu-

1 minating Engineering Society of North Amer-
2 ica, or

3 “(B) the most recent”.

4 (4) FINAL DETERMINATION; EXTENSION OF PE-
5 RIOD; PLACED IN SERVICE DEADLINE.—Subpara-
6 graph (B) of section 179D(c)(2), as amended by
7 paragraph (3), is amended—

8 (A) by inserting “for which the Depart-
9 ment of Energy has issued a final determina-
10 tion and” before “which has been affirmed”,

11 (B) by striking “2 years” and inserting “4
12 years”, and

13 (C) by striking “that construction of such
14 property begins” and inserting “such property
15 is placed in service”.

16 (5) ELIMINATION OF PARTIAL ALLOWANCE.—

17 (A) IN GENERAL.—Section 179D(d) is
18 amended—

19 (i) by striking paragraph (1), and

20 (ii) by redesignating paragraphs (2)
21 through (6) as paragraphs (1) through (5),
22 respectively.

23 (B) CONFORMING AMENDMENTS.—

24 (i) Section 179D(c)(1)(D) is amend-
25 ed—

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1 (I) by striking “subsection
2 (d)(6)” and inserting “subsection
3 (d)(5)”, and

4 (II) by striking “subsection
5 (d)(2)” and inserting “subsection
6 (d)(1)”.

7 (ii) Paragraph (2)(A) of section
8 179D(d), as redesignated by subparagraph
9 (A), is amended by striking “paragraph
10 (2)” and inserting “paragraph (1)”.

11 (iii) Paragraph (4) of section
12 179D(d), as redesignated by subparagraph
13 (A), is amended by striking “paragraph
14 (3)(B)(iii)” and inserting “paragraph
15 (2)(B)(iii)”.

16 (iv) Section 179D is amended by
17 striking subsection (f).

18 (v) Section 179D(h) is amended by
19 striking “or (d)(1)(A)”.

20 (6) ALLOCATION OF DEDUCTION BY CERTAIN
21 TAX-EXEMPT ENTITIES.—Paragraph (3) of section
22 179D(d), as redesignated by paragraph (5)(A), is
23 amended to read as follows:

24 “(3) ALLOCATION OF DEDUCTION BY CERTAIN
25 TAX-EXEMPT ENTITIES.—

1 “(A) IN GENERAL.—In the case of energy
2 efficient commercial building property installed
3 on or in property owned by a specified tax-ex-
4 empt entity, the Secretary shall promulgate reg-
5 ulations or guidance to allow the allocation of
6 the deduction to the person primarily respon-
7 sible for designing the property in lieu of the
8 owner of such property. Such person shall be
9 treated as the taxpayer for purposes of this sec-
10 tion.

11 “(B) SPECIFIED TAX-EXEMPT ENTITY.—
12 For purposes of this paragraph, the term ‘spec-
13 ified tax-exempt entity’ means—

14 “(i) the United States, any State or
15 local government (or political subdivision
16 thereof), any possession of the United
17 States, or any agency or instrumentality of
18 any of the foregoing,

19 “(ii) an Indian tribal government (as
20 defined in section 30D(g)(9)) or Alaska
21 Native Corporation (as defined in section 3
22 of the Alaska Native Claims Settlement
23 Act (43 U.S.C. 1602(m)), and

24 “(iii) any organization exempt from
25 tax imposed by this chapter.”.

1 (7) ALTERNATIVE DEDUCTION FOR ENERGY EF-
2 FICIENT BUILDING RETROFIT PROPERTY.—Section
3 179D, as amended by the preceding provisions of
4 this section, is amended by inserting after subsection
5 (e) the following new subsection:

6 “(f) ALTERNATIVE DEDUCTION FOR ENERGY EFFI-
7 CIENT BUILDING RETROFIT PROPERTY.—

8 “(1) IN GENERAL.—In the case of a taxpayer
9 which elects (at such time and in such manner as
10 the Secretary may provide) the application of this
11 subsection with respect to any qualified building,
12 there shall be allowed as a deduction for the taxable
13 year which includes the date of the qualifying final
14 certification with respect to the qualified retrofit
15 plan of such building, an amount equal to the lesser
16 of—

17 “(A) the excess described in subsection (b)
18 (determined by substituting ‘energy use inten-
19 sity’ for ‘total annual energy and power costs’
20 in paragraph (2) thereof), or

21 “(B) the aggregate adjusted basis (deter-
22 mined after taking into account all adjustments
23 with respect to such taxable year other than the
24 reduction under subsection (e)) of energy effi-
25 cient building retrofit property placed in service

1 by the taxpayer pursuant to such qualified retro-
2 fit plan.

3 “(2) QUALIFIED RETROFIT PLAN.—For pur-
4 poses of this subsection, the term ‘qualified retrofit
5 plan’ means a written plan prepared by a qualified
6 professional which specifies modifications to a build-
7 ing which, in the aggregate, are expected to reduce
8 such building’s energy use intensity by 25 percent or
9 more in comparison to the baseline energy use inten-
10 sity of such building. Such plan shall provide for a
11 qualified professional to—

12 “(A) as of any date during the 1-year pe-
13 riod ending on the date on which the property
14 installed pursuant to such plan is placed in
15 service, certify the energy use intensity of such
16 building as of such date,

17 “(B) certify the status of property installed
18 pursuant to such plan as meeting the require-
19 ments of subparagraphs (B) and (C) of para-
20 graph (3), and

21 “(C) as of any date that is more than 1
22 year after the date on which the property in-
23 stalled pursuant to such plan is placed in serv-
24 ice, certify the energy use intensity of such
25 building as of such date.

1 “(3) ENERGY EFFICIENT BUILDING RETROFIT
2 PROPERTY.—For purposes of this subsection, the
3 term ‘energy efficient building retrofit property’
4 means property—

5 “(A) with respect to which depreciation (or
6 amortization in lieu of depreciation) is allow-
7 able,

8 “(B) which is installed on or in any quali-
9 fied building,

10 “(C) which is installed as part of—

11 “(i) the interior lighting systems,

12 “(ii) the heating, cooling, ventilation,
13 and hot water systems, or

14 “(iii) the building envelope, and

15 “(D) which is certified in accordance with
16 paragraph (2)(B) as meeting the requirements
17 of subparagraphs (B) and (C).

18 “(4) QUALIFIED BUILDING.—For purposes of
19 this subsection, the term ‘qualified building’ means
20 any building which—

21 “(A) is located in the United States, and

22 “(B) was originally placed in service not
23 less than 5 years before the establishment of
24 the qualified retrofit plan with respect to such
25 building.

1 “(5) QUALIFYING FINAL CERTIFICATION.—For
2 purposes of this subsection, the term ‘qualifying
3 final certification’ means, with respect to any quali-
4 fied retrofit plan, the certification described in para-
5 graph (2)(C) if the energy use intensity certified in
6 such certification is not more than 75 percent of the
7 baseline energy use intensity of the building.

8 “(6) BASELINE ENERGY USE INTENSITY.—

9 “(A) IN GENERAL.—For purposes of this
10 subsection, the term ‘baseline energy use inten-
11 sity’ means the energy use intensity certified
12 under paragraph (2)(A), as adjusted to take
13 into account weather.

14 “(B) DETERMINATION OF ADJUSTMENT.—

15 For purposes of subparagraph (A), the adjust-
16 ments described in such subparagraph shall be
17 determined in such manner as the Secretary
18 may provide.

19 “(7) OTHER DEFINITIONS.—For purposes of
20 this subsection—

21 “(A) ENERGY USE INTENSITY.—The term
22 ‘energy use intensity’ means the annualized,
23 measured site energy use intensity determined
24 in accordance with such regulations or other

1 guidance as the Secretary may provide and
2 measured in British thermal units.

3 “(B) QUALIFIED PROFESSIONAL.—The
4 term ‘qualified professional’ means an indi-
5 vidual who is a licensed architect or a licensed
6 engineer and meets such other requirements as
7 the Secretary may provide.

8 “(8) COORDINATION WITH DEDUCTION OTHER-
9 WISE ALLOWED UNDER SUBSECTION (a).—

10 “(A) IN GENERAL.—In the case of any
11 building with respect to which an election is
12 made under paragraph (1), the term ‘energy ef-
13 ficient commercial building property’ shall not
14 include any energy efficient building retrofit
15 property with respect to which a deduction is
16 allowable under this subsection.

17 “(B) CERTAIN RULES NOT APPLICABLE.—

18 “(i) IN GENERAL.—Except as pro-
19 vided in clause (ii), subsection (d) shall not
20 apply for purposes of this subsection.

21 “(ii) ALLOCATION OF DEDUCTION BY
22 CERTAIN TAX-EXEMPT ENTITIES.—Rules
23 similar to subsection (d)(3) shall apply for
24 purposes of this subsection.”.

1 (8) INFLATION ADJUSTMENT.—Section
2 179D(g) is amended—

3 (A) by striking “2020” and inserting
4 “2022”,

5 (B) by striking “or subsection (d)(1)(A)”,
6 and

7 (C) by striking “2019” and inserting
8 “2021”.

9 (b) APPLICATION TO REAL ESTATE INVESTMENT
10 TRUST EARNINGS AND PROFITS.—Section 312(k)(3)(B)
11 is amended—

12 (1) by striking “For purposes of computing the
13 earnings and profits of a corporation” and inserting
14 the following:

15 “(i) IN GENERAL.—For purposes of
16 computing the earnings and profits of a
17 corporation, except as provided in clause
18 (ii)”, and

19 (2) by adding at the end the following new
20 clause:

21 “(ii) SPECIAL RULE.—In the case of a
22 corporation that is a real estate investment
23 trust, any amount deductible under section
24 179D shall be allowed in the year in which
25 the property giving rise to such deduction

1 is placed in service (or, in the case of en-
2 ergy efficient building retrofit property, the
3 year in which the qualifying final certifi-
4 cation is made).”.

5 (c) CONFORMING AMENDMENT.—Paragraph (1) of
6 section 179D(d), as redesignated by subsection (a)(5)(A),
7 is amended by striking “not later than the date that is
8 2 years before the date that construction of such property
9 begins” and inserting “not later than the date that is 4
10 years before the date such property is placed in service”.

11 (d) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as otherwise pro-
13 vided in this subsection, the amendments made by
14 this section shall apply to taxable years beginning
15 after December 31, 2022.

16 (2) ALTERNATIVE DEDUCTION FOR ENERGY EF-
17 FICIENT BUILDING RETROFIT PROPERTY.—Sub-
18 section (f) of section 179D of the Internal Revenue
19 Code of 1986 (as amended by this section), and any
20 other provision of such section solely for purposes of
21 applying such subsection, shall apply to property
22 placed in service after December 31, 2022 (in tax-
23 able years ending after such date) if such property
24 is placed in service pursuant to qualified retrofit

1 plan (within the meaning of such section) estab-
2 lished after such date.

3 **SEC. 13304. EXTENSION, INCREASE, AND MODIFICATIONS**
4 **OF NEW ENERGY EFFICIENT HOME CREDIT.**

5 (a) EXTENSION OF CREDIT.—Section 45L(g) is
6 amended by striking “December 31, 2021” and inserting
7 “December 31, 2032”.

8 (b) INCREASE IN CREDIT AMOUNTS.—Section
9 45L(a)(2) is amended to read as follows:

10 “(2) APPLICABLE AMOUNT.—For purposes of
11 paragraph (1), the applicable amount is an amount
12 equal to—

13 “(A) in the case of a dwelling unit which
14 is eligible to participate in the Energy Star
15 Residential New Construction Program or the
16 Energy Star Manufactured New Homes pro-
17 gram—

18 “(i) which meets the requirements of
19 subsection (c)(1)(A) (and which does not
20 meet the requirements of subsection
21 (c)(1)(B)), \$2,500, and

22 “(ii) which meets the requirements of
23 subsection (c)(1)(B), \$5,000, and

24 “(B) in the case of a dwelling unit which
25 is part of a building eligible to participate in

1 the Energy Star Multifamily New Construction
2 Program—

3 “(i) which meets the requirements of
4 subsection (c)(1)(A) (and which does not
5 meet the requirements of subsection
6 (c)(1)(B)), \$500, and

7 “(ii) which meets the requirements of
8 subsection (c)(1)(B), \$1,000.”.

9 (c) MODIFICATION OF ENERGY SAVING REQUIRE-
10 MENTS.—Section 45L(c) is amended to read as follows:

11 “(c) ENERGY SAVING REQUIREMENTS.—

12 “(1) IN GENERAL.—

13 “(A) IN GENERAL.—A dwelling unit meets
14 the requirements of this subparagraph if such
15 dwelling unit meets the requirements of para-
16 graph (2) or (3) (whichever is applicable).

17 “(B) ZERO ENERGY READY HOME PRO-
18 GRAM.—A dwelling unit meets the requirements
19 of this subparagraph if such dwelling unit is
20 certified as a zero energy ready home under the
21 zero energy ready home program of the Depart-
22 ment of Energy as in effect on January 1, 2023
23 (or any successor program determined by the
24 Secretary).

1 “(2) SINGLE-FAMILY HOME REQUIREMENTS.—

2 A dwelling unit meets the requirements of this para-
3 graph if—

4 “(A) such dwelling unit meets—

5 “(i)(I) in the case of a dwelling unit
6 acquired before January 1, 2025, the En-
7 ergy Star Single-Family New Homes Na-
8 tional Program Requirements 3.1, or

9 “(II) in the case of a dwelling unit ac-
10 quired after December 31, 2024, the En-
11 ergy Star Single-Family New Homes Na-
12 tional Program Requirements 3.2, and

13 “(ii) the most recent Energy Star Sin-
14 gle-Family New Homes Program Require-
15 ments applicable to the location of such
16 dwelling unit (as in effect on the latter of
17 January 1, 2023, or January 1 of two cal-
18 endar years prior to the date the dwelling
19 unit was acquired), or

20 “(B) such dwelling unit meets the most re-
21 cent Energy Star Manufactured Home National
22 program requirements as in effect on the latter
23 of January 1, 2023, or January 1 of two cal-
24 endar years prior to the date such dwelling unit
25 is acquired.

1 “(3) MULTI-FAMILY HOME REQUIREMENTS.—A
2 dwelling unit meets the requirements of this para-
3 graph if—

4 “(A) such dwelling unit meets the most re-
5 cent Energy Star Multifamily New Construction
6 National Program Requirements (as in effect
7 on either January 1, 2023, or January 1 of
8 three calendar years prior to the date the dwell-
9 ing was acquired, whichever is later), and

10 “(B) such dwelling unit meets the most re-
11 cent Energy Star Multifamily New Construction
12 Regional Program Requirements applicable to
13 the location of such dwelling unit (as in effect
14 on either January 1, 2023, or January 1 of
15 three calendar years prior to the date the dwell-
16 ing was acquired, whichever is later).”.

17 (d) PREVAILING WAGE REQUIREMENT.—Section
18 45L is amended by redesignating subsection (g) as sub-
19 section (h) and by inserting after subsection (f) the fol-
20 lowing new subsection:

21 “(g) PREVAILING WAGE REQUIREMENT.—

22 “(1) IN GENERAL.—In the case of a qualifying
23 residence described in subsection (b)(2)(B) meeting
24 the prevailing wage requirements of paragraph

1 (2)(A), the credit amount allowed with respect to
2 such residence shall be—

3 “(A) \$2,500 in the case of a residence
4 which meets the requirements of subparagraph
5 (A) of subsection (c)(1) (and which does not
6 meet the requirements of subparagraph (B) of
7 such subsection), and

8 “(B) \$5,000 in the case of a residence
9 which meets the requirements of subsection
10 (c)(1)(B).

11 “(2) PREVAILING WAGE REQUIREMENTS.—

12 “(A) IN GENERAL.—The requirements de-
13 scribed in this subparagraph with respect to
14 any qualified residence are that the taxpayer
15 shall ensure that any laborers and mechanics
16 employed by contractors and subcontractors in
17 the construction of such residence shall be paid
18 wages at rates not less than the prevailing rates
19 for construction, alteration, or repair of a simi-
20 lar character in the locality in which such resi-
21 dence is located as most recently determined by
22 the Secretary of Labor, in accordance with sub-
23 chapter IV of chapter 31 of title 40, United
24 States Code.

1 “(B) CORRECTION AND PENALTY RELATED
2 TO FAILURE TO SATISFY WAGE REQUIRE-
3 MENTS.—Rules similar to the rules of section
4 45(b)(7)(B) shall apply.

5 “(3) REGULATIONS AND GUIDANCE.—The Sec-
6 retary shall issue such regulations or other guidance
7 as the Secretary determines necessary or appropriate
8 to carry out the purposes of this subsection, includ-
9 ing regulations or other guidance which provides for
10 requirements for recordkeeping or information re-
11 porting for purposes of administering the require-
12 ments of this subsection.”.

13 (e) BASIS ADJUSTMENT.—Section 45L(e) is amended
14 by inserting after the first sentence the following: “This
15 subsection shall not apply for purposes of determining the
16 adjusted basis of any building under section 42.”.

17 (f) EFFECTIVE DATES.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), the amendments made by this section
20 shall apply to dwelling units acquired after Decem-
21 ber 31, 2022.

22 (2) EXTENSION OF CREDIT.—The amendments
23 made by subsection (a) shall apply to dwelling units
24 acquired after December 31, 2021.

1 “(5) FINAL ASSEMBLY.—For purposes of para-
2 graph (1)(G), the term ‘final assembly’ means the
3 process by which a manufacturer produces a new
4 clean vehicle at, or through the use of, a plant, fac-
5 tory, or other place from which the vehicle is deliv-
6 ered to a dealer or importer with all component
7 parts necessary for the mechanical operation of the
8 vehicle included with the vehicle, whether or not the
9 component parts are permanently installed in or on
10 the vehicle.”.

11 (c) DEFINITION OF NEW CLEAN VEHICLE.—

12 (1) IN GENERAL.—Section 30D(d), as amended
13 by the preceding provisions of this section, is amend-
14 ed—

15 (A) in the heading, by striking “QUALI-
16 FIED PLUG-IN ELECTRIC DRIVE MOTOR” and
17 inserting “CLEAN”,

18 (B) in paragraph (1)—

19 (i) in the matter preceding subpara-
20 graph (A), by striking “qualified plug-in
21 electric drive motor” and inserting
22 “clean”,

23 (ii) in subparagraph (C), by inserting
24 “qualified” before “manufacturer”,

25 (iii) in subparagraph (F)—

1 (I) in clause (i), by striking “4”
2 and inserting “7”, and

3 (II) in clause (ii), by striking
4 “and” at the end,

5 (iv) in subparagraph (G), by striking
6 the period at the end and inserting “,
7 and”, and

8 (v) by adding at the end the following:

9 “(H) for which the person who sells any
10 vehicle to the taxpayer furnishes a report to the
11 taxpayer and to the Secretary, at such time and
12 in such manner as the Secretary shall provide,
13 containing—

14 “(i) the name and taxpayer identifica-
15 tion number of the taxpayer,

16 “(ii) the vehicle identification number
17 of the vehicle, unless, in accordance with
18 any applicable rules promulgated by the
19 Secretary of Transportation, the vehicle is
20 not assigned such a number,

21 “(iii) the battery capacity of the vehi-
22 cle,

23 “(iv) verification that original use of
24 the vehicle commences with the taxpayer,
25 and

1 “(v) the maximum credit under this
2 section allowable to the taxpayer with re-
3 spect to the vehicle.”,

4 (C) in paragraph (3)—

5 (i) in the heading, by striking “MANU-
6 FACTURER” and inserting “QUALIFIED
7 MANUFACTURER”,

8 (ii) by striking “The term ‘manufac-
9 turer’ has the meaning given such term in”
10 and inserting “The term ‘qualified manu-
11 facturer’ means any manufacturer (within
12 the meaning of the”, and

13 (iii) by inserting “) which enters into
14 a written agreement with the Secretary
15 under which such manufacturer agrees to
16 make periodic written reports to the Sec-
17 retary (at such times and in such manner
18 as the Secretary may provide) providing
19 vehicle identification numbers and such
20 other information related to each vehicle
21 manufactured by such manufacturer as the
22 Secretary may require” before the period
23 at the end, and

24 (D) by adding at the end the following:

1 “(6) NEW QUALIFIED FUEL CELL MOTOR VEHI-
2 CLE.—For purposes of this section, the term ‘new
3 clean vehicle’ shall include any new qualified fuel cell
4 motor vehicle (as defined in section 30B(b)(3))
5 which meets the requirements under subparagraphs
6 (G) and (H) of paragraph (1).”.

7 (2) CONFORMING AMENDMENTS.—Section 30D
8 is amended—

9 (A) in subsection (a), by striking “new
10 qualified plug-in electric drive motor vehicle”
11 and inserting “new clean vehicle”, and

12 (B) in subsection (b)(1), by striking “new
13 qualified plug-in electric drive motor vehicle”
14 and inserting “new clean vehicle”.

15 (d) ELIMINATION OF LIMITATION ON NUMBER OF
16 VEHICLES ELIGIBLE FOR CREDIT.—Section 30D is
17 amended by striking subsection (e).

18 (e) CRITICAL MINERAL AND BATTERY COMPONENT
19 REQUIREMENTS.—

20 (1) IN GENERAL.—Section 30D, as amended by
21 the preceding provisions of this section, is amended
22 by inserting after subsection (d) the following:

23 “(e) CRITICAL MINERAL AND BATTERY COMPONENT
24 REQUIREMENTS.—

25 “(1) CRITICAL MINERALS REQUIREMENT.—

1 “(A) IN GENERAL.—The requirement de-
2 scribed in this subparagraph with respect to a
3 vehicle is that, with respect to the battery from
4 which the electric motor of such vehicle draws
5 electricity, the percentage of the value of the
6 applicable critical minerals (as defined in sec-
7 tion 45X(c)(6)) contained in such battery that
8 were—

9 “(i) extracted or processed in any
10 country with which the United States has
11 a free trade agreement in effect, or

12 “(ii) recycled in North America,
13 is equal to or greater than the applicable per-
14 centage (as certified by the qualified manufac-
15 turer, in such form or manner as prescribed by
16 the Secretary).

17 “(B) APPLICABLE PERCENTAGE.—For
18 purposes of subparagraph (A), the applicable
19 percentage shall be—

20 “(i) in the case of a vehicle placed in
21 service after the date on which the pro-
22 posed guidance described in paragraph
23 (3)(B) is issued by the Secretary and be-
24 fore January 1, 2024, 40 percent,

1 “(ii) in the case of a vehicle placed in
2 service during calendar year 2024, 50 per-
3 cent,

4 “(iii) in the case of a vehicle placed in
5 service during calendar year 2025, 60 per-
6 cent,

7 “(iv) in the case of a vehicle placed in
8 service during calendar year 2026, 70 per-
9 cent, and

10 “(v) in the case of a vehicle placed in
11 service after December 31, 2026, 80 per-
12 cent.

13 “(2) BATTERY COMPONENTS.—

14 “(A) IN GENERAL.—The requirement de-
15 scribed in this subparagraph with respect to a
16 vehicle is that, with respect to the battery from
17 which the electric motor of such vehicle draws
18 electricity, the percentage of the value of the
19 components contained in such battery that were
20 manufactured or assembled in North America is
21 equal to or greater than the applicable percent-
22 age (as certified by the qualified manufacturer,
23 in such form or manner as prescribed by the
24 Secretary).

1 “(B) APPLICABLE PERCENTAGE.—For
2 purposes of subparagraph (A), the applicable
3 percentage shall be—

4 “(i) in the case of a vehicle placed in
5 service after the date on which the pro-
6 posed guidance described in paragraph
7 (3)(B) is issued by the Secretary and be-
8 fore January 1, 2024, 50 percent,

9 “(ii) in the case of a vehicle placed in
10 service during calendar year 2024 or 2025,
11 60 percent,

12 “(iii) in the case of a vehicle placed in
13 service during calendar year 2026, 70 per-
14 cent,

15 “(iv) in the case of a vehicle placed in
16 service during calendar year 2027, 80 per-
17 cent,

18 “(v) in the case of a vehicle placed in
19 service during calendar year 2028, 90 per-
20 cent,

21 “(vi) in the case of a vehicle placed in
22 service after December 31, 2028, 100 per-
23 cent.

24 “(3) REGULATIONS AND GUIDANCE.—

1 “(A) IN GENERAL.—The Secretary shall
2 issue such regulations or other guidance as the
3 Secretary determines necessary or appropriate
4 to carry out the purposes of this subsection, in-
5 cluding regulations or other guidance which
6 provides for requirements for recordkeeping or
7 information reporting for purposes of admin-
8 istering the requirements of this subsection.

9 “(B) DEADLINE FOR PROPOSED GUID-
10 ANCE.—Not later than December 31, 2022, the
11 Secretary shall issue proposed guidance with re-
12 spect to the requirements under this sub-
13 section.”.

14 (2) EXCLUDED ENTITIES.—Section 30D(d), as
15 amended by the preceding provisions of this section,
16 is amended by adding at the end the following:

17 “(7) EXCLUDED ENTITIES.—For purposes of
18 this section, the term ‘new clean vehicle’ shall not in-
19 clude—

20 “(A) any vehicle placed in service after De-
21 cember 31, 2024, with respect to which any of
22 the applicable critical minerals contained in the
23 battery of such vehicle (as described in sub-
24 section (e)(1)(A)) were extracted, processed, or
25 recycled by a foreign entity of concern (as de-

1 fined in section 40207(a)(5) of the Infrastruc-
2 ture Investment and Jobs Act (42 U.S.C.
3 18741(a)(5))), or

4 “(B) any vehicle placed in service after De-
5 cember 31, 2023, with respect to which any of
6 the components contained in the battery of such
7 vehicle (as described in subsection (e)(2)(A))
8 were manufactured or assembled by a foreign
9 entity of concern (as so defined).”.

10 (f) SPECIAL RULES.—Section 30D(f) is amended by
11 adding at the end the following:

12 “(8) ONE CREDIT PER VEHICLE.—In the case
13 of any vehicle, the credit described in subsection (a)
14 shall only be allowed once with respect to such vehi-
15 cle, as determined based upon the vehicle identifica-
16 tion number of such vehicle.

17 “(9) VIN REQUIREMENT.—No credit shall be
18 allowed under this section with respect to any vehicle
19 unless the taxpayer includes the vehicle identification
20 number of such vehicle on the return of tax for the
21 taxable year.

22 “(10) LIMITATION BASED ON MODIFIED AD-
23 JUSTED GROSS INCOME.—

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1 “(A) IN GENERAL.—No credit shall be al-
2 lowed under subsection (a) for any taxable year
3 if—

4 “(i) the lesser of—

5 “(I) the modified adjusted gross
6 income of the taxpayer for such tax-
7 able year, or

8 “(II) the modified adjusted gross
9 income of the taxpayer for the pre-
10 ceding taxable year, exceeds

11 “(ii) the threshold amount.

12 “(B) THRESHOLD AMOUNT.—For purposes
13 of subparagraph (A)(ii), the threshold amount
14 shall be—

15 “(i) in the case of a joint return or a
16 surviving spouse (as defined in section
17 2(a)), \$300,000,

18 “(ii) in the case of a head of house-
19 hold (as defined in section 2(b)),
20 \$225,000, and

21 “(iii) in the case of a taxpayer not de-
22 scribed in clause (i) or (ii), \$150,000.

23 “(C) MODIFIED ADJUSTED GROSS IN-
24 COME.—For purposes of this paragraph, the
25 term ‘modified adjusted gross income’ means

1 adjusted gross income increased by any amount
2 excluded from gross income under section 911,
3 931, or 933.

4 “(11) MANUFACTURER’S SUGGESTED RETAIL
5 PRICE LIMITATION.—

6 “(A) IN GENERAL.—No credit shall be al-
7 lowed under subsection (a) for a vehicle with a
8 manufacturer’s suggested retail price in excess
9 of the applicable limitation.

10 “(B) APPLICABLE LIMITATION.—For pur-
11 poses of subparagraph (A), the applicable limi-
12 tation for each vehicle classification is as fol-
13 lows:

14 “(i) VANS.—In the case of a van,
15 \$80,000.

16 “(ii) SPORT UTILITY VEHICLES.—In
17 the case of a sport utility vehicle, \$80,000.

18 “(iii) PICKUP TRUCKS.—In the case of
19 a pickup truck, \$80,000.

20 “(iv) OTHER.—In the case of any
21 other vehicle, \$55,000.

22 “(C) REGULATIONS AND GUIDANCE.—For
23 purposes of this paragraph, the Secretary shall
24 prescribe such regulations or other guidance as
25 the Secretary determines necessary or appro-

1 priate for determining vehicle classifications
2 using criteria similar to that employed by the
3 Environmental Protection Agency and the De-
4 partment of the Energy to determine size and
5 class of vehicles.”.

6 (g) TRANSFER OF CREDIT.—

7 (1) IN GENERAL.—Section 30D is amended by
8 striking subsection (g) and inserting the following:

9 “(g) TRANSFER OF CREDIT.—

10 “(1) IN GENERAL.—Subject to such regulations
11 or other guidance as the Secretary determines nec-
12 essary or appropriate, if the taxpayer who acquires
13 a new clean vehicle elects the application of this sub-
14 section with respect to such vehicle, the credit which
15 would (but for this subsection) be allowed to such
16 taxpayer with respect to such vehicle shall be al-
17 lowed to the eligible entity specified in such election
18 (and not to such taxpayer).

19 “(2) ELIGIBLE ENTITY.—For purposes of this
20 subsection, the term ‘eligible entity’ means, with re-
21 spect to the vehicle for which the credit is allowed
22 under subsection (a), the dealer which sold such ve-
23 hicle to the taxpayer and has—

24 “(A) subject to paragraph (4), registered
25 with the Secretary for purposes of this para-

1 graph, at such time, and in such form and
2 manner, as the Secretary may prescribe,

3 “(B) prior to the election described in
4 paragraph (1) and not later than at the time of
5 such sale, disclosed to the taxpayer purchasing
6 such vehicle—

7 “(i) the manufacturer’s suggested re-
8 tail price,

9 “(ii) the value of the credit allowed
10 and any other incentive available for the
11 purchase of such vehicle, and

12 “(iii) the amount provided by the
13 dealer to such taxpayer as a condition of
14 the election described in paragraph (1),

15 “(C) not later than at the time of such
16 sale, made payment to such taxpayer (whether
17 in cash or in the form of a partial payment or
18 down payment for the purchase of such vehicle)
19 in an amount equal to the credit otherwise al-
20 lowable to such taxpayer, and

21 “(D) with respect to any incentive other-
22 wise available for the purchase of a vehicle for
23 which a credit is allowed under this section, in-
24 cluding any incentive in the form of a rebate or

1 discount provided by the dealer or manufac-
2 turer, ensured that—

3 “(i) the availability or use of such in-
4 centive shall not limit the ability of a tax-
5 payer to make an election described in
6 paragraph (1), and

7 “(ii) such election shall not limit the
8 value or use of such incentive.

9 “(3) TIMING.—An election described in para-
10 graph (1) shall be made by the taxpayer not later
11 than the date on which the vehicle for which the
12 credit is allowed under subsection (a) is purchased.

13 “(4) REVOCATION OF REGISTRATION.—Upon
14 determination by the Secretary that a dealer has
15 failed to comply with the requirements described in
16 paragraph (2), the Secretary may revoke the reg-
17 istration (as described in subparagraph (A) of such
18 paragraph) of such dealer.

19 “(5) TAX TREATMENT OF PAYMENTS.—With
20 respect to any payment described in paragraph
21 (2)(C), such payment—

22 “(A) shall not be includible in the gross in-
23 come of the taxpayer, and

24 “(B) with respect to the dealer, shall not
25 be deductible under this title.

1 “(6) APPLICATION OF CERTAIN OTHER RE-
2 QUIREMENTS.—In the case of any election under
3 paragraph (1) with respect to any vehicle—

4 “(A) the requirements of paragraphs (1)
5 and (2) of subsection (f) shall apply to the tax-
6 payer who acquired the vehicle in the same
7 manner as if the credit determined under this
8 section with respect to such vehicle were al-
9 lowed to such taxpayer,

10 “(B) paragraph (6) of such subsection
11 shall not apply, and

12 “(C) the requirement of paragraph (9) of
13 such subsection (f) shall be treated as satisfied
14 if the eligible entity provides the vehicle identi-
15 fication number of such vehicle to the Secretary
16 in such manner as the Secretary may provide.

17 “(7) ADVANCE PAYMENT TO REGISTERED
18 DEALERS.—

19 “(A) IN GENERAL.—The Secretary shall
20 establish a program to make advance payments
21 to any eligible entity in an amount equal to the
22 cumulative amount of the credits allowed under
23 subsection (a) with respect to any vehicles sold
24 by such entity for which an election described
25 in paragraph (1) has been made.

1 “(B) EXCESSIVE PAYMENTS.—Rules simi-
2 lar to the rules of section 6417(c)(6) shall apply
3 for purposes of this paragraph.

4 “(C) TREATMENT OF ADVANCE PAY-
5 MENTS.—For purposes of section 1324 of title
6 31, United States Code, the payments under
7 subparagraph (A) shall be treated in the same
8 manner as a refund due from a credit provision
9 referred to in subsection (b)(2) of such section.

10 “(8) DEALER.—For purposes of this sub-
11 section, the term ‘dealer’ means a person licensed by
12 a State, the District of Columbia, the Common-
13 wealth of Puerto Rico, any other territory or posses-
14 sion of the United States, an Indian tribal govern-
15 ment, or any Alaska Native Corporation (as defined
16 in section 3 of the Alaska Native Claims Settlement
17 Act (43 U.S.C. 1602(m)) to engage in the sale of ve-
18 hicles.

19 “(9) INDIAN TRIBAL GOVERNMENT.—For pur-
20 poses of this subsection, the term ‘Indian tribal gov-
21 ernment’ means the recognized governing body of
22 any Indian or Alaska Native tribe, band, nation,
23 pueblo, village, community, component band, or com-
24 ponent reservation, individually identified (including
25 parenthetically) in the list published most recently as

1 of the date of enactment of this subsection pursuant
2 to section 104 of the Federally Recognized Indian
3 Tribe List Act of 1994 (25 U.S.C. 5131).”.

4 (2) CONFORMING AMENDMENTS.—Section 30D,
5 as amended by the preceding provisions of this sec-
6 tion, is amended—

7 (A) in subsection (d)(1)(H) of such sec-
8 tion—

9 (i) in clause (iv), by striking “and” at
10 the end,

11 (ii) in clause (v), by striking the pe-
12 riod at the end and inserting “, and”, and

13 (iii) by adding at the end the fol-
14 lowing:

15 “(vi) in the case of a taxpayer who
16 makes an election under subsection (g)(1),
17 any amount described in subsection
18 (g)(2)(C) which has been provided to such
19 taxpayer.”, and

20 (B) in subsection (f)—

21 (i) by striking paragraph (3), and

22 (ii) in paragraph (8), by inserting “,
23 including any vehicle with respect to which
24 the taxpayer elects the application of sub-
25 section (g)” before the period at the end.

1 (h) TERMINATION.—Section 30D is amended by add-
2 ing at the end the following:

3 “(h) TERMINATION.—No credit shall be allowed
4 under this section with respect to any vehicle placed in
5 service after December 31, 2032.”.

6 (i) ADDITIONAL CONFORMING AMENDMENTS.—

7 (1) The heading of section 30D is amended by
8 striking “**NEW QUALIFIED PLUG-IN ELECTRIC**
9 **DRIVE MOTOR VEHICLES**” and inserting “**CLEAN**
10 **VEHICLE CREDIT**”.

11 (2) Section 30B is amended—

12 (A) in subsection (h)(8), by striking “, ex-
13 cept that no benefit shall be recaptured if such
14 property ceases to be eligible for such credit by
15 reason of conversion to a qualified plug-in elec-
16 tric drive motor vehicle”, and

17 (B) by striking subsection (i).

18 (3) Section 38(b)(30) is amended by striking
19 “qualified plug-in electric drive motor” and inserting
20 “clean”.

21 (4) Section 6213(g)(2), as amended by the pre-
22 ceding provisions of this Act, is amended—

23 (A) in subparagraph (R), by striking
24 “and” at the end,

1 (B) in subparagraph (S), by striking the
2 period at the end and inserting “, and”, and

3 (C) by inserting after subparagraph (S)
4 the following:

5 “(T) an omission of a correct vehicle iden-
6 tification number required under section
7 30D(f)(9) (relating to credit for new clean vehi-
8 cles) to be included on a return.”.

9 (5) Section 6501(m) is amended by striking
10 “30D(e)(4)” and inserting “30D(f)(6)”.

11 (6) The table of sections for subpart B of part
12 IV of subchapter A of chapter 1 is amended by
13 striking the item relating to section 30D and insert-
14 ing after the item relating to section 30C the fol-
15 lowing item:

“Sec. 30D. Clean vehicle credit.”.

16 (j) GROSS-UP OF DIRECT SPENDING.—Beginning in
17 fiscal year 2023 and each fiscal year thereafter, the por-
18 tion of any credit allowed to an eligible entity (as defined
19 in section 30D(g)(2) of the Internal Revenue Code of
20 1986) pursuant to an election made under section 30D(g)
21 of the Internal Revenue Code of 1986 that is direct spend-
22 ing shall be increased by 6.0445 percent.

23 (k) EFFECTIVE DATES.—

24 (1) IN GENERAL.—Except as provided in para-
25 graphs (2), (3), (4), and (5), the amendments made

1 by this section shall apply to vehicles placed in serv-
2 ice after December 31, 2022.

3 (2) FINAL ASSEMBLY.—The amendments made
4 by subsection (b) shall apply to vehicles sold after
5 the date of enactment of this Act.

6 (3) PER VEHICLE DOLLAR LIMITATION AND RE-
7 LATED REQUIREMENTS.—The amendments made by
8 subsections (a) and (e) shall apply to vehicles placed
9 in service after the date on which the proposed guid-
10 ance described in paragraph (3)(B) of section
11 30D(e) of the Internal Revenue Code of 1986 (as
12 added by subsection (e)) is issued by the Secretary
13 of the Treasury (or the Secretary’s delegate).

14 (4) TRANSFER OF CREDIT.—The amendments
15 made by subsection (g) shall apply to vehicles placed
16 in service after December 31, 2023.

17 (5) ELIMINATION OF MANUFACTURER LIMITA-
18 TION.—The amendment made by subsection (d)
19 shall apply to vehicles sold after December 31, 2022.

20 (l) TRANSITION RULE.—Solely for purposes of the
21 application of section 30D of the Internal Revenue Code
22 of 1986, in the case of a taxpayer that—

23 (1) after December 31, 2021, and before the
24 date of enactment of this Act, purchased, or entered
25 into a written binding contract to purchase, a new

1 qualified plug-in electric drive motor vehicle (as de-
2 fined in section 30D(d)(1) of the Internal Revenue
3 Code of 1986, as in effect on the day before the date
4 of enactment of this Act), and

5 (2) placed such vehicle in service on or after the
6 date of enactment of this Act,

7 such taxpayer may elect (at such time, and in such form
8 and manner, as the Secretary of the Treasury, or the Sec-
9 retary's delegate, may prescribe) to treat such vehicle as
10 having been placed in service on the day before the date
11 of enactment of this Act.

12 **SEC. 13402. CREDIT FOR PREVIOUSLY-OWNED CLEAN VEHI-**
13 **CLES.**

14 (a) IN GENERAL.—Subpart A of part IV of sub-
15 chapter A of chapter 1 is amended by inserting after sec-
16 tion 25D the following new section:

17 **“SEC. 25E. PREVIOUSLY-OWNED CLEAN VEHICLES.**

18 “(a) ALLOWANCE OF CREDIT.—In the case of a
19 qualified buyer who during a taxable year places in service
20 a previously-owned clean vehicle, there shall be allowed as
21 a credit against the tax imposed by this chapter for the
22 taxable year an amount equal to the lesser of—

23 “(1) \$4,000, or

24 “(2) the amount equal to 30 percent of the sale
25 price with respect to such vehicle.

1 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
2 GROSS INCOME.—

3 “(1) IN GENERAL.—No credit shall be allowed
4 under subsection (a) for any taxable year if—

5 “(A) the lesser of—

6 “(i) the modified adjusted gross in-
7 come of the taxpayer for such taxable year,
8 or

9 “(ii) the modified adjusted gross in-
10 come of the taxpayer for the preceding tax-
11 able year, exceeds

12 “(B) the threshold amount.

13 “(2) THRESHOLD AMOUNT.—For purposes of
14 paragraph (1)(B), the threshold amount shall be—

15 “(A) in the case of a joint return or a sur-
16 viving spouse (as defined in section 2(a)),
17 \$150,000,

18 “(B) in the case of a head of household (as
19 defined in section 2(b)), \$112,500, and

20 “(C) in the case of a taxpayer not de-
21 scribed in subparagraph (A) or (B), \$75,000.

22 “(3) MODIFIED ADJUSTED GROSS INCOME.—
23 For purposes of this subsection, the term ‘modified
24 adjusted gross income’ means adjusted gross income

1 increased by any amount excluded from gross in-
2 come under section 911, 931, or 933.

3 “(c) DEFINITIONS.—For purposes of this section—

4 “(1) PREVIOUSLY-OWNED CLEAN VEHICLE.—
5 The term ‘previously-owned clean vehicle’ means,
6 with respect to a taxpayer, a motor vehicle—

7 “(A) the model year of which is at least 2
8 years earlier than the calendar year in which
9 the taxpayer acquires such vehicle,

10 “(B) the original use of which commences
11 with a person other than the taxpayer,

12 “(C) which is acquired by the taxpayer in
13 a qualified sale, and

14 “(D) which—

15 “(i) meets the requirements of sub-
16 paragraphs (C), (D), (E), (F), and (H)
17 (except for clause (iv) thereof) of section
18 30D(d)(1), or

19 “(ii) is a motor vehicle which—

20 “(I) satisfies the requirements
21 under subparagraphs (A) and (B) of
22 section 30B(b)(3), and

23 “(II) has a gross vehicle weight
24 rating of less than 14,000 pounds.

1 “(2) QUALIFIED SALE.—The term ‘qualified
2 sale’ means a sale of a motor vehicle—

3 “(A) by a dealer (as defined in section
4 30D(g)(8)),

5 “(B) for a sale price which does not exceed
6 \$25,000, and

7 “(C) which is the first transfer since the
8 date of the enactment of this section to a quali-
9 fied buyer other than the person with whom the
10 original use of such vehicle commenced.

11 “(3) QUALIFIED BUYER.—The term ‘qualified
12 buyer’ means, with respect to a sale of a motor vehi-
13 cle, a taxpayer—

14 “(A) who is an individual,

15 “(B) who purchases such vehicle for use
16 and not for resale,

17 “(C) with respect to whom no deduction is
18 allowable with respect to another taxpayer
19 under section 151, and

20 “(D) who has not been allowed a credit
21 under this section for any sale during the 3-
22 year period ending on the date of the sale of
23 such vehicle.

24 “(4) MOTOR VEHICLE; CAPACITY.—The terms
25 ‘motor vehicle’ and ‘capacity’ have the meaning

1 given such terms in paragraphs (2) and (4) of sec-
2 tion 30D(d), respectively.

3 “(d) VIN NUMBER REQUIREMENT.—No credit shall
4 be allowed under subsection (a) with respect to any vehicle
5 unless the taxpayer includes the vehicle identification
6 number of such vehicle on the return of tax for the taxable
7 year.

8 “(e) APPLICATION OF CERTAIN RULES.—For pur-
9 poses of this section, rules similar to the rules of section
10 30D(f) (without regard to paragraph (10) or (11) thereof)
11 shall apply for purposes of this section.

12 “(f) TERMINATION.—No credit shall be allowed
13 under this section with respect to any vehicle acquired
14 after December 31, 2032.”.

15 (b) TRANSFER OF CREDIT.—Section 25E, as added
16 by subsection (a), is amended—

17 (1) by redesignating subsection (f) as sub-
18 section (g), and

19 (2) by inserting after subsection (e) the fol-
20 lowing:

21 “(f) TRANSFER OF CREDIT.—Rules similar to the
22 rules of section 30D(g) shall apply.”.

23 (c) CONFORMING AMENDMENTS.—Section
24 6213(g)(2), as amended by the preceding provisions of
25 this Act, is amended—

1 (1) in subparagraph (S), by striking “and” at
2 the end,

3 (2) in subparagraph (T), by striking the period
4 at the end and inserting “, and”, and

5 (3) by inserting after subparagraph (T) the fol-
6 lowing:

7 “(U) an omission of a correct vehicle iden-
8 tification number required under section 25E(d)
9 (relating to credit for previously-owned clean
10 vehicles) to be included on a return.”.

11 (d) CLERICAL AMENDMENT.—The table of sections
12 for subpart A of part IV of subchapter A of chapter 1
13 is amended by inserting after the item relating to section
14 25D the following new item:

 “Sec. 25E. Previously-owned clean vehicles.”.

15 (e) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2), the amendments made by this section
18 shall apply to vehicles acquired after December 31,
19 2022.

20 (2) TRANSFER OF CREDIT.—The amendments
21 made by subsection (b) shall apply to vehicles ac-
22 quired after December 31, 2023.

23 **SEC. 13403. QUALIFIED COMMERCIAL CLEAN VEHICLES.**

24 (a) IN GENERAL.—Subpart D of part IV of sub-
25 chapter A of chapter 1, as amended by the preceding pro-

1 visions of this Act, is amended by adding at the end the
2 following new section:

3 **“SEC. 45W. CREDIT FOR QUALIFIED COMMERCIAL CLEAN**
4 **VEHICLES.**

5 “(a) IN GENERAL.—For purposes of section 38, the
6 qualified commercial clean vehicle credit for any taxable
7 year is an amount equal to the sum of the credit amounts
8 determined under subsection (b) with respect to each
9 qualified commercial clean vehicle placed in service by the
10 taxpayer during the taxable year.

11 “(b) PER VEHICLE AMOUNT.—

12 “(1) IN GENERAL.—Subject to paragraph (4),
13 the amount determined under this subsection with
14 respect to any qualified commercial clean vehicle
15 shall be equal to the lesser of—

16 “(A) 15 percent of the basis of such vehi-
17 cle (30 percent in the case of a vehicle not pow-
18 ered by a gasoline or diesel internal combustion
19 engine), or

20 “(B) the incremental cost of such vehicle.

21 “(2) INCREMENTAL COST.—For purposes of
22 paragraph (1)(B), the incremental cost of any quali-
23 fied commercial clean vehicle is an amount equal to
24 the excess of the purchase price for such vehicle over
25 such price of a comparable vehicle.

1 “(3) COMPARABLE VEHICLE.—For purposes of
2 this subsection, the term ‘comparable vehicle’ means,
3 with respect to any qualified commercial clean vehi-
4 cle, any vehicle which is powered solely by a gasoline
5 or diesel internal combustion engine and which is
6 comparable in size and use to such vehicle.

7 “(4) LIMITATION.—The amount determined
8 under this subsection with respect to any qualified
9 commercial clean vehicle shall not exceed—

10 “(A) in the case of a vehicle which has a
11 gross vehicle weight rating of less than 14,000
12 pounds, \$7,500, and

13 “(B) in the case of a vehicle not described
14 in subparagraph (A), \$40,000.

15 “(c) QUALIFIED COMMERCIAL CLEAN VEHICLE.—
16 For purposes of this section, the term ‘qualified commer-
17 cial clean vehicle’ means any vehicle which—

18 “(1) meets the requirements of section
19 30D(d)(1)(C) and is acquired for use or lease by the
20 taxpayer and not for resale,

21 “(2) either—

22 “(A) meets the requirements of subpara-
23 graph (D) of section 30D(d)(1) and is manufac-
24 tured primarily for use on public streets, roads,

1 and highways (not including a vehicle operated
2 exclusively on a rail or rails), or

3 “(B) is mobile machinery, as defined in
4 section 4053(8) (including vehicles that are not
5 designed to perform a function of transporting
6 a load over the public highways),

7 “(3) either—

8 “(A) is propelled to a significant extent by
9 an electric motor which draws electricity from a
10 battery which has a capacity of not less than 15
11 kilowatt hours (or, in the case of a vehicle
12 which has a gross vehicle weight rating of less
13 than 14,000 pounds, 7 kilowatt hours) and is
14 capable of being recharged from an external
15 source of electricity, or

16 “(B) is a motor vehicle which satisfies the
17 requirements under subparagraphs (A) and (B)
18 of section 30B(b)(3), and

19 “(4) is of a character subject to the allowance
20 for depreciation.

21 “(d) SPECIAL RULES.—

22 “(1) IN GENERAL.—Subject to paragraph (2),
23 rules similar to the rules under subsection (f) of sec-
24 tion 30D shall apply for purposes of this section.

1 “(2) RECAPTURE.—The Secretary shall, by reg-
2 ulations or other guidance, provide for recapturing
3 the benefit of any credit allowed under subsection
4 (a) with respect to any property which ceases to be
5 property eligible for such credit.

6 “(3) VEHICLES PLACED IN SERVICE BY TAX-
7 EXEMPT ENTITIES.—Subsection (c)(4) shall not
8 apply to any vehicle which is not subject to a lease
9 and which is placed in service by a tax-exempt entity
10 described in clause (i), (ii), or (iv) of section
11 168(h)(2)(A).

12 “(4) NO DOUBLE BENEFIT.—No credit shall be
13 allowed under this section with respect to any vehicle
14 for which a credit was allowed under section 30D.

15 “(e) VIN NUMBER REQUIREMENT.—No credit shall
16 be determined under subsection (a) with respect to any
17 vehicle unless the taxpayer includes the vehicle identifica-
18 tion number of such vehicle on the return of tax for the
19 taxable year.

20 “(f) REGULATIONS AND GUIDANCE.—The Secretary
21 shall issue such regulations or other guidance as the Sec-
22 retary determines necessary or appropriate to carry out
23 the purposes of this section, including regulations or other
24 guidance relating to determination of the incremental cost
25 of any qualified commercial clean vehicle.

1 “(g) TERMINATION.—No credit shall be determined
2 under this section with respect to any vehicle acquired
3 after December 31, 2032.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 38(b), as amended by the preceding
6 provisions of this Act, is amended—

7 (A) in paragraph (35), by striking “plus”
8 at the end,

9 (B) in paragraph (36), by striking the pe-
10 riod at the end and inserting “, plus”, and

11 (C) by adding at the end the following new
12 paragraph:

13 “(37) the qualified commercial clean vehicle
14 credit determined under section 45W.”.

15 (2) Section 6213(g)(2), as amended by the pre-
16 ceding provisions of this Act, is amended—

17 (A) in subparagraph (T), by striking
18 “and” at the end,

19 (B) in subparagraph (U), by striking the
20 period at the end and inserting “, and”, and

21 (C) by inserting after subparagraph (U)
22 the following:

23 “(V) an omission of a correct vehicle iden-
24 tification number required under section

1 45W(e) (relating to commercial clean vehicle
2 credit) to be included on a return.”.

3 (3) The table of sections for subpart D of part
4 IV of subchapter A of chapter 1, as amended by the
5 preceding provisions of this Act, is amended by add-
6 ing at the end the following new item:

“Sec. 45W. Qualified commercial clean vehicle credit.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to vehicles acquired after Decem-
9 ber 31, 2022.

10 **SEC. 13404. ALTERNATIVE FUEL REFUELING PROPERTY**
11 **CREDIT.**

12 (a) IN GENERAL.—Section 30C(g) is amended by
13 striking “December 31, 2021” and inserting “December
14 31, 2032”.

15 (b) CREDIT FOR PROPERTY OF A CHARACTER SUB-
16 JECT TO DEPRECIATION.—

17 (1) IN GENERAL.—Section 30C(a) is amended
18 by inserting “(6 percent in the case of property of
19 a character subject to depreciation)” after “30 per-
20 cent”.

21 (2) MODIFICATION OF CREDIT LIMITATION.—
22 Subsection (b) of section 30C is amended—

23 (A) in the matter preceding paragraph

24 (1)—

1 (i) by striking “with respect to all”
2 and inserting “with respect to any single
3 item of”, and

4 (ii) by striking “at a location”, and
5 (B) in paragraph (1), by striking “\$30,000
6 in the case of a property” and inserting
7 “\$100,000 in the case of any such item of prop-
8 erty”.

9 (3) BIDIRECTIONAL CHARGING EQUIPMENT IN-
10 CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHI-
11 CLE REFUELING PROPERTY.—Section 30C(c) is
12 amended to read as follows:

13 “(c) QUALIFIED ALTERNATIVE FUEL VEHICLE RE-
14 FUELING PROPERTY.—For purposes of this section—

15 “(1) IN GENERAL.—The term ‘qualified alter-
16 native fuel vehicle refueling property’ has the same
17 meaning as the term ‘qualified clean-fuel vehicle re-
18 fueling property’ would have under section 179A
19 if—

20 “(A) paragraph (1) of section 179A(d) did
21 not apply to property installed on property
22 which is used as the principal residence (within
23 the meaning of section 121) of the taxpayer,
24 and

1 “(B) only the following were treated as
2 clean-burning fuels for purposes of section
3 179A(d):

4 “(i) Any fuel at least 85 percent of
5 the volume of which consists of one or
6 more of the following: ethanol, natural gas,
7 compressed natural gas, liquified natural
8 gas, liquefied petroleum gas, or hydrogen.

9 “(ii) Any mixture—

10 “(I) which consists of two or
11 more of the following: biodiesel (as de-
12 fined in section 40A(d)(1)), diesel fuel
13 (as defined in section 4083(a)(3)), or
14 kerosene, and

15 “(II) at least 20 percent of the
16 volume of which consists of biodiesel
17 (as so defined) determined without re-
18 gard to any kerosene in such mixture.

19 “(iii) Electricity.

20 “(2) BIDIRECTIONAL CHARGING EQUIPMENT.—
21 Property shall not fail to be treated as qualified al-
22 ternative fuel vehicle refueling property solely be-
23 cause such property—

24 “(A) is capable of charging the battery of
25 a motor vehicle propelled by electricity, and

1 “(B) allows discharging electricity from
2 such battery to an electric load external to such
3 motor vehicle.”.

4 (c) CERTAIN ELECTRIC CHARGING STATIONS IN-
5 CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHICLE
6 REFUELING PROPERTY.—Section 30C is amended by re-
7 designating subsections (f) and (g) as subsections (g) and
8 (h), respectively, and by inserting after subsection (e) the
9 following:

10 “(f) SPECIAL RULE FOR ELECTRIC CHARGING STA-
11 TIONS FOR CERTAIN VEHICLES WITH 2 OR 3 WHEELS.—
12 For purposes of this section—

13 “(1) IN GENERAL.—The term ‘qualified alter-
14 native fuel vehicle refueling property’ includes any
15 property described in subsection (c) for the re-
16 charging of a motor vehicle described in paragraph
17 (2), but only if such property—

18 “(A) meets the requirements of subsection
19 (a)(2), and

20 “(B) is of a character subject to deprecia-
21 tion.

22 “(2) MOTOR VEHICLE.—A motor vehicle is de-
23 scribed in this paragraph if the motor vehicle—

1 “(A) is manufactured primarily for use on
2 public streets, roads, or highways (not including
3 a vehicle operated exclusively on a rail or rails),

4 “(B) has at least 2, but not more than 3,
5 wheels, and

6 “(C) is propelled by electricity.”.

7 (d) WAGE AND APPRENTICESHIP REQUIREMENTS.—
8 Section 30C, as amended by this section, is further
9 amended by redesignating subsections (g) and (h) as sub-
10 sections (h) and (i) and by inserting after subsection (f)
11 the following new subsection:

12 “(g) WAGE AND APPRENTICESHIP REQUIRE-
13 MENTS.—

14 “(1) INCREASED CREDIT AMOUNT.—

15 “(A) IN GENERAL.—In the case of any
16 qualified alternative fuel vehicle refueling
17 project which satisfies the requirements of sub-
18 paragraph (C), the amount of the credit deter-
19 mined under subsection (a) for any qualified al-
20 ternative fuel vehicle refueling property of a
21 character subject to an allowance for deprecia-
22 tion which is part of such project shall be equal
23 to such amount (determined without regard to
24 this sentence) multiplied by 5.

1 “(B) QUALIFIED ALTERNATIVE FUEL VE-
2 HICLE REFUELING PROJECT.—For purposes of
3 this subsection, the term ‘qualified alternative
4 fuel vehicle refueling project’ means a project
5 consisting of one or more properties that are
6 part of a single project.

7 “(C) PROJECT REQUIREMENTS.—A project
8 meets the requirements of this subparagraph if
9 it is one of the following:

10 “(i) A project the construction of
11 which begins prior to the date that is 60
12 days after the Secretary publishes guid-
13 ance with respect to the requirements of
14 paragraphs (2)(A) and (3).

15 “(ii) A project which satisfies the re-
16 quirements of paragraphs (2)(A) and (3).

17 “(2) PREVAILING WAGE REQUIREMENTS.—

18 “(A) IN GENERAL.—The requirements de-
19 scribed in this subparagraph with respect to
20 any qualified alternative fuel vehicle refueling
21 project are that the taxpayer shall ensure that
22 any laborers and mechanics employed by con-
23 tractors and subcontractors in the construction
24 of any qualified alternative fuel vehicle refueling
25 property which is part of such project shall be

1 paid wages at rates not less than the prevailing
2 rates for construction, alteration, or repair of a
3 similar character in the locality in which such
4 project is located as most recently determined
5 by the Secretary of Labor, in accordance with
6 subchapter IV of chapter 31 of title 40, United
7 States Code.

8 “(B) CORRECTION AND PENALTY RELATED
9 TO FAILURE TO SATISFY WAGE REQUIRE-
10 MENTS.—Rules similar to the rules of section
11 45(b)(7)(B) shall apply.

12 “(3) APPRENTICESHIP REQUIREMENTS.—Rules
13 similar to the rules of section 45(b)(8) shall apply.

14 “(4) REGULATIONS AND GUIDANCE.—The Sec-
15 retary shall issue such regulations or other guidance
16 as the Secretary determines necessary or appropriate
17 to carry out the purposes of this subsection, includ-
18 ing regulations or other guidance which provides for
19 requirements for recordkeeping or information re-
20 porting for purposes of administering the require-
21 ments of this subsection.”.

22 (e) ELIGIBLE CENSUS TRACTS.—Subsection (c) of
23 section 30C, as amended by subsection (b)(3), is amended
24 by adding at the end the following:

1 “(3) PROPERTY REQUIRED TO BE LOCATED IN
2 ELIGIBLE CENSUS TRACTS.—

3 “(A) IN GENERAL.—Property shall not be
4 treated as qualified alternative fuel vehicle re-
5 fueling property unless such property is placed
6 in service in an eligible census tract.

7 “(B) ELIGIBLE CENSUS TRACT.—

8 “(i) IN GENERAL.—For purposes of
9 this paragraph, the term ‘eligible census
10 tract’ means any population census tract
11 which—

12 “(I) is described in section
13 45D(e), or

14 “(II) is not an urban area.

15 “(ii) URBAN AREA.—For purposes of
16 clause (i)(II), the term ‘urban area’ means
17 a census tract (as defined by the Bureau
18 of the Census) which, according to the
19 most recent decennial census, has been
20 designated as an urban area by the Sec-
21 retary of Commerce.”.

22 (f) EFFECTIVE DATE.—

23 “(1) IN GENERAL.—Except as provided in para-
24 graph (2), the amendments made by this section

1 shall apply to property placed in service after De-
2 cember 31, 2022.

3 (2) EXTENSION.—The amendments made by
4 subsection (a) shall apply to property placed in serv-
5 ice after December 31, 2021.

6 **PART 5—INVESTMENT IN CLEAN ENERGY**

7 **MANUFACTURING AND ENERGY SECURITY**

8 **SEC. 13501. EXTENSION OF THE ADVANCED ENERGY**
9 **PROJECT CREDIT.**

10 (a) EXTENSION OF CREDIT.—Section 48C is amend-
11 ed by redesignating subsection (e) as subsection (f) and
12 by inserting after subsection (d) the following new sub-
13 section:

14 “(e) ADDITIONAL ALLOCATIONS.—

15 “(1) IN GENERAL.—Not later than 180 days
16 after the date of enactment of this subsection, the
17 Secretary shall establish a program to consider and
18 award certifications for qualified investments eligible
19 for credits under this section to qualifying advanced
20 energy project sponsors.

21 “(2) LIMITATION.—

22 “(A) IN GENERAL.—The total amount of
23 credits which may be allocated under the pro-
24 gram established under paragraph (1) shall not
25 exceed \$10,000,000,000, of which not greater

1 than \$6,000,000,000 may be allocated to quali-
2 fied investments which are not located within
3 energy communities described in clause (iii) of
4 section 45(b)(11)(B).

5 “(B) NO PRIOR CERTIFICATION AND ALLO-
6 CATION.—No credits may be allocated under
7 the program established under paragraph (1)
8 for any project which is located in a census
9 tract which, prior to the date of enactment of
10 this subsection, had received a certification and
11 allocation of credits under subsection (d).

12 “(3) CERTIFICATIONS.—

13 “(A) APPLICATION REQUIREMENT.—Each
14 applicant for certification under this subsection
15 shall submit an application at such time and
16 containing such information as the Secretary
17 may require.

18 “(B) TIME TO MEET CRITERIA FOR CER-
19 TIFICATION.—Each applicant for certification
20 shall have 2 years from the date of acceptance
21 by the Secretary of the application during
22 which to provide to the Secretary evidence that
23 the requirements of the certification have been
24 met.

1 “(C) PERIOD OF ISSUANCE.—An applicant
2 which receives a certification shall have 2 years
3 from the date of issuance of the certification in
4 order to place the project in service and to no-
5 tify the Secretary that such project has been so
6 placed in service, and if such project is not
7 placed in service by that time period, then the
8 certification shall no longer be valid. If any cer-
9 tification is revoked under this subparagraph,
10 the amount of the limitation under paragraph
11 (2) shall be increased by the amount of the
12 credit with respect to such revoked certification.

13 “(D) LOCATION OF PROJECT.—In the case
14 of an applicant which receives a certification, if
15 the Secretary determines that the project has
16 been placed in service at a location which is ma-
17 terially different than the location specified in
18 the application for such project, the certifi-
19 cation shall no longer be valid.

20 “(4) CREDIT RATE CONDITIONED UPON WAGE
21 AND APPRENTICESHIP REQUIREMENTS.—

22 “(A) BASE RATE.—For purposes of alloca-
23 tions under this subsection, the amount of the
24 credit determined under subsection (a) shall be

1 determined by substituting ‘6 percent’ for ‘30
2 percent’.

3 “(B) ALTERNATIVE RATE.—In the case of
4 any project which satisfies the requirements of
5 paragraphs (5)(A) and (6), subparagraph (A)
6 shall not apply.

7 “(5) PREVAILING WAGE REQUIREMENTS.—

8 “(A) IN GENERAL.—The requirements de-
9 scribed in this subparagraph with respect to a
10 project are that the taxpayer shall ensure that
11 any laborers and mechanics employed by con-
12 tractors and subcontractors in the re-equipping,
13 expansion, or establishment of a manufacturing
14 facility shall be paid wages at rates not less
15 than the prevailing rates for construction, alter-
16 ation, or repair of a similar character in the lo-
17 cality in which such project is located as most
18 recently determined by the Secretary of Labor,
19 in accordance with subchapter IV of chapter 31
20 of title 40, United States Code.

21 “(B) CORRECTION AND PENALTY RELATED
22 TO FAILURE TO SATISFY WAGE REQUIRE-
23 MENTS.—Rules similar to the rules of section
24 45(b)(7)(B) shall apply.

1 “(6) APPRENTICESHIP REQUIREMENTS.—Rules
2 similar to the rules of section 45(b)(8) shall apply.

3 “(7) DISCLOSURE OF ALLOCATIONS.—The Sec-
4 retary shall, upon making a certification under this
5 subsection, publicly disclose the identity of the appli-
6 cant and the amount of the credit with respect to
7 such applicant.”.

8 (b) MODIFICATION OF QUALIFYING ADVANCED EN-
9 ERGY PROJECTS.—Section 48C(c)(1)(A) is amended—

10 (1) by inserting “, any portion of the qualified
11 investment of which is certified by the Secretary
12 under subsection (e) as eligible for a credit under
13 this section” after “means a project”,

14 (2) in clause (i)—

15 (A) by striking “a manufacturing facility
16 for the production of” and inserting “an indus-
17 trial or manufacturing facility for the produc-
18 tion or recycling of”,

19 (B) in clause (I), by inserting “water,”
20 after “sun,”,

21 (C) in clause (II), by striking “an energy
22 storage system for use with electric or hybrid-
23 electric motor vehicles” and inserting “energy
24 storage systems and components”,

1 (D) in clause (III), by striking “grids to
2 support the transmission of intermittent
3 sources of renewable energy, including storage
4 of such energy” and inserting “grid moderniza-
5 tion equipment or components”,

6 (E) in subclause (IV), by striking “and se-
7 quester carbon dioxide emissions” and inserting
8 “, remove, use, or sequester carbon oxide emis-
9 sions”,

10 (F) by striking subclause (V) and inserting
11 the following:

12 “(V) equipment designed to re-
13 fine, electrolyze, or blend any fuel,
14 chemical, or product which is—

15 “(aa) renewable, or

16 “(bb) low-carbon and low-
17 emission,”,

18 (G) by striking subclause (VI),

19 (H) by redesignating subclause (VII) as
20 subclause (IX),

21 (I) by inserting after subclause (V) the fol-
22 lowing new subclauses:

23 “(VI) property designed to
24 produce energy conservation tech-

1 nologies (including residential, com-
2 mercial, and industrial applications),

3 “(VII) light-, medium-, or heavy-
4 duty electric or fuel cell vehicles, as
5 well as—

6 “(aa) technologies, compo-
7 nents, or materials for such vehi-
8 cles, and

9 “(bb) associated charging or
10 refueling infrastructure,

11 “(VIII) hybrid vehicles with a
12 gross vehicle weight rating of not less
13 than 14,000 pounds, as well as tech-
14 nologies, components, or materials for
15 such vehicles, or”, and

16 (J) in subclause (IX), as so redesignated,
17 by striking “and” at the end, and

18 (3) by striking clause (ii) and inserting the fol-
19 lowing:

20 “(ii) which re-equips an industrial or
21 manufacturing facility with equipment de-
22 signed to reduce greenhouse gas emissions
23 by at least 20 percent through the installa-
24 tion of—

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1 “(I) low- or zero-carbon process
2 heat systems,

3 “(II) carbon capture, transport,
4 utilization and storage systems,

5 “(III) energy efficiency and re-
6 duction in waste from industrial proc-
7 esses, or

8 “(IV) any other industrial tech-
9 nology designed to reduce greenhouse
10 gas emissions, as determined by the
11 Secretary, or

12 “(iii) which re-equips, expands, or es-
13 tablishes an industrial facility for the proc-
14 essing, refining, or recycling of critical ma-
15 terials (as defined in section 7002(a) of the
16 Energy Act of 2020 (30 U.S.C.
17 1606(a)).”.

18 (c) CONFORMING AMENDMENT.—Subparagraph (A)
19 of section 48C(c)(2) is amended to read as follows:

20 “(A) which is necessary for—

21 “(i) the production or recycling of
22 property described in clause (i) of para-
23 graph (1)(A),

1 “(ii) re-equipping an industrial or
2 manufacturing facility described in clause
3 (ii) of such paragraph, or

4 “(iii) re-equipping, expanding, or es-
5 tablishing an industrial facility described in
6 clause (iii) of such paragraph.”.

7 (d) DENIAL OF DOUBLE BENEFIT.—48C(f), as re-
8 designated by this section, is amended by striking “or
9 48B” and inserting “48B, 48D, 45Q, or 45V”.

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect on January 1, 2023.

12 **SEC. 13502. ADVANCED MANUFACTURING PRODUCTION**
13 **CREDIT.**

14 (a) IN GENERAL.—Subpart D of part IV of sub-
15 chapter A of chapter 1, as amended by the preceding pro-
16 visions of this Act, is amended by adding at the end the
17 following new section:

18 **“SEC. 45X. ADVANCED MANUFACTURING PRODUCTION**
19 **CREDIT.**

20 “(a) IN GENERAL.—

21 “(1) ALLOWANCE OF CREDIT.—For purposes of
22 section 38, the advanced manufacturing production
23 credit for any taxable year is an amount equal to the
24 sum of the credit amounts determined under sub-

1 section (b) with respect to each eligible component
2 which is—

3 “(A) produced by the taxpayer, and

4 “(B) during the taxable year, sold by such
5 taxpayer to an unrelated person.

6 “(2) PRODUCTION AND SALE MUST BE IN
7 TRADE OR BUSINESS.—Any eligible component pro-
8 duced and sold by the taxpayer shall be taken into
9 account only if the production and sale described in
10 paragraph (1) is in a trade or business of the tax-
11 payer.

12 “(3) UNRELATED PERSON.—For purposes of
13 this subsection, a taxpayer shall be treated as selling
14 components to an unrelated person if such compo-
15 nent is sold to such person by a person related to
16 the taxpayer.

17 “(b) CREDIT AMOUNT.—

18 “(1) IN GENERAL.—Subject to paragraph (3),
19 the amount determined under this subsection with
20 respect to any eligible component, including any eli-
21 gible component it incorporates, shall be equal to—

22 “(A) in the case of a thin film photovoltaic
23 cell or a crystalline photovoltaic cell, an amount
24 equal to the product of—

25 “(i) 4 cents, multiplied by

1 “(ii) the capacity of such cell (ex-
2 pressed on a per direct current watt basis),

3 “(B) in the case of a photovoltaic wafer,
4 \$12 per square meter,

5 “(C) in the case of solar grade polysilicon,
6 \$3 per kilogram,

7 “(D) in the case of a polymeric backsheet,
8 40 cents per square meter,

9 “(E) in the case of a solar module, an
10 amount equal to the product of—

11 “(i) 7 cents, multiplied by

12 “(ii) the capacity of such module (ex-
13 pressed on a per direct current watt basis),

14 “(F) in the case of a wind energy compo-
15 nent—

16 “(i) if such component is a related
17 offshore wind vessel, an amount equal to
18 10 percent of the sales price of such vessel,
19 and

20 “(ii) if such component is not de-
21 scribed in clause (i), an amount equal to
22 the product of—

23 “(I) the applicable amount with
24 respect to such component (as deter-

1 mined under paragraph (2)(A)), mul-
2 tplied by

3 “**(II)** the total rated capacity (ex-
4 pressed on a per watt basis) of the
5 completed wind turbine for which such
6 component is designed,

7 “(G) in the case of a torque tube, 87 cents
8 per kilogram,

9 “(H) in the case of a structural fastener,
10 \$2.28 per kilogram,

11 “(I) in the case of an inverter, an amount
12 equal to the product of—

13 “(i) the applicable amount with re-
14 spect to such inverter (as determined
15 under paragraph (2)(B)), multiplied by

16 “(ii) the capacity of such inverter (ex-
17 pressed on a per alternating current watt
18 basis),

19 “(J) in the case of electrode active mate-
20 rials, an amount equal to 10 percent of the
21 costs incurred by the taxpayer with respect to
22 production of such materials,

23 “(K) in the case of a battery cell, an
24 amount equal to the product of—

25 “(i) \$35, multiplied by

1 “(ii) subject to paragraph (4), the ca-
2 pacity of such battery cell (expressed on a
3 kilowatt-hour basis),

4 “(L) in the case of a battery module, an
5 amount equal to the product of—

6 “(i) \$10 (or, in the case of a battery
7 module which does not use battery cells,
8 \$45), multiplied by

9 “(ii) subject to paragraph (4), the ca-
10 pacity of such battery module (expressed
11 on a kilowatt-hour basis), and

12 “(M) in the case of any applicable critical
13 mineral, an amount equal to 10 percent of the
14 costs incurred by the taxpayer with respect to
15 production of such mineral.

16 “(2) APPLICABLE AMOUNTS.—

17 “(A) WIND ENERGY COMPONENTS.—For
18 purposes of paragraph (1)(F)(ii), the applicable
19 amount with respect to any wind energy compo-
20 nent shall be—

21 “(i) in the case of a blade, 2 cents,

22 “(ii) in the case of a nacelle, 5 cents,

23 “(iii) in the case of a tower, 3 cents,

24 and

1 “(iv) in the case of an offshore wind
2 foundation—

3 “(I) which uses a fixed platform,
4 2 cents, or

5 “(II) which uses a floating plat-
6 form, 4 cents.

7 “(B) INVERTERS.—For purposes of para-
8 graph (1)(I), the applicable amount with re-
9 spect to any inverter shall be—

10 “(i) in the case of a central inverter,
11 0.25 cents,

12 “(ii) in the case of a utility inverter,
13 1.5 cents,

14 “(iii) in the case of a commercial in-
15 verter, 2 cents,

16 “(iv) in the case of a residential in-
17 verter, 6.5 cents, and

18 “(v) in the case of a microinverter or
19 a distributed wind inverter, 11 cents.

20 “(3) PHASE OUT.—

21 “(A) IN GENERAL.—Subject to subpara-
22 graph (C), in the case of any eligible component
23 sold after December 31, 2029, the amount de-
24 termined under this subsection with respect to

1 such component shall be equal to the product
2 of—

3 “(i) the amount determined under
4 paragraph (1) with respect to such compo-
5 nent, as determined without regard to this
6 paragraph, multiplied by

7 “(ii) the phase out percentage under
8 subparagraph (B).

9 “(B) PHASE OUT PERCENTAGE.—The
10 phase out percentage under this subparagraph
11 is equal to—

12 “(i) in the case of an eligible compo-
13 nent sold during calendar year 2030, 75
14 percent,

15 “(ii) in the case of an eligible compo-
16 nent sold during calendar year 2031, 50
17 percent,

18 “(iii) in the case of an eligible compo-
19 nent sold during calendar year 2032, 25
20 percent,

21 “(iv) in the case of an eligible compo-
22 nent sold after December 31, 2032, 0 per-
23 cent.

24 “(C) EXCEPTION.—For purposes of deter-
25 mining the amount under this subsection with

1 respect to any applicable critical mineral, this
2 paragraph shall not apply.

3 “(4) LIMITATION ON CAPACITY OF BATTERY
4 CELLS AND BATTERY MODULES.—

5 “(A) IN GENERAL.—For purposes of sub-
6 paragraph (K)(ii) or (L)(ii) of paragraph (1),
7 the capacity determined under either subpara-
8 graph with respect to a battery cell or battery
9 module shall not exceed a capacity-to-power
10 ratio of 100:1.

11 “(B) CAPACITY-TO-POWER RATIO.—For
12 purposes of this paragraph, the term ‘capacity-
13 to-power ratio’ means, with respect to a battery
14 cell or battery module, the ratio of the capacity
15 of such cell or module to the maximum dis-
16 charge amount of such cell or module.

17 “(c) DEFINITIONS.—For purposes of this section—

18 “(1) ELIGIBLE COMPONENT.—

19 “(A) IN GENERAL.—The term ‘eligible
20 component’ means—

21 “(i) any solar energy component,

22 “(ii) any wind energy component,

23 “(iii) any inverter described in sub-
24 paragraphs (B) through (G) of paragraph

25 (2),

1 “(iv) any qualifying battery compo-
2 nent, and

3 “(v) any applicable critical mineral.

4 “(B) APPLICATION WITH OTHER CRED-
5 ITS.—The term ‘eligible component’ shall not
6 include any property which is produced at a fa-
7 cility if the basis of any property which is part
8 of such facility is taken into account for pur-
9 poses of the credit allowed under section 48C
10 after the date of the enactment of this section.

11 “(2) INVERTERS.—

12 “(A) IN GENERAL.—The term ‘inverter’
13 means an end product which is suitable to con-
14 vert direct current electricity from 1 or more
15 solar modules or certified distributed wind en-
16 ergy systems into alternating current electricity.

17 “(B) CENTRAL INVERTER.—The term
18 ‘central inverter’ means an inverter which is
19 suitable for large utility-scale systems and has
20 a capacity which is greater than 1,000 kilowatts
21 (expressed on a per alternating current watt
22 basis).

23 “(C) COMMERCIAL INVERTER.—The term
24 ‘commercial inverter’ means an inverter
25 which—

1 quent revisions to or modifications of such
2 Standard which have been approved by the
3 American National Standards Institute).

4 “(E) MICROINVERTER.—The term ‘micro-
5 inverter’ means an inverter which—

6 “(i) is suitable to connect with one
7 solar module,

8 “(ii) has a rated output of—

9 “(I) 120 or 240 volt single-phase
10 power, or

11 “(II) 208 or 480 volt three-phase
12 power, and

13 “(iii) has a capacity which is not
14 greater than 650 watts (expressed on a per
15 alternating current watt basis).

16 “(F) RESIDENTIAL INVERTER.—The term
17 ‘residential inverter’ means an inverter which—

18 “(i) is suitable for a residence,

19 “(ii) has a rated output of 120 or 240
20 volt single-phase power, and

21 “(iii) has a capacity which is not
22 greater than 20 kilowatts (expressed on a
23 per alternating current watt basis).

24 “(G) UTILITY INVERTER.—The term ‘util-
25 ity inverter’ means an inverter which—

1 “(i) is suitable for commercial or util-
2 ity-scale systems,

3 “(ii) has a rated output of not less
4 than 600 volt three-phase power, and

5 “(iii) has a capacity which is greater
6 than 125 kilowatts and not greater than
7 1000 kilowatts (expressed on a per alter-
8 nating current watt basis)

9 “(3) SOLAR ENERGY COMPONENT.—

10 “(A) IN GENERAL.—The term ‘solar en-
11 ergy component’ means any of the following:

12 “(i) Solar modules.

13 “(ii) Photovoltaic cells.

14 “(iii) Photovoltaic wafers.

15 “(iv) Solar grade polysilicon.

16 “(v) Torque tubes or structural fas-
17 teners.

18 “(vi) Polymeric backsheets.

19 “(B) ASSOCIATED DEFINITIONS.—

20 “(i) PHOTOVOLTAIC CELL.—The term
21 ‘photovoltaic cell’ means the smallest semi-
22 conductor element of a solar module which
23 performs the immediate conversion of light
24 into electricity.

1 “(ii) PHOTOVOLTAIC WAFER.—The
2 term ‘photovoltaic wafer’ means a thin
3 slice, sheet, or layer of semiconductor ma-
4 terial of at least 240 square centimeters—
5 “(I) produced by a single manu-
6 facturer either—
7 “(aa) directly from molten
8 or evaporated solar grade
9 polysilicon or deposition of solar
10 grade thin film semiconductor
11 photon absorber layer, or
12 “(bb) through formation of
13 an ingot from molten polysilicon
14 and subsequent slicing, and
15 “(II) which comprises the sub-
16 strate or absorber layer of one or
17 more photovoltaic cells.
18 “(iii) POLYMERIC BACKSHEET.—The
19 term ‘polymeric backsheet’ means a sheet
20 on the back of a solar module which acts
21 as an electric insulator and protects the
22 inner components of such module from the
23 surrounding environment.

1 “(iv) SOLAR GRADE POLYSILICON.—

2 The term ‘solar grade polysilicon’ means
3 silicon which is—

4 “(I) suitable for use in photo-
5 voltaic manufacturing, and

6 “(II) purified to a minimum pu-
7 rity of 99.999999 percent silicon by
8 mass.

9 “(v) SOLAR MODULE.—The term
10 ‘solar module’ means the connection and
11 lamination of photovoltaic cells into an en-
12 vironmentally protected final assembly
13 which is—

14 “(I) suitable to generate elec-
15 tricity when exposed to sunlight, and

16 “(II) ready for installation with-
17 out an additional manufacturing proc-
18 ess.

19 “(vi) SOLAR TRACKER.—The term
20 ‘solar tracker’ means a mechanical system
21 that moves solar modules according to the
22 position of the sun and to increase energy
23 output.

24 “(vii) SOLAR TRACKER COMPO-
25 NENTS.—

1 “(I) TORQUE TUBE.—The term
2 ‘torque tube’ means a structural steel
3 support element (including longitu-
4 dinal purlins) which—

5 “(aa) is part of a solar
6 tracker,

7 “(bb) is of any cross-sec-
8 tional shape,

9 “(cc) may be assembled
10 from individually manufactured
11 segments,

12 “(dd) spans longitudinally
13 between foundation posts,

14 “(ee) supports solar panels
15 and is connected to a mounting
16 attachment for solar panels (with
17 or without separate module inter-
18 face rails), and

19 “(ff) is rotated by means of
20 a drive system.

21 “(II) STRUCTURAL FASTENER.—
22 The term ‘structural fastener’ means
23 a component which is used—

24 “(aa) to connect the me-
25 chanical and drive system compo-

1 nents of a solar tracker to the
2 foundation of such solar tracker,
3 “(bb) to connect torque
4 tubes to drive assemblies, or
5 “(cc) to connect segments of
6 torque tubes to one another.

7 “(4) WIND ENERGY COMPONENT.—

8 “(A) IN GENERAL.—The term ‘wind en-
9 ergy component’ means any of the following:

10 “(i) Blades.

11 “(ii) Nacelles.

12 “(iii) Towers.

13 “(iv) Offshore wind foundations.

14 “(v) Related offshore wind vessels.

15 “(B) ASSOCIATED DEFINITIONS.—

16 “(i) BLADE.—The term ‘blade’ means
17 an airfoil-shaped blade which is responsible
18 for converting wind energy to low-speed ro-
19 tational energy.

20 “(ii) OFFSHORE WIND FOUNDA-
21 TION.—The term ‘offshore wind founda-
22 tion’ means the component (including tran-
23 sition piece) which secures an offshore
24 wind tower and any above-water turbine
25 components to the seafloor using—

1 “(I) fixed platforms, such as off-
2 shore wind monopiles, jackets, or
3 gravity-based foundations, or

4 “(II) floating platforms and asso-
5 ciated mooring systems.

6 “(iii) NACELLE.—The term ‘nacelle’
7 means the assembly of the drivetrain and
8 other tower-top components of a wind tur-
9 bine (with the exception of the blades and
10 the hub) within their cover housing.

11 “(iv) RELATED OFFSHORE WIND VES-
12 SEL.—The term ‘related offshore wind ves-
13 sel’ means any vessel which is purpose-
14 built or retrofitted for purposes of the de-
15 velopment, transport, installation, oper-
16 ation, or maintenance of offshore wind en-
17 ergy components.

18 “(v) TOWER.—The term ‘tower’
19 means a tubular or lattice structure which
20 supports the nacelle and rotor of a wind
21 turbine.

22 “(5) QUALIFYING BATTERY COMPONENT.—

23 “(A) IN GENERAL.—The term ‘qualifying
24 battery component’ means any of the following:

25 “(i) Electrode active materials.

1 “(ii) Battery cells.

2 “(iii) Battery modules.

3 “(B) ASSOCIATED DEFINITIONS.—

4 “(i) ELECTRODE ACTIVE MATERIAL.—

5 The term ‘electrode active material’ means
6 cathode materials, anode materials, anode
7 foils, and electrochemically active mate-
8 rials, including solvents, additives, and
9 electrolyte salts that contribute to the elec-
10 trochemical processes necessary for energy
11 storage .

12 “(ii) BATTERY CELL.—The term ‘bat-
13 tery cell’ means an electrochemical cell—

14 “(I) comprised of 1 or more posi-
15 tive electrodes and 1 or more negative
16 electrodes,

17 “(II) with an energy density of
18 not less than 100 watt-hours per liter,
19 and

20 “(III) capable of storing at least
21 20 watt-hours of energy.

22 “(iii) BATTERY MODULE.—The term
23 ‘battery module’ means a module—

24 “(I)(aa) in the case of a module
25 using battery cells, with 2 or more

1 battery cells which are configured
2 electrically, in series or parallel, to
3 create voltage or current, as appro-
4 priate, to a specified end use, or

5 “(bb) with no battery cells, and

6 “(II) with an aggregate capacity
7 of not less than 7 kilowatt-hours (or,
8 in the case of a module for a hydro-
9 gen fuel cell vehicle, not less than 1
10 kilowatt-hour).

11 “(6) APPLICABLE CRITICAL MINERALS.—The
12 term ‘applicable critical mineral’ means any of the
13 following:

14 “(A) ALUMINUM.—Aluminum which is—

15 “(i) converted to metallurgical grade
16 bauxite, or

17 “(ii) purified to a minimum purity of
18 99.99 percent aluminum by mass.

19 “(B) ANTIMONY.—Antimony which is—

20 “(i) converted to antimony trisulfide,
21 or

22 “(ii) purified to a minimum purity of
23 99 percent antimony by mass.

24 “(C) BARITE.—Barite which is—

25 “(i) converted to barium sulfate, or

1 “(ii) purified to a minimum purity of
2 99 percent barite by mass.

3 “(D) BERYLLIUM.—Beryllium which is—

4 “(i) converted to copper-beryllium
5 master alloy, or

6 “(ii) purified to a minimum purity of
7 99 percent beryllium by mass.

8 “(E) CERIUM.—Cerium which is—

9 “(i) converted to cerium oxide which
10 is purified to a minimum purity of 99.9
11 percent cerium oxide by mass, or

12 “(ii) purified to a minimum purity of
13 99 percent cerium by mass.

14 “(F) CESIUM.—Cesium which is—

15 “(i) converted to cesium formate or
16 cesium carbonate, or

17 “(ii) purified to a minimum purity of
18 99 percent cesium by mass.

19 “(G) CHROMIUM.—Chromium which is—

20 “(i) converted to ferrochromium con-
21 sisting of not less than 60 percent chro-
22 mium by mass, or

23 “(ii) purified to a minimum purity of
24 99 percent chromium by mass.

25 “(H) COBALT.—Cobalt which is—

1 “(i) converted to cobalt sulfate, or

2 “(ii) purified to a minimum purity of

3 99.6 percent cobalt by mass.

4 “(I) DYSPROSIUM.—Dysprosium which

5 is—

6 “(i) converted to not less than 99 per-

7 cent pure dysprosium iron alloy by mass,

8 or

9 “(ii) purified to a minimum purity of

10 99 percent dysprosium by mass.

11 “(J) EUROPIUM.—Europium which is—

12 “(i) converted to europium oxide

13 which is purified to a minimum purity of

14 99.9 percent europium oxide by mass, or

15 “(ii) purified to a minimum purity of

16 99 percent by mass.

17 “(K) FLUORSPAR.—Fluorspar which is—

18 “(i) converted to acid grade fluorspar

19 which is purified to a minimum purity of

20 97 percent calcium fluoride by mass, or

21 “(ii) purified to a minimum purity of

22 99 percent fluorspar by mass.

23 “(L) GADOLINIUM.—Gadolinium which

24 is—

1 “(i) converted to gadolinium oxide
2 which is purified to a minimum purity of
3 99.9 percent gadolinium oxide by mass, or

4 “(ii) purified to a minimum purity of
5 99 percent gadolinium by mass.

6 “(M) GERMANIUM.—Germanium which
7 is—

8 “(i) converted to germanium tetra-
9 chloride, or

10 “(ii) purified to a minimum purity of
11 99 percent germanium by mass.

12 “(N) GRAPHITE.—Graphite which is puri-
13 fied to a minimum purity of 99.9 percent gra-
14 phitic carbon by mass.

15 “(O) INDIUM.—Indium which is—

16 “(i) converted to—

17 “(I) indium tin oxide, or

18 “(II) indium oxide which is puri-
19 fied to a minimum purity of 99.9 per-
20 cent indium oxide by mass, or

21 “(ii) purified to a minimum purity of
22 99 percent indium by mass.

23 “(P) LITHIUM.—Lithium which is—

24 “(i) converted to lithium carbonate or
25 lithium hydroxide, or

1 “(ii) purified to a minimum purity of
2 99.9 percent lithium by mass.

3 “(Q) MANGANESE.—Manganese which is—

4 “(i) converted to manganese sulphate,
5 or

6 “(ii) purified to a minimum purity of
7 99.7 percent manganese by mass.

8 “(R) NEODYMIUM.—Neodymium which
9 is—

10 “(i) converted to neodymium-praseo-
11 dymium oxide, or

12 “(ii) purified to a minimum purity of
13 99 percent neodymium by mass.

14 “(S) NICKEL.—Nickel which is—

15 “(i) converted to nickel sulphate, or

16 “(ii) purified to a minimum purity of
17 99 percent nickel by mass.

18 “(T) NIOBIUM.—Niobium which is—

19 “(i) converted to ferroniobium, or

20 “(ii) purified to a minimum purity of
21 99 percent niobium by mass.

22 “(U) TELLURIUM.—Tellurium which is—

23 “(i) converted to cadmium telluride,
24 or

1 “(ii) purified to a minimum purity of
2 99 percent tellurium by mass.

3 “(V) TIN.—Tin which is—

4 “(i) converted to indium tin oxide, or

5 “(ii) purified to low alpha emitting tin
6 which—

7 “(I) has a purity of greater than
8 99.99 percent by mass, and

9 “(II) possesses an alpha emission
10 rate of not greater than 0.01 counts
11 per hour per centimeter square.

12 “(W) TUNGSTEN.—Tungsten which is con-
13 verted to ammonium paratungstate or
14 ferrotungsten.

15 “(X) VANADIUM.—Vanadium which is con-
16 verted to ferrovandium or vanadium pentoxide.

17 “(Y) YTTRIUM.—Yttrium which is—

18 “(i) converted to yttrium oxide which
19 is purified to a minimum purity of 99.9
20 percent yttrium oxide by mass, or

21 “(ii) purified to a minimum purity of
22 99 percent yttrium by mass.

23 “(Z) OTHER MINERALS.—Any of the fol-
24 lowing minerals, provided that such mineral is

- 1 purified to a minimum purity of 99 percent by
2 mass:
- 3 “(i) Arsenic.
 - 4 “(ii) Bismuth.
 - 5 “(iii) Erbium.
 - 6 “(iv) Gallium.
 - 7 “(v) Hafnium.
 - 8 “(vi) Holmium.
 - 9 “(vii) Iridium.
 - 10 “(viii) Lanthanum.
 - 11 “(ix) Lutetium.
 - 12 “(x) Magnesium.
 - 13 “(xi) Palladium.
 - 14 “(xii) Platinum.
 - 15 “(xiii) Praseodymium.
 - 16 “(xiv) Rhodium.
 - 17 “(xv) Rubidium.
 - 18 “(xvi) Ruthenium.
 - 19 “(xvii) Samarium.
 - 20 “(xviii) Scandium.
 - 21 “(xix) Tantalum.
 - 22 “(xx) Terbium.
 - 23 “(xxi) Thulium.
 - 24 “(xxii) Titanium.
 - 25 “(xxiii) Ytterbium.

1 “(xxiv) Zinc.

2 “(xxv) Zirconium.

3 “(d) SPECIAL RULES.—In this section—

4 “(1) RELATED PERSONS.—Persons shall be
5 treated as related to each other if such persons
6 would be treated as a single employer under the reg-
7 ulations prescribed under section 52(b).

8 “(2) ONLY PRODUCTION IN THE UNITED
9 STATES TAKEN INTO ACCOUNT.—Sales shall be
10 taken into account under this section only with re-
11 spect to eligible components the production of which
12 is within—

13 “(A) the United States (within the mean-
14 ing of section 638(1)), or

15 “(B) a possession of the United States
16 (within the meaning of section 638(2)).

17 “(3) PASS-THRU IN THE CASE OF ESTATES AND
18 TRUSTS.—Under regulations prescribed by the Sec-
19 retary, rules similar to the rules of subsection (d) of
20 section 52 shall apply.

21 “(4) SALE OF INTEGRATED COMPONENTS.—
22 For purposes of this section, a person shall be treat-
23 ed as having sold an eligible component to an unre-
24 lated person if such component is integrated, incor-

1 (1) EXTENSION.—Section 4611 is amended by
2 striking subsection (e).

3 (2) ADJUSTMENT FOR INFLATION.—

4 (A) Section 4611(c)(2)(A) is amended by
5 striking “9.7 cents” and inserting “16.4 cents”.

6 (B) Section 4611(c) is amended by adding
7 at the end the following:

8 “(3) ADJUSTMENT FOR INFLATION.—

9 “(A) IN GENERAL.—In the case of a year
10 beginning after 2023, the amount in paragraph
11 (2)(A) shall be increased by an amount equal
12 to—

13 “(i) such amount, multiplied by

14 “(ii) the cost-of-living adjustment de-
15 termined under section 1(f)(3) for the cal-
16 endar year, determined by substituting
17 ‘calendar year 2022’ for ‘calendar year
18 2016’ in subparagraph (A)(ii) thereof.

19 “(B) ROUNDING.—If any amount as ad-
20 justed under subparagraph (A) is not a multiple
21 of \$0.01, such amount shall be rounded to the
22 next lowest multiple of \$0.01.”.

23 (b) AUTHORITY FOR ADVANCES.—Section
24 9507(d)(3)(B) is amended by striking “December 31,
25 1995” and inserting “December 31, 2032”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on January 1, 2023.

3 **PART 7—INCENTIVES FOR CLEAN ELECTRICITY**
4 **AND CLEAN TRANSPORTATION**

5 **SEC. 13701. CLEAN ELECTRICITY PRODUCTION CREDIT.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1, as amended by the preceding pro-
8 visions of this Act, is amended by adding at the end the
9 following new section:

10 **“SEC. 45Y. CLEAN ELECTRICITY PRODUCTION CREDIT.**

11 “(a) AMOUNT OF CREDIT.—

12 “(1) IN GENERAL.—For purposes of section 38,
13 the clean electricity production credit for any taxable
14 year is an amount equal to the product of—

15 “(A) the kilowatt hours of electricity—

16 “(i) produced by the taxpayer at a
17 qualified facility, and

18 “(ii)(I) sold by the taxpayer to an un-
19 related person during the taxable year, or

20 “(II) in the case of a qualified facility
21 which is equipped with a metering device
22 which is owned and operated by an unre-
23 lated person, sold, consumed, or stored by
24 the taxpayer during the taxable year, mul-
25 tiplied by

1 “(B) the applicable amount with respect to
2 such qualified facility.

3 “(2) APPLICABLE AMOUNT.—

4 “(A) BASE AMOUNT.—Subject to sub-
5 section (g)(7), in the case of any qualified facil-
6 ity which is not described in clause (i) or (ii) of
7 subparagraph (B) and does not satisfy the re-
8 quirements described in clause (iii) of such sub-
9 paragraph, the applicable amount shall be 0.3
10 cents.

11 “(B) ALTERNATIVE AMOUNT.—Subject to
12 subsection (g)(7), in the case of any qualified
13 facility—

14 “(i) with a maximum net output of
15 less than 1 megawatt (as measured in al-
16 ternating current),

17 “(ii) the construction of which begins
18 prior to the date that is 60 days after the
19 Secretary publishes guidance with respect
20 to the requirements of paragraphs (9) and
21 (10) of subsection (g), or

22 “(iii) which—

23 “(I) satisfies the requirements
24 under paragraph (9) of subsection (g),
25 and

1 “(II) with respect to the con-
2 struction of such facility, satisfies the
3 requirements under paragraph (10) of
4 subsection (g),

5 the applicable amount shall be 1.5 cents.

6 “(b) QUALIFIED FACILITY.—

7 “(1) IN GENERAL.—

8 “(A) DEFINITION.—Subject to subpara-
9 graphs (B), (C), and (D), the term ‘qualified
10 facility’ means a facility owned by the tax-
11 payer—

12 “(i) which is used for the generation
13 of electricity,

14 “(ii) which is placed in service after
15 December 31, 2024, and

16 “(iii) for which the greenhouse gas
17 emissions rate (as determined under para-
18 graph (2)) is not greater than zero.

19 “(B) 10-YEAR PRODUCTION CREDIT.—For
20 purposes of this section, a facility shall only be
21 treated as a qualified facility during the 10-year
22 period beginning on the date the facility was
23 originally placed in service.

24 “(C) EXPANSION OF FACILITY; INCRE-
25 MENTAL PRODUCTION.—The term ‘qualified fa-

1 cility’ shall include either of the following in
2 connection with a facility described in subpara-
3 graph (A) (without regard to clause (ii) of such
4 subparagraph) which was placed in service be-
5 fore January 1, 2025, but only to the extent of
6 the increased amount of electricity produced at
7 the facility by reason of the following:

8 “(i) A new unit which is placed in
9 service after December 31, 2024.

10 “(ii) Any additions of capacity which
11 are placed in service after December 31,
12 2024.

13 “(D) COORDINATION WITH OTHER CRED-
14 ITS.—The term ‘qualified facility’ shall not in-
15 clude any facility for which a credit determined
16 under section 45, 45J, 45Q, 45U, 48, 48A, or
17 48D is allowed under section 38 for the taxable
18 year or any prior taxable year.

19 “(2) GREENHOUSE GAS EMISSIONS RATE.—

20 “(A) IN GENERAL.—For purposes of this
21 section, the term ‘greenhouse gas emissions
22 rate’ means the amount of greenhouse gases
23 emitted into the atmosphere by a facility in the
24 production of electricity, expressed as grams of
25 CO₂e per KWh.

1 “(B) FUEL COMBUSTION AND GASIFI-
2 CATION.—In the case of a facility which pro-
3 duces electricity through combustion or gasifi-
4 cation, the greenhouse gas emissions rate for
5 such facility shall be equal to the net rate of
6 greenhouse gases emitted into the atmosphere
7 by such facility (taking into account lifecycle
8 greenhouse gas emissions, as described in sec-
9 tion 211(o)(1)(H) of the Clean Air Act (42
10 U.S.C. 7545(o)(1)(H))) in the production of
11 electricity, expressed as grams of CO₂e per
12 KWh.

13 “(C) ESTABLISHMENT OF EMISSIONS
14 RATES FOR FACILITIES.—

15 “(i) PUBLISHING EMISSIONS RATES.—
16 The Secretary shall annually publish a
17 table that sets forth the greenhouse gas
18 emissions rates for types or categories of
19 facilities, which a taxpayer shall use for
20 purposes of this section.

21 “(ii) PROVISIONAL EMISSIONS
22 RATE.—In the case of any facility for
23 which an emissions rate has not been es-
24 tablished by the Secretary, a taxpayer
25 which owns such facility may file a petition

1 with the Secretary for determination of the
2 emissions rate with respect to such facility.

3 “(D) CARBON CAPTURE AND SEQUESTRA-
4 TION EQUIPMENT.—For purposes of this sub-
5 section, the amount of greenhouse gases emit-
6 ted into the atmosphere by a facility in the pro-
7 duction of electricity shall not include any quali-
8 fied carbon dioxide that is captured by the tax-
9 payer and—

10 “(i) pursuant to any regulations es-
11 tablished under paragraph (2) of section
12 45Q(f), disposed of by the taxpayer in se-
13 cure geological storage, or

14 “(ii) utilized by the taxpayer in a
15 manner described in paragraph (5) of such
16 section.

17 “(c) INFLATION ADJUSTMENT.—

18 “(1) IN GENERAL.—In the case of a calendar
19 year beginning after 2024, the 0.3 cent amount in
20 paragraph (2)(A) of subsection (a) and the 1.5 cent
21 amount in paragraph (2)(B) of such subsection shall
22 each be adjusted by multiplying such amount by the
23 inflation adjustment factor for the calendar year in
24 which the sale, consumption, or storage of the elec-
25 tricity occurs. If the 0.3 cent amount as increased

1 under this paragraph is not a multiple of 0.05 cent,
2 such amount shall be rounded to the nearest mul-
3 tiple of 0.05 cent. If the 1.5 cent amount as in-
4 creased under this paragraph is not a multiple of 0.1
5 cent, such amount shall be rounded to the nearest
6 multiple of 0.1 cent.

7 “(2) ANNUAL COMPUTATION.—The Secretary
8 shall, not later than April 1 of each calendar year,
9 determine and publish in the Federal Register the
10 inflation adjustment factor for such calendar year in
11 accordance with this subsection.

12 “(3) INFLATION ADJUSTMENT FACTOR.—The
13 term ‘inflation adjustment factor’ means, with re-
14 spect to a calendar year, a fraction the numerator
15 of which is the GDP implicit price deflator for the
16 preceding calendar year and the denominator of
17 which is the GDP implicit price deflator for the cal-
18 endar year 1992. The term ‘GDP implicit price
19 deflator’ means the most recent revision of the im-
20 plicit price deflator for the gross domestic product
21 as computed and published by the Department of
22 Commerce before March 15 of the calendar year.

23 “(d) CREDIT PHASE-OUT.—

24 “(1) IN GENERAL.—The amount of the clean
25 electricity production credit under subsection (a) for

1 any qualified facility the construction of which be-
2 gins during a calendar year described in paragraph
3 (2) shall be equal to the product of—

4 “(A) the amount of the credit determined
5 under subsection (a) without regard to this sub-
6 section, multiplied by

7 “(B) the phase-out percentage under para-
8 graph (2).

9 “(2) PHASE-OUT PERCENTAGE.—The phase-out
10 percentage under this paragraph is equal to—

11 “(A) for a facility the construction of
12 which begins during the first calendar year fol-
13 lowing the applicable year, 100 percent,

14 “(B) for a facility the construction of
15 which begins during the second calendar year
16 following the applicable year, 75 percent,

17 “(C) for a facility the construction of
18 which begins during the third calendar year fol-
19 lowing the applicable year, 50 percent, and

20 “(D) for a facility the construction of
21 which begins during any calendar year subse-
22 quent to the calendar year described in sub-
23 paragraph (C), 0 percent.

1 “(3) APPLICABLE YEAR.—For purposes of this
2 subsection, the term ‘applicable year’ means the
3 later of—

4 “(A) the calendar year in which the Sec-
5 retary determines that the annual greenhouse
6 gas emissions from the production of electricity
7 in the United States are equal to or less than
8 25 percent of the annual greenhouse gas emis-
9 sions from the production of electricity in the
10 United States for calendar year 2022, or

11 “(B) 2032.

12 “(e) DEFINITIONS.—For purposes of this section:

13 “(1) CO₂e PER KWh.—The term ‘CO₂e per
14 KWh’ means, with respect to any greenhouse gas,
15 the equivalent carbon dioxide (as determined based
16 on global warming potential) per kilowatt hour of
17 electricity produced.

18 “(2) GREENHOUSE GAS.—The term ‘greenhouse
19 gas’ has the same meaning given such term under
20 section 211(o)(1)(G) of the Clean Air Act (42
21 U.S.C. 7545(o)(1)(G)), as in effect on the date of
22 the enactment of this section.

23 “(3) QUALIFIED CARBON DIOXIDE.—The term
24 ‘qualified carbon dioxide’ means carbon dioxide cap-
25 tured from an industrial source which—

1 “(A) would otherwise be released into the
2 atmosphere as industrial emission of green-
3 house gas,

4 “(B) is measured at the source of capture
5 and verified at the point of disposal or utiliza-
6 tion, and

7 “(C) is captured and disposed or utilized
8 within the United States (within the meaning of
9 section 638(1)) or a possession of the United
10 States (within the meaning of section 638(2)).

11 “(f) GUIDANCE.—Not later than January 1, 2025,
12 the Secretary shall issue guidance regarding implementa-
13 tion of this section, including calculation of greenhouse
14 gas emission rates for qualified facilities and determina-
15 tion of clean electricity production credits under this sec-
16 tion.

17 “(g) SPECIAL RULES.—

18 “(1) ONLY PRODUCTION IN THE UNITED
19 STATES TAKEN INTO ACCOUNT.—Consumption,
20 sales, or storage shall be taken into account under
21 this section only with respect to electricity the pro-
22 duction of which is within—

23 “(A) the United States (within the mean-
24 ing of section 638(1)), or

1 “(B) a possession of the United States
2 (within the meaning of section 638(2)).

3 “(2) COMBINED HEAT AND POWER SYSTEM
4 PROPERTY.—

5 “(A) IN GENERAL.—For purposes of sub-
6 section (a)—

7 “(i) the kilowatt hours of electricity
8 produced by a taxpayer at a qualified facil-
9 ity shall include any production in the
10 form of useful thermal energy by any com-
11 bined heat and power system property
12 within such facility, and

13 “(ii) the amount of greenhouse gases
14 emitted into the atmosphere by such facil-
15 ity in the production of such useful ther-
16 mal energy shall be included for purposes
17 of determining the greenhouse gas emis-
18 sions rate for such facility.

19 “(B) COMBINED HEAT AND POWER SYS-
20 TEM PROPERTY.—For purposes of this para-
21 graph, the term ‘combined heat and power sys-
22 tem property’ has the same meaning given such
23 term by section 48(c)(3) (without regard to
24 subparagraphs (A)(iv), (B), and (D) thereof).

25 “(C) CONVERSION FROM BTU TO KWH.—

1 “(i) IN GENERAL.—For purposes of
2 subparagraph (A)(i), the amount of kilo-
3 watt hours of electricity produced in the
4 form of useful thermal energy shall be
5 equal to the quotient of—

6 “(I) the total useful thermal en-
7 ergy produced by the combined heat
8 and power system property within the
9 qualified facility, divided by

10 “(II) the heat rate for such facil-
11 ity.

12 “(ii) HEAT RATE.—For purposes of
13 this subparagraph, the term ‘heat rate’
14 means the amount of energy used by the
15 qualified facility to generate 1 kilowatt
16 hour of electricity, expressed as British
17 thermal units per net kilowatt hour gen-
18 erated.

19 “(3) PRODUCTION ATTRIBUTABLE TO THE TAX-
20 PAYER.—In the case of a qualified facility in which
21 more than 1 person has an ownership interest, ex-
22 cept to the extent provided in regulations prescribed
23 by the Secretary, production from the facility shall
24 be allocated among such persons in proportion to

1 their respective ownership interests in the gross
2 sales from such facility.

3 “(4) RELATED PERSONS.—Persons shall be
4 treated as related to each other if such persons
5 would be treated as a single employer under the reg-
6 ulations prescribed under section 52(b). In the case
7 of a corporation which is a member of an affiliated
8 group of corporations filing a consolidated return,
9 such corporation shall be treated as selling electricity
10 to an unrelated person if such electricity is sold to
11 such a person by another member of such group.

12 “(5) PASS-THRU IN THE CASE OF ESTATES AND
13 TRUSTS.—Under regulations prescribed by the Sec-
14 retary, rules similar to the rules of subsection (d) of
15 section 52 shall apply.

16 “(6) ALLOCATION OF CREDIT TO PATRONS OF
17 AGRICULTURAL COOPERATIVE.—

18 “(A) ELECTION TO ALLOCATE.—

19 “(i) IN GENERAL.—In the case of an
20 eligible cooperative organization, any por-
21 tion of the credit determined under sub-
22 section (a) for the taxable year may, at the
23 election of the organization, be apportioned
24 among patrons of the organization on the

1 basis of the amount of business done by
2 the patrons during the taxable year.

3 “(ii) FORM AND EFFECT OF ELEC-
4 TION.—An election under clause (i) for any
5 taxable year shall be made on a timely
6 filed return for such year. Such election,
7 once made, shall be irrevocable for such
8 taxable year. Such election shall not take
9 effect unless the organization designates
10 the apportionment as such in a written no-
11 tice mailed to its patrons during the pay-
12 ment period described in section 1382(d).

13 “(B) TREATMENT OF ORGANIZATIONS AND
14 PATRONS.—The amount of the credit appor-
15 tioned to any patrons under subparagraph
16 (A)—

17 “(i) shall not be included in the
18 amount determined under subsection (a)
19 with respect to the organization for the
20 taxable year, and

21 “(ii) shall be included in the amount
22 determined under subsection (a) for the
23 first taxable year of each patron ending on
24 or after the last day of the payment period
25 (as defined in section 1382(d)) for the tax-

1 able year of the organization or, if earlier,
2 for the taxable year of each patron ending
3 on or after the date on which the patron
4 receives notice from the cooperative of the
5 apportionment.

6 “(C) SPECIAL RULES FOR DECREASE IN
7 CREDITS FOR TAXABLE YEAR.—If the amount
8 of the credit of a cooperative organization de-
9 termined under subsection (a) for a taxable
10 year is less than the amount of such credit
11 shown on the return of the cooperative organi-
12 zation for such year, an amount equal to the
13 excess of—

14 “(i) such reduction, over

15 “(ii) the amount not apportioned to
16 such patrons under subparagraph (A) for
17 the taxable year,

18 shall be treated as an increase in tax imposed
19 by this chapter on the organization. Such in-
20 crease shall not be treated as tax imposed by
21 this chapter for purposes of determining the
22 amount of any credit under this chapter.

23 “(D) ELIGIBLE COOPERATIVE DEFINED.—
24 For purposes of this section, the term ‘eligible
25 cooperative’ means a cooperative organization

1 described in section 1381(a) which is owned
2 more than 50 percent by agricultural producers
3 or by entities owned by agricultural producers.
4 For this purpose an entity owned by an agricul-
5 tural producer is one that is more than 50 per-
6 cent owned by agricultural producers.

7 “(7) INCREASE IN CREDIT IN ENERGY COMMU-
8 NITIES.—In the case of any qualified facility which
9 is located in an energy community (as defined in
10 section 45(b)(11)(B)), for purposes of determining
11 the amount of the credit under subsection (a) with
12 respect to any electricity produced by the taxpayer
13 at such facility during the taxable year, the applica-
14 ble amount under paragraph (2) of such subsection
15 shall be increased by an amount equal to 10 percent
16 of the amount otherwise in effect under such para-
17 graph (without application of subparagraph (B)).

18 “(8) CREDIT REDUCED FOR TAX-EXEMPT
19 BONDS.—Rules similar to the rules of section
20 45(b)(3) shall apply.

21 “(9) WAGE REQUIREMENTS.—Rules similar to
22 the rules of section 45(b)(7) shall apply.

23 “(10) APPRENTICESHIP REQUIREMENTS.—
24 Rules similar to the rules of section 45(b)(8) shall
25 apply.

1 “(11) DOMESTIC CONTENT BONUS CREDIT
2 AMOUNT.—

3 “(A) IN GENERAL.—In the case of any
4 qualified facility which satisfies the requirement
5 under subparagraph (B)(i), the amount of the
6 credit determined under subsection (a) shall be
7 increased by an amount equal to 10 percent of
8 the amount so determined.

9 “(B) REQUIREMENT.—

10 “(i) IN GENERAL.—The requirement
11 described in this subclause is satisfied with
12 respect to any qualified facility if the tax-
13 payer certifies to the Secretary (at such
14 time, and in such form and manner, as the
15 Secretary may prescribe) that any steel,
16 iron, or manufactured product which is a
17 component of such facility (upon comple-
18 tion of construction) was produced in the
19 United States (as determined under sec-
20 tion 661 of title 49, Code of Federal Regu-
21 lations).

22 “(ii) STEEL AND IRON.—In the case
23 of steel or iron, clause (i) shall be applied
24 in a manner consistent with section 661.5
25 of title 49, Code of Federal Regulations.

1 “(iii) MANUFACTURED PRODUCT.—

2 For purposes of clause (i), the manufac-
3 tured products which are components of a
4 qualified facility upon completion of con-
5 struction shall be deemed to have been pro-
6 duced in the United States if not less than
7 the adjusted percentage (as determined
8 under subparagraph (C)) of the total costs
9 of all such manufactured products of such
10 facility are attributable to manufactured
11 products (including components) which are
12 mined, produced, or manufactured in the
13 United States.

14 “(C) ADJUSTED PERCENTAGE.—

15 “(i) IN GENERAL.—Subject to sub-
16 clause (ii), for purposes of subparagraph
17 (B)(iii), the adjusted percentage shall be—

18 “(I) in the case of a facility the
19 construction of which begins after De-
20 cember 31, 2024, and before January
21 1, 2026, 45 percent,

22 “(II) in the case of a facility the
23 construction of which begins after De-
24 cember 31, 2025, and before January
25 1, 2027, 50 percent, and

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1 “(III) in the case of a facility the
2 construction of which begins after De-
3 cember 31, 2026, 55 percent.

4 “(ii) OFFSHORE WIND FACILITY.—
5 For purposes of subparagraph (B)(iii), in
6 the case of a qualified facility which is an
7 offshore wind facility, the adjusted per-
8 centage shall be—

9 “(I) in the case of a facility the
10 construction of which begins after De-
11 cember 31, 2024, and before January
12 1, 2026, 27.5 percent,

13 “(II) in the case of a facility the
14 construction of which begins after De-
15 cember 31, 2025, and before January
16 1, 2027, 35 percent,

17 “(III) in the case of a facility the
18 construction of which begins after De-
19 cember 31, 2026, and before January
20 1, 2028, 45 percent, and

21 “(IV) in the case of a facility the
22 construction of which begins after De-
23 cember 31, 2027, 55 percent.

24 “(12) PHASEOUT FOR ELECTIVE PAYMENT.—

1 “(A) IN GENERAL.—In the case of a tax-
2 payer making an election under section 6417
3 with respect to a credit under this section, the
4 amount of such credit shall be replaced with—

5 “(i) the value of such credit (deter-
6 mined without regard to this paragraph),
7 multiplied by

8 “(ii) the applicable percentage.

9 “(B) 100 PERCENT APPLICABLE PERCENT-
10 AGE FOR CERTAIN QUALIFIED FACILITIES.—In
11 the case of any qualified facility—

12 “(i) which satisfies the requirements
13 under paragraph (11)(B) with respect to
14 the construction of such facility, or

15 “(ii) with a maximum net output of
16 less than 1 megawatt (as measured in al-
17 ternating current),

18 the applicable percentage shall be 100 percent.

19 “(C) PHASED DOMESTIC CONTENT RE-
20 QUIREMENT.—Subject to subparagraph (D), in
21 the case of any qualified facility which is not
22 described in subparagraph (B), the applicable
23 percentage shall be—

1 “(i) if construction of such facility
2 began in calendar year 2025, 85 percent,
3 and

4 “(ii) if construction of such facility
5 began after December 31, 2025, 0 percent.

6 “(D) EXCEPTION.—

7 “(i) IN GENERAL.—For purposes of
8 this paragraph, the Secretary shall provide
9 exceptions to the requirements under this
10 paragraph for the construction of qualified
11 facilities if—

12 “(I) the inclusion of steel, iron,
13 or manufactured products which are
14 produced in the United States in-
15 creases the overall costs of construc-
16 tion of qualified facilities by more
17 than 25 percent, or

18 “(II) relevant steel, iron, or man-
19 ufactured products are not produced
20 in the United States in sufficient and
21 reasonably available quantities or of a
22 satisfactory quality.

23 “(ii) APPLICABLE PERCENTAGE.—In
24 any case in which the Secretary provides

1 an exception pursuant to clause (i), the ap-
2 plicable percentage shall be 100 percent.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 38(b), as amended by the preceding
5 provisions of this Act, is amended—

6 (A) in paragraph (37), by striking “plus”
7 at the end,

8 (B) in paragraph (38), by striking the pe-
9 riod at the end and inserting “, plus”, and

10 (C) by adding at the end the following new
11 paragraph:

12 “(39) the clean electricity production credit de-
13 termined under section 45Y(a).”.

14 (2) The table of sections for subpart D of part
15 IV of subchapter A of chapter 1, as amended by the
16 preceding provisions of this Act, is amended by add-
17 ing at the end the following new item:

“Sec. 45Y. Clean electricity production credit.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to facilities placed in service after
20 December 31, 2024.

21 **SEC. 13702. CLEAN ELECTRICITY INVESTMENT CREDIT.**

22 (a) IN GENERAL.—Subpart E of part IV of sub-
23 chapter A of chapter 1 is amended by inserting after sec-
24 tion 48C the following new section:

1 **“SEC. 48D. CLEAN ELECTRICITY INVESTMENT CREDIT.**

2 “(a) INVESTMENT CREDIT FOR QUALIFIED PROP-
3 ERTY.—

4 “(1) IN GENERAL.—For purposes of section 46,
5 the clean electricity investment credit for any taxable
6 year is an amount equal to the applicable percentage
7 of the qualified investment for such taxable year
8 with respect to—

9 “(A) any qualified facility, and

10 “(B) any energy storage technology.

11 “(2) APPLICABLE PERCENTAGE.—

12 “(A) QUALIFIED FACILITIES.—Subject to
13 paragraph (3)—

14 “(i) BASE RATE.—In the case of any
15 qualified facility which is not described in
16 subclause (I) or (II) of clause (ii) and does
17 not satisfy the requirements described in
18 subclause (III) of such clause, the applica-
19 ble percentage shall be 6 percent.

20 “(ii) ALTERNATIVE RATE.—In the
21 case of any qualified facility—

22 “(I) with a maximum net output
23 of less than 1 megawatt (as measured
24 in alternating current),

25 “(II) the construction of which
26 begins prior to the date that is 60

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1 days after the Secretary publishes
2 guidance with respect to the require-
3 ments of paragraphs (3) and (4) of
4 subsection (d), or

5 “(III) which—

6 “(aa) satisfies the require-
7 ments of subsection (d)(3), and

8 “(bb) with respect to the
9 construction of such facility, sat-
10 isfies the requirements of sub-
11 section (d)(4),

12 the applicable percentage shall be 30 per-
13 cent.

14 “(B) ENERGY STORAGE TECHNOLOGY.—

15 Subject to paragraph (3)—

16 “(i) BASE RATE.—In the case of any
17 energy storage technology which is not de-
18 scribed in subclause (I) or (II) of clause
19 (ii) and does not satisfy the requirements
20 described in subclause (III) of such clause,
21 the applicable percentage shall be 6 per-
22 cent.

23 “(ii) ALTERNATIVE RATE.—In the
24 case of any energy storage technology—

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1 “(I) with a capacity of less than
2 1 megawatt,

3 “(II) the construction of which
4 begins prior to the date that is 60
5 days after the Secretary publishes
6 guidance with respect to the require-
7 ments of paragraphs (3) and (4) of
8 subsection (d), or

9 “(III) which—

10 “(aa) satisfies the require-
11 ments of subsection (d)(3), and

12 “(bb) with respect to the
13 construction of such property,
14 satisfies the requirements of sub-
15 section (d)(4),

16 the applicable percentage shall be 30 per-
17 cent.

18 “(3) INCREASE IN CREDIT RATE IN CERTAIN
19 CASES.—

20 “(A) ENERGY COMMUNITIES.—

21 “(i) IN GENERAL.—In the case of any
22 qualified investment with respect to a
23 qualified facility or with respect to energy
24 storage technology which is placed in serv-
25 ice within an energy community (as de-

1 fined in section 45(b)(11)(B)), for pur-
2 poses applying paragraph (2) with respect
3 to such property or investment, the appli-
4 cable percentage shall be increased by the
5 applicable credit rate increase.

6 “(ii) APPLICABLE CREDIT RATE IN-
7 CREASE.—For purposes of clause (i), the
8 applicable credit rate increase shall be an
9 amount equal to—

10 “(I) in the case of any qualified
11 investment with respect to a qualified
12 facility described in paragraph
13 (2)(A)(i) or with respect to energy
14 storage technology described in para-
15 graph (2)(B)(i), 2 percentage points,
16 and

17 “(II) in the case of any qualified
18 investment with respect to a qualified
19 facility described in paragraph
20 (2)(A)(ii) or with respect to energy
21 storage technology described in para-
22 graph (2)(B)(ii), 10 percentage
23 points.

24 “(B) DOMESTIC CONTENT.—Rules similar
25 to the rules of section 48(a)(12) shall apply.

1 “(b) QUALIFIED INVESTMENT WITH RESPECT TO A
2 QUALIFIED FACILITY.—

3 “(1) IN GENERAL.—For purposes of subsection
4 (a), the qualified investment with respect to any
5 qualified facility for any taxable year is the sum
6 of—

7 “(A) the basis of any qualified property
8 placed in service by the taxpayer during such
9 taxable year which is part of a qualified facility,
10 plus

11 “(B) the amount of any expenditures
12 which are—

13 “(i) paid or incurred by the taxpayer
14 for qualified interconnection property—

15 “(I) in connection with a quali-
16 fied facility which has a maximum net
17 output of not greater than 5
18 megawatts (as measured in alter-
19 nating current), and

20 “(II) placed in service during the
21 taxable year of the taxpayer, and

22 “(ii) properly chargeable to capital ac-
23 count of the taxpayer.

1 “(2) QUALIFIED PROPERTY.—For purposes of
2 this section, the term ‘qualified property’ means
3 property—

4 “(A) which is—

5 “(i) tangible personal property, or

6 “(ii) other tangible property (not in-
7 cluding a building or its structural compo-
8 nents), but only if such property is used as
9 an integral part of the qualified facility,

10 “(B) with respect to which depreciation (or
11 amortization in lieu of depreciation) is allow-
12 able, and

13 “(C)(i) the construction, reconstruction, or
14 erection of which is completed by the taxpayer,
15 or

16 “(ii) which is acquired by the taxpayer if
17 the original use of such property commences
18 with the taxpayer.

19 “(3) QUALIFIED FACILITY.—

20 “(A) IN GENERAL.—For purposes of this
21 section, the term ‘qualified facility’ means a fa-
22 cility—

23 “(i) which is used for the generation
24 of electricity,

1 “(ii) which is placed in service after
2 December 31, 2024, and

3 “(iii) for which the anticipated green-
4 house gas emissions rate (as determined
5 under subparagraph (B)(ii)) is not greater
6 than zero.

7 “(B) ADDITIONAL RULES.—

8 “(i) EXPANSION OF FACILITY; INCRE-
9 MENTAL PRODUCTION.—Rules similar to
10 the rules of section 45Y(b)(1)(C) shall
11 apply for purposes of this paragraph.

12 “(ii) GREENHOUSE GAS EMISSIONS
13 RATE.—Rules similar to the rules of sec-
14 tion 45Y(b)(2) shall apply for purposes of
15 this paragraph.

16 “(C) EXCLUSION.—The term ‘qualified fa-
17 cility’ shall not include any facility for which—

18 “(i) a renewable electricity production
19 credit determined under section 45,

20 “(ii) an advanced nuclear power facil-
21 ity production credit determined under sec-
22 tion 45J,

23 “(iii) a carbon oxide sequestration
24 credit determined under section 45Q,

1 “(iv) a zero-emission nuclear power
2 production credit determined under section
3 45U,

4 “(v) a clean electricity production
5 credit determined under section 45Y,

6 “(vi) an energy credit determined
7 under section 48, or

8 “(vii) a qualifying advanced coal
9 project credit under section 48A,
10 is allowed under section 38 for the taxable year
11 or any prior taxable year.

12 “(4) QUALIFIED INTERCONNECTION PROP-
13 ERTY.—For purposes of this paragraph, the term
14 ‘qualified interconnection property’ has the meaning
15 given such term in section 48(a)(8)(B).

16 “(5) COORDINATION WITH REHABILITATION
17 CREDIT.—The qualified investment with respect to
18 any qualified facility for any taxable year shall not
19 include that portion of the basis of any property
20 which is attributable to qualified rehabilitation ex-
21 penditures (as defined in section 47(c)(2)).

22 “(6) DEFINITIONS.—For purposes of this sub-
23 section, the terms ‘CO₂e per KWh’ and ‘greenhouse
24 gas emissions rate’ have the same meaning given
25 such terms under section 45Y.

1 “(c) QUALIFIED INVESTMENT WITH RESPECT TO
2 ENERGY STORAGE TECHNOLOGY.—

3 “(1) QUALIFIED INVESTMENT.—For purposes
4 of subsection (a), the qualified investment with re-
5 spect to energy storage technology for any taxable
6 year is the basis of any energy storage technology
7 placed in service by the taxpayer during such taxable
8 year.

9 “(2) ENERGY STORAGE TECHNOLOGY.—For
10 purposes of this section, the term ‘energy storage
11 technology’ has the meaning given such term in sec-
12 tion 48(c)(6) (except that subparagraph (D) of such
13 section shall not apply).

14 “(d) SPECIAL RULES.—

15 “(1) CERTAIN PROGRESS EXPENDITURE RULES
16 MADE APPLICABLE.—Rules similar to the rules of
17 subsections (c)(4) and (d) of section 46 (as in effect
18 on the day before the date of the enactment of the
19 Revenue Reconciliation Act of 1990) shall apply for
20 purposes of subsection (a).

21 “(2) SPECIAL RULE FOR PROPERTY FINANCED
22 BY SUBSIDIZED ENERGY FINANCING OR PRIVATE AC-
23 TIVITY BONDS.—Rules similar to the rules of section
24 45(b)(3) shall apply.

1 “(3) PREVAILING WAGE REQUIREMENTS.—
2 Rules similar to the rules of section 48(a)(10) shall
3 apply.

4 “(4) APPRENTICESHIP REQUIREMENTS.—Rules
5 similar to the rules of section 45(b)(8) shall apply.

6 “(5) DOMESTIC CONTENT REQUIREMENT FOR
7 ELECTIVE PAYMENT.—In the case of a taxpayer
8 making an election under section 6417 with respect
9 to a credit under this section, rules similar to the
10 rules of section 45(b)(10) shall apply.

11 “(e) CREDIT PHASE-OUT.—

12 “(1) IN GENERAL.—The amount of the clean
13 electricity investment credit under subsection (a) for
14 any qualified investment with respect to any quali-
15 fied facility or energy storage technology the con-
16 struction of which begins during a calendar year de-
17 scribed in paragraph (2) shall be equal to the prod-
18 uct of—

19 “(A) the amount of the credit determined
20 under subsection (a) without regard to this sub-
21 section, multiplied by

22 “(B) the phase-out percentage under para-
23 graph (2).

24 “(2) PHASE-OUT PERCENTAGE.—The phase-out
25 percentage under this paragraph is equal to—

1 “(A) for any qualified investment with re-
2 spect to any qualified facility or energy storage
3 technology the construction of which begins
4 during the first calendar year following the ap-
5 plicable year, 100 percent,

6 “(B) for any qualified investment with re-
7 spect to any qualified facility or energy storage
8 technology the construction of which begins
9 during the second calendar year following the
10 applicable year, 75 percent,

11 “(C) for any qualified investment with re-
12 spect to any qualified facility or energy storage
13 technology the construction of which begins
14 during the third calendar year following the ap-
15 plicable year, 50 percent, and

16 “(D) for any qualified investment with re-
17 spect to any qualified facility or energy storage
18 technology the construction of which begins
19 during any calendar year subsequent to the cal-
20 endar year described in subparagraph (C), 0
21 percent.

22 “(3) APPLICABLE YEAR.—For purposes of this
23 subsection, the term ‘applicable year’ has the same
24 meaning given such term in section 45Y(d)(3).

1 “(f) GREENHOUSE GAS.—In this section, the term
2 ‘greenhouse gas’ has the same meaning given such term
3 under section 45Y(e)(2).

4 “(g) RECAPTURE OF CREDIT.—For purposes of sec-
5 tion 50, if the Secretary determines that the greenhouse
6 gas emissions rate for a qualified facility is greater than
7 10 grams of CO₂e per KWh, any property for which a
8 credit was allowed under this section with respect to such
9 facility shall cease to be investment credit property in the
10 taxable year in which the determination is made.

11 “(h) SPECIAL RULES FOR CERTAIN FACILITIES
12 PLACED IN SERVICE IN CONNECTION WITH LOW-INCOME
13 COMMUNITIES.—

14 “(1) IN GENERAL.—In the case of any applica-
15 ble facility with respect to which the Secretary
16 makes an allocation of environmental justice capac-
17 ity limitation under paragraph (4)—

18 “(A) the applicable percentage otherwise
19 determined under subsection (a)(2) with respect
20 to any eligible property which is part of such
21 facility shall be increased by—

22 “(i) in the case of a facility described
23 in subclause (I) of paragraph (2)(A)(iii)
24 and not described in subclause (II) of such
25 paragraph, 10 percentage points, and

1 “(ii) in the case of a facility described
2 in subclause (II) of paragraph (2)(A)(iii),
3 20 percentage points, and

4 “(B) the increase in the credit determined
5 under subsection (a) by reason of this sub-
6 section for any taxable year with respect to all
7 property which is part of such facility shall not
8 exceed the amount which bears the same ratio
9 to the amount of such increase (determined
10 without regard to this subparagraph) as—

11 “(i) the environmental justice capacity
12 limitation allocated to such facility, bears
13 to

14 “(ii) the total megawatt nameplate ca-
15 pacity of such facility, as measured in di-
16 rect current.

17 “(2) APPLICABLE FACILITY.—For purposes of
18 this subsection—

19 “(A) IN GENERAL.—The term ‘applicable
20 facility’ means any qualified facility—

21 “(i) which is not described in section
22 45Y(b)(2)(B),

23 “(ii) which has a maximum net output
24 of less than 5 megawatts (as measured in
25 alternating current), and

1 “(iii) which—

2 “(I) is located in a low-income
3 community (as defined in section
4 45D(e)) or on Indian land (as defined
5 in section 2601(2) of the Energy Pol-
6 icy Act of 1992 (25 U.S.C. 3501(2))),
7 or

8 “(II) is part of a qualified low-in-
9 come residential building project or a
10 qualified low-income economic benefit
11 project.

12 “(B) QUALIFIED LOW-INCOME RESIDEN-
13 TIAL BUILDING PROJECT.—A facility shall be
14 treated as part of a qualified low-income resi-
15 dential building project if—

16 “(i) such facility is installed on a resi-
17 dential rental building which participates
18 in a covered housing program (as defined
19 in section 41411(a) of the Violence Against
20 Women Act of 1994 (34 U.S.C.
21 12491(a)(3)), a housing assistance pro-
22 gram administered by the Department of
23 Agriculture under title V of the Housing
24 Act of 1949, a housing program adminis-
25 tered by a tribally designated housing enti-

1 ty (as defined in section 4(22) of the Na-
2 tive American Housing Assistance and
3 Self-Determination Act of 1996 (25 U.S.C.
4 4103(22))) or such other affordable hous-
5 ing programs as the Secretary may pro-
6 vide, and

7 “(ii) the financial benefits of the elec-
8 tricity produced by such facility are allo-
9 cated equitably among the occupants of the
10 dwelling units of such building.

11 “(C) QUALIFIED LOW-INCOME ECONOMIC
12 BENEFIT PROJECT.—A facility shall be treated
13 as part of a qualified low-income economic ben-
14 efit project if at least 50 percent of the finan-
15 cial benefits of the electricity produced by such
16 facility are provided to households with income
17 of—

18 “(i) less than 200 percent of the pov-
19 erty line (as defined in section
20 36B(d)(3)(A)) applicable to a family of the
21 size involved, or

22 “(ii) less than 80 percent of area me-
23 dian gross income (as determined under
24 section 142(d)(2)(B)).

1 “(D) FINANCIAL BENEFIT.—For purposes
2 of subparagraphs (B) and (C), electricity ac-
3 quired at a below-market rate shall not fail to
4 be taken into account as a financial benefit.

5 “(3) ELIGIBLE PROPERTY.—For purposes of
6 this subsection, the term ‘eligible property’ means a
7 qualified investment with respect to any applicable
8 facility.

9 “(4) ALLOCATIONS.—

10 “(A) IN GENERAL.—Not later than Janu-
11 ary 1, 2025, the Secretary shall establish a pro-
12 gram to allocate amounts of environmental jus-
13 tice capacity limitation to applicable facilities.
14 In establishing such program and to carry out
15 the purposes of this subsection, the Secretary
16 shall provide procedures to allow for an efficient
17 allocation process, including, when determined
18 appropriate, consideration of multiple projects
19 in a single application if such projects will be
20 placed in service by a single taxpayer.

21 “(B) LIMITATION.—The amount of envi-
22 ronmental justice capacity limitation allocated
23 by the Secretary under subparagraph (A) dur-
24 ing any calendar year shall not exceed the an-

1 nual capacity limitation with respect to such
2 year.

3 “(C) ANNUAL CAPACITY LIMITATION.—For
4 purposes of this paragraph, the term ‘annual
5 capacity limitation’ means 1.8 gigawatts of di-
6 rect current capacity for each calendar year
7 during the period beginning on January 1,
8 2025, and ending on December 31 of the appli-
9 cable year (as defined in section 45Y(d)(3)),
10 and zero thereafter.

11 “(D) CARRYOVER OF UNUSED LIMITA-
12 TION.—

13 “(i) IN GENERAL.—If the annual ca-
14 pacity limitation for any calendar year ex-
15 ceeds the aggregate amount allocated for
16 such year under this paragraph, such limi-
17 tation for the succeeding calendar year
18 shall be increased by the amount of such
19 excess. No amount may be carried under
20 the preceding sentence to any calendar
21 year after the third calendar year following
22 the applicable year (as defined in section
23 45Y(d)(3)).

24 “(ii) CARRYOVER FROM SECTION 48
25 FOR CALENDAR YEAR 2025.—If the annual

1 capacity limitation for calendar year 2024
2 under section 48(e)(4)(D) exceeds the ag-
3 gregate amount allocated for such year
4 under such section, such excess amount
5 may be carried over and applied to the an-
6 nual capacity limitation under this sub-
7 section for calendar year 2025. The annual
8 capacity limitation for calendar year 2025
9 shall be increased by the amount of such
10 excess.

11 “(E) PLACED IN SERVICE DEADLINE.—

12 “(i) IN GENERAL.—Paragraph (1)
13 shall not apply with respect to any prop-
14 erty which is placed in service after the
15 date that is 4 years after the date of the
16 allocation with respect to the facility of
17 which such property is a part.

18 “(ii) APPLICATION OF CARRYOVER.—
19 Any amount of environmental justice ca-
20 pacity limitation which expires under
21 clause (i) during any calendar year shall be
22 taken into account as an excess described
23 in subparagraph (D)(i) (or as an increase
24 in such excess) for such calendar year,

1 subject to the limitation imposed by the
2 last sentence of such subparagraph.

3 “(5) RECAPTURE.—The Secretary shall, by reg-
4 ulations or other guidance, provide for recapturing
5 the benefit of any increase in the credit allowed
6 under subsection (a) by reason of this subsection
7 with respect to any property which ceases to be
8 property eligible for such increase (but which does
9 not cease to be investment credit property within the
10 meaning of section 50(a)). The period and percent-
11 age of such recapture shall be determined under
12 rules similar to the rules of section 50(a). To the ex-
13 tent provided by the Secretary, such recapture may
14 not apply with respect to any property if, within 12
15 months after the date the taxpayer becomes aware
16 (or reasonably should have become aware) of such
17 property ceasing to be property eligible for such in-
18 crease, the eligibility of such property for such in-
19 crease is restored. The preceding sentence shall not
20 apply more than once with respect to any facility.

21 “(i) GUIDANCE.—Not later than January 1, 2025,
22 the Secretary shall issue guidance regarding implementa-
23 tion of this section.”.

24 (b) CONFORMING AMENDMENTS.—

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1 (1) Paragraph (6) of section 46 is amended to
2 read as follows:

3 “(6) the clean electricity investment credit.”.

4 (2) Section 49(a)(1)(C) is amended—

5 (A) by striking “and” at the end of clause
6 (iv),

7 (B) by striking the period at the end of
8 clause (v) and inserting a comma, and

9 (C) by adding at the end the following new
10 clauses:

11 “(vi) the basis of any qualified prop-
12 erty which is part of a qualified facility
13 under section 48D, and

14 “(vii) the basis of any energy storage
15 technology under section 48D.”.

16 (3) Section 50(a)(2)(E) is amended by striking
17 “or 48C(b)(2)” and inserting “48C(b)(2), or
18 48D(e)”.

19 (4) Section 50(c)(3) is amended by inserting
20 “or clean electricity investment credit” after “In the
21 case of any energy credit”.

22 (5) The table of sections for subpart E of part
23 IV of subchapter A of chapter 1 is amended by in-
24 serting after the item relating to section 48C the fol-
25 lowing new item:

“48D. Clean electricity investment credit.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2024.

4 **SEC. 13703. COST RECOVERY FOR QUALIFIED FACILITIES,**
5 **QUALIFIED PROPERTY, AND ENERGY STOR-**
6 **AGE TECHNOLOGY.**

7 (a) IN GENERAL.—Section 168(e)(3)(B) is amend-
8 ed—

9 (1) in clause (vi)(III), by striking “and” at the
10 end,

11 (2) in clause (vii), by striking the period at the
12 end and inserting “, and”, and

13 (3) by inserting after clause (vii) the following:

14 “(viii) any qualified facility (as de-
15 fined in section 45Y(b)(1)(A)), any quali-
16 fied property (as defined in subsection
17 (b)(2) of section 48D) which is a qualified
18 investment (as defined in subsection (b)(1)
19 of such section), or any energy storage
20 technology (as defined in subsection (c)(2)
21 of such section).”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to facilities and property placed
24 in service after December 31, 2024.

1 **SEC. 13704. CLEAN FUEL PRODUCTION CREDIT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1, as amended by the preceding pro-
4 visions of this Act, is amended by adding at the end the
5 following new section:

6 **“SEC. 45Z. CLEAN FUEL PRODUCTION CREDIT.**

7 “(a) AMOUNT OF CREDIT.—

8 “(1) IN GENERAL.—For purposes of section 38,
9 the clean fuel production credit for any taxable year
10 is an amount equal to the product of—

11 “(A) the applicable amount per gallon (or
12 gallon equivalent) with respect to any transpor-
13 tation fuel which is—

14 “(i) produced by the taxpayer at a
15 qualified facility, and

16 “(ii) sold by the taxpayer in a manner
17 described in paragraph (4) during the tax-
18 able year, and

19 “(B) the emissions factor for such fuel (as
20 determined under subsection (b)).

21 “(2) APPLICABLE AMOUNT.—

22 “(A) BASE AMOUNT.—In the case of any
23 transportation fuel produced at a qualified facil-
24 ity which does not satisfy the requirements de-
25 scribed in subparagraph (B), the applicable
26 amount shall be 20 cents.

1 “(B) ALTERNATIVE AMOUNT.—In the case
2 of any transportation fuel produced at a quali-
3 fied facility which satisfies the requirements
4 under paragraphs (6) and (7) of subsection (f),
5 the applicable amount shall be \$1.00.

6 “(3) SPECIAL RATE FOR SUSTAINABLE AVIA-
7 TION FUEL.—

8 “(A) IN GENERAL.—In the case of a trans-
9 portation fuel which is sustainable aviation fuel,
10 paragraph (2) shall be applied—

11 “(i) in the case of fuel produced at a
12 qualified facility described in paragraph
13 (2)(A), by substituting ‘35 cents’ for ‘20
14 cents’, and

15 “(ii) in the case of fuel produced at a
16 qualified facility described in paragraph
17 (2)(B), by substituting ‘\$1.75’ for ‘\$1.00’.

18 “(B) SUSTAINABLE AVIATION FUEL.—For
19 purposes of this subparagraph (A), the term
20 ‘sustainable aviation fuel’ means liquid fuel
21 which is sold for use in an aircraft and which—

22 “(i) meets the requirements of—

23 “(I) ASTM International Stand-
24 ard D7566, or

1 “(II) the Fischer Tropsch provi-
2 sions of ASTM International Stand-
3 ard D1655, Annex A1, and

4 “(ii) is not derived from palm fatty
5 acid distillates or petroleum.

6 “(4) SALE.—For purposes of paragraph (1),
7 the transportation fuel is sold in a manner described
8 in this paragraph if such fuel is sold by the taxpayer
9 to an unrelated person—

10 “(A) for use by such person in the produc-
11 tion of a fuel mixture,

12 “(B) for use by such person in a trade or
13 business, or

14 “(C) who sells such fuel at retail to an-
15 other person and places such fuel in the fuel
16 tank of such other person.

17 “(5) ROUNDING.—If any amount determined
18 under paragraph (1) is not a multiple of 1 cent,
19 such amount shall be rounded to the nearest cent.

20 “(b) EMISSIONS FACTORS.—

21 “(1) EMISSIONS FACTOR.—

22 “(A) CALCULATION.—

23 “(i) IN GENERAL.—The emissions fac-
24 tor of a transportation fuel shall be an
25 amount equal to the quotient of—

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1 “(I) an amount equal to—
2 “(aa) 50 kilograms of CO₂e
3 per mmBTU, minus
4 “(bb) the emissions rate for
5 such fuel, divided by
6 “(II) 50 kilograms of CO₂e per
7 mmBTU.

8 “(B) ESTABLISHMENT OF EMISSIONS
9 RATE.—

10 “(i) IN GENERAL.—Subject to clauses
11 (ii) and (iii), the Secretary shall annually
12 publish a table which sets forth the emis-
13 sions rate for similar types and categories
14 of transportation fuels based on the
15 amount of lifecycle greenhouse gas emis-
16 sions (as described in section 211(o)(1)(H)
17 of the Clean Air Act (42 U.S.C.
18 7545(o)(1)(H)), as in effect on the date of
19 the enactment of this section) for such
20 fuels, expressed as kilograms of CO₂e per
21 mmBTU, which a taxpayer shall use for
22 purposes of this section.

23 “(ii) NON-AVIATION FUEL.—In the
24 case of any transportation fuel which is
25 not a sustainable aviation fuel, the lifecycle

1 greenhouse gas emissions of such fuel shall
2 be based on the most recent determina-
3 tions under the Greenhouse gases, Regu-
4 lated Emissions, and Energy use in Trans-
5 portation model developed by Argonne Na-
6 tional Laboratory, or a successor model (as
7 determined by the Secretary).

8 “(iii) AVIATION FUEL.—In the case of
9 any transportation fuel which is a sustain-
10 able aviation fuel, the lifecycle greenhouse
11 gas emissions of such fuel shall be deter-
12 mined in accordance with—

13 “(I) the most recent Carbon Off-
14 setting and Reduction Scheme for
15 International Aviation which has been
16 adopted by the International Civil
17 Aviation Organization with the agree-
18 ment of the United States, or

19 “(II) any similar methodology
20 which satisfies the criteria under sec-
21 tion 211(o)(1)(H) of the Clean Air
22 Act (42 U.S.C. 7545(o)(1)(H)), as in
23 effect on the date of enactment of this
24 section.

25 “(C) ROUNDING OF EMISSIONS RATE.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii), the Secretary may round the emissions
3 rates under subparagraph (B) to the near-
4 est multiple of 5 kilograms of CO₂e per
5 mmBTU.

6 “(ii) EXCEPTION.—In the case of an
7 emissions rate that is between 2.5 kilo-
8 grams of CO₂e per mmBTU and -2.5 kilo-
9 grams of CO₂e per mmBTU, the Secretary
10 may round such rate to zero.

11 “(D) PROVISIONAL EMISSIONS RATE.—In
12 the case of any transportation fuel for which an
13 emissions rate has not been established under
14 subparagraph (B), a taxpayer producing such
15 fuel may file a petition with the Secretary for
16 determination of the emissions rate with respect
17 to such fuel.

18 “(2) ROUNDING.—If any amount determined
19 under paragraph (1)(A) is not a multiple of 0.1,
20 such amount shall be rounded to the nearest mul-
21 tiple of 0.1.

22 “(c) INFLATION ADJUSTMENT.—

23 “(1) IN GENERAL.—In the case of calendar
24 years beginning after 2024, the 20 cent amount in
25 subsection (a)(2)(A), the \$1.00 amount in sub-

1 section (a)(2)(B), the 35 cent amount in subsection
2 (a)(3)(A)(i), and the \$1.75 amount in subsection
3 (a)(3)(A)(ii) shall each be adjusted by multiplying
4 such amount by the inflation adjustment factor for
5 the calendar year in which the sale of the transpor-
6 tation fuel occurs. If any amount as increased under
7 the preceding sentence is not a multiple of 1 cent,
8 such amount shall be rounded to the nearest mul-
9 tiple of 1 cent.

10 “(2) INFLATION ADJUSTMENT FACTOR.—For
11 purposes of paragraph (1), the inflation adjustment
12 factor shall be the inflation adjustment factor deter-
13 mined and published by the Secretary pursuant to
14 section 45Y(c), determined by substituting ‘calendar
15 year 2022’ for ‘calendar year 1992’ in paragraph (3)
16 thereof.

17 “(d) DEFINITIONS.—In this section:

18 “(1) mmBTU.—The term ‘mmBTU’ means
19 1,000,000 British thermal units.

20 “(2) CO₂e.—The term ‘CO₂e’ means, with re-
21 spect to any greenhouse gas, the equivalent carbon
22 dioxide (as determined based on relative global
23 warming potential).

24 “(3) GREENHOUSE GAS.—The term ‘greenhouse
25 gas’ has the same meaning given that term under

1 section 211(o)(1)(G) of the Clean Air Act (42
2 U.S.C. 7545(o)(1)(G)), as in effect on the date of
3 the enactment of this section.

4 “(4) QUALIFIED FACILITY.—The term ‘quali-
5 fied facility’—

6 “(A) means a facility used for the produc-
7 tion of transportation fuels, and

8 “(B) does not include any facility for
9 which one of the following credits is allowed
10 under section 38 for the taxable year:

11 “(i) The credit for production of clean
12 hydrogen under section 45V.

13 “(ii) The credit determined under sec-
14 tion 46 to the extent that such credit is at-
15 tributable to the energy credit determined
16 under section 48 with respect to any speci-
17 fied clean hydrogen production facility for
18 which an election is made under subsection
19 (a)(16) of such section.

20 “(iii) The credit for carbon oxide se-
21 questration under section 45Q.

22 “(5) TRANSPORTATION FUEL.—

23 “(A) IN GENERAL.—The term ‘transpor-
24 tation fuel’ means a fuel which—

1 “(i) is suitable for use as a fuel in a
2 highway vehicle or aircraft,

3 “(ii) has an emissions rate which is
4 not greater than 50 kilograms of CO_{2e} per
5 mmBTU, and

6 “(iii) is not derived from coprocessing
7 an applicable material (or materials de-
8 rived from an applicable material) with a
9 feedstock which is not biomass.

10 “(B) DEFINITIONS.—In this paragraph—

11 “(i) APPLICABLE MATERIAL.—The
12 term ‘applicable material’ means—

13 “(I) monoglycerides, diglycerides,
14 and triglycerides,

15 “(II) free fatty acids, and

16 “(III) fatty acid esters.

17 “(ii) BIOMASS.—The term ‘biomass’
18 has the same meaning given such term in
19 section 45K(c)(3).

20 “(e) GUIDANCE.—Not later than January 1, 2025,
21 the Secretary shall issue guidance regarding implementa-
22 tion of this section, including calculation of emissions fac-
23 tors for transportation fuel, the table described in sub-
24 section (b)(1)(B)(i), and the determination of clean fuel
25 production credits under this section.

1 “(f) SPECIAL RULES.—

2 “(1) ONLY REGISTERED PRODUCTION IN THE
3 UNITED STATES TAKEN INTO ACCOUNT.—

4 “(A) IN GENERAL.—No clean fuel produc-
5 tion credit shall be determined under subsection
6 (a) with respect to any transportation fuel un-
7 less—

8 “(i) the taxpayer—

9 “(I) is registered as a producer
10 of clean fuel under section 4101 at
11 the time of production, and

12 “(II) in the case of any transpor-
13 tation fuel which is a sustainable avia-
14 tion fuel, provides—

15 “(aa) certification (in such
16 form and manner as the Sec-
17 retary shall prescribe) from an
18 unrelated party demonstrating
19 compliance with—

20 “(AA) any general re-
21 quirements, supply chain
22 traceability requirements,
23 and information trans-
24 mission requirements estab-
25 lished under the Carbon Off-

1 setting and Reduction
2 Scheme for International
3 Aviation described in sub-
4 clause (I) of subsection
5 (b)(1)(B)(iii), or

6 “(BB) in the case of
7 any methodology described
8 in subclause (II) of such
9 subsection, requirements
10 similar to the requirements
11 described in subitem (AA),
12 and

13 “(bb) such other information
14 with respect to such fuel as the
15 Secretary may require for pur-
16 poses of carrying out this section,
17 and

18 “(ii) such fuel is produced in the
19 United States.

20 “(B) UNITED STATES.—For purposes of
21 this paragraph, the term ‘United States’ in-
22 cludes any possession of the United States.

23 “(2) PRODUCTION ATTRIBUTABLE TO THE TAX-
24 PAYER.—In the case of a facility in which more than
25 1 person has an ownership interest, except to the ex-

1 tent provided in regulations prescribed by the Sec-
2 retary, production from the facility shall be allocated
3 among such persons in proportion to their respective
4 ownership interests in the gross sales from such fa-
5 cility.

6 “(3) RELATED PERSONS.—Persons shall be
7 treated as related to each other if such persons
8 would be treated as a single employer under the reg-
9 ulations prescribed under section 52(b). In the case
10 of a corporation which is a member of an affiliated
11 group of corporations filing a consolidated return,
12 such corporation shall be treated as selling fuel to
13 an unrelated person if such fuel is sold to such a
14 person by another member of such group.

15 “(4) PASS-THRU IN THE CASE OF ESTATES AND
16 TRUSTS.—Under regulations prescribed by the Sec-
17 retary, rules similar to the rules of subsection (d) of
18 section 52 shall apply.

19 “(5) ALLOCATION OF CREDIT TO PATRONS OF
20 AGRICULTURAL COOPERATIVE.—Rules similar to the
21 rules of section 45Y(g)(6) shall apply.

22 “(6) PREVAILING WAGE REQUIREMENTS.—

23 “(A) IN GENERAL.—Subject to subpara-
24 graph (B), rules similar to the rules of section
25 45(b)(7) shall apply.

1 “(B) SPECIAL RULE FOR FACILITIES
2 PLACED IN SERVICE BEFORE JANUARY 1,
3 2025.—For purposes of subparagraph (A), in
4 the case of any qualified facility placed in serv-
5 ice before January 1, 2025—

6 “(i) clause (i) of section 45(b)(7)(A)
7 shall not apply, and

8 “(ii) clause (ii) of such section shall
9 be applied by substituting ‘with respect to
10 any taxable year beginning after December
11 31, 2024, for which the credit is allowed
12 under this section’ for ‘with respect to any
13 taxable year, for any portion of such tax-
14 able year which is within the period de-
15 scribed in subsection (a)(2)(A)(ii)’.

16 “(7) APPRENTICESHIP REQUIREMENTS.—Rules
17 similar to the rules of section 45(b)(8) shall apply.

18 “(g) TERMINATION.—This section shall not apply to
19 transportation fuel sold after December 31, 2027.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 25C(d)(3), as amended by the pre-
22 ceding provisions of this Act, is amended—

23 (A) in subparagraph (A), by striking
24 “and” at the end,

1 (B) in subparagraph (B), by striking the
2 period at the end and inserting “, and”, and

3 (C) by adding at the end the following new
4 subparagraph:

5 “(C) transportation fuel (as defined in sec-
6 tion 45Z(d)(5)).”.

7 (2) Section 30C(c)(1)(B), as amended by the
8 preceding provisions of this Act, is amended by add-
9 ing at the end the following new clause:

10 “(iv) Any transportation fuel (as de-
11 fined in section 45Z(d)(5)).”.

12 (3) Section 38(b), as amended by the preceding
13 provisions of this Act, is amended—

14 (A) in paragraph (38), by striking “plus”
15 at the end,

16 (B) in paragraph (39), by striking the pe-
17 riod at the end and inserting “, plus”, and

18 (C) by adding at the end the following new
19 paragraph:

20 “(40) the clean fuel production credit deter-
21 mined under section 45Z(a).”.

22 (4) The table of sections for subpart D of part
23 IV of subchapter A of chapter 1, as amended by the
24 preceding provisions of this Act, is amended by add-
25 ing at the end the following new item:

“Sec. 45Z. Clean fuel production credit.”.

1 (5) Section 4101(a)(1), as amended by the pre-
2 ceding provisions of this Act, is amended by insert-
3 ing “every person producing a fuel eligible for the
4 clean fuel production credit (pursuant to section
5 45Z),” after “section 6426(k)(3),”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to transportation fuel produced
8 after December 31, 2024.

9 **PART 8—CREDIT MONETIZATION AND**

10 **APPROPRIATIONS**

11 **SEC. 13801. ELECTIVE PAYMENT FOR ENERGY PROPERTY**
12 **AND ELECTRICITY PRODUCED FROM CER-**
13 **TAIN RENEWABLE RESOURCES, ETC.**

14 (a) IN GENERAL.—Subchapter B of chapter 65 is
15 amended by inserting after section 6416 the following new
16 section:

17 **“SEC. 6417. ELECTIVE PAYMENT OF APPLICABLE CREDITS.**

18 “(a) IN GENERAL.—In the case of an applicable enti-
19 ty making an election (at such time and in such manner
20 as the Secretary may provide) under this section with re-
21 spect to any applicable credit determined with respect to
22 such entity, such entity shall be treated as making a pay-
23 ment against the tax imposed by subtitle A (for the tax-
24 able year with respect to which such credit was deter-
25 mined) equal to the amount of such credit.

1 “(b) APPLICABLE CREDIT.—The term ‘applicable
2 credit’ means each of the following:

3 “(1) So much of the credit for alternative fuel
4 vehicle refueling property allowed under section 30C
5 which, pursuant to subsection (d)(1) of such section,
6 is treated as a credit listed in section 38(b).

7 “(2) So much of the renewable electricity pro-
8 duction credit determined under section 45(a) as is
9 attributable to qualified facilities which are originally
10 placed in service after December 31, 2022.

11 “(3) So much of the credit for carbon oxide se-
12 questration determined under section 45Q(a) as is
13 attributable to carbon capture equipment which is
14 originally placed in service after December 31, 2022.

15 “(4) The zero-emission nuclear power produc-
16 tion credit determined under section 45U(a).

17 “(5) So much of the credit for production of
18 clean hydrogen determined under section 45V(a) as
19 is attributable to qualified clean hydrogen produc-
20 tion facilities which are originally placed in service
21 after December 31, 2012.

22 “(6) In the case of a tax-exempt entity de-
23 scribed in clause (i), (ii), or (iv) of section
24 168(h)(2)(A), the credit for qualified commercial ve-

1 hicles determined under section 45W by reason of
2 subsection (d)(3) thereof.

3 “(7) The credit for advanced manufacturing
4 production under section 45X(a).

5 “(8) The clean electricity production credit de-
6 termined under section 45Y(a).

7 “(9) The clean fuel production credit deter-
8 mined under section 45Z(a).

9 “(10) The energy credit determined under sec-
10 tion 48.

11 “(11) The qualifying advanced energy project
12 credit determined under section 48C.

13 “(12) The clean electricity investment credit de-
14 termined under section 48D.

15 “(c) SPECIAL RULES.—For purposes of this sec-
16 tion—

17 “(1) APPLICABLE ENTITY.—

18 “(A) IN GENERAL.—The term ‘applicable
19 entity’ means any organization exempt from the
20 tax imposed by subtitle A, any State or local
21 government (or political subdivision thereof),
22 the Tennessee Valley Authority, an Indian trib-
23 al government (as defined in section
24 30D(g)(9)), or any Alaska Native Corporation

1 (as defined in section 3 of the Alaska Native
2 Claims Settlement Act (43 U.S.C. 1602(m)).

3 “(B) ELECTION WITH RESPECT TO CREDIT
4 FOR PRODUCTION OF CLEAN HYDROGEN.—If a
5 taxpayer other than an entity described in sub-
6 paragraph (A) makes an election under this
7 subparagraph with respect to any taxable year
8 in which such taxpayer has placed in service a
9 qualified clean hydrogen production facility (as
10 defined in section 45V(c)(3)), such taxpayer
11 shall be treated as an applicable entity for pur-
12 poses of this section for such taxable year, but
13 only with respect to the credit described in sub-
14 section (b)(5).

15 “(C) ELECTION WITH RESPECT TO CREDIT
16 FOR CARBON OXIDE SEQUESTRATION.—If a
17 taxpayer other than an entity described in sub-
18 paragraph (A) makes an election under this
19 subparagraph with respect to any taxable year
20 in which such taxpayer has, after December 31,
21 2022, placed in service carbon capture equip-
22 ment at a qualified facility (as defined in sec-
23 tion 45Q(d)), such taxpayer shall be treated as
24 an applicable entity for purposes of this section

1 for such taxable year, but only with respect to
2 the credit described in subsection (b)(3).

3 “(D) ELECTION WITH RESPECT TO AD-
4 VANCED MANUFACTURING PRODUCTION CRED-
5 IT.—

6 “(i) IN GENERAL.—If a taxpayer
7 other than an entity described in subpara-
8 graph (A) makes an election under this
9 subparagraph with respect to any taxable
10 year in which such taxpayer has, after De-
11 cember 31, 2022, produced eligible compo-
12 nents (as defined in section 45X(c)(1)),
13 such taxpayer shall be treated as an appli-
14 cable entity for purposes of this section for
15 such taxable year, but only with respect to
16 the credit described in subsection (b)(7).

17 “(ii) LIMITATION.—

18 “(I) IN GENERAL.—Except as
19 provided in subclause (II), if a tax-
20 payer makes an election under this
21 subparagraph with respect to any tax-
22 able year, such taxpayer shall be
23 treated as having made such election
24 for each of the 4 succeeding taxable
25 years ending before January 1, 2033.

1 “(II) EXCEPTION.—A taxpayer
2 may elect to revoke the application of
3 the election made under this subpara-
4 graph to any taxable year described in
5 subclause (I). Any such election, if
6 made, shall apply to the applicable
7 year specified in such election and
8 each subsequent taxable year within
9 the period described in subclause (I).
10 Any election under this subclause may
11 not be subsequently revoked.

12 “(E) OTHER RULES.—

13 “(i) IN GENERAL.—An election made
14 under subparagraph (B), (C), or (D) shall
15 be made at such time and in such manner
16 as the Secretary may provide.

17 “(ii) LIMITATION.—No election may
18 be made under subparagraph (B), (C), or
19 (D) with respect to any taxable year begin-
20 ning after December 31, 2032.

21 “(2) APPLICATION.—In the case of any applica-
22 ble entity which makes the election described in sub-
23 section (a), any applicable credit shall be deter-
24 mined—

1 “(A) without regard to paragraphs (3) and
2 (4)(A)(i) of section 50(b), and

3 “(B) by treating any property with respect
4 to which such credit is determined as used in
5 a trade or business of the applicable entity.

6 “(3) ELECTIONS.—

7 “(A) IN GENERAL.—

8 “(i) DUE DATE.—Any election under
9 subsection (a) shall be made not later
10 than—

11 “(I) in the case of any govern-
12 ment, or political subdivision, de-
13 scribed in paragraph (1) and for
14 which no return is required under sec-
15 tion 6011 or 6033(a), such date as is
16 determined appropriate by the Sec-
17 retary, or

18 “(II) in any other case, the due
19 date (including extensions of time) for
20 the return of tax for the taxable year
21 for which the election is made, but in
22 no event earlier than 180 days after
23 the date of the enactment of this sec-
24 tion.

1 “(ii) ADDITIONAL RULES.—Any elec-
2 tion under subsection (a), once made, shall
3 be irrevocable and shall apply (except as
4 otherwise provided in this paragraph) with
5 respect to any credit for the taxable year
6 for which the election is made.

7 “(B) RENEWABLE ELECTRICITY PRODUC-
8 TION CREDIT.—In the case of the credit de-
9 scribed in subsection (b)(2), any election under
10 subsection (a) shall—

11 “(i) apply separately with respect to
12 each qualified facility,

13 “(ii) be made for the taxable year in
14 which such qualified facility is originally
15 placed in service, and

16 “(iii) shall apply to such taxable year
17 and to any subsequent taxable year which
18 is within the period described in subsection
19 (a)(2)(A)(ii) of section 45 with respect to
20 such qualified facility.

21 “(C) CREDIT FOR CARBON OXIDE SEQUES-
22 TRATION.—

23 “(i) IN GENERAL.—In the case of the
24 credit described in subsection (b)(3), any
25 election under subsection (a) shall—

1 ment for purposes of the credit described
2 in subsection (b)(3).

3 “(iii) REVOCATION OF ELECTION.—In
4 the case of a taxpayer who makes an elec-
5 tion described in paragraph (1)(C) with re-
6 spect to carbon capture equipment, such
7 taxpayer may, at any time during the pe-
8 riod described in clause (i)(II)(aa), revoke
9 the application of such election with re-
10 spect to such equipment for any subse-
11 quent taxable years during such period.
12 Any such election, if made, shall apply to
13 the applicable year specified in such elec-
14 tion and each subsequent taxable year
15 within the period described in clause
16 (i)(II)(aa). Any election under this sub-
17 clause may not be subsequently revoked.

18 “(D) CREDIT FOR PRODUCTION OF CLEAN
19 HYDROGEN.—

20 “(i) IN GENERAL.—In the case of the
21 credit described in subsection (b)(5), any
22 election under subsection (a) shall—

23 “(I) apply separately with respect
24 to each qualified clean hydrogen pro-
25 duction facility,

1 “(II) be made for the taxable
2 year in which such facility is placed in
3 service (or within the 1-year period
4 subsequent to the date of enactment
5 of this section in the case of facilities
6 placed in service before December 31,
7 2022), and

8 “(III)(aa) in the case of a tax-
9 payer who makes an election described
10 in paragraph (1)(B), apply to such
11 taxable year and the 4 subsequent
12 taxable years with respect to such fa-
13 cility which end before January 1,
14 2033, and

15 “(bb) in any other case, apply to
16 such taxable year and all subsequent
17 taxable years with respect to such fa-
18 cility.

19 “(ii) PROHIBITION ON TRANSFER.—
20 For any taxable year described in clause
21 (i)(III)(aa) with respect to a qualified
22 clean hydrogen production facility, no elec-
23 tion may be made by the taxpayer under
24 section 6418(a) for such taxable year with

1 respect to such facility for purposes of the
2 credit described in subsection (b)(5).

3 “(iii) REVOCATION OF ELECTION.—In
4 the case of a taxpayer who makes an elec-
5 tion described in paragraph (1)(B) with re-
6 spect to a qualified clean hydrogen produc-
7 tion facility, such taxpayer may, at any
8 time during the period described in clause
9 (i)(III)(aa), revoke the application of such
10 election with respect to such facility for
11 any subsequent taxable years during such
12 period. Any such election, if made, shall
13 apply to the applicable year specified in
14 such election and each subsequent taxable
15 year within the period described in clause
16 (i)(II)(aa). Any election under this sub-
17 clause may not be subsequently revoked.

18 “(E) CLEAN ELECTRICITY PRODUCTION
19 CREDIT.—In the case of the credit described in
20 subsection (b)(8), any election under subsection
21 (a) shall—

22 “(i) apply separately with respect to
23 each qualified facility,

24 “(ii) be made for the taxable year in
25 which such facility is placed in service, and

1 “(iii) shall apply to such taxable year
2 and to any subsequent taxable year which
3 is within the period described in subsection
4 (b)(1)(B) of section 45Y with respect to
5 such facility.

6 “(4) TIMING.—The payment described in sub-
7 section (a) shall be treated as made on—

8 “(A) in the case of any government, or po-
9 litical subdivision, described in paragraph (1)
10 and for which no return is required under sec-
11 tion 6011 or 6033(a), the later of the date that
12 a return would be due under section 6033(a) if
13 such government or subdivision were described
14 in that section or the date on which such gov-
15 ernment or subdivision submits a claim for
16 credit or refund (at such time and in such man-
17 ner as the Secretary shall provide), and

18 “(B) in any other case, the later of the due
19 date (determined without regard to extensions)
20 of the return of tax for the taxable year or the
21 date on which such return is filed.

22 “(5) ADDITIONAL INFORMATION.—As a condi-
23 tion of, and prior to, any amount being treated as
24 a payment which is made by an applicable entity
25 under subsection (a), the Secretary may require such

1 information or registration as the Secretary deems
2 necessary or appropriate for purposes of preventing
3 duplication, fraud, improper payments, or excessive
4 payments under this section.

5 “(6) EXCESSIVE PAYMENT.—

6 “(A) IN GENERAL.—In the case of any
7 amount treated as a payment which is made by
8 the applicable entity under subsection (a) which
9 the Secretary determines constitutes an exces-
10 sive payment, the tax imposed on such entity by
11 chapter 1 (regardless of whether such entity
12 would otherwise be subject to tax under such
13 chapter) for the taxable year in which such de-
14 termination is made shall be increased by an
15 amount equal to the sum of—

16 “(i) the amount of such excessive pay-
17 ment, plus

18 “(ii) an amount equal to 20 percent of
19 such excessive payment.

20 “(B) REASONABLE CAUSE.—Subparagraph
21 (A) shall not apply if the applicable entity dem-
22 onstrates to the satisfaction of the Secretary
23 that the excessive payment resulted from rea-
24 sonable cause.

1 “(C) EXCESSIVE PAYMENT DEFINED.—For
2 purposes of this paragraph, the term ‘excessive
3 payment’ means, with respect to a facility or
4 property for which an election is made under
5 this section for any taxable year, an amount
6 equal to the excess of—

7 “(i) the amount treated as a payment
8 which is made by the applicable entity
9 under subsection (a) with respect to such
10 facility or property for such taxable year,
11 over

12 “(ii) the amount of the credit which,
13 without application of this section, would
14 be otherwise allowable (as determined pur-
15 suant to paragraph (2) and without regard
16 to section 38(c)) under this title with re-
17 spect to such facility or property for such
18 taxable year.

19 “(d) DENIAL OF DOUBLE BENEFIT.—In the case of
20 an applicable entity making an election under this section
21 with respect to an applicable credit, such credit shall be
22 reduced to zero and shall, for any other purposes under
23 this title, be deemed to have been allowed to such entity
24 for such taxable year.

1 “(e) MIRROR CODE POSSESSIONS.—In the case of
2 any possession of the United States with a mirror code
3 tax system (as defined in section 24(k)), this section shall
4 not be treated as part of the income tax laws of the United
5 States for purposes of determining the income tax law of
6 such possession unless such possession elects to have this
7 section be so treated.

8 “(f) BASIS REDUCTION AND RECAPTURE.—Except
9 as otherwise provided in subsection (c)(2)(A), rules similar
10 to the rules of section 50 shall apply for purposes of this
11 section.

12 “(g) REGULATIONS.—The Secretary shall issue such
13 regulations or other guidance as may be necessary or ap-
14 propriate to carry out the purposes of this section, includ-
15 ing guidance to ensure that the amount of the payment
16 or deemed payment made under this section is commensu-
17 rate with the amount of the credit that would be otherwise
18 allowable (determined without regard to section 38(c)).”.

19 (b) TRANSFER OF CERTAIN CREDITS.—Subchapter
20 B of chapter 65, as amended by subsection (a), is amend-
21 ed by inserting after section 6417 the following new sec-
22 tion:

23 **“SEC. 6418. TRANSFER OF CERTAIN CREDITS.**

24 “(a) IN GENERAL.—In the case of an eligible tax-
25 payer which elects to transfer all (or any portion specified

1 in the election) of an eligible credit determined with re-
2 spect to such taxpayer for any taxable year to a taxpayer
3 (referred to in this section as the ‘transferee taxpayer’)
4 which is not related (within the meaning of section 267(b)
5 or 707(b)(1)) to the eligible taxpayer, the transferee tax-
6 payer specified in such election (and not the eligible tax-
7 payer) shall be treated as the taxpayer for purposes of
8 this title with respect to such credit (or such portion there-
9 of).

10 “(b) TREATMENT OF PAYMENTS MADE IN CONNec-
11 TION WITH TRANSFER.—With respect to any amount paid
12 by a transferee taxpayer to an eligible taxpayer as consid-
13 eration for a transfer described in subsection (a), such
14 consideration—

15 “(1) shall be required to be paid in cash,

16 “(2) shall not be includible in gross income of
17 the eligible taxpayer, and

18 “(3) with respect to the transferee taxpayer,
19 shall not be deductible under this title.

20 “(c) APPLICATION TO PARTNERSHIPS AND S COR-
21 PORATIONS.—

22 “(1) IN GENERAL.—In the case of any eligible
23 credit determined with respect to any facility or
24 property held directly by a partnership or S corpora-
25 tion, if such partnership or S corporation makes an

1 election under subsection (a) (in such manner as the
2 Secretary may provide) with respect to such credit—

3 “(A) any amount received as consideration
4 for a transfer described in such subsection shall
5 be treated as tax exempt income for purposes of
6 sections 705 and 1366, and

7 “(B) a partner’s distributive share of such
8 tax exempt income shall be based on such part-
9 ner’s distributive share of the otherwise eligible
10 credit for each taxable year.

11 “(2) COORDINATION WITH APPLICATION AT
12 PARTNER OR SHAREHOLDER LEVEL.—In the case of
13 any facility or property held directly by a partner-
14 ship or S corporation, no election by any partner or
15 shareholder shall be allowed under subsection (a)
16 with respect to any eligible credit determined with
17 respect to such facility or property.

18 “(d) TAXABLE YEAR IN WHICH CREDIT TAKEN INTO
19 ACCOUNT.—In the case of any credit (or portion thereof)
20 with respect to which an election is made under subsection
21 (a), such credit shall be taken into account in the first
22 taxable year of the transferee taxpayer ending with, or
23 after, the taxable year of the eligible taxpayer with respect
24 to which the credit was determined.

25 “(e) LIMITATIONS ON ELECTION.—

1 “(1) TIME FOR ELECTION.—An election under
2 subsection (a) to transfer any portion of an eligible
3 credit shall be made not later than the due date (in-
4 cluding extensions of time) for the return of tax for
5 the taxable year for which the credit is determined,
6 but in no event earlier than 180 days after the date
7 of the enactment of this section. Any such election,
8 once made, shall be irrevocable.

9 “(2) NO ADDITIONAL TRANSFERS.—No election
10 may be made under subsection (a) by a transferee
11 taxpayer with respect to any portion of an eligible
12 credit which has been previously transferred to such
13 taxpayer pursuant to this section.

14 “(f) DEFINITIONS.—For purposes of this section—

15 “(1) ELIGIBLE CREDIT.—

16 “(A) IN GENERAL.—The term ‘eligible
17 credit’ means each of the following:

18 “(i) So much of the credit for alter-
19 native fuel vehicle refueling property al-
20 lowed under section 30C which, pursuant
21 to subsection (d)(1) of such section, is
22 treated as a credit listed in section 38(b).

23 “(ii) The renewable electricity produc-
24 tion credit determined under section 45(a).

1 “(iii) The credit for carbon oxide se-
2 questration determined under section
3 45Q(a).

4 “(iv) The zero-emission nuclear power
5 production credit determined under section
6 45U(a).

7 “(v) The clean hydrogen production
8 credit determined under section 45V(a).

9 “(vi) The advanced manufacturing
10 production credit determined under section
11 45X(a).

12 “(vii) The clean electricity production
13 credit determined under section 45Y(a).

14 “(viii) The clean fuel production cred-
15 it determined under section 45Z(a).

16 “(ix) The energy credit determined
17 under section 48.

18 “(x) The qualifying advanced energy
19 project credit determined under section
20 48C.

21 “(xi) The clean electricity investment
22 credit determined under section 48D.

23 “(B) ELECTION FOR CERTAIN CREDITS.—
24 In the case of any eligible credit described in
25 clause (ii), (iii), (v), or (vii) of subparagraph

1 (A), an election under subsection (a) shall be
2 made—

3 “(i) separately with respect to each
4 facility for which such credit is determined,
5 and

6 “(ii) for each taxable year during the
7 10-year period beginning on the date such
8 facility was originally placed in service (or,
9 in the case of the credit described in clause
10 (iii), for each year during the 12-year pe-
11 riod beginning on the date the carbon cap-
12 ture equipment was originally placed in
13 service at such facility).

14 “(C) EXCEPTION FOR BUSINESS CREDIT
15 CARRYFORWARDS OR CARRYBACKS.—The term
16 ‘eligible credit’ shall not include any business
17 credit carryforward or business credit carryback
18 determined under section 39.

19 “(2) ELIGIBLE TAXPAYER.—The term ‘eligible
20 taxpayer’ means any taxpayer which is not described
21 in section 6417(c)(1)(A).

22 “(g) SPECIAL RULES.—For purposes of this sec-
23 tion—

24 “(1) ADDITIONAL INFORMATION.—As a condi-
25 tion of, and prior to, any transfer of any portion of

1 an eligible credit pursuant to subsection (a), the
2 Secretary may require such information (including,
3 in such form or manner as is determined appro-
4 priate by the Secretary, such information returns) or
5 registration as the Secretary deems necessary or ap-
6 propriate for purposes of preventing duplication,
7 fraud, improper payments, or excessive payments
8 under this section.

9 “(2) EXCESSIVE PAYMENT.—

10 “(A) IN GENERAL.—In the case of any
11 portion of an eligible credit which is transferred
12 to a transferee taxpayer pursuant to subsection
13 (a) which the Secretary determines constitutes
14 an excessive payment, the tax imposed on the
15 transferee taxpayer by chapter 1 (regardless of
16 whether such entity would otherwise be subject
17 to tax under such chapter) for the taxable year
18 in which such determination is made shall be
19 increased by an amount equal to the sum of—

20 “(i) the amount of such excessive pay-
21 ment, plus

22 “(ii) an amount equal to 20 percent of
23 such excessive payment.

24 “(B) REASONABLE CAUSE.—Subparagraph
25 (A) shall not apply if the transferee taxpayer

1 demonstrates to the satisfaction of the Sec-
2 retary that the excessive payment resulted from
3 reasonable cause.

4 “(C) EXCESSIVE PAYMENT DEFINED.—For
5 purposes of this paragraph, the term ‘excessive
6 payment’ means, with respect to a facility or
7 property for which an election is made under
8 subsection (a) for any taxable year, an amount
9 equal to the excess of—

10 “(i) the amount of the eligible credit
11 claimed by the transferee taxpayer with re-
12 spect to such facility or property for such
13 taxable year, over

14 “(ii) the amount of such credit which,
15 without application of this section, would
16 be otherwise allowable (determined without
17 regard to section 38(c)) under this title
18 with respect to such facility or property for
19 such taxable year.

20 “(3) BASIS REDUCTION.—In the case of any
21 election under subsection (a) with respect to any
22 portion of an eligible credit described in clauses (ix)
23 through (xi) of subsection (f)(1)(A), subsection (c)
24 of section 50 shall apply to the applicable investment
25 credit property (as defined in subsection (a)(5) of

1 such section) as if such eligible credit was allowed to
2 the eligible taxpayer.

3 “(4) PROHIBITION ON ELECTION OR TRANSFER
4 WITH RESPECT TO PROGRESS EXPENDITURES.—This
5 section shall not apply with respect to any amount
6 of an eligible credit which is allowed pursuant to
7 rules similar to the rules of subsections (c)(4) and
8 (d) of section 46 (as in effect on the day before the
9 date of the enactment of the Revenue Reconciliation
10 Act of 1990).

11 “(h) REGULATIONS.—The Secretary shall issue such
12 regulations or other guidance as may be necessary or ap-
13 propriate to carry out the purposes of this section, includ-
14 ing regulations or other guidance providing rules for deter-
15 mining a partner’s distributive share of the tax exempt
16 income described in subsection (c)(1).”.

17 (c) REAL ESTATE INVESTMENT TRUSTS.—Section
18 50(d) is amended by adding at the end the following: “In
19 the case of a real estate investment trust making an elec-
20 tion under section 6418, paragraphs (1)(B) and (2)(B)
21 of the section 46(e) referred to in paragraph (1) of this
22 subsection shall not apply to any investment credit prop-
23 erty of such real estate investment trust to which such
24 election applies.”.

1 (d) 3-YEAR CARRYBACK FOR APPLICABLE CRED-
2 ITS.—Section 39(a) is amended by adding at the end the
3 following:

4 “(4) 3-YEAR CARRYBACK FOR APPLICABLE
5 CREDITS.—Notwithstanding subsection (d), in the
6 case of any applicable credit (as defined in section
7 6417(b))—

8 “(A) this section shall be applied sepa-
9 rately from the business credit (other than the
10 applicable credit),

11 “(B) paragraph (1) shall be applied by
12 substituting ‘each of the 3 taxable years’ for
13 ‘the taxable year’ in subparagraph (A) thereof,
14 and

15 “(C) paragraph (2) shall be applied—

16 “(i) by substituting ‘23 taxable years’
17 for ‘21 taxable years’ in subparagraph (A)
18 thereof, and

19 “(ii) by substituting ‘22 taxable years’
20 for ‘20 taxable years’ in subparagraph (B)
21 thereof.”.

22 (e) CLERICAL AMENDMENT.—The table of sections
23 for subchapter B of chapter 65 is amended by inserting
24 after the item relating to section 6416 the following new
25 items:

“Sec. 6417. Elective payment of applicable credits.

“Sec. 6418. Transfer of certain credits.”.

1 (f) **EFFECTIVE DATE.**—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2022.

4 **SEC. 13802. APPROPRIATIONS.**

5 Immediately upon the enactment of this Act, in addi-
6 tion to amounts otherwise available, there are appro-
7 priated for fiscal year 2022, out of any money in the
8 Treasury not otherwise appropriated, \$500,000,000 to re-
9 main available until September 30, 2031, for necessary ex-
10 penses for the Internal Revenue Service to carry out this
11 subtitle (and the amendments made by this subtitle),
12 which shall supplement and not supplant any other appro-
13 priations that may be available for this purpose.

14 **PART IX—OTHER PROVISIONS**

15 **SEC. 13901. PERMANENT EXTENSION OF TAX RATE TO**
16 **FUND BLACK LUNG DISABILITY TRUST FUND.**

17 (a) **IN GENERAL.**—Section 4121 is amended by strik-
18 ing subsection (e).

19 (b) **EFFECTIVE DATE.**—The amendment made by
20 this section shall apply to sales in calendar quarters begin-
21 ning after the date of the enactment of this Act.

1 **SEC. 13902. INCREASE IN RESEARCH CREDIT AGAINST PAY-**
2 **ROLL TAX FOR SMALL BUSINESSES.**

3 (a) IN GENERAL.—Clause (i) of section 41(h)(4)(B)
4 is amended—

5 (1) by striking “AMOUNT.—The amount” and
6 inserting “AMOUNT.—

7 “(I) IN GENERAL.—The
8 amount”, and

9 (2) by adding at the end the following new sub-
10 clause:

11 “(II) INCREASE.—In the case of
12 taxable years beginning after Decem-
13 ber 31, 2022, the amount in subclause
14 (I) shall be increased by \$250,000.”.

15 (b) ALLOWANCE OF CREDIT.—

16 (1) IN GENERAL.—Paragraph (1) of section
17 3111(f) is amended—

18 (A) by striking “for a taxable year, there
19 shall be allowed” and inserting “for a taxable
20 year—

21 “(A) there shall be allowed”,

22 (B) by striking “equal to the” and insert-
23 ing “equal to so much of the”,

24 (C) by striking the period at the end and
25 inserting “as does not exceed the limitation of
26 subclause (I) of section 41(h)(4)(B)(i) (applied

1 without regard to subclause (II) thereof), and”,
2 and

3 (D) by adding at the end the following new
4 subparagraph:

5 “(B) there shall be allowed as a credit
6 against the tax imposed by subsection (b) for
7 the first calendar quarter which begins after the
8 date on which the taxpayer files the return
9 specified in section 41(h)(4)(A)(ii) an amount
10 equal to so much of the payroll tax credit por-
11 tion determined under section 41(h)(2) as is
12 not allowed as a credit under subparagraph
13 (A).”.

14 (2) LIMITATION.—Paragraph (2) of section
15 3111(f) is amended—

16 (A) by striking “paragraph (1)” and in-
17 serting “paragraph (1)(A)”, and

18 (B) by inserting “, and the credit allowed
19 by paragraph (1)(B) shall not exceed the tax
20 imposed by subsection (b) for any calendar
21 quarter,” after “calendar quarter”.

22 (3) CARRYOVER.—Paragraph (3) of section
23 3111(f) is amended by striking “the credit” and in-
24 serting “any credit”.

1 (4) DEDUCTION ALLOWED.—Paragraph (4) of
2 section 3111(f) is amended—

3 (A) by striking “credit” and inserting
4 “credits”, and

5 (B) by striking “subsection (a)” and in-
6 serting “subsection (a) or (b)”.

7 (c) AGGREGATION RULES.—Clause (ii) of section
8 41(h)(5)(B) is amended by striking “the \$250,000
9 amount” and inserting “each of the \$250,000 amounts”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2022.

13 **TITLE II—COMMITTEE ON AGRI-**
14 **CULTURE, NUTRITION, AND**
15 **FORESTRY**

16 **Subtitle A—General Provisions**

17 **SEC. 20001. DEFINITION OF SECRETARY.**

18 In this title, the term “Secretary” means the Sec-
19 retary of Agriculture.

20 **Subtitle B—Conservation**

21 **SEC. 21001. ADDITIONAL AGRICULTURAL CONSERVATION**
22 **INVESTMENTS.**

23 (a) APPROPRIATIONS.—In addition to amounts other-
24 wise available (and subject to subsection (b)), there are
25 appropriated to the Secretary, out of any money in the

1 Treasury not otherwise appropriated, to remain available
2 until September 30, 2031 (subject to the condition that
3 no such funds may be disbursed after September 30,
4 2031)—

5 (1) to carry out, using the facilities and au-
6 thorities of the Commodity Credit Corporation, the
7 environmental quality incentives program under sub-
8 chapter A of chapter 4 of subtitle D of title XII of
9 the Food Security Act of 1985 (16 U.S.C. 3839aa
10 through 3839aa-8)—

11 (A)(i) \$250,000,000 for fiscal year 2023;

12 (ii) \$1,750,000,000 for fiscal year 2024;

13 (iii) \$3,000,000,000 for fiscal year 2025;

14 and

15 (iv) \$3,450,000,000 for fiscal year 2026;

16 and

17 (B) subject to the conditions on the use of
18 the funds that—

19 (i) section 1240B(f)(1) of the Food
20 Security Act of 1985 (16 U.S.C. 3839aa-
21 2(f)(1)) shall not apply;

22 (ii) section 1240H(c)(2) of the Food
23 Security Act of 1985 (16 U.S.C. 3839aa-
24 8(c)(2)) shall be applied—

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1 (I) by substituting
2 “\$50,000,000” for “\$25,000,000”;
3 and

4 (II) with the Secretary
5 prioritizing proposals that utilize diet
6 and feed management to reduce en-
7 teric methane emissions from
8 ruminants;

9 (iii) the funds shall be available for 1
10 or more agricultural conservation practices
11 or enhancements that the Secretary deter-
12 mines directly improve soil carbon or re-
13 duce nitrogen losses or greenhouse gas
14 emissions, or capture or sequester green-
15 house gas emissions, associated with agri-
16 cultural production; and

17 (iv) the Secretary shall prioritize
18 projects and activities that mitigate or ad-
19 dress climate change through the manage-
20 ment of agricultural production, including
21 by reducing or avoiding greenhouse gas
22 emissions;

23 (2) to carry out, using the facilities and au-
24 thorities of the Commodity Credit Corporation, the
25 conservation stewardship program under subchapter

1 B of that chapter (16 U.S.C. 3839aa–21 through
2 3839aa–25)—

3 (A)(i) \$250,000,000 for fiscal year 2023;

4 (ii) \$500,000,000 for fiscal year 2024;

5 (iii) \$1,000,000,000 for fiscal year 2025;

6 and

7 (iv) \$1,500,000,000 for fiscal year 2026;

8 and

9 (B) subject to the conditions on the use of
10 the funds that—

11 (i) the funds shall only be available
12 for—

13 (I) 1 or more agricultural con-
14 servation practices or enhancements
15 that the Secretary determines directly
16 improve soil carbon or reduce nitrogen
17 losses or greenhouse gas emissions, or
18 capture or sequester greenhouse gas
19 emissions, associated with agricultural
20 production; or

21 (II) State-specific or region-spe-
22 cific groupings or bundles of agricul-
23 tural conservation activities for cli-
24 mate change mitigation appropriate
25 for cropland, pastureland, rangeland,

1 nonindustrial private forest land, and
2 producers transitioning to organic or
3 perennial production systems; and

4 (ii) the Secretary shall prioritize
5 projects and activities that mitigate or ad-
6 dress climate change through the manage-
7 ment of agricultural production, including
8 by reducing or avoiding greenhouse gas
9 emissions;

10 (3) to carry out, using the facilities and au-
11 thorities of the Commodity Credit Corporation, the
12 agricultural conservation easement program under
13 subtitle H of title XII of that Act (16 U.S.C. 3865
14 through 3865d)—

15 (A)(i) \$100,000,000 for fiscal year 2023;

16 (ii) \$200,000,000 for fiscal year 2024;

17 (iii) \$500,000,000 for fiscal year 2025;

18 and

19 (iv) \$600,000,000 for fiscal year 2026; and

20 (B) subject to the condition on the use of
21 the funds that the Secretary shall prioritize
22 projects and activities that mitigate or address
23 climate change through the management of ag-
24 ricultural production, including by reducing or
25 avoiding greenhouse gas emissions; and

1 (4) to carry out, using the facilities and au-
2 thorities of the Commodity Credit Corporation, the
3 regional conservation partnership program under
4 subtitle I of title XII of that Act (16 U.S.C. 3871
5 through 3871f)—

6 (A)(i) \$250,000,000 for fiscal year 2023;

7 (ii) \$1,200,000,000 for fiscal year 2024;

8 (iii) \$2,250,000,000 for fiscal year 2025;

9 and

10 (iv) \$3,050,000,000 for fiscal year 2026;

11 and

12 (B) subject to the conditions on the use of
13 the funds that the Secretary—

14 (i) shall prioritize partnership agree-
15 ments under section 1271C(d) of the Food
16 Security Act of 1985 (16 U.S.C. 3871c(d))
17 that support the implementation of con-
18 servation projects that assist agricultural
19 producers and nonindustrial private
20 forestland owners in directly improving soil
21 carbon or reducing nitrogen losses or
22 greenhouse gas emissions, or capturing or
23 sequestering greenhouse gas emissions, as-
24 sociated with agricultural production;

1 (ii) shall prioritize projects and activi-
2 ties that mitigate or address climate
3 change through the management of agri-
4 cultural production, including by reducing
5 or avoiding greenhouse gas emissions; and

6 (iii) may prioritize projects that—

7 (I) leverage corporate supply
8 chain sustainability commitments; or

9 (II) utilize models that pay for
10 outcomes from targeting methane and
11 nitrous oxide emissions associated
12 with agricultural production systems.

13 (b) CONDITIONS.—The funds made available under
14 subsection (a) are subject to the conditions that the Sec-
15 retary shall not—

16 (1) enter into any agreement—

17 (A) that is for a term extending beyond
18 September 30, 2031; or

19 (B) under which any payment could be
20 outlaid or funds disbursed after September 30,
21 2031; or

22 (2) use any other funds available to the Sec-
23 retary to satisfy obligations initially made under this
24 section.

25 (c) CONFORMING AMENDMENTS.—

1 (1) Section 1240B of the Food Security Act of
2 1985 (16 U.S.C. 3839aa-2) is amended—

3 (A) in subsection (a), by striking “2023”
4 and inserting “2031”; and

5 (B) in subsection (f)(2)(B)—

6 (i) in the subparagraph heading, by
7 striking “2023” and inserting “2031”; and

8 (ii) by striking “2023” and inserting
9 “2031”.

10 (2) Section 1240H of the Food Security Act of
11 1985 (16 U.S.C. 3839aa-8) is amended by striking
12 “2023” each place it appears and inserting “2031”.

13 (3) Section 1240J(a) of the Food Security Act
14 of 1985 (16 U.S.C. 3839aa-22(a)) is amended, in
15 the matter preceding paragraph (1), by striking
16 “2023” and inserting “2031”.

17 (4) Section 1240L(h)(2)(A) of the Food Secu-
18 rity Act of 1985 (16 U.S.C. 3839aa-24(h)(2)(A)) is
19 amended by striking “2023” and inserting “2031”.

20 (5) Section 1241 of the Food Security Act of
21 1985 (16 U.S.C. 3841) is amended—

22 (A) in subsection (a)—

23 (i) in the matter preceding paragraph
24 (1), by striking “2023” and inserting

25 “2031”;

1 (ii) in paragraph (1), by striking
2 “2023” each place it appears and inserting
3 “2031”;

4 (iii) in paragraph (2)(F), by striking
5 “2023” and inserting “2031”; and

6 (iv) in paragraph (3), by striking “fis-
7 cal year 2023” each place it appears and
8 inserting “each of fiscal years 2023
9 through 2031”;

10 (B) in subsection (b), by striking “2023”
11 and inserting “2031”; and

12 (C) in subsection (h)—

13 (i) in paragraph (1)(B), in the sub-
14 paragraph heading, by striking “2023” and
15 inserting “2031”; and

16 (ii) by striking “2023” each place it
17 appears and inserting “2031”.

18 (6) Section 1244(n)(3)(A) of the Food Security
19 Act of 1985 (16 U.S.C. 3844(n)(3)(A)) is amended
20 by striking “2023” and inserting “2031”.

21 (7) Section 1271D(a) of the Food Security Act
22 of 1985 (16 U.S.C. 3871d(a)) is amended by strik-
23 ing “2023” and inserting “2031”.

1 **SEC. 21002. CONSERVATION TECHNICAL ASSISTANCE.**

2 (a) APPROPRIATIONS.—In addition to amounts other-
3 wise available (and subject to subsection (b)), there are
4 appropriated to the Secretary for fiscal year 2022, out of
5 any money in the Treasury not otherwise appropriated,
6 to remain available until September 30, 2031 (subject to
7 the condition that no such funds may be disbursed after
8 September 30, 2031)—

9 (1) \$1,000,000,000 to provide conservation
10 technical assistance through the Natural Resources
11 Conservation Service; and

12 (2) \$300,000,000 to carry out a carbon seques-
13 tration and greenhouse gas emissions quantification
14 program through which the Natural Resources Con-
15 servation Service, including through technical service
16 providers and other partners, shall collect field-based
17 data to assess the carbon sequestration and green-
18 house gas emissions reduction outcomes associated
19 with activities carried out pursuant to this section
20 and use the data to monitor and track greenhouse
21 gas emissions and carbon sequestration trends
22 through the Greenhouse Gas Inventory and Assess-
23 ment Program of the Department of Agriculture.

24 (b) CONDITIONS.—The funds made available under
25 this section are subject to the conditions that the Sec-
26 retary shall not—

1 (1) enter into any agreement—

2 (A) that is for a term extending beyond
3 September 30, 2031; or

4 (B) under which any payment could be
5 outlaid or funds disbursed after September 30,
6 2031;

7 (2) use any other funds available to the Sec-
8 retary to satisfy obligations initially made under this
9 section; or

10 (3) interpret this section to authorize funds of
11 the Commodity Credit Corporation for activities
12 under this section if such funds are not expressly
13 authorized or currently expended for such purposes.

14 (c) ADMINISTRATIVE COSTS.—In addition to
15 amounts otherwise available, there is appropriated to the
16 Secretary for fiscal year 2022, out of any money in the
17 Treasury not otherwise appropriated, \$100,000,000, to re-
18 main available until September 30, 2028, for administra-
19 tive costs of the agencies and offices of the Department
20 of Agriculture for costs related to implementing this sec-
21 tion.

1 section that could result in disbursements after Sep-
2 tember 30, 2031.

3 “(3) RESTRICTION.—A loan under paragraph
4 (1) shall be forgiven in an amount that is not great-
5 er than 50 percent of the loan, unless the Secretary
6 waives such restriction.”.

7 **SEC. 22002. RURAL ENERGY FOR AMERICA PROGRAM.**

8 (a) APPROPRIATION.—In addition to amounts other-
9 wise available, there is appropriated to the Secretary, out
10 of any money in the Treasury not otherwise appropriated,
11 for eligible projects under section 9007 of the Farm Secu-
12 rity and Rural Investment Act of 2002 (7 U.S.C. 8107),
13 and notwithstanding section 9007(c)(3)(A) of that Act,
14 the amount of a grant shall not exceed 50 percent of the
15 cost of the activity carried out using the grant funds—

16 (1) \$820,250,000 for fiscal year 2022, to re-
17 main available until September 30, 2031; and

18 (2) \$180,276,500 for each of fiscal years 2023
19 through 2027, to remain available until September
20 30, 2031.

21 (b) UNDERUTILIZED RENEWABLE ENERGY TECH-
22 NOLOGIES.—In addition to amounts otherwise available,
23 there is appropriated to the Secretary, out of any money
24 in the Treasury not otherwise appropriated, to provide
25 grants and loans guaranteed by the Secretary (including

1 the costs of such loans) under the program described in
2 subsection (a) relating to underutilized renewable energy
3 technologies, and to provide technical assistance for apply-
4 ing to the program described in subsection (a), including
5 for underutilized renewable energy technologies, notwith-
6 standing section 9007(c)(3)(A) of the Farm Security and
7 Rural Investment Act of 2002 (7 U.S.C. 8107(c)(3)(A)),
8 the amount of a grant shall not exceed 50 percent of the
9 cost of the activity carried out using the grant funds, and
10 to the extent the following amounts remain available at
11 the end of each fiscal year, the Secretary shall use such
12 amounts in accordance with subsection (a)—

13 (1) \$144,750,000 for fiscal year 2022, to re-
14 main available until September 30, 2031; and

15 (2) \$31,813,500 for each of fiscal years 2023
16 through 2027, to remain available until September
17 30, 2031.

18 (c) LIMITATION.—The Secretary shall not enter into,
19 pursuant to this section—

20 (1) any loan agreement that may result in a
21 disbursement after September 30, 2031; or

22 (2) any grant agreement that may result in any
23 outlay after September 30, 2031.

1 **SEC. 22003. BIOFUEL INFRASTRUCTURE AND AGRI-**
2 **CULTURE PRODUCT MARKET EXPANSION.**

3 Section 9003 of the Farm Security and Rural Invest-
4 ment Act of 2002 (7 U.S.C. 8103) (as amended by section
5 22001) is amended by adding at the end the following:

6 “(i) BIOFUEL INFRASTRUCTURE AND AGRICULTURE
7 PRODUCT MARKET EXPANSION.—

8 “(1) APPROPRIATION.—Notwithstanding sub-
9 sections (a) through (e) and subsection (g), in addi-
10 tion to amounts otherwise available, there is appro-
11 priated to the Secretary for fiscal year 2022, out of
12 any money in the Treasury not otherwise appro-
13 priated, \$500,000,000, to remain available until
14 September 30, 2031, to carry out this subsection.

15 “(2) USE OF FUNDS.—The Secretary shall use
16 the amounts made available by paragraph (1) to
17 provide grants, for which the Federal share shall be
18 not more than 75 percent of the total cost of car-
19 rying out a project for which the grant is provided,
20 on a competitive basis, to increase the sale and use
21 of agricultural commodity-based fuels through infra-
22 structure improvements for blending, storing, sup-
23 plying, or distributing biofuels, except for transpor-
24 tation infrastructure not on location where such
25 biofuels are blended, stored, supplied, or distrib-
26 uted—

1 “(A) by installing, retrofitting, or other-
2 wise upgrading fuel dispensers or pumps and
3 related equipment, storage tank system compo-
4 nents, and other infrastructure required at a lo-
5 cation related to dispensing certain biofuels
6 blends to ensure the increased sales of fuels
7 with high levels of commodity-based ethanol
8 and biodiesel that are at or greater than the
9 levels required in the Notice of Funding Avail-
10 ability for the Higher Blends Infrastructure In-
11 centive Program for Fiscal Year 2020, pub-
12 lished in the Federal Register (85 Fed. Reg.
13 26656), as determined by the Secretary; and

14 “(B) by building and retrofitting home
15 heating oil distribution centers or equivalent en-
16 tities and distribution systems for ethanol and
17 biodiesel blends.

18 “(3) LIMITATION.—The Secretary may not
19 limit the amount of funding an eligible entity may
20 receive under this subsection provided that no eligi-
21 ble entity may receive more than 10 percent of the
22 funds appropriated under paragraph (1) unless there
23 are insufficient eligible applicants, as determined by
24 the Secretary, to which to award those funds.”.

1 **SEC. 22004. USDA ASSISTANCE FOR RURAL ELECTRIC CO-**
2 **OPERATIVES.**

3 Section 9003 of the Farm Security and Rural Invest-
4 ment Act of 2002 (7 U.S.C. 8103) (as amended by section
5 22003) is amended by adding at the end the following:

6 “(j) USDA ASSISTANCE FOR RURAL ELECTRIC CO-
7 OPERATIVES.—

8 “(1) APPROPRIATION.—Notwithstanding sub-
9 sections (a) through (e) and (g), in addition to
10 amounts otherwise available, there is appropriated to
11 the Secretary for fiscal year 2022, out of any money
12 in the Treasury not otherwise appropriated,
13 \$9,700,000,000, to remain available until September
14 30, 2031, for the long-term resiliency, reliability,
15 and affordability of rural electric systems and for
16 purposes described in section 310B(a)(2)(C) of the
17 Consolidated Farm and Rural Development Act (7
18 U.S.C. 1932(a)(2)(C)) (provided that the term re-
19 newable energy system in that paragraph has the
20 meaning given that term in section 9001), for zero-
21 emission systems, or for carbon capture and storage
22 systems, by providing to an eligible entity (defined
23 as an electric cooperative described in section
24 501(c)(12) or 1381(a)(2) of the Internal Revenue
25 Code of 1986 and is or has been a Rural Utilities
26 Service electric loan borrower pursuant to the Rural

1 Electrification Act of 1936 or serving a predomi-
2 nantly rural area or a wholly or jointly owned sub-
3 sidiary of such electric cooperative) financial assist-
4 ance, including loans and the cost of loans and
5 modifications thereof, to purchase renewable energy,
6 renewable energy systems, zero-emission systems,
7 and carbon capture and storage systems, to deploy
8 such systems, or to make energy efficiency improve-
9 ments to electric generation and transmission sys-
10 tems of the eligible entity after the date of enact-
11 ment of this subsection, that will achieve the great-
12 est reduction in greenhouse gas emissions associated
13 with rural electric systems using financial assistance
14 provided under this subsection and that will other-
15 wise aid disadvantaged rural communities, as deter-
16 mined by the Secretary.

17 “(2) LIMITATION.—No eligible entity may re-
18 ceive an amount equal to more than 10 percent of
19 the total amount made available by this subsection.

20 “(3) REQUIREMENT.—The amount of a grant
21 under this subsection shall be not more than 25 per-
22 cent of the total project costs of the eligible entity
23 carrying out a project using a grant under this sub-
24 section.

1 “(4) PROHIBITION.—Nothing in this subsection
2 shall be interpreted to authorize funds of the Com-
3 modity Credit Corporation for activities under this
4 subsection if such funds are not expressly authorized
5 or currently expended for such purposes.

6 “(5) DISBURSEMENTS.—The Secretary shall
7 not enter into, pursuant to this subsection—

8 “(A) any loan agreement that may result
9 in a disbursement after September 30, 2031; or

10 “(B) any grant agreement that may result
11 in any outlay after September 30, 2031.”.

12 **SEC. 22005. ADDITIONAL USDA RURAL DEVELOPMENT AD-**
13 **MINISTRATIVE FUNDS.**

14 In addition to amounts otherwise available, there is
15 appropriated to the Secretary for fiscal year 2022, out of
16 any money in the Treasury not otherwise appropriated,
17 \$100,000,000, to remain available until September 30,
18 2031, for administrative costs and salaries and expenses
19 for the Rural Development mission area and expenses of
20 the agencies and offices of the Department for costs re-
21 lated to implementing this subtitle.

Subtitle D—Forestry

2 SEC. 23001. NATIONAL FOREST SYSTEM RESTORATION AND 3 FUELS REDUCTION PROJECTS.

4 (a) APPROPRIATIONS.—In addition to amounts other-
5 wise available, there are appropriated to the Secretary for
6 fiscal year 2022, out of any money in the Treasury not
7 otherwise appropriated, to remain available until Sep-
8 tember 30, 2031—

9 (1) \$1,800,000,000 for hazardous fuels reduc-
10 tion projects on National Forest System land within
11 the wildland-urban interface;

12 (2) \$200,000,000 for vegetation management
13 projects on National Forest System land carried out
14 in accordance with a water source management plan
15 or a watershed protection and restoration action
16 plan;

17 (3) \$100,000,000 to provide for more efficient
18 and more effective environmental reviews by the
19 Chief of the Forest Service in satisfying the obliga-
20 tions of the Chief of the Forest Service under the
21 National Environmental Policy Act of 1969 (42
22 U.S.C. 4321 through 4370m–12); and

23 (4) \$50,000,000 to develop and carry out activi-
24 ties and tactics for the protection of old-growth for-
25 ests on National Forest System land and to com-

1 plete an inventory of old-growth forests and mature
2 forests within the National Forest System.

3 (b) PRIORITY FOR FUNDING.—For projects described
4 in paragraphs (1) and (2) of subsection (a), the Secretary
5 shall prioritize for implementation projects—

6 (1) for which an environmental assessment or
7 an environmental impact statement required under
8 the National Environmental Policy Act of 1969 (42
9 U.S.C. 4321 through 4370m–12) has been com-
10 pleted;

11 (2) that are collaboratively developed; or

12 (3) that include opportunities to restore sus-
13 tainable recreation infrastructure or access or ac-
14 complish other recreation outcomes on National For-
15 est System lands, if the opportunities are compatible
16 with the primary restoration purposes of the project.

17 (c) RESTRICTIONS.—None of the funds made avail-
18 able by this section may be used for any activity—

19 (1) conducted in a wilderness area or wilderness
20 study area;

21 (2) that includes the construction of a perma-
22 nent road or motorized trail;

23 (3) that includes the construction of a tem-
24 porary road, except in the case of a temporary road

1 that is decommissioned by the Secretary not later
2 than 3 years after the earlier of—

3 (A) the date on which the temporary road
4 is no longer needed; and

5 (B) the date on which the project for
6 which the temporary road was constructed is
7 completed;

8 (4) inconsistent with the applicable land man-
9 agement plan;

10 (5) inconsistent with the prohibitions of the rule
11 of the Forest Service entitled “Special Areas;
12 Roadless Area Conservation” (66 Fed. Reg. 3244
13 (January 12, 2001)), as modified by subparts C and
14 D of part 294 of title 36, Code of Federal Regula-
15 tions; or

16 (6) carried out on any land that is not National
17 Forest System land, including other forested land on
18 Federal, State, Tribal, or private land.

19 (d) LIMITATIONS.—Nothing in this section shall be
20 interpreted to authorize funds of the Commodity Credit
21 Corporation for activities under this section if such funds
22 are not expressly authorized or currently expended for
23 such purposes.

24 (e) COST-SHARING WAIVER.—

1 (1) IN GENERAL.—The non-Federal cost-share
2 requirement of a project described in paragraph (2)
3 may be waived at the discretion of the Secretary.

4 (2) PROJECT DESCRIBED.—A project referred
5 to in paragraph (1) is a project that—

6 (A) is carried out using funds made avail-
7 able under this section;

8 (B) requires a partnership agreement, in-
9 cluding a cooperative agreement or mutual in-
10 terest agreement; and

11 (C) is subject to a non-Federal cost-share
12 requirement.

13 (f) DEFINITIONS.—In this section:

14 (1) COLLABORATIVELY DEVELOPED.—The term
15 “collaboratively developed” means, with respect to a
16 project located exclusively on National Forest Sys-
17 tem land, that the project is developed and imple-
18 mented through a collaborative process that—

19 (A) includes multiple interested persons
20 representing diverse interests, except such per-
21 sons shall not be employed by the Federal Gov-
22 ernment or be representatives of foreign enti-
23 ties; and

24 (B)(i) is transparent and nonexclusive; or

1 (ii) meets the requirements for a resource
2 advisory committee under subsections (e)
3 through (f) of section 205 of the Secure Rural
4 Schools and Community Self-Determination Act
5 of 2000 (16 U.S.C. 7125).

6 (2) DECOMMISSION.—The term “decommis-
7 sion” means, with respect to a road—

8 (A) reestablishing native vegetation on the
9 road;

10 (B) restoring any natural drainage, water-
11 shed function, or other ecological processes that
12 were disrupted or adversely impacted by the
13 road by removing or hydrologically dis-
14 connecting the road prism and reestablishing
15 stable slope contours; and

16 (C) effectively blocking the road to vehic-
17 ular traffic, where feasible.

18 (3) ECOLOGICAL INTEGRITY.—The term “eco-
19 logical integrity” has the meaning given the term in
20 section 219.19 of title 36, Code of Federal Regula-
21 tions (as in effect on the date of enactment of this
22 Act).

23 (4) HAZARDOUS FUELS REDUCTION
24 PROJECT.—The term “hazardous fuels reduction
25 project” means an activity, including the use of pre-

1 scribed fire, to protect structures and communities
2 from wildfire that is carried out on National Forest
3 System land.

4 (5) RESTORATION.—The term “restoration”
5 has the meaning given the term in section 219.19 of
6 title 36, Code of Federal Regulations (as in effect on
7 the date of enactment of this Act).

8 (6) VEGETATION MANAGEMENT PROJECT.—The
9 term “vegetation management project” means an ac-
10 tivity carried out on National Forest System land to
11 enhance the ecological integrity and achieve the res-
12 toration of a forest ecosystem through the removal
13 of vegetation, the use of prescribed fire, the restora-
14 tion of aquatic habitat, or the decommissioning of an
15 unauthorized, temporary, or system road.

16 (7) WATER SOURCE MANAGEMENT PLAN.—The
17 term “water source management plan” means a plan
18 developed under section 303(d)(1) of the Healthy
19 Forests Restoration Act of 2003 (16 U.S.C.
20 6542(d)(1)).

21 (8) WATERSHED PROTECTION AND RESTORA-
22 TION ACTION PLAN.—The term “watershed protec-
23 tion and restoration action plan” means a plan de-
24 veloped under section 304(a)(3) of the Healthy For-

1 ests Restoration Act of 2003 (16 U.S.C.
2 6543(a)(3)).

3 (9) WILDLAND-URBAN INTERFACE.—The term
4 “wildland-urban interface” has the meaning given
5 the term in section 101 of the Healthy Forests Res-
6 toration Act of 2003 (16 U.S.C. 6511).

7 **SEC. 23002. COMPETITIVE GRANTS FOR NON-FEDERAL FOR-**
8 **EST LANDOWNERS.**

9 (a) APPROPRIATIONS.—In addition to amounts other-
10 wise available, there are appropriated to the Secretary for
11 fiscal year 2022, out of any money in the Treasury not
12 otherwise appropriated, to remain available until Sep-
13 tember 30, 2031—

14 (1) \$150,000,000 for the competitive grant pro-
15 gram under section 13A of the Cooperative Forestry
16 Assistance Act of 1978 (16 U.S.C. 2109a) for pro-
17 viding through that program a cost share to carry
18 out climate mitigation or forest resilience practices
19 in the case of underserved forest landowners, subject
20 to the condition that subsection (h) of that section
21 shall not apply;

22 (2) \$150,000,000 for the competitive grant pro-
23 gram under section 13A of the Cooperative Forestry
24 Assistance Act of 1978 (16 U.S.C. 2109a) for pro-
25 viding through that program grants to support the

1 participation of underserved forest landowners in
2 emerging private markets for climate mitigation or
3 forest resilience, subject to the condition that sub-
4 section (h) of that section shall not apply;

5 (3) \$100,000,000 for the competitive grant pro-
6 gram under section 13A of the Cooperative Forestry
7 Assistance Act of 1978 (16 U.S.C. 2109a) for pro-
8 viding through that program grants to support the
9 participation of forest landowners who own less than
10 2,500 acres of forest land in emerging private mar-
11 kets for climate mitigation or forest resilience, sub-
12 ject to the condition that subsection (h) of that sec-
13 tion shall not apply;

14 (4) \$50,000,000 for the competitive grant pro-
15 gram under section 13A of the Cooperative Forestry
16 Assistance Act of 1978 (16 U.S.C. 2109a) to pro-
17 vide grants to states and other eligible entities to
18 provide payments to owners of private forest land
19 for implementation of forestry practices on private
20 forest land, that are determined by the Secretary,
21 based on the best available science, to provide meas-
22 urable increases in carbon sequestration and storage
23 beyond customary practices on comparable land,
24 subject to the conditions that—

1 (A) those payments shall not preclude
2 landowners from participation in other public
3 and private sector financial incentive programs;
4 and

5 (B) subsection (h) of that section shall not
6 apply; and

7 (5) \$100,000,000 to provide grants under the
8 wood innovation grant program under section 8643
9 of the Agriculture Improvement Act of 2018 (7
10 U.S.C. 7655d), including for the construction of new
11 facilities that advance the purposes of the program
12 and for the hauling of material removed to reduce
13 hazardous fuels to locations where that material can
14 be utilized, subject to the conditions that—

15 (A) the amount of such a grant shall be
16 not more than \$5,000,000;

17 (B) notwithstanding subsection (d) of that
18 section, a recipient of such a grant shall provide
19 funds equal to not less than 50 percent of the
20 amount received under the grant, to be derived
21 from non-Federal sources; and

22 (C) a priority shall be placed on projects
23 that create a financial model for addressing for-
24 est restoration needs on public or private forest
25 land.

1 (b) COST-SHARING REQUIREMENT.—Any partnership
2 agreements, including cooperative agreements and mutual
3 interest agreements, using funds made available under
4 this section shall be subject to a non-Federal cost-share
5 requirement of not less than 20 percent of the project cost,
6 which may be waived at the discretion of the Secretary.

7 (c) LIMITATIONS.—Nothing in this section shall be
8 interpreted to authorize funds of the Commodity Credit
9 Corporation for activities under this section if such funds
10 are not expressly authorized or currently expended for
11 such purposes.

12 **SEC. 23003. STATE AND PRIVATE FORESTRY CONSERVA-**
13 **TION PROGRAMS.**

14 (a) APPROPRIATIONS.—In addition to amounts other-
15 wise available, there are appropriated to the Secretary for
16 fiscal year 2022, out of any money in the Treasury not
17 otherwise appropriated, to remain available until Sep-
18 tember 30, 2031—

19 (1) \$700,000,000 to provide competitive grants
20 to States through the Forest Legacy Program estab-
21 lished under section 7 of the Cooperative Forestry
22 Assistance Act of 1978 (16 U.S.C. 2103c) to acquire
23 land and interests in land, with priority given to
24 grant applications that offer significant natural car-

1 bon sequestration benefits or provide benefits to un-
2 derserved populations; and

3 (2) \$1,500,000,000 to provide multiyear, pro-
4 grammatic, competitive grants to a State agency, a
5 local governmental entity, an agency or govern-
6 mental entity of the District of Columbia, an Indian
7 Tribe, or a nonprofit organization through the
8 Urban and Community Forestry Assistance program
9 established under section 9(c) of the Cooperative
10 Forestry Assistance Act of 1978 (16 U.S.C.
11 2105(c)) for tree planting and related activities, with
12 a priority for projects that benefit underserved popu-
13 lations and areas.

14 (b) WAIVER.—Any non-Federal cost-share require-
15 ment otherwise applicable to projects carried out under
16 this section may be waived at the discretion of the Sec-
17 retary.

18 **SEC. 23004. LIMITATION.**

19 The funds made available under this subtitle are sub-
20 ject to the condition that the Secretary shall not—

21 (1) enter into any agreement—

22 (A) that is for a term extending beyond
23 September 30, 2031; or

1 (B) under which any payment could be
2 outlaid or funds disbursed after September 30,
3 2031; or

4 (2) use any other funds available to the Sec-
5 retary to satisfy obligations initially made under this
6 subtitle.

7 **SEC. 23005. ADMINISTRATIVE COSTS.**

8 In addition to amounts otherwise available, there is
9 appropriated to the Secretary for fiscal year 2022, out of
10 any money in the Treasury not otherwise appropriated,
11 \$100,000,000 to remain available until September 30,
12 2031, for administrative costs of the agencies and offices
13 of the Department of Agriculture for costs related to im-
14 plementing this subtitle.

15 **TITLE III—COMMITTEE ON**
16 **BANKING, HOUSING, AND**
17 **URBAN AFFAIRS**

18 **SEC. 30001. ENHANCED USE OF DEFENSE PRODUCTION ACT**

19 **OF 1950.**

20 In addition to amounts otherwise available, there is
21 appropriated for fiscal year 2022, out of any money in
22 the Treasury not otherwise appropriated, \$500,000,000,
23 to remain available until September 30, 2024, to carry out
24 the Defense Production Act of 1950 (50 U.S.C. 4501 et
25 seq.).

1 **SEC. 30002. IMPROVING ENERGY EFFICIENCY OR WATER**
2 **EFFICIENCY OR CLIMATE RESILIENCE OF AF-**
3 **FORDABLE HOUSING.**

4 (a) APPROPRIATION.—In addition to amounts other-
5 wise available, there is appropriated to the Secretary of
6 Housing and Urban Development (in this section referred
7 to as the “Secretary”) for fiscal year 2022, out of any
8 money in the Treasury not otherwise appropriated—

9 (1) \$837,500,000, to remain available until
10 September 30, 2028, for the cost of providing direct
11 loans, including the costs of modifying such loans,
12 and for grants, as provided for and subject to terms
13 and conditions in subsection (b), including to sub-
14 sidize gross obligations for the principal amount of
15 direct loans, not to exceed \$4,000,000,000, to fund
16 projects that improve energy or water efficiency, in-
17 door air quality or sustainability, implement the use
18 of low-emission technologies, materials, or processes,
19 including zero-emission electricity generation, energy
20 storage, or building electrification, or address cli-
21 mate resilience, of an eligible property;

22 (2) \$60,000,000, to remain available until Sep-
23 tember 30, 2030, for the costs to the Secretary of
24 administering and overseeing the implementation of
25 this section, including information technology, finan-
26 cial reporting, research and evaluation, other cross-

1 program costs in support of programs administered
2 by the Secretary in this title, and other costs;

3 (3) \$60,000,000, to remain available until Sep-
4 tember 30, 2029, for expenses of contracts adminis-
5 tered by the Secretary, including to carry out prop-
6 erty climate risk, energy, or water assessments, due
7 diligence, and underwriting functions for such grant
8 and direct loan program; and

9 (4) \$42,500,000, to remain available until Sep-
10 tember 30, 2028, for energy and water
11 benchmarking of properties eligible to receive grants
12 or loans under this section, regardless of whether
13 they actually received such grants, along with associ-
14 ated data analysis and evaluation at the property
15 and portfolio level, including the development of in-
16 formation technology systems necessary for the col-
17 lection, evaluation, and analysis of such data.

18 (b) LOAN AND GRANT TERMS AND CONDITIONS.—
19 Amounts made available under this section shall be for
20 direct loans, grants, and direct loans that can be converted
21 to grants to eligible recipients that agree to an extended
22 period of affordability for the property.

23 (c) DEFINITIONS.—As used in this section—

24 (1) the term “eligible recipient” means any
25 owner or sponsor of an eligible property; and

1 (2) the term “eligible property” means a prop-
2 erty assisted pursuant to—

3 (A) section 202 of the Housing Act of
4 1959 (12 U.S.C. 1701q);

5 (B) section 202 of the Housing Act of
6 1959 (former 12 U.S.C. 1701q), as such section
7 existed before the enactment of the Cranston-
8 Gonzalez National Affordable Housing Act;

9 (C) section 811 of the Cranston-Gonzalez
10 National Affordable Housing Act (42 U.S.C.
11 8013);

12 (D) section 8(b) of the United States
13 Housing Act of 1937 (42 U.S.C. 1437f(b));

14 (E) section 236 of the National Housing
15 Act (12 U.S.C. 1715z-1); or

16 (F) a Housing Assistance Payments con-
17 tract for Project-Based Rental Assistance in fis-
18 cal year 2021.

19 (d) WAIVER.—The Secretary may waive or specify al-
20 ternative requirements for any provision of subsection (c)
21 or (bb) of section 8 of the United States Housing Act of
22 1937 (42 U.S.C. 1437f(c), 1437f(bb)) upon a finding that
23 the waiver or alternative requirement is necessary to facili-
24 tate the use of amounts made available under this section.

1 (e) IMPLEMENTATION.—The Secretary shall have the
2 authority to establish by notice any requirements that the
3 Secretary determines are necessary for timely and effec-
4 tive implementation of the program and expenditure of
5 funds appropriated, which requirements shall take effect
6 upon issuance.

7 **TITLE IV—COMMITTEE ON COM-**
8 **MERCE, SCIENCE, AND**
9 **TRANSPORTATION**

10 **SEC. 40001. INVESTING IN COASTAL COMMUNITIES AND**
11 **CLIMATE RESILIENCE.**

12 (a) IN GENERAL.—In addition to amounts otherwise
13 available, there is appropriated to the National Oceanic
14 and Atmospheric Administration for fiscal year 2022, out
15 of any money in the Treasury not otherwise appropriated,
16 \$2,600,000,000, to remain available until September 30,
17 2026, to provide funding through direct expenditure, con-
18 tracts, grants, cooperative agreements, or technical assist-
19 ance to coastal states (as defined in paragraph (4) of sec-
20 tion 304 of the Coastal Zone Management Act of 1972
21 (16 U.S.C. 1453(4))), the District of Columbia, Tribal
22 Governments, nonprofit organizations, local governments,
23 and institutions of higher education (as defined in sub-
24 section (a) of section 101 of the Higher Education Act
25 of 1965 (20 U.S.C. 1001(a))), for the conservation, res-

1 toration, and protection of coastal and marine habitats
2 and resources, including fisheries, to enable coastal com-
3 munities to prepare for extreme storms and other chang-
4 ing climate conditions, and for projects that support nat-
5 ural resources that sustain coastal and marine resource
6 dependent communities, and for related administrative ex-
7 penses.

8 (b) TRIBAL GOVERNMENT DEFINED.—In this sec-
9 tion, the term “Tribal Government” means the recognized
10 governing body of any Indian or Alaska Native tribe,
11 band, nation, pueblo, village, community, component band,
12 or component reservation, individually identified (includ-
13 ing parenthetically) in the list published most recently as
14 of the date of enactment of this subsection pursuant to
15 section 104 of the Federally Recognized Indian Tribe List
16 Act of 1994 (25 U.S.C. 5131).

17 **SEC. 40002. FACILITIES OF THE NATIONAL OCEANIC AND**
18 **ATMOSPHERIC ADMINISTRATION AND NA-**
19 **TIONAL MARINE SANCTUARIES.**

20 (a) NATIONAL OCEANIC AND ATMOSPHERIC ADMIN-
21 ISTRATION FACILITIES.—In addition to amounts other-
22 wise available, there is appropriated to the National Oce-
23 anic and Atmospheric Administration for fiscal year 2022,
24 out of any money in the Treasury not otherwise appro-
25 priated, \$150,000,000, to remain available until Sep-

1 tember 30, 2026, for the construction of new facilities (in-
2 cluding facilities in need of replacement) including piers,
3 marine operations facilities, and fisheries laboratories.

4 (b) NATIONAL MARINE SANCTUARIES FACILITIES.—
5 In addition to amounts otherwise available, there is appro-
6 priated to the National Oceanic and Atmospheric Adminis-
7 tration for fiscal year 2022, out of any money in the
8 Treasury not otherwise appropriated, \$50,000,000, to re-
9 main available until September 30, 2026, for the construc-
10 tion of facilities to support the National Marine Sanctuary
11 System established under subsection (c) of section 301 of
12 the National Marine Sanctuaries Act (16 U.S.C. 1431(c)).

13 **SEC. 40003. NOAA EFFICIENT AND EFFECTIVE REVIEWS.**

14 In addition to amounts otherwise available, there is
15 appropriated to the National Oceanic and Atmospheric
16 Administration for fiscal year 2022, out of any money in
17 the Treasury not otherwise appropriated, \$20,000,000, to
18 remain available until September 30, 2026, to conduct
19 more efficient, accurate, and timely reviews for planning,
20 permitting and approval processes through the hiring and
21 training of personnel, and the purchase of technical and
22 scientific services and new equipment, and to improve
23 agency transparency, accountability, and public engage-
24 ment.

1 **SEC. 40004. OCEANIC AND ATMOSPHERIC RESEARCH AND**
2 **FORECASTING FOR WEATHER AND CLIMATE.**

3 (a) FORECASTING AND RESEARCH.—In addition to
4 amounts otherwise available, there is appropriated to the
5 National Oceanic and Atmospheric Administration for fis-
6 cal year 2022, out of any money in the Treasury not other-
7 wise appropriated, \$150,000,000, to remain available until
8 September 30, 2026, to accelerate advances and improve-
9 ments in research, observation systems, modeling, fore-
10 casting, assessments, and dissemination of information to
11 the public as it pertains to ocean and atmospheric proc-
12 esses related to weather, coasts, oceans, and climate, and
13 to carry out section 102(a) of the Weather Research and
14 Forecasting Innovation Act of 2017 (15 U.S.C. 8512(a)),
15 and for related administrative expenses.

16 (b) RESEARCH GRANTS AND SCIENCE INFORMATION,
17 PRODUCTS, AND SERVICES.—In addition to amounts oth-
18 erwise available, there are appropriated to the National
19 Oceanic and Atmospheric Administration for fiscal year
20 2022, out of any money in the Treasury not otherwise ap-
21 propriated, to remain available until September 30, 2026,
22 \$50,000,000 for competitive grants to fund climate re-
23 search as it relates to weather, ocean, coastal, and atmos-
24 pheric processes and conditions, and impacts to marine
25 species and coastal habitat, and for related administrative
26 expenses.

1 **SEC. 40005. COMPUTING CAPACITY AND RESEARCH FOR**
2 **WEATHER, OCEANS, AND CLIMATE.**

3 In addition to amounts otherwise available, there is
4 appropriated to the National Oceanic and Atmospheric
5 Administration for fiscal year 2022, out of any money in
6 the Treasury not otherwise appropriated, \$190,000,000,
7 to remain available until September 30, 2026, for the pro-
8 curement of additional high-performance computing, data
9 processing capacity, data management, and storage assets,
10 to carry out section 204(a)(2) of the High-Performance
11 Computing Act of 1991 (15 U.S.C. 5524(a)(2)), and for
12 transaction agreements authorized under section
13 301(d)(1)(A) of the Weather Research and Forecasting
14 Innovation Act of 2017 (15 U.S.C. 8531(d)(1)(A)), and
15 for related administrative expenses.

16 **SEC. 40006. ACQUISITION OF HURRICANE FORECASTING**
17 **AIRCRAFT.**

18 In addition to amounts otherwise available, there is
19 appropriated to the National Oceanic and Atmospheric
20 Administration for fiscal year 2022, out of any money in
21 the Treasury not otherwise appropriated, \$100,000,000,
22 to remain available until September 30, 2026, for the ac-
23 quisition of hurricane hunter aircraft under section 413(a)
24 of the Weather Research and Forecasting Innovation Act
25 of 2017 (15 U.S.C. 8549(a)).

1 **SEC. 40007. ALTERNATIVE FUEL AND LOW-EMISSION AVIA-**
2 **TION TECHNOLOGY PROGRAM.**

3 (a) APPROPRIATION AND ESTABLISHMENT.—For
4 purposes of establishing a competitive grant program for
5 eligible entities to carry out projects located in the United
6 States that produce, transport, blend, or store sustainable
7 aviation fuel, or develop, demonstrate, or apply low-emis-
8 sion aviation technologies, in addition to amounts other-
9 wise available, there are appropriated to the Secretary for
10 fiscal year 2022, out of any money in the Treasury not
11 otherwise appropriated, to remain available until Sep-
12 tember 30, 2026—

13 (1) \$244,530,000 for projects relating to the
14 production, transportation, blending, or storage of
15 sustainable aviation fuel;

16 (2) \$46,530,000 for projects relating to low-
17 emission aviation technologies; and

18 (3) \$5,940,000 to fund the award of grants
19 under this section, and oversight of the program, by
20 the Secretary.

21 (b) CONSIDERATIONS.—In carrying out subsection
22 (a), the Secretary shall consider, with respect to a pro-
23 posed project—

24 (1) the capacity for the eligible entity to in-
25 crease the domestic production and deployment of
26 sustainable aviation fuel or the use of low-emission

1 aviation technologies among the United States com-
2 mercial aviation and aerospace industry;

3 (2) the projected greenhouse gas emissions
4 from such project, including emissions resulting
5 from the development of the project, and the poten-
6 tial the project has to reduce or displace, on a
7 lifecycle basis, United States greenhouse gas emis-
8 sions associated with air travel;

9 (3) the capacity to create new jobs and develop
10 supply chain partnerships in the United States;

11 (4) for projects related to the production of sus-
12 tainable aviation fuel, the projected lifecycle green-
13 house gas emissions benefits from the proposed
14 project, which shall include feedstock and fuel pro-
15 duction and potential direct and indirect greenhouse
16 gas emissions (including resulting from changes in
17 land use); and

18 (5) the benefits of ensuring a diversity of feed-
19 stocks for sustainable aviation fuel, including the use
20 of waste carbon oxides and direct air capture.

21 (c) COST SHARE.—The Federal share of the cost of
22 a project carried out using grant funds under subsection
23 (a) shall be 75 percent of the total proposed cost of the
24 project, except that such Federal share shall increase to
25 90 percent of the total proposed cost of the project if the

1 eligible entity is a small hub airport or nonhub airport,
2 as such terms are defined in section 47102 of title 49,
3 United States Code.

4 (d) FUEL EMISSIONS REDUCTION TEST.—For pur-
5 poses of clause (ii) of subsection (e)(7)(E), the Secretary
6 shall, not later than 2 years after the date of enactment
7 of this section, adopt at least 1 methodology for testing
8 lifecycle greenhouse gas emissions that meets the require-
9 ments of such clause.

10 (e) DEFINITIONS.—In this section:

11 (1) ELIGIBLE ENTITY.—The term “eligible enti-
12 ty” means—

13 (A) a State or local government, including
14 the District of Columbia, other than an airport
15 sponsor;

16 (B) an air carrier;

17 (C) an airport sponsor;

18 (D) an accredited institution of higher edu-
19 cation;

20 (E) a research institution;

21 (F) a person or entity engaged in the pro-
22 duction, transportation, blending, or storage of
23 sustainable aviation fuel in the United States or
24 feedstocks in the United States that could be
25 used to produce sustainable aviation fuel;

1 (G) a person or entity engaged in the de-
2 velopment, demonstration, or application of low-
3 emission aviation technologies; or

4 (H) nonprofit entities or nonprofit con-
5 sortia with experience in sustainable aviation
6 fuels, low-emission aviation technologies, or
7 other clean transportation research programs.

8 (2) FEEDSTOCK.—The term “feedstock” means
9 sources of hydrogen and carbon not originating from
10 unrefined or refined petrochemicals.

11 (3) INDUCED LAND-USE CHANGE VALUES.—
12 The term “induced land-use change values” means
13 the greenhouse gas emissions resulting from the con-
14 version of land to the production of feedstocks and
15 from the conversion of other land due to the dis-
16 placement of crops or animals for which the original
17 land was previously used.

18 (4) LIFECYCLE GREENHOUSE GAS EMIS-
19 SIONS.—The term “lifecycle greenhouse gas emis-
20 sions” means the combined greenhouse gas emis-
21 sions from feedstock production, collection of feed-
22 stock, transportation of feedstock to fuel production
23 facilities, conversion of feedstock to fuel, transpor-
24 tation and distribution of fuel, and fuel combustion

1 in an aircraft engine, as well as from induced land-
2 use change values.

3 (5) LOW-EMISSION AVIATION TECHNOLOGIES.—

4 The term “low-emission aviation technologies”
5 means technologies, produced in the United States,
6 that significantly—

7 (A) improve aircraft fuel efficiency;

8 (B) increase utilization of sustainable avia-
9 tion fuel; or

10 (C) reduce greenhouse gas emissions pro-
11 duced during operation of civil aircraft.

12 (6) SECRETARY.—The term “Secretary” means
13 the Secretary of Transportation.

14 (7) SUSTAINABLE AVIATION FUEL.—The term
15 “sustainable aviation fuel” means liquid fuel, pro-
16 duced in the United States, that—

17 (A) consists of synthesized hydrocarbons;

18 (B) meets the requirements of—

19 (i) ASTM International Standard
20 D7566; or

21 (ii) the co-processing provisions of
22 ASTM International Standard D1655,
23 Annex A1 (or such successor standard);

24 (C) is derived from biomass (in a similar
25 manner as such term is defined in section

1 45K(c)(3) of the Internal Revenue Code of
2 1986), waste streams, renewable energy
3 sources, or gaseous carbon oxides;

4 (D) is not derived from palm fatty acid
5 distillates; and

6 (E) achieves at least a 50 percent lifecycle
7 greenhouse gas emissions reduction in compari-
8 son with petroleum-based jet fuel, as deter-
9 mined by a test that shows—

10 (i) the fuel production pathway
11 achieves at least a 50 percent reduction of
12 the aggregate attributional core lifecycle
13 emissions and the induced land-use change
14 values under a lifecycle methodology for
15 sustainable aviation fuels similar to that
16 adopted by the International Civil Aviation
17 Organization with the agreement of the
18 United States; or

19 (ii) the fuel production pathway
20 achieves at least a 50 percent reduction of
21 the aggregate attributional core lifecycle
22 greenhouse gas emissions values and the
23 induced land-use change values under an-
24 other methodology that the Secretary de-
25 termines is—

1 (I) reflective of the latest sci-
2 entific understanding of lifecycle
3 greenhouse gas emissions; and

4 (II) as stringent as the require-
5 ment under clause (i).

6 **TITLE V—COMMITTEE ON EN-**
7 **ERGY AND NATURAL RE-**
8 **SOURCES**

9 **Subtitle A—Energy**

10 **PART 1—GENERAL PROVISIONS**

11 **SEC. 50111. DEFINITIONS.**

12 In this subtitle:

13 (1) GREENHOUSE GAS.—The term “greenhouse
14 gas” has the meaning given the term in section
15 1610(a) of the Energy Policy Act of 1992 (42
16 U.S.C. 13389(a)).

17 (2) SECRETARY.—The term “Secretary” means
18 the Secretary of Energy.

19 (3) STATE.—The term “State” means a State,
20 the District of Columbia, and a United States Insu-
21 lar Area (as that term is defined in section 50211).

22 (4) STATE ENERGY OFFICE.—The term “State
23 energy office” has the meaning given the term in
24 section 124(a) of the Energy Policy Act of 2005 (42
25 U.S.C. 15821(a)).

1 (5) STATE ENERGY PROGRAM.—The term
2 “State Energy Program” means the State Energy
3 Program established pursuant to part D of title III
4 of the Energy Policy and Conservation Act (42
5 U.S.C. 6321 through 6326).

6 **PART 2—RESIDENTIAL EFFICIENCY AND**
7 **ELECTRIFICATION REBATES**

8 **SEC. 50121. HOME ENERGY PERFORMANCE-BASED, WHOLE-**
9 **HOUSE REBATES.**

10 (a) APPROPRIATION.—

11 (1) IN GENERAL.—In addition to amounts oth-
12 erwise available, there is appropriated to the Sec-
13 retary for fiscal year 2022, out of any money in the
14 Treasury not otherwise appropriated,
15 \$4,300,000,000, to remain available through Sep-
16 tember 30, 2031, to carry out a program to award
17 grants to State energy offices to develop and imple-
18 ment a HOMES rebate program.

19 (2) ALLOCATION OF FUNDS.—

20 (A) IN GENERAL.—The Secretary shall re-
21 serve funds made available under paragraph (1)
22 for each State energy office—

23 (i) in accordance with the allocation
24 formula for the State Energy Program in
25 effect on January 1, 2022; and

1 (ii) to be distributed to a State energy
2 office if the application of the State energy
3 office under subsection (b) is approved.

4 (B) ADDITIONAL FUNDS.—Not earlier
5 than 2 years after the date of enactment of this
6 Act, any money reserved under subparagraph
7 (A) but not distributed under clause (ii) of that
8 subparagraph shall be redistributed to the State
9 energy offices operating a HOMES rebate pro-
10 gram using a grant received under this section
11 in proportion to the amount distributed to those
12 State energy offices under subparagraph
13 (A)(ii).

14 (3) ADMINISTRATIVE EXPENSES.—Of the funds
15 made available under paragraph (1), the Secretary
16 shall use not more than 3 percent for—

17 (A) administrative purposes; and

18 (B) providing technical assistance relating
19 to activities carried out under this section.

20 (b) APPLICATION.—A State energy office seeking a
21 grant under this section shall submit to the Secretary an
22 application that includes a plan to implement a HOMES
23 rebate program, including a plan—

24 (1) to use procedures, as approved by the Sec-
25 retary, for determining the reductions in home en-

1 energy use resulting from the implementation of a
2 home energy efficiency retrofit that is calibrated to
3 historical energy usage for a home consistent with
4 BPI 2400, for purposes of modeled performance
5 home rebates;

6 (2) to use open-source advanced measurement
7 and verification software, as approved by the Sec-
8 retary, for determining and documenting the month-
9 ly and hourly (if available) weather-normalized en-
10 ergy use of a home before and after the implementa-
11 tion of a home energy efficiency retrofit, for pur-
12 poses of measured performance home rebates;

13 (3) to value savings based on time, location, or
14 greenhouse gas emissions;

15 (4) for quality monitoring to ensure that each
16 home energy efficiency retrofit for which a rebate is
17 provided is documented in a certificate that—

18 (A) is provided by the contractor and cer-
19 tified by a third party to the homeowner; and

20 (B) details the work performed, the equip-
21 ment and materials installed, and the projected
22 energy savings or energy generation to support
23 accurate valuation of the retrofit;

24 (5) to provide a contractor performing a home
25 energy efficiency retrofit or an aggregator who has

1 the right to claim a rebate \$200 for each home lo-
2 cated in an underserved community that receives a
3 home energy efficiency retrofit for which a rebate is
4 provided under the program; and

5 (6) to ensure that a homeowner or aggregator
6 does not receive a rebate for the same upgrade
7 through both a HOMES rebate program and any
8 other Federal grant or rebate program, pursuant to
9 subsection (c)(8).

10 (c) HOMES REBATE PROGRAM.—

11 (1) IN GENERAL.—A HOMES rebate program
12 carried out by a State energy office receiving a grant
13 pursuant to this section shall provide rebates to
14 homeowners and aggregators for whole-house energy
15 saving retrofits begun on or after the date of enact-
16 ment of this Act and completed by not later than
17 September 30, 2031.

18 (2) AMOUNT OF REBATE.—Subject to para-
19 graph (3)(B), under a HOMES rebate program, the
20 amount of a rebate shall not exceed—

21 (A) for individuals and aggregators car-
22 rying out energy efficiency upgrades of single-
23 family homes—

24 (i) in the case of a retrofit that
25 achieves modeled energy system savings of

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1 not less than 20 percent but less than 35
2 percent, the lesser of—

3 (I) \$2,000; and

4 (II) 50 percent of the project
5 cost;

6 (ii) in the case of a retrofit that
7 achieves modeled energy system savings of
8 not less than 35 percent, the lesser of—

9 (I) \$4,000; and

10 (II) 50 percent of the project
11 cost; and

12 (iii) for measured energy savings, in
13 the case of a home or portfolio of homes
14 that achieves energy savings of not less
15 than 15 percent—

16 (I) a payment rate per kilowatt
17 hour saved, or kilowatt hour-equiva-
18 lent saved, equal to \$2,000 for a 20
19 percent reduction of energy use for
20 the average home in the State; or

21 (II) 50 percent of the project
22 cost;

23 (B) for multifamily building owners and
24 aggregators carrying out energy efficiency up-
25 grades of multifamily buildings—

1 (i) in the case of a retrofit that
2 achieves modeled energy system savings of
3 not less than 20 percent but less than 35
4 percent, \$2,000 per dwelling unit, with a
5 maximum of \$200,000 per multifamily
6 building;

7 (ii) in the case of a retrofit that
8 achieves modeled energy system savings of
9 not less than 35 percent, \$4,000 per dwell-
10 ing unit, with a maximum of \$400,000 per
11 multifamily building; or

12 (iii) for measured energy savings, in
13 the case of a multifamily building or port-
14 folio of multifamily buildings that achieves
15 energy savings of not less than 15 per-
16 cent—

17 (I) a payment rate per kilowatt
18 hour saved, or kilowatt hour-equiva-
19 lent saved, equal to \$2,000 for a 20
20 percent reduction of energy use per
21 dwelling unit for the average multi-
22 family building in the State; or

23 (II) 50 percent of the project
24 cost; and

1 (C) for individuals and aggregators car-
2 rying out energy efficiency upgrades of a single-
3 family home occupied by a low- or moderate-in-
4 come household or a multifamily building not
5 less than 50 percent of the dwelling units of
6 which are occupied by low- or moderate-income
7 households—

8 (i) in the case of a retrofit that
9 achieves modeled energy system savings of
10 not less than 20 percent but less than 35
11 percent, the lesser of—

12 (I) \$4,000 per single-family home
13 or dwelling unit; and

14 (II) 80 percent of the project
15 cost;

16 (ii) in the case of a retrofit that
17 achieves modeled energy system savings of
18 not less than 35 percent, the lesser of—

19 (I) \$8,000 per single-family home
20 or dwelling unit; and

21 (II) 80 percent of the project
22 cost; and

23 (iii) for measured energy savings, in
24 the case of a single-family home, multi-
25 family building, or portfolio of single-fam-

1 ily homes or multifamily buildings that
2 achieves energy savings of not less than 15
3 percent—

4 (I) a payment rate per kilowatt
5 hour saved, or kilowatt hour-equiva-
6 lent saved, equal to \$4,000 for a 20
7 percent reduction of energy use per
8 single-family home or dwelling unit, as
9 applicable, for the average single-fam-
10 ily home or multifamily building in
11 the State; or

12 (II) 80 percent of the project
13 cost.

14 (3) REBATES TO LOW- OR MODERATE-INCOME
15 HOUSEHOLDS.—

16 (A) IN GENERAL.—A State energy office
17 carrying out a HOMES rebate program using a
18 grant awarded pursuant to this section is en-
19 couraged to provide rebates, to the maximum
20 extent practicable, to low- or moderate-income
21 households.

22 (B) INCREASE IN REBATE AMOUNT.—On
23 approval from the Secretary, notwithstanding
24 paragraph (2), a State energy office carrying
25 out a HOMES rebate program using a grant

1 awarded pursuant to this section may increase
2 rebate amounts for low- or moderate-income
3 households.

4 (4) USE OF FUNDS.—A State energy office that
5 receives a grant pursuant to this section may use
6 not more than 20 percent of the grant amount for
7 planning, administration, or technical assistance re-
8 lated to a HOMES rebate program.

9 (5) DATA ACCESS GUIDELINES.—The Secretary
10 shall develop and publish guidelines for States relat-
11 ing to residential electric and natural gas energy
12 data sharing.

13 (6) COORDINATION.—In carrying out this sec-
14 tion, the Secretary shall coordinate with State en-
15 ergy offices to ensure that HOMES rebate programs
16 for which grants are provided under this section are
17 developed to achieve maximum greenhouse gas emis-
18 sions reductions and household energy and costs sav-
19 ings regardless of source energy.

20 (7) EXEMPTION.—Activities carried out by a
21 State energy office using a grant awarded pursuant
22 to this section shall not be subject to the expenditure
23 prohibitions and limitations described in section
24 420.18 of title 10, Code of Federal Regulations.

1 (8) PROHIBITION ON COMBINING REBATES.—A
2 rebate provided by a State energy office under a
3 HOMES rebate program may not be combined with
4 any other Federal grant or rebate, including a re-
5 bate provided under a high-efficiency electric home
6 rebate program (as defined in section 50122(d)), for
7 the same single upgrade.

8 (d) DEFINITIONS.—In this section:

9 (1) HOMES REBATE PROGRAM.—The term
10 “HOMES rebate program” means a Home Owner
11 Managing Energy Savings rebate program estab-
12 lished by a State energy office as part of an ap-
13 proved State energy conservation plan under the
14 State Energy Program.

15 (2) LOW- OR MODERATE-INCOME HOUSE-
16 HOLD.—The term “low- or moderate-income house-
17 hold” means an individual or family the total annual
18 income of which is less than 80 percent of the me-
19 dian income of the area in which the individual or
20 family resides, as reported by the Department of
21 Housing and Urban Development, including an indi-
22 vidual or family that has demonstrated eligibility for
23 another Federal program with income restrictions
24 equal to or below 80 percent of area median income.

1 (3) UNDERSERVED COMMUNITY.—The term
2 “underserved community” means—

3 (A) a community located in a ZIP code
4 that includes 1 or more census tracts that in-
5 clude—

6 (i) a low-income community; or

7 (ii) a community of racial or ethnic
8 minority concentration; and

9 (B) any other community that the Sec-
10 retary determines is disproportionately vulner-
11 able to, or bears a disproportionate burden of,
12 any combination of economic, social, and envi-
13 ronmental stressors.

14 **SEC. 50122. HIGH-EFFICIENCY ELECTRIC HOME REBATE**
15 **PROGRAM.**

16 (a) APPROPRIATIONS.—

17 (1) FUNDS TO STATE ENERGY OFFICES AND IN-
18 DIAN TRIBES.—In addition to amounts otherwise
19 available, there is appropriated to the Secretary for
20 fiscal year 2022, out of any money in the Treasury
21 not otherwise appropriated, to carry out a pro-
22 gram—

23 (A) to award grants to State energy offices
24 to develop and implement a high-efficiency elec-
25 tric home rebate program in accordance with

1 subsection (c), \$4,275,000,000, to remain avail-
2 able through September 30, 2031; and

3 (B) to award grants to Indian Tribes to
4 develop and implement a high-efficiency electric
5 home rebate program in accordance with sub-
6 section (c), \$225,000,000, to remain available
7 through September 30, 2031.

8 (2) ALLOCATION OF FUNDS.—

9 (A) STATE ENERGY OFFICES.—The Sec-
10 retary shall reserve funds made available under
11 paragraph (1)(A) for each State energy office—

12 (i) in accordance with the allocation
13 formula for the State Energy Program in
14 effect on January 1, 2022; and

15 (ii) to be distributed to a State energy
16 office if the application of the State energy
17 office under subsection (b) is approved.

18 (B) INDIAN TRIBES.—The Secretary shall
19 reserve funds made available under paragraph
20 (1)(B)—

21 (i) in a manner determined appro-
22 priate by the Secretary; and

23 (ii) to be distributed to an Indian
24 Tribe if the application of the Indian Tribe
25 under subsection (b) is approved.

1 (C) ADDITIONAL FUNDS.—Not earlier than
2 2 years after the date of enactment of this Act,
3 any money reserved under—

4 (i) subparagraph (A) but not distrib-
5 uted under clause (ii) of that subparagraph
6 shall be redistributed to the State energy
7 offices operating a high-efficiency electric
8 home rebate program in proportion to the
9 amount distributed to those State energy
10 offices under that clause; and

11 (ii) subparagraph (B) but not distrib-
12 uted under clause (ii) of that subparagraph
13 shall be redistributed to the Indian Tribes
14 operating a high-efficiency electric home
15 rebate program in proportion to the
16 amount distributed to those Indian Tribes
17 under that clause.

18 (3) ADMINISTRATIVE EXPENSES.—Of the funds
19 made available under paragraph (1), the Secretary
20 shall use not more than 3 percent for—

21 (A) administrative purposes; and

22 (B) providing technical assistance relating
23 to activities carried out under this section.

24 (b) APPLICATION.—A State energy office or Indian
25 Tribe seeking a grant under the program shall submit to

1 the Secretary an application that includes a plan to imple-
2 ment a high-efficiency electric home rebate program, in-
3 cluding—

4 (1) a plan to verify the income eligibility of eli-
5 gible entities seeking a rebate for a qualified elec-
6 trification project;

7 (2) a plan to allow rebates for qualified elec-
8 trification projects at the point of sale in a manner
9 that ensures that the income eligibility of an eligible
10 entity seeking a rebate may be verified at the point
11 of sale;

12 (3) a plan to ensure that an eligible entity does
13 not receive a rebate for the same qualified elec-
14 trification project through both a high-efficiency
15 electric home rebate program and any other Federal
16 grant or rebate program, pursuant to subsection
17 (c)(8); and

18 (4) any additional information that the Sec-
19 retary may require.

20 (c) HIGH-EFFICIENCY ELECTRIC HOME REBATE
21 PROGRAM.—

22 (1) IN GENERAL.—Under the program, the Sec-
23 retary shall award grants to State energy offices and
24 Indian Tribes to establish a high-efficiency electric
25 home rebate program under which rebates shall be

1 provided to eligible entities for qualified electrifica-
2 tion projects.

3 (2) GUIDELINES.—The Secretary shall pre-
4 scribe guidelines for high-efficiency electric home re-
5 bate programs, including guidelines for providing
6 point of sale rebates in a manner consistent with the
7 income eligibility requirements under this section.

8 (3) AMOUNT OF REBATE.—

9 (A) APPLIANCE UPGRADES.—The amount
10 of a rebate provided under a high-efficiency
11 electric home rebate program for the purchase
12 of an appliance under a qualified electrification
13 project shall be—

14 (i) not more than \$1,750 for a heat
15 pump water heater;

16 (ii) not more than \$8,000 for a heat
17 pump for space heating or cooling; and

18 (iii) not more than \$840 for—

19 (I) an electric stove, cooktop,
20 range, or oven; or

21 (II) an electric heat pump clothes
22 dryer.

23 (B) NONAPPLIANCE UPGRADES.—The
24 amount of a rebate provided under a high-effi-
25 ciency electric home rebate program for the

1 purchase of a nonappliance upgrade under a
2 qualified electrification project shall be—

3 (i) not more than \$4,000 for an elec-
4 tric load service center upgrade;

5 (ii) not more than \$1,600 for insula-
6 tion, air sealing, and ventilation; and

7 (iii) not more than \$2,500 for electric
8 wiring.

9 (C) MAXIMUM REBATE.—An eligible entity
10 receiving multiple rebates under this section
11 may receive not more than a total of \$14,000
12 in rebates.

13 (4) LIMITATIONS.—A rebate provided using
14 funding under this section shall not exceed—

15 (A) in the case of an eligible entity de-
16 scribed in subsection (d)(1)(A)—

17 (i) 50 percent of the cost of the quali-
18 fied electrification project for a household
19 the annual income of which is not less than
20 80 percent and not greater than 150 per-
21 cent of the area median income; and

22 (ii) 100 percent of the cost of the
23 qualified electrification project for a house-
24 hold the annual income of which is less

1 than 80 percent of the area median in-
2 come;

3 (B) in the case of an eligible entity de-
4 scribed in subsection (d)(1)(B)—

5 (i) 50 percent of the cost of the quali-
6 fied electrification project for a multifamily
7 building not less than 50 percent of the
8 residents of which are households the an-
9 nual income of which is not less than 80
10 percent and not greater than 150 percent
11 of the area median income; and

12 (ii) 100 percent of the cost of the
13 qualified electrification project for a multi-
14 family building not less than 50 percent of
15 the residents of which are households the
16 annual income of which is less than 80
17 percent of the area median income; or

18 (C) in the case of an eligible entity de-
19 scribed in subsection (d)(1)(C)—

20 (i) 50 percent of the cost of the quali-
21 fied electrification project for a house-
22 hold—

23 (I) on behalf of which the eligible
24 entity is working; and

1 (II) the annual income of which
2 is not less than 80 percent and not
3 greater than 150 percent of the area
4 median income; and

5 (ii) 100 percent of the cost of the
6 qualified electrification project for a house-
7 hold—

8 (I) on behalf of which the eligible
9 entity is working; and

10 (II) the annual income of which
11 is less than 80 percent of the area
12 median income.

13 (5) AMOUNT FOR INSTALLATION OF UP-
14 GRADES.—

15 (A) IN GENERAL.—In the case of an eligi-
16 ble entity described in subsection (d)(1)(C) that
17 receives a rebate under the program and per-
18 forms the installation of the applicable qualified
19 electrification project, a State energy office or
20 Indian Tribe shall provide to that eligible enti-
21 ty, in addition to the rebate, an amount that—

22 (i) does not exceed \$500; and

23 (ii) is commensurate with the scale of
24 the upgrades installed as part of the quali-
25 fied electrification project and any en-

1 hanced labor practices, as determined by
2 the Secretary.

3 (B) TREATMENT.—An amount received
4 under subparagraph (A) by an eligible entity
5 described in that subparagraph shall not be
6 subject to the requirement under paragraph
7 (6).

8 (6) REQUIREMENT.—An eligible entity de-
9 scribed in subparagraph (C) of subsection (d)(1)
10 shall discount the amount of a rebate received for a
11 qualified electrification project from any amount
12 charged by that eligible entity to the eligible entity
13 described in subparagraph (A) or (B) of that sub-
14 section on behalf of which the qualified electrifica-
15 tion project is carried out.

16 (7) EXEMPTION.—Activities carried out by a
17 State energy office using a grant provided under the
18 program shall not be subject to the expenditure pro-
19 hibitions and limitations described in section 420.18
20 of title 10, Code of Federal Regulations.

21 (8) PROHIBITION ON COMBINING REBATES.—A
22 rebate provided by a State energy office or Indian
23 Tribe under a high-efficiency electric home rebate
24 program may not be combined with any other Fed-
25 eral grant or rebate, including a rebate provided

1 under a HOMES rebate program (as defined in sec-
2 tion 50121(d)), for the same qualified electrification
3 project.

4 (9) ADMINISTRATIVE COSTS.—A State energy
5 office or Indian Tribe that receives a grant under
6 the program shall use not more than 20 percent of
7 the grant amount for planning, administration, or
8 technical assistance relating to a high-efficiency elec-
9 tric home rebate program.

10 (d) DEFINITIONS.—In this section:

11 (1) ELIGIBLE ENTITY.—The term “eligible enti-
12 ty” means—

13 (A) a low- or moderate-income household;

14 (B) an individual or entity that owns a
15 multifamily building not less than 50 percent of
16 the residents of which are low- or moderate-in-
17 come households; and

18 (C) a governmental, commercial, or non-
19 profit entity, as determined by the Secretary,
20 carrying out a qualified electrification project
21 on behalf of an entity described in subpara-
22 graph (A) or (B).

23 (2) HIGH-EFFICIENCY ELECTRIC HOME REBATE
24 PROGRAM.—The term “high-efficiency electric home
25 rebate program” means a rebate program carried

1 out by a State energy office or Indian Tribe pursu-
2 ant to subsection (c) using a grant received under
3 the program.

4 (3) INDIAN TRIBE.—The term “Indian Tribe”
5 has the meaning given the term in section 4 of the
6 Indian Self-Determination and Education Assistance
7 Act (25 U.S.C. 5304).

8 (4) LOW- OR MODERATE-INCOME HOUSE-
9 HOLD.—The term “low- or moderate-income house-
10 hold” means an individual or family the total annual
11 income of which is less than 150 percent of the me-
12 dian income of the area in which the individual or
13 family resides, as reported by the Department of
14 Housing and Urban Development, including an indi-
15 vidual or family that has demonstrated eligibility for
16 another Federal program with income restrictions
17 equal to or below 150 percent of area median in-
18 come.

19 (5) PROGRAM.—The term “program” means
20 the program carried out by the Secretary under sub-
21 section (a)(1).

22 (6) QUALIFIED ELECTRIFICATION PROJECT.—

23 (A) IN GENERAL.—The term “qualified
24 electrification project” means a project that—

1 (i) includes the purchase and installa-
2 tion of—

3 (I) an electric heat pump water
4 heater;

5 (II) an electric heat pump for
6 space heating and cooling;

7 (III) an electric stove, cooktop,
8 range, or oven;

9 (IV) an electric heat pump
10 clothes dryer;

11 (V) an electric load service cen-
12 ter;

13 (VI) insulation;

14 (VII) air sealing and materials to
15 improve ventilation; or

16 (VIII) electric wiring;

17 (ii) with respect to any appliance de-
18 scribed in clause (i), the purchase of which
19 is carried out—

20 (I) as part of new construction;

21 (II) to replace a nonelectric ap-
22 pliance; or

23 (III) as a first-time purchase
24 with respect to that appliance; and

1 (iii) is carried out at, or relating to, a
2 single-family home or multifamily building,
3 as applicable and defined by the Secretary.

4 (B) EXCLUSIONS.—The term “qualified
5 electrification project” does not include any
6 project with respect to which the appliance, sys-
7 tem, equipment, infrastructure, component, or
8 other item described in subclauses (I) through
9 (VIII) of subparagraph (A)(i) is not certified
10 under the Energy Star program established by
11 section 324A of the Energy Policy and Con-
12 servation Act (42 U.S.C. 6294a), if applicable.

13 **SEC. 50123. STATE-BASED HOME ENERGY EFFICIENCY CON-**
14 **TRACTOR TRAINING GRANTS.**

15 (a) APPROPRIATION.—In addition to amounts other-
16 wise available, there is appropriated to the Secretary for
17 fiscal year 2022, out of any money in the Treasury not
18 otherwise appropriated, \$200,000,000, to remain available
19 through September 30, 2031, to carry out a program to
20 provide financial assistance to States to develop and imple-
21 ment a State program described in section 362(d)(13) of
22 the Energy Policy and Conservation Act (42 U.S.C.
23 6322(d)(13)), which shall provide training and education
24 to contractors involved in the installation of home energy
25 efficiency and electrification improvements, including im-

1 improvements eligible for rebates under a HOMES rebate
2 program (as defined in section 50121(d)) or a high-effi-
3 ciency electric home rebate program (as defined in section
4 50122(d)), as part of an approved State energy conserva-
5 tion plan under the State Energy Program.

6 (b) USE OF FUNDS.—A State may use amounts re-
7 ceived under subsection (a)—

8 (1) to reduce the cost of training contractor
9 employees;

10 (2) to provide testing and certification of con-
11 tractors trained and educated under a State pro-
12 gram developed and implemented pursuant to sub-
13 section (a); and

14 (3) to partner with nonprofit organizations to
15 develop and implement a State program pursuant to
16 subsection (a).

17 (c) ADMINISTRATIVE EXPENSES.—Of the amounts
18 received by a State under subsection (a), a State shall use
19 not more than 10 percent for administrative expenses as-
20 sociated with developing and implementing a State pro-
21 gram pursuant to that subsection.

1 **PART 3—BUILDING EFFICIENCY AND**
2 **RESILIENCE**
3 **SEC. 50131. ASSISTANCE FOR LATEST AND ZERO BUILDING**
4 **ENERGY CODE ADOPTION.**

5 (a) APPROPRIATION.—In addition to amounts other-
6 wise available, there is appropriated to the Secretary for
7 fiscal year 2022, out of any money in the Treasury not
8 otherwise appropriated—

9 (1) \$330,000,000, to remain available through
10 September 30, 2029, to carry out activities under
11 part D of title III of the Energy Policy and Con-
12 servation Act (42 U.S.C. 6321 through 6326) in ac-
13 cordance with subsection (b); and

14 (2) \$670,000,000, to remain available through
15 September 30, 2029, to carry out activities under
16 part D of title III of the Energy Policy and Con-
17 servation Act (42 U.S.C. 6321 through 6326) in ac-
18 cordance with subsection (c).

19 (b) LATEST BUILDING ENERGY CODE.—The Sec-
20 retary shall use funds made available under subsection
21 (a)(1) for grants to assist States, and units of local gov-
22 ernment that have authority to adopt building codes—

23 (1) to adopt—

24 (A) a building energy code (or codes) for
25 residential buildings that meets or exceeds the
26 2021 International Energy Conservation Code,

1 or achieves equivalent or greater energy sav-
2 ings;

3 (B) a building energy code (or codes) for
4 commercial buildings that meets or exceeds the
5 ANSI/ASHRAE/IES Standard 90.1–2019, or
6 achieves equivalent or greater energy savings;
7 or

8 (C) any combination of building energy
9 codes described in subparagraph (A) or (B);
10 and

11 (2) to implement a plan for the jurisdiction to
12 achieve full compliance with any building energy
13 code adopted under paragraph (1) in new and ren-
14 ovated residential or commercial buildings, as appli-
15 cable, which plan shall include active training and
16 enforcement programs and measurement of the rate
17 of compliance each year.

18 (c) ZERO ENERGY CODE.—The Secretary shall use
19 funds made available under subsection (a)(2) for grants
20 to assist States, and units of local government that have
21 authority to adopt building codes—

22 (1) to adopt a building energy code (or codes)
23 for residential and commercial buildings that meets
24 or exceeds the zero energy provisions in the 2021

1 International Energy Conservation Code or an equiv-
2 alent stretch code; and

3 (2) to implement a plan for the jurisdiction to
4 achieve full compliance with any building energy
5 code adopted under paragraph (1) in new and ren-
6 ovated residential and commercial buildings, which
7 plan shall include active training and enforcement
8 programs and measurement of the rate of compli-
9 ance each year.

10 (d) STATE MATCH.—The State cost share require-
11 ment under the item relating to “Department of Energy—
12 Energy Conservation” in title II of the Department of the
13 Interior and Related Agencies Appropriations Act, 1985
14 (42 U.S.C. 6323a; 98 Stat. 1861), shall not apply to as-
15 sistance provided under this section.

16 (e) ADMINISTRATIVE COSTS.—Of the amounts made
17 available under this section, the Secretary shall reserve 5
18 percent for administrative costs necessary to carry out this
19 section.

20 **PART 4—DOE LOAN AND GRANT PROGRAMS**

21 **SEC. 50141. FUNDING FOR DEPARTMENT OF ENERGY LOAN**
22 **PROGRAMS OFFICE.**

23 (a) COMMITMENT AUTHORITY.—In addition to com-
24 mitment authority otherwise available and previously pro-
25 vided, the Secretary may make commitments to guarantee

1 loans for eligible projects under section 1703 of the En-
2 ergy Policy Act of 2005 (42 U.S.C. 16513), up to a total
3 principal amount of \$40,000,000,000, to remain available
4 through September 30, 2026.

5 (b) APPROPRIATION.—In addition to amounts other-
6 wise available and previously provided, there is appro-
7 priated to the Secretary for fiscal year 2022, out of any
8 money in the Treasury not otherwise appropriated,
9 \$3,600,000,000, to remain available through September
10 30, 2026, for the costs of guarantees made under section
11 1703 of the Energy Policy Act of 2005 (42 U.S.C. 16513),
12 using the loan guarantee authority provided under sub-
13 section (a) of this section.

14 (c) ADMINISTRATIVE EXPENSES.—Of the amount
15 made available under subsection (b), the Secretary shall
16 reserve 3 percent for administrative expenses to carry out
17 title XVII of the Energy Policy Act of 2005 and for car-
18 rying out section 1702(h)(3) of such Act (42 U.S.C.
19 16512(h)(3)).

20 (d) LIMITATIONS.—

21 (1) CERTIFICATION.—None of the amounts
22 made available under this section for loan guaran-
23 tees shall be available for any project unless the
24 President has certified in advance in writing that the

1 loan guarantee and the project comply with the pro-
2 visions under this section.

3 (2) DENIAL OF DOUBLE BENEFIT.—Except as
4 provided in paragraph (3), none of the amounts
5 made available under this section for loan guaran-
6 tees shall be available for commitments to guarantee
7 loans for any projects under which funds, personnel,
8 or property (tangible or intangible) of any Federal
9 agency, instrumentality, personnel, or affiliated enti-
10 ty are expected to be used (directly or indirectly)
11 through acquisitions, contracts, demonstrations, ex-
12 changes, grants, incentives, leases, procurements,
13 sales, other transaction authority, or other arrange-
14 ments to support the project or to obtain goods or
15 services from the project.

16 (3) EXCEPTION.—Paragraph (2) shall not pre-
17 clude the use of the loan guarantee authority pro-
18 vided under this section for commitments to guar-
19 antee loans for—

20 (A) projects benefitting from otherwise al-
21 lowable Federal tax benefits;

22 (B) projects benefitting from being located
23 on Federal land pursuant to a lease or right-of-
24 way agreement for which all consideration for
25 all uses is—

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- 1 (i) paid exclusively in cash;
- 2 (ii) deposited in the Treasury as off-
- 3 setting receipts; and
- 4 (iii) equal to the fair market value;
- 5 (C) projects benefitting from the Federal
- 6 insurance program under section 170 of the
- 7 Atomic Energy Act of 1954 (42 U.S.C. 2210);
- 8 or
- 9 (D) electric generation projects using
- 10 transmission facilities owned or operated by a
- 11 Federal Power Marketing Administration or the
- 12 Tennessee Valley Authority that have been au-
- 13 thorized, approved, and financed independent of
- 14 the project receiving the guarantee.
- 15 (e) GUARANTEE.—Section 1701(4)(A) of the Energy
- 16 Policy Act of 2005 (42 U.S.C. 16511(4)(A)) is amended
- 17 by inserting “, except that a loan guarantee may guar-
- 18 antee any debt obligation of a non-Federal borrower to
- 19 any Eligible Lender (as defined in section 609.2 of title
- 20 10, Code of Federal Regulations)” before the period at
- 21 the end.
- 22 (f) SOURCE OF PAYMENTS.—Section 1702(b) of the
- 23 Energy Policy Act of 2005 (42 U.S.C. 16512(b)(2)) is
- 24 amended by adding at the end the following:

1 “(3) SOURCE OF PAYMENTS.—The source of a
2 payment received from a borrower under subpara-
3 graph (A) or (B) of paragraph (2) may not be a
4 loan or other debt obligation that is made or guaran-
5 teed by the Federal Government.”.

6 **SEC. 50142. ADVANCED TECHNOLOGY VEHICLE MANUFAC-**
7 **TURING.**

8 (a) APPROPRIATION.—In addition to amounts other-
9 wise available, there is appropriated to the Secretary for
10 fiscal year 2022, out of any money in the Treasury not
11 otherwise appropriated, \$3,000,000,000, to remain avail-
12 able through September 30, 2028, for the costs of pro-
13 viding direct loans under section 136(d) of the Energy
14 Independence and Security Act of 2007 (42 U.S.C.
15 17013(d)): *Provided*, That funds appropriated by this sec-
16 tion may be used for the costs of providing direct loans
17 for reequipping, expanding, or establishing a manufac-
18 turing facility in the United States to produce, or for engi-
19 neering integration performed in the United States of, ad-
20 vanced technology vehicles described in subparagraph (C),
21 (D), (E), or (F) of section 136(a)(1) of such Act (42
22 U.S.C. 17013(a)(1)) only if such advanced technology ve-
23 hicles emit, under any possible operational mode or condi-
24 tion, low or zero exhaust emissions of greenhouse gases.

1 (b) ADMINISTRATIVE COSTS.—The Secretary shall
2 reserve \$25,000,000 of amounts made available under
3 subsection (a) for administrative costs of providing loans
4 as described in subsection (a).

5 (c) ELIMINATION OF LOAN PROGRAM CAP.—Section
6 136(d)(1) of the Energy Independence and Security Act
7 of 2007 (42 U.S.C. 17013(d)(1)) is amended by striking
8 “a total of not more than \$25,000,000,000 in”.

9 **SEC. 50143. DOMESTIC MANUFACTURING CONVERSION**
10 **GRANTS.**

11 (a) APPROPRIATION.—In addition to amounts other-
12 wise available, there is appropriated to the Secretary for
13 fiscal year 2022, out of any money in the Treasury not
14 otherwise appropriated, \$2,000,000,000, to remain avail-
15 able through September 30, 2031, to provide grants for
16 domestic production of efficient hybrid, plug-in electric hy-
17 brid, plug-in electric drive, and hydrogen fuel cell electric
18 vehicles, in accordance with section 712 of the Energy Pol-
19 icy Act of 2005 (42 U.S.C. 16062).

20 (b) COST SHARE.—The Secretary shall require a re-
21 cipient of a grant provided under subsection (a) to provide
22 not less than 50 percent of the cost of the project carried
23 out using the grant.

24 (c) ADMINISTRATIVE COSTS.—The Secretary shall
25 reserve 3 percent of amounts made available under sub-

1 section (a) for administrative costs of making grants de-
2 scribed in such subsection (a) pursuant to section 712 of
3 the Energy Policy Act of 2005 (42 U.S.C. 16062).

4 **SEC. 50144. ENERGY INFRASTRUCTURE REINVESTMENT FI-**
5 **NANCING.**

6 (a) APPROPRIATION.—In addition to amounts other-
7 wise available, there is appropriated to the Secretary for
8 fiscal year 2022, out of any money in the Treasury not
9 otherwise appropriated, \$5,000,000,000, to remain avail-
10 able through September 30, 2026, to carry out activities
11 under section 1706 of the Energy Policy Act of 2005.

12 (b) COMMITMENT AUTHORITY.—The Secretary may
13 make, through September 30, 2026, commitments to
14 guarantee loans for projects under section 1706 of the En-
15 ergy Policy Act of 2005 the total principal amount of
16 which is not greater than \$250,000,000,000, subject to
17 the limitations that apply to loan guarantees under section
18 50141(d).

19 (c) ENERGY INFRASTRUCTURE REINVESTMENT FI-
20 NANCING.—Title XVII of the Energy Policy Act of 2005
21 is amended by inserting after section 1705 (42 U.S.C.
22 16516) the following:

1 **“SEC. 1706. ENERGY INFRASTRUCTURE REINVESTMENT FI-**
2 **NANCING.**

3 “(a) IN GENERAL.—Notwithstanding section 1703,
4 the Secretary may make guarantees, including refi-
5 nancing, under this section only for projects that—

6 “(1) retool, repower, repurpose, or replace en-
7 ergy infrastructure that has ceased operations; or

8 “(2) enable operating energy infrastructure to
9 avoid, reduce, utilize, or sequester air pollutants or
10 anthropogenic emissions of greenhouse gases.

11 “(b) INCLUSION.—A project under subsection (a)
12 may include the remediation of environmental damage as-
13 sociated with energy infrastructure.

14 “(c) REQUIREMENT.—A project under subsection
15 (a)(1) that involves electricity generation through the use
16 of fossil fuels shall be required to have controls or tech-
17 nologies to avoid, reduce, utilize, or sequester air pollut-
18 ants and anthropogenic emissions of greenhouse gases.

19 “(d) APPLICATION.—To apply for a guarantee under
20 this section, an applicant shall submit to the Secretary an
21 application at such time, in such manner, and containing
22 such information as the Secretary may require, includ-
23 ing—

24 “(1) a detailed plan describing the proposed
25 project;

1 “(2) an analysis of how the proposed project
2 will engage with and affect associated communities;
3 and

4 “(3) in the case of an applicant that is an elec-
5 tric utility, an assurance that the electric utility
6 shall pass on any financial benefit from the guar-
7 antee made under this section to the customers of,
8 or associated communities served by, the electric
9 utility.

10 “(e) TERM.—Notwithstanding section 1702(f), the
11 term of an obligation shall require full repayment over a
12 period not to exceed 30 years.

13 “(f) DEFINITION OF ENERGY INFRASTRUCTURE.—In
14 this section, the term ‘energy infrastructure’ means a fa-
15 cility, and associated equipment, used for—

16 “(1) the generation or transmission of electric
17 energy; or

18 “(2) the production, processing, and delivery of
19 fossil fuels, fuels derived from petroleum, or petro-
20 chemical feedstocks.”.

21 “(d) CONFORMING AMENDMENT.—Section 1702(o)(3)
22 of the Energy Policy Act of 2005 (42 U.S.C. 16512(o)(3))
23 is amended by inserting “and projects described in section
24 1706(a)” before the period at the end.

1 (e) CLERICAL AMENDMENT.—The table of contents
2 for the Energy Policy Act of 2005 is amended by inserting
3 after the item relating to section 1705 (Public Law 109–
4 58; 119 Stat. 604; 123 Stat. 145) the following:

“Sec. 1706. Energy infrastructure reinvestment financing.”.

5 **SEC. 50145. TRIBAL ENERGY LOAN GUARANTEE PROGRAM.**

6 (a) APPROPRIATION.—In addition to amounts other-
7 wise available, there is appropriated to the Secretary for
8 fiscal year 2022, out of any money in the Treasury not
9 otherwise appropriated, \$75,000,000, to remain available
10 through September 30, 2028, to carry out section 2602(c)
11 of the Energy Policy Act of 1992 (25 U.S.C. 3502(c)),
12 subject to the limitations that apply to loan guarantees
13 under section 50141(d).

14 (b) DEPARTMENT OF ENERGY TRIBAL ENERGY
15 LOAN GUARANTEE PROGRAM.—Section 2602(c) of the
16 Energy Policy Act of 1992 (25 U.S.C. 3502(c)) is amend-
17 ed—

18 (1) in paragraph (1), by striking “) for an
19 amount equal to not more than 90 percent of” and
20 inserting “, except that a loan guarantee may guar-
21 antee any debt obligation of a non-Federal borrower
22 to any Eligible Lender (as defined in section 609.2
23 of title 10, Code of Federal Regulations) for”; and

24 (2) in paragraph (4), by striking
25 “\$2,000,000,000” and inserting “\$20,000,000,000”.

1 **PART 5—ELECTRIC TRANSMISSION**

2 **SEC. 50151. TRANSMISSION FACILITY FINANCING.**

3 (a) APPROPRIATION.—In addition to amounts other-
4 wise available, there is appropriated to the Secretary for
5 fiscal year 2022, out of any money in the Treasury not
6 otherwise appropriated, \$2,000,000,000, to remain avail-
7 able through September 30, 2030, to carry out this sec-
8 tion: *Provided*, That the Secretary shall not enter into any
9 loan agreement pursuant to this section that could result
10 in disbursements after September 30, 2031.

11 (b) USE OF FUNDS.—The Secretary shall use the
12 amounts made available by subsection (a) to carry out a
13 program to make direct loans to non-Federal borrowers,
14 subject to the limitations that apply to loan guarantees
15 under section 50141(d) and under such terms and condi-
16 tions as the Secretary determines to be appropriate, for
17 the construction or modification of electric transmission
18 facilities designated by the Secretary to be necessary in
19 the national interest under section 216(a) of the Federal
20 Power Act (16 U.S.C. 824p(a)).

21 (c) LOANS.—A direct loan provided under this sec-
22 tion—

23 (1) shall have a term that does not exceed the
24 lesser of—

1 (A) 90 percent of the projected useful life,
2 in years, of the eligible transmission facility;
3 and

4 (B) 30 years;

5 (2) shall not exceed 80 percent of the project
6 costs; and

7 (3) shall, on first issuance, be subject to the
8 condition that the direct loan is not subordinate to
9 other financing.

10 (d) INTEREST RATES.—A direct loan provided under
11 this section shall bear interest at a rate determined by
12 the Secretary, taking into consideration market yields on
13 outstanding marketable obligations of the United States
14 of comparable maturities as of the date on which the di-
15 rect loan is made.

16 (e) DEFINITION OF DIRECT LOAN.—In this section,
17 the term “direct loan” has the meaning given the term
18 in section 502 of the Federal Credit Reform Act of 1990
19 (2 U.S.C. 661a).

20 **SEC. 50152. GRANTS TO FACILITATE THE SITING OF INTER-**
21 **STATE ELECTRICITY TRANSMISSION LINES.**

22 (a) APPROPRIATION.—In addition to amounts other-
23 wise available, there is appropriated to the Secretary for
24 fiscal year 2022, out of any money in the Treasury not
25 otherwise appropriated, \$760,000,000, to remain available

1 through September 30, 2029, for making grants in accord-
2 ance with this section and for administrative expenses as-
3 sociated with carrying out this section.

4 (b) USE OF FUNDS.—

5 (1) IN GENERAL.—The Secretary may make a
6 grant under this section to a siting authority for,
7 with respect to a covered transmission project, any
8 of the following activities:

9 (A) Studies and analyses of the impacts of
10 the covered transmission project.

11 (B) Examination of up to 3 alternate
12 siting corridors within which the covered trans-
13 mission project feasibly could be sited.

14 (C) Hosting and facilitation of negotiations
15 in settlement meetings involving the siting au-
16 thority, the covered transmission project appli-
17 cant, and opponents of the covered transmission
18 project, for the purpose of identifying and ad-
19 dressing issues that are preventing approval of
20 the application relating to the siting or permit-
21 ting of the covered transmission project.

22 (D) Participation by the siting authority in
23 regulatory proceedings or negotiations in an-
24 other jurisdiction, or under the auspices of a
25 Transmission Organization (as defined in sec-

1 tion 3 of the Federal Power Act (16 U.S.C.
2 796)) that is also considering the siting or per-
3 mitting of the covered transmission project.

4 (E) Participation by the siting authority in
5 regulatory proceedings at the Federal Energy
6 Regulatory Commission or a State regulatory
7 commission for determining applicable rates
8 and cost allocation for the covered transmission
9 project.

10 (F) Other measures and actions that may
11 improve the chances of, and shorten the time
12 required for, approval by the siting authority of
13 the application relating to the siting or permit-
14 ting of the covered transmission project, as the
15 Secretary determines appropriate.

16 (2) ECONOMIC DEVELOPMENT.—The Secretary
17 may make a grant under this section to a siting au-
18 thority, or other State, local, or Tribal governmental
19 entity, for economic development activities for com-
20 munities that may be affected by the construction
21 and operation of a covered transmission project, pro-
22 vided that the Secretary shall not enter into any
23 grant agreement pursuant to this section that could
24 result in any outlays after September 30, 2031.

25 (c) CONDITIONS.—

1 (1) FINAL DECISION ON APPLICATION.—In
2 order to receive a grant for an activity described in
3 subsection (b)(1), the Secretary shall require a siting
4 authority to agree, in writing, to reach a final deci-
5 sion on the application relating to the siting or per-
6 mitting of the applicable covered transmission
7 project not later than 2 years after the date on
8 which such grant is provided, unless the Secretary
9 authorizes an extension for good cause.

10 (2) FEDERAL SHARE.—The Federal share of
11 the cost of an activity described in subparagraph
12 (D) or (E) of subsection (b)(1) shall not exceed 50
13 percent.

14 (3) ECONOMIC DEVELOPMENT.—The Secretary
15 may only disburse grant funds for economic develop-
16 ment activities under subsection (b)(2)—

17 (A) to a siting authority upon approval by
18 the siting authority of the applicable covered
19 transmission project; and

20 (B) to any other State, local, or Tribal
21 governmental entity upon commencement of
22 construction of the applicable covered trans-
23 mission project in the area under the jurisdic-
24 tion of the entity.

1 (d) RETURNING FUNDS.—If a siting authority that
2 receives a grant for an activity described in subsection
3 (b)(1) fails to use all grant funds within 2 years of receipt,
4 the siting authority shall return to the Secretary any such
5 unused funds.

6 (e) DEFINITIONS.—In this section:

7 (1) COVERED TRANSMISSION PROJECT.—The
8 term “covered transmission project” means a high-
9 voltage interstate or offshore electricity transmission
10 line—

11 (A) that is proposed to be constructed and
12 to operate—

13 (i) at a minimum of 275 kilovolts of
14 either alternating-current or direct-current
15 electric energy by an entity; or

16 (ii) offshore and at a minimum of 200
17 kilovolts of either alternating-current or di-
18 rect-current electric energy by an entity;
19 and

20 (B) for which such entity has applied, or
21 informed a siting authority of such entity’s in-
22 tent to apply, for regulatory approval.

23 (2) SITING AUTHORITY.—The term “siting au-
24 thority” means a State, local, or Tribal govern-
25 mental entity with authority to make a final deter-

1 mination regarding the siting, permitting, or regu-
2 latory status of a covered transmission project that
3 is proposed to be located in an area under the juris-
4 diction of the entity.

5 **SEC. 50153. INTERREGIONAL AND OFFSHORE WIND ELEC-**
6 **TRICITY TRANSMISSION PLANNING, MOD-**
7 **ELING, AND ANALYSIS.**

8 (a) APPROPRIATION.—In addition to amounts other-
9 wise available, there is appropriated to the Secretary for
10 fiscal year 2022, out of any money in the Treasury not
11 otherwise appropriated, \$100,000,000, to remain available
12 through September 30, 2031, to carry out this section.

13 (b) USE OF FUNDS.—The Secretary shall use
14 amounts made available under subsection (a)—

15 (1) to pay expenses associated with convening
16 relevant stakeholders, including States, generation
17 and transmission developers, regional transmission
18 organizations, independent system operators, envi-
19 ronmental organizations, electric utilities, and other
20 stakeholders the Secretary determines appropriate,
21 to address the development of interregional elec-
22 tricity transmission and transmission of electricity
23 that is generated by offshore wind; and

24 (2) to conduct planning, modeling, and analysis
25 regarding interregional electricity transmission and

1 transmission of electricity that is generated by off-
2 shore wind, taking into account the local, regional,
3 and national economic, reliability, resilience, secu-
4 rity, public policy, and environmental benefits of
5 interregional electricity transmission and trans-
6 mission of electricity that is generated by offshore
7 wind, including planning, modeling, and analysis, as
8 the Secretary determines appropriate, pertaining
9 to—

10 (A) clean energy integration into the elec-
11 tric grid, including the identification of renew-
12 able energy zones;

13 (B) the effects of changes in weather due
14 to climate change on the reliability and resil-
15 ience of the electric grid;

16 (C) cost allocation methodologies that fa-
17 cilitate the expansion of the bulk power system;

18 (D) the benefits of coordination between
19 generator interconnection processes and trans-
20 mission planning processes;

21 (E) the effect of increased electrification
22 on the electric grid;

23 (F) power flow modeling;

24 (G) the benefits of increased interconnec-
25 tions or interties between or among the West-

1 ern Interconnection, the Eastern Interconnec-
2 tion, the Electric Reliability Council of Texas,
3 and other interconnections, as applicable;

4 (H) the cooptimization of transmission and
5 generation, including variable energy resources,
6 energy storage, and demand-side management;

7 (I) the opportunities for use of nontrans-
8 mission alternatives, energy storage, and grid-
9 enhancing technologies;

10 (J) economic development opportunities for
11 communities arising from development of inter-
12 regional electricity transmission and trans-
13 mission of electricity that is generated by off-
14 shore wind;

15 (K) evaluation of existing rights-of-way
16 and the need for additional transmission cor-
17 ridors; and

18 (L) a planned national transmission grid,
19 which would include a networked transmission
20 system to optimize the existing grid for inter-
21 connection of offshore wind farms.

1 **PART 6—INDUSTRIAL**

2 **SEC. 50161. ADVANCED INDUSTRIAL FACILITIES DEPLOY-**
3 **MENT PROGRAM.**

4 (a) OFFICE OF CLEAN ENERGY DEMONSTRA-
5 TIONS.—In addition to amounts otherwise available, there
6 is appropriated to the Secretary, acting through the Office
7 of Clean Energy Demonstrations, for fiscal year 2022, out
8 of any money in the Treasury not otherwise appropriated,
9 \$5,812,000,000, to remain available through September
10 30, 2026, to carry out this section.

11 (b) FINANCIAL ASSISTANCE.—The Secretary shall
12 use funds appropriated by subsection (a) to provide finan-
13 cial assistance, on a competitive basis, to eligible entities
14 to carry out projects for—

15 (1) the purchase and installation, or implemen-
16 tation, of advanced industrial technology at an eligi-
17 ble facility;

18 (2) retrofits, upgrades to, or operational im-
19 provements at an eligible facility to install or imple-
20 ment advanced industrial technology; or

21 (3) engineering studies and other work needed
22 to prepare an eligible facility for activities described
23 in paragraph (1) or (2).

24 (c) APPLICATION.—To be eligible to receive financial
25 assistance under subsection (b), an eligible entity shall
26 submit to the Secretary an application at such time, in

1 such manner, and containing such information as the Sec-
2 retary may require, including the expected greenhouse gas
3 emissions reductions to be achieved by carrying out the
4 project.

5 (d) PRIORITY.—In providing financial assistance
6 under subsection (b), the Secretary shall give priority con-
7 sideration to projects on the basis of, as determined by
8 the Secretary—

9 (1) the expected greenhouse gas emissions re-
10 ductions to be achieved by carrying out the project;

11 (2) the extent to which the project would pro-
12 vide the greatest benefit for the greatest number of
13 people within the area in which the eligible facility
14 is located; and

15 (3) whether the eligible entity participates or
16 would participate in a partnership with purchasers
17 of the output of the eligible facility.

18 (e) COST SHARE.—The Secretary shall require an eli-
19 gible entity to provide not less than 50 percent of the cost
20 of a project carried out pursuant to this section.

21 (f) ADMINISTRATIVE COSTS.—The Secretary shall re-
22 serve \$200,000,000 of amounts made available under sub-
23 section (a) for administrative costs of carrying out this
24 section.

25 (g) DEFINITIONS.—In this section:

1 (1) **ADVANCED INDUSTRIAL TECHNOLOGY.**—

2 The term “advanced industrial technology” means a
3 technology directly involved in an industrial process,
4 as described in any of paragraphs (1) through (6)
5 of section 454(c) of the Energy Independence and
6 Security Act of 2007 (42 U.S.C. 17113(c)), and de-
7 signed to accelerate greenhouse gas emissions reduc-
8 tion progress to net-zero at an eligible facility, as de-
9 termined by the Secretary.

10 (2) **ELIGIBLE ENTITY.**—The term “eligible enti-
11 ty” means the owner or operator of an eligible facil-
12 ity.

13 (3) **ELIGIBLE FACILITY.**—The term “eligible fa-
14 cility” means a domestic, non-Federal, nonpower in-
15 dustrial or manufacturing facility engaged in energy-
16 intensive industrial processes, including production
17 processes for iron, steel, steel mill products, alu-
18 minum, cement, concrete, glass, pulp, paper, indus-
19 trial ceramics, chemicals, and other energy intensive
20 industrial processes, as determined by the Secretary.

21 (4) **FINANCIAL ASSISTANCE.**—The term “finan-
22 cial assistance” means a grant, rebate, direct loan,
23 or cooperative agreement.

1 **PART 7—OTHER ENERGY MATTERS**

2 **SEC. 50171. DEPARTMENT OF ENERGY OVERSIGHT.**

3 In addition to amounts otherwise available, there is
4 appropriated to the Secretary for fiscal year 2022, out of
5 any money in the Treasury not otherwise appropriated,
6 \$10,000,000, to remain available through September 30,
7 2031, for oversight by the Department of Energy Office
8 of Inspector General of the Department of Energy activi-
9 ties for which funding is appropriated in this subtitle.

10 **SEC. 50172. NATIONAL LABORATORY INFRASTRUCTURE.**

11 (a) OFFICE OF SCIENCE.—In addition to amounts
12 otherwise available, there is appropriated to the Secretary,
13 acting through the Director of the Office of Science, for
14 fiscal year 2022, out of any money in the Treasury not
15 otherwise appropriated, to remain available through Sep-
16 tember 30, 2027—

17 (1) \$133,240,000 to carry out activities for
18 science laboratory infrastructure projects;

19 (2) \$303,656,000 to carry out activities for
20 high energy physics construction and major items of
21 equipment projects;

22 (3) \$280,000,000 to carry out activities for fu-
23 sion energy science construction and major items of
24 equipment projects;

1 (4) \$217,000,000 to carry out activities for nu-
2 clear physics construction and major items of equip-
3 ment projects;

4 (5) \$163,791,000 to carry out activities for ad-
5 vanced scientific computing research facilities;

6 (6) \$294,500,000 to carry out activities for
7 basic energy sciences projects; and

8 (7) \$157,813,000 to carry out activities for iso-
9 tope research and development facilities.

10 (b) OFFICE OF FOSSIL ENERGY AND CARBON MAN-
11 AGEMENT.—In addition to amounts otherwise available,
12 there is appropriated to the Secretary for fiscal year 2022,
13 out of any money in the Treasury not otherwise appro-
14 priated, \$150,000,000, to remain available through Sep-
15 tember 30, 2027, to carry out activities for infrastructure
16 and general plant projects carried out by the Office of
17 Fossil Energy and Carbon Management.

18 (c) OFFICE OF NUCLEAR ENERGY.—In addition to
19 amounts otherwise available, there is appropriated to the
20 Secretary for fiscal year 2022, out of any money in the
21 Treasury not otherwise appropriated, \$150,000,000, to re-
22 main available through September 30, 2027, to carry out
23 activities for infrastructure and general plant projects car-
24 ried out by the Office of Nuclear Energy.

1 (d) OFFICE OF ENERGY EFFICIENCY AND RENEW-
2 ABLE ENERGY.—In addition to amounts otherwise avail-
3 able, there is appropriated to the Secretary for fiscal year
4 2022, out of any money in the Treasury not otherwise ap-
5 propriated, \$150,000,000, to remain available through
6 September 30, 2027, to carry out activities for infrastruc-
7 ture and general plant projects carried out by the Office
8 of Energy Efficiency and Renewable Energy.

9 **SEC. 50173. AVAILABILITY OF HIGH-ASSAY LOW-ENRICHED**
10 **URANIUM.**

11 (a) APPROPRIATIONS.—In addition to amounts other-
12 wise available, there is appropriated to the Secretary of
13 for fiscal year 2022, out of any money in the Treasury
14 not otherwise appropriated, to remain available through
15 September 30, 2026—

16 (1) \$100,000,000 to carry out the program ele-
17 ments described in subparagraphs (A) through (C)
18 of section 2001(a)(2) of the Energy Act of 2020 (42
19 U.S.C. 16281(a)(2));

20 (2) \$500,000,000 to carry out the program ele-
21 ments described in subparagraphs (D) through (H)
22 of that section; and

23 (3) \$100,000,000 to carry out activities to sup-
24 port the availability of high-assay low-enriched ura-
25 nium for civilian domestic research, development,

1 demonstration, and commercial use under section
2 2001 of the Energy Act of 2020 (42 U.S.C. 16281).

3 (b) COMPETITIVE PROCEDURES.—To the maximum
4 extent practicable, the Department of Energy shall, in a
5 manner consistent with section 989 of the Energy Policy
6 Act of 2005 (42 U.S.C. 16353), use a competitive, merit-
7 based review process in carrying out research, develop-
8 ment, demonstration, and deployment activities under sec-
9 tion 2001 of the Energy Act of 2020 (42 U.S.C. 16281).

10 (c) ADMINISTRATIVE EXPENSES.—The Secretary
11 may use not more than 3 percent of the amounts appro-
12 priated by subsection (a) for administrative purposes.

13 **Subtitle B—Natural Resources**

14 **PART 1—GENERAL PROVISIONS**

15 **SEC. 50211. DEFINITIONS.**

16 In this subtitle:

17 (1) SECRETARY.—The term “Secretary” means
18 the Secretary of the Interior.

19 (2) UNITED STATES INSULAR AREAS.—The
20 term “United States Insular Areas” means Amer-
21 ican Samoa, the Commonwealth of the Northern
22 Mariana Islands, Guam, the Commonwealth of Puer-
23 to Rico, and the United States Virgin Islands.

1 **PART 2—PUBLIC LANDS**

2 **SEC. 50221. NATIONAL PARKS AND PUBLIC LANDS CON-**
3 **SERVATION AND RESILIENCE.**

4 In addition to amounts otherwise available, there is
5 appropriated to the Secretary for fiscal year 2022, out of
6 any money in the Treasury not otherwise appropriated,
7 \$250,000,000, to remain available through September 30,
8 2031, to carry out projects for the conservation, protec-
9 tion, and resiliency of lands and resources administered
10 by the National Park Service and Bureau of Land Man-
11 agement. None of the funds provided under this section
12 shall be subject to cost-share or matching requirements.

13 **SEC. 50222. NATIONAL PARKS AND PUBLIC LANDS CON-**
14 **SERVATION AND ECOSYSTEM RESTORATION.**

15 In addition to amounts otherwise available, there is
16 appropriated to the Secretary for fiscal year 2022, out of
17 any money in the Treasury not otherwise appropriated,
18 \$250,000,000, to remain available through September 30,
19 2031, to carry out conservation, ecosystem and habitat
20 restoration projects on lands administered by the National
21 Park Service and Bureau of Land Management. None of
22 the funds provided under this section shall be subject to
23 cost-share or matching requirements.

24 **SEC. 50223. NATIONAL PARK SERVICE EMPLOYEES.**

25 In addition to amounts otherwise available, there is
26 appropriated to the Secretary for fiscal year 2022, out of

1 any money in the Treasury not otherwise appropriated,
2 \$500,000,000, to remain available through September 30,
3 2030, to hire employees in units of the National Park Sys-
4 tem.

5 **PART 3—DROUGHT RESPONSE AND**
6 **PREPAREDNESS**

7 **SEC. 50231. BUREAU OF RECLAMATION DOMESTIC WATER**
8 **SUPPLY PROJECTS.**

9 In addition to amounts otherwise available, there is
10 appropriated to the Secretary, acting through the Com-
11 missioner of Reclamation, for fiscal year 2022, out of any
12 money in the Treasury not otherwise appropriated,
13 \$550,000,000, to remain available through September 30,
14 2031, for grants, contracts, or financial assistance agree-
15 ments for disadvantaged communities (identified accord-
16 ing to criteria adopted by the Commissioner of Reclama-
17 tion) in a manner as determined by the Commissioner of
18 Reclamation for up to 100 percent of the cost of the plan-
19 ning, design, or construction of water projects the primary
20 purpose of which is to provide domestic water supplies to
21 communities or households that do not have reliable access
22 to domestic water supplies in a State or territory described
23 in the first section of the Act of June 17, 1902 (43 U.S.C.
24 391; 32 Stat. 388, chapter 1093).

1 **SEC. 50232. CANAL IMPROVEMENT PROJECTS.**

2 In addition to amounts otherwise available, there is
3 appropriated to the Secretary, acting through the Com-
4 missioner of Reclamation, for fiscal year 2022, out of any
5 money in the Treasury not otherwise appropriated,
6 \$25,000,000, to remain available through September 30,
7 2031, for the design, study, and implementation of
8 projects (including pilot and demonstration projects) to
9 cover water conveyance facilities with solar panels to gen-
10 erate renewable energy in a manner as determined by the
11 Secretary or for other solar projects associated with Bu-
12 reau of Reclamation projects that increase water efficiency
13 and assist in implementation of clean energy goals.

14 **PART 4—INSULAR AFFAIRS**

15 **SEC. 50241. OFFICE OF INSULAR AFFAIRS CLIMATE**
16 **CHANGE TECHNICAL ASSISTANCE.**

17 (a) IN GENERAL.—In addition to amounts otherwise
18 available, there is appropriated to the Secretary, acting
19 through the Office of Insular Affairs, for fiscal year 2022,
20 out of any money in the Treasury not otherwise appro-
21 priated, \$15,000,000, to remain available through Sep-
22 tember 30, 2026, to provide technical assistance for cli-
23 mate change planning, mitigation, adaptation, and resil-
24 ience to United States Insular Areas.

25 (b) ADMINISTRATIVE EXPENSES.—In addition to
26 amounts otherwise available, there is appropriated to the

1 Secretary, acting through the Office of Insular Affairs, for
2 fiscal year 2022, out of any money in the Treasury not
3 otherwise appropriated, \$900,000, to remain available
4 through September 30, 2026, for necessary administrative
5 expenses associated with carrying out this section.

6 **PART 5—OFFSHORE WIND**

7 **SEC. 50251. LEASING ON THE OUTER CONTINENTAL SHELF.**

8 (a) LEASING AUTHORIZED.—The Secretary may
9 grant leases, easements, and rights-of-way pursuant to
10 section 8(p)(1)(C) of the Outer Continental Shelf Lands
11 Act (43 U.S.C. 1337(p)(1)(C)) in an area withdrawn by—

12 (1) the Presidential memorandum entitled
13 “Memorandum on the Withdrawal of Certain Areas
14 of the United States Outer Continental Shelf from
15 Leasing Disposition” and dated September 8, 2020;
16 or

17 (2) the Presidential memorandum entitled
18 “Presidential Determination on the Withdrawal of
19 Certain Areas of the United States Outer Conti-
20 nental Shelf from Leasing Disposition” and dated
21 September 25, 2020.

22 (b) OFFSHORE WIND FOR THE TERRITORIES.—

23 (1) APPLICATION OF OUTER CONTINENTAL
24 SHELF LANDS ACT WITH RESPECT TO TERRITORIES
25 OF THE UNITED STATES.—

1 (A) IN GENERAL.—Section 2 of the Outer
2 Continental Shelf Lands Act (43 U.S.C. 1331)
3 is amended—

4 (i) in subsection (a)—

5 (I) by striking “means all” and
6 inserting the following: “means—
7 “(1) all”; and

8 (II) in paragraph (1) (as so des-
9 ignated), by striking “control;” and
10 inserting the following: “control or
11 within the exclusive economic zone of
12 the United States and adjacent to any
13 territory of the United States; and”;
14 and

15 (III) by adding at the end fol-
16 lowing:

17 “(2) does not include any area conveyed by
18 Congress to a territorial government for administra-
19 tion;”;

20 (ii) in subsection (p), by striking
21 “and” after the semicolon at the end;

22 (iii) in subsection (q), by striking the
23 period at the end and inserting “; and”;
24 and

1 (iv) by adding at the end the fol-
2 lowing:

3 “(r) The term ‘State’ means—

4 “(1) each of the several States;

5 “(2) the Commonwealth of Puerto Rico;

6 “(3) Guam;

7 “(4) American Samoa;

8 “(5) the United States Virgin Islands; and

9 “(6) the Commonwealth of the Northern Mar-
10 iana Islands.”.

11 (B) EXCLUSIONS.—Section 18 of the
12 Outer Continental Shelf Lands Act (43 U.S.C.
13 1344) is amended by adding at the end the fol-
14 lowing:

15 “(i) APPLICATION.—This section shall
16 not apply to the scheduling of any lease
17 sale in an area of the outer Continental
18 Shelf that is adjacent to the Common-
19 wealth of Puerto Rico, Guam, American
20 Samoa, the United States Virgin Islands,
21 or the Commonwealth of the Northern
22 Mariana Islands.”.

23 (2) WIND LEASE SALES FOR AREAS OF THE
24 OUTER CONTINENTAL SHELF.—The Outer Conti-

1 mental Shelf Lands Act (43 U.S.C. 1331 et seq.) is
2 amended by adding at the end the following:

3 **“SEC. 33. WIND LEASE SALES FOR AREAS OF THE OUTER**
4 **CONTINENTAL SHELF OFFSHORE OF TERRI-**
5 **TORIES OF THE UNITED STATES.**

6 “(a) WIND LEASE SALES OFF COASTS OF TERRI-
7 TORIES OF THE UNITED STATES.—

8 “(1) CALL FOR INFORMATION AND NOMINA-
9 TIONS.—

10 “(A) IN GENERAL.—The Secretary shall
11 issue calls for information and nominations for
12 proposed wind lease sales for areas of the outer
13 Continental Shelf described in paragraph (2)
14 that are determined to be feasible.

15 “(B) INITIAL CALL.—Not later than Sep-
16 tember 30, 2025, the Secretary shall issue an
17 initial call for information and nominations
18 under this paragraph.

19 “(2) CONDITIONAL WIND LEASE SALES.—The
20 Secretary may conduct wind lease sales in each area
21 within the exclusive economic zone of the United
22 States adjacent to the Commonwealth of Puerto
23 Rico, Guam, American Samoa, the United States
24 Virgin Islands, or the Commonwealth of the North-

1 ern Mariana Islands that meets each of the following
2 criteria:

3 “(A) The Secretary has concluded that a
4 wind lease sale in the area is feasible.

5 “(B) The Secretary has determined that
6 there is sufficient interest in leasing the area.

7 “(C) The Secretary has consulted with the
8 Governor of the territory regarding the suit-
9 ability of the area for wind energy develop-
10 ment.”.

11 **PART 6—FOSSIL FUEL RESOURCES**

12 **SEC. 50261. OFFSHORE OIL AND GAS ROYALTY RATE.**

13 Section 8(a)(1) of the Outer Continental Shelf Lands
14 Act (43 U.S.C. 1337(a)(1)) is amended—

15 (1) in each of subparagraphs (A) and (C), by
16 striking “not less than 12½ per centum” each place
17 it appears and inserting “not less than 16⅔ per-
18 cent, but not more than 18¾ percent, during the
19 10-year period beginning on the date of enactment
20 of the Inflation Reduction Act of 2022, and not less
21 than 16⅔ percent thereafter,”;

22 (2) in subparagraph (F), by striking “no less
23 than 12½ per centum” and inserting “not less than
24 16⅔ percent, but not more than 18¾ percent, dur-
25 ing the 10-year period beginning on the date of en-

1 actment of the Inflation Reduction Act of 2022, and
2 not less than $16\frac{2}{3}$ percent thereafter,”; and

3 (3) in subparagraph (H), by striking “no less
4 than 12 and $\frac{1}{2}$ per centum” and inserting “not less
5 than $16\frac{2}{3}$ percent, but not more than $18\frac{3}{4}$ percent,
6 during the 10-year period beginning on the date of
7 enactment of the Inflation Reduction Act of 2022,
8 and not less than $16\frac{2}{3}$ percent thereafter,”.

9 **SEC. 50262. MINERAL LEASING ACT MODERNIZATION.**

10 (a) ONSHORE OIL AND GAS ROYALTY RATES.—

11 (1) LEASE OF OIL AND GAS LAND.—Section 17
12 of the Mineral Leasing Act (30 U.S.C. 226) is
13 amended—

14 (A) in subsection (b)(1)(A), in the fifth
15 sentence—

16 (i) by striking “12.5” and inserting
17 “ $16\frac{2}{3}$ ”; and

18 (ii) by inserting “or, in the case of a
19 lease issued during the 10-year period be-
20 ginning on the date of enactment of the
21 Inflation Reduction Act of 2022, $16\frac{2}{3}$ per-
22 cent in amount or value of the production
23 removed or sold from the lease” before the
24 period at the end; and

1 (B) by striking “12½ per centum” each
2 place it appears and inserting “16⅔ percent”.

3 (2) CONDITIONS FOR REINSTATEMENT.—Sec-
4 tion 31(e)(3) of the Mineral Leasing Act (30 U.S.C.
5 188(e)(3)) is amended by striking “16⅔” each place
6 it appears and inserting “20”.

7 (b) OIL AND GAS MINIMUM BID.—Section 17(b) of
8 the Mineral Leasing Act (30 U.S.C. 226(b)) is amended—

9 (1) in paragraph (1)(B), in the first sentence,
10 by striking “\$2 per acre for a period of 2 years from
11 the date of enactment of the Federal Onshore Oil
12 and Gas Leasing Reform Act of 1987.” and insert-
13 ing “\$10 per acre during the 10-year period begin-
14 ning on the date of enactment of the Inflation Re-
15 duction Act of 2022.”; and

16 (2) in paragraph (2)(C), by striking “\$2 per
17 acre” and inserting “\$10 per acre”.

18 (c) FOSSIL FUEL RENTAL RATES.—

19 (1) ANNUAL RENTALS.—Section 17(d) of the
20 Mineral Leasing Act (30 U.S.C. 226(d)) is amended,
21 in the first sentence, by striking “\$1.50 per acre”
22 and all that follows through the period at the end
23 and inserting “\$3 per acre per year during the 2-
24 year period beginning on the date the lease begins
25 for new leases, and after the end of that 2-year pe-

1 riod, \$5 per acre per year for the following 6-year
2 period, and not less than \$15 per acre per year
3 thereafter, or, in the case of a lease issued during
4 the 10-year period beginning on the date of enact-
5 ment of the Inflation Reduction Act of 2022, \$3 per
6 acre per year during the 2-year period beginning on
7 the date the lease begins, and after the end of that
8 2-year period, \$5 per acre per year for the following
9 6-year period, and \$15 per acre per year there-
10 after.”.

11 (2) RENTALS IN REINSTATED LEASES.—Section
12 31(e)(2) of the Mineral Leasing Act (30 U.S.C.
13 188(e)(2)) is amended by striking “\$10” and insert-
14 ing “\$20”.

15 (d) EXPRESSION OF INTEREST FEE.—Section 17 of
16 the Mineral Leasing Act (30 U.S.C. 226) is amended by
17 adding at the end the following:

18 “(q) FEE FOR EXPRESSION OF INTEREST.—

19 “(1) IN GENERAL.—The Secretary shall assess
20 a nonrefundable fee against any person that, in ac-
21 cordance with procedures established by the Sec-
22 retary to carry out this subsection, submits an ex-
23 pression of interest in leasing land available for dis-
24 position under this section for exploration for, and
25 development of, oil or gas.

1 “(2) AMOUNT OF FEE.—

2 “(A) IN GENERAL.—Subject to subpara-
3 graph (B), the fee assessed under paragraph
4 (1) shall be \$5 per acre of the area covered by
5 the applicable expression of interest.

6 “(B) ADJUSTMENT OF FEE.—The Sec-
7 retary shall, by regulation, not less frequently
8 than every 4 years, adjust the amount of the
9 fee under subparagraph (A) to reflect the
10 change in inflation.”.

11 (e) ELIMINATION OF NONCOMPETITIVE LEASING.—

12 (1) IN GENERAL.—Section 17 of the Mineral
13 Leasing Act (20 U.S.C. 226) is amended—

14 (A) in subsection (b)—

15 (i) in paragraph (1)(A)—

16 (I) in the first sentence, by strik-
17 ing “paragraphs (2) and (3) of this
18 subsection” and inserting “paragraph
19 (2)”; and

20 (II) by striking the last sentence;

21 and

22 (ii) by striking paragraph (3);

23 (B) by striking subsection (c) and insert-
24 ing the following:

1 “(c) ADDITIONAL ROUNDS OF COMPETITIVE BID-
2 DING.—Land made available for leasing under subsection
3 (b)(1) for which no bid is accepted or received, or the land
4 for which a lease terminates, expires, is cancelled, or is
5 relinquished, may be made available by the Secretary of
6 the Interior for a new round of competitive bidding under
7 that subsection.”; and

8 (C) by striking subsection (e) and inserting
9 the following:

10 “(e) TERM OF LEASE.—

11 “(1) IN GENERAL.—Any lease issued under this
12 section, including a lease for tar sand areas, shall be
13 for a primary term of 10 years.

14 “(2) CONTINUATION OF LEASE.—A lease de-
15 scribed in paragraph (1) shall continue after the pri-
16 mary term of the lease for any period during which
17 oil or gas is produced in paying quantities.

18 “(3) ADDITIONAL EXTENSIONS.—Any lease
19 issued under this section for land on which, or for
20 which under an approved cooperative or unit plan of
21 development or operation, actual drilling operations
22 were commenced and diligently prosecuted prior to
23 the end of the primary term of the lease shall be ex-
24 tended for 2 years and for any period thereafter dur-

1 ing which oil or gas is produced in paying quan-
2 tities.”.

3 (2) CONFORMING AMENDMENTS.—Section 31 of
4 the Mineral Leasing Act (30 U.S.C. 188) is amend-
5 ed—

6 (A) in subsection (d)(1), in the first sen-
7 tence, by striking “or section 17(e) of this Act”;

8 (B) in subsection (e)—

9 (i) in paragraph (2)—

10 (I) by striking “either”; and

11 (II) by striking “or the inclu-
12 sion” and all that follows through “,
13 all”; and

14 (ii) in paragraph (3)—

15 (I) in subparagraph (A), by add-
16 ing “and” after the semicolon;

17 (II) by striking subparagraph
18 (B); and

19 (III) by striking “(3)(A) pay-
20 ment” and inserting the following:

21 “(3) payment”;

22 (C) in subsection (g)—

23 (i) in paragraph (1), by striking “as a
24 competitive” and all that follows through
25 “of this Act” and inserting “in the same

1 manner as the original lease issued pursu-
2 ant to section 17”;

3 (ii) by striking paragraph (2);

4 (iii) by redesignating paragraphs (3)
5 and (4) as paragraphs (2) and (3), respec-
6 tively; and

7 (iv) in paragraph (2) (as so redesign-
8 ated), by striking “applicable to leases
9 issued under subsection 17(c) of this Act
10 (30 U.S.C. 226(c)) except,” and inserting
11 “except”;

12 (D) in subsection (h), by striking “sub-
13 sections (d) and (f) of this section” and insert-
14 ing “subsection (d)”;

15 (E) in subsection (i), by striking “(i)(1) In
16 acting” and all that follows through “of this
17 section” in paragraph (2) and inserting the fol-
18 lowing:

19 “(i) ROYALTY REDUCTION IN REIN-
20 STATED LEASES.—In acting on a petition
21 for reinstatement pursuant to subsection
22 (d)”;

23 (F) by striking subsection (f); and

1 (G) by redesignating subsections (g)
2 through (j) as subsections (f) through (i), re-
3 spectively.

4 (f) OIL AND GAS BONDING REQUIREMENTS.—Sec-
5 tion 17(g) of the Mineral Leasing Act (30 U.S.C. 226(g))
6 is amended by inserting after the third sentence the fol-
7 lowing: “At a minimum each bond, surety, or other finan-
8 cial arrangement established for a lease shall be consid-
9 ered inadequate if the bond, surety, or other financial ar-
10 rangement is for less than \$150,000, in the case of an
11 individual oil or gas lease in a State, or for less than
12 \$500,000, in the case of an arrangement for all of the
13 oil and gas leases of an operating entity in a State, or
14 for less than \$2,000,000, in the case of an arrangement
15 for all of the oil and gas leases of an operating entity na-
16 tionwide. The Secretary shall, by regulation, not less fre-
17 quently than every 4 years, adjust the amount at which
18 a bond, surety, or other financial arrangement is consid-
19 ered inadequate to reflect the change in inflation.”.

20 **SEC. 50263. ROYALTIES ON ALL EXTRACTED METHANE.**

21 (a) IN GENERAL.—For all leases issued after the
22 date of enactment of this Act, except as provided in sub-
23 section (b), royalties paid for gas produced from Federal
24 land and on the outer Continental Shelf shall be assessed
25 on all gas produced, including all gas that is consumed

1 or lost by venting, flaring, or negligent releases through
2 any equipment during upstream operations.

3 (b) EXCEPTION.—Subsection (a) shall not apply with
4 respect to—

5 (1) gas vented or flared for not longer than 48
6 hours in an emergency situation that poses a danger
7 to human health, safety, or the environment;

8 (2) gas used or consumed within the area of the
9 lease, unit, or communitized area for the benefit of
10 the lease, unit, or communitized area; or

11 (3) gas that is unavoidably lost.

12 **SEC. 50264. LEASE SALES UNDER THE 2017–2022 OUTER**
13 **CONTINENTAL SHELF LEASING PROGRAM.**

14 (a) DEFINITIONS.—In this section:

15 (1) 2022 LEASE SALES.—The term “2022
16 Lease Sales” means each of the following lease sales
17 described in the 2017–2022 Outer Continental Shelf
18 Oil and Gas Leasing Proposed Final Program pub-
19 lished on November 18, 2016, and approved by the
20 Secretary in the Record of Decision issued on Janu-
21 ary 17, 2017, described in the notice of availability
22 entitled “Record of Decision for the 2017–2022
23 Outer Continental Shelf Oil and Gas Leasing Pro-
24 gram Final Programmatic Environmental Impact

1 Statement; MMAA104000” (82 Fed. Reg. 6643
2 (January 19, 2017)):

3 (A) Lease Sale 258.

4 (B) Lease Sale 259.

5 (2) LEASE SALE 257.—The term “Lease Sale
6 257” means the lease sale numbered 257 that was
7 approved in the Record of Decision described in the
8 notice of availability of a record of decision issued on
9 August 31, 2021, entitled “Gulf of Mexico, Outer
10 Continental Shelf (OCS), Oil and Gas Lease Sale
11 257” (86 Fed. Reg. 50160 (September 7, 2021)),
12 and is the subject of the final notice of sale entitled
13 “Gulf of Mexico Outer Continental Shelf Oil and
14 Gas Lease Sale 257” (86 Fed. Reg. 54728 (October
15 4, 2021)).

16 (3) LEASE SALE 261.—The term “Lease Sale
17 261” means the lease sale numbered 261 described
18 in the 2017–2022 Outer Continental Shelf Oil and
19 Gas Leasing Proposed Final Program published on
20 November 18, 2016, and approved by the Secretary
21 in the Record of Decision issued on January 17,
22 2017, described in the notice of availability entitled
23 “Record of Decision for the 2017–2022 Outer Conti-
24 nental Shelf Oil and Gas Leasing Program Final
25 Programmatic Environmental Impact Statement;

1 MMAA104000” (82 Fed. Reg. 6643 (January 19,
2 2017)).

3 (b) LEASE SALE 257 REINSTATEMENT.—

4 (1) ACCEPTANCE OF BIDS.—Not later 30 days
5 after the date of enactment of this Act, the Sec-
6 retary shall, without modification or delay—

7 (A) accept the highest valid bid for each
8 tract or bidding unit of Lease Sale 257 for
9 which a valid bid was received on November 17,
10 2021; and

11 (B) provide the appropriate lease form to
12 the winning bidder to execute and return.

13 (2) LEASE ISSUANCE.—On receipt of an exe-
14 cuted lease form under paragraph (1)(B) and pay-
15 ment of the rental for the first year, the balance of
16 the bonus bid (unless deferred), and any required
17 bond or security from the high bidder, the Secretary
18 shall promptly issue to the high bidder a fully exe-
19 cuted lease, in accordance with—

20 (A) the regulations in effect on the date of
21 Lease Sale 257; and

22 (B) the terms and conditions of the final
23 notice of sale entitled “Gulf of Mexico Outer
24 Continental Shelf Oil and Gas Lease Sale 257”
25 (86 Fed. Reg. 54728 (October 4, 2021)).

1 (c) REQUIREMENT FOR 2022 LEASE SALES.—Not-
2 withstanding the expiration of the 2017–2022 leasing pro-
3 gram, not later than December 31, 2022, the Secretary
4 shall conduct the 2022 Lease Sales in accordance with the
5 Record of Decision approved by the Secretary on January
6 17, 2017, described in the notice of availability entitled
7 “Record of Decision for the 2017–2022 Outer Continental
8 Shelf Oil and Gas Leasing Program Final Programmatic
9 Environmental Impact Statement; MMAA104000” issued
10 on January 17, 2017 (82 Fed. Reg. 6643 (January 19,
11 2017)).

12 (d) REQUIREMENT FOR LEASE SALE 261.—Notwith-
13 standing the expiration of the 2017–2022 leasing pro-
14 gram, not later than September 30, 2023, the Secretary
15 shall conduct Lease Sale 261 in accordance with the
16 Record of Decision approved by the Secretary on January
17 17, 2017, described in the notice of availability entitled
18 “Record of Decision for the 2017–2022 Outer Continental
19 Shelf Oil and Gas Leasing Program Final Programmatic
20 Environmental Impact Statement; MMAA104000” issued
21 on January 17, 2017 (82 Fed. Reg. 6643 (January 19,
22 2017)).

23 **SEC. 50265. ENSURING ENERGY SECURITY.**

24 (a) DEFINITIONS.—In this section:

1 (1) FEDERAL LAND.—The term “Federal land”
2 means public lands (as defined in section 103 of the
3 Federal Land Policy and Management Act of 1976
4 (43 U.S.C. 1702)).

5 (2) OFFSHORE LEASE SALE.—The term “off-
6 shore lease sale” means an oil and gas lease sale—

7 (A) that is held by the Secretary in accord-
8 ance with the Outer Continental Shelf Lands
9 Act (43 U.S.C. 1331 et seq.); and

10 (B) that, if any acceptable bids have been
11 received for any tract offered in the lease sale,
12 results in the issuance of a lease.

13 (3) ONSHORE LEASE SALE.—The term “on-
14 shore lease sale” means a quarterly oil and gas lease
15 sale—

16 (A) that is held by the Secretary in accord-
17 ance with section 17 of the Mineral Leasing Act
18 (30 U.S.C. 226); and

19 (B) that, if any acceptable bids have been
20 received for any parcel offered in the lease sale,
21 results in the issuance of a lease.

22 (b) LIMITATION ON ISSUANCE OF CERTAIN LEASES
23 OR RIGHTS-OF-WAY.—During the 10-year period begin-
24 ning on the date of enactment of this Act—

1 (1) the Secretary may not issue a right-of-way
2 for wind or solar energy development on Federal
3 land unless—

4 (A) an onshore lease sale has been held
5 during the 120-day period ending on the date
6 of the issuance of the right-of-way for wind or
7 solar energy development; and

8 (B) the sum total of acres offered for lease
9 in onshore lease sales during the 1-year period
10 ending on the date of the issuance of the right-
11 of-way for wind or solar energy development is
12 not less than the lesser of—

13 (i) 2,000,000 acres; and

14 (ii) 50 percent of the acreage for
15 which expressions of interest have been
16 submitted for lease sales during that pe-
17 riod; and

18 (2) the Secretary may not issue a lease for off-
19 shore wind development under section 8(p)(1)(C) of
20 the Outer Continental Shelf Lands Act (43 U.S.C.
21 1337(p)(1)(C)) unless—

22 (A) an offshore lease sale has been held
23 during the 1-year period ending on the date of
24 the issuance of the lease for offshore wind de-
25 velopment; and

1 (B) the sum total of acres offered for lease
2 in offshore lease sales during the 1-year period
3 ending on the date of the issuance of the lease
4 for offshore wind development is not less than
5 60,000,000 acres.

6 (c) SAVINGS.—Except as expressly provided in para-
7 graphs (1) and (2) of subsection (b), nothing in this sec-
8 tion supersedes, amends, or modifies existing law.

9 **PART 7—UNITED STATES GEOLOGICAL SURVEY**

10 **SEC. 50271. UNITED STATES GEOLOGICAL SURVEY 3D ELE-**
11 **VATION PROGRAM.**

12 In addition to amounts otherwise available, there is
13 appropriated to the Secretary, acting through the Director
14 of the United States Geological Survey, for fiscal year
15 2022, out of any money in the Treasury not otherwise ap-
16 propriated, \$23,500,000, to remain available through Sep-
17 tember 30, 2031, to produce, collect, disseminate, and use
18 3D elevation data.

19 **PART 8—OTHER NATURAL RESOURCES MATTERS**

20 **SEC. 50281. DEPARTMENT OF THE INTERIOR OVERSIGHT.**

21 In addition to amounts otherwise available, there is
22 appropriated to the Secretary for fiscal year 2022, out of
23 any money in the Treasury not otherwise appropriated,
24 \$10,000,000, to remain available through September 30,
25 2031, for oversight by the Department of the Interior Of-

1 fice of Inspector General of the Department of the Interior
2 activities for which funding is appropriated in this subtitle.

3 **Subtitle C—Environmental**
4 **Reviews**

5 **SEC. 50301. DEPARTMENT OF ENERGY.**

6 In addition to amounts otherwise available, there is
7 appropriated to the Secretary of Energy for fiscal year
8 2022, out of any money in the Treasury not otherwise ap-
9 propriated, \$125,000,000, to remain available through
10 September 30, 2031, to provide for the hiring and training
11 of personnel, the development of programmatic environ-
12 mental documents, the procurement of technical or sci-
13 entific services for environmental reviews, the development
14 of environmental data or information systems, stakeholder
15 and community engagement, and the purchase of new
16 equipment for environmental analysis to facilitate timely
17 and efficient environmental reviews and authorizations.

18 **SEC. 50302. FEDERAL ENERGY REGULATORY COMMISSION.**

19 (a) IN GENERAL.—In addition to amounts otherwise
20 available, there is appropriated to the Federal Energy
21 Regulatory Commission for fiscal year 2022, out of any
22 money in the Treasury not otherwise appropriated,
23 \$100,000,000, to remain available through September 30,
24 2031, to provide for the hiring and training of personnel,
25 the development of programmatic environmental docu-

1 ments, the procurement of technical or scientific services
2 for environmental reviews, the development of environ-
3 mental data or information systems, stakeholder and com-
4 munity engagement, and the purchase of new equipment
5 for environmental analysis to facilitate timely and efficient
6 environmental reviews and authorizations.

7 (b) FEES AND CHARGES.—Section 3401(a) of the
8 Omnibus Budget Reconciliation Act of 1986 (42 U.S.C.
9 7178(a)) shall not apply to the costs incurred by the Fed-
10 eral Energy Regulatory Commission in carrying out this
11 section.

12 **SEC. 50303. DEPARTMENT OF THE INTERIOR.**

13 In addition to amounts otherwise available, there is
14 appropriated to the Secretary of the Interior for fiscal year
15 2022, out of any money in the Treasury not otherwise ap-
16 propriated, \$150,000,000, to remain available through
17 September 30, 2026, to provide for the hiring and training
18 of personnel, the development of programmatic environ-
19 mental documents, the procurement of technical or sci-
20 entific services for environmental reviews, the development
21 of environmental data or information systems, stakeholder
22 and community engagement, and the purchase of new
23 equipment for environmental analysis to facilitate timely
24 and efficient environmental reviews and authorizations by
25 the National Park Service, the Bureau of Land Manage-

1 ment, the Bureau of Ocean Energy Management, the Bu-
2 reau of Reclamation, the Bureau of Safety and Environ-
3 mental Enforcement, and the Office of Surface Mining
4 Reclamation and Enforcement.

5 **TITLE VI—COMMITTEE ON ENVI-**
6 **RONMENT AND PUBLIC**
7 **WORKS**

8 **Subtitle A—Air Pollution**

9 **SEC. 60101. CLEAN HEAVY-DUTY VEHICLES.**

10 The Clean Air Act is amended by inserting after sec-
11 tion 131 of such Act (42 U.S.C. 7431) the following:

12 **“SEC. 132. CLEAN HEAVY-DUTY VEHICLES.**

13 “(a) APPROPRIATIONS.—

14 “(1) IN GENERAL.—In addition to amounts
15 otherwise available, there is appropriated to the Ad-
16 ministrator for fiscal year 2022, out of any money
17 in the Treasury not otherwise appropriated,
18 \$600,000,000, to remain available until September
19 30, 2031, to carry out this section.

20 “(2) NONATTAINMENT AREAS.—In addition to
21 amounts otherwise available, there is appropriated to
22 the Administrator for fiscal year 2022, out of any
23 money in the Treasury not otherwise appropriated,
24 \$400,000,000, to remain available until September
25 30, 2031, to make awards under this section to eligi-

1 ble recipients and to eligible contractors that propose
2 to replace eligible vehicles to serve 1 or more com-
3 munities located in an air quality area designated
4 pursuant to section 107 as nonattainment for any
5 air pollutant.

6 “(3) RESERVATION.—Of the funds appro-
7 priated by paragraph (1), the Administrator shall re-
8 serve 3 percent for administrative costs necessary to
9 carry out this section.

10 “(b) PROGRAM.—Beginning not later than 180 days
11 after the date of enactment of this section, the Adminis-
12 trator shall implement a program to make awards of
13 grants and rebates to eligible recipients, and to make
14 awards of contracts to eligible contractors for providing
15 rebates, for up to 100 percent of costs for—

16 “(1) the incremental costs of replacing an eligi-
17 ble vehicle that is not a zero-emission vehicle with a
18 zero-emission vehicle, as determined by the Adminis-
19 trator based on the market value of the vehicles;

20 “(2) purchasing, installing, operating, and
21 maintaining infrastructure needed to charge, fuel, or
22 maintain zero-emission vehicles;

23 “(3) workforce development and training to
24 support the maintenance, charging, fueling, and op-
25 eration of zero-emission vehicles; and

1 “(4) planning and technical activities to support
2 the adoption and deployment of zero-emission vehi-
3 cles.

4 “(c) APPLICATIONS.—To seek an award under this
5 section, an eligible recipient or eligible contractor shall
6 submit to the Administrator an application at such time,
7 in such manner, and containing such information as the
8 Administrator shall prescribe.

9 “(d) DEFINITIONS.—For purposes of this section:

10 “(1) ELIGIBLE CONTRACTOR.—The term ‘eligi-
11 ble contractor’ means a contractor that has the ca-
12 pacity—

13 “(A) to sell, lease, license, or contract for
14 service zero-emission vehicles, or charging or
15 other equipment needed to charge, fuel, or
16 maintain zero-emission vehicles, to individuals
17 or entities that own, lease, license, or contract
18 for service an eligible vehicle; or

19 “(B) to arrange financing for such a sale,
20 lease, license, or contract for service.

21 “(2) ELIGIBLE RECIPIENT.—The term ‘eligible
22 recipient’ means—

23 “(A) a State;

24 “(B) a municipality;

25 “(C) an Indian tribe; or

1 “(D) a nonprofit school transportation as-
2 sociation.

3 “(3) ELIGIBLE VEHICLE.—The term ‘eligible
4 vehicle’ means a Class 6 or Class 7 heavy-duty vehi-
5 cle as defined in section 1037.801 of title 40, Code
6 of Federal Regulations (as in effect on the date of
7 enactment of this section).

8 “(4) ZERO-EMISSION VEHICLE.—The term
9 ‘zero-emission vehicle’ means a vehicle that has a
10 drivetrain that produces, under any possible oper-
11 ational mode or condition, zero exhaust emissions
12 of—

13 “(A) any air pollutant that is listed pursu-
14 ant to section 108(a) (or any precursor to such
15 an air pollutant); and

16 “(B) any greenhouse gas (as defined in
17 section 211(o)(1)(G) (as in effect on the date of
18 enactment of this section)).”.

19 **SEC. 60102. GRANTS TO REDUCE AIR POLLUTION AT PORTS.**

20 The Clean Air Act is amended by inserting after sec-
21 tion 132 of such Act, as added by section 60101 of this
22 Act, the following:

23 **“SEC. 133. GRANTS TO REDUCE AIR POLLUTION AT PORTS.**

24 “(a) APPROPRIATIONS.—

1 “(1) GENERAL ASSISTANCE.—In addition to
2 amounts otherwise available, there is appropriated to
3 the Administrator for fiscal year 2022, out of any
4 money in the Treasury not otherwise appropriated,
5 \$2,250,000,000, to remain available until September
6 30, 2027, to award rebates and grants to eligible re-
7 cipients on a competitive basis—

8 “(A) to purchase or install zero-emission
9 port equipment or technology for use at, or to
10 directly serve, one or more ports;

11 “(B) to conduct any relevant planning or
12 permitting in connection with the purchase or
13 installation of such zero-emission port equip-
14 ment or technology; and

15 “(C) to develop qualified climate action
16 plans.

17 “(2) NONATTAINMENT AREAS.—In addition to
18 amounts otherwise available, there is appropriated to
19 the Administrator for fiscal year 2022, out of any
20 money in the Treasury not otherwise appropriated,
21 \$750,000,000, to remain available until September
22 30, 2027, to award rebates and grants to eligible re-
23 cipients to carry out activities described in para-
24 graph (1) with respect to ports located in air quality

1 areas designated pursuant to section 107 as non-
2 attainment for an air pollutant.

3 “(b) LIMITATION.—Funds awarded under this sec-
4 tion shall not be used by any recipient or subrecipient to
5 purchase or install zero-emission port equipment or tech-
6 nology that will not be located at, or directly serve, the
7 one or more ports involved.

8 “(c) ADMINISTRATION OF FUNDS.—Of the funds
9 made available by this section, the Administrator shall re-
10 serve 2 percent for administrative costs necessary to carry
11 out this section.

12 “(d) DEFINITIONS.—In this section:

13 “(1) ELIGIBLE RECIPIENT.—The term ‘eligible
14 recipient’ means—

15 “(A) a port authority;

16 “(B) a State, regional, local, or Tribal
17 agency that has jurisdiction over a port author-
18 ity or a port;

19 “(C) an air pollution control agency; or

20 “(D) a private entity (including a non-
21 profit organization) that—

22 “(i) applies for a grant under this sec-
23 tion in partnership with an entity de-
24 scribed in any of subparagraphs (A)
25 through (C); and

1 “(ii) owns, operates, or uses the facili-
2 ties, cargo-handling equipment, transpor-
3 tation equipment, or related technology of
4 a port.

5 “(2) GREENHOUSE GAS.—The term ‘greenhouse
6 gas’ has the meaning given the term in section
7 211(o)(1)(G) (as in effect on the date of enactment
8 of this section).

9 “(3) QUALIFIED CLIMATE ACTION PLAN.—The
10 term ‘qualified climate action plan’ means a detailed
11 and strategic plan that—

12 “(A) establishes goals, implementation
13 strategies, and accounting and inventory prac-
14 tices (including practices used to measure
15 progress toward stated goals) to reduce emis-
16 sions at one or more ports of—

17 “(i) greenhouse gases;

18 “(ii) an air pollutant that is listed
19 pursuant to section 108(a) (or any pre-
20 cursor to such an air pollutant); and

21 “(iii) hazardous air pollutants;

22 “(B) includes a strategy to collaborate
23 with, communicate with, and address potential
24 effects on stakeholders that may be affected by
25 implementation of the plan, including low-in-

1 come and disadvantaged near-port communities;
2 and

3 “(C) describes how an eligible recipient has
4 implemented or will implement measures to in-
5 crease the resilience of the one or more ports
6 involved, including measures related to with-
7 standing and recovering from extreme weather
8 events.

9 “(4) ZERO-EMISSION PORT EQUIPMENT OR
10 TECHNOLOGY.—The term ‘zero-emission port equip-
11 ment or technology’ means human-operated equip-
12 ment or human-maintained technology that—

13 “(A) produces zero emissions of any air
14 pollutant that is listed pursuant to section
15 108(a) (or any precursor to such an air pollut-
16 ant) and any greenhouse gas other than water
17 vapor; or

18 “(B) captures 100 percent of the emissions
19 described in subparagraph (A) that are pro-
20 duced by an ocean-going vessel at berth.”.

21 **SEC. 60103. GREENHOUSE GAS REDUCTION FUND.**

22 The Clean Air Act is amended by inserting after sec-
23 tion 133 of such Act, as added by section 60102 of this
24 Act, the following:

1 **“SEC. 134. GREENHOUSE GAS REDUCTION FUND.**

2 “(a) APPROPRIATIONS.—

3 “(1) ZERO-EMISSION TECHNOLOGIES.—In addi-
4 tion to amounts otherwise available, there is appro-
5 priated to the Administrator for fiscal year 2022,
6 out of any money in the Treasury not otherwise ap-
7 propriated, \$7,000,000,000, to remain available
8 until September 30, 2024, to make grants, on a
9 competitive basis and beginning not later than 180
10 calendar days after the date of enactment of this
11 section, to States, municipalities, Tribal govern-
12 ments, and eligible recipients for the purposes of
13 providing grants, loans, or other forms of financial
14 assistance, as well as technical assistance, to enable
15 low-income and disadvantaged communities to de-
16 ploy or benefit from zero-emission technologies, in-
17 cluding distributed technologies on residential roof-
18 tops, and to carry out other greenhouse gas emission
19 reduction activities, as determined appropriate by
20 the Administrator in accordance with this section.

21 “(2) GENERAL ASSISTANCE.—In addition to
22 amounts otherwise available, there is appropriated to
23 the Administrator for fiscal year 2022, out of any
24 money in the Treasury not otherwise appropriated,
25 \$11,970,000,000, to remain available until Sep-
26 tember 30, 2024, to make grants, on a competitive

1 basis and beginning not later than 180 calendar
2 days after the date of enactment of this section, to
3 eligible recipients for the purposes of providing fi-
4 nancial assistance and technical assistance in ac-
5 cordance with subsection (b).

6 “(3) LOW-INCOME AND DISADVANTAGED COM-
7 MUNITIES.—In addition to amounts otherwise avail-
8 able, there is appropriated to the Administrator for
9 fiscal year 2022, out of any money in the Treasury
10 not otherwise appropriated, \$8,000,000,000, to re-
11 main available until September 30, 2024, to make
12 grants, on a competitive basis and beginning not
13 later than 180 calendar days after the date of enact-
14 ment of this section, to eligible recipients for the
15 purposes of providing financial assistance and tech-
16 nical assistance in low-income and disadvantaged
17 communities in accordance with subsection (b).

18 “(4) ADMINISTRATIVE COSTS.—In addition to
19 amounts otherwise available, there is appropriated to
20 the Administrator for fiscal year 2022, out of any
21 money in the Treasury not otherwise appropriated,
22 \$30,000,000, to remain available until September
23 30, 2031, for the administrative costs necessary to
24 carry out activities under this section.

1 “(b) USE OF FUNDS.—An eligible recipient that re-
2 ceives a grant pursuant to subsection (a) shall use the
3 grant in accordance with the following:

4 “(1) DIRECT INVESTMENT.—The eligible recipi-
5 ent shall—

6 “(A) provide financial assistance to quali-
7 fied projects at the national, regional, State,
8 and local levels;

9 “(B) prioritize investment in qualified
10 projects that would otherwise lack access to fi-
11 nancing; and

12 “(C) retain, manage, recycle, and monetize
13 all repayments and other revenue received from
14 fees, interest, repaid loans, and all other types
15 of financial assistance provided using grant
16 funds under this section to ensure continued
17 operability.

18 “(2) INDIRECT INVESTMENT.—The eligible re-
19 cipient shall provide funding and technical assistance
20 to establish new or support existing public, quasi-
21 public, not-for-profit, or nonprofit entities that pro-
22 vide financial assistance to qualified projects at the
23 State, local, territorial, or Tribal level or in the Dis-
24 trict of Columbia, including community- and low-in-
25 come-focused lenders and capital providers.

1 “(c) DEFINITIONS.—In this section:

2 “(1) ELIGIBLE RECIPIENT.—The term ‘eligible
3 recipient’ means a nonprofit organization that—

4 “(A) is designed to provide capital, includ-
5 ing by leveraging private capital, and other
6 forms of financial assistance for the rapid de-
7 ployment of low- and zero-emission products,
8 technologies, and services;

9 “(B) does not take deposits other than de-
10 posits from repayments and other revenue re-
11 ceived from financial assistance provided using
12 grant funds under this section;

13 “(C) is funded by public or charitable con-
14 tributions; and

15 “(D) invests in or finances projects alone
16 or in conjunction with other investors.

17 “(2) GREENHOUSE GAS.—The term ‘greenhouse
18 gas’ has the meaning given the term in section
19 211(o)(1)(G) (as in effect on the date of enactment
20 of this section).

21 “(3) QUALIFIED PROJECT.—The term ‘qualified
22 project’ includes any project, activity, or technology
23 that—

24 “(A) reduces or avoids greenhouse gas
25 emissions and other forms of air pollution in

1 partnership with, and by leveraging investment
2 from, the private sector; or

3 “(B) assists communities in the efforts of
4 those communities to reduce or avoid green-
5 house gas emissions and other forms of air pol-
6 lution.

7 “(4) PUBLICLY AVAILABLE EQUIPMENT.—The
8 term ‘publicly available equipment’ means equipment
9 that—

10 “(A) is located at a multi-unit housing
11 structure;

12 “(B) is located at a workplace and is avail-
13 able to employees of such workplace or employ-
14 ees of a nearby workplace; or

15 “(C) is at a location that is publicly acces-
16 sible for a minimum of 12 hours per day at
17 least 5 days per week and networked or other-
18 wise capable of being monitored remotely.

19 “(5) ZERO-EMISSION TECHNOLOGY.—The term
20 ‘zero-emission technology’ means any technology
21 that produces zero emissions of—

22 “(A) any air pollutant that is listed pursu-
23 ant to section 108(a) (or any precursor to such
24 an air pollutant); and

25 “(B) any greenhouse gas.”.

1 **SEC. 60104. DIESEL EMISSIONS REDUCTIONS.**

2 (a) GOODS MOVEMENT.—In addition to amounts oth-
3 erwise available, there is appropriated to the Adminis-
4 trator of the Environmental Protection Agency for fiscal
5 year 2022, out of any money in the Treasury not otherwise
6 appropriated, \$60,000,000, to remain available until Sep-
7 tember 30, 2031, for grants, rebates, and loans under sec-
8 tion 792 of the Energy Policy Act of 2005 (42 U.S.C.
9 16132) to identify and reduce diesel emissions resulting
10 from goods movement facilities, and vehicles servicing
11 goods movement facilities, in low-income and disadvan-
12 taged communities to address the health impacts of such
13 emissions on such communities.

14 (b) ADMINISTRATIVE COSTS.—The Administrator of
15 the Environmental Protection Agency shall reserve 2 per-
16 cent of the amounts made available under this section for
17 the administrative costs necessary to carry out activities
18 pursuant to this section.

19 **SEC. 60105. FUNDING TO ADDRESS AIR POLLUTION.**

20 (a) FENCELINE AIR MONITORING AND SCREENING
21 AIR MONITORING.—In addition to amounts otherwise
22 available, there is appropriated to the Administrator of the
23 Environmental Protection Agency for fiscal year 2022, out
24 of any money in the Treasury not otherwise appropriated,
25 \$117,500,000, to remain available until September 30,
26 2031, for grants and other activities authorized under sub-

1 sections (a) through (c) of section 103 and section 105
2 of the Clean Air Act (42 U.S.C. 7403(a)–(c), 7405) to
3 deploy, integrate, support, and maintain fenceline air
4 monitoring, screening air monitoring, national air toxics
5 trend stations, and other air toxics and community moni-
6 toring.

7 (b) MULTIPOLLUTANT MONITORING STATIONS.—In
8 addition to amounts otherwise available, there is appro-
9 priated to the Administrator of the Environmental Protec-
10 tion Agency for fiscal year 2022, out of any money in the
11 Treasury not otherwise appropriated, \$50,000,000, to re-
12 main available until September 30, 2031, for grants and
13 other activities authorized under subsections (a) through
14 (c) of section 103 and section 105 of the Clean Air Act
15 (42 U.S.C. 7403(a)–(c), 7405)—

16 (1) to expand the national ambient air quality
17 monitoring network with new multipollutant moni-
18 toring stations; and

19 (2) to replace, repair, operate, and maintain ex-
20 isting monitors.

21 (c) AIR QUALITY SENSORS IN LOW-INCOME AND DIS-
22 ADVANTAGED COMMUNITIES.—In addition to amounts
23 otherwise available, there is appropriated to the Adminis-
24 trator of the Environmental Protection Agency for fiscal
25 year 2022, out of any money in the Treasury not otherwise

1 appropriated, \$3,000,000, to remain available until Sep-
2 tember 30, 2031, for grants and other activities author-
3 ized under subsections (a) through (c) of section 103 and
4 section 105 of the Clean Air Act (42 U.S.C. 7403(a)–(c),
5 7405) to deploy, integrate, and operate air quality sensors
6 in low-income and disadvantaged communities.

7 (d) EMISSIONS FROM WOOD HEATERS.—In addition
8 to amounts otherwise available, there is appropriated to
9 the Administrator of the Environmental Protection Agen-
10 cy for fiscal year 2022, out of any money in the Treasury
11 not otherwise appropriated, \$15,000,000, to remain avail-
12 able until September 30, 2031, for grants and other activi-
13 ties authorized under subsections (a) through (c) of sec-
14 tion 103 and section 105 of the Clean Air Act (42 U.S.C.
15 7403(a)–(c), 7405) for testing and other agency activities
16 to address emissions from wood heaters.

17 (e) METHANE MONITORING.—In addition to amounts
18 otherwise available, there is appropriated to the Adminis-
19 trator of the Environmental Protection Agency for fiscal
20 year 2022, out of any money in the Treasury not otherwise
21 appropriated, \$20,000,000, to remain available until Sep-
22 tember 30, 2031, for grants and other activities author-
23 ized under subsections (a) through (c) of section 103 and
24 section 105 of the Clean Air Act (42 U.S.C. 7403(a)–(c),
25 7405) for monitoring emissions of methane.

1 (f) CLEAN AIR ACT GRANTS.—In addition to
2 amounts otherwise available, there is appropriated to the
3 Administrator of the Environmental Protection Agency for
4 fiscal year 2022, out of any money in the Treasury not
5 otherwise appropriated, \$25,000,000, to remain available
6 until September 30, 2031, for grants and other activities
7 authorized under subsections (a) through (c) of section
8 103 and section 105 of the Clean Air Act (42 U.S.C.
9 7403(a)–(c), 7405).

10 (g) OTHER ACTIVITIES.—In addition to amounts oth-
11 erwise available, there is appropriated to the Adminis-
12 trator of the Environmental Protection Agency for fiscal
13 year 2022, out of any money in the Treasury not otherwise
14 appropriated, \$45,000,000, to remain available until Sep-
15 tember 30, 2031, to carry out, with respect to greenhouse
16 gases, sections 111, 115, 165, 177, 202, 211, 213, 231,
17 and 612 of the Clean Air Act (42 U.S.C. 7411, 7415,
18 7475, 7507, 7521, 7545, 7547, 7571, and 7671k).

19 (h) GREENHOUSE GAS AND ZERO-EMISSION STAND-
20 ARDS FOR MOBILE SOURCES.—In addition to amounts
21 otherwise available, there is appropriated to the Adminis-
22 trator of the Environmental Protection Agency for fiscal
23 year 2022, out of any money in the Treasury not otherwise
24 appropriated, \$5,000,000, to remain available until Sep-
25 tember 30, 2031, to provide grants to States to adopt and

1 implement greenhouse gas and zero-emission standards
2 for mobile sources pursuant to section 177 of the Clean
3 Air Act (42 U.S.C. 7507).

4 (i) DEFINITION OF GREENHOUSE GAS.—In this sec-
5 tion, the term “greenhouse gas” has the meaning given
6 the term in section 211(o)(1)(G) of the Clean Air Act (42
7 U.S.C. 7545(o)(1)(G)) (as in effect on the date of enact-
8 ment of this Act).

9 **SEC. 60106. FUNDING TO ADDRESS AIR POLLUTION AT**
10 **SCHOOLS.**

11 (a) IN GENERAL.—In addition to amounts otherwise
12 available, there is appropriated to the Administrator of the
13 Environmental Protection Agency for fiscal year 2022, out
14 of any money in the Treasury not otherwise appropriated,
15 \$37,500,000, to remain available until September 30,
16 2031, for grants and other activities to monitor and re-
17 duce air pollution and greenhouse gas (as defined in sec-
18 tion 211(o)(1)(G) of the Clean Air Act (42 U.S.C.
19 7545(o)(1)(G)) (as in effect on the date of enactment of
20 this Act)) emissions at schools in low-income and dis-
21 advantaged communities under subsections (a) through
22 (c) of section 103 of the Clean Air Act (42 U.S.C.
23 7403(a)–(c)) and section 105 of that Act (42 U.S.C.
24 7405).

1 (b) TECHNICAL ASSISTANCE.—In addition to
2 amounts otherwise available, there is appropriated to the
3 Administrator of the Environmental Protection Agency for
4 fiscal year 2022, out of any money in the Treasury not
5 otherwise appropriated, \$12,500,000, to remain available
6 until September 30, 2031, for providing technical assist-
7 ance to schools in low-income and disadvantaged commu-
8 nities under subsections (a) through (c) of section 103 of
9 the Clean Air Act (42 U.S.C. 7403(a)–(c)) and section
10 105 of that Act (42 U.S.C. 7405)—

11 (1) to address environmental issues;

12 (2) to develop school environmental quality
13 plans that include standards for school building, de-
14 sign, construction, and renovation; and

15 (3) to identify and mitigate ongoing air pollu-
16 tion hazards.

17 **SEC. 60107. LOW EMISSIONS ELECTRICITY PROGRAM.**

18 The Clean Air Act is amended by inserting after sec-
19 tion 134 of such Act, as added by section 60103 of this
20 Act, the following:

21 **“SEC. 135. LOW EMISSIONS ELECTRICITY PROGRAM.**

22 “(a) APPROPRIATION.—In addition to amounts oth-
23 erwise available, there is appropriated to the Adminis-
24 trator for fiscal year 2022, out of any money in the Treas-

1 ury not otherwise appropriated, to remain available until
2 September 30, 2031—

3 “(1) \$17,000,000 for consumer-related edu-
4 cation and partnerships with respect to reductions in
5 greenhouse gas emissions that result from domestic
6 electricity generation and use;

7 “(2) \$17,000,000 for education, technical as-
8 sistance, and partnerships within low-income and
9 disadvantaged communities with respect to reduc-
10 tions in greenhouse gas emissions that result from
11 domestic electricity generation and use;

12 “(3) \$17,000,000 for industry-related outreach
13 and technical assistance, including through partner-
14 ships, with respect to reductions in greenhouse gas
15 emissions that result from domestic electricity gen-
16 eration and use;

17 “(4) \$17,000,000 for outreach and technical as-
18 sistance to State, Tribal, and local governments, in-
19 cluding through partnerships, with respect to reduc-
20 tions in greenhouse gas emissions that result from
21 domestic electricity generation and use;

22 “(5) \$1,000,000 to assess, not later than 1 year
23 after the date of enactment of this section, the re-
24 ductions in greenhouse gas emissions that result
25 from changes in domestic electricity generation and

1 use that are anticipated to occur on an annual basis
2 through fiscal year 2031; and

3 “(6) \$18,000,000 to carry out this section to
4 ensure that reductions in greenhouse gas emissions
5 from domestic electricity generation and use are
6 achieved through use of the authorities of this Act,
7 including through the establishment of requirements
8 under this Act, incorporating the assessment under
9 paragraph (5) as a baseline.

10 “(b) ADMINISTRATION OF FUNDS.—Of the amounts
11 made available under subsection (a), the Administrator
12 shall reserve 2 percent for the administrative costs nec-
13 essary to carry out activities pursuant to that subsection.

14 “(c) DEFINITION OF GREENHOUSE GAS.—In this
15 section, the term ‘greenhouse gas’ has the meaning given
16 the term in section 211(o)(1)(G) (as in effect on the date
17 of enactment of this section).”.

18 **SEC. 60108. FUNDING FOR SECTION 211(O) OF THE CLEAN**

19 **AIR ACT.**

20 (a) TEST AND PROTOCOL DEVELOPMENT.—In addi-
21 tion to amounts otherwise available, there is appropriated
22 to the Administrator of the Environmental Protection
23 Agency for fiscal year 2022, out of any money in the
24 Treasury not otherwise appropriated, \$5,000,000, to re-
25 main available until September 30, 2031, to carry out sec-

1 tion 211(o) of the Clean Air Act (42 U.S.C. 7545(o)) with
2 respect to—

3 (1) the development and establishment of tests
4 and protocols regarding the environmental and pub-
5 lic health effects of a fuel or fuel additive;

6 (2) internal and extramural data collection and
7 analyses to regularly update applicable regulations,
8 guidance, and procedures for determining lifecycle
9 greenhouse gas emissions of a fuel; and

10 (3) the review, analysis and evaluation of the
11 impacts of all transportation fuels, including fuel
12 lifecycle implications, on the general public and on
13 low-income and disadvantaged communities.

14 (b) INVESTMENTS IN ADVANCED BIOFUELS.—In ad-
15 dition to amounts otherwise available, there is appro-
16 priated to the Administrator of the Environmental Protec-
17 tion Agency for fiscal year 2022, out of any money in the
18 Treasury not otherwise appropriated, \$10,000,000, to re-
19 main available until September 30, 2031, for new grants
20 to industry and other related activities under section
21 211(o) of the Clean Air Act (42 U.S.C. 7545(o)) to sup-
22 port investments in advanced biofuels.

23 (c) DEFINITION OF GREENHOUSE GAS.—In this sec-
24 tion, the term “greenhouse gas” has the meaning given
25 the term in section 211(o)(1)(G) of the Clean Air Act (42

1 U.S.C. 7545(o)(1)(G)) (as in effect on the date of enact-
2 ment of this Act).

3 **SEC. 60109. FUNDING FOR IMPLEMENTATION OF THE**
4 **AMERICAN INNOVATION AND MANUFAC-**
5 **TURING ACT.**

6 (a) APPROPRIATIONS.—

7 (1) IN GENERAL.—In addition to amounts oth-
8 erwise available, there is appropriated to the Admin-
9 istrator of the Environmental Protection Agency for
10 fiscal year 2022, out of any money in the Treasury
11 not otherwise appropriated, \$20,000,000, to remain
12 available until September 30, 2026, to carry out
13 subsections (a) through (i) and subsection (k) of sec-
14 tion 103 of division S of Public Law 116–260 (42
15 U.S.C. 7675).

16 (2) IMPLEMENTATION AND COMPLIANCE
17 TOOLS.—In addition to amounts otherwise available,
18 there is appropriated to the Administrator of the
19 Environmental Protection Agency for fiscal year
20 2022, out of any money in the Treasury not other-
21 wise appropriated, \$3,500,000, to remain available
22 until September 30, 2026, to deploy new implemen-
23 tation and compliance tools to carry out subsections
24 (a) through (i) and subsection (k) of section 103 of
25 division S of Public Law 116–260 (42 U.S.C. 7675).

1 (3) COMPETITIVE GRANTS.—In addition to
2 amounts otherwise available, there is appropriated to
3 the Administrator of the Environmental Protection
4 Agency for fiscal year 2022, out of any money in the
5 Treasury not otherwise appropriated, \$15,000,000,
6 to remain available until September 30, 2026, for
7 competitive grants for reclaim and innovative de-
8 struction technologies under subsections (a) through
9 (i) and subsection (k) of section 103 of division S
10 of Public Law 116–260 (42 U.S.C. 7675).

11 (b) ADMINISTRATION OF FUNDS.—Of the funds
12 made available pursuant to subsection (a)(3), the Admin-
13 istrator of the Environmental Protection Agency shall re-
14 serve 5 percent for administrative costs necessary to carry
15 out activities pursuant to such subsection.

16 **SEC. 60110. FUNDING FOR ENFORCEMENT TECHNOLOGY**
17 **AND PUBLIC INFORMATION.**

18 (a) COMPLIANCE MONITORING.—In addition to
19 amounts otherwise available, there is appropriated to the
20 Administrator of the Environmental Protection Agency for
21 fiscal year 2022, out of any money in the Treasury not
22 otherwise appropriated, \$18,000,000, to remain available
23 until September 30, 2031, to update the Integrated Com-
24 pliance Information System of the Environmental Protec-
25 tion Agency and any associated systems, necessary infor-

1 mation technology infrastructure, or public access soft-
2 ware tools to ensure access to compliance data and related
3 information.

4 (b) COMMUNICATIONS WITH ICIS.—In addition to
5 amounts otherwise available, there is appropriated to the
6 Administrator of the Environmental Protection Agency for
7 fiscal year 2022, out of any money in the Treasury not
8 otherwise appropriated, \$3,000,000, to remain available
9 until September 30, 2031, for grants to States, Indian
10 tribes, and air pollution control agencies (as such terms
11 are defined in section 302 of the Clean Air Act (42 U.S.C.
12 7602)) to update their systems to ensure communication
13 with the Integrated Compliance Information System of the
14 Environmental Protection Agency and any associated sys-
15 tems.

16 (c) INSPECTION SOFTWARE.—In addition to amounts
17 otherwise available, there is appropriated to the Adminis-
18 trator of the Environmental Protection Agency for fiscal
19 year 2022, out of any money in the Treasury not otherwise
20 appropriated, \$4,000,000, to remain available until Sep-
21 tember 30, 2031—

22 (1) to acquire or update inspection software for
23 use by the Environmental Protection Agency, States,
24 Indian tribes, and air pollution control agencies (as

1 such terms are defined in section 302 of the Clean
2 Air Act (42 U.S.C. 7602)); or

3 (2) to acquire necessary devices on which to run
4 such inspection software.

5 **SEC. 60111. GREENHOUSE GAS CORPORATE REPORTING.**

6 In addition to amounts otherwise available, there is
7 appropriated to the Administrator of the Environmental
8 Protection Agency for fiscal year 2022, out of any money
9 in the Treasury not otherwise appropriated, \$5,000,000,
10 to remain available until September 30, 2031, for the En-
11 vironmental Protection Agency to support—

12 (1) enhanced standardization and transparency
13 of corporate climate action commitments and plans
14 to reduce greenhouse gas (as defined in section
15 211(o)(1)(G) of the Clean Air Act (42 U.S.C.
16 7545(o)(1)(G)) (as in effect on the date of enact-
17 ment of this Act)) emissions;

18 (2) enhanced transparency regarding progress
19 toward meeting such commitments and imple-
20 menting such plans; and

21 (3) progress toward meeting such commitments
22 and implementing such plans.

1 **SEC. 60112. ENVIRONMENTAL PRODUCT DECLARATION AS-**
2 **SISTANCE.**

3 (a) IN GENERAL.—In addition to amounts otherwise
4 available, there is appropriated to the Administrator of the
5 Environmental Protection Agency for fiscal year 2022, out
6 of any money in the Treasury not otherwise appropriated,
7 \$250,000,000, to remain available until September 30,
8 2031, to develop and carry out a program to support the
9 development, and enhanced standardization and trans-
10 parency, of environmental product declarations for con-
11 struction materials and products, including by—

12 (1) providing grants to businesses that manu-
13 facture construction materials and products for de-
14 veloping and verifying environmental product dec-
15 larations, and to States, Indian Tribes, and non-
16 profit organizations that will support such busi-
17 nesses;

18 (2) providing technical assistance to businesses
19 that manufacture construction materials and prod-
20 ucts in developing and verifying environmental prod-
21 uct declarations, and to States, Indian Tribes, and
22 nonprofit organizations that will support such busi-
23 nesses; and

24 (3) carrying out other activities that assist in
25 measuring, reporting, and steadily reducing the

1 quantity of embodied carbon of construction mate-
2 rials and products.

3 (b) ADMINISTRATIVE COSTS.—Of the amounts made
4 available under this section, the Administrator of the En-
5 vironmental Protection Agency shall reserve 5 percent for
6 administrative costs necessary to carry out this section.

7 (c) DEFINITIONS.—In this section:

8 (1) EMBODIED CARBON.—The term “embodied
9 carbon” means the quantity of greenhouse gas (as
10 defined in section 211(o)(1)(G) of the Clean Air Act
11 (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date
12 of enactment of this Act)) emissions associated with
13 all relevant stages of production of a material or
14 product, measured in kilograms of carbon dioxide-
15 equivalent per unit of such material or product.

16 (2) ENVIRONMENTAL PRODUCT DECLARA-
17 TION.—The term “environmental product declara-
18 tion” means a document that reports the environ-
19 mental impact of a material or product that—

20 (A) includes measurement of the embodied
21 carbon of the material or product;

22 (B) conforms with international standards,
23 such as a Type III environmental product dec-
24 laration, as defined by the International Orga-

1 nization for Standardization standard 14025;
2 and

3 (C) is developed in accordance with any
4 standardized reporting criteria specified by the
5 Administrator of the Environmental Protection
6 Agency.

7 (3) STATE.—The term “State” has the mean-
8 ing given to that term in section 302(d) of the Clean
9 Air Act (42 U.S.C. 7602(d)).

10 **SEC. 60113. METHANE EMISSIONS REDUCTION PROGRAM.**

11 The Clean Air Act is amended by inserting after sec-
12 tion 135 of such Act, as added by section 60107 of this
13 Act, the following:

14 **“SEC. 136. METHANE EMISSIONS AND WASTE REDUCTION**
15 **INCENTIVE PROGRAM FOR PETROLEUM AND**
16 **NATURAL GAS SYSTEMS.**

17 “(a) INCENTIVES FOR METHANE MITIGATION AND
18 MONITORING.—In addition to amounts otherwise avail-
19 able, there is appropriated to the Administrator for fiscal
20 year 2022, out of any money in the Treasury not otherwise
21 appropriated, \$850,000,000, to remain available until
22 September 30, 2028—

23 “(1) for grants, rebates, contracts, loans, and
24 other activities of the Environmental Protection
25 Agency for the purposes of providing financial and

1 technical assistance to owners and operators of ap-
2 plicable facilities to prepare and submit greenhouse
3 gas reports under subpart W of part 98 of title 40,
4 Code of Federal Regulations;

5 “(2) for grants, rebates, contracts, loans, and
6 other activities of the Environmental Protection
7 Agency authorized under subsections (a) through (c)
8 of section 103 for methane emissions monitoring;

9 “(3) for grants, rebates, contracts, loans, and
10 other activities of the Environmental Protection
11 Agency for the purposes of providing financial and
12 technical assistance to reduce methane and other
13 greenhouse gas emissions from petroleum and nat-
14 ural gas systems, mitigate legacy air pollution from
15 petroleum and natural gas systems, and provide sup-
16 port for communities, including funding for—

17 “(A) improving climate resiliency of com-
18 munities and petroleum and natural gas sys-
19 tems;

20 “(B) improving and deploying industrial
21 equipment and processes that reduce methane
22 and other greenhouse gas emissions and waste;

23 “(C) supporting innovation in reducing
24 methane and other greenhouse gas emissions

1 and waste from petroleum and natural gas sys-
2 tems;

3 “(D) permanently shutting in and plugging
4 wells on non-Federal land;

5 “(E) mitigating health effects of methane
6 and other greenhouse gas emissions, and legacy
7 air pollution from petroleum and natural gas
8 systems in low-income and disadvantaged com-
9 munities; and

10 “(F) supporting environmental restoration;
11 and

12 “(4) to cover all direct and indirect costs re-
13 quired to administer this section, including the costs
14 of implementing the waste emissions charge under
15 subsection (c), preparing inventories, gathering em-
16 pirical data, and tracking emissions.

17 “(b) INCENTIVES FOR METHANE MITIGATION FROM
18 CONVENTIONAL WELLS.—In addition to amounts other-
19 wise available, there is appropriated to the Administrator
20 for fiscal year 2022, out of any money in the Treasury
21 not otherwise appropriated, \$700,000,000, to remain
22 available until September 30, 2028, for activities described
23 in paragraphs (1) through (4) of subsection (a) at mar-
24 ginal conventional wells.

1 “(c) WASTE EMISSIONS CHARGE.—The Adminis-
2 trator shall impose and collect a charge on methane emis-
3 sions that exceed an applicable waste emissions threshold
4 under subsection (f) from an owner or operator of an ap-
5 plicable facility that reports more than 25,000 metric tons
6 of carbon dioxide equivalent of greenhouse gases emitted
7 per year pursuant to subpart W of part 98 of title 40,
8 Code of Federal Regulations, regardless of the reporting
9 threshold under that subpart.

10 “(d) APPLICABLE FACILITY.—For purposes of this
11 section, the term ‘applicable facility’ means a facility with-
12 in the following industry segments, as defined in subpart
13 W of part 98 of title 40, Code of Federal Regulations:

14 “(1) Offshore petroleum and natural gas pro-
15 duction.

16 “(2) Onshore petroleum and natural gas pro-
17 duction.

18 “(3) Onshore natural gas processing.

19 “(4) Onshore natural gas transmission com-
20 pression.

21 “(5) Underground natural gas storage.

22 “(6) Liquefied natural gas storage.

23 “(7) Liquefied natural gas import and export
24 equipment.

1 “(8) Onshore petroleum and natural gas gath-
2 ering and boosting.

3 “(9) Onshore natural gas transmission pipeline.

4 “(e) CHARGE AMOUNT.—The amount of a charge
5 under subsection (c) for an applicable facility shall be
6 equal to the product obtained by multiplying—

7 “(1) the number of metric tons of methane
8 emissions reported pursuant to subpart W of part
9 98 of title 40, Code of Federal Regulations, for the
10 applicable facility that exceed the applicable annual
11 waste emissions threshold listed in subsection (f)
12 during the previous reporting period; and

13 “(2)(A) \$900 for emissions reported for cal-
14 endar year 2024;

15 “(B) \$1,200 for emissions reported for calendar
16 year 2025; or

17 “(C) \$1,500 for emissions reported for calendar
18 year 2026 and each year thereafter.

19 “(f) WASTE EMISSIONS THRESHOLD.—

20 “(1) PETROLEUM AND NATURAL GAS PRODUC-
21 TION.—With respect to imposing and collecting the
22 charge under subsection (c) for an applicable facility
23 in an industry segment listed in paragraph (1) or
24 (2) of subsection (d), the Administrator shall impose
25 and collect the charge on the reported metric tons

1 of methane emissions from such facility that ex-
2 ceed—

3 “(A) 0.20 percent of the natural gas sent
4 to sale from such facility; or

5 “(B) 10 metric tons of methane per million
6 barrels of oil sent to sale from such facility, if
7 such facility sent no natural gas to sale.

8 “(2) NONPRODUCTION PETROLEUM AND NAT-
9 URAL GAS SYSTEMS.—With respect to imposing and
10 collecting the charge under subsection (c) for an ap-
11 plicable facility in an industry segment listed in
12 paragraph (3), (6), (7), or (8) of subsection (d), the
13 Administrator shall impose and collect the charge on
14 the reported metric tons of methane emissions that
15 exceed 0.05 percent of the natural gas sent to sale
16 from such facility.

17 “(3) NATURAL GAS TRANSMISSION.—With re-
18 spect to imposing and collecting the charge under
19 subsection (c) for an applicable facility in an indus-
20 try segment listed in paragraph (4), (5), or (9) of
21 subsection (d), the Administrator shall impose and
22 collect the charge on the reported metric tons of
23 methane emissions that exceed 0.11 percent of the
24 natural gas sent to sale from such facility.

1 “(4) COMMON OWNERSHIP OR CONTROL.—In
2 calculating the total emissions charge obligation for
3 facilities under common ownership or control, the
4 Administrator shall allow for the netting of emis-
5 sions by reducing the total obligation to account for
6 facility emissions levels that are below the applicable
7 thresholds within and across all applicable segments
8 identified in subsection (d).

9 “(5) EXEMPTION.—Charges shall not be im-
10 posed pursuant to paragraph (1) on emissions that
11 exceed the waste emissions threshold specified in
12 such paragraph if such emissions are caused by un-
13 reasonable delay, as determined by the Adminis-
14 trator, in environmental permitting of gathering or
15 transmission infrastructure necessary for offtake of
16 increased volume as a result of methane emissions
17 mitigation implementation.

18 “(6) EXEMPTION FOR REGULATORY COMPLI-
19 ANCE.—

20 “(A) IN GENERAL.—Charges shall not be
21 imposed pursuant to subsection (c) on an appli-
22 cable facility that is subject to and in compli-
23 ance with methane emissions requirements pur-
24 suant to subsections (b) and (d) of section 111

1 upon a determination by the Administrator
2 that—

3 “(i) methane emissions standards and
4 plans pursuant to subsections (b) and (d)
5 of section 111 have been approved and are
6 in effect in all States with respect to the
7 applicable facilities; and

8 “(ii) compliance with the requirements
9 described in clause (i) will result in equiva-
10 lent or greater emissions reductions as
11 would be achieved by the proposed rule of
12 the Administrator entitled ‘Standards of
13 Performance for New, Reconstructed, and
14 Modified Sources and Emissions Guide-
15 lines for Existing Sources: Oil and Natural
16 Gas Sector Climate Review’ (86 Fed. Reg.
17 63110 (November 15, 2021)), if such rule
18 had been finalized and implemented.

19 “(B) RESUMPTION OF CHARGE.—If the
20 conditions in clause (i) or (ii) of subparagraph
21 (A) cease to apply after the Administrator has
22 made the determination in that subparagraph,
23 the applicable facility will again be subject to
24 the charge under subsection (c) beginning in
25 the first calendar year in which the conditions

1 in either clause (i) or (ii) of that subparagraph
2 are no longer met.

3 “(7) PLUGGED WELLS.—Charges shall not be
4 imposed with respect to the emissions rate from any
5 well that has been permanently shut-in and plugged
6 in the previous year in accordance with all applicable
7 closure requirements, as determined by the Adminis-
8 trator.

9 “(g) PERIOD.—The charge under subsection (c) shall
10 be imposed and collected beginning with respect to emis-
11 sions reported for calendar year 2024 and for each year
12 thereafter.

13 “(h) IMPLEMENTATION.—In addition to other au-
14 thorities in this Act addressing air pollution from the oil
15 and natural gas sectors, the Administrator may issue
16 guidance or regulations as necessary to carry out this sec-
17 tion.

18 “(i) REPORTING.—Not later than 2 years after the
19 date of enactment of this section, and as necessary there-
20 after, the Administrator shall revise the requirements of
21 subpart W of part 98 of title 40, Code of Federal Regula-
22 tions, to ensure the reporting under such subpart, and cal-
23 culation of charges under subsections (e) and (f) of this
24 section, are based on empirical data, including data col-
25 lected pursuant to subsection (a)(4), accurately reflect the

1 total methane emissions and waste emissions from the ap-
2 plicable facilities, and allow owners and operators of appli-
3 cable facilities to submit empirical emissions data, in a
4 manner to be prescribed by the Administrator, to dem-
5 onstrate the extent to which a charge under subsection
6 (c) is owed.

7 “(j) LIABILITY FOR CHARGE PAYMENT.—Except as
8 established under this section, a facility owner or opera-
9 tor’s liability for payment of the charge under subsection
10 (c) is not affected in any way by emission standards, per-
11 mit fees, penalties, or other requirements under this Act
12 or any other legal authorities.

13 “(k) DEFINITION OF GREENHOUSE GAS.—In this
14 section, the term ‘greenhouse gas’ has the meaning given
15 the term in section 211(o)(1)(G) (as in effect on the date
16 of enactment of this section).”.

17 **SEC. 60114. CLIMATE POLLUTION REDUCTION GRANTS.**

18 The Clean Air Act is amended by inserting after sec-
19 tion 136 of such Act, as added by section 60113 of this
20 Act, the following:

21 **“SEC. 137. GREENHOUSE GAS AIR POLLUTION PLANS AND**
22 **IMPLEMENTATION GRANTS.**

23 “(a) APPROPRIATIONS.—

24 “(1) GREENHOUSE GAS AIR POLLUTION PLAN-
25 NING GRANTS.—In addition to amounts otherwise

1 available, there is appropriated to the Administrator
2 for fiscal year 2022, out of any amounts in the
3 Treasury not otherwise appropriated, \$250,000,000,
4 to remain available until September 30, 2031, to
5 carry out subsection (b).

6 “(2) GREENHOUSE GAS AIR POLLUTION IMPLE-
7 MENTATION GRANTS.—In addition to amounts other-
8 wise available, there is appropriated to the Adminis-
9 trator for fiscal year 2022, out of any amounts in
10 the Treasury not otherwise appropriated,
11 \$4,750,000,000, to remain available until September
12 30, 2026, to carry out subsection (c).

13 “(3) ADMINISTRATIVE COSTS.—Of the funds
14 made available under paragraph (2), the Adminis-
15 trator shall reserve 3 percent for administrative
16 costs necessary to carry out this section, including
17 providing technical assistance to eligible entities, de-
18 veloping a plan that could be used as a model by
19 grantees in developing a plan under subsection (b),
20 and modeling the effects of plans described in this
21 section.

22 “(b) GREENHOUSE GAS AIR POLLUTION PLANNING
23 GRANTS.—The Administrator shall make a grant to at
24 least one eligible entity in each State for the costs of devel-
25 oping a plan for the reduction of greenhouse gas air pollu-

1 tion to be submitted with an application for a grant under
2 subsection (c). Each such plan shall include programs,
3 policies, measures, and projects that will achieve or facili-
4 tate the reduction of greenhouse gas air pollution. Not
5 later than 270 days after the date of enactment of this
6 section, the Administrator shall publish a funding oppor-
7 tunity announcement for grants under this subsection.

8 “(c) GREENHOUSE GAS AIR POLLUTION REDUCTION
9 IMPLEMENTATION GRANTS.—

10 “(1) IN GENERAL.—The Administrator shall
11 competitively award grants to eligible entities to im-
12 plement plans developed under subsection (b).

13 “(2) APPLICATION.—To apply for a grant
14 under this subsection, an eligible entity shall submit
15 to the Administrator an application at such time, in
16 such manner, and containing such information as
17 the Administrator shall require, which such applica-
18 tion shall include information regarding—

19 “(A) the degree to which greenhouse gas
20 air pollution is projected to be reduced, includ-
21 ing with respect to low-income and disadvan-
22 taged communities; and

23 “(B) the quantifiability, specificity,
24 additionality, permanence, and verifiability of

1 such projected greenhouse gas air pollution re-
2 duction.

3 “(3) TERMS AND CONDITIONS.—The Adminis-
4 trator shall make funds available to a grantee under
5 this subsection in such amounts, upon such a sched-
6 ule, and subject to such conditions based on its per-
7 formance in implementing its plan submitted under
8 this section and in achieving projected greenhouse
9 gas air pollution reduction, as determined by the Ad-
10 ministrators.

11 “(d) DEFINITIONS.—In this section:

12 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
13 tity’ means—

14 “(A) a State;

15 “(B) an air pollution control agency;

16 “(C) a municipality;

17 “(D) an Indian tribe; and

18 “(E) a group of one or more entities listed
19 in subparagraphs (A) through (D).

20 “(2) GREENHOUSE GAS.—The term ‘greenhouse
21 gas’ has the meaning given the term in section
22 211(o)(1)(G) (as in effect on the date of enactment
23 of this section).”.

1 **SEC. 60115. ENVIRONMENTAL PROTECTION AGENCY EFFI-**
2 **CIENT, ACCURATE, AND TIMELY REVIEWS.**

3 In addition to amounts otherwise available, there is
4 appropriated to the Environmental Protection Agency for
5 fiscal year 2022, out of any money in the Treasury not
6 otherwise appropriated, \$40,000,000, to remain available
7 until September 30, 2026, to provide for the development
8 of efficient, accurate, and timely reviews for permitting
9 and approval processes through the hiring and training
10 of personnel, the development of programmatic docu-
11 ments, the procurement of technical or scientific services
12 for reviews, the development of environmental data or in-
13 formation systems, stakeholder and community engage-
14 ment, the purchase of new equipment for environmental
15 analysis, and the development of geographic information
16 systems and other analysis tools, techniques, and guidance
17 to improve agency transparency, accountability, and public
18 engagement.

19 **SEC. 60116. LOW-EMBODIED CARBON LABELING FOR CON-**
20 **STRUCTION MATERIALS.**

21 (a) IN GENERAL.—In addition to amounts otherwise
22 available, there is appropriated to the Administrator of the
23 Environmental Protection Agency for fiscal year 2022, out
24 of any money in the Treasury not otherwise appropriated,
25 \$100,000,000, to remain available until September 30,
26 2026, for necessary administrative costs of the Adminis-

1 trator of the Environmental Protection Agency to carry
2 out this section and to develop and carry out a program,
3 in consultation with the Administrator of the Federal
4 Highway Administration for construction materials used
5 in transportation projects and the Administrator of Gen-
6 eral Services for construction materials used for Federal
7 buildings, to identify and label low-embodied carbon con-
8 struction materials and products based on—

9 (1) environmental product declarations;

10 (2) determinations of the California Depart-
11 ment of General Services Procurement Division, in
12 consultation with the California Air Resources
13 Board; or

14 (3) determinations by other State agencies, as
15 verified by the Administrator of the Environmental
16 Protection Agency.

17 (b) DEFINITIONS.—In this section:

18 (1) EMBODIED CARBON.—The term “embodied
19 carbon” means the quantity of greenhouse gas (as
20 defined in section 211(o)(1)(G) of the Clean Air Act
21 (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date
22 of enactment of this Act)) emissions associated with
23 all relevant stages of production of a material or
24 product, measured in kilograms of carbon dioxide-
25 equivalent per unit of such material or product.

1 (2) ENVIRONMENTAL PRODUCT DECLARA-
2 TION.—The term “environmental product declara-
3 tion” means a document that reports the environ-
4 mental impact of a material or product that—

5 (A) includes measurement of the embodied
6 carbon of the material or product;

7 (B) conforms with international standards,
8 such as a Type III environmental product dec-
9 laration as defined by the International Organi-
10 zation for Standardization standard 14025; and

11 (C) is developed in accordance with any
12 standardized reporting criteria specified by the
13 Administrator of the Environmental Protection
14 Agency.

15 (3) LOW-EMBODIED CARBON CONSTRUCTION
16 MATERIALS AND PRODUCTS.—The term “low-em-
17 bodied carbon construction materials and products”
18 means construction materials and products identified
19 by the Administrator of the Environmental Protec-
20 tion Agency as having substantially lower levels of
21 embodied carbon as compared to estimated industry
22 averages of similar materials or products.

1 **Subtitle B—Hazardous Materials**

2 **SEC. 60201. ENVIRONMENTAL AND CLIMATE JUSTICE**

3 **BLOCK GRANTS.**

4 The Clean Air Act is amended by inserting after sec-
5 tion 137, as added by subtitle A of this title, the following:

6 **“SEC. 138. ENVIRONMENTAL AND CLIMATE JUSTICE BLOCK** 7 **GRANTS.**

8 “(a) APPROPRIATION.—In addition to amounts oth-
9 erwise available, there is appropriated to the Adminis-
10 trator for fiscal year 2022, out of any money in the Treas-
11 ury not otherwise appropriated—

12 “(1) \$2,800,000,000 to remain available until
13 September 30, 2026, to award grants for the activi-
14 ties described in subsection (b); and

15 “(2) \$200,000,000 to remain available until
16 September 30, 2026, to provide technical assistance
17 to eligible entities related to grants awarded under
18 this section.

19 “(b) GRANTS.—

20 “(1) IN GENERAL.—The Administrator shall
21 use amounts made available under subsection (a)(1)
22 to award grants for periods of up to 3 years to eligi-
23 ble entities to carry out activities described in para-
24 graph (2) that benefit disadvantaged communities,
25 as defined by the Administrator.

1 “(2) ELIGIBLE ACTIVITIES.—An eligible entity
2 may use a grant awarded under this subsection
3 for—

4 “(A) community-led air and other pollution
5 monitoring, prevention, and remediation, and
6 investments in low- and zero-emission and resil-
7 ient technologies and related infrastructure and
8 workforce development that help reduce green-
9 house gas (as defined in section 211(o)(1)(G)
10 (as in effect on the date of enactment of this
11 section)) emissions and other air pollutants;

12 “(B) mitigating climate and health risks
13 from urban heat islands, extreme heat, wood
14 heater emissions, and wildfire events;

15 “(C) climate resiliency and adaptation;

16 “(D) reducing indoor toxics and indoor air
17 pollution; or

18 “(E) facilitating engagement of disadvan-
19 taged communities in State and Federal public
20 processes, including facilitating such engage-
21 ment in advisory groups, workshops, and
22 rulemakings.

23 “(3) ELIGIBLE ENTITIES.—In this subsection,
24 the term ‘eligible entity’ means—

25 “(A) a partnership between—

1 “(i) an Indian tribe, a local govern-
2 ment, or an institution of higher education;
3 and

4 “(ii) a community-based nonprofit or-
5 ganization;

6 “(B) a community-based nonprofit organi-
7 zation; or

8 “(C) a partnership of community-based
9 nonprofit organizations.

10 “(c) ADMINISTRATIVE COSTS.—The Administrator
11 shall reserve 7 percent of the amounts made available
12 under subsection (a) for administrative costs to carry out
13 this section.”.

14 **Subtitle C—United States Fish and**
15 **Wildlife Service**

16 **SEC. 60301. ENDANGERED SPECIES ACT RECOVERY PLANS.**

17 In addition to amounts otherwise available, there is
18 appropriated to the United States Fish and Wildlife Serv-
19 ice for fiscal year 2022, out of any money in the Treasury
20 not otherwise appropriated, \$125,000,000, to remain
21 available until expended, for the purposes of developing
22 and implementing recovery plans under paragraphs (1),
23 (3), and (4) of subsection (f) of section 4 of the Endan-
24 gered Species Act of 1973 (16 U.S.C. 1533(f)).

1 **SEC. 60302. FUNDING FOR THE UNITED STATES FISH AND**
2 **WILDLIFE SERVICE TO ADDRESS CLIMATE-IN-**
3 **DUCED WEATHER EVENTS.**

4 (a) **IN GENERAL.**—In addition to amounts otherwise
5 available, there is appropriated to the United States Fish
6 and Wildlife Service for fiscal year 2022, out of any money
7 in the Treasury not otherwise appropriated,
8 \$121,250,000, to remain available until September 30,
9 2026, to make direct expenditures, award grants, and
10 enter into contracts and cooperative agreements for the
11 purposes of rebuilding and restoring units of the National
12 Wildlife Refuge System and State wildlife management
13 areas, including by—

- 14 (1) addressing the threat of invasive species;
15 (2) increasing the resiliency and capacity of
16 habitats and infrastructure to withstand climate-in-
17 duced weather events; and
18 (3) reducing the amount of damage caused by
19 climate-induced weather events.

20 (b) **ADMINISTRATIVE COSTS.**—In addition to
21 amounts otherwise available, there is appropriated to the
22 United States Fish and Wildlife Service for fiscal year
23 2022, out of any money in the Treasury not otherwise ap-
24 propriated, \$3,750,000, to remain available until Sep-
25 tember 30, 2026, for necessary administrative expenses
26 associated with carrying out this section.

1 **Subtitle D—Council on**
2 **Environmental Quality**

3 **SEC. 60401. ENVIRONMENTAL AND CLIMATE DATA COLLEC-**
4 **TION.**

5 In addition to amounts otherwise available, there is
6 appropriated to the Chair of the Council on Environmental
7 Quality for fiscal year 2022, out of any money in the
8 Treasury not otherwise appropriated, \$32,500,000, to re-
9 main available until September 30, 2026—

10 (1) to support data collection efforts relating
11 to—

12 (A) disproportionate negative environ-
13 mental harms and climate impacts; and

14 (B) cumulative impacts of pollution and
15 temperature rise;

16 (2) to establish, expand, and maintain efforts to
17 track disproportionate burdens and cumulative im-
18 pacts, including academic and workforce support for
19 analytics and informatics infrastructure and data
20 collection systems; and

21 (3) to support efforts to ensure that any map-
22 ping or screening tool is accessible to community-
23 based organizations and community members.

1 **SEC. 60402. COUNCIL ON ENVIRONMENTAL QUALITY EFFI-**
2 **CIENT AND EFFECTIVE ENVIRONMENTAL RE-**
3 **VIEWS.**

4 In addition to amounts otherwise available, there is
5 appropriated to the Chair of the Council on Environmental
6 Quality for fiscal year 2022, out of any money in the
7 Treasury not otherwise appropriated, \$30,000,000, to re-
8 main available until September 30, 2026, to carry out the
9 Council on Environmental Quality’s functions and for the
10 purposes of training personnel, developing programmatic
11 environmental documents, and developing tools, guidance,
12 and techniques to improve stakeholder and community en-
13 gagement.

14 **Subtitle E—Transportation and**
15 **Infrastructure**

16 **SEC. 60501. NEIGHBORHOOD ACCESS AND EQUITY GRANT**
17 **PROGRAM.**

18 (a) IN GENERAL.—Chapter 1 of title 23, United
19 States Code, is further amended by adding at the end the
20 following:

21 **“§ 178. Neighborhood access and equity grant pro-**
22 **gram**

23 “(a) IN GENERAL.—In addition to amounts other-
24 wise available, there is appropriated for fiscal year 2022,
25 out of any money in the Treasury not otherwise appro-
26 priated, \$1,893,000,000, to remain available until Sep-

1 tember 30, 2026, to the Administrator of the Federal
2 Highway Administration for competitive grants to eligible
3 entities described in subsection (b)—

4 “(1) to improve walkability, safety, and afford-
5 able transportation access through construction of
6 projects that are context-sensitive—

7 “(A) to remove, remediate, or reuse a facil-
8 ity described in subsection (c)(1);

9 “(B) to replace a facility described in sub-
10 section (c)(1) with a facility that is at-grade or
11 lower speed;

12 “(C) to retrofit or cap a facility described
13 in subsection (c)(1);

14 “(D) to build or improve complete streets,
15 multiuse trails, regional greenways, or active
16 transportation networks and spines; or

17 “(E) to provide affordable access to essen-
18 tial destinations, public spaces, or transpor-
19 tation links and hubs;

20 “(2) to mitigate or remediate negative impacts
21 on the human or natural environment resulting from
22 a facility described in subsection (c)(2) in a dis-
23 advantaged or underserved community, including
24 construction of—

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1 “(A) noise barriers to reduce impacts re-
2 sulting from a facility described in subsection
3 (c)(2);

4 “(B) technologies, infrastructure, and ac-
5 tivities to reduce surface transportation-related
6 air pollution, including greenhouse gas emis-
7 sions;

8 “(C) infrastructure or protective features
9 to reduce or manage stormwater run-off result-
10 ing from a facility described in subsection
11 (c)(2), including through natural infrastructure
12 and pervious, permeable, or porous pavement;

13 “(D) infrastructure and natural features to
14 reduce or mitigate urban heat island hot spots
15 in the transportation right-of-way or on surface
16 transportation facilities; or

17 “(E) safety improvements for vulnerable
18 road users; and

19 “(3) for planning and capacity building activi-
20 ties in disadvantaged or underserved communities
21 to—

22 “(A) identify, monitor, or assess local and
23 ambient air quality, emissions of transportation
24 greenhouse gases, hot spot areas of extreme
25 heat or elevated air pollution, gaps in tree can-

1 copy coverage, or flood prone transportation in-
2 frastructure;

3 “(B) assess transportation equity or pollu-
4 tion impacts and develop local anti-displacement
5 policies and community benefit agreements;

6 “(C) conduct predevelopment activities for
7 projects eligible under this subsection;

8 “(D) expand public participation in trans-
9 portation planning by individuals and organiza-
10 tions in disadvantaged or underserved commu-
11 nities; or

12 “(E) administer or obtain technical assist-
13 ance related to activities described in this sub-
14 section.

15 “(b) ELIGIBLE ENTITIES DESCRIBED.—An eligible
16 entity referred to in subsection (a) is—

17 “(1) a State;

18 “(2) a unit of local government;

19 “(3) a political subdivision of a State;

20 “(4) an entity described in section
21 207(m)(1)(E);

22 “(5) a territory of the United States;

23 “(6) a special purpose district or public author-
24 ity with a transportation function;

1 “(7) a metropolitan planning organization (as
2 defined in section 134(b)(2)); or

3 “(8) with respect to a grant described in sub-
4 section (a)(3), in addition to an eligible entity de-
5 scribed in paragraphs (1) through (7), a nonprofit
6 organization or institution of higher education that
7 has entered into a partnership with an eligible entity
8 described in paragraphs (1) through (7).

9 “(c) FACILITY DESCRIBED.—A facility referred to in
10 subsection (a) is—

11 “(1) a surface transportation facility for which
12 high speeds, grade separation, or other design fac-
13 tors create an obstacle to connectivity within a com-
14 munity; or

15 “(2) a surface transportation facility which is a
16 source of air pollution, noise, stormwater, or other
17 burden to a disadvantaged or underserved commu-
18 nity.

19 “(d) INVESTMENT IN ECONOMICALLY DISADVAN-
20 TAGED COMMUNITIES.—

21 “(1) IN GENERAL.—In addition to amounts
22 otherwise available, there is appropriated for fiscal
23 year 2022, out of any money in the Treasury not
24 otherwise appropriated, \$1,109,950,000, to remain
25 available until September 30, 2026, to the Adminis-

1 trator of the Federal Highway Administration to
2 provide grants for projects in communities described
3 in paragraph (2) for the same purposes and admin-
4 istered in the same manner as described in sub-
5 section (a).

6 “(2) COMMUNITIES DESCRIBED.—A community
7 referred to in paragraph (1) is a community that—

8 “(A) is economically disadvantaged, includ-
9 ing an underserved community or a community
10 located in an area of persistent poverty;

11 “(B) has entered or will enter into a com-
12 munity benefits agreement with representatives
13 of the community;

14 “(C) has an anti-displacement policy, a
15 community land trust, or a community advisory
16 board in effect; or

17 “(D) has demonstrated a plan for employ-
18 ing local residents in the area impacted by the
19 activity or project proposed under this section.

20 “(e) ADMINISTRATION.—

21 “(1) IN GENERAL.—A project carried out under
22 subsection (a) or (d) shall be treated as a project on
23 a Federal-aid highway.

24 “(2) COMPLIANCE WITH EXISTING REQUIRE-
25 MENTS.—Funds made available for a grant under

1 this section and administered by or through a State
2 department of transportation shall be expended in
3 compliance with the U.S. Department of Transpor-
4 tation’s Disadvantaged Business Enterprise Pro-
5 gram.

6 “(f) COST SHARE.—The Federal share of the cost of
7 an activity carried out using a grant awarded under this
8 section shall be not more than 80 percent, except that the
9 Federal share of the cost of a project in a disadvantaged
10 or underserved community may be up to 100 percent.

11 “(g) TECHNICAL ASSISTANCE.—In addition to
12 amounts otherwise available, there is appropriated for fis-
13 cal year 2022, out of any money in the Treasury not other-
14 wise appropriated, \$42,150,000, to remain available until
15 September 30, 2026, to the Administrator of the Federal
16 Highway Administration for—

17 “(1) guidance, technical assistance, templates,
18 training, or tools to facilitate efficient and effective
19 contracting, design, and project delivery by units of
20 local government;

21 “(2) subgrants to units of local government to
22 build capacity of such units of local government to
23 assume responsibilities to deliver surface transpor-
24 tation projects; and

1 “(3) operations and administration of the Fed-
2 eral Highway Administration.

3 “(h) LIMITATIONS.—Amounts made available under
4 this section shall not—

5 “(1) be subject to any restriction or limitation
6 on the total amount of funds available for implemen-
7 tation or execution of programs authorized for Fed-
8 eral-aid highways; and

9 “(2) be used for a project for additional
10 through travel lanes for single-occupant passenger
11 vehicles.

12 “(i) DEFINITION OF GREENHOUSE GAS.—In this sec-
13 tion, the term ‘greenhouse gas’ has the meaning given the
14 term in section 211(o)(1)(G) of the Clean Air Act (42
15 U.S.C. 7545(o)(1)(G)) (as in effect on the date of enact-
16 ment of this section).”.

17 (b) CLERICAL AMENDMENT.—The analysis for chap-
18 ter 1 of title 23, United States Code, is further amended
19 by adding at the end the following:

 “178. Neighborhood access and equity grant program.”.

20 **SEC. 60502. ASSISTANCE FOR FEDERAL BUILDINGS.**

21 In addition to amounts otherwise available, there is
22 appropriated for fiscal year 2022, out of any money in
23 the Treasury not otherwise appropriated, \$250,000,000,
24 to remain available until September 30, 2031, to be depos-
25 ited in the Federal Buildings Fund established under sec-

1 tion 592 of title 40, United States Code, for measures nec-
2 essary to convert facilities of the Administrator of General
3 Services to high-performance green buildings (as defined
4 in section 401 of the Energy Independence and Security
5 Act of 2007 (42 U.S.C. 17061)).

6 **SEC. 60503. USE OF LOW-CARBON MATERIALS.**

7 (a) APPROPRIATION.—In addition to amounts other-
8 wise available, there is appropriated for fiscal year 2022,
9 out of any money in the Treasury not otherwise appro-
10 priated, \$2,150,000,000, to remain available until Sep-
11 tember 30, 2026, to be deposited in the Federal Buildings
12 Fund established under section 592 of title 40, United
13 States Code, to acquire and install low-embodied carbon
14 materials and products for use in the construction or alter-
15 ation of buildings under the jurisdiction, custody, and con-
16 trol of the General Services Administration.

17 (b) DEFINITIONS.—In this section:

18 (1) EMBODIED CARBON.—The term “embodied
19 carbon” means the quantity of greenhouse gas (as
20 defined in section 211(o)(1)(G) of the Clean Air Act
21 (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date
22 of enactment of this Act)) emissions associated with
23 all relevant stages of production of a material or
24 product, measured in kilograms of carbon dioxide-
25 equivalent per unit of such material or product.

1 (2) LOW-EMBODIED CARBON MATERIALS AND
2 PRODUCTS.—The term “low-embodied carbon mate-
3 rials and products” means materials and products
4 identified by the Administrator of the Environmental
5 Protection Agency as having substantially lower lev-
6 els of embodied carbon as compared to estimated in-
7 dustry averages of similar products or materials.

8 **SEC. 60504. GENERAL SERVICES ADMINISTRATION EMERG-**
9 **ING TECHNOLOGIES.**

10 In addition to amounts otherwise available, there is
11 appropriated to the Administrator of General Services for
12 fiscal year 2022, out of any money in the Treasury not
13 otherwise appropriated, \$975,000,000, to remain available
14 until September 30, 2026, to be deposited in the Federal
15 Buildings Fund established under section 592 of title 40,
16 United States Code, for emerging and sustainable tech-
17 nologies, and related sustainability and environmental pro-
18 grams.

19 **SEC. 60505. ENVIRONMENTAL REVIEW IMPLEMENTATION**
20 **FUNDS.**

21 (a) IN GENERAL.—Chapter 1 of title 23, United
22 States Code, is further amended by adding at the end the
23 following:

1 **“§ 179. Environmental review implementation funds**

2 “(a) ESTABLISHMENT.—In addition to amounts oth-
3 erwise available, for fiscal year 2022, there is appropriated
4 to the Administrator, out of any money in the Treasury
5 not otherwise appropriated, \$100,000,000, to remain
6 available until September 30, 2026, for the purpose of fa-
7 cilitating the development and review of documents for the
8 environmental review process for proposed projects, in-
9 cluding through—

10 “(1) the provision of guidance, technical assist-
11 ance, templates, training, or tools to facilitate an ef-
12 ficient and effective environmental review process for
13 surface transportation projects, including any ad-
14 ministrative expenses of the Federal Highway Ad-
15 ministration to conduct such activities; and

16 “(2) providing funds made available under this
17 subsection to eligible entities—

18 “(A) to build capacity of such eligible enti-
19 ties and facilitate the environmental review
20 process for proposed projects, including—

21 “(i) defining the scope or study areas;

22 “(ii) identifying impacts, mitigation
23 measures, and reasonable alternatives;

24 “(iii) preparing planning and environ-
25 mental studies and other documents prior
26 to and during the environmental review

1 process, for potential use in the environ-
2 mental review process in accordance with
3 applicable statutes and regulations;

4 “(iv) conducting public engagement
5 activities; and

6 “(v) carrying out other activities, in-
7 cluding permitting activities, as the Admin-
8 istrator determines to be appropriate, to
9 support the timely completion of an envi-
10 ronmental review process required for a
11 proposed project; and

12 “(B) for administrative expenses of the eli-
13 gible entity to conduct any of the activities de-
14 scribed in subparagraph (A).

15 “(b) COST SHARE.—

16 “(1) IN GENERAL.—The Federal share of the
17 cost of an activity carried out under this section by
18 an eligible entity shall be not more than 80 percent.

19 “(2) SOURCE OF FUNDS.—The non-Federal
20 share of the cost of an activity carried out under
21 this section by an eligible entity may be satisfied
22 using funds made available to the eligible entity
23 under any other Federal, State, or local grant pro-
24 gram, including funds made available to the eligible

1 entity under this title or administered by the U.S.
2 Department of Transportation.

3 “(c) DEFINITIONS.—In this section:

4 “(1) ADMINISTRATOR.—The term ‘Adminis-
5 trator’ means the Administrator of the Federal
6 Highway Administration.

7 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
8 tity’ means—

9 “(A) a State;

10 “(B) a unit of local government;

11 “(C) a political subdivision of a State;

12 “(D) a territory of the United States;

13 “(E) an entity described in section
14 207(m)(1)(E);

15 “(F) a recipient of funds under section
16 203; or

17 “(G) a metropolitan planning organization
18 (as defined in section 134(b)(2)).

19 “(3) ENVIRONMENTAL REVIEW PROCESS.—The
20 term ‘environmental review process’ has the meaning
21 given the term in section 139(a)(5).

22 “(4) PROPOSED PROJECT.—The term ‘proposed
23 project’ means a surface transportation project for
24 which an environmental review process is required.”.

1 (b) CLERICAL AMENDMENT.—The analysis for chap-
2 ter 1 of title 23, United States Code, is further amended
3 by adding at the end the following:

“179. Environmental review implementation funds.”.

4 **SEC. 60506. LOW-CARBON TRANSPORTATION MATERIALS**
5 **GRANTS.**

6 (a) IN GENERAL.—Chapter 1 of title 23, United
7 States Code, is further amended by adding at the end the
8 following:

9 **“§ 180. Low-carbon transportation materials grants**

10 “(a) FEDERAL HIGHWAY ADMINISTRATION APPRO-
11 PRIATION.—In addition to amounts otherwise available,
12 there is appropriated for fiscal year 2022, out of any
13 money in the Treasury not otherwise appropriated,
14 \$2,000,000,000, to remain available until September 30,
15 2026, to the Administrator to reimburse or provide incen-
16 tives to eligible recipients for the use of low-embodied car-
17 bon construction materials and products in projects, and
18 for the operations and administration of the Federal High-
19 way Administration to carry out this section.

20 “(b) REIMBURSEMENT OF INCREMENTAL COSTS; IN-
21 CENTIVES.—

22 “(1) IN GENERAL.—The Administrator shall,
23 subject to the availability of funds, either reimburse
24 or provide incentives to eligible recipients that use

1 low-embodied carbon construction materials and
2 products on a project funded under this title.

3 “(2) REIMBURSEMENT AND INCENTIVE
4 AMOUNTS.—

5 “(A) INCREMENTAL AMOUNT.—The
6 amount of reimbursement under paragraph (1)
7 shall be equal to the incrementally higher cost
8 of using such materials relative to the cost of
9 using traditional materials, as determined by
10 the eligible recipient and verified by the Admin-
11 istrator.

12 “(B) INCENTIVE AMOUNT.—The amount
13 of an incentive under paragraph (1) shall be
14 equal to 2 percent of the cost of using low-em-
15 bodied carbon construction materials and prod-
16 ucts on a project funded under this title.

17 “(3) FEDERAL SHARE.—If a reimbursement or
18 incentive is provided under paragraph (1), the total
19 Federal share payable for the project for which the
20 reimbursement or incentive is provided shall be up
21 to 100 percent.

22 “(4) LIMITATIONS.—

23 “(A) IN GENERAL.—The Administrator
24 shall only provide a reimbursement or incentive
25 under paragraph (1) for a project on a—

- 1 “(i) Federal-aid highway;
2 “(ii) tribal transportation facility;
3 “(iii) Federal lands transportation fa-
4 cility; or
5 “(iv) Federal lands access transpor-
6 tation facility.

7 “(B) OTHER RESTRICTIONS.—Amounts
8 made available under this section shall not be
9 subject to any restriction or limitation on the
10 total amount of funds available for implementa-
11 tion or execution of programs authorized for
12 Federal-aid highways.

13 “(C) SINGLE OCCUPANT PASSENGER VEHI-
14 CLES.—Funds made available under this sec-
15 tion shall not be used for projects that result in
16 additional through travel lanes for single occu-
17 pant passenger vehicles.

18 “(5) MATERIALS IDENTIFICATION.—The Ad-
19 ministrator shall review the low-embodied carbon
20 construction materials and products identified by the
21 Administrator of the Environmental Protection
22 Agency and shall identify low-embodied carbon con-
23 struction materials and products—

24 “(A) appropriate for use in projects eligible
25 under this title; and

1 “(B) eligible for reimbursement or incen-
2 tives under this section.

3 “(c) DEFINITIONS.—In this section:

4 “(1) ADMINISTRATOR.—The term ‘Adminis-
5 trator’ means the Administrator of the Federal
6 Highway Administration.

7 “(2) ELIGIBLE RECIPIENT.—The term ‘eligible
8 recipient’ means—

9 “(A) a State;

10 “(B) a unit of local government;

11 “(C) a political subdivision of a State;

12 “(D) a territory of the United States;

13 “(E) an entity described in section
14 207(m)(1)(E));

15 “(F) a recipient of funds under section
16 203;

17 “(G) a metropolitan planning organization
18 (as defined in section 134(b)(2)); or

19 “(H) a special purpose district or public
20 authority with a transportation function.

21 “(3) EMBODIED CARBON.—The term ‘embodied
22 carbon’ means the quantity of greenhouse gas (as
23 defined in section 211(o)(1)(G) of the Clean Air Act
24 (42 U.S.C. 7545(o)(1)(G)) (as in effect on the date
25 of enactment of this Act)) emissions associated with

1 all relevant stages of production of a material or
2 product, measured in kilograms of carbon dioxide-
3 equivalent per unit of such material or product.

4 “(4) LOW-EMBODIED CARBON CONSTRUCTION
5 MATERIALS AND PRODUCTS.—The term ‘low-em-
6 bodied carbon construction materials and products’
7 means construction materials and products identified
8 by the Administrator of the Environmental Protec-
9 tion Agency as having substantially lower levels of
10 embodied carbon as compared to estimated industry
11 averages of similar products or materials.”.

12 (b) CLERICAL AMENDMENT.—The analysis for chap-
13 ter 1 of title 23, United States Code, is further amended
14 by adding at the end the following:

“180. Low-carbon transportation materials grants.”.

15 **TITLE VII—COMMITTEE ON**
16 **HOMELAND SECURITY AND**
17 **GOVERNMENTAL AFFAIRS**

18 **SEC. 70001. DHS OFFICE OF CHIEF READINESS SUPPORT**
19 **OFFICER.**

20 In addition to the amounts otherwise available, there
21 is appropriated to the Secretary of Homeland Security for
22 fiscal year 2022, out of any money in the Treasury not
23 otherwise appropriated, \$500,000,000, to remain available
24 until September 30, 2028, for the Office of the Chief

1 Readiness Support Officer to carry out sustainability and
2 environmental programs.

3 **SEC. 70002. UNITED STATES POSTAL SERVICE CLEAN**
4 **FLEETS.**

5 In addition to amounts otherwise available, there is
6 appropriated to the United States Postal Service for fiscal
7 year 2022, out of any money in the Treasury not otherwise
8 appropriated, to be deposited into the Postal Service Fund
9 established under section 2003 of title 39, United States
10 Code, \$3,000,000,000, to remain available through Sep-
11 tember 30, 2031, for—

12 (1) the purchase of zero-emission delivery vehi-
13 cles; and

14 (2) the purchase, design, and installation of the
15 requisite infrastructure to support zero-emission de-
16 livery vehicles at facilities that the United States
17 Postal Service owns or leases from non-Federal enti-
18 ties.

19 **SEC. 70003. UNITED STATES POSTAL SERVICE OFFICE OF**
20 **INSPECTOR GENERAL.**

21 In addition to amounts otherwise available, there is
22 appropriated to the Office of Inspector General of the
23 United States Postal Service for fiscal year 2022, out of
24 any money in the Treasury not otherwise appropriated,
25 \$15,000,000, to remain available through September 30,

1 2031, to support oversight of United States Postal Service
2 activities implemented pursuant to this Act.

3 **SEC. 70004. GOVERNMENT ACCOUNTABILITY OFFICE OVER-**
4 **SIGHT.**

5 In addition to amounts otherwise available, there is
6 appropriated to the Comptroller General of the United
7 States for fiscal year 2022, out of any money in the Treas-
8 ury not otherwise appropriated, \$25,000,000, to remain
9 available until September 30, 2031, for necessary expenses
10 of the Government Accountability Office to support the
11 oversight of—

12 (1) the distribution and use of funds appro-
13 priated under this Act; and

14 (2) whether the economic, social, and environ-
15 mental impacts of the funds described in paragraph

16 (1) are equitable.

17 **SEC. 70005. OFFICE OF MANAGEMENT AND BUDGET OVER-**
18 **SIGHT.**

19 In addition to amounts otherwise available, there are
20 appropriated to the Director of the Office of Management
21 and Budget for fiscal year 2022, out of any money in the
22 Treasury not otherwise appropriated, \$25,000,000, to re-
23 main available until September 30, 2026, for necessary ex-
24 penses to—

25 (1) oversee the implementation of this Act; and

1 (2) track labor, equity, and environmental
2 standards and performance.

3 **SEC. 70006. FEMA BUILDING MATERIALS PROGRAM.**

4 Through September 30, 2026, the Administrator of
5 the Federal Emergency Management Agency may provide
6 financial assistance under sections 203(h), 404(a), and
7 406(b) of the Robert T. Stafford Disaster Relief and
8 Emergency Assistance Act (42 U.S.C. 5133(h), 42 U.S.C.
9 5170c(a), 42 U.S.C. 5172(b)) for—

10 (1) costs associated with low-carbon materials;

11 and

12 (2) incentives that encourage low-carbon and
13 net-zero energy projects, which may include an in-
14 crease in the Federal cost share for those projects.

15 **SEC. 70007. FEDERAL PERMITTING IMPROVEMENT STEER-**
16 **ING COUNCIL ENVIRONMENTAL REVIEW IM-**
17 **PROVEMENT FUND MANDATORY FUNDING.**

18 (a) IN GENERAL.—In addition to amounts otherwise
19 available, there is appropriated to the Environmental Re-
20 view Improvement Fund established by section
21 41009(d)(1) of the FAST Act (42 U.S.C. 4370m-
22 8(d)(1)), out of any money in the Treasury not otherwise
23 appropriated, \$70,000,000 for each of fiscal years 2022
24 through 2026.

1 (b) AVAILABILITY.—Notwithstanding section
2 41009(d)(2) of the FAST Act (42 U.S.C. 4370m–
3 8(d)(2)), funds appropriated under subsection (a) for a
4 fiscal year shall remain available for the following 5 fiscal
5 years.

6 **TITLE VIII—COMMITTEE ON**
7 **INDIAN AFFAIRS**

8 **SEC. 80001. TRIBAL CLIMATE RESILIENCE.**

9 (a) TRIBAL CLIMATE RESILIENCE AND ADAPTA-
10 TION.—In addition to amounts otherwise available, there
11 is appropriated to the Director of the Bureau of Indian
12 Affairs for fiscal year 2022, out of any money in the
13 Treasury not otherwise appropriated, \$220,000,000, to re-
14 main available until September 30, 2031, for Tribal cli-
15 mate resilience and adaptation programs.

16 (b) BUREAU OF INDIAN AFFAIRS FISH HATCH-
17 ERIES.—In addition to amounts otherwise available, there
18 is appropriated to the Director of the Bureau of Indian
19 Affairs for fiscal year 2022, out of any money in the
20 Treasury not otherwise appropriated, \$10,000,000, to re-
21 main available until September 30, 2031, for fish hatchery
22 operations and maintenance programs of the Bureau of
23 Indian Affairs.

24 (c) ADMINISTRATION.—In addition to amounts other-
25 wise available, there is appropriated to the Director of the

1 Bureau of Indian Affairs for fiscal year 2022, out of any
2 money in the Treasury not otherwise appropriated,
3 \$5,000,000, to remain available until September 30, 2031,
4 for the administrative costs of carrying out this section.

5 (d) COST-SHARING AND MATCHING REQUIRE-
6 MENTS.—None of the funds provided by this section shall
7 be subject to cost-sharing or matching requirements.

8 (e) SMALL AND NEEDY PROGRAM.—Amounts made
9 available under this section shall be excluded from the cal-
10 culation of funds received by those Tribal governments
11 that participate in the “Small and Needy” program.

12 (f) DISTRIBUTION; USE OF FUNDS.—Amounts made
13 available under this section that are distributed to Indian
14 Tribes and Tribal organizations for services pursuant to
15 a self-determination contract (as defined in subsection (j)
16 of section 4 of the Indian Self-Determination and Edu-
17 cation Assistance Act (25 U.S.C. 5304(j))) or a self-gov-
18 ernance compact entered into pursuant to subsection (a)
19 of section 404 of the Indian Self-Determination and Edu-
20 cation Assistance Act (25 U.S.C. 5364(a))—

21 (1) shall be distributed on a 1-time basis;

22 (2) shall not be part of the amount required by
23 subsections (a) through (b) of section 106 of the In-
24 dian Self-Determination and Education Assistance
25 Act (25 U.S.C. 5325(a)–(b)); and

1 (3) shall only be used for the purposes identi-
2 fied under the applicable subsection.

3 **SEC. 80002. NATIVE HAWAIIAN CLIMATE RESILIENCE.**

4 (a) NATIVE HAWAIIAN CLIMATE RESILIENCE AND
5 ADAPTATION.—In addition to amounts otherwise avail-
6 able, there is appropriated to the Senior Program Director
7 of the Office of Native Hawaiian Relations for fiscal year
8 2022, out of any money in the Treasury not otherwise ap-
9 propriated, \$23,500,000, to remain available until Sep-
10 tember 30, 2031, to carry out, through financial assist-
11 ance, technical assistance, direct expenditure, grants, con-
12 tracts, or cooperative agreements, climate resilience and
13 adaptation activities that serve the Native Hawaiian Com-
14 munity.

15 (b) ADMINISTRATION.—In addition to amounts oth-
16 erwise available, there is appropriated to the Senior Pro-
17 gram Director of the Office of Native Hawaiian Relations
18 for fiscal year 2022, out of any money in the Treasury
19 not otherwise appropriated, \$1,500,000, to remain avail-
20 able until September 30, 2031, for the administrative
21 costs of carrying out this section.

22 (c) COST-SHARING AND MATCHING REQUIRE-
23 MENTS.—None of the funds provided by this section shall
24 be subject to cost-sharing or matching requirements.

1 **SEC. 80003. TRIBAL ELECTRIFICATION PROGRAM.**

2 (a) TRIBAL ELECTRIFICATION PROGRAM.—In addi-
3 tion to amounts otherwise available, there is appropriated
4 to the Director of the Bureau of Indian Affairs for fiscal
5 year 2022, out of any money in the Treasury not otherwise
6 appropriated, \$145,500,000, to remain available until
7 September 30, 2031, for—

8 (1) the provision of electricity to unelectrified
9 Tribal homes through zero-emissions energy sys-
10 tems;

11 (2) transitioning electrified Tribal homes to
12 zero-emissions energy systems; and

13 (3) associated home repairs and retrofitting
14 necessary to install the zero-emissions energy sys-
15 tems authorized under paragraphs (1) and (2).

16 (b) ADMINISTRATION.—In addition to amounts oth-
17 erwise available, there is appropriated to the Director of
18 the Bureau of Indian Affairs for fiscal year 2022, out of
19 any money in the Treasury not otherwise appropriated,
20 \$4,500,000, to remain available until September 30, 2031,
21 for the administrative costs of carrying out this section.

22 (c) COST-SHARING AND MATCHING REQUIRE-
23 MENTS.—None of the funds provided by this section shall
24 be subject to cost-sharing or matching requirements.

25 (d) SMALL AND NEEDY PROGRAM.—Amounts made
26 available under this section shall be excluded from the cal-

1 culation of funds received by those Tribal governments
2 that participate in the “Small and Needy” program.

3 (e) DISTRIBUTION; USE OF FUNDS.—Amounts made
4 available under this section that are distributed to Indian
5 Tribes and Tribal organizations for services pursuant to
6 a self-determination contract (as defined in subsection (j)
7 of section 4 of the Indian Self-Determination and Edu-
8 cation Assistance Act (25 U.S.C. 5304(j))) or a self-gov-
9 ernance compact entered into pursuant to subsection (a)
10 of section 404 of the Indian Self-Determination and Edu-
11 cation Assistance Act (25 U.S.C. 5364(a))—

12 (1) shall be distributed on a 1-time basis;

13 (2) shall not be part of the amount required by
14 subsections (a) through (b) of section 106 of the In-
15 dian Self-Determination and Education Assistance
16 Act (25 U.S.C. 5325(a)–(b)); and

17 (3) shall only be used for the purposes identi-
18 fied under the applicable subsection.

19 **SEC. 80004. EMERGENCY DROUGHT RELIEF FOR TRIBES.**

20 (a) EMERGENCY DROUGHT RELIEF FOR TRIBES.—
21 In addition to amounts otherwise available, there is appro-
22 priated to the Commissioner of the Bureau of Reclamation
23 for fiscal year 2022, out of any money in the Treasury
24 not otherwise appropriated, \$12,500,000, to remain avail-
25 able until September 30, 2026, for near-term drought re-

1 lief actions to mitigate drought impacts for Indian Tribes
2 that are impacted by the operation of a Bureau of Rec-
3 lamation water project, including through direct financial
4 assistance to address drinking water shortages and to
5 mitigate the loss of Tribal trust resources.

6 (b) COST-SHARING AND MATCHING REQUIRE-
7 MENTS.—None of the funds provided by this section shall
8 be subject to cost-sharing or matching requirements.