

113TH CONGRESS  
1ST SESSION

# H. R. 3424

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for facilities using a qualified methane conversion technology to provide transportation fuels and chemicals.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 30, 2013

Mr. LARSON of Connecticut introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for facilities using a qualified methane conversion technology to provide transportation fuels and chemicals.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Converting Methane  
5       Into Petroleum Act of 2013”.

1 **SEC. 2. INCENTIVES FOR INNOVATIVE FUEL PRODUCTION**  
2 **THROUGH QUALIFIED METHANE CONVER-**  
3 **SION TECHNOLOGY.**

4 (a) INCLUSION OF QUALIFIED METHANE CONVER-  
5 SION TECHNOLOGY IN GASIFICATION PROJECT CREDIT.—

6 (1) IN GENERAL.—Paragraph (2) of section  
7 48B(c) of the Internal Revenue Code of 1986 is  
8 amended to read as follows:

9 “(2) GASIFICATION TECHNOLOGY.—The term  
10 ‘gasification technology’ means—

11 “(A) any process which converts a solid or  
12 liquid product from coal, petroleum residue,  
13 biomass, or other materials which are recovered  
14 for their energy or feedstock value into a syn-  
15 thesis gas composed primarily of carbon mon-  
16 oxide and hydrogen for direct use or subsequent  
17 chemical or physical conversion, and

18 “(B) any qualified methane conversion  
19 technology.”.

20 (2) QUALIFIED METHANE CONVERSION TECH-  
21 NOLOGY.—Subsection (c) of section 48B of such  
22 Code is amended by adding at the end the following  
23 new paragraph:

24 “(9) QUALIFIED METHANE CONVERSION TECH-  
25 NOLOGY.—

1           “(A) IN GENERAL.—The term ‘qualified  
2 methane conversion technology’ means a pro-  
3 cess consisting of the molecular conversion of  
4 methane into hydrocarbons, and the subsequent  
5 use of such hydrocarbons, if such hydrocarbons  
6 are principally intended to be used—

7           “(i) to replace or reduce the quantity  
8 of petroleum present in a fuel used in  
9 motor vehicles, motor vehicle engines,  
10 nonroad vehicles, nonroad engines, or air-  
11 craft if—

12           “(I) the lifecycle greenhouse gas  
13 emissions associated with the produc-  
14 tion and combustion is, on an ongoing  
15 basis, not more than such emissions  
16 from the equivalent conventional fuel  
17 produced from conventional petroleum  
18 sources,

19           “(II) the sulfur concentration is  
20 not more than 2 parts per million,  
21 and

22           “(III) such production is at a fa-  
23 cility which, during the taxable year,  
24 has an annual total production capaci-

1                   ity of not more than 150,000,000 gal-  
2                   lons of liquid transportation fuel, or

3                   “(ii) for the production of chemicals  
4                   (within the meaning of paragraph (7)(A)).

5                   “(B) PRIMARY PURPOSE OF FACILITY.—If  
6                   a facility uses qualified methane conversion  
7                   technology to produce both fuels and chemicals,  
8                   the requirements described in subparagraph  
9                   (A)(i) shall apply only if the primary use of the  
10                  facility is to produce fuels.

11                  “(C) EXCLUSION.—The term ‘qualified  
12                  methane conversion technology’ does not include  
13                  technology that is part of a facility the con-  
14                  struction of which begins after September 30,  
15                  2024.”.

16                  (3) INCREASE IN CREDIT AVAILABLE FOR  
17                  METHANE CONVERSION PROJECTS.—

18                  (A) IN GENERAL.—Paragraph (1) of sec-  
19                  tion 48B(d) of such Code is amended by strik-  
20                  ing “plus” at the end of subparagraph (A), by  
21                  striking the period at the end of subparagraph  
22                  (B) and inserting “, plus”, and by adding at  
23                  the end the following new subparagraph:

1           “(C) \$500,000,000 for qualifying gasifi-  
2           cation projects that rely primarily on qualified  
3           methane conversion technology.

4           No qualifying gasification project shall receive more  
5           than \$100,000,000 under the program.”.

6           (B) PERIOD OF ISSUANCE.—Paragraph (2)  
7           of section 48B(d) of such Code is amended to  
8           read as follows:

9           “(2) PERIOD OF ISSUANCE.—

10           “(A) IN GENERAL.—A certificate of eligi-  
11           bility under subparagraphs (A) and (B) of  
12           paragraph (1) may be issued only before Octo-  
13           ber 1, 2024.

14           “(B) QUALIFIED METHANE CONVERSION  
15           TECHNOLOGY.—A certificate of eligibility under  
16           subparagraph (C) of paragraph (1) may be  
17           issued only during the 10-fiscal year period be-  
18           ginning on the first October 1 which is on or  
19           after the date of the enactment of this para-  
20           graph.”.

21           (C) SELECTION PRIORITIES.—Paragraph  
22           (4) of section 48B(d) of such Code is amended  
23           to read as follows:

24           “(4) SELECTION PRIORITIES.—

1           “(A) IN GENERAL.—In determining which  
2           qualifying gasification projects, other than  
3           projects using qualified methane conversion  
4           technology, to certify under this section, the  
5           Secretary shall—

6                   “(i) give highest priority to projects  
7                   with the greatest separation and sequestra-  
8                   tion percentage of total carbon dioxide  
9                   emissions, and

10                   “(ii) give high priority to applicant  
11                   participants who have a research partner-  
12                   ship with an eligible educational institution  
13                   (as defined in section 529(e)(5)).

14           “(B) CHEMICALS PROJECTS USING QUALI-  
15           FIED METHANE CONVERSION TECHNOLOGY.—In  
16           determining which qualifying gasification  
17           projects that produce chemicals using qualified  
18           methane conversion technology to certify under  
19           this section, the Secretary shall give priority to  
20           projects involving a production process that has  
21           significant environmental benefits over the pro-  
22           duction of the same chemical from petroleum  
23           products.”.

24           (b) INCLUSION OF QUALIFIED METHANE CONVER-  
25           SION TECHNOLOGY IN ALTERNATIVE FUEL CREDIT.—

1 Paragraph (2) of section 6426(d) of the Internal Revenue  
2 Code of 1986 is amended by striking “and” at the end  
3 of subparagraph (F), by striking the period at the end  
4 of subparagraph (G) and inserting “, and”, and by adding  
5 at the end the following new subparagraph:

6                   “(H) liquid fuel produced through qualified  
7                   methane conversion technology (as defined in  
8                   section 48B(c)(9)(A)) at a facility the construc-  
9                   tion of which begins before October 1, 2024.”.

10           (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall take effect on the date of the enactment  
12 of this Act.

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