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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to impose an excise tax on the sale of perfluoroalkyl or polyfluoroalkyl substances, to establish a credit for expenditures paid or incurred for the removal of such substances from public water systems, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. SÁNCHEZ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to impose an excise tax on the sale of perfluoroalkyl or polyfluoroalkyl substances, to establish a credit for expenditures paid or incurred for the removal of such substances from public water systems, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “PFAS Cleanup Act”.

1 **SEC. 2. CONGRESSIONAL FINDINGS.**

2 The Congress finds the following:

3 (1) PFAS pollution results in significant health
4 harms and social costs, including—

5 (A) an estimated annual cost as high as
6 \$60,000,000,000 with respect to the impact of
7 such pollution on health, and

8 (B) an estimated cost of between
9 \$7,000,000 and \$30,000,000 per pound of such
10 pollution with respect to its removal from drink-
11 ing water.

12 (2) Raising revenues to partially address the
13 significant costs resulting from PFAS pollution
14 would complement other avenues for addressing such
15 costs, including regulatory efforts by States and
16 communities to hold PFAS polluters accountable.

17 **SEC. 3. PFAS EXCISE TAX IMPOSED.**

18 (a) IN GENERAL.—Chapter 38 of the Internal Rev-
19 enue Code of 1986 is amended by adding at the end the
20 following new subchapter:

21 **“Subchapter E—Tax on Perfluoroalkyl and**
22 **Polyfluoroalkyl Substances**

“Sec. 4691. Imposition of tax.

“Sec. 4692. Definitions and special rules.

1 **“SEC. 4691. IMPOSITION OF TAX.**

2 “(a) GENERAL RULE.—There is hereby imposed a
3 tax on any perfluoroalkyl or polyfluoroalkyl substance sold
4 by the manufacturer, producer, or importer thereof.

5 “(b) AMOUNT OF TAX.—The amount of tax imposed
6 by subsection (a) shall be equal to 45 percent of the price
7 for which the perfluoroalkyl or polyfluoroalkyl substance
8 is sold.

9 **“SEC. 4692. DEFINITIONS AND SPECIAL RULES.**

10 “(a) DEFINITIONS.—For purposes of this sub-
11 chapter—

12 “(1) PERFLUOROALKYL OR POLYFLUOROALKYL
13 SUBSTANCE.—The term ‘perfluoroalkyl or
14 polyfluoroalkyl substance’ means any man-made
15 chemical—

16 “(A) with at least one fully fluorinated car-
17 bon atom, and

18 “(B) which is manufactured or produced in
19 the United States or entered into the United
20 States for consumption, use, or warehousing.

21 “(2) UNITED STATES.—The term ‘United
22 States’ has the meaning given such term by section
23 4612(a)(4).

24 “(3) IMPORTER.—The term ‘importer’ means
25 the person entering the perfluoroalkyl or

1 polyfluoroalkyl substance for consumption, use, or
2 warehousing.

3 “(b) USE TREATED AS SALE.—If any person manu-
4 factures, produces, or imports any perfluoroalkyl or
5 polyfluoroalkyl substance and uses such substance, then
6 such person shall be liable for tax under section 4691 in
7 the same manner as if such substance were sold by such
8 person (at a price equal to the fair market value of such
9 substance).

10 “(c) DISPOSITION OF REVENUES FROM PUERTO
11 RICO AND THE VIRGIN ISLANDS.—The provisions of sub-
12 sections (a)(3) and (b)(3) of section 7652 shall not apply
13 to any tax imposed by section 4691.

14 “(d) REGULATIONS.—The Secretary, in consultation
15 with the Administrator of the Environmental Protection
16 Agency, shall prescribe such regulations or other guidance
17 as may be necessary or appropriate to carry out the pur-
18 poses of this subchapter.”.

19 (b) CLERICAL AMENDMENT.—The table of sub-
20 chapters for chapter 38 of such Code is amended by add-
21 ing after the item relating to subchapter D the following
22 new item:

“Subchapter E. Tax on perfluoroalkyl and polyfluoroalkyl substances.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply with respect to taxable years begin-
25 ning after December 31, 2026.

1 **SEC. 4. PFAS WATER REMEDIATION CREDIT ESTABLISHED.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 is amended by adding at the end the following new
5 section:

6 **“SEC. 45BB. PFAS WATER REMEDIATION CREDIT.**

7 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
8 tion 38, the PFAS water remediation credit for any tax-
9 able year is an amount equal to 25 percent of the qualified
10 PFAS water remediation expenditures paid or incurred by
11 the taxpayer during the taxable year.

12 “(b) QUALIFIED PFAS WATER REMEDIATION EX-
13 PENDITURES.—For purposes of this section—

14 “(1) IN GENERAL.—The term ‘qualified PFAS
15 water remediation expenditures’ means, with respect
16 to any public water system owned or operated by the
17 taxpayer, any expenditures paid or incurred by such
18 taxpayer for the removal of any perfluoroalkyl or
19 polyfluoroalkyl substance the presence of which with-
20 in such public water system is hazardously excessive.

21 “(2) HAZARDOUSLY EXCESSIVE.—For purposes
22 of paragraph (1), the presence of any perfluoroalkyl
23 or polyfluoroalkyl substance within a public water
24 system shall be treated as hazardously excessive if
25 the taxpayer establishes to the satisfaction of the
26 Secretary that the presence of such substance is in

1 excess of the maximum contaminant level (as de-
2 fined in section 1401(3) of the Safe Drinking Water
3 Act) promulgated by the Administrator of the Envi-
4 ronmental Protection Agency for such substance
5 pursuant to section 1412 of the Safe Drinking
6 Water Act.

7 “(3) PUBLIC WATER SYSTEM.—The term ‘pub-
8 lic water system’ has the meaning given such term
9 by section 1401(4) of the Safe Drinking Water Act.
10 Such term shall include any surface water system or
11 ground water system.

12 “(4) PERFLUOROALKYL OR POLYFLUOROALKYL
13 SUBSTANCE.—The term ‘perfluoroalkyl or
14 polyfluoroalkyl substance’ means any man-made
15 chemical with at least one fully fluorinated carbon
16 atom.

17 “(c) CONTROLLED GROUPS.—Rules similar to the
18 rules of paragraph (1) of section 41(f) shall apply for pur-
19 poses of this section.

20 “(d) REGULATIONS.—The Secretary, in consultation
21 with the Administrator of the Environmental Protection
22 Agency, shall prescribe such regulations or other guidance
23 as may be necessary or appropriate to carry out the pur-
24 poses of this section.”.

1 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
2 NESS CREDIT.—Section 38(b) of such Code is amended
3 by striking “plus” at the end of paragraph (40), by strik-
4 ing the period at the end of paragraph (41) and inserting
5 “, plus”, and by adding at the end the following new para-
6 graph:

7 “(42) the PFAS water remediation credit deter-
8 mined under section 45BB(a).”.

9 (c) ELECTIVE PAYMENT OF CREDIT.—Section
10 6417(b) of such Code is amended by redesignating para-
11 graphs (10) through (12) as paragraphs (11) through
12 (13), respectively, and by inserting after paragraph (9) the
13 following new paragraph:

14 “(10) The PFAS water remediation credit de-
15 termined under section 45BB(a).”.

16 (d) CLERICAL AMENDMENT.—The table of sections
17 for subpart D of part IV of subchapter A of chapter 1
18 of such Code is amended by adding after the item relating
19 to section 45AA the following new item:

“Sec. 45BB. PFAS water remediation credit.”.

20 (e) EFFECTIVE DATE.—The amendments made by
21 this section shall apply with respect to taxable years begin-
22 ning after December 31, 2026.