

[117H9396]



(Original Signature of Member)

118TH CONGRESS  
1ST SESSION**H. R.**

To amend the Internal Revenue Code of 1986 to promote the increased use of renewable natural gas, to reduce greenhouse gas emissions and other harmful transportation-related emissions that contribute to poor air quality, and to increase job creation and economic opportunity throughout the United States.

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**IN THE HOUSE OF REPRESENTATIVES**

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

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**A BILL**

To amend the Internal Revenue Code of 1986 to promote the increased use of renewable natural gas, to reduce greenhouse gas emissions and other harmful transportation-related emissions that contribute to poor air quality, and to increase job creation and economic opportunity throughout the United States.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Renewable Natural  
3 Gas Incentive Act of 2023”.

4 **SEC. 2. INCREASED CREDIT FOR RENEWABLE NATURAL**  
5 **GAS.**

6 (a) IN GENERAL.—Section 6426 of the Internal Rev-  
7 enue Code of 1986 is amended—

8 (1) in subsection (a)(2), by inserting “and (l)”  
9 after “subsection (d)” , and

10 (2) by adding at the end the following new sub-  
11 section:

12 “(l) RENEWABLE NATURAL GAS FUEL CREDIT.—

13 “(1) IN GENERAL.—For purposes of this sec-  
14 tion, the renewable natural gas fuel credit is the  
15 product of \$1.00 and the number of gallons of re-  
16 newable natural gas or gasoline gallon equivalents of  
17 a nonliquid renewable natural gas sold by the tax-  
18 payer for use as a fuel in a motor vehicle or motor-  
19 boat, sold by the taxpayer for use as a fuel in avia-  
20 tion, or so used by the taxpayer.

21 “(2) RENEWABLE NATURAL GAS.—For pur-  
22 poses of this section, the term ‘renewable natural  
23 gas’ means compressed or liquefied gas derived from  
24 biomass (as defined in section 45K(c)(3))—

25 “(A) which produced by a person reg-  
26 istered under section 4101(a), and

1 “(B) with respect to which the producer  
2 has made a certification described in paragraph  
3 (4).

4 “(3) TREATMENT OF BLENDED RENEWABLE  
5 NATURAL GAS.—

6 “(A) IN GENERAL.—Under regulations  
7 prescribed by the Secretary, a sale of blended  
8 renewable natural gas shall be treated as a sale  
9 of renewable natural gas fuel if—

10 “(i) at the time the renewable natural  
11 gas was blended with other compressed or  
12 liquefied natural gas, the taxpayer had a  
13 contract with the registered producer of  
14 such renewable natural gas for the sale of  
15 such gas for use as a fuel in a motor vehi-  
16 cle or motorboat, or for use as a fuel in  
17 aviation,

18 “(ii) such contract was entered into  
19 before the sale of the blended renewable  
20 natural gas and specifies the number of  
21 gallons of renewable natural gas provided  
22 for such purposes and the period for which  
23 such contract is in effect, and

1 “(iii) the registered producer of such  
2 fuel provides to the taxpayer the certifi-  
3 cation described in paragraph (4).

4 “(B) LIMITATION.—The amount of blend-  
5 ed renewable natural gas treated as renewable  
6 natural gas under subparagraph (A) for any pe-  
7 riod shall not exceed the number of gallons of  
8 renewable natural gas specified under subpara-  
9 graph (A)(ii) and certified by the producer  
10 under paragraph (4) for such period.

11 “(C) BLENDED RENEWABLE NATURAL  
12 GAS.—For purposes of this subsection, the term  
13 ‘blended renewable natural gas’ means com-  
14 pressed or liquefied natural gas which consists  
15 of both renewable natural gas and other com-  
16 pressed or liquefied natural gas.

17 “(4) CERTIFICATION.—A certification is de-  
18 scribed in this subparagraph if such certification—

19 “(A) identifies the product produced and  
20 the gallon equivalent of fuel acquired by the  
21 taxpayer for a purpose described in paragraph  
22 (1), and

23 “(B) is provided such form and manner as  
24 prescribed by the Secretary.

1           “(5) GASOLINE GALLON EQUIVALENT.—For  
2           purposes of this subsection, the term ‘gasoline gallon  
3           equivalent’ means, with respect to any nonliquid re-  
4           newable natural gas, the amount of such fuel having  
5           a Btu content of 124,800 (higher heating value).

6           “(6) TERMINATION.—This subsection shall not  
7           apply to any sale or use for any period after Decem-  
8           ber 31, 2033.”.

9           (b) APPLICATION OF OTHER RULES.—

10           (1) REGISTRATION.—The last sentence of sec-  
11           tion 6426(a) of the Internal Revenue Code of 1986  
12           is amended by striking “subsections (d) and (e)”  
13           and inserting “subsections (d), (e), and (l)”.

14           (2) DENIAL OF DOUBLE BENEFIT.—Section  
15           6426(h) of such Code is amended by striking “sub-  
16           section (d) or (e)” and inserting “subsection (d), (e),  
17           or (l)”.

18           (3) FUEL MUST BE CONNECTED TO THE  
19           UNITED STATES.—Section 6426(i) of such Code is  
20           amended by inserting after paragraph (2) the fol-  
21           lowing new paragraph:

22           “(3) RENEWABLE NATURAL GAS.—No credit  
23           shall be determined under this section with respect  
24           to any renewable natural gas which is produced out-

1 side the United States for use as a fuel outside the  
2 United States.”.

3 (4) ENERGY EQUIVALENCY.—Section 6426(j) of  
4 such Code is amended—

5 (A) by inserting “or renewable natural  
6 gas,” after “alternative fuel”, and

7 (B) by inserting “or gas” after “such a  
8 fuel”.

9 (c) PAYMENTS.—

10 (1) IN GENERAL.—Section 6427(e) of the Inter-  
11 nal Revenue Code of 1986 is amended by redesign-  
12 ating paragraphs (3) through (6) as paragraphs  
13 (4) through (7), respectively, and by inserting after  
14 paragraph (2) the following new paragraph:

15 “(3) RENEWABLE NATURAL GAS.—If any per-  
16 son sells or uses renewable natural gas (as defined  
17 in section 6426(k)(2)) for a purpose described in  
18 section 6426(k)(1) in such person’s trade or busi-  
19 ness, the Secretary shall pay (without interest) to  
20 such person an amount equal to the renewable nat-  
21 ural gas fuel credit with respect to such fuel.”.

22 (2) TERMINATION.—Section 6427(e)(7) of such  
23 Code, as redesignated by paragraph (1), is amended  
24 by striking “and” at the end of subparagraph (D),  
25 by striking the period at the end of subparagraph

1 (E) and inserting “, and”, and by adding at the end  
2 the following new subparagraph:

3 “(F) any renewable natural gas (as defined  
4 in section 6426(k)(2)) sold or used after De-  
5 cember 31, 2033.”.

6 (3) CONFORMING AMENDMENTS.—

7 (A) Section 6427(e)(4) of such Code, as  
8 redesignated by paragraph (1), is amended—

9 (i) by striking “paragraph (1) or (2)”  
10 and inserting “paragraph (1), (2), or (3)”,  
11 and

12 (ii) by striking “any mixture or alter-  
13 native fuel” and inserting “any mixture,  
14 alternative fuel, or renewable natural gas”.

15 (B) Section 6427(e)(6) of such Code, as  
16 redesignated by paragraph (1), is amended by  
17 striking “alternative fuel credit or alternative  
18 fuel mixture credit” and inserting “alternative  
19 fuel credit, alternative fuel mixture credit, or  
20 renewable natural gas fuel credit”.

21 (C) Section 6427(e)(6) of such Code, as  
22 redesignated by paragraph (1), is amended—

23 (i) by striking “paragraph (1) or (2)”  
24 and inserting “paragraph (1), (2), or (3)”,  
25 and

1 (ii) by striking “any mixture or alter-  
2 native fuel” and inserting “any mixture,  
3 alternative fuel, or renewable natural gas”.

4 (d) REGISTRATION.—Section 4101(a) of such Code  
5 is amended—

6 (1) by striking “and” before “every person pro-  
7 ducing second generation biofuel”, and

8 (2) by inserting “, and every person producing  
9 renewable natural gas (as defined in section  
10 6426(k)(2))” after “(as defined in section  
11 40(b)(6)(E))”.

12 (e) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to fuel sold or used after December  
14 31, 2023.