

109TH CONGRESS
2^D SESSION

S. 3997

To amend the Internal Revenue Code of 1986 to provide a credit against tax proportional to the number of million British thermal units of natural gas produced by a high Btu fuel facility.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2006

Mr. SANTORUM introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against tax proportional to the number of million British thermal units of natural gas produced by a high Btu fuel facility.

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 “Landfill Gas Act of
5 2006”.

6 **SEC. 2. CREDIT FOR PRODUCTION OF NATURAL GAS.**

7 (a) ALLOWANCE OF CREDIT.—Subpart D of part IV
8 of subchapter A of chapter 1 of the Internal Revenue Code

1 of 1986 (relating to business related credits) is amended
2 by inserting after section 45M the following new section:

3 **“SEC. 45N. CREDIT FOR PRODUCTION OF NATURAL GAS.**

4 “(a) IN GENERAL.—For purposes of section 38, in
5 the case of a taxpayer, the amount of the natural gas pro-
6 duction credit determined under this section for a taxable
7 year is equal to the product of—

8 “(1) \$2, multiplied by

9 “(2) each 1,000,000 British thermal units of
10 natural gas produced by the taxpayer at a high Btu
11 fuel facility during the taxable year.

12 “(b) REDUCTION IN CREDIT AMOUNT AS NATURAL
13 GAS PRICES INCREASE.—For purposes of this section, in
14 the case of natural gas produced after the first day of a
15 production month following the date on which the spot
16 price of natural gas delivered at Henry Hub, Louisiana,
17 on average, exceeds \$6 per million British thermal units
18 for 30 consecutive trading days, the \$2 amount under sub-
19 section (a) shall be reduced (but not below zero) by an
20 amount which is equal to the amount by which such spot
21 price exceeds \$6 per million British thermal units.

22 “(c) HIGH BTU FUEL FACILITY.—For purposes of
23 this section—

24 “(1) IN GENERAL.—The term ‘high Btu fuel fa-
25 cility’ means a facility that produces high Btu bio-

1 mass fuel and which is placed in service after the
2 date of the enactment of this section and before
3 January 1, 2012.

4 “(2) HIGH BTU BIOMASS FUEL.—The term
5 ‘high Btu biomass fuel’ means fuel produced from
6 biomass (as defined in section 45K(c)(3)) that—

7 “(A) contains no more than 7 pounds of
8 water per million standard cubic feet,

9 “(B) contains not less than 95 percent
10 methane per volume, and

11 “(C) has a Btu content of at least 950 per
12 square cubic feet.

13 “(d) OTHER RULES TO APPLY.—Rules similar to the
14 rules of paragraphs (1), (3), (4), and (5) of section 45(e)
15 shall apply for purposes of this section.

16 “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall
17 be allowed under subsection (a) for natural gas produced
18 by the taxpayer if a credit is allowed to the taxpayer with
19 respect to such gas under section 45, 45I, or 45K.

20 “(f) APPLICATION OF SECTION.—This section shall
21 not apply to natural gas produced at any facility after the
22 date which is 10 years after the date such facility is placed
23 in service.”.

24 (b) CREDIT TO BE PART OF GENERAL BUSINESS
25 CREDIT.—Subsection (b) of section 38 of such Code (re-

1 lating to general business credit) is amended by striking
2 “and” at the end of paragraph (29), by striking the period
3 at the end of paragraph (30) and inserting “, and”, and
4 by adding at the end the following new paragraph:

5 “(31) the natural gas production credit deter-
6 mined under section 45N(a).”.

7 (c) CONFORMING AMENDMENT.—The table of sec-
8 tions for subpart D of part IV of subchapter A of chapter
9 1 of such Code is amended by inserting after the item
10 relating to section 45M the following new item:

 “Sec. 45N. Credit for production of natural gas.”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to natural gas produced after De-
13 cember 31, 2006, in taxable years ending after such date.

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