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1ST SESSION

H. R. 1976

To amend the Internal Revenue Code of 1986 to modify the refined coal credit to include qualified coal waste sludge recycling.

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2007

Mr. DOYLE (for himself, Mr. TIM MURPHY of Pennsylvania, Mr. ENGLISH of Pennsylvania, Mrs. CAPITO, Mr. MOLLOHAN, Mr. DINGELL, Mr. RAHALL, Mr. HOLDEN, and Mr. CARNEY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify the refined coal credit to include qualified coal waste sludge recycling.

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. MODIFICATION OF REFINED COAL CREDIT TO**
4 **INCLUDE QUALIFIED COAL WASTE SLUDGE**
5 **RECYCLING.**

6 (a) IN GENERAL.—Section 45 of the Internal Rev-
7 enue Code of 1986 (relating to electricity produced from
8 certain renewable resources, etc.) is amended—

1 (1) in subsection (b)(2) by inserting “the \$3.00
2 amount in subsection (e)(8)(B),” after “the \$4.375
3 amount in subsection (e)(8)(A),”,

4 (2) in subsection (b)(2) by striking “subsection
5 (e)(8)(B)(i)” and inserting “subsection (e)(8)(C)(i)”,

6 (3) in subsection (e)(7) by adding at the end
7 the following:

8 “(C) REFINED COAL FROM A QUALIFIED
9 COAL WASTE SLUDGE RECYCLING PROCESS.—
10 Refined coal shall also include, without regard
11 to subparagraphs (A) and (B) hereof, a solid
12 fuel produced from a qualified coal waste sludge
13 recycling process.”,

14 (4) in subsection (d)(8) by striking “2009.”
15 and inserting “2009, or in the case of a facility that
16 uses a qualified coal waste sludge recycling process,
17 a facility that was placed in service not later than
18 one year after the date of enactment of the credit
19 under this section for refined coal from a qualified
20 coal waste sludge recycling process. For purposes of
21 this subsection, a qualified coal waste sludge recy-
22 cling facility shall be treated as placed in service
23 when such facility is in place and functioning to
24 process coal with coal waste sludge. A ‘qualified coal
25 waste sludge recycling facility’ includes a plant, com-

1 prised of one or more batch tanks and/or one or
2 more storage tanks, steam and spray pipes, proc-
3 essing pumps, variable speed drives, a flowmeter and
4 related electrical equipment, that processes coal and
5 liquefied coal waste sludge.”,

6 (5) in subsection (e)(8)(A) by inserting “(other
7 than refined coal from a qualified coal waste sludge
8 recycling process)” after “refined coal” the first
9 place it appears,

10 (6) in subsection (e)(8) by redesignating sub-
11 paragraphs (B) and (C) as subparagraphs (C) and
12 (D), respectively, and by inserting after subpara-
13 graph (A) the following new subparagraph:

14 “(B) AVAILABILITY AND DETERMINATION
15 OF CREDIT AMOUNT FOR REFINED COAL FROM
16 A QUALIFIED COAL WASTE SLUDGE RECYCLING
17 PROCESS.—In the case of a producer of refined
18 coal from a qualified coal waste sludge recycling
19 process, there shall be allowed a credit for the
20 taxable year under this section of \$3.00 per
21 barrel-of-oil equivalent of refined coal from a
22 qualified coal waste sludge recycling process—

23 “(i) produced by the taxpayer at a fa-
24 cility using a refined coal from qualified
25 coal waste sludge recycling process during

1 the period beginning on the date of enact-
2 ment of this subparagraph and ending on
3 the date that is four years from the later
4 of the first day of the fifth full month after
5 the date of enactment of this subparagraph
6 or its placed-in-service date, and

7 “(ii) sold by the taxpayer—

8 “(I) to an unrelated person, and

9 “(II) during such period and tax-

10 able year.

11 For purposes of the preceding sentence,
12 barrel-of-oil equivalent is the amount of re-
13 fined coal from a qualified coal waste
14 sludge recycling process that has a Btu
15 content of 5.8 million.”,

16 (7) in subsection (e)(8)(C), as redesignated by
17 paragraph (6), by striking “The amount” and in-
18 serting “Except for a facility producing refined coal
19 from a qualified coal waste sludge recycling process,
20 the amount”,

21 (8) in subsection (e)(8), as amended by para-
22 graph (6), by adding at the end the following new
23 subparagraph:

24 “(E) QUALIFIED COAL WASTE SLUDGE RE-
25 CYCLING PROCESS.—

1 “(i) DEFINITION.—For purposes of
2 this section, a ‘qualified coal waste sludge
3 recycling process’ means a process using a
4 facility to liquefy coal waste sludge and
5 distribute the liquefied coal waste sludge
6 on the coal to create a feedstock for the
7 manufacture of coke. The term ‘coal waste
8 sludge’ means the tar decanter sludge and
9 related byproducts of the coking process,
10 including such materials that have been
11 stored in ground, in tanks and in lagoons,
12 that have been treated as hazardous wastes
13 under applicable Federal environmental
14 rules absent liquefaction and processing
15 with coal into a feedstock for the manufac-
16 ture of coke. The process liquefies coal
17 waste sludge and distributes approximately
18 one-quarter to one-half gallon of liquefied
19 coal waste sludge per each ton of metallur-
20 gical coal. Liquefied coal waste sludge in
21 excess of such amounts would have adverse
22 effects on the operations and equipment of
23 the coke batteries that use refined coal
24 from a qualified coal waste sludge recy-
25 cling process as a feedstock for coke. Coal

1 waste sludge has an energy content rang-
2 ing from 7,000 to 16,000 Btus per pound.

3 “(ii) INTERACTION BETWEEN SEC-
4 TION 45 AND SECTION 45k; CROSS REF-
5 ERENCE.—A taxpayer selling refined coal
6 from a qualified coal waste sludge recy-
7 cling process shall be entitled to a credit
8 under this section for all such refined coal
9 that meets the requirements of this sec-
10 tion. The credit under this section shall be
11 available notwithstanding the fact that
12 such refined coal is purchased for use as a
13 feedstock for coke by a taxpayer that has
14 previously claimed credits under section
15 45K for the production of coke or coke
16 gas. For rules applicable to taxpayers pro-
17 ducing coke or coke gas from refined coal
18 from a qualified coal waste sludge recy-
19 cling process, see section 45K(h).”, and

20 (9) in subsection (e)(9)(B) by striking “The
21 term” and inserting “Except for a facility producing
22 refined coal from a qualified coal waste sludge recy-
23 cling process, the term”.

1 (b) NO DOUBLE BENEFIT; CROSS REFERENCE.—
2 Section 45K of such Code is amended by adding at the
3 end the following new subsection:

4 “(h) NO DOUBLE BENEFIT; CROSS REFERENCE.—
5 No credit shall be allowed under this section for coke or
6 coke gas manufactured from refined coal from a qualified
7 coal waste sludge recycling process (as defined by section
8 45(e)(8)(E)(i)) for which credits have been claimed under
9 section 45; provided that taxpayers may claim the credit
10 under this section for coke or coke gas produced from
11 feedstocks for which a refined coal credit under section
12 45 has not been claimed. For rules governing the inter-
13 action of section 45 and this section that are applicable
14 to taxpayers producing refined coal from a qualified coal
15 waste sludge recycling process, see section
16 45(e)(8)(E)(ii).”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this Act shall apply to refined coal produced after the date
19 of enactment of this Act.

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