

Carbon Dioxide Removal Investment Act
Section-by-Section Summary

Section 1

Short Title (page 1, lines 3-5):

- Establishes this Act as the ‘Carbon Dioxide Removal Investment Act.’

Section 2

Sec. 45BB Establishment (pages 1, line 6- page 2, line 4):

- Creates a new business-related tax credit for carbon dioxide removal (Section 45BB) to be located within U.S.C. Title 26, Subtitle A, Chapter 1, Subchapter A, Part IV, Subpart D.

Credit Establishment and Availability (page 2, lines 5-11):

- Establishes 45BB as a production tax credit (PTC) which is determined by multiplying the applicable PTC amount by the volume of metric tons of net carbon dioxide removal achieved by a qualifying carbon dioxide removal project. The tax credit is available to any qualifying carbon dioxide removal project for 12 years, beginning on the date such project is placed in service. This is consistent with the credit availability of the existing 45Q tax credit.

Applicable Amount (page 2, line 12 – page 3, line 21):

- Sets the applicable credit amount. The applicable credit amount is \$250 per net metric ton for all qualifying carbon dioxide removal projects except for those which use installed carbon capture equipment to capture point-source carbon dioxide from the combustion or processing of biomass feedstocks. The applicable credit amount for these projects is \$110.
- Requires the applicable amount to be adjusted for inflation after 2025, the first year the credit is available.

Definitions (page 3, line 22 – page 14, line 17):

- Defines ‘net carbon dioxide removal,’ which is the unit produced by a qualifying carbon dioxide removal project for which the PTC is awarded. Also defines ‘carbon dioxide removal’ and ‘carbon dioxide equivalent.’
 - Net carbon dioxide removal is defined as carbon dioxide removal, net of any associated greenhouse gas emissions measured on a lifecycle basis.
 - Carbon dioxide removal is defined as removal of carbon dioxide from the atmosphere.
- Defines ‘qualifying carbon dioxide removal approach’, which is a set of similar technologies that meet certain criteria under which a qualifying carbon dioxide removal project must fall.
 - A qualifying carbon dioxide removal approach is defined as a set of similar technologies which provide net carbon dioxide removal, store captured carbon for 1000+ years, and can demonstrate the ability to quantify net carbon dioxide removal with a high degree of confidence.
 - If a qualifying carbon dioxide removal approach uses terrestrial biomass to capture carbon dioxide, it must use eligible biomass feedstocks. Eligible biomass feedstocks are limited primarily to waste biomass, including agricultural waste. Limited use of forest biomass is permitted. The National Academies is tasked with undertaking studies to identify agricultural waste residue retention rates and potential additional eligible feedstocks, in consultation with expert agencies.

- If a qualifying carbon dioxide removal approach uses the ocean for carbon dioxide removal, it must use a certified marine carbon dioxide removal approach. These certified marine carbon dioxide removal approaches must be unlikely to have significant adverse environmental impacts, as determined by the National Oceanic and Atmospheric Administration in consultation with other expert agencies.
- Defines ‘qualifying carbon dioxide removal project,’ which is the entity that generates net carbon dioxide removal. A qualifying carbon dioxide removal project is a project that is engaged in carbon dioxide removal through use of a qualifying carbon dioxide removal approach, the construction of which begins before January 1, 2035.

Selection of Qualifying Carbon Dioxide Removal Approaches (page 14, line 18 – page 15, line 15):

- Requires the Secretary of Treasury, not later than one year after enactment and in consultation with the Secretary of Energy, to establish a selection process to determine which carbon dioxide removal approaches meet the definition of ‘qualifying carbon dioxide removal approach.’
- Requires the Secretary of Treasury, not later than 18 months after enactment and in consultation with the Secretary of Energy, to compile and publish a list of qualifying carbon dioxide removal approaches. This list must be updated on an annual basis.

Determination of Amount of Net Carbon Dioxide Removal (page 15, line 16 – page 19, line 23):

- Requires the Secretary of Treasury, not later than one year after enactment and in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, to establish a process for taxpayers to determine and publicly report net carbon dioxide removal based on project-level greenhouse gas lifecycle analysis and project-level monitoring, reporting, and verification.
- Requires the Secretary of Treasury, in consultation with the Secretary of Energy and Administrator of the Environmental Protection Agency, to set requirements for project-level greenhouse gas lifecycle analysis and project-level monitoring, reporting, and verification. Requirements must ensure cradle-to-grave accounting, accounting for uncertainty, consistency and comparability, and transparency.
- Requires the Secretary of Treasury, not later than three years after enactment and in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, to consult with external experts every three years to improve lifecycle analysis and monitoring, reporting, and verification requirements.

Special Rules and Coordination with Other Credits (page 19, line 24 – page 22, line 13):

- Requires carbon dioxide removal to occur within the United States or a marine environment subject to regulation by the United States in order to be eligible for this tax credit (45BB).
- Prohibits any qualifying carbon dioxide removal project from receiving the 45BB tax credit in addition to 45Q in the same taxable year. Direct air capture and storage (DACs) and BECCS projects, which could potentially qualify for both credits, would have to choose between the two credits.
- Prohibits any qualifying carbon dioxide removal project from receiving the 45BB tax credit in addition to 48C for any taxable year.
- Prohibits any qualifying carbon dioxide removal project which produces energy as an output of its carbon dioxide removal process to receive a PTC for that output energy

under section 40B, 45, 45V, 45Y, or 45Z. For example, a BECCS project cannot receive 45BB in addition to 45Y for the electricity produced by BECCS.

- Prohibits any qualifying carbon dioxide removal project which includes a facility which produces energy from the process of carbon dioxide removal from receiving an ITC under section 48 or 48E for that facility. For example, a BECCS project cannot receive 45BB in addition to 48E for the bioenergy facility.

Elective Payment and Transfer of Credit (page 22, line 14 – page 24, line 24):

- Establishes that this tax credit is eligible for elective payment (direct pay) and transfer of the credit for the full duration of the credit.

General Business Credit & Conforming Amendment (page 25, lines 1-14):

- Amends existing code to incorporate 45BB.

Effective Date (page 25, lines 15-17):

- Establishes that this tax credit applies to projects placed in service after December 31, 2024.