

119TH CONGRESS
2D SESSION

H. R. 8137

To amend the Internal Revenue Code of 1986 to establish tax credits for the production of, and investment in, certain renewable materials.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2026

Mrs. FISCHBACH (for herself and Ms. BUDZINSKI) 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 establish tax credits for the production of, and investment in, certain renewable materials.

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. CREDIT FOR RENEWABLE MATERIALS PRODUC-**
4 **TION.**

5 (a) IN GENERAL.—Subpart D of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 is amended by adding at the end the following new
8 section:

1 **“SEC. 45BB. RENEWABLE MATERIALS PRODUCTION CRED-**
2 **IT.**

3 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
4 tion 38, the renewable materials production credit for any
5 taxable year is an amount equal to the product of—

6 “(1) 10 cents, multiplied by

7 “(2) the number of pounds of qualified renew-
8 able material which is—

9 “(A) produced by the taxpayer during such
10 taxable year at a renewable material production
11 facility, and

12 “(B) either—

13 “(i) sold by the taxpayer to an unre-
14 lated person, or

15 “(ii) used by the taxpayer producing
16 such qualified renewable material,
17 only if such sale or use is in a trade or business
18 of the taxpayer during the taxable year.

19 “(b) DEFINITIONS.—For purposes of this section—

20 “(1) QUALIFIED RENEWABLE MATERIAL.—

21 “(A) IN GENERAL.—The term ‘qualified
22 renewable material’ means the biobased carbon
23 content portion of any product, including a
24 chemical, produced using biological conversion,
25 thermal conversion, catalytic conversion, chem-

1 ical conversion, or a combination thereof, from
2 biomass.

3 “(B) EXCLUSIONS.—The term ‘qualified
4 renewable material’ shall not include any prod-
5 uct—

6 “(i) which is suitable for use as a fuel
7 in any vehicle (whether or not the vehicle
8 is manufactured primarily for use on pub-
9 lic streets, roads, and highways), marine
10 vessel, watercraft, or aircraft,

11 “(ii) used to generate heat or elec-
12 tricity,

13 “(iii) which is suitable for use as food
14 or feed,

15 “(iv) produced from biomass which
16 was not manufactured, produced, grown,
17 or extracted in whole or in significant part
18 within—

19 “(I) the United States (within
20 the meaning of section 638(1)), or

21 “(II) a possession of the United
22 States (within the meaning of section
23 638(2)), or

1 “(v) which is derived from coproc-
2 essing biomass with a feedstock which is
3 not biomass.

4 “(C) FIRST SALE OR USE TO QUALIFY.—
5 In the case where multiple points in a supply
6 chain may be eligible under this section, the
7 qualified renewable material that first meets the
8 requirements of this section will be the only
9 qualified renewable material eligible.

10 “(2) BIOBASED CARBON CONTENT PORTION.—
11 The term ‘biobased carbon content portion’ means
12 the biobased carbon content as determined pursuant
13 to ASTM D6866.

14 “(3) BIOMASS.—The term ‘biomass’ has the
15 same meaning given such term in section 45K(c)(3),
16 except ‘biomass’ does not include any qualified re-
17 newable material.

18 “(4) RENEWABLE MATERIAL PRODUCTION FA-
19 CILITY.—The term ‘renewable material production
20 facility’ means any facility—

21 “(A) that produces qualified renewable ma-
22 terial during a qualifying credit period, and

23 “(B) located in the United States or a pos-
24 session of the United States (within the mean-
25 ing of section 638(2)).

1 “(5) QUALIFYING CREDIT PERIOD.—

2 “(A) IN GENERAL.—The term ‘qualifying
3 credit period’ means the 10-year period begin-
4 ning on the later of—

5 “(i) the date the renewable material
6 production facility was originally placed in
7 service,

8 “(ii) the date the modifications de-
9 scribed in subparagraph (B) were placed in
10 service, or

11 “(iii) the date of enactment of this
12 section.

13 “(B) MODIFICATIONS.—The modifications
14 described in this subparagraph are substantial
15 modifications to an existing facility which allow
16 such facility to produce qualified renewable ma-
17 terial.

18 “(c) SPECIAL RULES.—

19 “(1) CREDIT ATTRIBUTABLE TO TAXPAYER.—

20 “(A) IN GENERAL.—Except as otherwise
21 provided in subparagraph (B) or in any regula-
22 tions prescribed by the Secretary, any credit
23 under this section shall be attributable to the
24 person that sells or uses the qualified renewable
25 material.

1 “(B) ELECTION.—If the person described
2 in subparagraph (A) makes an election under
3 this subparagraph in such time and manner as
4 the Secretary may prescribe by regulations, the
5 credit under this section—

6 “(i) shall be allowable to the person to
7 whom the qualified renewable material is
8 sold, and

9 “(ii) shall not be allowable to the per-
10 son described in subparagraph (A).

11 “(2) COORDINATION WITH INVESTMENT CRED-
12 IT.—The term ‘renewable material production facil-
13 ity’ shall not include any facility for which a renew-
14 able materials investment credit determined under
15 section 48F is allowed under section 38 for the tax-
16 able year or any prior taxable year.

17 “(3) CREDIT REDUCED FOR TAX-EXEMPT
18 BONDS.—Rules similar to the rules of section
19 45(b)(3) shall apply.

20 “(4) LIMITATION.—The amount of the credit
21 determined under subsection (a) with respect to any
22 facility for any taxable year (determined after the
23 application of paragraph (3)) shall not exceed
24 \$10,000,000.”.

1 (b) COORDINATION WITH CLEAN FUEL PRODUCTION
2 CREDIT.—Section 45Z(d)(4)(B) is amended by adding at
3 the end the following:

4 “(iv) The renewable materials produc-
5 tion credit under section 45BB.”.

6 (c) CREDIT MADE TRANSFERABLE.—Section
7 6418(f)(1) is amended—

8 (1) in subparagraph (A) by adding at the end
9 the following:

10 “(xii) The renewable materials pro-
11 duction credit determined under section
12 45BB.”, and

13 (2) in subparagraph (B), by striking “or (vii)”
14 and inserting “(vii), or (xii)”.

15 (d) CREDIT MADE PART OF GENERAL BUSINESS
16 CREDIT.—Subsection (b) of section 38 of such Code is
17 amended by striking “plus” at the end of paragraph (40),
18 by striking the period at the end of paragraph (41) and
19 inserting “, plus”, and by adding at the end the following
20 new paragraph:

21 “(42) the renewable materials production credit
22 determined under section 45BB.”.

23 (e) CLERICAL AMENDMENT.—The table of sections
24 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the fol-
 2 lowing:

“Sec. 45BB. Renewable materials production credit.”.

3 (f) REGULATIONS.—The Secretary, in consultation
 4 with the Secretary of Agriculture, shall establish regula-
 5 tions or other guidance for implementing the credit estab-
 6 lished under this section within 180 days of the date of
 7 enactment.

8 (g) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to qualified renewable material
 10 produced on or after the date of enactment.

11 **SEC. 2. CREDIT FOR RENEWABLE MATERIALS INVESTMENT.**

12 (a) IN GENERAL.—Subpart E of part IV of sub-
 13 chapter A of chapter 1 of the Internal Revenue Code of
 14 1986 is amended by adding at the end the following new
 15 section:

16 **“SEC. 48F. RENEWABLE MATERIALS INVESTMENT CREDIT.**

17 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
 18 tion 46, the renewable materials investment credit for any
 19 taxable year is an amount equal to 30 percent of the quali-
 20 fied investment for the taxable year with respect to any
 21 qualified facility.

22 “(b) QUALIFIED INVESTMENT.—

23 “(1) IN GENERAL.—For purposes of subsection
 24 (a), the qualified investment for any taxable year
 25 with respect to any qualified facility is the basis of

1 any qualified property placed in service by the tax-
2 payer during such taxable year which—

3 “(A) is used in the production of qualified
4 renewable material, and

5 “(B) is part of a qualified facility.

6 “(2) QUALIFIED PROPERTY.—For purposes of
7 this section, the term ‘qualified property’ means
8 property—

9 “(A) which is—

10 “(i) tangible personal property, or

11 “(ii) other tangible property (not in-
12 cluding a building or its structural compo-
13 nents), but only if such property is used as
14 an integral part of the qualified facility,

15 “(B) with respect to which depreciation (or
16 amortization in lieu of depreciation) is allow-
17 able,

18 “(C) which is constructed, reconstructed,
19 erected, or acquired by the taxpayer, and

20 “(D) the original use of which commences
21 with the taxpayer.

22 “(3) QUALIFIED FACILITY.—

23 “(A) IN GENERAL.—The term ‘qualified
24 facility’ means a renewable material production

1 facility within the meaning of section
2 45BB(b)(3).

3 “(B) EXCLUSION.—The term ‘qualified fa-
4 cility’ shall not include any facility for which a
5 renewable materials production credit deter-
6 mined under section 45BB is allowed under sec-
7 tion 38 for the taxable year or any prior taxable
8 year.

9 “(4) COORDINATION WITH REHABILITATION
10 CREDIT.—The qualified investment with respect to
11 any qualified facility for any taxable year shall not
12 include that portion of the basis of any property
13 which is attributable to qualified rehabilitation ex-
14 penditures (as defined in section 47(c)(2)).

15 “(c) SPECIAL RULES.—

16 “(1) CERTAIN PROGRESS EXPENDITURE RULES
17 MADE APPLICABLE.—Rules similar to the rules of
18 subsections (c)(4) and (d) of section 46 (as in effect
19 on the day before the date of the enactment of the
20 Revenue Reconciliation Act of 1990) shall apply for
21 purposes of subsection (a).

22 “(2) CREDIT REDUCED FOR TAX-EXEMPT
23 BONDS.—Rules similar to the rules of section
24 45(b)(3) shall apply.”

1 (b) COORDINATION WITH CLEAN FUEL PRODUCTION
2 CREDIT.—Section 45Z(d)(4)(B), as amended by section 1,
3 is amended by adding at the end the following:

4 “(v) The credit determined under sec-
5 tion 46 to the extent that such credit is at-
6 tributable to the renewable materials in-
7 vestment credit.”.

8 (c) CREDIT MADE TRANSFERABLE.—Section 6418,
9 as amended by section 1, is amended—

10 (1) in subsection (f)(1)(A) by adding at the end
11 the following:

12 “(xiii) The renewable materials invest-
13 ment credit determined under section
14 48F.”, and

15 (2) in paragraph (g)(3) by striking “(xi)” and
16 inserting “(xi), or (xiii),”.

17 (d) CONFORMING AMENDMENTS.—

18 (1) Section 46 of such Code is amended—

19 (A) in paragraph (6) by striking “and” at
20 the end,

21 (B) in paragraph (7) by striking the period
22 at the end and inserting “, and”, and

23 (C) by adding at the end the following:

24 “(8) the renewable materials investment cred-
25 it.”.

1 (2) Section 49(a)(1)(C) of such Code is amend-
2 ed—

3 (A) by striking “and” at the end of clause
4 (vii),

5 (B) by striking the period at the end of
6 clause (viii) and inserting “, and”, and

7 (C) by adding at the end the following new
8 clause:

9 “(ix) the basis of any qualified prop-
10 erty which is part of a qualified facility
11 under section 48F.”.

12 (3) Section 50(a)(2)(E) of such Code is amend-
13 ed by striking “or 48E(e)” and inserting “48E(e),
14 or 48F(c)(1)”.

15 (4) The table of sections for subpart E of part
16 IV of subchapter A of chapter 1 of such Code is
17 amended by inserting after the item relating to sec-
18 tion 48E the following new item:

“Sec. 48F. Renewable materials investment credit.”.

19 (e) REGULATIONS.—The Secretary, in consultation
20 with the Secretary of Agriculture, shall establish regula-
21 tions or other guidance for implementing the credit estab-
22 lished under this section within 180 days of the date of
23 enactment.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 the date of enactment.

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