

119TH CONGRESS
1ST SESSION

S. 2304

To amend section 45Q of the Internal Revenue Code of 1986 to establish the mine methane capture incentive credit.

IN THE SENATE OF THE UNITED STATES

JULY 16, 2025

Mr. WARNER (for himself and Mrs. CAPITO) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend section 45Q of the Internal Revenue Code of 1986 to establish the mine methane capture incentive credit.

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 “Methane Reduction
5 and Economic Growth Act”.

6 **SEC. 2. MINE METHANE CAPTURE INCENTIVE CREDIT.**

7 (a) IN GENERAL.—Section 45Q(f) of the Internal
8 Revenue Code of 1986 is amended by adding at the end
9 the following new paragraph:

10 “(10) METHANE CAPTURE.—

1 “(A) IN GENERAL.—In the case of quali-
2 fied methane—

3 “(i) paragraph (4) of subsection (a)
4 shall be applied—

5 “(I) by substituting ‘per metric
6 ton of CO₂e (as defined in section
7 45Z(d)(2)) of qualified methane’ for
8 ‘per metric ton of qualified carbon
9 oxide’,

10 “(II) by substituting ‘methane
11 capture equipment’ for ‘carbon cap-
12 ture equipment’, and

13 “(III) by applying the following
14 in lieu of subparagraph (B) thereof:

15 “(i) either—

16 “(I) injected by the taxpayer for
17 energy use—

18 “(aa) in a pipeline which
19 satisfies the pipeline integrity
20 management guidelines of section
21 192 of title 49, Code of Federal
22 Regulations, and is in compliance
23 with instrumental leak moni-
24 toring and other preventive and
25 mitigative measures under sec-

1 tion 192.935 of title 49, Code of
2 Federal Regulations, or

3 ““(bb) in a gathering system
4 that feeds a pipeline described in
5 subclause (I), or

6 ““(II) otherwise used for pro-
7 ducing heat (for industrial use or to
8 heat a structure) or other energy, in
9 a manner that does not involve more
10 than de-minimis release of methane
11 into the atmosphere.’,

12 “(ii) the term ‘qualified facility’ shall
13 mean any individual source of qualified
14 methane such as borehole, well, or vent
15 shaft constructed at a mining facility—

16 “(I) the construction of which be-
17 gins before January 1, 2036,

18 “(II) for which construction of
19 methane capture equipment begins be-
20 fore such date, and

21 “(III) which captures not less
22 than 2,500 metric tons of CO₂e meth-
23 ane during the taxable year,

24 “(iii) subsection (b)(2)(A)(ii) shall be
25 applied by substituting ‘the greatest

amount of methane captured at such facility in any year ending prior to’ for ‘the total amount of the carbon dioxide capture capacity of the carbon capture equipment in service at such facility on the day before’, and

“(iv) this section shall be applied by substituting ‘methane capture’ for ‘carbon capture’ and ‘qualified methane’ for ‘qualified carbon oxide’ in subsection (b)(2), (f)(1), (h), and (i)(1).

“(B) QUALIFIED METHANE DEFINED.—

For purposes of this paragraph, the term ‘qualified methane’ means any methane which—

“(i) is captured from mining activities, including underground mines, abandoned or closed mines, or surface mines, by methane capture equipment,

“(ii) would otherwise be released into the atmosphere as industrial emission of greenhouse gas or lead to such release, and

“(iii) is measured at the source of capture and verified at the point of injection or utilization.

1 “(C) METHANE CAPTURE EQUIPMENT DE-
2 FINED.—For purposes of this paragraph, the
3 term ‘methane capture equipment’ means
4 equipment built to connect a qualified facility
5 to—

6 “(i) a preexisting or new pipeline sys-
7 tem, or

8 “(ii) to energy generation equipment,
9 to capture qualified methane from such
10 source.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to qualified methane captured after
13 December 31, 2024.

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