

119TH CONGRESS
2D SESSION

S. 3632

To amend the Internal Revenue Code of 1986 to provide credits for the production of renewable chemicals and investments in renewable chemical production facilities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 14, 2026

Mr. RICKETTS (for himself and Mr. COONS) 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 credits for the production of renewable chemicals and investments in renewable chemical production facilities, and for other purposes.

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 “Renewable Chemicals
5 Act of 2026”.

1 **SEC. 2. CREDITS FOR PRODUCTION OF RENEWABLE CHEMI-**
 2 **CALS AND INVESTMENTS IN RENEWABLE**
 3 **CHEMICAL PRODUCTION FACILITIES.**

4 (a) PRODUCTION OF RENEWABLE CHEMICALS.—

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

9 **“SEC. 45BB. CREDIT FOR PRODUCTION OF RENEWABLE**
 10 **CHEMICALS.**

11 “(a) IN GENERAL.—For purposes of section 38, the
 12 production credit for renewable chemicals for any taxable
 13 year is an amount (determined separately for each renew-
 14 able chemical) equal to—

15 “(1) 15 percent of the sales price of each pound
 16 of a renewable chemical—

17 “(A) produced—

18 “(i) by the taxpayer, or

19 “(ii) for the taxpayer by a contract
 20 manufacturer under a binding written
 21 agreement, and

22 “(B) sold for its fair market value at retail
 23 by the taxpayer during the taxable year, re-
 24 duced by

1 “(2) a percentage equal to so much of the per-
2 centage of the renewable chemical as is not biobased
3 content.

4 “(b) LIMITATION.—The amount of the credit deter-
5 mined under subsection (a) with respect to a renewable
6 chemical sold during any taxable year shall not exceed the
7 credit amount allocated for purposes of this section by the
8 Secretary to the taxpayer with respect to such chemical
9 for such taxable year under section 48F.

10 “(c) DEFINITIONS.—For purposes of this section—

11 “(1) RENEWABLE CHEMICAL.—The term ‘re-
12 newable chemical’ means any chemical which—

13 “(A) is produced in the United States (or
14 in a territory or possession of the United
15 States) from renewable biomass which is pro-
16 duced in the United States (or in a territory or
17 possession of the United States),

18 “(B) is not less than 95 percent biobased
19 content,

20 “(C) is not sold or used for the production
21 of any food, feed, fuel, or pharmaceuticals,

22 “(D) is approved to use the USDA Cer-
23 tified Biobased Product label under section
24 9002(b) of the Farm Security and Rural In-
25 vestment Act of 2002 (7 U.S.C. 8102(b)), and

1 “(E) is a chemical intermediate (as such
2 term is defined in section 3201.109 of title 7,
3 Code of Federal Regulations (or successor regu-
4 lations)).

5 “(2) BIOBASED CONTENT.—The term ‘biobased
6 content’ means, with respect to any renewable chem-
7 ical, the biobased content of the total mass of or-
8 ganic carbon in such chemical (expressed as a per-
9 centage), determined by testing representative sam-
10 ples using the American Society for Testing and Ma-
11 terials (ASTM) D6866.

12 “(3) RENEWABLE BIOMASS.—The term ‘renew-
13 able biomass’ has the meaning given such term in
14 section 9001(13) of the Farm Security and Rural
15 Investment Act of 2002 (7 U.S.C. 8101(13)).

16 “(d) NATIONAL LIMITATION ON CREDITS FOR RE-
17 NEWABLE CHEMICALS.—See section 48F(e) for rules re-
18 lating to national limitation on credits under this section.

19 “(e) COORDINATION WITH INVESTMENT CREDIT FOR
20 RENEWABLE CHEMICAL PRODUCTION FACILITIES.—See
21 section 48F(f) for rules coordinating section 48F with this
22 section.

23 “(f) TERMINATION.—Notwithstanding any other pro-
24 vision of this section or section 48F, the Secretary may
25 not allocate any credit amount under this section to any

1 taxable year which begins more than 5 years after the date
2 of the enactment of this section.”.

3 (2) CREDIT TO BE PART OF GENERAL BUSI-
4 NESS CREDIT.—Subsection (b) of section 38 of such
5 Code is amended by striking “plus” at the end of
6 paragraph (40), by striking the period at the end of
7 paragraph (41) and inserting “, plus”, and by add-
8 ing at the end the following new paragraph:

9 “(42) the renewable chemicals production credit
10 determined under section 45BB(a).”.

11 (b) INVESTMENT CREDIT IN LIEU OF PRODUCTION
12 CREDIT.—

13 (1) IN GENERAL.—Section 46 of the Internal
14 Revenue Code of 1986 is amended by striking “and”
15 at the end of paragraph (6), by striking the period
16 at the end of paragraph (7) and inserting “, and”,
17 and by adding at the end the following new para-
18 graph:

19 “(8) the renewable chemical production facili-
20 ties credit.”.

21 (2) RENEWABLE CHEMICAL PRODUCTION FA-
22 CILITIES CREDIT.—Subpart E of part IV of sub-
23 chapter A of chapter 1 of such Code is amended by
24 inserting after section 48E the following:

1 **“SEC. 48F. INVESTMENT CREDIT FOR RENEWABLE CHEM-**
 2 **ICAL PRODUCTION FACILITIES.**

3 “(a) IN GENERAL.—For purposes of section 46, the
 4 renewable chemical production facilities credit for any tax-
 5 able year is an amount equal to 30 percent of the basis
 6 of any eligible property which is a part of a renewable
 7 chemical production facility placed in service by the tax-
 8 payer during such taxable year.

9 “(b) LIMITATION.—The amount of the credit deter-
 10 mined under subsection (a) with respect to a renewable
 11 chemical production facility of the taxpayer during any
 12 taxable year shall not exceed the credit amount allocated
 13 for purposes of this section by the Secretary to the tax-
 14 payer for such taxable year under subsection (e).

15 “(c) RENEWABLE CHEMICAL PRODUCTION FACIL-
 16 ITY.—For purposes of this section—

17 “(1) IN GENERAL.—The term ‘renewable chem-
 18 ical production facility’ means a facility—

19 “(A) which is owned by the taxpayer,

20 “(B) which is originally placed in service
 21 after the date of the enactment of this section
 22 and before the first day of the taxable year
 23 which begins 6 years after the date of the en-
 24 actment of this section,

25 “(C) with respect to which—

1 “(i) no credit has been allowed under
 2 section 45BB for chemicals produced at
 3 such facility in any previous taxable year,
 4 and

5 “(ii) the taxpayer makes an irrev-
 6 ocable election to have this section apply,
 7 and

8 “(D) which is primarily used to produce
 9 renewable chemicals.

10 “(2) ELIGIBLE PROPERTY.—The term ‘eligible
 11 property’ means any property—

12 “(A) which is—

13 “(i) tangible personal property, or

14 “(ii) other tangible property (not in-
 15 cluding a building or its structural compo-
 16 nents),

17 but only if such property is used as an integral
 18 part of the renewable chemical production facil-
 19 ity, and

20 “(B) with respect to which depreciation (or
 21 amortization in lieu of depreciation) is allow-
 22 able.

23 “(3) RENEWABLE CHEMICAL.—The term ‘re-
 24 newable chemical’ has the meaning given such term
 25 by section 45BB(c)(1).

1 “(d) CERTAIN QUALIFIED PROGRESS EXPENDI-
 2 TURES RULES MADE APPLICABLE.—Rules similar to the
 3 rules of subsections (c)(4) and (d) of section 46 (as in
 4 effect on the day before the enactment of the Revenue
 5 Reconciliation Act of 1990) shall apply for purposes of
 6 this section.

7 “(e) NATIONAL LIMITATION ON CREDITS FOR RE-
 8 NEWABLE CHEMICALS.—

9 “(1) IN GENERAL.—Not later than 180 days
 10 after the date of the enactment of this section, the
 11 Secretary, in consultation with the Secretary of Ag-
 12 riculture, shall establish a program to allocate credit
 13 amounts under this section and section 45BB to
 14 taxpayers who produce renewable chemicals for tax-
 15 able years ending after the date of the enactment of
 16 this section.

17 “(2) LIMITATIONS.—

18 “(A) AGGREGATE LIMITATION.—The total
 19 amount of credits that may be allocated under
 20 such program shall not exceed \$500,000,000.

21 “(B) TAXPAYER LIMITATION.—The
 22 amount of credits that may be allocated to any
 23 taxpayer under such program shall not exceed
 24 \$25,000,000. For purposes of the preceding
 25 sentence, all persons treated as a single em-

1 ployer under subsection (a) or (b) of section 52,
2 or subsection (m) or (o) of section 414, shall be
3 treated as one taxpayer.

4 “(3) SELECTION CRITERIA.—In determining to
5 which taxpayers to make allocations of the credit
6 amount under such program, the Secretary shall
7 take into consideration—

8 “(A) the number of jobs created and main-
9 tained (directly and indirectly) in the United
10 States (including territories and possessions of
11 the United States) as a result of such allocation
12 during the credit period and thereafter,

13 “(B) the degree to which the production of
14 the renewable chemical demonstrates reduced
15 dependence on imported feedstocks, petroleum,
16 non-renewable resources, or other fossil fuels,

17 “(C) the technological innovation involved
18 in the production method of the renewable
19 chemical,

20 “(D) the energy efficiency and reduction in
21 lifecycle greenhouse gases of the renewable
22 chemical or of the production method of the re-
23 newable chemical,

24 “(E) the extent to which the renewable
25 chemical or its production method advances

1 sustainable chemistry, as defined by the Office
2 of Science and Technology Policy, including
3 by—

4 “(i) improving the safety, efficiency,
5 and environmental performance of chem-
6 ical design, manufacture, or use,

7 “(ii) reducing risks to human health,
8 and

9 “(iii) enhancing circularity and re-
10 source efficiency across the chemical
11 lifecycle,

12 “(F) whether there is a reasonable expect-
13 tation of commercial viability,

14 “(G) whether the renewable chemical has
15 an established market, and

16 “(H) whether the renewable chemical is
17 currently being produced in commercial quan-
18 tities.

19 “(4) REVIEW AND REALLOCATION.—

20 “(A) REVIEW.—Not later than 6 years
21 after the date of the enactment of this section,
22 the Secretary shall review the credits allocated
23 under this section.

24 “(B) REALLOCATION.—If the Secretary
25 determines that unused credits are available for

1 reallocation after the review described in sub-
2 paragraph (A), the Secretary is authorized to
3 conduct an additional program for applications
4 for certification.

5 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-
6 retary shall, upon making an allocation of credit
7 amount under this section, publicly disclose the iden-
8 tity of the taxpayer and the amount of the credit
9 with respect to such taxpayer.

10 “(f) COORDINATION WITH PRODUCTION CREDIT FOR
11 RENEWABLE CHEMICALS.—If a taxpayer makes an elec-
12 tion under subsection (c)(1)(C)(ii) with respect to a renew-
13 able chemical production facility, a credit shall not be al-
14 lowed under section 45BB for any renewable chemical pro-
15 duced by such facility.

16 “(g) REGULATIONS.—The Secretary shall issue such
17 regulations or other guidance as may be necessary to carry
18 out this section and section 45BB.

19 “(h) TERMINATION.—The Secretary may not allocate
20 any credit amount under this section to any taxable year
21 which begins more than 5 years after the date of the en-
22 actment of this section.”.

23 “(c) CREDITS ALLOWABLE AGAINST ALTERNATIVE
24 MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) of
25 the Internal Revenue Code of 1986 is amended by redesign-

1 nating clauses (x) through (xii) as clauses (xii) through
 2 (xiv), respectively, and by inserting after clause (ix) the
 3 following new clauses:

4 “(x) the credit determined under sec-
 5 tion 45BB,

6 “(xi) the credit determined under sec-
 7 tion 46 to the extent that such credit is at-
 8 tributable to the renewable chemical pro-
 9 duction facilities credit under section
 10 48F,”.

11 (d) CLERICAL AMENDMENTS.—

12 (1) The table of sections for subpart D of part
 13 IV of subchapter A of chapter 1 of the Internal Rev-
 14 enue Code of 1986 is amended by adding at the end
 15 the following new item:

“Sec. 45BB. Credit for production of renewable chemicals.”.

16 (2) The table of sections for subpart E of part
 17 IV of subchapter A of chapter 1 of such Code is
 18 amended by adding at the end the following new
 19 item:

“Sec. 48F. Investment credit for renewable chemical production facilities.”.

20 (e) EFFECTIVE DATES.—The amendments made by
 21 this section shall apply to renewable chemicals produced
 22 and renewable chemical production facilities placed in

- 1 service after the date of the enactment of this Act, in tax-
- 2 able years ending after such date.

