To amend the Internal Revenue Code of 1986 to eliminate certain fuel excise taxes and impose a tax on greenhouse gas emissions to provide revenue for maintaining and building American infrastructure, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. FITZPATRICK introduced the following bill; which was referred to the Committee on __________________________

A BILL

To amend the Internal Revenue Code of 1986 to eliminate certain fuel excise taxes and impose a tax on greenhouse gas emissions to provide revenue for maintaining and building American infrastructure, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Modernizing America with Rebuilding to Kickstart the Economy of the Twenty-first Century with a Historic In-
1 infrastructure-Centered Expansion Act’’ or the ‘‘MARKET
2 CHOICE Act’’.
3
4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:
6
7 Sec. 1. Short title, table of contents.
8 Sec. 2. Findings.
9
10 TITLE I—GREENHOUSE GAS EMISSIONS
11
12 Sec. 101. Treatment of domestic greenhouse gas emissions.
13 Sec. 102. Border greenhouse gas adjustments.
14
15 TITLE II—DISTRIBUTION OF REVENUES FROM TAXATION OF
16 GREENHOUSE GAS EMISSIONS
17
18 Subtitle A—Rebuilding Infrastructure And Solutions For The Environment
19 Trust Fund
20
21 Sec. 201. Establishment of the RISE Trust Fund.
23 Sec. 203. State grants.
24
25 Subtitle B—Certain Manufacturers Excise Taxes
26
27 Sec. 211. Repeal of Federal motor vehicle and aviation fuel taxes.
28 Sec. 212. Modifications of qualifying advanced coal project credit.
29
30 TITLE III—AMENDMENTS TO OTHER LAWS
31
32 Subtitle A—Amendments to Federal Environmental Statutes
33
34 Sec. 301. Amendments to the Clean Air Act.
35 Sec. 302. Frequent and chronic flooding mitigation and adaptation infrastruc-
36 ture projects.
37 Sec. 303. No preemption of State law.
38
39 Subtitle B—Assistance To Displaced Workers In The Energy Sector
40
41 Sec. 321. Assistance to displaced workers in the energy sector.
42
43 TITLE IV—NATIONAL CLIMATE COMMISSION
44
45 Sec. 401. Establishment of Commission.
46 Sec. 402. Duties of Commission.
47 Sec. 403. Powers of Commission.
48 Sec. 404. Funding for the activities of the Commission.
49 Sec. 405. Staff of the Commission.
50
51 SEC. 2. FINDINGS.
52
53 Congress finds that—
(1) roads, bridges, airports, and urban transportation systems are essential to the economic and national security of the United States;

(2) there is a chronic shortfall in funding for the maintenance of highways, bridges, and other critical infrastructure;

(3) strategic investments in new infrastructure will allow for economic growth and dynamism in the 21st century;

(4) there has been a marked increase in extreme weather events and the negative impacts of a changing climate are expected to worsen in every region of the United States;

(5) if left unaddressed, the consequences of a changing climate have the potential to adversely impact the health of all Americans, harm the economy, and impose substantial costs on local, State, and Federal budgets;

(6) efforts to reduce climate risk should protect our Nation’s economy, security, infrastructure, agriculture, water supply, public health, and public safety; and

(7) there is bipartisan support for pursuing efforts to reduce greenhouse gas emissions through
economically viable, broadly supported private and
public policies and solutions.

TITLE I—GREENHOUSE GAS
EMISSIONS

SEC. 101. TREATMENT OF DOMESTIC GREENHOUSE GAS
EMISSIONS.

(a) IN GENERAL.—The Internal Revenue Code of
1986 is amended by adding at the end the following new
subtitle:

“Subtitle L—Greenhouse Gas
Emissions

“PART 1—TAXATION OF GREENHOUSE GAS
EMISSIONS

“Sec. 9901. Imposition of tax on combusted fossil fuel greenhouse gas emis-
sions.
“Sec. 9902. Imposition of tax on greenhouse gas emissions from certain indus-
trial processes.
“Sec. 9903. Imposition of tax on greenhouse gas emissions from certain prod-
uct uses.
“Sec. 9904. Calculation of taxable emissions.
“Sec. 9905. Credit for state payments.
“Sec. 9906. Penalties for nonpayment.
“Sec. 9907. Definitions.

“SEC. 9901. IMPOSITION OF TAX ON COMBUSTED FOSSIL
FUEL GREENHOUSE GAS EMISSIONS.

“(a) IN GENERAL.—There is hereby imposed a tax
on fossil fuels produced within, or imported into, the
United States.

“(b) RATE OF TAX.—
“(1) Greenhouse gases that would be released if the fossil fuel were combusted.—

The tax imposed by subsection (a) shall be the applicable amount per ton of carbon dioxide equivalent of all greenhouse gases that would be released if the fossil fuel were combusted.

“(2) Applicable amount of carbon dioxide equivalent emissions.—For purposes of paragraph (1), the term ‘applicable amount’ means—

“(A) for calendar year 2025, $35 per metric ton of carbon dioxide equivalent emissions, and

“(B) for each calendar year after 2025, the tax rate shall be the sum of—

“(i) the previous calendar year’s tax rate, plus

“(ii) the sum of—

“(I) 5 percentage points, plus

“(II) a percentage increase in the previous year’s tax rate equal to the increase in the Consumer Price Index for the previous calendar year.

“(3) Consumer price index for any calendar year.—For purposes of subparagraph (B), the Consumer Price Index for the previous calendar
year is the average of the Consumer Price Index for all-urban consumers published by the Department of Labor as of the close of the 12-month period ending on August 31 of such calendar year. For purposes of the preceding sentence, the revision of the Consumer Price Index which is most consistent with the Consumer Price Index for calendar year 1986 shall be used.

“(4) RATE ADJUSTMENT BASED ON EMISSION LEVELS.—

“(A) REPORT.—Not later than March 30, 2026, and annually thereafter, the Secretary and the Administrator shall jointly report the emissions during the calendar year ending on the preceding December 31 from sources subject to taxation under this part. The report shall determine whether the cumulative amount of annual emissions reported for the period beginning in calendar year 2025 and through the end of the preceding calendar year were less than the emissions levels specified in the following schedule:

“(i) The total emissions through calendar year 2025 are 4,700 million metric tons of carbon dioxide equivalent.
“(ii) The total emissions through calendar year 2026 are 9,400 million metric tons of carbon dioxide equivalent.

“(iii) The total emissions through calendar year 2027 are 14,000 million metric tons of carbon dioxide equivalent.

“(iv) The total emissions through calendar year 2028 are 18,300 million metric tons of carbon dioxide equivalent.

“(v) The total emissions through calendar year 2029 are 22,600 million metric tons of carbon dioxide equivalent.

“(vi) The total emissions through calendar year 2030 are 26,800 million metric tons of carbon dioxide equivalent.

“(vii) The total emissions through calendar year 2031 are 31,000 million metric tons of carbon dioxide equivalent.

“(viii) The total emissions through calendar year 2032 are 35,100 million metric tons of carbon dioxide equivalent.

“(ix) The total emissions through calendar year 2033 are 39,100 million metric tons of carbon dioxide equivalent.
“(x) The total emissions through calendar year 2034 are 43,100 million metric tons of carbon dioxide equivalent.

“(xi) The total emissions through calendar year 2035 are 47,100 million metric tons of carbon dioxide equivalent.

“(B) Adjustments for report period.—

“(i) In general.—Not later than March 30, 2027, and every two years thereafter, the Secretary shall determine whether an adjustment is required in accordance with clause (ii).

“(ii) Period through 2036.—If the emission level reported under subparagraph (A) for calendar year 2026, and every second calendar year thereafter through calendar year 2036, exceeds the level for such calendar year specified in clauses (i) through (xi) of subparagraph (A), then the applicable amount under paragraph (2) for the calendar year beginning on the next January 1 following the determination in clause (i) shall, after the increase under paragraph (2) for such next
calendar year, be increased by an additional $4 per metric ton.

“(c) By Whom Paid.—The tax imposed by subsection (a) shall be paid by the owner of the fossil fuel at the point of taxation.

“(d) Point of Taxation.—

“(1) For fossil fuels produced within the United States, the point of taxation shall be—

“(A) for coal, the mine mouth or, for washed coal, the exit from the coal preparation and processing plant,

“(B) for petroleum products, the exit point from the refinery, and

“(C) for natural gas, the exit from the gas processing plant or, for natural gas that is not treated at a gas processing plant, the point of sale to the person who combusts the gas or incorporates it into a product that is not intended for combustion.

“(2) For any fossil fuel imported into the United States, the point of taxation shall be the point at which it first enters the United States.

“(e) Exemptions.—

“(1) Exemption for Noncombustive Uses.—
“(A) REFUND FOR REDUCTION OR ELIMINATION OF EMISSIONS.—Any manufacturer of a product that incorporates a fossil fuel that has been taxed under this section who can demonstrate to the Secretary that the fossil fuel has been transformed via the manufacture of the product so that the fossil fuel’s emissions will be reduced or eliminated over the product’s lifetime shall be entitled to a refund of the tax paid under this section on the proportion of the emissions reduced thereby, as determined by the Secretary.

“(B) RULE.—The Secretary, in consultation with the Administrator, shall establish by rule the criteria and process by which product manufacturers can demonstrate that the conditions in subparagraph (A) have been satisfied.

“(C) PUBLICATION OF REGULATIONS.—The Secretary shall publish the regulations required by this subsection no later than one year prior to the start of the calendar year referred to in section 9901(b)(2)(A). The Secretary may not collect the tax imposed by this section for any calendar year that begins less than one year after the regulations are published.
(2) Exemption for Carbon Capture and Storage.—

(A) Refund for Sequesters.—Any person who sequesters greenhouse gas emissions resulting from the combustion of fossil fuel that has passed through a point of taxation shall be entitled to a refund of the tax imposed by this section. Emissions that are used for enhanced oil recovery shall be entitled for such refund provided that these emissions meet all of the criteria applicable to other emissions that qualify for such refund.

(B) Rule.—The Secretary shall establish by rule the procedures by which to apply for such refunds and such refunds shall be paid within six months of the Secretary receiving an approvable application.

(C) Time of Refund.—The Secretary may not refund any amounts under this paragraph until such time as the Secretary has published the regulations described in section 45Q(f)(2).
“SEC. 9902. IMPOSITION OF TAX ON GREENHOUSE GAS EMISSIONS FROM CERTAIN INDUSTRIAL PROCESSES.

“(a) In General.—There is hereby imposed a tax on industrial process greenhouse gas emissions by certain source categories.

“(b) List of Source Categories.—

“(1) Initial List.—The Congress establishes for purposes of this section a list of source categories subject to this section as follows:

“(A) Iron and steel production and metallurgical coke production.

“(B) Underground coal mining.

“(C) Coal preparation and processing plants.

“(D) Refineries.

“(E) Cement production.

“(F) Petrochemical production.

“(G) Lime production.

“(H) Ammonia production.

“(I) Aluminum production.

“(J) Soda ash production.

“(K) Ferroalloy production.

“(L) Phosphoric acid production.

“(M) Glass production.

“(N) Zinc production.
“(O) Lead production.

“(P) Magnesium production and processing.

“(Q) Nitric acid production.

“(R) Adipic acid production.

“(S) Semiconductor manufacture.

“(T) Electrical transmission and distribution.

“(2) Revision of the list.—The Administrator shall review the list of source categories established by this subsection not less than once every five years to determine if they should continue to be listed and publish the results of that review. The Administrator may, if appropriate, add any source categories to this list by rule.

“(3) Removal of a source category from the list.—The Administrator may remove a source category from this list only if—

“(A) the total emissions from the entire source category which are taxable under this section have been less than 250,000 metric tons of carbon dioxide equivalent per year for each of three consecutive years,

“(B) the average emissions from facilities in the source category which are taxable under
this section have been less than 25,000 metric
tons of carbon dioxide equivalent per year for
each of the years referred in subparagraph (A),
and
“(C) the Administrator determines that
there is no reasonable possibility that the total
emissions from the entire source category which
are taxable under this section will exceed
250,000 metric tons per year of carbon dioxide
equivalent within any of the five years following
such determination.
“(4) ADDITION OF A SOURCE CATEGORY TO
THE LIST.—The Administrator may add a source
category to this list only if the Administrator deter-
mines that—
“(A) the total emissions from the entire
source category which are taxable under this
section have been greater than 250,000 metric
tons per year of carbon dioxide equivalent in
any two years out of the preceding five years,
“(B) the average emissions from facilities
in the source category which are taxable under
this section have been greater than 25,000 met-
ric tons per year of carbon dioxide equivalent in
the years in which emissions from the entire
source category have been greater than 250,000
tons per year, and

“(C) there is a reasonable possibility that
the total emissions from the entire source cat-
egory which are taxable under this section will
be greater than 250,000 metric tons per year of
carbon dioxide equivalent in any year within the
next five years following such determination.

“(e) RATE OF TAX.—The rate of tax shall be the
same as the rate given in section 9901(b)(2).

“(d) BY WHOM PAID.—The tax imposed by sub-
section (a) shall be paid by the owner or operator of the
point of taxation.

“(e) POINT OF TAXATION.—The point of taxation
shall be any facility in a source category which emits more
than 25,000 metric tons of carbon dioxide equivalent sub-
ject to taxation under this section in any calendar year.

“SEC. 9903. IMPOSITION OF TAX ON GREENHOUSE GAS
EMISSIONS FROM CERTAIN PRODUCT USES.

“(a) IN GENERAL.—There is hereby imposed a tax
on non-fossil-fuel-greenhouse-gas emissions by certain
manufactured products when used for their intended pur-
poses that are manufactured within or imported into, the
United States.

“(b) LIST OF PRODUCTS.—
“(1) INITIAL LIST.—The Congress establishes for purposes of this section a list of products subject to this section as follows:

“(A) Fuel ethanol.
“(B) Industrial carbonates.
“(C) Carbon dioxide urea.
“(D) Soda ash.
“(E) Nitrous oxide.
“(F) Ozone depleting substances, but not if the United States has ratified the Kigali Amendment to the Montreal Protocol and is subject to Article 2J, paragraph 1 of the Amended Montreal Protocol.
“(G) Biodiesel.
“(H) Solid biomass fuels.

“(2) REVISION OF THE LIST.—The Administrator shall review the list of products established by this subsection not less than once every five years to determine if they should continue to be listed and publish the results of that review. The Administrator may, if appropriate, add any product to this list by rule.

“(3) REMOVAL OF A PRODUCT FROM THE LIST.—The Administrator may remove a product from this list only if—
“(A) the total emissions from all of the product used within the United States has been less than 250,000 metric tons per year of carbon dioxide equivalent for each of three consecutive years, and

“(B) the Administrator determines that there is no reasonable possibility that the total emissions from all of the product used in the United States will exceed 250,000 metric tons per year of carbon dioxide equivalent within any of the five years following such determination.

“(4) ADDITION OF A PRODUCT TO THE LIST.—

The Administrator may add a product to this list only if the Administrator determines that—

“(A) the total emissions from all of the product used within the United States has been greater than 250,000 metric tons per year of carbon dioxide equivalent in any two years out of the preceding five years, and

“(B) there is a reasonable possibility that the total emissions from all of the product used within the United States will be greater than 250,000 metric tons per year of carbon dioxide equivalent in any year within the next five years following such determination.
“(c) Rate of Tax.—The rate of tax shall be the same as the rate given in section 9901(b)(2).

“(d) By Whom Paid.—The tax imposed by subsection (a) shall be paid—

“(1) for products manufactured in the United States, by the owner or operator of the point of taxation, and

“(2) for products imported into the United States, by the owner of the product when it enters the United States.

“(e) Point of Taxation.—The point of taxation shall be—

“(1) for products manufactured in the United States, the manufacturing facility,

“(2) for products imported into the United States, the point at which it first enters the United States, and

“(3) for domestically produced biomass fuel by a facility that emits from combusted biomass fuel more than 25,000 metric tons of carbon dioxide equivalent greenhouse gases in a year, the facility that combests the biomass fuel.

“SEC. 9904. Calculation of Taxable Emissions.

“(a) How to Calculate Taxable Emissions.—In consultation with the Department of Energy, the Adminis-
trator shall establish by rule (and may, from time to time, revise) the method by which taxable emissions under this part shall be calculated.

“(b) CATEGORIES AND SUBCATEGORIES CONSIDERED.—For purposes of calculating emissions taxable under—

“(1) section 9901, the Administrator shall determine by rule the amount of carbon dioxide equivalent that would be emitted if each fossil fuel were combusted, and the Administrator may establish by rule such subcategories of each fuel and the means by which it is combusted as the Administrator deems appropriate,

“(2) section 9902, the Administrator may determine by rule such subcategories of any industrial process category listed in subsection 9902(b) as the Administrator deems appropriate, and

“(3) section 9903, for fuel ethanol, biodiesel, and solid biomass fuels the Administrator shall determine by rule the amount of carbon dioxide equivalent that would be emitted based on the lifecycle greenhouse gas emissions of the product (excluding emissions from fossil fuels that have passed through a point of taxation), and the Administrator may determine by rule such subcategories of manufactured
products listed in subsection 9903(b) as the Administrator deems appropriate.

“(c) METHODS.—Where greenhouse gas emissions subject to taxation under any section of this part are combined with greenhouse gas emissions subject to taxation under any other section of this part, the Administrator shall ensure, to the greatest degree possible, that the methods required to determine the emissions taxable under any section of this part do not include any emissions taxable under any other section of this part.

“(d) METHOD COST DIFFERENCES.—The Administrator shall not require the use of any method to calculate taxable emissions whereby the difference in cost of the method compared to the next cheapest alternative method is greater than the amount of the tax that would be paid on the additional emissions determined by the more expensive method.

“(e) PUBLICATION OF REGULATIONS.—The Administrator shall publish the regulations required by this section no later than one year prior to the start of the calendar year referred to in section 9901(b)(2)(A). The Secretary may not collect the tax imposed by any section in this part for any calendar year that begins less than one year after the regulations applicable to each such section are published.
“SEC. 9905. CREDIT FOR STATE PAYMENTS.

“(a) CREDIT FOR PAYMENTS.—The Secretary shall allow any person who is required to make payment for greenhouse gas emissions under this part a credit for payments made on those emissions required under any State law in the following manner:

“(1) For the year given in section 9901(b)(2), a credit equal to 100 percent of the amount paid pursuant to requirements of State law.

“(2) For the first year following the year used in paragraph (1), a credit equal to 80 percent of the amount paid pursuant to requirements of State law.

“(3) For the second year following the year used in paragraph (1), a credit equal to 60 percent of the amount paid pursuant to requirements of State law.

“(4) For the third year following the year used in paragraph (1), a credit equal to 40 percent of the amount paid pursuant to requirements of State law.

“(5) For the fourth year following the year used in paragraph (1), a credit equal to 20 percent of the amount paid pursuant to requirements of State law.

“(b) NO CREDIT.—For all years following the year used in paragraph (5), no credit shall be allowed.
“SEC. 9906. PENALTIES FOR NONPAYMENT.

“Any person who fails to comply with the requirements of section 9901, 9902, or 9903 shall be liable for payment to the Secretary, without demand, of a penalty in the amount equal to 3 times the applicable amount specified by those sections for the same tax year as the year in which the person failed to comply with such requirements.

“SEC. 9907. DEFINITIONS.

“Unless otherwise provided, the definitions provided herein are applicable to all provisions of this subtitle.

“(1) ADMINISTRATOR.—The term ‘Administrator’ means the Administrator of the Environmental Protection Agency.

“(2) CARBON DIOXIDE EQUIVALENT.—The term ‘carbon dioxide equivalent’ means the number of metric tons of CO₂ emissions with the same global warming potential over a 100-year period as one metric ton of another greenhouse gas.

“(3) COAL.—The term ‘coal’ means any of the recognized classifications and ranks of coal, including anthracite, bituminous, semibituminous, subbituminous, lignite, and peat.

“(4) COAL PREPARATION AND PROCESSING PLANT.—The term ‘coal preparation and processing plant’ means any facility (excluding underground
mining operations) which prepares coal by one or more of the following processes: breaking, crushing, screening, wet or dry cleaning, and thermal drying.

“(5) ENHANCED OIL RECOVERY.—The term ‘enhanced oil recovery’ has the meaning defined at section 1.193–1(b)(2) of title 26, Code of Federal Regulations, as in effect on the date of enactment of this section.

“(6) FACILITY.—The term ‘facility’ means any physical property, plant, building, structure, source, or stationary equipment located on one or more contiguous or adjacent properties in actual physical contact or separated solely by a public roadway or other public right-of-way and under common ownership or common control, that emits or may emit any greenhouse gas.

“(7) FOSSIL FUEL.—The term ‘fossil fuel’ means coal, petroleum products, or natural gas.

“(8) GREENHOUSE GAS.—The term ‘greenhouse gas’ means carbon dioxide, nitrous oxide, methane, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

“(9) GREENHOUSE GAS EFFECTS.—The term ‘greenhouse gas effects’ means the adverse effects of greenhouse gasses on health or welfare caused by
the greenhouse gas’s heat-trapping potential or its effect on ocean acidification.

“(10) LIFECYCLE GREENHOUSE GAS EMISSIONS.—The term ‘lifecycle greenhouse gas emissions’ has the meaning given that term in section 211 of the Clear Air Act.

“(11) NATURAL GAS.—The term ‘natural gas’ means any fuel consisting in whole or in part of natural gas, including components of natural gas such as methane and ethane; liquid petroleum gas; synthetic gas derived from coal, petroleum, or natural gas liquids; or any mixture of natural gas and synthetic gas.

“(12) PETROLEUM PRODUCTS.—The term ‘petroleum products’ means unfinished oils, liquefied petroleum gases, pentanes plus, aviation gasoline, motor gasoline, naphtha-type jet fuel, kerosene-type jet fuel, kerosene, distillate fuel oil, residual fuel oil, petrochemical feedstocks, special naphthas, lubricants, waxes, petroleum coke, asphalt, road oil, still gas, and miscellaneous products obtained from the processing of crude oil (including lease condensate), natural gas, and other hydrocarbon compounds. The term does not include natural gas, liquefied natural
gas, biofuels, methanol, and other nonpetroleum fuels.

“(13) PUBLISH.—The term ‘publish’ means publication in the Federal Register.

“(14) REFINERY.—The term ‘refinery’ means any facility engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, lubricants, or other products through distillation of petroleum or through redistillation, cracking, or reforming of unfinished petroleum derivatives.

“(15) OWNER.—The term ‘owner’ with respect to any fossil fuel means any person who has legal title to the fossil fuel.

“(16) OWNER OR OPERATOR.—The term ‘owner or operator’ with respect to any fossil fuel means any person who has legal title to the fossil fuel.

“(17) SEQUESTERS.—The term ‘sequesters’ means the permanent storage of carbon dioxide or other greenhouse gas such that it does not escape into the atmosphere, and is in compliance with the regulations issued pursuant to section 45Q(f)(2).

“(18) SOLID BIOMASS.—The term ‘solid biomass’ means nonfossilized and biodegradable organic material originating from plants, animals, or microorganisms, including products, byproducts, residues
and waste from agriculture, forestry, and related industries as well as the nonfossilized and biodegradable organic fractions of industrial and municipal wastes, but does not include gases and liquids recovered from the decomposition of nonfossilized and biodegradable organic material.

“(19) SOURCE CATEGORY.—The term ‘source category’ means any category or subcategory regulated under part 60 of title 40, Code of Federal Regulations, or part 90 of title 40, Code of Federal Regulations.”.

(b) CLERICAL AMENDMENT.—The table of subtitles for the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Subtitle L—Greenhouse Gas Emissions”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to emissions after the later of December 31, 2023, and the date that is one year after the date regulations are promulgated under section 9914 of the Internal Revenue Code of 1986.

SEC. 102. BORDER GREENHOUSE GAS ADJUSTMENTS.

(a) IN GENERAL.—Subtitle L of the Internal Revenue Code of 1986, as added by subsection (a), is further amended by adding at the end the following new part:
“PART 2—TAX ADJUSTMENTS FOR IMPORTS AND EXPORTS OF GREENHOUSE GAS INTENSIVE PRODUCTS

Sec. 9911. Purposes.

(a) PURPOSES OF PART.—The purposes of this part are—

(1) to promote a strong global effort to significantly reduce greenhouse gas emissions, and

(2) to prevent carbon leakage.

(b) ADDITIONAL PURPOSES OF PART.—The purposes of this part are additionally—

(1) to provide a rebate to exporters in domestic eligible industrial sectors for the greenhouse gas emission costs of the owners and operators incurred under this title, but not for costs associated with other related or unrelated market dynamics,

(2) to ensure that imports from other countries, and, in particular, fast-growing developing countries, do not enjoy competitive advantages because of the carbon tax liability of domestic manufacturers, and therefore increase their emissions,
“(3) to encourage foreign countries to take sub-
stantial action with respect to their greenhouse gas
emissions, and

“(4) to ensure that the measures described in
this subpart are designed and implemented in a
manner consistent with applicable international
agreements to which the United States is a party.

“SEC. 9912. DEFINITIONS.

“In this part:

“(1) CARBON LEAKAGE.—The term ‘carbon
leakage’ means any substantial increase (as deter-
mined by the Secretary) in greenhouse gas emissions
by entities located in other countries caused by a
cost of production increase in the United States re-
sulting from implementation of this title.

“(2) BORDER TAX ADJUSTMENT.—The term
‘border tax adjustment’ means the levying of a tax
on imported covered goods equivalent to the amount
of tax paid pursuant to part 1 of this subtitle in the
manufacture of comparable domestic manufactured
goods, and the rebating of the tax paid pursuant to
part 1 of this subtitle that has been paid on covered
goods exported from the United States.

“(3) BORDER TAX ADJUSTMENT RATE.—The
term ‘border tax adjustment rate’ means the amount
of tax that would be paid on a covered good produced in the United States in the current year.

“(4) COMMISSIONER.—The term ‘Commissioner’ means the Commissioner of United States Customs and Border Protection.

“(5) COVERED GOOD.—The term ‘covered good’ means a good that is—

“(A) entered under a heading or subheading of the Harmonized Tariff Schedule of the United States that corresponds to the NAICS code for an eligible industrial sector, as established in the concordance between NAICS codes and the Harmonized Tariff Schedule of the United States prepared by the United States Census Bureau, or

“(B) a manufactured item for consumption.

“(6) ELIGIBLE INDUSTRIAL SECTOR.—The term ‘eligible industrial sector’ means an industrial sector determined by the Secretary under section 9913.

“(7) INDUSTRIAL SECTOR.—The term ‘industrial sector’ means any sector that—

“(A) is in the manufacturing sector (as defined in NAICS codes 31, 32, and 33), or
“(B) is part of, or an entire, sector that beneficiates or otherwise processes (including agglomeration) metal ores, including iron and copper ores, soda ash, and phosphate. The term ‘industrial sector’ does not include any part of a sector that extracts fossil fuels, metal ores, soda ash, or phosphate.

“(8) MANUFACTURED ITEM FOR CONSUMPTION.—The term ‘manufactured item for consumption’ means any good—

“(A) that includes in substantial quantities one or more goods like the goods produced by an eligible industrial sector, and

“(B) for which the Secretary has determined, with the concurrence of the Commissioner, that the application of the border tax adjustment program pursuant to this part is technically and administratively feasible and appropriate to achieve the purposes of this part, taking into account the greenhouse gas intensity, and where appropriate the trade intensity, of the industrial sector that produces the good, as measured consistent with section 9913 and the ability of the producers to recover cost in-
increases in the marketplace and other appropriate factors.


“(10) OUTPUT.—The term ‘output’ means the total tonnage or other standard unit of production (as determined by the Secretary) produced by an entity in an industrial sector.

“SEC. 9913. NOTIFICATION OF FOREIGN COUNTRIES.

“(a) IN GENERAL.—As soon as practicable after the date of the enactment of the Modernizing America with Rebuilding to Kickstart the Economy of the Twenty-first Century with a Historic Infrastructure-Centered Expansion Act, the President shall notify each foreign country—

“(1) requesting the foreign country to take appropriate measures to limit the greenhouse gas emissions of the foreign country, and

“(2) indicating that a border tax adjustment may apply to covered goods imported into and exported from the United States.

“(b) LISTS.—

“(1) IN GENERAL.—Not later than 1 year after the date of the enactment of the Modernizing America with Rebuilding to Kickstart the Economy of the
Twenty-first Century with a Historic Infrastructure-Centered Expansion Act, the Secretary shall promulgate a rule designating, based on the criteria under subsection (c)(2), industrial sectors where covered products are liable for the border tax adjustment.

“(2) CONTENT.—The list shall include the amount of the border tax adjustment rate for each covered good in the following calendar year pursuant to section 9914.

“(3) SUBSEQUENT LISTS.—Not later than January 31 of each calendar year after the calendar year in which the Modernizing America with Rebuilding to Kickstart the Economy of the Twenty-first Century with a Historic Infrastructure-Centered Expansion Act is enacted, the Secretary shall publish in the Federal Register an updated version of the list published under paragraph (1).

“(c) ELIGIBLE INDUSTRIAL SECTORS.—

“(1) PRESUMPTIVELY ELIGIBLE INDUSTRIAL SECTORS.—

“(A) ELIGIBILITY CRITERIA.—

“(i) IN GENERAL.—

“(I) Imported covered goods are liable under this part if they are produced in the United States in an in-
ustrial sector that is included in a 6-digit classification of the NAICS that meets the criteria in both clauses (ii) and (iii).

“(II) Exported covered goods are eligible under this part if they are produced in the United States in an industrial sector that is included in a 6-digit classification of the NAICS that meets the criteria in clauses (ii) and (iii).

“(ii) GREENHOUSE GAS INTENSITY.—As determined by the Secretary, an industrial sector meets the criteria of this clause if the United States industrial sector has a greenhouse gas intensity of at least 5 percent, calculated by dividing—

“(I) the number of metric tons of carbon dioxide equivalent greenhouse gas emissions (including direct emissions from fuel combustion, process emissions, and indirect emissions from the generation of electricity used to produce the output of the sector) of the sector based on data described in
subparagraph (C), multiplied by the
applicable rate in section 9901(b)(2),
by
“(II) the value of the shipments
of the sector, based on data described
in subparagraph (C).
“(iii) TRADE INTENSITY.—As deter-
mained by the Secretary, an industrial sec-
tor meets the criteria of this clause if the
industrial sector has a trade intensity of at
least 15 percent, calculated by dividing—
“(I) the value of the total im-
ports and exports of the sector, by
“(II) the value of the shipments
plus the value of imports of the sec-
tor, based on data described in sub-
paragraph (C).
“(B) METAL AND PHOSPHATE PRODUC-
tion classified under more than one
NAICS CODE.—For purposes of this section, the
Secretary shall—
“(i) aggregate data for the
beneficiation or other processing (including
agglomeration) of metal ores, including
iron and copper ores, soda ash, or phos-
phate with subsequent steps in the process
of metal and phosphate manufacturing, re-
gardless of the NAICS code under which
the activity is classified, and

“(ii) aggregate data for the manufac-
turing of steel with the manufacturing of
steel pipe and tube made from purchased
steel in a nonintegrated process.

“(C) DATA SOURCES.—

“(i) VALUE OF SHIPMENTS.—

“(I) IN GENERAL.—The Sec-
retary shall determine the value of
shipments under this subsection from
data from the United States Census
Annual Survey of Manufacturers.

“(II) AVERAGE DATA AVAILABLE.—The Secretary shall use the
average of data from the most recent
3 years for which the data are avail-
able.

“(III) AVERAGE DATA NOT
AVAILABLE.—If data described in sub-
clause (II) are unavailable, the Sec-
retary shall make a determination
based on—
“(aa) data from the most detailed industrial classification level of the Manufacturing Energy Consumption Survey of the Energy Information Administration, and

“(bb) data from the most recent Economic Census of the United States.

“(IV) DATA NOT AVAILABLE FOR SECTOR.—If data from the Manufacturing Energy Consumption Survey or Economic Census are unavailable for any sector at the 6-digit classification level in the NAICS, the Secretary may use available Manufacturing Energy Consumption Survey or Economic Census data pertaining to a broader industrial category classified in the NAICS.

“(V) DATA NOT AVAILABLE FOR PROCESSING.—If data relating to the beneficiation or other processing (including agglomeration) of metal ores (including iron and copper ores, soda
ash, or phosphate) are not available from the specified data sources, the Secretary—

“(aa) shall use the best available Federal or State government data, and

“(bb) may use, to the extent necessary, representative data submitted by entities that perform the beneficiation or other processing (including agglomeration), in making a determination.

“(ii) IMPORTS AND EXPORTS.—

“(I) IN GENERAL.—The Secretary shall base the value of imports and exports under this subsection on United States International Trade Commission data.

“(II) AVERAGE DATA AVAILABLE.—The Secretary shall use the average of data from the three most recent years for which the data are available.
“(III) AVERAGE DATA NOT AVAILABLE.—If data from the United States International Trade Commission are unavailable for any sector at the 6-digit classification level in the NAICS, the Secretary may use United States International Trade Commission data pertaining to a broader industrial category classified in the NAICS.

“(iii) PERCENTAGES.—The Secretary shall round the greenhouse gas intensity and trade intensity percentages under subparagraph (A) to the nearest whole number.

“(iv) GREENHOUSE GAS EMISSION CALCULATIONS.—When calculating the metric tons of carbon dioxide equivalent greenhouse gas emissions for each sector under subparagraph (A)(ii)(I), the Secretary—

“(I) shall use the best available data from the three most recent years for which the data are available, and
“(II) may, to the extent necessary with respect to a sector, use economic and engineering models and the best available information on technology performance levels for the sector.

“(2) ADMINISTRATIVE DETERMINATION OF ADDITIONAL ELIGIBLE INDUSTRIAL SECTORS.—

“(A) UPDATED TRADE INTENSITY DATA.— The Secretary shall designate as liable for the border tax adjustment rate on imported products under this part an industrial sector that—

“(i) met the greenhouse gas intensity criteria in paragraph (1)(A)(ii) as of the date of promulgation of the rule under paragraph (1), and

“(ii) meets the trade intensity criteria established under paragraph (1)(A)(iii), using data sources described in paragraph (1)(C) from any year after the passage of this Act.

“(B) INDIVIDUAL SHOWING PETITION.—

“(i) PETITION.—In addition to designation under subparagraph (A), the owner or operator of an entity or a group
of entities that collectively produce not less than 80 percent of the average annual value of shipments from within the sector of the group consistent with subclause (I), that manufacture similar products in an industrial sector may petition the Secretary to designate as eligible industrial sectors under this part an entity or a group of entities that—

“(I) represent a sector using a standard product classification, and

“(II) meet the respective import and/or export eligibility criteria in paragraph (1)(A)(i).

“(ii) DATA.—In making a determination under this subparagraph, the Secretary shall consider—

“(I) data submitted by the petitioner,

“(II) data solicited by the Secretary from other entities in the sector, and

“(III) data specified in paragraph (1)(C).
“(iii) BASIS OF SUBSECTOR DETERMINATION.—

“(I) IN GENERAL.—Except as provided in subclause (II), the Secretary shall determine an entity or group of entities to be a subsector of a 6-digit section of the NAICS code based only on the products manufactured and not the industrial process by which the products are manufactured.

“(II) TYPE OF MATERIAL.—The Secretary may determine an entity or group of entities that manufacture a product from primarily virgin material to be a separate subsector from another entity or group of entities that manufacture the same product primarily from recycled material.

“(iv) USE OF MOST RECENT DATA.—In determining whether to designate a sector or subsector as an eligible industrial sector under this subparagraph, the Secretary shall use the most recent data available from the sources described in para-
graph (1)(C), rather than the data from the years specified in paragraph (1)(C), to determine the trade intensity of the sector or subsector, but only for determining the trade intensity.

“(v) FINAL ACTION.—The Secretary shall take final action on a petition described in this subparagraph not later than 180 days after the date the completed petition is received by the Secretary.

“(3) CESSATION OF QUALIFYING ACTIVITIES.—If, as determined by the Secretary, an industrial sector or a covered good within the sector is no longer liable to be designated under this section, the Commissioner shall cease to apply the border tax adjustment on the relevant covered goods with effect from January 1 of the following year.

“SEC. 9914. BORDER TAX ADJUSTMENT RATE.

“(a) ESTABLISHMENT.—The Secretary, with the concurrence of the Commissioner, shall, no later than the date that is one year after the date of the enactment of this section, promulgate regulations—

“(1) establishing the products which are liable for, and requiring payment of, the border tax adjustment rate,
“(2) establishing a general methodology for calculating the level of the border tax adjustment rate that a domestic importer of any covered good must submit and the rebate that an exporter will receive,

“(3) establishing an administrative process whereby any determination by the Secretary under this subsection may be appealed,

“(4) exempting from this section products that originate from—

“(A) any country that the United Nations has identified as among the least developed of developing countries, or

“(B) any country that the President has determined to be responsible for less than 0.5 percent of total global greenhouse gas emissions and less than 5 percent of global production in the eligible industrial sector,

“(5) specifying the procedures that the Commissioner will apply for the declaration and entry of covered goods with respect to the eligible industrial sector into the customs territory of the United States, and

“(6) establishing procedures that prevent circumvention of the carbon tax liability for covered
goods that are manufactured or processed in more
than one foreign country.

“(b) PRESIDENTIAL DISCRETION.—The President
may elect not to levy the border tax adjustment for an
eligible industrial sector or for specific products within
that sector if the President determines and certifies to
Congress that the program would not be in the national
interest, economic interest, or environmental interest of
the United States.”.

(b) EFFECTIVE DATE.—The amendments made by
this section shall apply to emissions after the later of De-
cember 31, 2023, and the date that is one year after the
date regulations are promulgated under section 9914 of
the Internal Revenue Code of 1986.

TITLE II—DISTRIBUTION OF
REVENUES FROM TAXATION
OF GREENHOUSE GAS EMI-
SIONS

Subtitle A—Rebuilding Infrastructure And Solutions For The En-
vironment Trust Fund

SEC. 201. ESTABLISHMENT OF THE RISE TRUST FUND.

There is hereby created in the Treasury of the United
States a trust fund to be known as the “Rebuilding Infra-
structure and Solutions for the Environment Trust Fund”
(hereafter in this Act referred to as the “RISE Trust Fund”), consisting of amounts paid into the Treasury pursuant to subtitle L of the Internal Revenue Code of 1986 (as added by title I of this Act), and 75 percent of such amounts are hereby appropriated and transferred to the RISE Trust Fund.

SEC. 202. APPROPRIATIONS FROM THE RISE TRUST FUND.

(a) In General.—Amounts in the RISE Trust Fund for a fiscal year shall be available, as provided by appropriation Acts, as follows:

(1) 70 percent for each of the fiscal years 2025 through 2034 to the Highway Trust Fund.

(2) 1.5 percent for each of the fiscal years 2025 through 2034 for the weatherization program developed under part A of title IV of the Energy Conservation and Production Act (42 U.S.C. 6861 et seq.).

(3) 3 percent for each of the fiscal years 2025 through 2034 for assistance for displaced energy workers under section 321.

(4) 2.5 percent for each of the fiscal years 2025 through 2034 to the Airport and Airway Trust Fund under section 9502 of the Internal Revenue Code of 1986.
(5) 0.1 percent for each of the fiscal years 2025 through 2034 to the Leaking Underground Storage Trust Fund under section 9508 of the Internal Revenue Code of 1986.

(6) 1.5 percent for each of the fiscal years 2025 through 2034 to the Abandoned Mine Reclamation Fund under section 401 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231).

(7) 4 percent for each of the fiscal years 2025 through 2034 for frequent and chronic coastal flooding mitigation and adaptation infrastructure projects under section 302.

(8) 1.5 percent for each of the fiscal years 2025 through 2034 for Advanced Research Projects Agency-Energy under section 5012 of the America COMPETES Act (42 U.S.C. 16538).

(9) 0.7 percent for each of the fiscal years 2025 through 2034 for the Carbon Capture Research and Development Program of the National Energy Technology Laboratory, Office of Fossil Energy, Department of Energy.

(10) 0.5 percent for each of the fiscal years 2025 through 2034 for assistance for Carbon Storage DOE Fossil Energy Research, Development, and
Demonstration Program Areas, Coal Program Area

(11) 0.5 percent for each of the fiscal years 2025 through 2034 for assistance to the National Energy Technology Laboratory of the Office of Fossil Energy for the research and development of carbon removal technologies.

(12) 0.3 percent for each of the fiscal years 2025 through 2034 to the Secretary of Energy for research and development to identify and assess novel uses for carbon oxides, including the conversion of carbon dioxide for commercial and industrial products, such as chemicals, plastics, building materials, fuels, cement, products of coal use in power systems or other applications, or other products with demonstrated market value.

(13) 0.2 percent for each of the fiscal years 2025 through 2034 to the Secretary of Energy to provide grants to entities constructing common carrier pipeline infrastructure to transport anthropogenic carbon dioxide for the incremental cost of providing extra capacity for future carbon dioxide transport needs.

(14) 0.5 percent for each of the fiscal years 2025 through 2034 for research and development re-
lating to energy storage by battery through the Office of Electricity, Department of Energy.

(15) 10 percent for each of the fiscal years 2025 through 2034 for State grants under section 203.

(16) 1 percent for each of the fiscal years 2025 through 2034 to the Reforestation Trust Fund (16 U.S.C. 1606a).

(17) 0.1 percent for each of the fiscal years 2025 through 2034 for assistance through cooperative agreements to decrease the environmental impact of energy-related activities pursuant to section 931 of the Energy Policy Act of 2005 (42 U.S.C. 16231).

(18) 1.6 percent for each of the fiscal years 2025 through 2034 for the environmental quality incentives program under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) for payments to producers to implement practices that promote improvements identified in subparagraphs (A) and (C) of section 1240B(d)(3) of such Act (16 U.S.C. 3839aa–2).

(19) 0.5 percent for each of fiscal years 2025 through 2034 for the regional conservation partnership program under section 1271 of the Food Secu-
rity Act of 1985 (16 U.S.C. 3871) for eligible activities on eligible land through partnership agreements with eligible partners and contracts with producers that address one of the following goals:

(A) Soil health.

(B) Nutrient management.

(C) Forest restoration.

(D) Reduction of methane emissions.

(E) Other related activities that the Secretary determines will help achieve conservation benefits and increase carbon sequestration or reduce greenhouse gas emissions.

(b) CARBON REMOVAL.—For purposes of subsection (a)(11), the term “carbon removal technologies” includes:

(1) Direct air capture and storage technologies, which shall not include any equipment which captures carbon dioxide which is deliberately released from naturally occurring subsurface springs or using natural photosynthesis.

(2) Bioenergy with carbon capture and sequestration.

(3) Enhanced geological weathering.

(4) Agricultural and grazing practices.

(5) Forest management and afforestation.
(6) Planned or managed carbon sinks, including natural and artificial.

(c) Wage Rate Requirements.—Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code.

(d) Conforming Amendments.—

(1) Leaking Underground Storage Tank Trust Fund.—Section 9508(b) of the Internal Revenue Code of 1986 is amended—

(A) by striking “and” at the end of paragraph (3),

(B) by striking the period at the end of paragraph (4) and inserting “, and”, and
(C) by inserting after paragraph (4) the following:

“(5) amounts made available to the Leaking Underground Storage Tank Trust Fund from the RISE Trust Fund under section 202(a)(5) of the Modernizing America with Rebuilding to Kickstart the Economy of the Twenty-first Century with a Historic Infrastructure-Centered Expansion Act.”.

(2) REFORESTATION TRUST FUND.—

(A) SOURCE OF FUNDS.—Section 303(a) of the Act of October 14, 1980 (16 U.S.C. 1606a(a)) is amended by striking “subsection (b)(1)” and inserting “paragraph (1) or (4) of subsection (b)”.

(B) SPECIAL RULE RELATING TO LIMITATION.—Section 303(b) of the Act of October 14, 1980 (16 U.S.C. 1606a(b)) is amended—

(i) in paragraph (2) by inserting “under paragraph (1)” after “The Secretary of the Treasury shall transfer”, and

(ii) by adding at the end the following:

“(4) Not later than 9 months after the enactment of the Modernizing America with Rebuilding to Kickstart the Economy of the Twenty-first Century
with a Historic Infrastructure-Centered Expansion Act, the Secretary shall transfer to the Trust Fund the amounts made available under section 202(a)(13) of such Act.”.

SEC. 203. STATE GRANTS.

(a) IN GENERAL.—From amounts made available under section 202(a)(15), the Secretary of the Treasury shall make an annual grant to each State (hereafter in this section referred to as “State grant”) to distribute to eligible low-income households in accordance with this section.

(b) ELIGIBLE LOW-INCOME HOUSEHOLD.—A household shall be considered to be an eligible low-income household for purposes of this section if—

(1) except as provided in subsection (d)(4), the gross income of the household does not exceed 150 percent of the poverty line;

(2) the appropriate State agency for the State in which the household is located determines that the household is participating in—

(A) the Supplemental Nutrition Assistance Program authorized by the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.);

(B) the Food Distribution Program on Indian Reservations authorized by section 4(b) of such Act (7 U.S.C. 2013(b)); or
(C) the program for nutrition assistance in
Puerto Rico or American Samoa under section
19 of such Act (7 U.S.C. 2028);
(3) the household consists of a single individual
or a married couple, and—
   (A) receives the subsidy described in sec-
tion 1860D–14 of the Social Security Act (42
U.S.C. 1395w–114); or
   (B)(i) participates in the program under
title XVIII of the Social Security Act; and
   (ii) meets the income requirements de-
scribed in section 1860D–14(a)(1) or
   (a)(2) of the Social Security Act (42
U.S.C. 1395w–114(a)(1) or (a)(2)); or
(4) the household consists of a single individual
or a married couple, and receives benefits under the
supplemental security income program under title
XVI of the Social Security Act (42 U.S.C. 1381–
1383f).
(e) AMOUNT.—The Secretary of the Treasury, in con-
sultation with the Secretary of Energy and the Adminis-
trator of the Environmental Protection Agency, shall de-
terminate the amount of each State grant in proportion to
the percentage of total United States greenhouse gas emis-
sions attributable to electricity, natural gas, gasoline, die-
(d) **Rule Relating to Process.**—Not later than 1 year after the enactment of this Act, the Secretary of the Treasury shall establish by rule a date in each year by which each State shall notify the Secretary how the State intends to distribute the State Grant. The Secretary shall transfer the State Grant to each State only upon the State demonstrating to the Secretary’s satisfaction that the State intends to distribute the State Grant in accordance with this section.

(e) **State.**—For the purposes of this section, the term “State” includes the District of Columbia and any territory of possession of the United States.

**Subtitle B—Certain Manufacturers Excise Taxes**

**SEC. 211. REPEAL OF FEDERAL MOTOR VEHICLE AND AVIATION FUEL TAXES.**

(a) **In General.**—Subpart A of part III of subchapter A of chapter 32 of the Internal Revenue Code of 1986 is hereby repealed.

(b) **Effective Date.**—The repeal made by subsection (a) shall apply to transactions after December 31, 2023.
SEC. 212. MODIFICATIONS OF QUALIFYING ADVANCED COAL PROJECT CREDIT.

(a) Sequestration Requirement for Certain Equipment.—Section 48A(e)(1)(G) of the Internal Revenue Code of 1986 is amended by inserting “and 60 percent in the case of an application for a reallocation of credits under subsection (d)(4) with respect to an electrical generating unit in existence on October 3, 2008” after “under subsection (d)(4)”.

(b) Nameplate Generating Capacity Requirement.—Section 48A(e)(1)(C) of such Code is amended by striking “400 megawatts” and inserting “200 megawatts”.

(c) Advanced Coal-Based Generation Technology Requirements.—

(1) In general.—Section 48A(f)(1) of such Code is amended by striking “generation technology if—” and all that follows through “the unit is designed” and inserting “generation technology if the unit is designed”.

(2) Conforming Amendments.—Section 48A(f) is amended—

(A) by striking all that precedes “the purpose of this section” and inserting the following:
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“(f) ADVANCED COAL-BASED GENERATION TECHNOLOGY.—For’’;

(B) by striking “in subparagraph (B)” in the second sentence and inserting “in this sub-
section”; and

(C) by striking paragraphs (2) and (3).

(d) PERFORMANCE REQUIREMENTS IN CASE OF BEST AVAILABLE CONTROL TECHNOLOGY.—Section 48A(f) of such Code, as amended by this Act, is amended by adding at the end the following: “In the case of a retro-
fit of a unit which has undergone a best available control technology analysis after August 8, 2005, with respect to the removal or emissions of any pollutant which is SO2 or NOx, the removal or emissions design level with respect to such pollutant shall be the level determined in such analysis.’’.

(e) CLARIFICATION OF REALLOCATION AUTHORITY.—Section 48A(d)(4) of the Internal Revenue Code of 1986 is amended—

(1) in subparagraph (A)—

(A) by striking “Not later than 6 years after the date of enactment of this section, the’’ and inserting “The”; and

(B) by inserting “and every 6 months thereafter until all credits available under this
section have been allowed” after “the date
which is 6 years after the date of enactment of
this section”;

(2) in subparagraph (B)—

(A) by striking “may reallocate credits
available under clauses (i) and (ii) of paragraph
(3)(B)” and inserting “shall reallocate credits
remaining available under paragraph (3)”;

(B) by striking “or” at the end of clause
(i); and

(C) by striking clause (ii) and inserting the
following:

“(ii) any applicant for certification
which submitted an accepted application
has subsequently failed to satisfy the re-
quirements under paragraph (2)(D), or

“(iii) any certification made pursuant
to paragraph (2) has been revoked pursu-
ant to paragraph (2)(E).”; and

(3) in subparagraph (C)—

(A) by striking “clause (i) or (ii) of para-
graph (3)(B)” and inserting “paragraph (3)”;

(B) by striking “is authorized to” and in-
serting “shall”; and
(C) by striking “an additional program” and inserting “additional programs”.

(f) **Effective Date.**

(1) **In general.**—Except as provided in paragraph (2), the amendments made by this section shall apply to allocations and reallocations after the date of the enactment of this Act.

(2) **Reallocation.**—The amendments made by subsection (e) shall apply to credits remaining available under section 48A(d)(3) of the Internal Revenue Code of 1986 on the date of the enactment of this Act.

**TITLE III—AMENDMENTS TO OTHER LAWS**

**Subtitle A—Amendments to Federal Environmental Statutes**

**SEC. 301. AMENDMENTS TO THE CLEAN AIR ACT.**

(a) **In general.**—Title III of the Clean Air Act (42 U.S.C. 7601) is amended by adding at the end the following:

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“SEC. 330. MORATORIUM AGAINST CERTAIN REGULATIONS
BASED ON GREENHOUSE GAS EFFECTS.

“(a) **FUELS.**—Unless specifically authorized in section 202, 211, 213, 231, or this section, after a fossil fuel has passed through a point of taxation as provided in sec-
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tion 9901(d) of the Internal Revenue Code of 1986, subject to subsection (g), the Administrator shall not issue or enforce any rule limiting the emission of greenhouse gases from the combustion of that fuel under this Act (or impose any requirement on any State to limit such emission) on the basis of the emission’s greenhouse gas effects.

“(b) EMISSIONS.—Unless specifically authorized in section 202, 211, 213, 231, or this section, if emission of any greenhouse gas is subject to taxation pursuant to section 9902 or 9903 of the Internal Revenue Code of 1986, the Administrator shall not issue or enforce any rule limiting such emission under this Act (or impose any requirement on any State to limit such emission) on the basis of the emission’s greenhouse gas effects.

“(c) AUTHORIZED REGULATION.—Notwithstanding subsections (a) and (b), nothing in this section limits the Administrator’s authority pursuant to any other provision of this Act—

“(1) to limit the emission of any greenhouse gas because of any adverse impact on health or welfare other than its greenhouse gas effects;

“(2) in limiting emissions as described in paragraph (1), to consider the collateral benefits of limiting the emissions because of greenhouse gas effects;
“(3) to limit the emission of any other pollutant that is not a greenhouse gas that the Administrator determines by rule has heat-trapping properties; or

“(4) to take any action with respect to any greenhouse gas other than limiting its emission, including—

“(A) monitoring, reporting, and record-keeping requirements;

“(B) conducting or supporting investigations; and

“(C) information collection.

“(d) EXCEPTION FOR CERTAIN GREENHOUSE GAS EMISSIONS.—Notwithstanding subsections (a) and (b), nothing in this section limits the Administrator’s authority to regulate greenhouse gas emissions from—

“(1) facilities that—

“(A) are subject to subpart OOOO or OOOOa of part 60 of title 40, Code of Federal Regulations, as in effect on January 1, 2018, or

“(B) would be subject to either subpart OOOO or OOOOa if those subparts applied to facilities without regard to the date on which construction, modification, or reconstruction commenced, and
“(2) POTW Treatment Plants (as defined in section 403.3(r) of title 40, Code of Federal Regulations (as in effect on the date of enactment of this section)).

“(e) DEFINITIONS.—In this section, the terms ‘greenhouse gas’ and ‘greenhouse gas effects’ have the meanings given to those terms in section 9907 of the Internal Revenue Code of 1986.

“(f) MORATORIUM EXPIRATION.—Subsections (a) and (b) shall cease to apply beginning on January 1, 2037.

“(g) EXCEPTIONS.—

“(1) 2028.—Notwithstanding subsections (a) and (b) of this section and section 211(c)(5) of this Act, if the Administrator determines by March 30, 2029, pursuant to the report required by section 9901(b)(3)(A) of the Internal Revenue Code of 1986, that total greenhouse gas emissions from sources subject to taxation under sections 9901 through 9903 of such Code during the period of calendar years 2025 through 2028 exceed the emission level specified in section 9901(b)(3)(A) of such Code for calendar year 2028, then beginning on October 1, 2029, subsections (a) and (b) shall cease to apply.

“(2) 2032.—Notwithstanding subsections (a) and (b) of this section and section 211(c)(5) of this
Act, if the Administrator determines by March 30, 2033, pursuant to the report required by section 9901(b)(3)(A) of the Internal Revenue Code of 1986, that total greenhouse gas emissions from sources subject to taxation under sections 9901 through 9903 of such Code during the period of calendar years 2025 through 2032 exceed the emission level specified in section 9901(b)(3)(A) of such Code for calendar year 2032, then beginning on October 1, 2033, subsections (a) and (b) shall cease to apply.”.

(b) NEW MOTOR VEHICLES AND NEW MOTOR VEHICLE ENGINES.—Section 202(b) of the Clean Air Act (42 U.S.C. 7521(b)) is amended—

(1) by redesignating the second paragraph (3) (as redesignated by section 230(4)(C) of Public Law 101–549 (104 Stat. 2529)) as paragraph (4); and

(2) by adding at the end the following:

“(5) Notwithstanding section 330(a), the Administrator may—

“(A) limit the emission of any greenhouse gas (as defined in section 9907 of the Internal Revenue Code of 1986) on the basis of the emission’s greenhouse gas effects (as defined in section 9907 of the Internal Revenue Code of
1986) from any class or classes of new motor
vehicles or new motor vehicle engines subject to
regulation under subsection (a)(1); and
“(B) grant a waiver under section
209(b)(1) for standards for the control of
greenhouse gas emissions.”.

(c) FUELS.—Section 211(c) of the Clean Air Act (42
U.S.C. 7545(c)) is amended by adding at the end the fol-
lowing new paragraph:
“(5) Except as required in subsection (o), the
Administrator shall not, pursuant to this subsection,
impone on any manufacturer, processor, or dis-
tributor of fuel any requirement for the purpose of
reducing the emission of any greenhouse gas (as de-
defined in section 9907 of the Internal Revenue Code
of 1986) produced by combustion of the fuel on the
basis of the emission’s greenhouse gas effects (as de-
defined in section 9907 of the Internal Revenue Code
of 1986).”.

(d) NONROAD ENGINES AND VEHICLES EMISSIONS
STANDARDS.—Section 213 of the Clean Air Act (42
U.S.C. 7547) is amended by adding at the end the fol-
lowing:
“(e) GREENHOUSE GAS EMISSIONS.—Notwith-
standing subsections (a) and (b) of section 330, the Ad-
ministrator may limit the emission of any greenhouse gas (as defined in section 9907 of the Internal Revenue Code of 1986) on the basis of the emission’s greenhouse gas effects (as defined in section 9907 of the Internal Revenue Code of 1986) from any nonroad engines and nonroad vehicles subject to regulation under this section.”.

(e) AIRCRAFT EMISSION STANDARDS.—Section 231 of the Clean Air Act (42 U.S.C. 757) is amended by adding at the end the following new subsection:

“(d) Notwithstanding subsections (a) and (b) of section 330, the Administrator may limit the emission of any greenhouse gas (as defined in section 9907 of the Internal Revenue Code of 1986) on the basis of the emission’s greenhouse gas effects (as defined in section 9907 of the Internal Revenue Code of 1986) from any class or classes of aircraft engines, so long as any such limitation is not more stringent than the standards adopted by the International Civil Aviation Organization.”.

SEC. 302. FREQUENT AND CHRONIC FLOODING MITIGATION AND ADAPTATION INFRASTRUCTURE PROJECTS.

(a) IN GENERAL.—The Secretary of Commerce and the Secretary of the Army (hereinafter referred to as “the Secretaries”), in consultation with the Secretary of Homeland Security, may make grants to State and local govern-
ments and federally recognized Indian Tribes for frequent
and chronic flooding mitigation and adaptation infrastruc-
ture projects.

(b) AUTHORIZED USES.—Amounts provided as a
grant under this section may be used for any of the fol-
lowing:

(1) Adaptation of existing infrastructure to
mitigate impacts of climate change, including en-
hancements to both built and natural environments.

(2) Maintenance and updating of existing flood
risk reduction infrastructure, such as gravity drain-
age structures, road elevation, bulkheads, gates, and
floodwalls.

(3) Increasing resilience to frequent and chronic
flooding, including (as combined or separate
projects)—

(A) the creation of bulkheads, levees, and
other hard infrastructure alone or in combina-
tion with natural infrastructure described in
subparagraph (B); and

(B) habitat restoration work, including
dune enhancement, vegetative restoration,
beach renourishment, coral and oyster reef res-
toration, floodplain restoration, and other ac-
tions to restore the function of the natural eco-
logical function and processes to provide flood risk reduction benefits.

(4) Improvements to conveyance, diversion, removal, and storage infrastructure to reduce risks caused by frequent and chronic flooding.

(5) Innovative methods to reduce risks caused by chronic flooding along street infrastructure systems, including canal streets, absorbent streets, floodable parks, bioswales, rain gardens, permeable pavement, and underground cisterns.

(6) Deployment of technologies designed to mitigate power outages, continue delivery of vital electricity services, and maintain the flow of power to facilities critical to public health, safety and welfare, including distributed generation, energy storage, and microgrids.

(c) LIMITATION ON PROJECT ELIGIBILITY.—A project shall not be eligible for funding under this section if it will have any long-term negative impact on important ecological functions and habitat or existing natural protection features and functions.

(d) PRIORITY.—In making grants under this section the Secretaries shall give priority to the following:

(1) Protecting areas designated as special flood hazard areas for purposes of the national flood in-
insurance program under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) and the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001 et seq.), hazard areas that incorporate at least 2 feet of additional freeboard, or 3 feet in the case of critical infrastructure, above base flood elevation.

(2) Protecting critical infrastructure, as that term is defined in section 1016(e) of the USA PATRIOT Act of 2001 (42 U.S.C. 5195c(e)).

(3) Projects that yield flood risk reduction benefits and additional environmental, social, and economic benefits.

(e) Joint Application.—Two or more contiguous local governments or Tribes may jointly apply for, and receive, a grant under this section.

(f) Cost Sharing.—

(1) Limitation on Federal Share.—The Federal share of the cost of any activity carried out with a grant under this section shall not exceed 90 percent of the cost of such activity.

(2) Non-Federal Share.—The Secretary shall apply to the non-Federal share of an activity carried out with a grant under this section the amount of funds, and the fair market value of prop-
erty and services, provided by non-Federal sources
and used for the activity.

(g) REPORTS.—Each recipient of a grant under this
section shall report annually to the Secretaries on the
progress made on the project carried out with the grant.

SEC. 303. NO PREEMPTION OF STATE LAW.

Nothing in this act shall preempt or supersede, or
be interpreted to preempt or supersede, any State law or
regulation.

Subtitle B—Assistance To Dis-
placed Workers In The Energy
Sector

SEC. 321. ASSISTANCE TO DISPLACED WORKERS IN THE EN-
ERGY SECTOR.

(a) IN GENERAL.—For a period of 10 years after the
enactment of the Modernizing America with Rebuilding to
Kickstart the Economy of the Twenty-first Century with
a Historic Infrastructure-Centered Expansion Act, from
amounts made available under section 202 of this Act, the
Secretary of Labor shall carry out a program to assist
workers in the energy sector.

(b) WORKERS IN THE ENERGY SECTOR.—For pur-
poses of this section, the term “workers in the energy sec-
tor” means—
(1) workers in fossil energy sectors that may be displaced as a result of the enactment of this Act;
and

(2) workers in the nuclear power sector that work at a nuclear power plant—

(A) that ceased operation in the two years preceding the date of enactment of this Act; or

(B) the owner of which announced prior to the date of enactment of this Act its intent to cease the operation of the plant at a future date.

(c) Eligible Activities.—Such assistance may take the form of the following:

(1) Worker retraining.

(2) Relocation expenses for those who move to find new employment.

(3) Early retirement.

(4) Health benefits.

(5) Block grants to affected communities for economic redevelopment and infrastructure investments.

(6) Transfers to the trustees of the 1974 United Mine Workers of America Pension Plan to pay benefits required under that plan. No such transfer shall be made in a first fiscal year begin-
ning after a plan year for which the funded percentage (as defined in section 432(j)(2) of the Internal Revenue Code of 1986) of the 1974 United Mine Workers of America Pension Plan is at least 100 percent.

**TITLE IV—NATIONAL CLIMATE COMMISSION**

**SEC. 401. ESTABLISHMENT OF COMMISSION.**

(a) Establishment.—There is established a bipartisan commission to be known as the “National Climate Commission” (in this title referred to as the “Commission”).

(b) Membership.—

(1) Composition.—The Commission shall be composed of 10 members, appointed as follows:

(A) One cochair appointed by the President.

(B) One cochair appointed by the majority or minority leader of the Senate, whoever is of the opposite party as the President, in consultation with the Speaker or minority leader of the House of Representatives, whoever is of the opposite party as the President.

(C) Two members appointed by the majority leader of the Senate.
(D) Two members appointed by the minority leader of the Senate.

(E) Two members appointed by the Speaker of the House of Representatives.

(F) Two members appointed by the minority leader of the House of Representatives.

(2) QUALIFICATIONS.—

(A) IN GENERAL.—To be considered for membership on the Commission, an individual shall demonstrate expertise in the economy, energy, climate, or public health, and be a representative from—

(i) an academic, scientific, or other non-governmental organization; or

(ii) an industry organization or small business in a relevant sector such as—

(I) energy supply and transmission, including fossil fuels and renewable energy;

(II) energy exploration and production, including fossil fuels and renewable energy;

(III) solid waste and wastewater;

(IV) transportation;

(V) chemical manufacturing;
(VI) agriculture;
(VII) construction; and
(VIII) forestry.

(B) CERTAIN PERSONS INELIGIBLE.—No employee, owner, director, or other person affiliated with an entity that has donated funding for the activities of the Commission pursuant to section 404(a) may be appointed to the Commission.

(C) APPOINTMENT DEADLINE.—Members of the Commission shall be appointed not later than 180 days after the date of the enactment of this Act.

(D) PERIOD OF APPOINTMENT.—Members of the Commission shall be appointed for a term of 6 years, which may be renewed.

(E) VACANCY.—A vacancy in the Commission shall not affect the powers of the Commission and shall be filled in the same manner in which the original appointment was made.

(3) COMPENSATION OF EMPLOYEES.—Each member of the Commission may be compensated at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5315 of
title 5, United States Code, for each day during
which that member is engaged in the performance of
the duties of the Commission.

(4) TRAVEL EXPENSES.—Each member shall
receive travel expenses to perform the duties of the
Commission, including per diem in lieu of subsist-
ence, at rates authorized under subchapter I of
chapter 57 of title 5, United States Code.

(c) MEETINGS.—

(1) INITIAL MEETING.—The Commission shall
hold its first meeting not later than 2 years after the
date of enactment of this Act.

(2) MEETING.—The Commission shall meet not
less than once every 3 years.

(3) QUORUM.—Six members of the Commission
shall constitute a quorum.

SEC. 402. DUTIES OF COMMISSION.

(a) GOALS.—The Commission shall set goals for
emissions reduction to be achieved by 2029 and every five
years thereafter through 2054, using such estimated rates
of reduction as the Commission determines reflect the lat-
est scientific findings of what is necessary to avoid the
serious human health and environmental consequences of
climate change.
(b) REVIEW.—The Commission shall assess the effect of existing policies and programs of the Federal government with the aim of achieving the emissions reduction goals in subsection (a).

(c) REPORT.—Beginning in 2030, and every 5 years thereafter, the Commission shall issue a report to the President, Congress, and the States, which shall include—

1. an analysis of whether the policies and programs assessed under subsection (b) are on pace to achieving the emissions reduction goals set under subsection (a);

2. recommendations, if any, for reducing greenhouse gas emissions; and

3. a minority report with dissenting views, if applicable.

SEC. 403. POWERS OF COMMISSION.

(a) OBTAINING OFFICIAL DATA.—

(1) IN GENERAL.—The Commission may secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the Government, unrestricted information, suggestions, estimates, and statistics for the purpose of carrying out this title. Each department, bureau, agency, board, commission, office, independent establishment, or instru-
mentality shall, to the extent authorized by provisions of law other than this section, furnish such unrestricted information, suggestions, estimates, and statistics directly to the Commission, upon request made by a cochair or any member designated by a majority of the Commission.

(2) Receipt, Handling, Storage, and Dissemination.—Unrestricted information provided to the Commission under paragraph (1) shall be received, handled, stored, and disseminated only by members and staff of the Commission, consistent with any applicable statutes, regulations, or Executive orders.

(b) Assistance From Federal Agencies.—

(1) General Services Administration.—
The Administrator of General Services shall provide to the Commission, on a reimbursable basis, administrative support and other services for the performance of the functions of the Commission.

(2) Other Departments and Agencies.—In addition to the assistance prescribed in paragraph (1), departments and agencies of the United States may provide to the Commission such services, funds, facilities, staff, and other support services as they
may determine advisable and as may be authorized by law.

(c) Postal Services.—The Commission may use the United States mail in the same manner and under the same conditions as other departments and agencies of the United States.

SEC. 404. FUNDING FOR THE ACTIVITIES OF THE COMMISSION.

(a) Private Sector Donations.—The Secretary of Commerce may collect private sector donations for the purpose of carrying out this title, to be deposited in the Treasury and made available consistent with the authorization of appropriations in subsection (c).

(b) Transparency.—The amounts and sources of all funds donated under subsection (a) and all spending by the Commission shall be made publicly available on the website of the Commission.

(c) Authorization of Appropriations.—There is authorized to be appropriated to the Commission, for the purpose of carrying out the activities of this title, $5,000,000 for each of fiscal years 2025 through 2034.

SEC. 405. STAFF OF THE COMMISSION.

(a) Detail of Government Employees.—Any Federal Government employee may be detailed to the Commission without reimbursement from the Commission,
and such detail shall be without interruption or loss of civil service status or privilege.

(b) EXPERT AND CONSULTANT SERVICES.—The Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, at rates not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code.