

THE BIOGAS PRODUCTION INCENTIVES ACT

One-Page Summary of Provisions

The Biogas Production Incentives Act seeks to encourage and promote the production of biogas from animal waste such as manure, as well as other agricultural and organic wastes through the use of anaerobic digestion systems.

I. Credit for the Production of Biogas from Certain Renewable Feedstocks:

- **Provides** a tax credit to a qualified biogas production facility of \$4.27 per million British thermal units (mmBtu) of biogas produced by the tax payer and either sold to an unrelated person or used by the taxpayer; the tax credit sunsets after 7 years for the individual facility and is available to only those facilities placed into service before 2018.
- **Defines** ‘biogas’ as a gas derived by processing a qualified energy feedstock in an anaerobic digester that contains at least 60% methane.
- **Defines** ‘qualified energy feedstock’ as: (1) agricultural livestock manure; (2) any nonhazardous, cellulosic or other organic agricultural or food industry byproduct or waste material; and/or (3) solid waste materials, including municipal solid wastes but not treated wood or paper that is commonly recycled.
- **Defines** a ‘qualified facility’ as one that produces biogas from qualified feedstocks using anaerobic digesters where the biogas is either marketed through interconnection with a gas distribution or transmission pipeline or is used on-site or off-site to offset at least 50,000 mmBtu annually of commercially-marketed fossil fuels (coal, natural gas, etc.)
- **Provides** that the taxpayer may transfer the credit to any person under rules and regulations created by the Secretary of the Treasury.

II. Incentives for Biogas Production:

Amends Title IX of the Farm Security and Rural Investment Act of 2002 to provide incentives for biogas production through the following:

A. Counter-cyclical Safety Net Program for Biogas Producers

- **Provides** a counter-cyclical payment from Commodity Credit Corporation funds to qualified biogas producers equal to 1.0 cent for every 1.0 cent that the annual average of average daily prices of natural gas on the NYMEX’s Henry Hub Natural Gas Futures Market is below \$7.50 per mmBtu.
- **Defines** qualified facility, biogas and qualified energy feedstock in the same terms as listed above.
- **Provides** a condition whereby a producer receiving a counter-cyclical payment agrees to use the payment first to pay down loans and other obligations from building the facility.

B. Transportation Incentives for Biogas Production

- **Provides** loans, loan guarantees and/or grants for the multi-farm collection and transportation of qualified energy feedstock from smaller livestock operations to a qualified facility, or for the purchase or construction of equipment or facilities for collection and transportation.
- **Conditions** eligibility upon demonstrated financial need, a commitment by a qualified facility to accept the feedstock, the location of a facility and an environmentally-sound and economically-sustainable plan.