



THE CARBON CAPTURE IMPROVEMENT ACT (S. 1829)

The Carbon Capture Improvement Act authorizes the use of tax-exempt private activity bonds to help finance the purchase of [carbon capture](#) equipment at power plants, industrial facilities, and direct air capture facilities.

SUMMARY

This bill authorizes the issuance of tax-exempt private activity bonds (PABs) for qualified industrial carbon capture and direct air capture facilities. Improving financing mechanisms and lowering the cost of carbon capture is essential to accelerating the widespread deployment of these technologies. Carbon capture projects take several years to plan, often involving multiple stakeholders and hundreds of millions of dollars in investment. This bill would help make it more effective to invest in carbon capture equipment.

Carbon capture remains one of the most promising clean energy technologies, gaining recent recognition for its potential to improve the environmental footprint of heavy industrial processes and directly remove carbon dioxide from the atmosphere. This bill complements related commercialization efforts and provides further momentum to accelerate this important technology.

HISTORY:

Since 1968, tax-exempt PABs have been used to provide access to lower-cost financing for private businesses that are purchasing new equipment for certain qualified facilities, such as air pollution control equipment at power and industrial facilities. PABs are beneficial because they are tax-exempt and can be paid back over a longer period of time. However, carbon capture projects are currently ineligible for these tax-exempt PABs. Allowing tax-exempt financing for carbon capture equipment will lower the costs of projects, accelerate deployment, and enable economic development and technological innovation.

SPECIFICS:

- Facilities eligible for tax-exempt financing include industrial carbon dioxide facilities (fuel combustion, gasification, bioindustrial, fermentation, and manufacturing industries) and direct air capture facilities.
- If more than 65% of carbon emissions are captured from an eligible facility, then 100% of the project can be financed with PABs.
- In the case of a facility with a capture and storage percentage less than 65%, the cost of the project that can be financed with tax-exempt bonds may not be greater than the capture and storage percentage.

ORIGINAL SPONSOR: Senator Michael Bennet (D-CO)

CO-SPONSORS: Senator Rob Portman (R-OH)

SUPPORT: Bipartisan Policy Center (BPC) Action, Carbon Capture Coalition, Carbon Storage Solutions, Center for Climate and Energy Solutions, Clean Air Task Force, ClearPath Action, LafargeHolcim, National Wildlife Federation, The Nature Conservancy, Stanford University Steyer-Taylor Center for Energy Policy and Finance, Utility Workers Union of America

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