

"(1) preempts, alters, bars, or precludes any State law claims or remedies, including any State law claims or remedies for an injury addressed by this section; or

"(2) provides an exclusive claim or remedy.".

(b) Clerical amendment.—The table of contents for the Toxic Substances Control Act ([Public Law 94–469](#); 90 Stat. 2003) is amended by inserting after the item relating to section 24 the following:

"25. Individuals exposed to perfluoroalkyl and polyfluoroalkyl substances.".

Subtitle C—Pollution Fees

SEC. 1241. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds that—

(1) Americans have a Constitutional duty to secure the blessings of liberty to ourselves and our posterity. America's children are our posterity, and they are on track to inherit avoidable pollution, depleted resources, and degraded environmental systems unless public policy changes course.

(2) Responsible adults clean up their messes, and responsible lawmakers try to prevent those messes from being made in the first place. Pollution fees create a market incentive to pollute less, waste less, conserve more, and place the cost of pollution on the persons that profit from polluting activities rather than on children, communities, taxpayers, workers, or future generations.

(3) Pollution fees also serve as clawbacks to the payments made under the American Union Jobs Program. By reducing excess purchasing power in pollution-intensive sectors, such fees can help reduce inflation while supporting the long-term goal of improving the inheritance of future generations.

(4) Greenhouse gas pollution imposes costs on public health, infrastructure, agriculture, ecosystems, oceans, national security, and future generations. A carbon fee is a widely recognized way to account for the external costs of fossil fuel use and to encourage the transition to cleaner energy, cleaner industry, and lower-emission consumption.

(5) Carbon border fee adjustments can protect domestic producers from unfair competition by imported goods made in jurisdictions with weaker greenhouse gas controls. Carbon border fee adjustments can also encourage international cooperation to reduce global greenhouse gas emissions.

(6) Plastic pollution and microplastics impose persistent costs on human health, water systems, oceans, wildlife, soils, food systems, and waste-management systems. A tax on virgin plastic resin and plastic products can reduce unnecessary plastic use, encourage reuse and substitution, and increase demand for recovered and nonpersistent materials.

(7) Methane is a powerful greenhouse gas, and emissions from venting, flaring, leakage, and other avoidable releases impose public costs. A methane waste emissions fee would encourage capture and use instead of meaningless release to the atmosphere.

(8) Data centers can impose substantial demands on water supplies, electric systems, watersheds, aquifers, and local infrastructure. A data center water accountability tax can encourage water conservation, recognize the higher public cost of water use in drought-stressed areas, and support water resilience in communities affected by large-scale data center development.

(9) Pollution fees should not be understood as permission to pollute. They should operate alongside performance standards, reporting requirements, permitting requirements, cleanup obligations, stronger State law, and other protections necessary to preserve public health and the environment.

(10) Sustainability requires not scarcity or retreat, but the disciplined use of American ingenuity, fair markets, public accountability, and responsible stewardship to build systems that can endure.

(b) Purpose.—The purpose of this subtitle is to preserve the environment for ourselves and our posterity.

SEC. 1242. CARBON FEE.

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

"SUBTITLE L—POLLUTION FEES

"CHAPTER 101. CARBON FEES.

"CHAPTER 102. CARBON BORDER FEE ADJUSTMENT.

"CHAPTER 101—CARBON FEES

"SEC. 9901. Definitions.

"SEC. 9902. Carbon fee.

"SEC. 9903. Emissions reduction schedule.

"SEC. 9904. Prospective decommissioning of carbon administration.

"SEC. 9905. Carbon capture and sequestration.

"SEC. 9906. Administrative authority.

"SEC. 9907. Revenues.

"Sec. 9901. Definitions.

"(a) Definitions.—For purposes of this subtitle:

"(1) Administrator.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) Carbon dioxide equivalent or CO₂-e.—The term 'carbon dioxide equivalent' or 'CO₂-e' means the number of metric tons of carbon dioxide emissions with the same global warming potential as one metric ton of another greenhouse gas.

"(3) Carbon-intensive product.—The term 'carbon-intensive product' means, as identified by the Secretary by rule—

"(A) for purposes of this chapter—

"(i) any manufactured or agricultural product which the Secretary in consultation with the Administrator determines is emissions-intensive and trade-exposed, except that no covered fuel is a carbon-intensive product, and

"(ii) until such time that the Secretary promulgates rules identifying carbon-intensive products, the following shall be considered carbon-intensive products: iron, steel, steel mill products (including pipe and tube), aluminum, cement, glass (including flat, container, and specialty glass and fiberglass), pulp, paper, chemicals, or industrial ceramics, and

"(B) for purposes of chapter 102, any economic sector, or product from that sector, which the Secretary in consultation with the Administrator determines is prone to carbon leakage because it is emissions-intensive and trade-exposed, along with other pertinent criteria, except that no covered fuel is a carbon-intensive product.

"(4) Carbon leakage.—The term 'carbon leakage' means an increase of global greenhouse gas emissions which are substantially due to the relocation of greenhouse gas sources from the United States to jurisdictions which lack comparable controls upon greenhouse gas emissions.

"(5) Cost of carbon or carbon costs.—The term 'cost of carbon' or 'carbon costs' means a national or sub-national government policy which explicitly places a price on greenhouse gas pollution and shall be limited to either a tax on greenhouse gases or a system of cap-and-trade. The cost of carbon is expressed as the price per metric ton of CO₂-e.

"(6) Covered entity.—The term 'covered entity' means—

"(A) in the case of crude oil—

"(i) a refinery operating in the United States, and

"(ii) any importer of any petroleum or petroleum product into the United States,

"(B) in the case of coal—

"(i) any coal mining operation in the United States, and

"(ii) any importer of coal into the United States,

"(C) in the case of natural gas—

"(i) any entity entering pipeline quality natural gas into the natural gas transmission system, and

"(ii) any importer of natural gas into the United States,

"(D) any entity or class of entities which, as determined by the Secretary, is transporting, selling, or otherwise using a covered fuel in a manner which emits a greenhouse gas to the atmosphere and which has not been covered by the carbon fee or the carbon border fee adjustment.

"(7) Covered fuel.—The term 'covered fuel' means crude oil, natural gas, coal, or any other product derived from crude oil, natural gas, or coal which shall be used so as to emit greenhouse gases to the atmosphere.

"(8) Crude oil.—The term 'crude oil' means unrefined petroleum.

"(9) Export.—The term 'export' means to transport a product from within the jurisdiction of the United States to persons outside the United States.

"(10) Fossil fuel.—The term 'fossil fuel' means coal, coal products, petroleum, petroleum products, or natural gas.

"(11) Full fuel cycle greenhouse gas emissions.—The term 'full fuel cycle greenhouse gas emissions' means the greenhouse gas content of a covered fuel plus that covered fuel's upstream greenhouse gas emissions.

"(12) Global warming potential.—The term 'global warming potential' means the ratio of the time-integrated radiative forcing from the instantaneous release of one kilogram of a trace substance relative to that of one kilogram of carbon dioxide.

"(13) Greenhouse gas.—The term 'greenhouse gas' means carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and other gases as defined by rule of the Administrator.

"(14) Greenhouse gas content.—The term 'greenhouse gas content' means the amount of greenhouse gases, expressed in metric tons of CO₂-e using a 100-year global warming potential, which would be emitted to the atmosphere by the use of a covered fuel and shall include, nonexclusively, emissions of carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), and other greenhouse gases as identified by rule of the Administrator.

"(15) Greenhouse gas effect.—The term 'greenhouse gas effect' means the adverse effects of greenhouse gases on health or welfare caused by the greenhouse gas's heat-trapping potential or its effect on ocean acidification.

"(16) Import.—Irrespective of any other definition in law or treaty, the term 'import' means to land on, bring into, or introduce into any place subject to the jurisdiction of the United States.

"(17) Petroleum.—The term 'petroleum' means oil removed from the earth or the oil derived from tar sands or shale.

"(18) Production greenhouse gas emissions.—The term 'production greenhouse gas emissions' means the quantity of greenhouse gases, expressed in metric tons of CO₂-e, emitted to the atmosphere resulting from, nonexclusively, the production, manufacture, assembly, transportation, or financing of a product.

"(19) Secretary.—The term 'Secretary' means the Secretary of the Treasury.

"(20) Upstream greenhouse gas emissions.—The term 'upstream greenhouse gas emissions' means the quantity of greenhouse gases, expressed in metric tons of CO₂-e, emitted to the atmosphere resulting from, nonexclusively, the extraction, processing, transportation, financing, or other preparation of a covered fuel for use.

"Sec. 9902. Carbon fee.

"(a) Carbon fee.—There is hereby imposed a carbon fee on any covered entity's emitting use, or sale or transfer for an emitting use, of any covered fuel.

"(b) Amount of the carbon fee.—The carbon fee imposed by this section is an amount equal to—

"(1) the full fuel cycle greenhouse gas emissions of the covered fuel, multiplied by

"(2) the carbon fee rate.

"(c) Carbon fee rate.—For purposes of this section—

"(1) In general.—The carbon fee rate, with respect to any use, sale, or transfer during a calendar year, shall be—

"(A) in the case of calendar year 2027, \$25, and

"(B) except as provided in paragraph (2), in the case of any calendar year thereafter—

"(i) the carbon fee rate in effect under this subsection for the preceding calendar year, plus

"(ii) \$10.

"(2) Exceptions.—

"(A) Increased carbon fee rate after missed annual emissions reduction target.—In the case of any year immediately following a year for which the Secretary determines under section 9903(b) that the actual emissions of greenhouse gases from covered fuels exceeded the emissions reduction target for the previous year, paragraph (1)(B)(ii) shall be applied by substituting '\$15' for the dollar amount otherwise in effect for the calendar year under such paragraph.

"(B) Cessation of carbon fee rate increase after certain emission reductions achieved.—In the case of any year immediately following a year for which the Secretary determines under section 9903(b) that actual emissions of greenhouse gases from covered fuels are not more than 10 percent of the greenhouse gas emissions from covered fuels during the year 2010, paragraph (1)(B)(ii) shall be applied by substituting '\$0' for the dollar amount otherwise in effect for the calendar year under such paragraph.

"(3) Inflation adjustment.—In the case of any calendar year after 2027, each of the dollar amounts in paragraphs (1)(B) and (2)(A) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(d) Exemption and refund.—The Secretary shall prescribe such rules as are necessary to ensure the fee imposed by this section is not imposed with respect to any nonemitting use, or any sale or transfer for a nonemitting use, including rules providing for the refund of any carbon fee paid under this section with respect to any such use, sale, or transfer.

"Sec. 9903. Emissions reduction schedule.

"(a) In general.—An emissions reduction schedule for greenhouse gas emissions from covered fuels is hereby established, as follows:

"(1) Reference year.—The greenhouse gas emissions from covered fuels during the year 2010 shall be the reference amount of emissions and shall be determined from the 'Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2010' published by the Environmental Protection Agency in April of 2012.

"(2) Emissions reduction target.—The emissions reduction target for 2029 shall be 95 percent of the reference amount. The emissions reduction target for each year thereafter shall be the previous year's target emissions minus a percentage of emissions during the reference year determined in accordance with the following table:

"Year	Emissions Reduction Target
2010	Reference year
2027 to 2028	No emissions reduction target
2029 to 2037	5 percent of 2010 emissions per year
2038 to 2055	3 percent of 2010 emissions per year

"(b) Administrative determination.—Not later than 60 days after the beginning of calendar year 2030, and not later than 60 days after the beginning of each calendar year thereafter, the Secretary, in consultation with the Administrator, shall determine whether actual emissions of greenhouse gases from covered fuels exceeded the emissions reduction target for the preceding calendar year. The Secretary shall make such determination using the same greenhouse gas accounting method as was used to determine the greenhouse gas emissions in the 'Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2010' published by the Environmental Protection Agency in April of 2012.

"Sec. 9904. Prospective decommissioning of carbon administration.

"At such time as the Secretary determines under section 9903(b) that actual emissions of greenhouse gases from covered fuels are not more than 25 percent of the greenhouse gas emissions from covered fuels during the year 2010, the Secretary, in consultation with the Administrator and the United States Trade Representative, shall, not later than January 1 of the

calendar year following the calendar year in which the determination is made, submit to Congress proposed legislation providing for the orderly wind-down and termination of the carbon fee and carbon border fee adjustment upon a determination under section 9903(b) that actual emissions of greenhouse gases from covered fuels are not more than 10 percent of the greenhouse gas emissions from covered fuels during the year 2010. The proposed legislation shall address the prevention of a material rebound in emissions, the treatment of outstanding liabilities, refunds, and payments, and the orderly decommissioning of the bureaus and programs administering the carbon fee and carbon border fee adjustment.

"Sec. 9905. Carbon capture and sequestration.

"(a) In general.—The Secretary, in consultation with the Administrator and the Secretary of Energy, shall prescribe regulations for making payments as provided in subsection (b) to qualified facilities that—

"(1) capture and sequester qualified carbon dioxide; or

"(2) sequester qualified carbon dioxide obtained from 1 or more other qualified facilities.

"(b) Payment amounts.—

"(1) In general.—The Secretary shall make payments to a qualified facility in the same manner as if such payment was a refund of an overpayment of the carbon fee imposed by section 9902 if—

"(A) in the case of a qualified facility described in subsection (a)(1), such qualified facility—

"(i) uses any covered fuel—

"(I) with respect to which the carbon fee has been paid; and

"(II) which results in the emission of qualified carbon dioxide;

"(ii) captures such emitted, or an equivalent amount of, qualified carbon dioxide; and

"(iii) sequesters such qualified carbon dioxide in a manner which is safe, permanent, and in compliance with any applicable local, State, and Federal laws, or utilizes such qualified carbon dioxide in a manner provided in paragraph (3)(C); or

"(B) in the case of a qualified facility described in subsection (a)(2), such qualified facility—

"(i) receives qualified carbon dioxide captured at 1 or more other qualified facilities from emissions attributable to covered fuel with respect to which the carbon fee has been paid; and

"(ii) sequesters such qualified carbon dioxide in a manner described in paragraph (3)(D).

"(2) Amount of refund.—The aggregate amount of payments determined under this section with respect to any quantity of qualified carbon dioxide shall be an amount equal to the lesser of—

"(A) the adjusted total metric tons of qualified carbon dioxide captured and sequestered or utilized, multiplied by the carbon fee rate during the year in which the carbon fee was imposed by section 9902 upon the covered fuel to which such carbon dioxide relates, or

"(B) the amount of the carbon fee imposed by section 9902 with respect to such covered fuel.

"(3) Definitions and special rules.—For purposes of this section—

"(A) Qualified carbon dioxide; qualified facility.—

"(i) Qualified carbon dioxide.—The term 'qualified carbon dioxide' has the same meaning given such term under [section 45Q\(c\)](#).

"(ii) Qualified facility.—The term 'qualified facility' means a facility at which—

"(I) carbon capture equipment is placed in service; or

"(II) qualified carbon dioxide captured at a facility described in subclause (I) is received for sequestration.

"(B) Adjusted total metric tons.—The adjusted total metric tons of qualified carbon dioxide captured and sequestered or utilized shall be the total metric tons of qualified carbon dioxide captured and sequestered or utilized, reduced by the amount of any carbon dioxide likely to escape and be emitted into the atmosphere due to imperfect storage technology or otherwise, as determined by the Secretary in consultation with the Administrator.

"(C) Utilization.—The Secretary, in consultation with the Administrator, shall establish regulations providing for the methods and processes by which qualified carbon dioxide may be utilized so as to remove that qualified carbon dioxide safely and permanently from the atmosphere. The production of substances such as, but not limited to, plastics and chemicals shall not be considered utilization. Such regulations shall minimize the escape or further emission of the qualified carbon dioxide into the atmosphere.

"(D) Sequestration.—Not later than January 1, 2028, the Secretary, in consultation with the Administrator, shall prescribe regulations identifying the conditions under which carbon dioxide may be safely and permanently sequestered.

"(4) Coordination with credit for carbon dioxide sequestration.—At such time that the Secretary prescribes regulations implementing this section, no payment under this section shall be allowed to a taxpayer to whom a credit has been allowed for any taxable year under [section 45Q](#).

"Sec. 9906. Administrative authority.

"(a) In general.—Not later than 270 days after the date of enactment of this chapter, the Secretary in consultation with the Administrator shall prescribe such regulations, and other

guidance, as may be necessary to carry out the purposes of this subtitle and assess and collect the carbon fee imposed by section 9902.

"(b) Specifically.—Such regulations and guidance shall include—

"(1) the identification of an effective point in the production, distribution, or use of a covered fuel for collecting such carbon fee, in such a manner so as to minimize administrative burden and maximize the extent to which full fuel cycle greenhouse gas emissions from covered fuels have the carbon fee levied upon them,

"(2) the identification of covered entities which shall be liable for the payment of the carbon fee,

"(3) requirements for the monthly payment of such fees,

"(4) as may be necessary or convenient, rules for distinguishing between different types of covered fuels,

"(5) as may be necessary or convenient, rules for distinguishing between a covered fuel's greenhouse gas content and its upstream greenhouse gas emissions,

"(6) rules to ensure that no covered fuel has the carbon fee or carbon border fee adjustment imposed upon it more than once, and

"(7) rules to ensure that the domestic implementation of the carbon fee coordinates with the implementation of the carbon border fee adjustment of chapter 102.

"Sec. 9907. Revenues.

"All amounts collected under this chapter shall be deposited into the general fund of the Treasury and credited to the American Value Fund established under section 623(b)(5) of the POPULIST Act."

"CHAPTER 102—CARBON BORDER FEE ADJUSTMENT

"SEC. 9911. Carbon border fee adjustment.

"SEC. 9912. Administration of the carbon border fee adjustment.

"SEC. 9913. Allocation of carbon border fee adjustment revenues.

"SEC. 9914. Treaties and international negotiations.

"Sec. 9911. Carbon border fee adjustment.

"(a) In general.—The fees imposed by, and refunds allowed under, this section shall be referred to as 'the carbon border fee adjustment'.

"(b) Purpose.—The purpose of the carbon border fee adjustment is to protect animal, plant, and human life and health, to conserve exhaustible natural resources by preventing carbon leakage, and to facilitate the creation of international agreements.

"(c) Imports to the United States.—

"(1) Imported covered fuels fee.—In the case of any person that imports into the United States any covered fuel, there shall be imposed a fee equal to the total carbon fee that would be imposed on the fuel's greenhouse gas content under the domestic carbon fee, including processing emissions.

"(2) Imported carbon-intensive products fee.—In the case of any person that imports into the United States any carbon-intensive product, there shall be imposed a fee equal to the total carbon fee which would have accumulated upon the greenhouse gas content of the imported carbon-intensive product had the imported carbon-intensive product been produced domestically and subject to the domestic carbon fee.

"(3) Modifications.—The Secretary shall make an administrative determination of whether any class of imported covered fuels or class of imported carbon-intensive product is carrying any total foreign carbon cost. The Secretary shall make a determination of whether international law or the enhancement of global greenhouse gas mitigation efforts require that those foreign costs of carbon be deducted from the carbon border fee adjustment determined under paragraph (1) or (2).

"(4) Foreign cost of carbon; foreign carbon costs.—For purposes of this subsection, the term 'foreign cost of carbon' or 'foreign carbon cost' means the explicit price a foreign jurisdiction places upon the emission of greenhouse gas pollution to the atmosphere through law or regulation. Such price shall be expressed as the price per metric ton of CO₂-e.

"(d) Refund on exports from United States.—

"(1) Covered fuels.—Under regulations prescribed by the Secretary, in the case of a covered fuel produced in the United States with respect to which the fee under section 9902 was paid, there shall be allowed as a credit or refund (without interest) to any exporter of such covered fuels an amount equal to the total carbon fee levied upon the exported covered fuel up to the time of its exportation, including processing emissions. Any such credit or refund shall be allowed in the same manner as if it were an overpayment of tax imposed by section 9902.

"(2) Carbon-intensive products.—

"(A) In general.—Under regulations prescribed by the Secretary, there shall be allowed a credit or refund (without interest) to exporters of carbon-intensive products manufactured or produced in the United States in an amount equal to 75 percent of the total carbon fees accumulated upon the greenhouse gas content of the exported carbon-intensive product up to the time of exportation. Any such credit or refund shall be allowed in the same manner as if it were an overpayment of the fee imposed by section 9902.

"(B) Election for reduced refund.—An exporter eligible for a credit or refund under subparagraph (A) may elect, at such time and in such manner as the Secretary may prescribe, to receive a credit or refund in an amount less than the amount otherwise

allowed under subparagraph (A), including no credit or refund, with respect to any shipment or class of shipments of carbon-intensive products.

"(C) Certification of unrefunded amount.—If an exporter makes an election under subparagraph (B), the Secretary shall, upon request of the exporter and in such form and manner as the Secretary may prescribe, provide a certification that identifies—

"(i) the exported carbon-intensive product;

"(ii) the export shipment or class of shipments covered by the election;

"(iii) the total carbon fees accumulated upon the greenhouse gas content of the exported carbon-intensive product up to the time of exportation;

"(iv) the amount of the credit or refund allowed under this paragraph after application of the election; and

"(v) the amount of carbon fees that remain unrefunded by reason of the election.

"Sec. 9912. Administration of the carbon border fee adjustment.

"(a) Generally.—The Secretary in consultation with the Administrator shall prescribe regulations and guidance which implement the carbon border fee adjustment under section 9911.

"(b) Collaboration.—In administering the carbon border fee adjustment, it is the sense of Congress that the Secretary should collaborate with authorized officers of any jurisdiction, including sub-national governments, affected by the carbon border fee adjustment.

"(c) Methodology.—In determining the carbon border fee adjustment, the Secretary shall use methodologies, procedures, and data which, as may be necessary or convenient—

"(1) disaggregate a product's greenhouse gas content;

"(2) are consistent with international law and facilitate international cooperation;

"(3) in the case of incomplete data, use customary methods of interpolation that favor enhanced mitigation and facilitate international cooperation;

"(4) avoid the double pricing of greenhouse gas emissions; and

"(5) harmonize the carbon border fee adjustment with the domestic carbon fee so as to ensure all covered fuels used in the United States are subject to the carbon fee.

"(d) Schedule.—The Secretary shall—

"(1) begin implementation of the carbon border fee adjustment for covered fuels at the same time as the implementation of the carbon fee; and

"(2) begin implementation of the carbon border fee adjustment for carbon-intensive products no later than January 1, 2028.

"(e) Procedure.—The Secretary shall—

"(1) establish fair, timely, impartial, and as necessary confidential procedures by which the importer of any carbon-intensive product or any covered fuel may petition the Secretary to revise the Secretary's determination of its carbon border fee adjustment liability calculated under section 9911(c);

"(2) establish fair, timely, impartial, and as necessary confidential procedures by which any exporter of any product from the United States may petition the Secretary to include that exported product on the list of carbon-intensive products; and

"(3) establish fair, timely, impartial, and as necessary confidential procedures by which the exporter of any carbon-intensive product or any covered fuel may petition the Secretary to revise the Secretary's determination of its carbon border fee adjustment refund calculated under section 9911(d).

"(f) Shipments from the United States to the territories of the United States.—Notwithstanding any other treaty, law, or policy, shipments of covered fuels or carbon-intensive products from the United States to American Samoa shall be eligible for a refund of the carbon fee under section 9911(d), until such time as the people of American Samoa are recognized as U.S. citizens and become eligible for American Union Jobs.

"(g) Imports to the territories of the United States.—Notwithstanding any other treaty, law, or policy, imports of covered fuels or carbon-intensive products to Guam, the United States Virgin Islands, American Samoa, Puerto Rico, and the Northern Mariana Islands shall not be subject to section 9911(c).

"Sec. 9913. Allocation of carbon border fee adjustment revenues.

"(a) Account.—There is established in the Treasury an account to be known as the 'Carbon Border Fee Adjustment Account'.

"(b) Appropriation and transfer.—There are appropriated to the Carbon Border Fee Adjustment Account, out of amounts in the Treasury not otherwise appropriated, amounts equivalent to the net revenues received in the Treasury under this chapter.

"(c) Availability and use.—Amounts in the Carbon Border Fee Adjustment Account shall be available without further appropriation and until expended—

"(1) first, to U.S. Customs and Border Protection, in such amounts as are necessary to administer and enforce the carbon border fee adjustment; and

"(2) after application of paragraph (1), for transfer by the Secretary to the Green Climate Fund, created by decision 3/CP.17 adopted at the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change held in Durban, November 28 to December 11, 2011.

"Sec. 9914. Treaties and international negotiations.

"(a) Conformance with international treaties.—In the case that the Appellate Body of the World Trade Organization, or any other authoritative international treaty interpreter, shall find any portion of the carbon border fee adjustment under this chapter to violate any treaty to which the United States is a party, the Secretary of State is authorized to alter that aspect of such carbon border fee

adjustment found to violate a treaty obligation so as to bring the carbon border fee adjustment into conformance with international law.

"(b) International negotiations.—The Congress finds the international mitigation of greenhouse gas emissions to be of national importance. Therefore, the Congress encourages the Secretary of State, or the Secretary's designee, to commence and complete negotiations with other nations with the goal of forming treaties, environmental agreements, accords, partnerships or any other instrument that effectively reduces global greenhouse gas emissions to zero percent of 2010 levels by 2050 and which respect the principle of common but differentiated responsibilities and respective capabilities.

"(c) Suspension of the carbon border fee adjustment.—The Secretary may suspend the carbon border fee adjustment, in whole or in part—

"(1) when, in the determination of the Secretary, a country has implemented greenhouse gas mitigation policies sufficient to contribute to a global net reduction of greenhouse gas emissions to zero by 2050. In making such determination, the Secretary may partially suspend particular provisions of the carbon border fee adjustment. In making the determination, the Secretary shall consult with the importing country. In making the determination, the Secretary shall follow all existing treaty obligations. The Secretary shall review any carbon border fee adjustment suspension at least every 5 years, or

"(2) by treaty or other international agreement that meets the criteria of section 9914(c)(1) and includes provisions for the suspension of the carbon border fee adjustment."

(b) Coordination with carbon oxide sequestration credit.—Section 45Q(f) of the Internal Revenue Code of 1986 ([26 U.S.C. 45Q\(f\)](#)) is amended by adding at the end the following new paragraph:

"(8) Coordination with carbon capture and sequestration payments.—No credit shall be allowed under this section to a taxpayer which has received any payment under section 9905."

(c) The amendments made by this section shall take effect on the date of enactment of this Act, except the carbon fee under section 9902 of the Internal Revenue Code of 1986 shall apply to uses, sales, or transfers after September 30, 2027.

(d) In the case of ambiguity within the express text of this section and the amendments made by this section, the texts of this section and its amending texts shall be interpreted so as to allow for the most effective abatement of greenhouse gas emissions.

(e) No preemption of stronger State law.—Nothing in this section or the amendments made by this section shall be construed to preempt or limit any State law or regulation that imposes a stricter greenhouse gas emissions standard, a higher carbon price, a more protective pollution control requirement, or any other requirement that is more protective of public health, the climate, or the environment than the requirements of this section or the amendments made by this section.

SEC. 1243. PLASTIC TAXES.

(a) In general.—Subtitle D of the Internal Revenue Code of 1986, as amended by this Act, is further amended by adding at the end the following new chapter:

"CHAPTER 50E—PLASTIC TAXES

"SEC. 5000K. Definitions.

"SEC. 5000L. Virgin plastic resin.

"SEC. 5000M. Plastic products.

"SEC. 5000N. Administrative authority.

"SEC. 5000O. Revenues.

"Sec. 5000K. Definitions.

"(a) Definitions.—In this chapter:

"(1) Administrator.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) Applicable entity.—The term 'applicable entity' means any manufacturer, producer, or importer of taxable virgin plastic resin.

"(A) Exemption.—The term 'applicable entity' shall not include any manufacturer, producer, or importer of taxable virgin plastic resin which, with respect to any taxable year, meets the gross receipts test of section 448(c) for such taxable year; and

"(i) in the case of a manufacturer or producer, manufactured or produced not greater than 10 tons of taxable virgin plastic resin during the taxable year preceding such taxable year, or

"(ii) in the case of an importer, imported not greater than 10 tons of taxable virgin plastic resin during the taxable year preceding such taxable year.

"(3) Covered manufacturer.—

"(A) In general.—The term 'covered manufacturer' means any person that—

"(i) produces, assembles, or causes to be produced or assembled a plastic product, including through contract manufacturing or outsourcing arrangements, or

"(ii) imports into the United States a plastic product.

"(B) Exemption.—The term 'covered manufacturer' shall not include any person which, with respect to any taxable year, meets the gross receipts test of section 448(c) for such taxable year; and

"(i) in the case of a manufacturer or producer, manufactured or produced not greater than 20,000 plastic products during the taxable year preceding such taxable year, or

"(ii) in the case of an importer, imported not greater than 20,000 plastic products during the taxable year preceding such taxable year.

"(4) Import.—The term 'import' means to enter taxable virgin plastic resin or plastic product into the United States for consumption, sale, use, or warehousing.

"(5) Microplastic.—The term 'microplastic' means any solid or particulate material composed of synthetic polymer chains that—

"(A) results from the fragmentation, degradation, or erosion of plastic; and

"(B) retains polymeric structure and environmental persistence, regardless of particle size.

"(6) Multipack.—The term 'multipack' means a product containing multiple items, usually identical, which are intended for individual use. 'Multipack' does not include items, sets, or kits which contain plastic products intended to be assembled or otherwise used together.

"(7) Plastic.—

"(A) In general.—The term 'plastic' means a material commonly composed from petrochemicals which—

"(i) is composed of synthetic or semi-synthetic polymer chains; and

"(ii) degrades into microplastics.

"(B) Bioplastics.—The substitution of other production materials for conventional petrochemicals shall not disqualify an item or material from inclusion under this definition if microplastics remain a probable result.

"(C) Exclusions.—The term 'plastic' does not include materials that fully disassemble through chemical or biological processes into non-polymeric substances such that no persistent polymer chains remain under reasonably foreseeable conditions of disposal or environmental exposure. The Administrator may further clarify this exception by rule.

"(8) Plastic product.—The term 'plastic product' means any good which contains, or is packaged in, plastic, and is intended for public sale, distribution, or use.

"(A) Exceptions.—Plastic product shall not include a medical product regulated under the Federal Food, Drug, and Cosmetic Act or the Public Health Service Act.

"(9) Secretary.—The term 'Secretary' means the Secretary of the Treasury.

"(10) Taxable virgin plastic resin.—The term 'taxable virgin plastic resin' means any plastic resin which is manufactured or produced in the United States or entered into the United States for consumption, use, or warehousing.

"(A) Exception.—The term 'taxable virgin plastic resin' shall not include resin reprocessed from recovered material. The Administrator may further clarify this exception by rule.

"(11) United States.—The term 'United States' has the meaning given such term by section 4612(a)(4).

"Sec. 5000L. Virgin plastic resin.

"(a) General rule.—There is hereby imposed a tax on—

"(1) the entry into the United States of any taxable virgin plastic resin for consumption, use, or warehousing, and

"(2) the sale of any taxable virgin plastic resin sold by an applicable entity.

"(b) Amount of tax.—

"(1) Taxable virgin plastic resin.—The amount of the tax imposed under subsection (a) with respect to taxable virgin plastic resin shall be determined on a per-pound basis, as follows:

"(A) In the case of calendar year 2027, 10 cents per pound.

"(B) In the case of each of calendar years 2028 through 2031, an amount equal to the rate in effect for the preceding calendar year, plus 5 cents per pound.

"(C) In the case of calendar year 2032 and each calendar year thereafter, an amount equal to the rate in effect for the preceding calendar year, increased by an amount equal to—

"(i) such rate, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(D) Rounding.—

"(i) Of calculated rate.—If any amount determined under subparagraph (C) is not a multiple of 1 cent, such amount shall be increased to the nearest multiple of 1 cent.

"(ii) Of weight.—In the case of a fraction of a pound, the tax imposed shall be the same as such tax imposed on a whole pound.

"(c) Single incidence and prevention of double taxation.—

"(1) In general.—The tax imposed under subsection (a) shall be imposed only once with respect to any unit of taxable virgin plastic resin.

"(2) Imported resin.—If the tax is imposed under subsection (a)(1) with respect to any taxable virgin plastic resin upon entry into the United States, no tax shall be imposed under subsection (a)(2) with respect to any subsequent sale of such resin.

"(3) Domestic resin.—If the tax is imposed under subsection (a)(2), no tax shall be imposed with respect to any subsequent sale of such resin.

"(4) Certification and tracing.—The Secretary may require such certifications, records, and tracing mechanisms as are necessary to ensure that taxable virgin plastic resin with respect to which tax has been imposed is not subject to additional tax under this section.

"(5) Aggregation rule.—All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single applicable entity for purposes of this section.

"(d) Use treated as sale.—If any applicable entity manufactures, produces, or imports any taxable virgin plastic resin and uses such resin, then such person shall be liable for tax under this section in the same manner as if such resin were sold by such entity.

"Sec. 5000M. Plastic products.

"(a) General rule.—There is hereby imposed on a covered manufacturer a tax on the manufacture in the United States, or the import into the United States, of a plastic product.

"(b) Amount of tax.—The amount of the tax imposed under subsection (a) shall be determined on a per-item basis, as follows:

"(1) Before January 1, 2032, 5 cents for each plastic product.

"(2) On and after January 1, 2032, 10 cents for each plastic product.

"(c) Special cases.—

"(1) Single good.—A good intended for public sale, distribution, or use as a single unit, together with any plastic packaging in which the good is sold or distributed, shall be treated as 1 plastic product.

"(2) Multipacks.—For purposes of subsection (a), the tax shall be imposed for each individual plastic product contained in a multipack.

"(3) Sets and kits.—Items, sets, or kits containing components intended to be assembled or otherwise used together as a single finished good shall be treated as 1 plastic product.

"(4) Bulk quantities.—In the case of plastic products sold in bulk quantities and of minimal functionality in single units, the Secretary may by rule establish a weight or measure, of which the quantity shall be considered a single unit under subsection (a).

"(d) No credit or offset.—The tax imposed by this section shall apply without regard to whether any tax has been imposed under section 5000L or any other provision of law with respect to the materials used to produce such plastic product.

"(e) Single incidence.—The tax imposed under this section shall be imposed only once with respect to the same plastic product.

"Sec. 5000N. Administrative authority.

"(a) In general.—Not later than 210 days after the date of enactment of this chapter, the Secretary in consultation with the Administrator shall promulgate rules, guidance, and regulations useful and necessary to carry out the purposes of this chapter.

"(b) Specifically.—Such regulations and guidance shall include—

"(1) the identification of effective points in the production and manufacturing process for collecting such taxes, in such a manner so as to minimize administrative burdens,

"(2) the identification of the entities which shall be liable for the payment of the taxes,

"(3) requirements for the monthly payment of such taxes, and

"(4) as may be necessary or convenient, rules for distinguishing between different types of plastic.

"Sec. 5000O. Revenues.

"All amounts collected under this chapter shall be deposited into the general fund of the Treasury and credited to the American Value Fund established under section 623(b)(5) of the POPULIST Act."

(b) Clerical amendment.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"CHAPTER 50E. PLASTIC TAXES."

(c) No preemption of stronger State law.—Nothing in this section or the amendments made by this section shall be construed to preempt or limit any State law or regulation that imposes a stricter plastic pollution standard, a higher fee or tax on plastic resin or plastic products, a more protective product, packaging, recycling, waste reduction, or pollution control requirement, or any other requirement that is more protective of public health or the environment than the requirements of this section or the amendments made by this section.

(d) Effective date.—This section shall be effective September 30, 2027.

SEC. 1244. METHANE WASTE EMISSIONS FEE.

(a) Definitions.—In this section:

(1) Carbon dioxide equivalent.—The term "carbon dioxide equivalent" or "CO₂e" has the meaning given such term in section 9901 of title 26, United States Code.

(2) Carbon fee.—The term "carbon fee" means the amount calculated under section 9902(b) of title 26, United States Code.

(3) Covered facility.—The term "covered facility" means any oil or gas facility subject to greenhouse gas reporting requirements under section 114 of the Clean Air Act ([42 U.S.C. 7414](#)).

(4) Methane.—The term "methane" means the greenhouse gas CH₄.

(5) Methane waste emissions.—The term "methane waste emissions" means methane emissions resulting from venting, flaring, leakage, or other releases of methane to the atmosphere in excess of applicable standards.

(6) Regulation.—The term "regulation" means any rule, regulation, guideline, interpretation, order, or requirement of general applicability prescribed by any officer or employee of the executive branch.

(7) Secretary.—The term "Secretary" means the Secretary of the Treasury.

(b) Codification of methane emissions performance standards.—

(1) Incorporation of rule.—The provisions of the final rule promulgated by the Environmental Protection Agency, entitled "Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review", as published in the Federal Register on March 8, 2024 ([89 Fed. Reg. 16820](#)), and subsequently corrected on August 1, 2024 ([89 Fed. Reg. 62872](#)), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(2) Effect of incorporation.—The regulations incorporated under paragraph (1) are established as the minimum methane emissions performance standards by this Act, and may be weakened only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with this Act, the provisions of this Act shall govern.

(3) Rule of construction.—Nothing in this subsection shall be construed to limit any existing authority of the Environmental Protection Agency to impose stricter regulations, standards, or fees.

(c) Imposition of methane waste emissions fee.—Beginning April 1, 2027, there is imposed on methane waste emissions from each covered facility a methane waste emissions fee. Such fee shall be in addition to any fee imposed on methane emissions under chapter 101 of subtitle L of title 26.

(d) Calculation of fee.—The methane waste emissions fee imposed under subsection (c) with respect to any quantity of methane shall be equal to the carbon fee that would be imposed on such quantity of methane under section 9902 of title 26, United States Code.

(e) Exceptions.—No methane waste emissions fee shall apply to methane that is captured, reinjected, converted, destroyed, sold, or otherwise managed in a manner that prevents release of such methane to the atmosphere, as determined in accordance with regulations promulgated by the Environmental Protection Agency.

(f) Administration, collection, and enforcement.—

(1) In general.—The Administrator of the Environmental Protection Agency shall administer and enforce this section with respect to measurement, reporting, monitoring, verification, applicability, exceptions, compliance, and determination of methane waste emissions, and the Secretary shall collect the methane waste emissions fee imposed under subsection (c).

(2) Returns and payment.—Each owner or operator of a covered facility subject to the fee imposed under subsection (c) shall file a return with the Secretary, at such time and in such manner as the Secretary may prescribe, and shall pay the fee imposed under subsection (c) at the time such return is due.

(3) EPA determination.—The Administrator shall determine, for each covered facility and each applicable reporting period, the quantity of methane waste emissions subject to the fee imposed under subsection (c), after applying the exceptions under subsection (e), and shall provide such determination to the Secretary in such form and manner as the Secretary and the Administrator jointly prescribe.

(4) Coordination with existing reporting.—To the maximum extent practicable, the Administrator shall coordinate measurement, reporting, monitoring, verification, and compliance under this section with greenhouse gas reporting requirements under section 114 of the Clean Air Act ([42 U.S.C. 7414](#)), regulations incorporated under subsection (b), and any other applicable methane emissions reporting requirements.

(5) Treatment for purposes of tax administration.—For purposes of subtitle F of the Internal Revenue Code of 1986, the fee imposed under subsection (c) shall be treated as a tax imposed by subtitle D of such Code.

(6) Penalties.—

(A) In general.—Any person that fails to file a return required under paragraph (2), fails to pay the fee imposed under subsection (c), or submits materially false, incomplete, or misleading information for purposes of this section shall be subject to penalties under the Internal Revenue Code of 1986 in the same manner as if the fee imposed under subsection (c) were a tax imposed by subtitle D of such Code.

(B) Additional civil penalty.—In addition to any penalty otherwise authorized by law, any person that knowingly underreports methane waste emissions subject to the fee imposed under subsection (c) shall be subject to a civil penalty of not more than 3 times the amount of the fee that should have been paid with respect to such underreported emissions.

(7) Deposit of revenues.—Amounts collected under this section shall be deposited into the general fund of the Treasury and credited to the American Value Fund.

(8) Regulations.—

(A) Interim final rules.—Not later than 90 days after the date of enactment of this section, the Administrator and the Secretary shall issue interim final regulations, guidance, forms, and procedures necessary to carry out this section.

(B) Effect.—The interim final regulations issued under subparagraph (A) shall take effect upon publication in the Federal Register and shall have the force and effect of law.

(C) Procedure.—The Administrator and the Secretary may issue an interim final regulation under subparagraph (A) without prior notice and opportunity for public comment under section 553 of title 5, United States Code.

(D) Use of prior administrative work.—Notwithstanding Public Law 119–2 or section 801(b)(2) of title 5, United States Code, the Administrator and the Secretary may use or adapt any procedure, method, form, or other administrative mechanism developed for the rule disapproved by that Public Law, to the extent consistent with this section.

(E) Public comment and final rules.—

(i) Public comment.—The Administrator and the Secretary shall provide a period of not less than 60 days after publication of an interim final regulation under subparagraph (A) for public comment.

(ii) Final rules.—Not later than September 30, 2027, the Administrator and the Secretary shall issue final regulations, guidance, forms, and procedures necessary to carry out this section after consideration of comments received under clause (i).

(F) No delay.—Failure to issue or finalize a regulation, guidance, form, or procedure under this paragraph shall not delay, limit, extinguish, or reduce—

(i) the fee imposed under subsection (c) beginning on April 1, 2027;

(ii) the standards incorporated under subsection (b); or

(iii) the authority of the Administrator or the Secretary to administer or enforce this section.

SEC. 1245. DATA CENTER WATER ACCOUNTABILITY TAX.

(a) Data center water accountability tax.—

(1) In general.—[Chapter 38](#) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

"SUBCHAPTER F—DATA CENTER WATER ACCOUNTABILITY TAX

"SEC. 4692. Data center water accountability tax.

"Sec. 4692. Data center water accountability tax.

"(a) Definitions.—In this section:

"(1) Administrator.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) Alternative nonpotable water source.—The term 'alternative nonpotable water source' means reclaimed wastewater, captured stormwater, industrial reuse water, graywater, brackish water, seawater, produced water, or another source of water that is not potable water, groundwater, or surface freshwater.

"(3) Captured stormwater.—The term 'captured stormwater' means precipitation or storm runoff that is collected, stored, and used for cooling, humidification, or other data center operations without first being treated as potable water.

"(4) Chargeable water use.—The term 'chargeable water use' means—

"(A) with respect to potable water or groundwater, the total amount of such water withdrawn, purchased, received, or otherwise used by a data center, reduced only by the metered amount of such water returned directly to the public water system or reinjected into the same aquifer in compliance with applicable water quality requirements;

"(B) with respect to surface freshwater, the total amount of such water withdrawn, purchased, received, or otherwise used by a data center, reduced by the metered amount of such water returned to the same source or watershed in a condition that is substantially equivalent in quality and temperature; and

"(C) with respect to an alternative nonpotable water source, the total amount of such water withdrawn, purchased, received, or otherwise used by a data center, reduced by the metered amount of such water transferred for further nonpotable reuse or returned for further nonpotable use in a condition that is substantially equivalent in quality.

"(5) Data center.—The term 'data center' means any facility described in section 453(a)(1) of the Energy Independence and Security Act of 2007 ([42 U.S.C. 17112\(a\)\(1\)](#)) that—

"(A) has an actual peak electrical demand of not less than 25 megawatts;

"(B) is reasonably projected by the data center operator to have a peak electrical demand of not less than 25 megawatts; or

"(C) is part of a campus, phased development, or group of commonly controlled or commonly operated data centers that, in the aggregate, has or is reasonably projected to have a peak electrical demand of not less than 25 megawatts.

"(6) Data center operator.—The term 'data center operator' means the person with primary operational control over a data center.

"(7) Groundwater.—The term 'groundwater' means water located beneath the surface of the ground, including water withdrawn from an aquifer, well, spring, or other subsurface source.

"(8) Potable water.—The term 'potable water' means water that is treated, distributed, or otherwise made available for human consumption.

"(9) Reclaimed wastewater.—The term 'reclaimed wastewater' means municipal, industrial, or other wastewater that has been treated for reuse and is supplied for nonpotable use.

"(10) Surface freshwater.—The term 'surface freshwater' means water withdrawn from a river, stream, lake, reservoir, pond, wetland, or other surface water body, and does not include potable water, groundwater, or an alternative nonpotable water source.

"(b) Imposition of tax.—Beginning July 1, 2027, there is imposed on each data center operator a tax for each calendar month on the chargeable water use of each data center to which this section applies during such month.

"(c) Amount of tax.—The amount of the tax imposed under subsection (b) for a calendar month shall equal the sum of—

"(1) \$26 for each 1,000 gallons of chargeable water use attributable to potable water or groundwater;

"(2) \$18 for each 1,000 gallons of chargeable water use attributable to surface freshwater; and

"(3) \$10 for each 1,000 gallons of chargeable water use attributable to an alternative nonpotable water source.

"(d) Drought and water-stress multiplier.—

"(1) In general.—The tax imposed under subsection (b) shall be increased by the applicable percentage under paragraph (2) with respect to chargeable water use by a data center located in an area classified as D1, D2, D3, or D4 by the United States Drought Monitor for any week during the calendar month for which the tax is imposed.

"(2) Applicable percentage.—The applicable percentage under paragraph (1) shall be the greatest of the following:

"(A) For a classification of D1, 50 percent.

"(B) For a classification of D2, 100 percent.

"(C) For a classification of D3, 150 percent.

"(D) For a classification of D4, 200 percent.

"(3) Additional water-stressed areas.—The Secretary of Energy, in consultation with the Administrator and the Director of the United States Geological Survey, may designate additional water-stressed areas by regulation based on groundwater depletion, surface water scarcity, public water supply constraints, aquifer stress, or other water-availability factors.

"(4) Treatment of additional water-stressed areas.—An area designated under paragraph (3) shall be treated as an area classified as D2 under the United States Drought Monitor unless the Secretary of Energy determines by regulation that conditions in such area warrant treatment as D1, D3, or D4.

"(e) Returns and payment.—

"(1) Quarterly estimated payments.—Each data center operator subject to the tax imposed under subsection (b) shall make quarterly estimated payments of such tax at such time and in such manner as the Secretary shall prescribe.

"(2) Annual reconciliation.—Each data center operator subject to the tax imposed under subsection (b) shall file an annual return reconciling quarterly estimated payments with actual chargeable water use for the calendar year.

"(3) Coordination with reporting.—The Secretary shall coordinate the timing and content of returns under this subsection with the reporting requirements under section 1245(b) of the POPULIST Act, to the maximum extent practicable.

"(f) Inflation adjustment.—For each calendar year after 2027, each dollar amount in subsection (c) shall be increased by an amount equal to—

"(1) such dollar amount, multiplied by

"(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(g) Anti-evasion.—For purposes of this section, the Secretary, in consultation with the Secretary of Energy, shall treat commonly controlled, colocated, phased, affiliated, or operationally

integrated data centers as a single data center if such treatment is necessary to prevent evasion of the threshold under subsection (a)(5).

"(h) Regulations.—Not later than 210 days after the date of enactment of this section, the Secretary shall issue such regulations or other guidance as are necessary to carry out this section."

(2) Clerical amendment.—The table of subchapters for chapter 38 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"SUBCHAPTER F. DATA CENTER WATER ACCOUNTABILITY TAX".

(b) Reporting.—

(1) Definitions.—In this subsection:

(A) Terms defined in Internal Revenue Code.—The terms "alternative nonpotable water source", "chargeable water use", "data center", "data center operator", "groundwater", "potable water", "reclaimed wastewater", and "surface freshwater" have the meanings given such terms in section 4692 of the Internal Revenue Code of 1986.

(B) Water usage effectiveness.—The term "water usage effectiveness" means the ratio of annual site water use to annual information technology equipment energy use, expressed in liters per kilowatt-hour, as determined under ISO/IEC 30134-9:2022 or any successor standard recognized by the Secretary of Energy.

(2) Annual report.—Beginning July 1, 2027, each data center operator subject to section 4692 of the Internal Revenue Code of 1986 shall submit an annual report to the Secretary of Energy, the Administrator of the Environmental Protection Agency, the Secretary of the Treasury, and each State in which the data center is located.

(3) Contents.—Each report under paragraph (2) shall include, for each month of the preceding calendar year—

- (A) total electricity use;
- (B) peak electrical demand;
- (C) total water withdrawn, purchased, received, or otherwise used;
- (D) total water use by source category, including potable water, groundwater, surface freshwater, and alternative nonpotable water sources;
- (E) chargeable water use by source category;
- (F) water returned, reinjected, discharged, or transferred for further nonpotable reuse, by source category;
- (G) water usage effectiveness;
- (H) the cooling technology or technologies used at the data center, including whether waste heat is recovered or made available for district heating, domestic hot water, industrial process heat, greenhouse agriculture, or another productive thermal use; and

(I) the identity of each water provider, water district, Tribal water authority, regional water authority, watershed, aquifer, or other water source serving or supplying the data center, and the chargeable water use attributable to each such provider, authority, watershed, aquifer, or source; and

(J) such other information as the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of the Treasury, determines necessary to carry out this section and section 4692 of the Internal Revenue Code of 1986.

(4) Transition rule.—For the annual report due on July 1, 2027, the report shall include only calendar months beginning more than 60 days after the date of enactment of this Act.

(c) State and local access; public reporting.—

(1) Governmental access to reports.—The Secretary of Energy shall make reports submitted under subsection (b) available to any State, Indian Tribe, local government, public utility, water provider, water district, or regional water authority with jurisdiction over the siting, permitting, water supply, wastewater service, or electric service of the data center.

(2) Public reports.—The Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of Agriculture, shall publish on the Department of Energy website annual reports, both regional and national, summarizing water and energy use by data centers.

(3) Aggregation.—Public reports under paragraph (2) may aggregate data to protect confidential business information, except that nothing in this paragraph shall authorize withholding from the public the identity, location, peak electrical demand, total annual water withdrawn, purchased, received, or otherwise used, total annual chargeable water use, or water source categories of a data center subject to this section.

(d) Data Center Water Resilience Fund.—

(1) Establishment.—There is established in the Treasury of the United States a fund to be known as the "Data Center Water Resilience Fund".

(2) Deposits.—There are appropriated to the Fund, out of amounts in the Treasury not otherwise appropriated, amounts equivalent to the revenues received in the Treasury from the tax imposed under section 4692 of the Internal Revenue Code of 1986.

(3) Availability.—Amounts deposited into the Fund shall be available without further appropriation to carry out this subsection.

(4) Distribution.—For each fiscal year, amounts in the Fund shall be distributed as follows:

(A) Local and regional share.—50 percent of the amounts attributable to tax paid with respect to each data center shall be made available to the water provider, water district, Tribal water authority, regional water authority, or other public or Tribal authority serving or having water-resource jurisdiction over the provider, watershed, aquifer, or other source from which the chargeable water use is obtained. If chargeable water use is attributable to more than 1 such provider, authority, watershed, aquifer, or source, the amount shall be

allocated among the applicable recipients in proportion to the chargeable water use attributable to each.

(B) State share.—25 percent of the amounts attributable to tax paid with respect to each data center shall be made available to the State in which the data center is located for water conservation, reclaimed water infrastructure, groundwater recharge, leak reduction, watershed restoration, or drought resilience. If a data center campus or operationally integrated group is located in more than 1 State, the amount shall be allocated among the States in proportion to the chargeable water use attributable to operations in each State.

(C) Federal share.—25 percent shall remain available to the Secretary of Energy, as lead administrator, to administer and enforce this section and section 4692 of the Internal Revenue Code of 1986. The Secretary of Energy may transfer amounts under this subparagraph to the Secretary of the Treasury, the Administrator of the Environmental Protection Agency, or the Secretary of Agriculture as necessary to carry out such administration and enforcement.

(D) Allocation rules.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Energy, the Administrator of the Environmental Protection Agency, and the Secretary of Agriculture, shall issue rules for attributing and allocating amounts under this paragraph, including rules for data centers using multiple providers or water sources, self-supplied water, multistate campuses, and changes in providers or water sources during a fiscal year.

(e) Administration and enforcement coordination.—

(1) Tax administration.—The Secretary of the Treasury shall administer and collect the tax imposed under section 4692 of the Internal Revenue Code of 1986.

(2) Measurement and reporting rules.—Not later than 180 days after the date of enactment of this Act, the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of the Treasury, shall establish rules and procedures for measurement, reporting, verification, and audit of water use, chargeable water use, water sources, discharges, and water usage effectiveness under this section and section 4692 of the Internal Revenue Code of 1986.

(f) Penalties.—

(1) Failure to report.—Any data center operator that fails to submit a report required under subsection (b) shall be liable for a civil penalty of not more than \$20,000 for each day during which such failure continues.

(2) False or incomplete report.—Any data center operator that knowingly submits materially false, incomplete, or misleading information under subsection (b) shall be liable for a civil penalty of not more than \$20,000 for each day during which such violation continues.

(3) Tax penalties.—Nothing in this subsection shall limit the application of any penalty under the Internal Revenue Code of 1986 with respect to a failure to file a return, failure to pay tax, underpayment, false statement, fraud, or other violation relating to the tax imposed under section 4692 of such Code.

(g) No preemption.—Nothing in this section shall be construed to preempt or limit any State, Tribal, or local law, regulation, fee, charge, reporting requirement, water-use restriction, or permitting condition that is more protective of water resources or ratepayers than this section.