

Policies to Bolster the Potential of the 45Q Tax Credit

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Carbon Capture Coalition

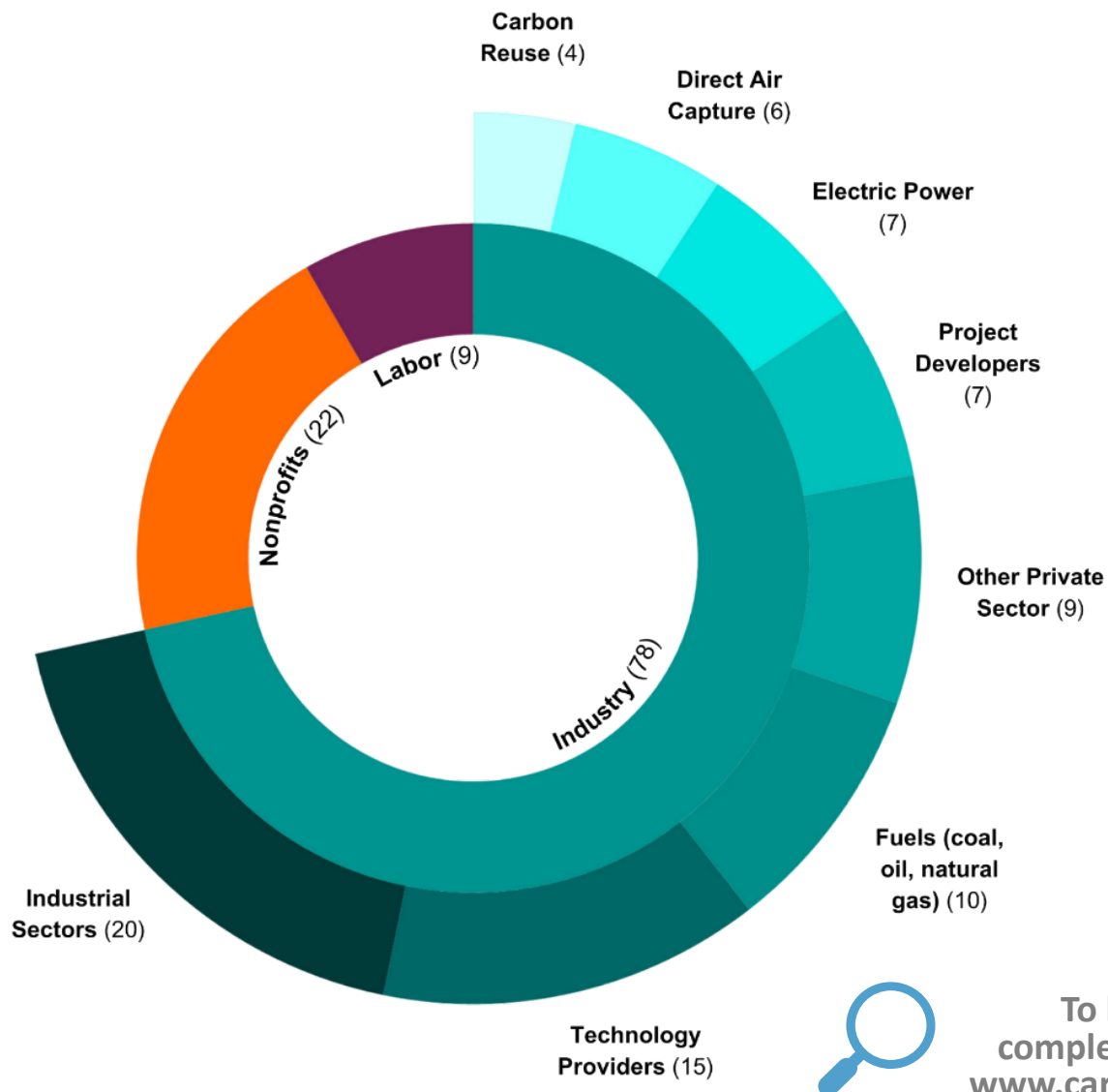
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6/24/2025



**CARBON CAPTURE
COALITION**

Our Membership



Our Mission, Vision & Values

- Our mission is to build broad federal policy support for the nationwide deployment of carbon management technologies.
- Our vision is for carbon management technologies to be a widely deployed emissions abatement strategy.
- The Coalition achieves maximum impact by grounding our decision-making process in consensus, where our diverse membership weigh in on and ultimately agree to the Coalition's top priorities.



To learn more and view our complete membership list, visit www.carboncapturecoalition.org

Building a national ecosystem for policy development and advocacy



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Alliance**

Carbon management deployment is crucial



Nationwide adoption of carbon management technologies is critical to maintaining and **strengthening domestic energy and industrial production**, boosting US **global competitiveness**, retaining and expanding a **high-wage jobs base**, and achieving **net-zero emissions**.



Carbon management technologies must continue to be a central piece of a broader federal strategy in providing **affordable, reliable energy for American businesses, industrial production, and families**.



Carbon management policy has been a **rare bright spot** in energy and environment policy in the US over the past decade, garnering support from **Republicans and Democrats alike...**



...but **inflation and other economic factors** have created headwinds for deploying these technologies.

A decisive role in advancing carbon management policies for over a decade

Legislative

- 2018 restructuring of the 45Q tax credit
- The Utilizing Significant Emissions with Innovative Technologies Act (USE IT)
- \$12 billion for carbon management technologies in the Bipartisan Infrastructure Law
- 45Q enhancements in the Inflation Reduction Act
- Annual appropriations for carbon management at DOE, Class VI wells

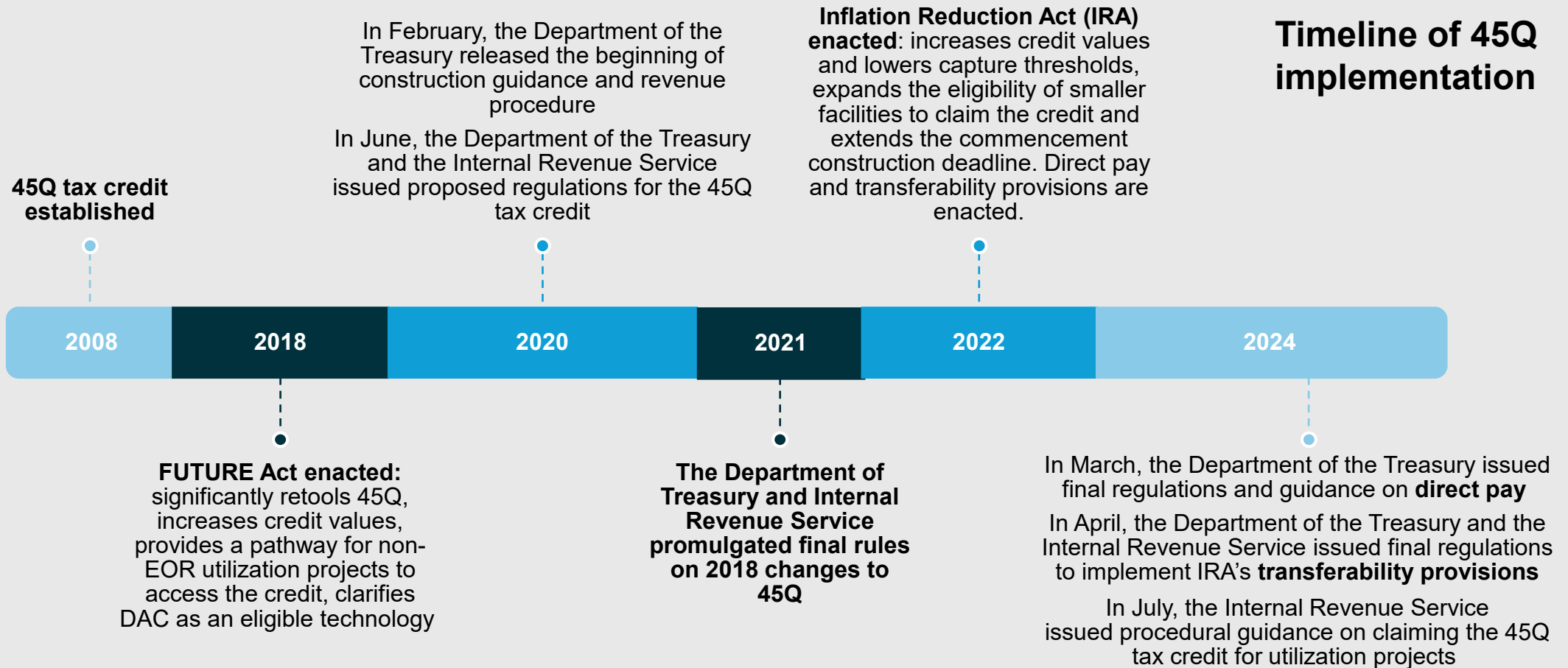
Tax, Regulatory & Implementation

- 2021 guidance from Treasury on 45Q
- EPA Greenhouse Gas Reporting Program
- Implementation of the most recent enhancements to the 45Q tax credit
- DOE implementation of federal funding

Communications

- Driving national and trade press coverage of carbon management
- Facilitating Coalition member communications with reporters
- Media briefings, Congressional education and stakeholder engagement

45Q provides an important market signal for commercial deployment



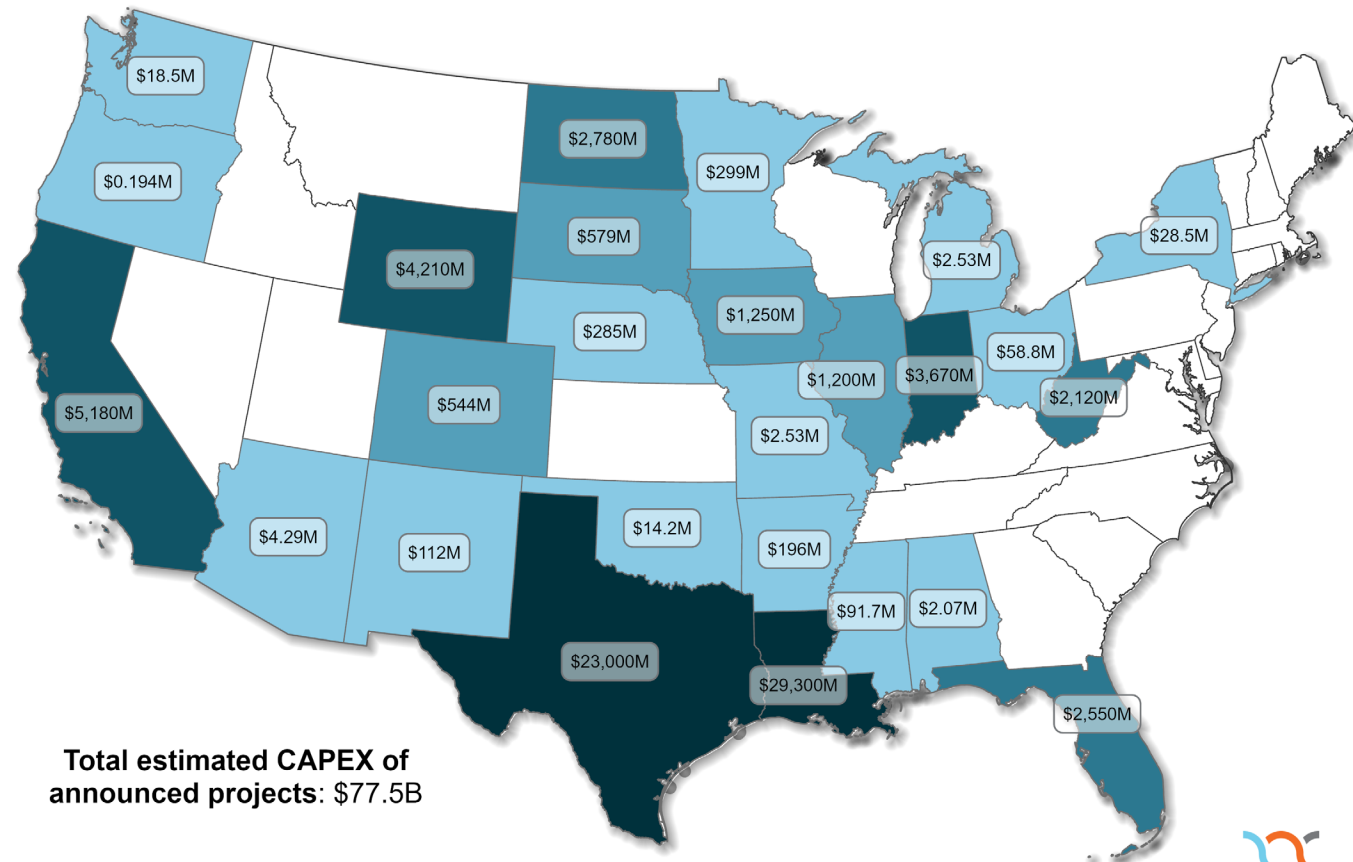
45Q is already driving investments

45Q continues to deliver the appropriate

market signal for projects to deploy across the nation. It is clear that the credit is critical to ensuring that these announced projects put steel in the ground and become operational.

Providing a strong 45Q ensures that the estimated \$77.5 billion in capital expenditures (CAPEX) already invested by project developers will translate into operating carbon management projects, corresponding jobs, and additional economic benefits.

Total estimated capital expenditures of announced carbon management projects through the end of 2024



Total estimated CAPEX of announced projects: \$77.5B

Source: Estimated CAPEX for announced projects in carbon management and related projects. Q4 2016 through Q4 2024. Clean Investment Monitor. Accessed 5/7/2025.
Note: Alaska and Hawaii do not have actual investments reported.



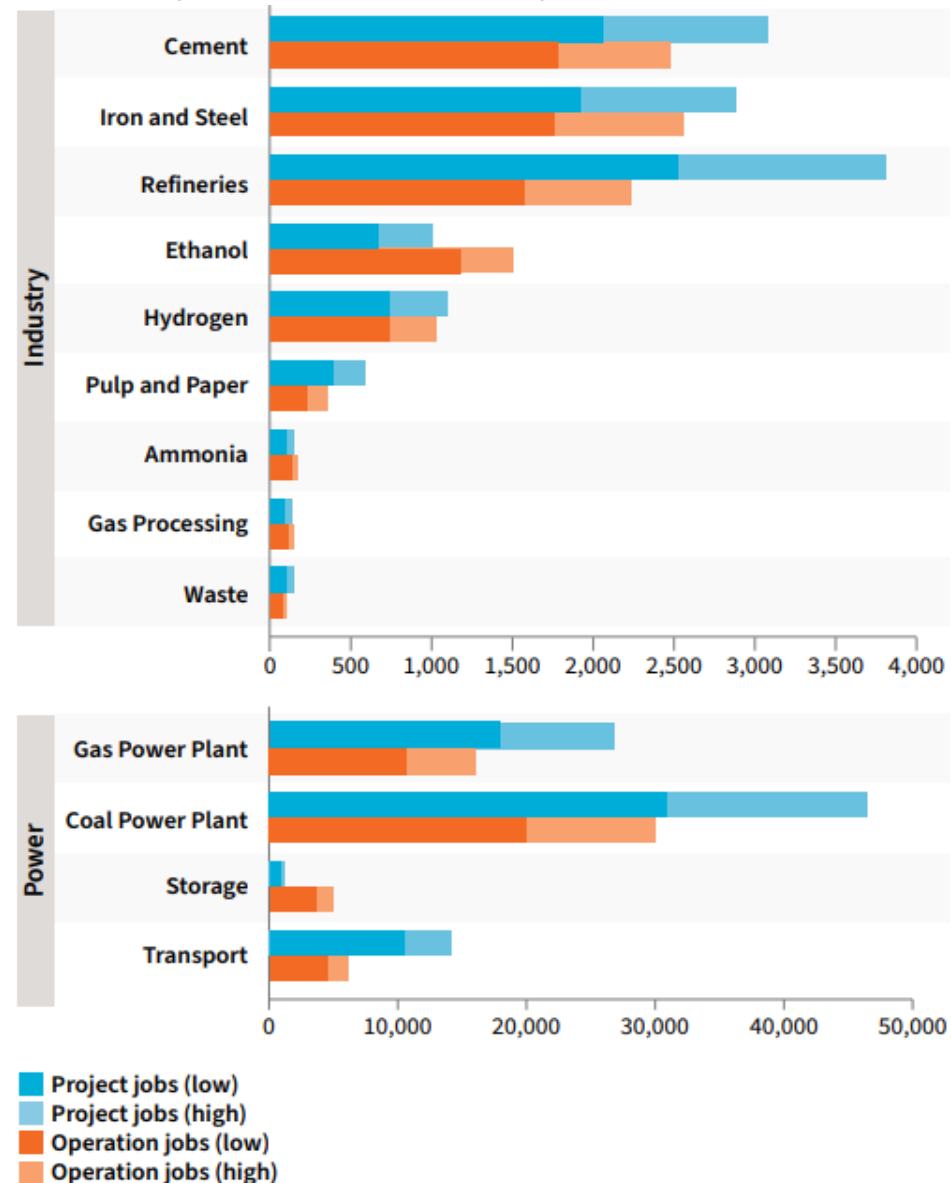
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45Q's economic and workforce development benefits

Retrofitting facilities with carbon capture equipment creates and preserves a range of jobs that form the backbone of regional economies and support American families.

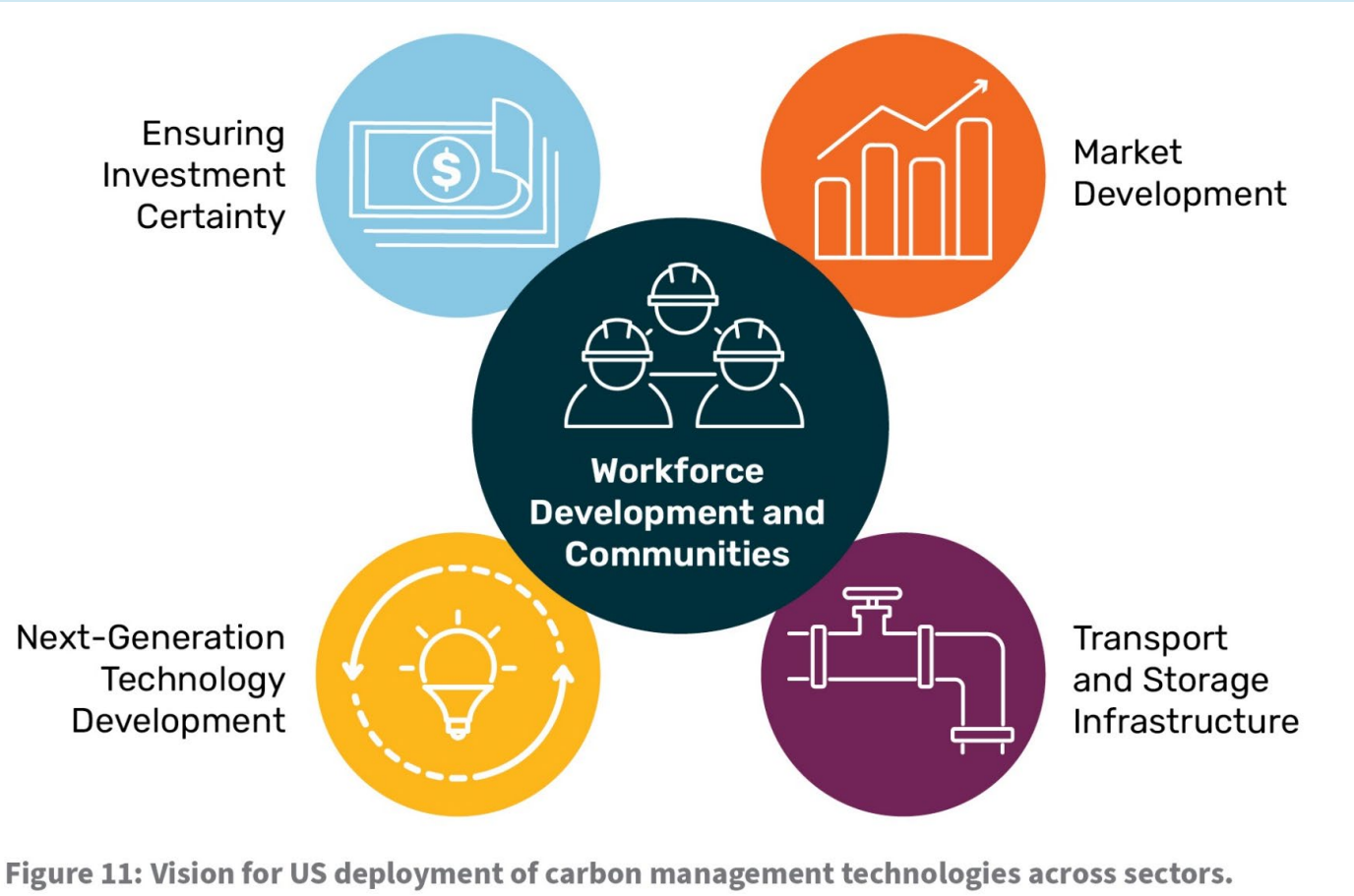
Recent analyses show that across key sectors in the US, these technologies can create and sustain more than **100,000 jobs per year in the investment phase** and more than **67,000 operations jobs per year**.¹

Near- and medium-term carbon capture jobs potential per year in the US by sector, 2023–2038 (Source: Rhodium Group¹)



¹Rhodium Group's [interactive tool](#) on Carbon Capture and Storage Workforce Development: State-by-State

The 2025 Policy Blueprint provides a framework for nationwide deployment of carbon management technologies



“The rising cost of deployment coupled with serious challenges in permitting, a lack of markets for products and services sourced from carbon management, and incomplete implementation of the available policy framework could jeopardize American global leadership in demonstrating and deploying carbon management technologies.”

Key Coalition policy priorities outlined in the Federal Policy Blueprint

Tax:



45Q
Defense



Indexing 45Q for inflation
using 2025 base year



Utilization
Parity



45Q
Guidance



Preserve and implement
IIJ Afunding



Storage and safety
Regulations



Class VI Review
Timelines



Optional federal
siting/construction pathway
for CO₂ pipelines

Implementation of BIL & IRA:

Permitting Reform

Coalition's 45Q recommendations

Congress must act swiftly to ensure the value proposition of 45Q enables projects in the development pipeline to proceed to construction while further diversifying the application of the technologies across emitting sectors. This can be achieved by:

Adjust the 45Q tax credit's inflation index to reflect a 2021 base index year.
This reflects the congressional intent of 2021 marker bills to enhance the credit.

Increase credit levels for point-source capture projects.
Senate version of One Big Beautiful Bill Act includes credit level parity for CO₂ end-uses.

Provide parity for CCU projects under 45Q.

Provide an appropriate inflation index for 45Q



Problem:

At present 45Q begins adjusting for inflation in 2027 using a base index year of 2025. However, **more than half of the increased credit value** from 2022 modifications has **already been consumed by inflation**.

Coalition Solution:

The Carbon Capture Coalition proposes to begin adjusting for inflation immediately using the **base index year of 2021**, which is consistent with the real value of the credit levels intended by Congress in 2021 bipartisan marker bills.

Data:

Altering the base year for adjusting for inflation can have a measurable impact on the value of the credit over time and potentially allow more sectors to economically capture CO₂. **Adjusting the base index year to 2021 would provide a nearly 25 percent nominal value increase to the credit by 2026, consistent with the real credit levels intended by Congress through the introduction of bipartisan marker bills in 2021 compared to the current statute.**

Permitting reform priorities



Pending federal regulatory actions on carbon management:

- Additional safety regulations for CO₂ pipelines (PHMSA)
- Guidance on storing CO₂ on federal lands
- A regulatory pathway for CO₂ storage on the Outer Continental Shelf (OCS).



EPA should review and provide a final decision on individual Class VI injection well applications within 18 months of having been deemed “administratively complete” to keep pace with project development timelines while maintaining a rigorous review process.



The Coalition supports Congress creating an optional federal siting authority pathway for interstate CO₂ pipelines to provide similar siting parity for all linear infrastructure systems.



Coalition guiding principles for permitting.

State-of-play: budget reconciliation

House reconciliation bill text released: 45Q intact but transferability is limited to those projects can reduced to a 2 years commence construction deadline

Senate reconciliation bill text released:

Restores transferability across tax credits.

Provides parity for end uses across geologic storage in Class VI wells, carbon reuse, and enhanced oil recovery.

Moves the inflation indexing date from 2027 to 2028, and the base indexing year from 2025 to 2026.

May 11

May 22

June 16

Reconciliation text passes House

Thank You!

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