

FUTURE Act
Furthering carbon capture, Utilization, Technology, Underground storage, and Reduced Emissions
Section-by-Section

Section 1. Short Title

This section sets forth the title as the Furthering carbon capture, Utilization, Technology, Underground storage, and Reduced Emissions (FUTURE) Act.

Section 2. Enhancement of Carbon Dioxide Sequestration Credit

(a) By amending [Section 45Q](#) of the Internal Revenue Code of 1986, this Act provides greater certainty for project developers, creates more flexibility in qualified entities, and incorporates utilization of captured gaseous carbon oxide.

Subsection (a) General Rule

This subsection continues the tax credit at the current values for projects that were placed in service prior to enactment of this Act. The current credit is \$20 per metric ton of carbon oxide sequestered in geological storage and \$10 per metric ton of carbon oxide used for enhanced oil/natural gas recovery or utilized in another qualified manner. For projects placed in service on or after the date of enactment of this Act, qualifying plants can claim the credit for 12 years from the date the equipment was placed in service.

Subsection (b) Applicable Dollar Amount; Additional Equipment; Election

This Act increases the credit to \$50 per metric ton of carbon oxide sequestered in geological storage and \$35 per metric ton of carbon oxide used for enhanced oil/natural gas recovery, utilized in another qualified manner, or through direct air capture. The credit is incrementally increased on an annual basis until the full value is reached in 2026. The section includes provisions to allocate the tax credit when additional carbon capture equipment is added to a facility previously collecting the credit.

Subsection (c) Qualified Carbon Oxide

Qualified carbon oxide is defined as carbon oxide— such as carbon monoxide or carbon dioxide— coming from an industrial source or from the ambient air. The amount is measured at the source of capture including industrial sources and direct air capture facility, and verified at point of disposal, injection, or utilization. Qualified carbon oxide does not include gases recaptured during the enhanced oil recovery process.

Subsection (d) Qualified Facility

Qualified facility is defined as an industrial facility or direct air capture facility with qualified carbon capture equipment included in the initial design whose construction began before January 1, 2024.

Three separate capture thresholds define qualified facility: non-electric generating pilot or demonstration project that captures between 25,000 and 500,000 metric tons, electric generating unit that captures at least 500,000 metric tons, and non-electric generating unit or direct air capture facility that captures at least 100,000 metric tons.

Subsection (e) Definitions

This subsection defines direct air capture facilities, qualified enhanced oil or natural gas projects, and tertiary injectant.

Subsection (f) Special Rules

- 1) The credit only applies to facilities and equipment that capture, dispose or utilize qualified carbon oxide within the United States or a possession of the United States.
- 2) This section directs the Secretary of Treasury to establish regulations for secure geologic storage including deep saline formations, oil and gas reservoirs, and unmineable coal seams.
- 3) The credit is attributed to the entity that captures and ensures the storage, utilization, or tertiary injectant of carbon oxide. The attributed entity can elect to transfer the credit to the entity sequestering or utilizing the carbon oxide.
- 4) This section provides authority for the Secretary of Treasury to define regulations for recapturing the tax credit if carbon oxide is not captured, disposed, or utilized.
- 5) This subsection defines utilization of qualified carbon oxide as biological fixation of carbon oxide, chemical conversion of carbon oxide, and use in a commercial market other than enhanced oil recovery. The demonstration of carbon oxide utilized shall be based on analysis of lifecycle greenhouse gas emissions.
- 6) Facilities placed in service prior to enactment of this Act, can qualify for the amended credit if they have not already claimed the credit under the previous 45Q provision that this Act is replacing and capture at least 500,000 metric tons of carbon oxide.
- 7) This section accounts for the inflation adjustment for the value of the credit.

Subsection (g) Application of Section for Certain Carbon Capture Equipment

The current credits are maintained for projects that are using or qualify for the credit prior to enactment of this Act. For prior projects, the credit is set at \$20/\$10 per metric ton carbon oxide and caps the credit after 75 million metric tons of carbon oxide captured.

Subsection (h) Regulations

This subsection directs the Secretary of Treasury to set necessary regulations and guidance to ensure proper allocation of the credit and qualification of facilities.

(b) This subsection sets the effective date of the credit as the enactment date of this Act.