

“(7) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2009, there shall be substituted for each dollar amount contained in subsection

(a) an amount equal to the product of—

“(A) such dollar amount, multiplied by

“(B) the inflation adjustment factor for such calendar year determined under section 43(b)(3)(B) for such calendar year, determined by substituting ‘2008’ for ‘1990’.

“(e) APPLICATION OF SECTION.—The credit under this section shall apply with respect to qualified carbon dioxide before the end of the calendar year in which the Secretary, in consultation with the Administrator of the Environmental Protection Agency, certifies that 75,000,000 metric tons of qualified carbon dioxide have been captured and disposed of or used as a tertiary injectant.”.

(b) CONFORMING AMENDMENT.—Section 38(b) (relating to general business credit) is amended by striking “plus” at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting “, plus”, and by adding at the end of following new paragraph:

26 USC 38.

“(34) the carbon dioxide sequestration credit determined under section 45Q(a).”.

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

“Sec. 45Q. Credit for carbon dioxide sequestration.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to carbon dioxide captured after the date of the enactment of this Act.

26 USC 38 note.

**SEC. 116. CERTAIN INCOME AND GAINS RELATING TO INDUSTRIAL SOURCE CARBON DIOXIDE TREATED AS QUALIFYING INCOME FOR PUBLICLY TRADED PARTNERSHIPS.**

(a) IN GENERAL.—Subparagraph (E) of section 7704(d)(1) (defining qualifying income) is amended by inserting “or industrial source carbon dioxide” after “timber”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, in taxable years ending after such date.

26 USC 7704 note.

**SEC. 117. CARBON AUDIT OF THE TAX CODE.**

(a) STUDY.—The Secretary of the Treasury shall enter into an agreement with the National Academy of Sciences to undertake a comprehensive review of the Internal Revenue Code of 1986 to identify the types of and specific tax provisions that have the largest effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects.

Contracts.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to Congress a report containing the results of study authorized under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$1,500,000 for the period of fiscal years 2009 and 2010.

Applicability.  
26 USC 30C note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

**SEC. 208. CERTAIN INCOME AND GAINS RELATING TO ALCOHOL FUELS AND MIXTURES, BIODIESEL FUELS AND MIXTURES, AND ALTERNATIVE FUELS AND MIXTURES TREATED AS QUALIFYING INCOME FOR PUBLICLY TRADED PARTNERSHIPS.**

26 USC 7704.

(a) **IN GENERAL.**—Subparagraph (E) of section 7704(d)(1), as amended by this Act, is amended by striking “or industrial source carbon dioxide” and inserting “, industrial source carbon dioxide, or the transportation or storage of any fuel described in subsection (b), (c), (d), or (e) of section 6426, or any alcohol fuel defined in section 6426(b)(4)(A) or any biodiesel fuel as defined in section 40A(d)(1)” after “timber”.

26 USC 7704  
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on the date of the enactment of this Act, in taxable years ending after such date.

**SEC. 209. EXTENSION AND MODIFICATION OF ELECTION TO EXPENSE CERTAIN REFINERIES.**

(a) **EXTENSION.**—Paragraph (1) of section 179C(c) (relating to qualified refinery property) is amended—

(1) by striking “January 1, 2012” in subparagraph (B) and inserting “January 1, 2014”, and

(2) by striking “January 1, 2008” each place it appears in subparagraph (F) and inserting “January 1, 2010”.

(b) **INCLUSION OF FUEL DERIVED FROM SHALE AND TAR SANDS.**—

(1) **IN GENERAL.**—Subsection (d) of section 179C is amended by inserting “, or directly from shale or tar sands” after “(as defined in section 45K(c))”.

(2) **CONFORMING AMENDMENT.**—Paragraph (2) of section 179C(e) is amended by inserting “shale, tar sands, or” before “qualified fuels”.

Applicability.  
26 USC 179C  
note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

**SEC. 210. EXTENSION OF SUSPENSION OF TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.**

Subparagraph (H) of section 613A(c)(6) (relating to oil and gas produced from marginal properties) is amended by striking “for any taxable year” and all that follows and inserting “for any taxable year—

“(i) beginning after December 31, 1997, and before January 1, 2008, or

“(ii) beginning after December 31, 2008, and before January 1, 2010.”.

**SEC. 211. TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.**

(a) **IN GENERAL.**—Paragraph (1) of section 132(f) is amended by adding at the end the following:

“(D) Any qualified bicycle commuting reimbursement.”.

(b) **LIMITATION ON EXCLUSION.**—Paragraph (2) of section 132(f) is amended by striking “and” at the end of subparagraph (A),