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Congress of the United States

JOINT COMMITTEE ON TAXATION

1625 LONGWORTH HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6453

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NOV 13 2013

Honorable Christopher A. Coons
United States Senate
SR-127A
Washington, D.C. 20510

Honorable Jerry Moran
United States Senate
SR-361A
Washington, D.C. 20510

Honorable Debbie Stabenow
United States Senate
SH-133
Washington, D.C. 20510

Honorable Lisa Murkowski
United States Senate
SH-709
Washington, D.C. 20510

Honorable Ted Poe
U.S. House of Representatives
2412 Rayburn HOB
Washington, D.C. 20515

Honorable Mike Thompson
U.S. House of Representatives
231 Cannon HOB
Washington, D.C. 20515

Honorable Peter Welch
U.S. House of Representatives
2303 Rayburn HOB
Washington, D.C. 20515

Dear Senator Coons, Senator Moran, Senator Stabenow, Senator Murkowski,
Representative Poe, Representative Thompson, and Representative Welch:

This letter is in response to your April 29, 2013 request for the revenue impact of S.795, the "Master Limited Partnership Parity Act." S.795 allows for an expansion of the types of income that qualify for an exception to corporate taxation under Code section 7704.

In particular, S.795, as modified by a discussion with Amitai Bin-Nun of Senator Coons's staff, would expand the definition of qualifying income to include income generated from certain: (1) renewable power facilities (that use resources defined in section 45(c)(1)) and other qualifying energy property (defined in section 48), (2) electricity storage devices (i.e. utility-scale batteries), (3) combined heat and power facilities (defined in section 48(c)(3)), (4) renewable thermal energy projects (similar to renewable power, but where the income is derived from selling heat rather than electricity), (5) waste heat to power projects, (6) renewable fuel infrastructure projects, (7) renewable fuels, (8) renewable chemicals,¹ (9) energy efficient

¹ Per a discussion with Amitai Bin-Nun of Senator Coons's staff, the definition of qualified renewable chemicals in the draft language you provided has been narrowed to include only a specific list of petrochemical alternatives derived from biomass, biopolymers, polyamides, cellulosic sugars, and other chemicals, but does not include fossil fuel-based chemicals, glycerin, renewable chemicals used in food,

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commercial buildings (as defined in section 179D(c)(1)), (10) gasification projects (as defined in section 48B(c)(1)(A) and (B)) that sequester at least 75 percent of their qualified carbon dioxide (as determined under section 45Q(b), and (11) carbon dioxide capture and sequestration (using definitions set forth in section 45Q).

S.795 is effective for taxable years ending after date of enactment. For purposes of our estimate, we assume that this is December 31, 2013. We have attempted to provide details of the estimate consistent with the paragraphs of the proposal; however, in several cases, available data are more aggregated, and thus so is the estimate. Our very preliminary estimate is that S.795 would change Federal fiscal year budget receipts as follows:

animal feed, or fuel, products with mature markets (such as cotton textiles, paper, antibiotics, vitamins, etc.), or naturally occurring polymers (such as cellulose, starch, protein, rubber, wool, silk, etc.).

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Fiscal Years
 [Millions of Dollars]

<u>Item</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2014-18</u>	<u>2014-23</u>
Electricity from Renewables.....	-9	-20	-23	-26	-29	-32	-36	-39	-43	-47	-108	-304
Electrical Storage Devices.....	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1
Combined Heat and Power, Renewable Thermal Energy, and Waste Heat to Power.....	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-13	-52
Renewable Fuel Infrastructure, Renewable Fuels, and Renewable Chemicals.....	-3	-11	-29	-56	-86	-120	-146	-156	-163	-170	-185	-941
Energy Efficient Buildings.....	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Gasification, Carbon Capture and Sequestration.....	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1	-1	-3
Total.....	-13	-33	-55	-86	-120	-159	-189	-203	-215	-227	-307	-1,300

NOTE: Details may not add to totals due to rounding.
 [1] Loss of less than \$500,000.

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I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold

cc: Honorable Chris Gibson
Honorable Cory Gardner