


(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to establish a methane border adjustment mechanism.

IN THE HOUSE OF REPRESENTATIVES

Ms. BROWNLEY introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to establish a methane border adjustment mechanism.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Methane Border Ad-
5 justment Mechanism Act”.

6 **SECTION 2. FINDINGS.**

7 Congress finds the following:

1 (1) Methane is a powerful greenhouse gas, with
2 about 80 times the warming power of carbon dioxide
3 on a 20-year time horizon.

4 (2) Rigorous estimates suggest that at least 25
5 percent of the rise in global temperatures since the
6 industrial revolution is due to methane emissions.

7 (3) Public health experts believe that methane
8 is a key contributor to the formation of ground level
9 ozone and particulate pollution, which causes a wide
10 range of cardiovascular and lung-related diseases.

11 (4) These facts suggest that methane is a
12 threat to human, animal, and plant life and health.

13 (5) The intended purpose of enacting a meth-
14 ane border adjustment mechanism (MBAM) is to
15 conserve exhaustible natural resources by preventing
16 emissions and is made effective in conjunction with
17 regulations and charges on methane emissions from
18 domestic oil and natural gas producers under section
19 136 of the Clean Air Act (42 U.S.C. 7436).

20 (6) Highly cost-effective methods of reducing
21 methane emissions—such as MBAMs—have been
22 well-studied and are ready for implementation.

23 (7) Research suggests that while the impact of
24 an MBAM on the price of fossil fuels would likely

1 be minimal, it could have a significant impact on
2 methane emissions.

3 (8) By working with countries that are major
4 importers of oil and gas to enact similar MBAMs, in
5 partnership with the European Union, having al-
6 ready enacted its own border measure, the United
7 States Government can both help strengthen the
8 market for exports of clean United States gas and
9 encourage other oil and gas producing countries to
10 reduce their methane emissions.

11 **SEC. 3. ESTABLISHMENT OF METHANE BORDER ADJUST-**
12 **MENT MECHANISM.**

13 (a) IN GENERAL.—Chapter 38 of the Internal Rev-
14 enue Code of 1986 is amended by adding at the end the
15 following new subchapter:

16 **“Subchapter E—Methane Border Adjustment**
17 **Mechanism**

“Sec. 4691. Methane border adjustment mechanism.

18 **“SEC. 4691. METHANE BORDER ADJUSTMENT MECHANISM.**

19 “(a) IN GENERAL.—There is hereby imposed a tax
20 on any methane adjustment substance sold or used by the
21 importer thereof.

22 “(b) AMOUNT OF TAX.—

23 “(1) IN GENERAL.—The amount of tax imposed
24 under subsection (a) with respect to any methane

1 adjustment substance shall be the amount that bears
2 the same ratio to the total methane emissions charge
3 for the country in which such substance was pro-
4 duced or extracted (determined for the second cal-
5 endar year preceding the calendar year of such sale
6 or use) as—

7 “(A) the volume of such substance, bears
8 to

9 “(B) the total volume of such substance
10 produced or extracted in such country (deter-
11 mined for such second preceding calendar year).

12 “(2) TOTAL METHANE EMISSIONS CHARGE.—

13 For purposes of this section, the term ‘total methane
14 emissions charge’ means, with respect to any foreign
15 country, the total amount of charges with respect to
16 facilities located in such country which would be im-
17 posed under section 136 of the Clean Air Act (42
18 U.S.C. 7436) if—

19 “(A) such facilities were located in the
20 United States, and

21 “(B) subsection (c) of such section were
22 applied without regard to ‘that reports more
23 than 25,000 metric tons of carbon dioxide’ and
24 all that follows.

1 Except as otherwise provided by the Secretary in
2 paragraph (4), the total methane emissions charge
3 with respect to any foreign country shall be deter-
4 mined separately with respect to each methane ad-
5 justment substance.

6 “(3) NATURAL GAS MEASURED BY ENERGY
7 CONTENT.—In the case of natural gas, subpara-
8 graphs (A) and (B) of paragraph (1) shall each be
9 applied by substituting ‘energy content’ for ‘volume’.

10 “(4) METHANE ADJUSTMENT SUBSTANCES
11 PRODUCED OR EXTRACTED IN MORE THAN 1 COUN-
12 TRY.—The Secretary shall provide rules for deter-
13 mining the tax imposed under paragraph (1) with
14 respect to a substance which was produced or ex-
15 tracted in more than 1 country which determines
16 such tax on the basis of the proportion of the pro-
17 duction or extraction that occurred in such country.

18 “(c) METHANE ADJUSTMENT SUBSTANCE.—

19 “(1) IN GENERAL.—The term ‘methane adjust-
20 ment substance’ means petroleum and natural gas.

21 “(2) RECOMMENDATION OF ADDITIONAL SUB-
22 STANCES.—

23 “(A) IN GENERAL.—Not later than 2 years
24 after the date of the enactment of this Act, and
25 each 2 years thereafter, the Secretary shall sub-

1 mit a written report to Congress regarding
2 whether additional substances that are reliant
3 on oil and natural gas as a feedstock in indus-
4 trial processes, or otherwise have notable em-
5 bodied methane emissions, should be added to
6 the list of methane adjustment substances sub-
7 ject to this section.

8 “(B) CONSULTATION.—In assessing sub-
9 stances to recommend for inclusion under this
10 paragraph, the Secretary shall consult with the
11 United States International Trade Commission
12 and International Trade Administration on
13 whether domestic producers, including specific
14 domestic facilities, have lower embodied meth-
15 ane emissions than producers in other coun-
16 tries.

17 “(C) ANALYSIS.—Each report under this
18 paragraph shall be accompanied by an analysis
19 prepared by the Secretary, after consultation
20 with the United States International Trade
21 Commission, of—

22 “(i) the effect of the proposed expan-
23 sion of the methane border adjustment
24 mechanism to include additional sub-
25 stances, and

1 “(ii) the economic, employment, and
2 environmental costs in the United States if
3 the expansion does not include such addi-
4 tional substances.

5 “(d) ESTIMATES.—

6 “(1) IN GENERAL.—The total methane emis-
7 sions charge, and the amount described in sub-
8 section (b)(1)(B), with respect to any foreign coun-
9 try for any calendar year shall be determined by the
10 Secretary on the basis of publicly available informa-
11 tion.

12 “(2) ESTABLISHMENT OF INTERNATIONAL
13 BODY TO COLLECT AND REPORT INFORMATION.—
14 The Secretary, in consultation with the governments
15 of countries that are major importers and exporters
16 of methane adjustment substances, shall facilitate
17 the establishment of an international body respon-
18 sible for providing for international consultations for
19 the establishment of interoperable standards, estab-
20 lishing a multi-stage certification process to track
21 emissions throughout supply chains, and collecting
22 and reporting data related to methane emissions.
23 Standards developed under the preceding sentence
24 shall be updated not less frequently than every 2
25 years.

1 “(e) ALTERNATIVE TAX BASED ON SUPPLY CHAIN
2 EMISSIONS.—

3 “(1) IN GENERAL.—In the case of any methane
4 adjustment substance which meets the requirements
5 of paragraph (2), the Secretary shall establish an al-
6 ternative method (in lieu of subsection (b)) for de-
7 termining the amount of tax imposed under sub-
8 section (a) which takes into account only such sub-
9 stance’s pro rata share of the charges which would
10 be imposed under section 136 of the Clean Air Act
11 (42 U.S.C. 7436) (determined with the adjustments
12 described in subparagraphs (A) and (B) of sub-
13 section (b)(2)) with respect to facilities in the supply
14 chain of such methane adjustment substance.

15 “(2) REQUIREMENTS.—The requirements of
16 this paragraph are met if—

17 “(A) the importer of the methane adjust-
18 ment substance provides the Secretary such in-
19 formation as the Secretary may require to de-
20 termine all of the facilities in the supply chain
21 of such substance, the total production of such
22 facilities, and the relevant methane emissions
23 therefrom, and

24 “(B) each country in which such facilities
25 are located is a country with which the Cus-

1 toms-Trade Partnership Against Terrorism (C-
2 TPAT) has signed mutual recognition arrange-
3 ments with the customs administration of such
4 country.”.

5 (b) INTERNATIONAL COOPERATION ON METHANE
6 BORDER ADJUSTMENT MECHANISMS.—The Secretary of
7 the Treasury (or the Secretary’s delegate) shall encourage
8 the 10 countries with the highest oil and gas imports that
9 do not yet have methane border adjustment mechanisms
10 to—

11 (1) implement equally stringent border adjust-
12 ment mechanisms, and

13 (2) participate in the creation of the inter-
14 national body referred to in section 4691(d)(2) of
15 the Internal Revenue Code of 1986, as added by this
16 section.

17 (c) CLERICAL AMENDMENT.—The table of sub-
18 chapters for chapter 38 of the Internal Revenue Code of
19 1986 is amended by adding at the end the following new
20 item:

 “SUBCHAPTER E—METHANE BORDER ADJUSTMENT MECHANISM”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to sales and uses after December
23 31, 2024.