At the end of title III, add the following:

Subtitle D—Elective Payment for Carbon Oxide Sequestration

SEC. 3401. ELECTIVE PAYMENT FOR CARBON OXIDE SEQUESTRATION.

(a) IN GENERAL.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 6431. ELECTIVE PAYMENT FOR CARBON OXIDE SEQUESTRATION.

“(a) ENERGY PROPERTY.—In the case of a taxpayer making an election (at such time and in such manner as the Secretary may provide) under this section with respect to any portion of a carbon oxide sequestration credit which would (without regard to this section) be determined under section 45Q with respect to such taxpayer, such taxpayer shall be treated as making a payment against the tax imposed by subtitle A for the taxable year equal to the amount of such portion.
“(b) TIMING.—The payment described in subsection 
(a) shall be treated as made on the later of the due date 
of the return of tax for such taxable year or the date on 
which such return is filed.

“(c) EXCLUSION FROM GROSS INCOME.—Gross in-
come of the taxpayer shall be determined without regard 
to this section.

“(d) DENIAL OF DOUBLE BENEFIT.—Solely for pur-
poses of section 38, in the case of a taxpayer making an 
election under this section, the carbon oxide sequestration 
credit determined under section 45Q shall be reduced by 
the amount of the portion of such credit with respect to 
which the taxpayer makes such election.”.

(b) CLERICAL AMENDMENT.—The table of sections 
for subchapter B of chapter 65 of such Code is amended 
by adding at the end the following new item:

“Sec. 6431. Elective payment for carbon oxide sequestration.”.

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