

**AMENDMENT TO**  
**RULES COMMITTEE PRINT 119-3**  
**OFFERED BY MR. MEUSER OF PENNSYLVANIA**

In title XI, at the appropriate place, insert the following new section:

1   **SEC. \_\_\_\_.** **TAX CREDIT FOR RARE EARTH ELEMENT AC-**  
2                   **TIVITIES FROM COAL AND BRINE WATER.**

3           (a) IN GENERAL.—Subpart D of part IV of sub-  
4 chapter A of chapter 1, as amended by the preceding pro-  
5 visions of this Act, is amended by adding at the end the  
6 following new section:

7   **“SEC. 45CC. CREDIT FOR RARE EARTH ELEMENT ACTIVI-**  
8                   **TIES FROM COAL AND BRINE WATER.**

9           “(a) ALLOWANCE OF CREDIT.—There shall be al-  
10 lowed as a credit against the tax imposed by this chapter  
11 an amount equal to—

12               “(1) in the case of an eligible coal provider,  
13               \$9.00 per ton of qualifying coal and coal byproducts  
14               supplied for the purpose of extracting rare earth ele-  
15               ments,

16               “(2) in the case of an eligible rare earth extrac-  
17               tor, \$20-30 per kilogram of total rare earth elements

1       successfully extracted and sold from qualifying coal  
2       or coal byproducts,

3           “(3) in the case of an eligible brine water pro-  
4       vider, \$3.00 per barrel of qualifying brine water sup-  
5       plied for the purpose of extracting rare earth ele-  
6       ments or lithium, and

7           “(4) in the case of an eligible rare earth extrac-  
8       tor, \$20-30 per kilogram of total rare earth elements  
9       successfully extracted and sold from qualifying brine  
10      water.

11      “(b) DEFINITIONS.—For purposes of this section—

12           “(1) ELIGIBLE COAL PROVIDER.—The term ‘el-  
13      igible coal provider’ means any person who—

14           “(A) produces or supplies coal or coal by-  
15      products that meets criteria established by the  
16      Secretary for suitability for rare earth extrac-  
17      tion, and

18           “(B) maintains documentation of supply  
19      agreements with an eligible rare earth extrac-  
20      tor.

21           “(2) ELIGIBLE RARE EARTH EXTRACTOR.—The  
22      term ‘eligible rare earth extractor’ means any person  
23      engaged in the extraction of rare earth elements  
24      from coal, coal refuse, fly ash, bottom ash, or acid  
25      mine drainage sludge.

1           “(3) QUALIFYING COAL.—The term ‘qualifying  
2           coal’ means coal from a domestic source that con-  
3           tains rare earth elements in concentrations and  
4           forms deemed technically and economically feasible  
5           for extraction.

6           “(4) COAL.—The term ‘coal’ means a combus-  
7           tible carbonaceous rock, classified as a mineral re-  
8           source, that is used primarily as a fuel or in indus-  
9           trial processes. Such term includes all ranks and  
10          grades, including anthracite, bituminous, sub-bitu-  
11          minous, and lignite.

12          “(5) COAL BYPRODUCTS.—The term ‘coal by-  
13          products’ means the residues from the combustion of  
14          coal, including ash, fly ash, bottom ash, slag, and  
15          flue gas desulfurization materials.

16          “(6) RARE EARTH ELEMENTS.—The term ‘rare  
17          earth elements’ means the 17 elements identified as  
18          rare earth elements by the Department of Energy in  
19          the April 2020 publication titled “Critical Materials  
20          Rare Earths Supply Chain”. Such term includes any  
21          additional elements or critical minerals that the  
22          United States Geological Survey, Department of En-  
23          ergy, or National Energy Dominance Council deter-  
24          mines in any subsequent official report or publica-  
25          tion should be considered rare earth elements.

1           “(7) ELIGIBLE BRINE WATER PROVIDER.—The  
2           term ‘eligible brine water provider’ means any per-  
3           son who—

4                   “(A) produces or supplies brine water that  
5                   meets criteria established by the Secretary for  
6                   suitability for rare earth extraction or lithium  
7                   extraction, and

8                   “(B) maintains documentation of supply  
9                   agreements with an eligible rare earth extractor  
10                  and lithium extractor.

11           “(8) BRINE WATER.—The term ‘brine water’  
12           means the salty wastewater that emerges from shale  
13           formations during hydraulic fracturing (fracking)  
14           operations. Such term includes flowback water and  
15           produced water.

16           “(9) FLOWBACK WATER.—The term ‘flowback  
17           water’ means the injected fluid that returns to the  
18           surface shortly after fracking.

19           “(10) PRODUCED WATER.—The term ‘produced  
20           water’ means water naturally present in a rock for-  
21           mation, which flows up with oil and gas over time.

22           “(11) BARREL.—The term ‘barrel’ means 42  
23           standard United States gallons.

24           “(c) CREDIT LIMITATION.—The credit under this  
25           section shall be permanent and shall not be subject to ter-

1 mination or phase-out under any sunset provision of this  
2 Code.

3 “(d) DOCUMENTATION AND CERTIFICATION RE-  
4 QUIREMENTS.—A taxpayer shall submit such information  
5 and documentation as the Secretary may require to cer-  
6 tify—

7 “(1) the quantity and quality of coal or rare  
8 earth elements,

9 “(2) the existence of off-take or sales agree-  
10 ments, and

11 “(3) compliance with applicable federal and  
12 state environmental laws.

13 “(e) SPECIAL RULES.—

14 “(1) CREDIT PART OF GENERAL BUSINESS  
15 CREDIT.—The credit under this section shall be  
16 treated as a credit listed in section 38(b).

17 “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-  
18 tion or other credit shall be allowed under this chap-  
19 ter for any amount taken into account in deter-  
20 mining the credit under this section.

21 “(3) COORDINATION WITH OTHER CREDITS.—  
22 The Secretary shall prescribe regulations or guid-  
23 ance to prevent duplication of credits.

24 “(f) REGULATIONS.—The Secretary, in consultation  
25 with the Secretary of Energy and the Secretary of the In-

1 terior, shall prescribe such regulations and guidance as  
2 may be necessary to carry out the provisions of this sec-  
3 tion, including guidance to prevent abuse and ensure that  
4 credits are only awarded for verifiable production and ex-  
5 traction activities.”.

6 (b) CLERICAL AMENDMENT.—The table of sections  
7 for part IV of subchapter A of chapter 1 is amended by  
8 adding at the end the following new item:

“Sec. 45CC. Credit for rare earth element activities from coal.”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2025.

