

United States Senate

WASHINGTON, DC 20510

December 20, 2019

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Dodaro:

We write to request that the Government Accountability Office evaluate the implementation of the refined coal production tax credit established by Section 45 of the Internal Revenue Code. In order to claim this tax credit, refiners must demonstrate that their refined coal reduces emissions of nitrogen oxides (NOx) by 20 percent and emissions of either sulfur dioxide or mercury by 40 percent per unit of thermal energy compared to unrefined coal. In recent years, media reports suggest that refiners claimed approximately a billion dollars in tax credits annually using the refined coal production tax credit.

Current Internal Revenue Service guidance allows refiners to demonstrate that they have achieved the required reductions through laboratory analysis rather than measuring the actual emissions generated from the refined coal combusted at the power plant. However, a recent report analyzing other emissions data raises questions about the extent to which the use of refined coal is actually achieving the emissions reductions required to claim the refined coal production tax credit.¹

Given the questions raised by the report and the cost of the tax credit, we request that the Government Accountability Office respond to the following questions:

1. Over the last decade, to what extent have refiners claimed the refined coal production tax credit?
2. What is known about the extent to which refiners have achieved the emissions reductions required to claim the refined coal production tax credit?
3. What processes and controls are in place to ensure that refiners are meeting the requirements to claim the refined coal production tax credit?

Thank you for your assistance with this request. Should you have any questions about this request, please coordinate with Joe Gaeta (202-224-9214) and Dan Dudis (202-224-2921).



Sheldon Whitehouse
Ranking Member, Clean Air and Nuclear
Safety Subcommittee
Senate Committee on Environment and
Public Works

Sincerely,



Elizabeth Warren
Ranking Member, Financial Institutions and
Consumer Protection Subcommittee
Senate Committee on Banking, Housing, and
Urban Affairs

¹ Brian Prest and Alan Krupnick. *How Clean is "Refined Coal"? An Empirical Assessment of a Billion-Dollar Tax Credit* (Washington, D.C.: Resources for the Future, November 2019)

Sherrod Brown

Sherrod Brown

Ranking Member

Senate Committee Banking, Housing, and Urban Affairs