July 1, 2025

Oppose Costly Subsidies for Carbon Capture and Storage in Reconciliation Bill

Dear Representative:

We write to express strong opposition to the inclusion of any expansion of subsidies for carbon capture and storage (CCS) in the final budget reconciliation bill, known as the One Big Beautiful Bill Act. Our organizations share deep concerns about federal subsidies for CCS—particularly the high costs and lack of measurable outcomes that have propped up industries and technologies unable to compete without heavy subsidization using taxpayers funds. Expanding the 45Q tax credit is fiscally irresponsible, invites waste, fraud, and abuse, and would significantly add to the overall cost of the reconciliation package.

CCS is often touted as an innovative emissions reduction strategy. In practice, it suffers from poor scalability, ongoing reliance on federal subsidies, risks to private property rights through eminent domain, and long-term threats to public safety and community well-being—all at taxpayers' expense.

Under current law, facilities placed in service after 2022 can claim $17/ton ($36 for direct air capture, or DAC) for carbon stored in geological formations, and $12/ton ($26 for DAC) if the carbon is used for enhanced oil recovery (EOR) or other uses. EOR injects carbon into depleted wells to extract more oil and gas. The Senate proposal would increase the EOR credit to $17/ton ($36/ton for DAC) starting in 2025 for facilities placed in service after the bill's enactment. In fact, oil companies have long used captured carbon dioxide to enhance oil recovery, with no federal support needed. This is a subsidy for an already wealthy industry for an unproven technology that does nothing to reduce emissions.

According to the Joint Committee on Taxation, this expansion—combined with foreign entity of concern restrictions—would cost taxpayers an additional $14.2 billion over the next decade, on top of its price tag of over $30 billion in its current form.[1]

Originally created in 2008 and most recently expanded by the Inflation Reduction Act, the 45Q tax credit is already projected to cost taxpayers $36.2 billion over the next decade.[2] Despite this

[1] Joint Committee on Taxation, "Estimated Revenue Effects Of A Manager's Amendment To The Tax Provisions To Provide Reconciliation Of The Fiscal Year 2025 Budget In The Senate Relative To Current Policy," June 28, 2025 https://www.jct.gov/publications/2025/jcx-30-25/

[2] U.S. Department of Treasury, "Tax Expenditures." https://home.treasury.gov/system/files/131/Tax-Expenditures-FY2025.pdf

hefty price tag, the program has a troubling record of noncompliance and weak oversight that puts taxpayer dollars at risk.

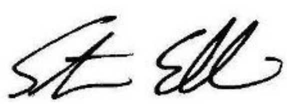
The IRS has repeatedly failed to establish meaningful safeguards to ensure captured carbon remains securely stored. There are no requirements for on-site verification, no mandated technologies for carbon injection, and no enforceable timelines for monitoring or reporting leaks. Instead, hundreds of millions of dollars in credits are awarded each year based largely on self-certification, with no reliable way to verify how much carbon is stored—or whether it stays stored. And all this when it remains an open question for some concerning whether carbon dioxide needs to be removed and stored at all, anyway.

Equally troubling is the threat CCS poses to private property rights. Developers often claim "common carrier" status to justify the use of eminent domain—seizing private land for CO_2 pipelines and storage sites, frequently over the objections of landowners. Many property owners receive minimal compensation and have little meaningful recourse to challenge these takings.

This practice primarily serves private corporate interests, not the broader public good.[3] The abuse of eminent domain is particularly concerning given the scale of federal subsidies backing these projects. Taxpayer dollars should not fund ventures that undermine private property rights and force landowners into costly and contentious legal disputes for no justifiable public purpose or common good.

To protect taxpayer dollars and private property rights, we urge you to oppose this $14 billion expansion—and instead save taxpayers $36 billion in tax expenditures by repealing the 45Q tax credit entirely.

Sincerely,



Steve Ellis
President
Taxpayers for Common Sense Action

[3] Heartland Institute, "Carbon Capture & Property Rights: There Is No Justification for Using Carbon Capture and Storage Projects to Abrogate Property Rights," January 2025. https://heartland.org/opinion/new-paper-by-the-heartland-institute-dissects-how-carbon-capture-and-storage-projects-threaten-property-rights/

Cameron Sholty
Executive Director
Heartland Impact