

The Wildfire Reduction and Carbon Removal Act of 2025

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The **Wildfire Reduction and Carbon Removal Act** would establish a tax credit for durable carbon storage using forest residues from wildfire hazard reduction or ecological restoration activities. Since 2003, U.S. land area burned in wildfires has increased in nearly every month of the year from pre-2000s levels and generated roughly 3.7 Gt of cumulative CO₂ emissions. Annual Federal spending on wildfire suppression has averaged nearly \$3 billion over the last 5 years, and overall annual economic losses from wildfires total an estimated \$394-893 billion.

Fuel treatments to remove small-diameter trees are proven to reduce wildfire hazard in fireheds with vegetation levels higher than historical fire-adapted baselines. In Western U.S. forests, mechanical thinning and removal of residues reduced fire severity by 62-72% compared to untreated areas. No commercial avenues exist to conduct these fuel treatments due to lack of markets for the removed small-diameter material, and the cost of fuel treatments far exceeds available federal funding. Furthermore, forest residues removed in fuel treatments are typically pile burned or landfilled, increasing overall project costs and producing significant CO₂ emissions and local air pollution.

Biomass carbon removal and storage (BiCRS) technologies, such as injection of bio-liquids, engineered biomass burial, or biochar production, can generate a market for fuel treatment forest residues through carbon credits. Establishing a tax credit for forest residue BiCRS, similar to 45Q carbon removal credits, will unlock the investment needed to scale up BiCRS processing and removal to meet wildfire management needs.

If enacted, the **Wildfire Reduction and Carbon Removal Act** would:

Establish a new forest residue carbon removal and storage credit:

- Establishes new tax credit under Section 45BB of the Internal Revenue Code for storage of carbon from forest residues from wildfire hazard reduction or ecological restoration activities.
- Credit amount equals \$180 per metric ton of net carbon dioxide equivalent disposed of with 1,000+ year durability of carbon removal and \$60 per ton disposed of with 100+ year durability when certain labor and prevailing wage standards are met.
- Prohibits claiming multiple carbon removal or clean energy credits, adjusts credit to inflation, and allows direct pay and transferability.

Set robust requirements for biomass sourcing, life-cycle analysis (LCA), and monitoring, reporting, and verification (MRV):

Directs Treasury, in consultation with relevant agencies, to issue regulations to:

- Define sustainability standards limiting credit eligibility to forest residues sourced from fireheds with high wildfire hazard potential and vegetation removal need, using practices with minimal direct and indirect negative environmental impacts;
- Define project-level LCA and MRV requirements to ensure traceability of biomass feedstocks and determine carbon removals net of direct and indirect emissions from biomass production and processing;
- Establish standards for geological storage of bio-liquids or bio-solids to ensure 1,000+ year durability of carbon storage.