

MASTER LIMITED PARTNERSHIP PARITY ACT

The Master Limited Partnership (MLP) Parity Act was introduced in the Senate ([S. 795](#)) by Sens. Chris Coons (D-Del.), Jerry Moran (R-Kan.), Debbie Stabenow (D-Mich.) and Lisa Murkowski (R-Alaska) on April 24, 2013. On that same day, an identical bill was introduced in the House of Representatives ([H.R. 1696](#)) by Reps. Ted Poe (R-Texas), Peter Welch (D-Vt.), Mike Thompson (D-Calif.), Chris Gibson (R-N.Y.), Cory Gardner (R-Colo.) and Earl Blumenauer (D-Ore.).

The MLP is a business structure in which investors are treated as partners for tax purposes but whose ownership interests can be traded like corporate stock. Unlike a C corporation, for which income is subject to taxation both when earned by the corporation then again when distributed to shareholders as dividends, MLP income is taxed only once when distributed to investors. This attractive feature can reduce the cost of private capital for projects.

Under current law, the MLP structure is available for businesses engaged in certain natural resource-related activities, primarily in the area of fossil fuel exploration, extraction, processing and transportation. Except for certain geothermal activities and storage and transport of liquid biofuels, renewable energy businesses are not eligible to organize as MLPs, nor are energy efficiency businesses.

The bill would amend the Internal Revenue Code of 1986 to extend availability of the MLP business structure to additional energy and related categories of business activity, including:

- Renewable energy
- Electricity storage devices
- Combined heat and power
- Renewable thermal energy
- Waste heat to power
- Renewable fuel infrastructure
- Renewable fuels
- Renewable chemicals
- Energy efficient buildings
- Gasification with sequestration
- Carbon capture and sequestration

Qualifying activities within these categories are subject to particular statutory definitions and descriptions cited in the bill. The bill would not remove or alter any of the existing categories of business activities eligible for structuring as a MLP.

Inclusion of energy efficient buildings (such as through energy performance contracting), combined heat and power and waste heat to power are most pertinent to energy efficiency.