

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1686

To amend the Internal Revenue Code of 1986 to put tools in the hands of American workers by reinstating a 10-percent investment tax credit for property used in manufacturing, production, extraction, or related purposes in the United States.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 1993

Mr. TORKILDSEN (for himself, Mr. McCANDLESS, Mr. STUMP, Mr. ZIMMER, Mr. DOOLITTLE, Mr. INHOFE, Mr. LEVY, Mr. BLUTE, Mr. SOLOMON, Mr. BAKER of Louisiana, Mr. FISH, Mr. TALENT, and Mr. ZELIFF) introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to put tools in the hands of American workers by reinstating a 10-percent investment tax credit for property used in manufacturing, production, extraction, or related purposes in the United States.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Investment Tax Credit  
5 Act of 1993”.

1 **SEC. 2. INVESTMENT TAX CREDIT.**

2 (a) ALLOWANCE OF CREDIT.—Section 46 of the In-  
3 ternal Revenue Code of 1986 (relating to amount of in-  
4 vestment credit) is amended by striking “and” at the end  
5 of paragraph (2), by striking the period at the end of para-  
6 graph (3) and inserting “, and”, and by adding at the  
7 end thereof the following new paragraph:

8 “(4) the general investment credit.”

9 (b) AMOUNT OF CREDIT.—Section 48 of such Code  
10 is amended by adding at the end thereof the following new  
11 subsection:

12 “(c) GENERAL INVESTMENT CREDIT.—

13 “(1) IN GENERAL.—For purposes of section 46,  
14 the general investment credit for any taxable year is  
15 an amount equal to 10 percent of the qualified in-  
16 vestment for such taxable year.

17 “(2) QUALIFIED INVESTMENT.—

18 “(A) IN GENERAL.—For purposes of para-  
19 graph (1), the qualified investment for any tax-  
20 able year is the aggregate of—

21 “(i) the applicable percentage of the  
22 basis of each new qualified investment tax  
23 credit property placed in service by the  
24 taxpayer during such taxable year, plus

25 “(ii) the applicable percentage of the  
26 cost of each used qualified investment tax

1 credit property placed in service by the  
2 taxpayer during such taxable year.

3 “(B) APPLICABLE PERCENTAGE.—For  
4 purposes of subparagraph (A), the applicable  
5 percentage for any property shall be determined  
6 under paragraphs (2) and (7) of section 46(c)  
7 (as in effect on the day before the date of the  
8 enactment of the Revenue Reconciliation Act of  
9 1990).

10 “(C) CERTAIN RULES MADE APPLICA-  
11 BLE.—The provisions of subsections (b) and (c)  
12 of section 48 (as in effect on the day before the  
13 date of the enactment of the Revenue Reconcili-  
14 ation Act of 1990) shall apply for purposes of  
15 this paragraph.

16 “(3) QUALIFIED INVESTMENT TAX CREDIT  
17 PROPERTY.—The term ‘qualified investment tax  
18 credit property’ means tangible property (other than  
19 a building, its structural components, or an air con-  
20 ditioning or heating unit), but only if such prop-  
21 erty—

22 “(A) is used as an integral part of manu-  
23 facturing, production (including agriculture), or  
24 extraction or of furnishing transportation, com-

1           munications, electrical energy, gas, water, waste  
2           disposal, or pollution control services,

3           “(B) constitutes a research facility or re-  
4           search equipment used in connection with any  
5           of the activities referred to in subparagraph  
6           (A), or

7           “(C) constitutes a facility used in connec-  
8           tion with any of the activities referred to in  
9           subparagraph (A) for the bulk storage of fun-  
10          gible commodities (including commodities in a  
11          liquid or gaseous state).

12          Such term includes only property to which section  
13          168 applies without regard to any useful life and  
14          any other property with respect to which deprecia-  
15          tion (or amortization in lieu of depreciation) is al-  
16          lowable and having a useful life (determined as of  
17          the time such property is placed in service) of 3  
18          years or more.

19          “(4) COORDINATION WITH OTHER CREDITS.—  
20          This subsection shall not apply to any property to  
21          which the energy credit or rehabilitation credit  
22          would apply unless the taxpayer elects to waive the  
23          application of such credits to such property.

24          “(5) CERTAIN PROGRESS EXPENDITURE RULES  
25          MADE APPLICABLE.—Rules similar to rules of sub-

1 sections (c)(4) and (d) of section 46 (as in effect on  
2 the day before the date of the enactment of the Rev-  
3 enue Reconciliation Act of 1990) shall apply for pur-  
4 poses of this subsection.”

5 (c) CREDIT ALLOWED AGAINST MINIMUM TAX.—  
6 Section 38(c) of such Code is amended by redesignating  
7 paragraph (2) as paragraph (3) and inserting after para-  
8 graph (1) the following new paragraph:

9 “(2) NEW INVESTMENT TAX CREDIT MAY OFF-  
10 SET 100 PERCENT OF MINIMUM TAX.—

11 “(A) IN GENERAL.—In the case of a C  
12 corporation, the amount determined under  
13 paragraph (1)(A) shall be reduced (but not  
14 below zero) by the lesser of—

15 “(i) the portion of the new investment  
16 tax credit not used against the regular lim-  
17 itation, or

18 “(ii) 100 percent of the taxpayer’s  
19 tentative minimum tax for the taxable  
20 year.

21 “(B) PORTION OF NEW INVESTMENT TAX  
22 CREDIT NOT USED AGAINST REGULAR LIMIT.—  
23 For purposes of subparagraph (A), the portion  
24 of the new investment tax credit for any taxable

1 year not used against the regular limitation is  
2 the excess (if any) of—

3 “(i) the portion of the credit under  
4 subsection (a) which is attributable to the  
5 application of the general investment credit  
6 under section 48(c), over

7 “(ii) the limitation of paragraph (1)  
8 (determined without regard to this para-  
9 graph) reduced by the portion of the credit  
10 under subsection (a) which is not so attrib-  
11 utable.

12 “(C) LIMITATION.—In no event shall this  
13 paragraph permit the allowance of a credit  
14 which would result in a net chapter 1 tax less  
15 than an amount equal to 10 percent of the  
16 amount determined under section 55(b)(1)(A)  
17 without regard to the alternative tax net operat-  
18 ing loss deduction. For purposes of the preced-  
19 ing sentence, the term ‘net chapter 1 tax’  
20 means the sum of the regular tax liability for  
21 the taxable year and the tax imposed by section  
22 55 for the taxable year, reduced by the sum of  
23 the credits allowable under this part for the  
24 taxable year (other than under section 34).”

25 (d) TECHNICAL AMENDMENTS.—

1           (1) Subparagraph (C) of section 49(a)(1) of  
2 such Code is amended by striking “and” at the end  
3 of clause (ii), by striking the period at the end of  
4 clause (iii) and inserting “, and”, and by adding at  
5 the end thereof the following new clause:

6                   “(iv) the basis of any new qualified in-  
7 vestment tax credit property and the cost  
8 of any used qualified investment tax credit  
9 property.”

10           (2) Subparagraph (E) of section 50(a)(2) of  
11 such Code is amended by inserting “or 48(c)(5)” be-  
12 fore the period at the end thereof.

13           (3) Paragraph (5) of section 50(a) of such Code  
14 is amended by adding at the end thereof the follow-  
15 ing new subparagraph:

16                   “(D) SPECIAL RULES FOR CERTAIN PROP-  
17 erty.—In the case of any qualified investment  
18 tax credit property which is 3-year property  
19 (within the meaning of section 168(e))—

20                           “(i) the percentage set forth in clause  
21 (ii) of the table contained in paragraph  
22 (1)(B) shall be 66 percent,

23                           “(ii) the percentage set forth in clause  
24 (iii) of such table shall be 33 percent, and

1                   “(iii) clauses (iv) and (v) of such table  
2                   shall not apply.”

3                   (4)(A) The section heading for section 48 of  
4                   such Code is amended to read as follows:

5   **“SEC. 48. OTHER CREDITS.”**

6                   (B) The table of sections for subpart E of part  
7                   IV of subchapter A of chapter 1 of such Code is  
8                   amended by striking the item relating to section 48  
9                   and inserting the following:

                  “Sec. 48. Other credits.”

10                  (e) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to periods after December 31,  
12 1992, under rules similar to the rules of section 48(m)  
13 of the Internal Revenue Code of 1986 (as in effect on the  
14 day before the date of the enactment of the Revenue Rec-  
15 onciliation Act of 1990).

○