

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4879

To amend the Internal Revenue Code of 1986 to restore the 10 percent regular investment tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 1994

Mr. MCHALE introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to restore the 10 percent regular investment tax credit.

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 1994”.

6       **SEC. 2. RESTORATION OF INVESTMENT CREDIT.**

7       (a) ALLOWANCE OF CREDIT.—Section 46 of the In-  
8       ternal Revenue Code of 1986 (relating to amount of in-  
9       vestment credit) is amended by striking “and” at the end  
10      of paragraph (2), by striking the period at the end of para-

1 graph (3) and inserting “, and”, and by adding at the  
2 end thereof the following new paragraph:

3 “(4) the general investment credit.”

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

7 “(c) GENERAL INVESTMENT CREDIT.—

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

12 “(2) QUALIFIED INVESTMENT.—

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

16 “(i) the applicable percentage of the  
17 basis of each new section 38 property  
18 placed in service by the taxpayer during  
19 such taxable year, plus

20 “(ii) the applicable percentage of the  
21 cost of each used section 38 property  
22 placed in service by the taxpayer during  
23 such taxable year.

24 “(B) APPLICABLE PERCENTAGE.—For  
25 purposes of subparagraph (A), the applicable

1 percentage for any property shall be determined  
2 under paragraphs (2) and (7) of section 46(c)  
3 (as in effect on the day before the date of the  
4 enactment of the Revenue Reconciliation Act of  
5 1990).

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

12 “(3) SECTION 38 PROPERTY.—For purposes of  
13 this subsection, the term ‘section 38 property’  
14 means—

15 “(A) tangible personal property (other  
16 than an air conditioning or heating unit), or

17 “(B) other tangible property (not including  
18 a building and its structural components) but  
19 only if such property—

20 “(i) is used as an integral part of  
21 manufacturing, production, or extraction  
22 or of furnishing transportation, commu-  
23 nications, electrical energy, gas, water, or  
24 sewage disposal services,

1           “(ii) constitutes a research facility  
2           used in connection with any of the activi-  
3           ties referred to in clause (i), or

4           “(iii) constitutes a facility used in  
5           connection with any of the activities re-  
6           ferred to in clause (i) for the bulk storage  
7           of fungible commodities (including com-  
8           modities in a liquid or gaseous state), or

9           “(C) elevators and escalators, but only if—

10           “(i) the construction, reconstruction,  
11           or erection of the elevator or escalator is  
12           completed by the taxpayer, or

13           “(ii) the original use of such elevator  
14           or escalator commences with the taxpayer,  
15           or

16           “(D) single purpose agricultural or horti-  
17           cultural structures; or

18           “(E) a storage facility (not including a  
19           building and its structural components) used in  
20           connection with the distribution of petroleum or  
21           any primary product of petroleum.

22       Such term includes only property to which section  
23       168 applies without regard to any useful life and  
24       any other property with respect to which deprecia-  
25       tion (or amortization in lieu of depreciation) is al-

1 lowable and having a useful life (determined as of  
2 the time such property is placed in service) of 3  
3 years or more.

4 “(4) COORDINATION WITH OTHER CREDITS.—  
5 This subsection shall not apply to any property to  
6 which the energy credit or rehabilitation credit  
7 would apply unless the taxpayer elects to waive the  
8 application of such credits to such property.

9 “(5) CERTAIN PROGRESS EXPENDITURE RULES  
10 MADE APPLICABLE.—Rules similar to rules of sub-  
11 section (c)(4) and (d) of section 46 (as in effect on  
12 the day before the date of the enactment of the Rev-  
13 enue Reconciliation Act of 1990) shall apply for pur-  
14 poses of this subsection.”

15 (c) TECHNICAL AMENDMENTS.—

16 (1) Subparagraph (C) of section 49(a)(1) of  
17 such Code is amended by striking “and” at the end  
18 of clause (ii), by striking the period at the end of  
19 clause (iii) and inserting “, and”, and by adding at  
20 the end thereof the following new clause:

21 “(iv) the basis of any new section 38  
22 property and the cost of any used section  
23 38 property.”

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

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

7                   “(D) SPECIAL RULES FOR CERTAIN PROP-  
8       PERTY.—In the case of any section 38 property  
9       which is 3-year property (within the meaning of  
10      section 168(e))—

11                   “(i) the percentage set forth in clause  
12                   (ii) of the table contained in paragraph  
13                   (1)(B) shall be 66 percent,

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

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

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

20   **“SEC. 48. OTHER CREDITS.”**

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

          “Sec. 48. Other credits.”

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to periods after the date of the  
3 enactment of this Act under rules similar to the rules of  
4 section 48(m) of the Internal Revenue Code of 1986 (as  
5 in effect on the day before the date of the enactment of  
6 the Revenue Reconciliation Act of 1990).

