

103^D CONGRESS
1ST SESSION

S. 1684

To amend the Internal Revenue Code of 1986 to allow a taxpayer a deduction for equipment used for environmental purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 18 (legislative day, NOVEMBER 2), 1993

Mr. MURKOWSKI introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a taxpayer a deduction for equipment used for environmental purposes.

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 “Environmental Protec-
5 tion Encouragement Act of 1993”.

6 **SEC. 2. ELECTION TO EXPENSE CERTAIN ENVIRONMENTAL**
7 **PROPERTY.**

8 (a) IN GENERAL.—Part VI of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by adding after section 179A the following new section:

1 **“SEC. 179. ELECTION TO EXPENSE CERTAIN ENVIRON-**
2 **MENTAL IMPROVEMENT PROPERTY.**

3 “(a) TREATMENT AS EXPENSES.—A taxpayer may
4 elect to treat the cost of any environmental improvement
5 property as an expense which is not chargeable to capital
6 account. Any cost so treated shall be allowed as a deduc-
7 tion for the taxable year in which the environmental im-
8 provement property is placed in service.

9 “(b) ENVIRONMENTAL IMPROVEMENT PROPERTY.—
10 For purposes of this subsection—

11 “(1) IN GENERAL.—The term ‘environmental
12 improvement property’ means tangible property
13 which is acquired by purchase for use in the active
14 conduct of a trade or business and which is—

15 “(A) of a character subject to the allow-
16 ance for depreciation provided in section 167,

17 “(B) used for one or more of the following
18 purposes—

19 “(i) source reduction,

20 “(ii) solid waste minimization,

21 “(iii) waste conversion or recycling,

22 “(iv) reduction of environmental haz-
23 ards,

24 “(v) compliance with environmental
25 permits, rules, and similar requirements,

1 “(vi) prevention, containment, or con-
2 trol of unplanned releases, or

3 “(vii) the manufacture, distribution,
4 and sale of alternate fuels and blending
5 stocks or fuel additives for reformulated
6 fuels, and

7 “(C) located and used exclusively in the
8 United States during the taxable year.

9 If only a portion of property described in subpara-
10 graphs (A) and (C) is described in subparagraph
11 (B), such portion shall be treated as environmental
12 improvement property. For purposes of this para-
13 graph, the term ‘United States’ has the meaning
14 given such term by paragraph (1) of section 638 (re-
15 lating to continental shelf areas).

16 “(2) OTHER DEFINITIONS.—For purposes of
17 this subsection—

18 “(A) SOURCE REDUCTION.—The term
19 ‘source reduction’ means reduction of the
20 amount of regulated substances or other pollut-
21 ants from fixed or mobile sources released into
22 the environment if such reduction reduces haz-
23 ards to public health or environment.

24 “(B) SOLID WASTE MINIMIZATION.—The
25 term ‘solid waste minimization’ means the re-

1 duction in the generation of, or the recovery of
2 commercially usable products from, residual
3 materials which are classified as, or which if
4 disposed would be classified as, solid wastes
5 (within the meaning of the Resource Conserva-
6 tion and Recovery Act).

7 “(C) WASTE CONVERSION OR RECY-
8 CLING.—The term ‘waste conversion or recy-
9 cling’ means the processing or conversion of liq-
10 uid, solid, or gaseous wastes into fuel, energy,
11 or other commercially usable products, and the
12 production of such products if production oc-
13 curs at the same facility as the conversion.

14 “(D) ABATEMENT OF ENVIRONMENTAL
15 HAZARDS.—The term ‘abatement of environ-
16 mental hazards’ includes the abatement, reduc-
17 tion, monitoring, or stabilization of potential
18 human exposure to toxic chemicals, hazardous
19 or extremely hazardous substances, or harmful
20 radiation.

21 “(E) UNPLANNED RELEASES.—The term
22 ‘unplanned releases’ means any release of regu-
23 lated substances (except federally permitted re-
24 leases), including indoor releases.

1 “(F) REGULATED SUBSTANCE.—The term
2 ‘regulated substance’ includes any substance
3 the release or emission of which is prohibited,
4 limited, or regulated by Federal or State law or
5 by Federal regulations (as determined without
6 regard to whether a particular release would
7 have been prohibited or limited).

8 “(G) RELEASE.—The term ‘release’ means
9 any spilling, leaking, pouring, discharging, es-
10 caping, dumping, or disposing into the environ-
11 ment, including the abandonment or discarding
12 of barrels or other closed receptacles.

13 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
14 poses of this section—

15 “(1) PURCHASE.—The term ‘purchase’ has the
16 meaning given such term by section 179(d)(2).

17 “(2) COST.—The cost of property shall not in-
18 clude so much of the basis of the property as is de-
19 termined by reference to the basis of other property
20 held at any time by the person acquiring the
21 property.

22 “(3) COORDINATION WITH OTHER PROVI-
23 SIONS.—This section shall not apply with respect to
24 any property with respect to which an election under
25 section 169 or 179 applies.”

1 (b) CONFORMING AMENDMENT.—The table of sec-
2 tions for part VI of subchapter B of chapter 1 of such
3 Code is amended by adding after the item relating to sec-
4 tion 179A the following new item:

“Sec. 179B. Election to expense certain environmental improve-
ment property.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section applies to property placed in service in taxable
7 years beginning after December 31, 1993.

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