

104TH CONGRESS
1ST SESSION

H. R. 41

To amend the Internal Revenue Code of 1986 to provide taxpayers engaged in certain agriculture-related activities a credit against income tax for property used to control environmental pollution and for soil and water conservation expenditures.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. HERGER (for himself, Mr. BREWSTER, Mr. BAKER of Louisiana, Mr. BUNNING of Kentucky, Mr. CRAPO, Mr. WALSH, Mr. COMBEST, Mr. GILCHREST, Mr. CANADY, Mr. CAMP, Mr. MCCRERY, Mr. GEKAS, Mr. DEAL of Georgia, Mr. HEFNER, Ms. DANNER, Mr. BARRETT of Nebraska, Mr. MINGE, Mr. KINGSTON, Mr. EMERSON, Mr. BEREUTER, Mr. ROBERTS, Mr. BURTON of Indiana, Mr. HOUGHTON, Mr. POMEROY, Mr. HOEKSTRA, Mr. PARKER, Mr. LIGHTFOOT, Mr. OXLEY, Mr. CALVERT, Mr. CRANE, Mr. HUTCHINSON, and Mr. SOLOMON) 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 provide taxpayers engaged in certain agriculture-related activities a credit against income tax for property used to control environmental pollution and for soil and water conservation expenditures.

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

1 **SECTION 1. CREDIT FOR PROPERTY USED IN CERTAIN AG-**
2 **RICULTURE-RELATED ACTIVITIES TO CON-**
3 **TROL ENVIRONMENTAL POLLUTION AND FOR**
4 **SOIL AND WATER CONSERVATION EXPENDI-**
5 **TURES.**

6 (a) IN GENERAL.—Section 46 of the Internal Reve-
7 nue Code of 1986 (relating to amount of investment cred-
8 it) is amended by striking “and” at the end of paragraph
9 (2), by striking the period at the end of paragraph (3)
10 and inserting “, and”, and by adding at the end thereof
11 the following paragraph:

12 “(4) in the case of an eligible taxpayer (as de-
13 fined in section 48(c)), the agricultural environ-
14 mental credit.”

15 (b) AGRICULTURAL ENVIRONMENTAL CREDIT.—Sec-
16 tion 48 of such Code is amended by adding at the end
17 thereof the following new subsection:

18 “(c) AGRICULTURAL ENVIRONMENTAL CREDIT.—

19 “(1) IN GENERAL.—For purposes of section 46,
20 in the case of an eligible taxpayer, the agricultural
21 environmental credit for any taxable year is—

22 “(A) 15 percent of the portion of the basis
23 of each agricultural environmental property
24 placed in service by the taxpayer during such
25 taxable year, and

1 “(B) 15 percent of the amount allowed as
2 a deduction under section 175 (determined
3 without regard to paragraph (4)(B)) for such
4 taxable year.

5 “(2) ELIGIBLE TAXPAYER.—

6 “(A) IN GENERAL.—For purposes of this
7 subsection, the term ‘eligible taxpayer’ means
8 any taxpayer primarily engaged in a farming-
9 related business.

10 “(B) FARMING-RELATED BUSINESS.—For
11 purposes of this subsection, the term ‘farming-
12 related business’ means—

13 “(i) a farming business (as defined in
14 section 263A(e)(4)),

15 “(ii) a trade or business of mixing fer-
16 tilizers from purchased fertilizer materials,
17 and

18 “(iii) a trade or business of the whole-
19 sale distribution of animal feeds, fertilizers,
20 agricultural chemicals, pesticides, seeds, or
21 other farm supplies (other than grains).

22 “(3) AGRICULTURAL ENVIRONMENTAL PROP-
23 erty.—

24 “(A) IN GENERAL.—For purposes of this
25 subsection, the term ‘agricultural environmental

1 property' means any new identifiable treatment
2 facility—

3 “(i) which is used in a farming-related
4 business for the primary purpose of com-
5 plying with Federal, State, and local envi-
6 ronmental laws dealing with the abatement
7 or control of water, soil, or atmospheric
8 pollution or contamination by removing, al-
9 tering, disposing, storing, or preventing the
10 creation or emission of pollutants, contami-
11 nants, wastes, or heat, and

12 “(ii) which does not significantly—

13 “(I) increase the output or capac-
14 ity, extend the useful life, or reduce
15 the total operating costs of plant or
16 property to which such facility relates,
17 or

18 “(II) alter the nature of any
19 manufacturing or production process
20 or facility.

21 “(B) NEW IDENTIFIABLE TREATMENT FA-
22 CILITY.—The term ‘new identifiable treatment
23 facility’ has the meaning given such term by
24 section 169(d)(4)(A), determined by substitut-

1 ing 'December 31, 1994' for 'December 31,
2 1968'.

3 "(4) SPECIAL RULES.—

4 "(A) COORDINATION WITH ENERGY AND
5 REHABILITATION CREDITS.—This subsection
6 shall not apply to—

7 "(i) any property to the extent the
8 basis of such property is attributable to
9 qualified rehabilitation expenditures (as de-
10 fined in section 47(c)(2)), or

11 "(ii) energy property.

12 "(B) COORDINATION WITH DEDUCTION
13 FOR SOIL AND WATER CONSERVATION EXPEND-
14 ITURES.—The amount which would (but for
15 this subparagraph) be allowed as a deduction
16 under section 174 for any taxable year shall be
17 reduced by the amount of the credit allowed by
18 paragraph (1)(B) for such year.

19 "(C) COORDINATION WITH AMORTIZATION
20 OF POLLUTION CONTROL FACILITIES.—This
21 subsection shall not apply to any property to
22 the extent an election is made under section
23 169 with respect to the basis of such property."

24 (c) CLERICAL AMENDMENTS.—

1 (1) The section heading for section 48 of such
2 Code is amended to read as follows:

3 **“SEC. 48. ENERGY CREDIT; REFORESTATION CREDIT; AGRI-
4 CULTURAL ENVIRONMENTAL CREDIT.”**

5 (2) The item relating to section 48 in the table
6 of sections for subpart E of part IV of subchapter
7 A of chapter 1 of such Code is amended to read as
8 follows:

“Sec. 48. Energy credit; reforestation credit; agricultural environ-
 mental credit.”

9 (d) **EFFECTIVE DATE.**—The amendments made by
10 this section shall apply to periods after December 31,
11 1994, under rules similar to the rules of section 48(m)
12 of the Internal Revenue Code of 1986 (as in effect on the
13 day before the date of the enactment of the Revenue Rec-
14 onciliation Act of 1990).

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