

106TH CONGRESS
1ST SESSION

H. R. 2953

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for recycling or remanufacturing equipment.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 1999

Mr. ENGLISH (for himself, Mr. TANNER, Mrs. JOHNSON of Connecticut, Mr. CANADY of Florida, Mr. CARDIN, Mr. MATSUI, Mr. WICKER, Mr. McDERMOTT, Mr. HOSTETTLER, and Mr. FOLEY) 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 allow a credit against income tax for recycling or remanufacturing equipment.

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. CREDIT FOR RECYCLING OR REMANUFAC-**
4 **TURING EQUIPMENT.**

5 (a) IN GENERAL.—Section 46 of the Internal Rev-
6 enue Code of 1986 (relating to amount of investment cred-
7 it) is amended by striking “and” at the end of paragraph
8 (2), by striking the period at the end of paragraph (3)

1 and inserting “, and”, and by adding at the end the fol-
2 lowing new paragraph:

3 “(4) the reclamation credit.”

4 (b) RECLAMATION CREDIT.—Section 48 of such Code
5 (relating to energy credit and reforestation credit) is
6 amended by adding at the end the following new sub-
7 section:

8 “(c) RECLAMATION CREDIT.—

9 “(1) IN GENERAL.—For purposes of section 46,
10 the reclamation credit for any taxable year is 20
11 percent of the basis of each qualified reclamation
12 property placed in service during the taxable year.

13 “(2) QUALIFIED RECLAMATION PROPERTY.—

14 “(A) IN GENERAL.—For purposes of this
15 section, the term ‘qualified reclamation prop-
16 erty’ means property—

17 “(i) which is qualified recycling prop-
18 erty or qualified remanufacturing property,

19 “(ii) which is tangible property (not
20 including a building and its structural
21 components),

22 “(iii) with respect to which deprecia-
23 tion (or amortization in lieu of deprecia-
24 tion) is allowable,

1 “(iv) which has a useful life of at least
2 5 years, and

3 “(v) which is—

4 “(I) acquired by purchase (as de-
5 fined in section 179(d)(2)) by the tax-
6 payer if the original use of such prop-
7 erty commences with the taxpayer, or

8 “(II) constructed by or for the
9 taxpayer.

10 “(B) DOLLAR LIMITATION.—

11 “(i) IN GENERAL.—The basis of quali-
12 fied reclamation property taken into ac-
13 count under paragraph (1) for any taxable
14 year shall not exceed \$10,000,000 for a
15 taxpayer.

16 “(ii) TREATMENT OF CONTROLLED
17 GROUP.—For purposes of clause (i)—

18 “(I) all component members of a
19 controlled group shall be treated as
20 one taxpayer, and

21 “(II) the Secretary shall appor-
22 tion the dollar limitation in such
23 clause among the component members
24 of such controlled group in such man-

1 ner as he shall by regulation pre-
2 scribe.

3 “(iii) TREATMENT OF PARTNERSHIPS
4 AND S CORPORATIONS.—In the case of a
5 partnership, the dollar limitation in clause
6 (i) shall apply with respect to the partner-
7 ship and with respect to each partner. A
8 similar rule shall apply in the case of an
9 S corporation and its shareholders.

10 “(iv) CONTROLLED GROUP DE-
11 FINED.—For purposes of clause (ii), the
12 term ‘controlled group’ has the meaning
13 given such term by section 1563(a), except
14 that ‘more than 50 percent’ shall be sub-
15 stituted for ‘at least 80 percent’ each place
16 it appears in section 1563(a)(1).

17 “(3) CERTAIN PROGRESS EXPENDITURE RULES
18 MADE APPLICABLE.—Rules similar to the rules of
19 subsections (c)(4) and (d) of section 46 (as in effect
20 on the day before the date of the enactment of the
21 Revenue Reconciliation Act of 1990) shall apply for
22 purposes of this subsection.

23 “(4) DEFINITIONS.—For purposes of this
24 subsection—

1 “(A) QUALIFIED RECYCLING PROPERTY.—
2 The term ‘qualified recycling property’ means
3 equipment used exclusively to collect, distribute,
4 or sort used ferrous or nonferrous metals. The
5 term does not include equipment used to collect,
6 distribute, or sort precious metals such as gold,
7 silver, or platinum unless such use is coinci-
8 dental to the collection, distribution, or sorting
9 of other used ferrous or nonferrous metals.

10 “(B) QUALIFIED REMANUFACTURING
11 PROPERTY.—The term ‘qualified remanufac-
12 turing property’ means equipment used pri-
13 marily by the taxpayer in the business of re-
14 building or remanufacturing a used product or
15 part, but only if—

16 “(i) the rebuilt or remanufactured
17 product or part includes 50 percent or less
18 virgin material, and

19 “(ii) the equipment is not used pri-
20 marily in a process occurring after the
21 product or part is rebuilt or remanufac-
22 tured.

23 “(5) COORDINATION WITH REHABILITATION
24 AND ENERGY CREDITS.—For purposes of this
25 section—

1 “(A) the basis of any qualified reclamation
2 property shall be reduced by that portion of the
3 basis of any property which is attributable to
4 qualified rehabilitation expenditures (as defined
5 in section 47(c)(2)) or to the energy percentage
6 of energy property (as determined under section
7 48(a)), and

8 “(B) expenditures taken into account
9 under either section 47 or 48(a) shall not be
10 taken into account under this section.”.

11 (c) SPECIAL BASIS ADJUSTMENT RULE.—Paragraph
12 (3) of section 50(c) of such Code (relating to basis adjust-
13 ment to investment credit property) is amended by strik-
14 ing “energy credit or reforestation credit” and inserting
15 “energy credit, reforestation credit, or reclamation cred-
16 it”.

17 (d) CLERICAL AMENDMENTS.—

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

20 **“SEC. 48. ENERGY CREDIT; REFORESTATION CREDIT; REC-**
21 **LAMATION CREDIT.”**

22 (2) The item relating to section 48 in the table
23 of sections for subpart E of part IV of subchapter
24 A of chapter 1 of such Code is amended to read as
25 follows:

 “Sec. 48. Energy credit; reforestation credit; reclamation credit.”

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service on
3 or after January 1, 2000.

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