

111TH CONGRESS
1ST SESSION

H. R. 4242

To amend the Internal Revenue Code of 1986 to provide incentives for used oil re-refining, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 8, 2009

Mr. MORAN of Kansas 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 incentives for used oil re-refining, and for other 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. EXTENSION AND MODIFICATION OF ELECTION**

4 **TO EXPENSE CERTAIN REFINERIES.**

5 (a) IN GENERAL.—

6 (1) DEFINITION OF QUALIFIED REFINERY.—

7 Subsection (d) of section 179C of the Internal Rev-
8 enue Code of 1986 (relating to qualified refinery) is
9 amended to read as follows:

1 “(d) QUALIFIED REFINERY.—For purposes of this
2 section, the term ‘qualified refinery’ means any refinery
3 located in the United States which is designed to serve
4 the primary purpose of—

5 “(1) processing liquid fuel—

6 “(A) from crude oil or qualified fuels (as
7 defined in section 45K(c)), or

8 “(B) directly from shale or tar sands, or

9 “(2) processing non-virgin lube oil from used,
10 refined products (including used lube oil originally
11 derived from crude oil or qualified fuels).”.

12 (2) DEFINITION OF QUALIFIED REFINERY
13 PROPERTY.—Subsection (c) of section 179C of such
14 Code is amended by adding at the end the following
15 new paragraph:

16 “(4) SPECIAL RULE FOR QUALIFIED REFIN-
17 ERIES PRODUCING RE-REFINED LUBRICATING OIL.—

18 In the case of a refinery described in subsection
19 (d)(2)—

20 “(A) paragraph (1)(B) shall be applied by
21 substituting ‘January 1, 2017’ for ‘January 1,
22 2014’, and

23 “(B) paragraph (1)(F) shall be applied by
24 substituting ‘January 1, 2013’ for ‘January 1,
25 2010’ each place it appears.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Subsection (e) of section 179C of the Inter-
3 nal Revenue Code of 1986 is amended—

4 (A) by inserting “virgin” before “lube oil”
5 in paragraph (1), and

6 (B) by inserting “or other products from
7 used refined products” after “(as defined in
8 section 45K(c))” in paragraph (2).

9 (2) Subsection (f) of section 179C of such Code
10 is amended by inserting “virgin” before “lube oil fa-
11 cility”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to property placed in service after
14 the date of the enactment of this Act.

15 **SEC. 2. CREDIT FOR PRODUCTION OF RE-REFINED LUBRI-**
16 **CATING OIL.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code of
19 1986 (relating to business related credits) is amended by
20 adding at the end the following:

21 **“SEC. 45R. CREDIT FOR PRODUCTION OF RE-REFINED LU-**
22 **BRICATING OIL.**

23 “(a) GENERAL RULE.—For purposes of section 38,
24 the re-refined lubricating oil production credit determined
25 under this section for any taxable year is equal to 20 cents

1 per gallon of qualified re-refined lubricating oil which is
2 produced by the taxpayer during the taxable year.

3 “(b) QUALIFIED RE-REFINED LUBRICATING OIL-
4 FOR PURPOSES OF THIS SECTION.—

5 “(1) IN GENERAL.—The term ‘qualified re-re-
6 fined lubricating oil’ means a base oil which—

7 “(A) meets the American Society of Test-
8 ing and Materials standard for hydrocarbon lu-
9 bricant base oils (ASTM D6074), and

10 “(B) which is manufactured—

11 “(i) at a qualified facility, and

12 “(ii) from at least 95 percent used oil
13 by a re-refining process which effectively
14 removes physical and chemical impurities
15 and spent and unspent additives.

16 “(2) QUALIFIED FACILITY.—The term ‘quali-
17 fied facility’ means a qualified refinery (as defined
18 in section 179C(d)).

19 “(3) NONCOMPLIANCE WITH POLLUTION CON-
20 TROL LAWS.—For purposes of paragraph (2), a fa-
21 cility that is not in material compliance with all ap-
22 plicable State and Federal pollution prevention, con-
23 trol, and permit requirements for any period of time
24 during a taxable year shall not be a qualified facility
25 during such period.

1 “(c) ADJUSTMENT FOR INFLATION.—In the case of
2 a taxable year beginning in a calendar year after 2009,
3 the 20 cents amount in subsection (a) shall be increased
4 by an amount equal to—

5 “(1) such amount, multiplied by

6 “(2) the cost-of-living adjustment determined
7 under section 1(f)(3) for such calendar year by sub-
8 stituting ‘calendar year 2008’ for ‘calendar year
9 1992’ in subparagraph (B) thereof.”.

10 (b) CREDIT MADE PART OF GENERAL BUSINESS
11 CREDIT.—Section 38(b) of the Internal Revenue Code of
12 1986 is amended—

13 (1) by striking “plus” at the end of paragraph
14 (34),

15 (2) by striking the period at the end of para-
16 graph (35) and inserting “, plus”, and

17 (3) by adding at the end the following new
18 paragraph:

19 “(36) the re-refined lubricating oil production
20 credit determined under section 45R(a).”.

21 (c) CLERICAL AMENDMENT.—The table of sections
22 for subpart D of part IV of subchapter A of chapter 1
23 of the Internal Revenue Code of 1986 is amended by add-
24 ing at the end the following:

“Sec. 45R. Credit for production of re-refined lubricating oil.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to oil produced after the date of
3 the enactment of this Act.

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