

117TH CONGRESS
1ST SESSION

H. R. 2688

To amend the Internal Revenue Code of 1986 to permanently allow a tax deduction for the mining, reclaiming, or recycling of critical minerals and metals from the United States, and to support the development of domestic supply chains for rare earth elements and other critical materials essential to United States technology, manufacturing, energy, healthcare and advanced medical devices, broadband infrastructure, transportation, and national defense.

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2021

Mr. GOODEN of Texas (for himself and Mr. VICENTE GONZALEZ of Texas) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Natural Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to permanently allow a tax deduction for the mining, reclaiming, or recycling of critical minerals and metals from the United States, and to support the development of domestic supply chains for rare earth elements and other critical materials essential to United States technology, manufacturing, energy, healthcare and advanced medical devices, broadband infrastructure, transportation, and national defense.

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. PERMANENT FULL EXPENSING FOR PROPERTY**
4 **USED TO EXTRACT CRITICAL MINERALS AND**
5 **METALS WITHIN THE UNITED STATES.**

6 (a) IN GENERAL.—Section 168(k) of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following:

9 “(11) SPECIAL RULE FOR PROPERTY USED FOR
10 MINING OF CRITICAL MINERALS AND METALS WITH-
11 IN THE UNITED STATES.—

12 “(A) IN GENERAL.—In the case of any
13 qualified property which is substantially in-
14 volved in the mining, reclaiming, or recycling of
15 critical minerals and metals from deposits in
16 the United States—

17 “(i) paragraph (2)(A)(iii) shall not
18 apply, and

19 “(ii) the applicable percentage shall be
20 100 percent.

21 “(B) CRITICAL MINERALS AND METALS.—
22 For purposes of this paragraph, the term ‘crit-
23 ical minerals and metals’ means cerium, cobalt,
24 dysprosium, erbium, europium, gadolinium,
25 graphite, holmium, lanthanum, lithium, lute-

1 tium, manganese, neodymium, praseodymium,
2 promethium, samarium, scandium, terbium,
3 thulium, vanadium, ytterbium, and yttrium.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to property placed in service after
6 December 31, 2020.

7 **SEC. 2. PERMANENT FULL EXPENSING FOR NONRESIDEN-**
8 **TIAL REAL PROPERTY USED FOR MINING OF**
9 **CRITICAL MINERALS AND METALS WITHIN**
10 **THE UNITED STATES.**

11 (a) IN GENERAL.—Section 168 of the Internal Rev-
12 enue Code of 1986 is amended by adding at the end the
13 following new subsection:

14 “(n) SPECIAL ALLOWANCE FOR NONRESIDENTIAL
15 REAL PROPERTY USED FOR MINING OF CRITICAL MIN-
16 ERALS AND METALS WITHIN THE UNITED STATES.—

17 “(1) NEW STRUCTURES.—In the case of any
18 qualified real property—

19 “(A)(i) if such property is placed in service
20 on or after the date of enactment of this sub-
21 section, the depreciation deduction provided by
22 section 167(a) for the taxable year in which
23 such property is placed in service shall include
24 an allowance equal to 100 percent of the ad-
25 justed basis of such property, or

1 “(ii) if such property was placed in service
2 before the date of enactment of this subsection,
3 the depreciation deduction provided by section
4 167(a) for the first taxable year beginning after
5 such date shall include an allowance equal to
6 100 percent of the adjusted basis of such prop-
7 erty, and

8 “(B) the adjusted basis of such property
9 shall be reduced by the amount of such deduc-
10 tion before computing the amount otherwise al-
11 lowable as a depreciation deduction under this
12 chapter for such taxable year and any subse-
13 quent taxable year.

14 “(2) QUALIFIED REAL PROPERTY.—For pur-
15 poses of this subsection, the term ‘qualified real
16 property’ means any nonresidential real property
17 which is substantially involved in the mining, re-
18 claiming, or recycling of critical minerals and metals
19 (as defined in subsection (k)(11)(B)) from deposits
20 in the United States.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2020.

1 **SEC. 3. DEDUCTION FOR PURCHASE OF CRITICAL MIN-**
2 **ERALS AND METALS EXTRACTED WITHIN THE**
3 **UNITED STATES.**

4 (a) IN GENERAL.—Part VI of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting after section 176 the following new section:

7 **“SEC. 177. DEDUCTION FOR PURCHASE OF CRITICAL MIN-**
8 **ERALS AND METALS EXTRACTED WITHIN THE**
9 **UNITED STATES.**

10 “(a) ALLOWANCE OF DEDUCTION.—There shall be
11 allowed as a deduction for the taxable year an amount
12 equal to 200 percent of the cost paid or incurred by the
13 taxpayer for the purchase or acquisition of critical min-
14 erals and metals (as defined in section 168(k)(11)(B))
15 which have been extracted from deposits in the United
16 States.

17 “(b) APPLICATION WITH OTHER DEDUCTIONS.—No
18 deduction shall be allowed under any other provision of
19 this chapter with respect to any expenditure with respect
20 to which a deduction is allowed or allowable under this
21 section to the taxpayer.”.

22 (b) CONFORMING AMENDMENT.—The table of sec-
23 tions for part VI of subchapter B of chapter 1 of the Inter-
24 nal Revenue Code of 1986 is amended by inserting after
25 the item relating to section 176 the following new item:

“Sec. 177. Deduction for purchase of critical minerals and metals extracted within the United States.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts paid or incurred after
3 December 31, 2020.

4 **SEC. 4. INCREASE IN RATE OF PERCENTAGE DEPLETION**
5 **FOR CRITICAL MINERALS AND METALS FROM**
6 **DEPOSITS IN THE UNITED STATES.**

7 (a) IN GENERAL.—Section 613(b)(1) of the Internal
8 Revenue Code of 1986 is amended by striking “and” at
9 the end of subparagraph (A), by striking the period at
10 the end of subparagraph (B) and inserting “; and”, and
11 by adding at the end the following new subparagraph:

12 “(C) critical minerals and metals (as de-
13 fined in section 168(k)(11)(B)) from deposits in
14 the United States.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2020.

18 **SEC. 5. GRANT PROGRAM FOR DEVELOPMENT OF CRITICAL**
19 **MINERALS AND METALS.**

20 (a) ESTABLISHMENT.—The Secretary of the Interior
21 shall establish a grant program to finance pilot projects
22 for the development of critical minerals and metals in the
23 United States.

1 (b) LIMITATION ON GRANT AWARDS.—A grant
2 awarded under subsection (a) may not exceed
3 \$10,000,000.

4 (c) ECONOMIC VIABILITY.—In awarding grants
5 under subsection (a), the Secretary of the Interior shall
6 give priority to projects the Secretary determines are likely
7 to be economically viable over the long term.

8 (d) SECONDARY RECOVERY.—In awarding grants
9 under subsection (a) during a fiscal year, the Secretary
10 of the Interior shall seek to award not less than 30 percent
11 of the total amount of grants awarded during that fiscal
12 year for projects relating to secondary recovery of critical
13 minerals and metals.

14 (e) AUTHORIZATION OF APPROPRIATIONS.—There
15 are authorized to be appropriated to the Secretary of the
16 Interior \$50,000,000 for each of fiscal years 2022 through
17 2025 to carry out the grant program established under
18 subsection (a).

19 (f) DEFINITIONS.—In this section:

20 (1) CRITICAL MINERALS AND METALS.—The
21 term “critical minerals and metals” means cerium,
22 cobalt, dysprosium, erbium, europium, gadolinium,
23 graphite, holmium, lanthanum, lithium, lutetium,
24 manganese, neodymium, praseodymium, pro-

1 methium, samarium, scandium, terbium, thulium,
2 vanadium, ytterbium, and yttrium.

3 (2) SECONDARY RECOVERY.—The term “sec-
4 ondary recovery” means the recovery of minerals
5 and metals from discarded end-use products or from
6 waste products produced during the metal refining
7 and manufacturing process, including from mine
8 waste piles, acid mine drainage sludge, or byprod-
9 ucts produced through legacy mining and metallurgy
10 activities.

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