

105TH CONGRESS
2D SESSION

S. 2493

To amend the Internal Revenue Code of 1986 to allow a tax credit for the nutrient management costs of animal feeding operations.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 17, 1998

Mr. HARKIN 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 tax credit for the nutrient management costs of animal feeding operations.

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 “Animal Agriculture
5 Environmental Incentives Act of 1998”.

6 **SEC. 2. ALLOWANCE OF CREDIT FOR NUTRIENT MANAGE-**
7 **MENT COSTS OF ANIMAL FEEDING OPER-**
8 **ATIONS.**

9 (a) IN GENERAL.—Subpart D of part IV of sub-
10 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business related credits) is amended by
 2 adding at the end the following new section:

3 **“SEC. 45D. ANIMAL FEEDING OPERATION EQUIPMENT**
 4 **CREDIT.**

5 “(a) IN GENERAL.—For purposes of section 38, the
 6 animal feeding operation equipment credit determined
 7 under this section for the taxable year is an amount equal
 8 to 25 percent of the eligible nutrient management costs
 9 of a taxpayer for the taxable year.

10 “(b) ELIGIBLE NUTRIENT MANAGEMENT COSTS.—
 11 For purposes of this section—

12 “(1) IN GENERAL.—The term ‘eligible nutrient
 13 management costs’ means amounts paid or incurred
 14 by a taxpayer to purchase a calibrated manure
 15 spreader or eligible processing equipment for use at
 16 an animal feeding operation owned by the taxpayer.

17 “(2) CALIBRATED MANURE SPREADER.—The
 18 term ‘calibrated manure spreader’ means equipment
 19 (including any associated geostationary positioning
 20 satellite equipment) which is used by the taxpayer
 21 exclusively for the precision application of manure to
 22 land in accordance with a comprehensive nutrient
 23 management plan.

24 “(3) ELIGIBLE PROCESSING EQUIPMENT.—

1 “(A) IN GENERAL.—The term ‘eligible
2 processing equipment’ means equipment or
3 structures used by the taxpayer exclusively for
4 processing manure.

5 “(B) EXCLUSION.—The term ‘eligible
6 processing equipment’ does not include equip-
7 ment used exclusively for the simple contain-
8 ment or transportation of manure.

9 “(c) OTHER DEFINITIONS.—For purposes of this
10 section—

11 “(1) ANIMAL FEEDING OPERATION.—The term
12 ‘animal feeding operation’ means a facility for the
13 milking of dairy cows or the raising of livestock or
14 poultry (including egg production) for commercial
15 sale.

16 “(2) APPLICATION.—The term ‘application’
17 means laying, spreading on, irrigating, injecting, or
18 otherwise placing manure on land by any means.

19 “(3) COMPREHENSIVE NUTRIENT MANAGEMENT
20 PLAN.—The term ‘comprehensive nutrient manage-
21 ment plan’ means a written plan prepared in accord-
22 ance with applicable Federal and State laws and
23 regulations.

24 “(4) MANURE.—The term ‘manure’ means—

1 “(A) the excreta of an animal or other or-
 2 ganic byproduct of an animal feeding operation,
 3 including litter, bedding, dead animals,
 4 composted animal carcasses, milk house waste,
 5 or other residual organic matter, and

6 “(B) water or any other material mixed
 7 with such excreta or byproduct for purposes of
 8 collection, handling, containment, or processing
 9 of such excreta or byproduct.

10 “(5) PRECISION APPLICATION.—The term ‘pre-
 11 cision application’ means the controlled application
 12 of manure to land in a manner which distributes a
 13 specified amount of manure, as determined by the
 14 nitrogen or phosphorous content of the manure,
 15 across a specified area of land.

16 “(6) PROCESSING.—The term ‘processing’
 17 means any mechanical, physical, or chemical treat-
 18 ment which—

19 “(A) alters the concentration of nitrogen,
 20 phosphorous, water, or other constituents in
 21 manure to facilitate—

22 “(i) manure application on land cov-
 23 ered by the requirements of a comprehen-
 24 sive nutrient management plan, or

1 “(ii) use of manure or processed ma-
2 nure for commercial purposes other than
3 land application on land owned or con-
4 trolled by the taxpayer,

5 “(B) enhances the value of manure as a
6 plant fertilizer or soil amendment, or

7 “(C) utilizes manure as an energy source.

8 “(d) SPECIAL RULES.—

9 “(1) REDUCTION IN BASIS.—For purposes of
10 this subtitle, if a credit is determined under this sec-
11 tion with respect to any property, the basis of such
12 property shall be reduced by the amount of the cred-
13 it so determined.

14 “(2) PASS-THRU IN THE CASE OF ESTATES AND
15 TRUSTS.—For purposes of this section, under regu-
16 lations prescribed by the Secretary, rules similar to
17 the rules of subsection (d) of section 52 shall apply.

18 “(3) ALLOCATION IN THE CASE OF PARTNER-
19 SHIPS.—For purposes of this section, in the case of
20 partnerships, the credit shall be allocated among
21 partners under regulations prescribed by the Sec-
22 retary.”

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 38(b) of the Internal Revenue Code
25 of 1986 is amended—

1 (A) by striking “plus” at the end of para-
 2 graph (11),

3 (B) by striking the period at the end of
 4 paragraph (12), and inserting “, plus”, and

5 (C) by adding at the end the following new
 6 paragraph:

7 “(13) the animal feeding operation equipment
 8 credit determined under section 45D.”

9 (2) The table of sections for subpart D of part
 10 IV of subchapter A of chapter 1 is amended by add-
 11 ing at the end the following new item:

“Sec. 45D. Animal feeding operation equipment credit.”

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 1998.

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