

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1304

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2001

Mr. ENGLISH (for himself, Mr. TANNER, Mr. MCHUGH, Mrs. THURMAN, Mr. ABERCROMBIE, and Mr. FROST) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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, 2002.

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