

107TH CONGRESS  
1ST SESSION

# S. 1292

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for dry and wet cleaning equipment which uses non-hazardous primary process solvents.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2001

Mr. EDWARDS introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for dry and wet cleaning equipment which uses non-hazardous primary process solvents.

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 “Small Business Pollu-  
5 tion Prevention Opportunity Act of 2001”.

1 **SEC. 2. CREDIT FOR DRY OR WET CLEANING EQUIPMENT**  
 2 **USING NONHAZARDOUS PRIMARY PROCESS**  
 3 **SOLVENTS.**

4 (a) IN GENERAL.—Section 46 of the Internal Rev-  
 5 enue Code of 1986 (relating to amount of credit) is  
 6 amended by striking “and” at the end of paragraph (2),  
 7 by striking the period at the end of paragraph (3) and  
 8 inserting “, and”, and by adding at the end thereof the  
 9 following paragraph:

10 “(4) the dry or wet cleaning equipment credit.”.

11 (b) DRY OR WET CLEANING EQUIPMENT CREDIT.—  
 12 Section 48 of the Internal Revenue Code of 1986 (relating  
 13 to energy credit; reforestation credit) is amended by add-  
 14 ing at the end the following new subsection:

15 “(c) DRY OR WET CLEANING EQUIPMENT USING  
 16 NONHAZARDOUS PRIMARY PROCESS SOLVENTS.—

17 “(1) IN GENERAL.—For purposes of section 46,  
 18 the dry or wet cleaning equipment credit for any  
 19 taxable year is 20 percent of the basis of each quali-  
 20 fied dry or wet cleaning property placed in service  
 21 during the taxable year (40 percent of such basis in  
 22 the case of such property placed in service in an em-  
 23 powerment zone, enterprise community, or renewal  
 24 community).

25 “(2) LIMITATION.—The credit under this sub-  
 26 section for the taxable year shall apply to qualified

dry or wet cleaning property placed in service during  
such year at each business premise of the taxpayer.

“(3) QUALIFIED DRY OR WET CLEANING PROPERTY.—For purposes of this subsection, the term ‘qualified dry or wet cleaning property’ means equipment designed primarily to clean textiles by professionals using special technology, detergents and additives to minimize potential for adverse effects, or appropriately dry or apply restorative finishing procedures to such textiles if—

“(A) such equipment does not use any hazardous solvent as the primary process solvent,

“(B) the original use of such property commences with the taxpayer, and

“(C) with respect to which depreciation (or amortization in lieu of depreciation) is allowable.

“(4) PRIMARY PROCESS SOLVENT.—For purposes of paragraph (3), the term ‘primary process solvent’ means the primary liquid in which clothing, other fabric, and sensitive textiles are cleaned or which is used to appropriately dry or apply restorative finishing procedures to textiles, cleaned, excluding detergent formulations.

1           “(5) HAZARDOUS SOLVENT.—For purposes of  
 2       paragraph (3), the term ‘hazardous solvent’ means  
 3       any solvent any portion of which consists of a  
 4       chlorinated solvent, a volatile organic compound, or  
 5       any other hazardous regulated substance, or which  
 6       contains any substance determined by the Adminis-  
 7       trator of the Environmental Protection Agency, the  
 8       Director of the National Institute for Occupational  
 9       Safety and Health, the Director of the International  
 10      Agency for Research on Cancer, the Director of the  
 11      National Institute of Environmental Health  
 12      Sciences’ National Toxicology Program, or the direc-  
 13      tor of any other appropriate Federal agency to  
 14      possess—

15                   “(A) carcinogenic potential in humans, or

16                   “(B) bioaccumulative properties.”.

17      (c) CREDIT ALLOWED AGAINST REGULAR AND MIN-  
 18      IMUM TAX.—

19           (1) IN GENERAL.—Section 38(c) of the Internal  
 20      Revenue Code of 1986 (relating to limitation based  
 21      on amount of tax) is amended by redesignating  
 22      paragraph (3) as paragraph (4) and by inserting  
 23      after paragraph (2) the following:

24                   “(3) SPECIAL RULES FOR DRY OR WET CLEAN-  
 25      ING EQUIPMENT CREDIT.—

1           “(A) IN GENERAL.—In the case of the dry  
2           or wet cleaning equipment credit—

3                   “(i) this section and section 39 shall  
4                   be applied separately with respect to the  
5                   credit, and

6                   “(ii) in applying paragraph (1) to the  
7                   credit—

8                           “(I) subparagraph (A) thereof  
9                           shall not apply, and

10                           “(II) the limitation under para-  
11                           graph (1) (as modified by subclause  
12                           (I)) shall be reduced by the credit al-  
13                           lowed under subsection (a) for the  
14                           taxable year (other than the dry or  
15                           wet cleaning equipment credit).

16                   “(B) DRY OR WET CLEANING EQUIPMENT  
17                   CREDIT.—For purposes of this subsection, the  
18                   term ‘dry or wet cleaning equipment credit’  
19                   means the credit allowable under subsection (a)  
20                   by reason of section 46(4).”.

21                   (2) CONFORMING AMENDMENT.—Subclause (II)  
22                   of section 38(c)(2)(A)(ii) of such Code is amended  
23                   by inserting “or the dry or wet cleaning equipment  
24                   credit” after “employment credit”.

25                   (d) CLERICAL AMENDMENTS.—

1           (1) The section heading for section 48 of the  
 2       Internal Revenue Code of 1986 is amended to read  
 3       as follows:

4       **“SEC. 48. ENERGY CREDIT; REFORESTATION CREDIT; DRY**  
 5                 **OR WET CLEANING EQUIPMENT CREDIT.”.**

6           (2) The item relating to section 48 in the table  
 7       of sections for subpart E of part IV of subchapter  
 8       A of chapter 1 of such Code is amended to read as  
 9       follows:

                  “Sec. 48. Energy credit; reforestation credit; dry or wet cleaning  
                                   equipment credit.”.

10       (e) **EFFECTIVE DATE.**—The amendments made by  
 11       this section shall apply to property placed in service on  
 12       or after January 1, 2001.

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