

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

# H. R. 1723

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2005

Mr. BRADLEY of New Hampshire 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, 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. 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 (1), by striking the period at the end of paragraph (2)

1 and inserting “, and”, and by adding at the end the fol-  
2 lowing new paragraph:

3 “(3) the reclamation credit.”

4 (b) RECLAMATION CREDIT.—Section 48 of such Code  
5 (relating to energy credit) is amended by adding at the  
6 end the following new subsection:

7 “(c) RECLAMATION CREDIT.—

8 “(1) IN GENERAL.—For purposes of section 46,  
9 the reclamation credit for any taxable year is 20  
10 percent of the basis of each qualified reclamation  
11 property placed in service during the taxable year.

12 “(2) QUALIFIED RECLAMATION PROPERTY.—

13 “(A) IN GENERAL.—For purposes of this  
14 subsection, the term ‘qualified reclamation  
15 property’ means property—

16 “(i) which is qualified recycling prop-  
17 erty or qualified remanufacturing property,

18 “(ii) which is tangible property (not  
19 including a building and its structural  
20 components),

21 “(iii) with respect to which deprecia-  
22 tion (or amortization in lieu of deprecia-  
23 tion) is allowable,

24 “(iv) which has a useful life of at least  
25 5 years, and

1 “(v) which is—

2 “(I) acquired by purchase (as de-  
3 fined in section 179(d)(2)) by the tax-  
4 payer if the original use of such prop-  
5 erty commences with the taxpayer, or

6 “(II) constructed by or for the  
7 taxpayer.

8 “(B) DOLLAR LIMITATION.—

9 “(i) IN GENERAL.—The basis of quali-  
10 fied reclamation property taken into ac-  
11 count under paragraph (1) for any taxable  
12 year shall not exceed \$10,000,000 for a  
13 taxpayer.

14 “(ii) TREATMENT OF CONTROLLED  
15 GROUP.—For purposes of clause (i)—

16 “(I) all component members of a  
17 controlled group shall be treated as  
18 one taxpayer, and

19 “(II) the Secretary shall appor-  
20 tion the dollar limitation in such  
21 clause among the component members  
22 of such controlled group in such man-  
23 ner as he shall by regulation pre-  
24 scribe.

1                   “(iii) TREATMENT OF PARTNERSHIPS  
2                   AND S CORPORATIONS.—In the case of a  
3                   partnership, the dollar limitation in clause  
4                   (i) shall apply with respect to the partner-  
5                   ship and with respect to each partner. A  
6                   similar rule shall apply in the case of an  
7                   S corporation and its shareholders.

8                   “(iv) CONTROLLED GROUP DE-  
9                   FINED.—For purposes of clause (ii), the  
10                  term ‘controlled group’ has the meaning  
11                  given such term by section 1563(a), except  
12                  that ‘more than 50 percent’ shall be sub-  
13                  stituted for ‘at least 80 percent’ each place  
14                  it appears in section 1563(a)(1).

15                  “(3) CERTAIN PROGRESS EXPENDITURE RULES  
16                  MADE APPLICABLE.—Rules similar to the rules of  
17                  subsections (c)(4) and (d) of section 46 (as in effect  
18                  on the day before the date of the enactment of the  
19                  Revenue Reconciliation Act of 1990) shall apply for  
20                  purposes of this subsection.

21                  “(4) DEFINITIONS.—For purposes of this sub-  
22                  section—

23                  “(A) QUALIFIED RECYCLING PROPERTY.—  
24                  The term ‘qualified recycling property’ means  
25                  equipment used exclusively to collect, distribute,

1 or sort used ferrous or nonferrous metals. The  
2 term does not include equipment used to collect,  
3 distribute, or sort precious metals such as gold,  
4 silver, or platinum unless such use is coinci-  
5 dental to the collection, distribution, or sorting  
6 of other used ferrous or nonferrous metals.

7 “(B) QUALIFIED REMANUFACTURING  
8 PROPERTY.—The term ‘qualified remanufac-  
9 turing property’ means equipment used pri-  
10 marily by the taxpayer in the business of re-  
11 building or remanufacturing a used product or  
12 part, but only if—

13 “(i) the rebuilt or remanufactured  
14 product or part includes 50 percent or less  
15 virgin material, and

16 “(ii) the equipment is not used pri-  
17 marily in a process occurring after the  
18 product or part is rebuilt or remanufac-  
19 tured.

20 “(5) COORDINATION WITH REHABILITATION  
21 AND ENERGY CREDITS.—For purposes of this sec-  
22 tion—

23 “(A) the basis of any qualified reclamation  
24 property shall be reduced by that portion of the  
25 basis of any property which is attributable to

1 qualified rehabilitation expenditures (as defined  
2 in section 47(c)(2)) or to the energy percentage  
3 of energy property (as determined under section  
4 48(a)), and

5 “(B) expenditures taken into account  
6 under either section 47 or 48(a) shall not be  
7 taken into account under this section.”.

8 (c) SPECIAL BASIS ADJUSTMENT RULE.—Paragraph  
9 (3) of section 50(c) of such Code (relating to basis adjust-  
10 ment to investment credit property) is amended by insert-  
11 ing “or reclamation credit” after “energy credit”.

12 (d) CLERICAL AMENDMENTS.—

13 (1) The section heading for section 48 of such  
14 Code is amended to read as follows:

15 **“SEC. 48. ENERGY CREDIT; RECLAMATION CREDIT.”**

16 (2) The item relating to section 48 in the table  
17 of sections for subpart E of part IV of subchapter  
18 A of chapter 1 of such Code is amended to read as  
19 follows:

“Sec. 48. Energy credit; reclamation credit.”.

20 (e) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to property placed in service on  
22 or after January 1, 2006.

1 **SEC. 2. STUDY ON EFFECTIVENESS OF RECYCLED AUTO-**  
2 **MOBILE AIRBAGS.**

3 (a) **STUDY.**—The Secretary of Transportation,  
4 through the appropriate agency, shall conduct a study on  
5 the performance and safety of recycled, non-deployed  
6 original equipment manufacturer airbags and airbag mod-  
7 ules compared to new, original equipment manufacturer  
8 airbags and airbag modules used in automobiles.

9 (b) **REPORT.**—Not later than 1 year after the date  
10 of enactment of this Act, the Secretary of Transportation  
11 shall transmit to Congress a report on the results of the  
12 study conducted pursuant to subsection (a).

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