

109TH CONGRESS  
1ST SESSION

# H. R. 4464

To amend the Internal Revenue Code of 1986 to provide a tax credit for property owners who remove lead-based paint hazards.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 7, 2005

Mr. LAHOOD (for himself and Mr. RANGEL) 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 provide a tax credit for property owners who remove lead-based paint hazards.

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; FINDINGS; PURPOSE.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Home Lead Safety Tax Credit Act of 2005”.

6       (b) FINDINGS.—Congress finds that:

7               (1) Of the 98,000,000 housing units in the  
8       United States, 38,000,000 have lead-based paint.

9               (2) Of the 38,000,000 housing units with lead-  
10       based paint, 25,000,000 pose a hazard, as defined

1 by Environmental Protection Agency and Depart-  
2 ment of Housing and Urban Development standards,  
3 due to conditions such as peeling paint and settled  
4 dust on floors and windowsills that contain lead at  
5 levels above Federal safety standards.

6 (3) Though the number of children in the  
7 United States ages 1 through 5 with blood levels  
8 higher than the Centers for Disease Control action  
9 level of 10 micrograms per deciliter has declined to  
10 300,000, lead poisoning remains a serious, entirely  
11 preventable threat to a child's intelligence, behavior,  
12 and learning.

13 (4) The Secretary of Health and Human Serv-  
14 ices has established a national goal of ending child-  
15 hood lead poisoning by 2010.

16 (5) Current Federal lead abatement programs,  
17 such as the Lead Hazard Control Grant Program of  
18 the Department of Housing and Urban Develop-  
19 ment, only have resources sufficient to make ap-  
20 proximately 7,000 homes lead-safe each year. In  
21 many cases, when State and local public health de-  
22 partments identify a lead-poisoned child, resources  
23 are insufficient to reduce or eliminate the hazards.

24 (6) Old windows typically pose significant risks  
25 because wood trim is more likely to be painted with

1 lead-based paint, moisture causes paint to deterio-  
 2 rate, and friction generates lead dust. The replace-  
 3 ment of old windows that contain lead based paint  
 4 significantly reduces lead poisoning hazards in addi-  
 5 tion to producing significant energy savings.

6 (7) Childhood lead poisoning can be dramati-  
 7 cally reduced by the abatement or complete removal  
 8 of all lead-based paint. Empirical studies also have  
 9 shown substantial reductions in lead poisoning when  
 10 the affected properties have undergone so-called “in-  
 11 terim control measures” that are far less costly than  
 12 abatement.

13 (c) PURPOSE.—The purpose of this section is to en-  
 14 courage the safe removal of lead hazards from homes and  
 15 thereby decrease the number of children who suffer re-  
 16 duced intelligence, learning difficulties, behavioral prob-  
 17 lems, and other health consequences due to lead-poisoning.

18 **SEC. 2. HOME LEAD HAZARD REDUCTION ACTIVITY TAX**

19 **CREDIT.**

20 (a) IN GENERAL.—Subpart B of part IV of sub-  
 21 chapter A of chapter 1 of the Internal Revenue Code of  
 22 1986 (relating to foreign tax credit, etc.) is amended by  
 23 adding at the end the following new section:

1 **“SEC. 30D. HOME LEAD HAZARD REDUCTION ACTIVITY.**

2       “(a) ALLOWANCE OF CREDIT.—There shall be al-  
3 lowed as a credit against the tax imposed by this chapter  
4 for the taxable year an amount equal to 50 percent of the  
5 lead hazard reduction activity cost paid or incurred by the  
6 taxpayer during the taxable year for each eligible dwelling  
7 unit.

8       “(b) LIMITATION.—The amount of the credit allowed  
9 under subsection (a) for any eligible dwelling unit for any  
10 taxable year shall not exceed—

11           “(1) either—

12               “(A) \$3,000 in the case of lead hazard re-  
13 duction activity cost including lead abatement  
14 measures described in clauses (i), (ii), (iv) and  
15 (v) of subsection (c)(1)(A), or

16               “(B) \$1,000 in the case of lead hazard re-  
17 duction activity cost including interim lead con-  
18 trol measures described in clauses (i), (iii), (iv),  
19 and (v) of subsection (c)(1)(A), reduced by

20           “(2) the aggregate lead hazard reduction activ-  
21 ity cost taken into account under subsection (a) with  
22 respect to such unit for all preceding taxable years.

23       “(c) DEFINITIONS AND SPECIAL RULES.—For pur-  
24 poses of this section:

25           “(1) LEAD HAZARD REDUCTION ACTIVITY  
26 COST.—

1           “(A) IN GENERAL.—The term ‘lead hazard  
2           reduction activity cost’ means, with respect to  
3           any eligible dwelling unit—

4                   “(i) the cost for a certified risk asses-  
5                   sor to conduct an assessment to determine  
6                   the presence of a lead-based paint hazard,

7                   “(ii) the cost for performing lead  
8                   abatement measures by a certified lead  
9                   abatement supervisor, including the re-  
10                  moval of paint and dust, the permanent  
11                  enclosure or encapsulation of lead-based  
12                  paint, the replacement of painted surfaces,  
13                  windows, or fixtures, or the removal or  
14                  permanent covering of soil when lead-based  
15                  paint hazards are present in such paint,  
16                  dust, or soil,

17                  “(iii) the cost for performing interim  
18                  lead control measures to reduce exposure  
19                  or likely exposure to lead-based paint haz-  
20                  ards, including specialized cleaning, re-  
21                  pairs, maintenance, painting, temporary  
22                  containment, ongoing monitoring of lead-  
23                  based paint hazards, and the establishment  
24                  and operation of management and resident  
25                  education programs, but only if such meas-

1           ures are evaluated and completed by a cer-  
2           tified lead abatement supervisor using ac-  
3           cepted methods, are conducted by a quali-  
4           fied contractor, and have an expected use-  
5           ful life of more than 10 years,

6           “(iv) the cost for a certified lead  
7           abatement supervisor, those working under  
8           the supervision of such supervisor, or a  
9           qualified contractor to perform all prepara-  
10          tion, cleanup, disposal, and clearance test-  
11          ing activities associated with the lead  
12          abatement measures or interim lead con-  
13          trol measures, and

14          “(v) costs incurred by or on behalf of  
15          any occupant of such dwelling unit for any  
16          relocation which is necessary to achieve oc-  
17          cupant protection (as defined under section  
18          35.1345 of title 24, Code of Federal Regu-  
19          lations).

20          “(B) LIMITATION.—The term ‘lead hazard  
21          reduction activity cost’ does not include any  
22          cost to the extent such cost is funded by any  
23          grant, contract, or otherwise by another person  
24          (or any governmental agency).

25          “(2) ELIGIBLE DWELLING UNIT.—

1           “(A) IN GENERAL.—The term ‘eligible  
2 dwelling unit’ means, with respect to any tax-  
3 able year, any dwelling unit—

4                   “(i) placed in service before 1960,

5                   “(ii) located in the United States,

6                   “(iii) in which resides, for a total pe-  
7 riod of not less than 50 percent of the tax-  
8 able year, at least 1 child who has not at-  
9 tained the age of 6 years or 1 woman of  
10 child-bearing age, and

11                   “(iv) each of the residents of which  
12 during such taxable year has an adjusted  
13 gross income of less than 185 percent of  
14 the poverty line (as determined for such  
15 taxable year in accordance with criteria es-  
16 tablished by the Director of the Office of  
17 Management and Budget).

18           “(B) DWELLING UNIT.—The term ‘dwell-  
19 ing unit’ has the meaning given such term by  
20 section 280A(f)(1).

21           “(3) LEAD-BASED PAINT HAZARD.—The term  
22 ‘lead-based paint hazard’ has the meaning given  
23 such term by section 745.61 of title 40, Code of  
24 Federal Regulations.

1           “(4) CERTIFIED LEAD ABATEMENT SUPER-  
2 VISOR.—The term ‘certified lead abatement super-  
3 visor’ means an individual certified by the Environ-  
4 mental Protection Agency pursuant to section  
5 745.226 of title 40, Code of Federal Regulations, or  
6 an appropriate State agency pursuant to section  
7 745.325 of title 40, Code of Federal Regulations.

8           “(5) CERTIFIED INSPECTOR.—The term ‘cer-  
9 tified inspector’ means an inspector certified by the  
10 Environmental Protection Agency pursuant to sec-  
11 tion 745.226 of title 40, Code of Federal Regula-  
12 tions, or an appropriate State agency pursuant to  
13 section 745.325 of title 40, Code of Federal Regula-  
14 tions.

15           “(6) CERTIFIED RISK ASSESSOR.—The term  
16 ‘certified risk assessor’ means a risk assessor cer-  
17 tified by the Environmental Protection Agency pur-  
18 suant to section 745.226 of title 40, Code of Federal  
19 Regulations, or an appropriate State agency pursu-  
20 ant to section 745.325 of title 40, Code of Federal  
21 Regulations.

22           “(7) QUALIFIED CONTRACTOR.—The term  
23 ‘qualified contractor’ means any contractor who has  
24 successfully completed a training course on lead safe  
25 work practices which has been approved by the De-



1       partment of Housing and Urban Development and  
2       the Environmental Protection Agency.

3               “(8) DOCUMENTATION REQUIRED FOR CREDIT  
4       ALLOWANCE.—No credit shall be allowed under sub-  
5       section (a) with respect to any eligible dwelling unit  
6       for any taxable year unless—

7               “(A) after lead hazard reduction activity is  
8       complete, a certified inspector or certified risk  
9       assessor provides written documentation to the  
10      taxpayer that includes—

11              “(i) evidence that—

12              “(I) the eligible dwelling unit  
13              passes the clearance examinations re-  
14              quired by the Department of Housing  
15              and Urban Development under part  
16              35 of title 40, Code of Federal Regu-  
17              lations,

18              “(II) the eligible dwelling unit  
19              does not contain lead dust hazards (as  
20              defined by section 745.227(e)(8)(viii)  
21              of such title 40), or

22              “(III) the eligible dwelling unit  
23              meets lead hazard evaluation criteria  
24              established under an authorized State  
25              or local program, and

1 “(ii) documentation showing that the  
2 lead hazard reduction activity meets the  
3 requirements of this section, and

4 “(B) the taxpayer files with the appro-  
5 priate State agency and attaches to the tax re-  
6 turn for the taxable year—

7 “(i) the documentation described in  
8 subparagraph (A),

9 “(ii) documentation of the lead hazard  
10 reduction activity costs paid or incurred  
11 during the taxable year with respect to the  
12 eligible dwelling unit, and

13 “(iii) a statement certifying that the  
14 dwelling unit qualifies as an eligible dwell-  
15 ing unit for such taxable year.

16 “(9) BASIS REDUCTION.—The basis of any  
17 property for which a credit is allowable under sub-  
18 section (a) shall be reduced by the amount of such  
19 credit (determined without regard to subsection (d)).

20 “(10) NO DOUBLE BENEFIT.—Any deduction  
21 allowable for costs taken into account in computing  
22 the amount of the credit for lead-based paint abate-  
23 ment shall be reduced by the amount of such credit  
24 attributable to such costs.

1 “(d) LIMITATION BASED ON AMOUNT OF TAX.—The  
2 credit allowed under subsection (a) for the taxable year  
3 shall not exceed the excess of—

4 “(1) the sum of the regular tax liability (as de-  
5 fined in section 26(b)) plus the tax imposed by sec-  
6 tion 55, over

7 “(2) the sum of the credits allowable under sub-  
8 part A and sections 27, 29, 30, 30A, 30B, and 30C  
9 for the taxable year.

10 “(e) CARRYFORWARD ALLOWED.—

11 “(1) IN GENERAL.—If the credit amount allow-  
12 able under subsection (a) for a taxable year exceeds  
13 the amount of the limitation under subsection (d)  
14 for such taxable year (referred to as the ‘unused  
15 credit year’ in this subsection), such excess shall be  
16 allowed as a credit carryforward for each of the 20  
17 taxable years following the unused credit year.

18 “(2) RULES.—Rules similar to the rules of sec-  
19 tion 39 shall apply with respect to the credit  
20 carryforward under paragraph (1).”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 1016(a) of the Internal Revenue  
23 Code of 1986 is amended by striking “and” in para-  
24 graph (36), by striking the period and inserting “,

1       and” in paragraph (37), and by inserting at the end  
2       the following new paragraph:

3               “(38) in the case of an eligible dwelling unit  
4       with respect to which a credit for any lead hazard  
5       reduction activity cost was allowed under section  
6       30D, to the extent provided in section 30D(c)(9).”.

7               (2) The table of sections for subpart B of part  
8       IV of subchapter A of chapter 1 of such Code is  
9       amended by inserting after the item relating to sec-  
10      tion 30C the following new item:

          “Sec. 30D. Home lead hazard reduction activity.”.

11       (c) EFFECTIVE DATE.—The amendments made by  
12      this section shall apply to lead hazard reduction activity  
13      costs incurred after December 31, 2005, in taxable years  
14      ending after that date.

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