

109TH CONGRESS  
1ST SESSION

# S. 1781

To amend the Internal Revenue Code of 1986 to allow full expensing for the cost of qualified refinery property in the year in which the property is placed in service, and to classify petroleum refining property as 5-year property for purposes of depreciation.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2005

Mr. HATCH 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 full expensing for the cost of qualified refinery property in the year in which the property is placed in service, and to classify petroleum refining property as 5-year property for purposes of depreciation.

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 “Refinery Investment  
5 Tax Assistance Act of 2005”.

1 **SEC. 2. FULL EXPENSING FOR QUALIFIED REFINERY PROP-**  
 2 **ERTY.**

3 (a) IN GENERAL.—Subsection (a) of section 179C of  
 4 the Internal Revenue Code of 1986, as added by section  
 5 1323 of the Energy Policy Act of 2005, is amended by  
 6 striking “50 percent of”.

7 (b) EFFECTIVE DATE.—The amendment made by  
 8 subsection (a) shall take effect as if included in section  
 9 1323 of the Energy Policy Act of 2005.

10 **SEC. 3. PETROLEUM REFINING PROPERTY TREATED AS 5-**  
 11 **YEAR PROPERTY.**

12 (a) IN GENERAL.—Subparagraph (B) of section  
 13 168(e)(3) of the Internal Revenue Code of 1986 (relating  
 14 to 5-year property) is amended by striking “and” at the  
 15 end of clause (v), by striking the period at the end of  
 16 clause (vi) and inserting “, and”, and by adding at the  
 17 end the following new clause:

18 “(vii) any petroleum refining prop-  
 19 erty.”.

20 (b) PETROLEUM REFINING PROPERTY.—Section  
 21 168(i) of such Code is amended by adding at the end the  
 22 following new paragraph:

23 “(18) PETROLEUM REFINING PROPERTY.—

24 “(A) IN GENERAL.—The term ‘petroleum  
 25 refining property’ means any asset for petro-  
 26 leum refining, including assets used for the dis-

1           tillation, fractionation, and catalytic cracking of  
 2           crude petroleum into gasoline and its other  
 3           components.

4           “(B) ASSET MUST MEET ENVIRONMENTAL  
 5           LAWS.—Such term shall not include any prop-  
 6           erty which does not meet all applicable environ-  
 7           mental laws in effect on the date such property  
 8           was placed in service. For purposes of the pre-  
 9           ceding sentence, a waiver under the Clean Air  
 10          Act shall not be taken into account in deter-  
 11          mining whether the applicable environmental  
 12          laws have been met.

13          “(C) SPECIAL RULE FOR MERGERS AND  
 14          ACQUISITIONS.—Such term shall not include  
 15          any property with respect to which a deduction  
 16          was taken under subsection (e)(3)(B) by any  
 17          other taxpayer in any preceding year.”.

18          (c) EFFECTIVE DATE.—

19           (1) IN GENERAL.—The amendments made by  
 20          this section shall apply to property placed in service  
 21          after the date of the enactment of this Act.

22           (2) EXCEPTION.—The amendments made by  
 23          this section shall not apply to any property with re-  
 24          spect to which the taxpayer has entered into a bind-

- 1 ing contract for the construction thereof on or before
- 2 the date of the enactment of this Act.

