

110TH CONGRESS  
2D SESSION

# H. R. 5659

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 31, 2008

Mr. ENGLISH of Pennsylvania (for himself, Mr. SESSIONS, Mr. WALSH of New York, Mr. CHABOT, Mr. WILSON of South Carolina, and Mr. SENSENBRENNER) 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 (3), by striking the period at the end of paragraph (4)

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

3 “(5) the reclamation credit.”.

4 (b) RECLAMATION CREDIT.—Subpart E of part IV  
5 of subchapter A of chapter 1 of such Code (relating to  
6 rules for computing investment credit) is amended by in-  
7 serting after section 48B the following new section:

8 **“SEC. 48C. RECYCLING OR REMANUFACTURING EQUIP-**  
9 **MENT.**

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

14 “(b) QUALIFIED RECLAMATION PROPERTY.—

15 “(1) IN GENERAL.—For purposes of this sec-  
16 tion, the term ‘qualified reclamation property’ means  
17 property—

18 “(A) which is qualified recycling property  
19 or qualified remanufacturing property,

20 “(B) which is tangible property (not in-  
21 cluding a building and its structural compo-  
22 nents),

23 “(C) with respect to which depreciation (or  
24 amortization in lieu of depreciation) is allow-  
25 able,

1           “(D) which has a useful life of at least 5  
2 years, and

3           “(E) which is—

4                   “(i) acquired by purchase (as defined  
5 in section 179(d)(2)) by the taxpayer if the  
6 original use of such property commences  
7 with the taxpayer, or

8                   “(ii) constructed by or for the tax-  
9 payer.

10           “(2) DOLLAR LIMITATION.—

11                   “(A) IN GENERAL.—The basis of qualified  
12 reclamation property taken into account under  
13 paragraph (1) for any taxable year shall not ex-  
14 ceed \$10,000,000 for a taxpayer.

15           “(B) TREATMENT OF CONTROLLED  
16 GROUP.—For purposes of subparagraph (A)—

17                   “(i) all component members of a con-  
18 trolled group shall be treated as one tax-  
19 payer, and

20                   “(ii) the Secretary shall apportion the  
21 dollar limitation in such subparagraph  
22 among the component members of such  
23 controlled group in such manner as he  
24 shall by regulation prescribe.

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

8           “(D) CONTROLLED GROUP DEFINED.—For  
9           purposes of subparagraph (B), the term ‘con-  
10          trolled group’ has the meaning given such term  
11          by section 1563(a), except that ‘more than 50  
12          percent’ shall be substituted for ‘at least 80  
13          percent’ each place it appears in section  
14          1563(a)(1).

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

21          “(d) DEFINITIONS.—For purposes of this section—

22                  “(1) QUALIFIED RECYCLING PROPERTY.—The  
23                  term ‘qualified recycling property’ means equipment  
24                  used exclusively to collect, distribute, or sort used  
25                  ferrous or nonferrous metals. The term does not in-

1 include equipment used to collect, distribute, or sort  
2 precious metals such as gold, silver, or platinum un-  
3 less such use is coincidental to the collection, dis-  
4 tribution, or sorting of other used ferrous or non-  
5 ferrous metals.

6 “(2) QUALIFIED REMANUFACTURING PROP-  
7 ERTY.—The term ‘qualified remanufacturing prop-  
8 erty’ means equipment used primarily by the tax-  
9 payer in the business of rebuilding or remanufac-  
10 turing a used product or part, but only if—

11 “(A) the rebuilt or remanufactured prod-  
12 uct or part includes 50 percent or less virgin  
13 material, and

14 “(B) the equipment is not used primarily  
15 in a process occurring after the product or part  
16 is rebuilt or remanufactured.

17 “(e) COORDINATION WITH REHABILITATION AND  
18 ENERGY CREDITS.—For purposes of this section—

19 “(1) the basis of any qualified reclamation  
20 property shall be reduced by that portion of the  
21 basis of any property which is attributable to quali-  
22 fied rehabilitation expenditures (as defined in section  
23 47(c)(2)) or to the energy percentage of energy  
24 property (as determined under section 48(a)), and

1           “(2) expenditures taken into account under ei-  
2           ther section 47 or 48(a) shall not be taken into ac-  
3           count under this section.”.

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

8           (d) CLERICAL AMENDMENT.—The table of sections  
9           for subpart E of part IV of subchapter A of chapter 1  
10          of such Code is amended by inserting after the item relat-  
11          ing to section 48B the following new item:

          “Sec. 48C. Recycling or remanufacturing equipment.”.

12          (e) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to property placed in service on  
14          or after January 1, 2007.

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