

110TH CONGRESS
1ST SESSION

S. 1587

To amend the Internal Revenue Code to allow a special depreciation allowance for reuse and recycling property and to provide for tax-exempt financing of recycling equipment, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 11, 2007

Ms. SNOWE (for herself, Mr. CARPER, Mr. ISAKSON, Mr. KERRY, Mr. OBAMA, Mr. LIEBERMAN, Mrs. LINCOLN, and Mr. BAYH) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code to allow a special depreciation allowance for reuse and recycling property and to provide for tax-exempt financing of recycling 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. SHORT TITLE.**

4 This Act may be cited as the “Recycling Investment
5 Saves Energy” or the “RISE Act”.

6 **SEC. 2. FINDINGS.**

7 The Senate finds the following:

1 (1) Recycling means business in the United
2 States, with more than 56,000 reuse and recycling
3 establishments that employ over 1,100,000 people,
4 generating an annual payroll of nearly
5 \$37,000,000,000, and grossing over
6 \$236,000,000,000 in annual revenues. In 2005, re-
7 cycling scrap materials accounted for
8 \$15,700,000,000 in exports for the United States.
9 On a per-ton basis, sorting and processing
10 recyclables alone sustain 10 times more jobs than
11 landfilling or incineration.

12 (2) By reducing the need to extract and process
13 virgin raw materials into manufacturing feedstock,
14 reuse and recycling helps achieve significant energy
15 savings. For example:

16 (A) Taken together, the amount of energy
17 wasted from not recycling aluminum and steel
18 cans, paper, printed materials, glass, and plas-
19 tic equals the annual output of 15 medium
20 sized power plants.

21 (B) The reuse of 500 steel drums per week
22 yields 6 trillion Btu's per year, which is enough
23 energy savings to power a city the size of Colo-
24 rado Springs, Colorado, for 1 year.

1 (3) Unfortunately, the United States recycling
2 rate of many consumer commodities, including alu-
3 minum, glass, and plastic, are stagnant or declining,
4 and businesses that rely on recycled feedstock are
5 finding it difficult to obtain the quantity and quality
6 of recycled materials needed. Increasingly, United
7 States manufacturing facilities that rely on recycled
8 feedstock are closing or forced to re-tool to use vir-
9 gin materials.

10 (4) The environmental impacts from reuse and
11 recycling are significant. Increased reuse and recy-
12 cling would produce significant environmental bene-
13 fits, such as cleaner air, safer water, and reduced
14 production costs. For example:

15 (A) Between 2 and 5 percent of the waste
16 stream is reusable. Reuse prevents waste cre-
17 ation and adverse impacts from disposal.

18 (B) On a per-ton basis, recycling of: office
19 paper prevents 60 pounds of air pollutants from
20 being released, saves 7,000 gallons of water,
21 and 3.3 cubic yards of landfill space; aluminum
22 saves 10 cubic yards of landfill space; plastic
23 saves 30 cubic yards of landfill space; glass pre-
24 vents 7.5 pounds of air pollutants from being
25 released and saves 2 cubic yards of landfill

1 space; and steel saves 4 cubic yards of landfill
 2 space.

3 (C) The manufacture of 100 percent recycled
 4 paperboard products uses significantly less
 5 fossil fuel than comparable products and is
 6 therefore a net reducer of greenhouse gases.
 7 And, for every 100 tons of recycled paperboard
 8 produced, 105 tons of material is prevented
 9 from going to the landfill, thus reducing landfill
 10 gases.

11 (5) A national investment in the reuse and re-
 12 cycling industries is needed to preserve and expand
 13 America's reuse and recycling infrastructure.

14 **SEC. 3. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN**
 15 **REUSE AND RECYCLING PROPERTY.**

16 (a) IN GENERAL.—Section 168 of the Internal Rev-
 17 enue Code of 1986 (relating to accelerated cost recovery
 18 system) is amended by adding at the end the following
 19 new subsection:

20 “(1) SPECIAL ALLOWANCE FOR CERTAIN REUSE AND
 21 RECYCLING PROPERTY.—

22 “(1) IN GENERAL.—In the case of any qualified
 23 reuse and recycling property—

24 “(A) the depreciation deduction provided
 25 by section 167(a) for the taxable year in which

1 such property is placed in service shall include
 2 an allowance equal to 50 percent of the ad-
 3 justed basis of the qualified reuse and recycling
 4 property, and

5 “(B) the adjusted basis of the qualified
 6 reuse and recycling property shall be reduced by
 7 the amount of such deduction before computing
 8 the amount otherwise allowable as a deprecia-
 9 tion deduction under this chapter for such tax-
 10 able year and any subsequent taxable year.

11 “(2) QUALIFIED REUSE AND RECYCLING PROP-
 12 ERTY.—For purposes of this subsection—

13 “(A) IN GENERAL.—The term ‘qualified
 14 reuse and recycling property’ means any reuse
 15 and recycling property—

16 “(i) to which this section applies,

17 “(ii) which has a useful life of at least
 18 5 years,

19 “(iii) the original use of which com-
 20 mences with the taxpayer after December
 21 31, 2006, and

22 “(iv) which is—

23 “(I) acquired by purchase (as de-
 24 fined in section 179(d)(2)) by the tax-
 25 payer after December 31, 2006, but

only if no written binding contract for
the acquisition was in effect before
January 1, 2007, or

“(II) acquired by the taxpayer
pursuant to a written binding contract
which was entered into after Decem-
ber 31, 2006.

“(B) EXCEPTIONS.—

“(i) ALTERNATIVE DEPRECIATION
PROPERTY.—The term ‘qualified reuse and
recycling property’ shall not include any
property to which the alternative deprecia-
tion system under subsection (g) applies,
determined without regard to paragraph
(7) of subsection (g) (relating to election to
have system apply).

“(ii) ELECTION OUT.—If a taxpayer
makes an election under this clause with
respect to any class of property for any
taxable year, this subsection shall not
apply to all property in such class placed
in service during such taxable year.

“(C) SPECIAL RULE FOR SELF-CON-
STRUCTED PROPERTY.—In the case of a tax-
payer manufacturing, constructing, or pro-

1 ducing property for the taxpayer’s own use, the
 2 requirements of clause (iv) of subparagraph (A)
 3 shall be treated as met if the taxpayer begins
 4 manufacturing, constructing, or producing the
 5 property after December 31, 2006.

6 “(D) DEDUCTION ALLOWED IN COM-
 7 PUTING MINIMUM TAX.—For purposes of deter-
 8 mining alternative minimum taxable income
 9 under section 55, the deduction under sub-
 10 section (a) for qualified reuse and recycling
 11 property shall be determined under this section
 12 without regard to any adjustment under section
 13 56.

14 “(3) DEFINITIONS.—For purposes of this sub-
 15 section—

16 “(A) REUSE AND RECYCLING PROPERTY.—

17 “(i) IN GENERAL.—The term ‘reuse
 18 and recycling property’ means any machin-
 19 ery and equipment (not including buildings
 20 or real estate), along with all appur-
 21 tenances thereto, including software nec-
 22 essary to operate such equipment, which is
 23 used exclusively to collect, distribute, or re-
 24 cycle qualified reuse and recyclable mate-
 25 rials.

1 “(ii) EXCLUSION.—Such term does
 2 not include rolling stock or other equip-
 3 ment used to transport reuse and recycla-
 4 ble materials.

5 “(B) QUALIFIED REUSE AND RECYCLABLE
 6 MATERIALS.—

7 “(i) IN GENERAL.—The term ‘quali-
 8 fied reuse and recyclable materials’ means
 9 scrap plastic, scrap glass, scrap textiles,
 10 scrap rubber, scrap packaging, recovered
 11 fiber, scrap ferrous and nonferrous metals,
 12 or electronic scrap generated by an indi-
 13 vidual or business.

14 “(ii) ELECTRONIC SCRAP.—For pur-
 15 poses of clause (i), the term ‘electronic
 16 scrap’ means—

17 “(I) any cathode ray tube, flat
 18 panel screen, or similar video display
 19 device with a screen size greater than
 20 4 inches measured diagonally, or

21 “(II) any central processing unit.

22 “(C) RECYCLING OR RECYCLE.—The term
 23 ‘recycling’ or ‘recycle’ means that process (in-
 24 cluding sorting) by which worn or superfluous
 25 materials are manufactured or processed into

1 specification grade commodities that are suit-
 2 able for use as a replacement or substitute for
 3 virgin materials in manufacturing tangible con-
 4 sumer and commercial products, including
 5 packaging.”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 this section shall apply to property placed in service after
 8 December 31, 2006.

9 **SEC. 4. TAX-EXEMPT BOND FINANCING OF RECYCLING FA-**
 10 **CILITIES.**

11 (a) IN GENERAL.—Section 142 of the Internal Rev-
 12 enue Code of 1986 (defining exempt facility bond) is
 13 amended by adding at the end the following new sub-
 14 section:

15 “(n) SOLID WASTE DISPOSAL FACILITIES.—

16 “(1) IN GENERAL.—For purposes of subsection
 17 (a)(6) only, the term ‘solid waste disposal facilities’
 18 means any facility used to perform a solid waste dis-
 19 posal function.

20 “(2) SOLID WASTE DISPOSAL FUNCTION.—

21 “(A) IN GENERAL.—For purposes of this
 22 subsection only, the term ‘solid waste disposal
 23 function’ means the collection, separation, sort-
 24 ing, storage, treatment, disassembly, handling,
 25 or processing of solid waste in any manner de-

1 signed to dispose of the solid waste, including
2 processing the solid waste into a useful energy
3 source or product.

4 “(B) EXTENT OF FUNCTION.—For pur-
5 poses of this subsection only, the solid waste
6 disposal function ends at the later of—

7 “(i) the point of final disposal of the
8 solid waste,

9 “(ii) immediately after the solid waste
10 is incinerated or otherwise transformed or
11 processed to generate heat, and the result-
12 ing heat is put into a form such as steam
13 in which such heat is in fact sold or used,
14 or

15 “(iii) the point at which the solid
16 waste has been converted into a material
17 or product that can be sold in the same
18 manner as comparable material or product
19 produced from virgin material.

20 “(C) FUNCTIONALLY RELATED AND SUB-
21 ORDINATE FACILITIES.—For purposes of this
22 subsection only, in the case of a facility used to
23 perform both a solid waste disposal function
24 and another function—

1 “(i) the costs of the facility allocable
2 to the solid waste disposal function are de-
3 termined using any reasonable method
4 based upon facts and circumstances, and

5 “(ii) if during the period that bonds
6 issued as part of an issue described in sub-
7 section (a)(6) are outstanding with respect
8 to any facility at least 65 percent of the
9 materials processed in such facility are
10 solid waste materials as measured by
11 weight or volume, then all of the costs of
12 the property used to perform such process
13 are allocable to a solid waste disposal func-
14 tion.

15 “(3) SOLID WASTE.—For purposes of this sub-
16 section only—

17 “(A) IN GENERAL.—The term ‘solid waste’
18 means garbage, refuse, or discarded solid mate-
19 rials, including waste materials resulting from
20 industrial, commercial, agricultural, or commu-
21 nity activities.

22 “(B) GARBAGE, REFUSE OR DISCARDED
23 SOLID MATERIALS.—For purposes of subpara-
24 graph (A), the term ‘garbage, refuse, or dis-
25 carded solid materials’ means materials that are

1 useless, unused, unwanted, or discarded, re-
2 gardless of whether or not such materials have
3 value.

4 “(C) EXCLUSION.—The term ‘solid waste’
5 does not include materials in domestic sewage,
6 pollutants in industrial or other water re-
7 sources, or other liquid or gaseous waste mate-
8 rials.”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to bonds issued before, on, or after
11 the date of the enactment of this Act.

