

111TH CONGRESS
2D SESSION

H. R. 6328

To amend the Internal Revenue Code of 1986 to encourage the re-refining
of used oil.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2010

Mr. ETHERIDGE introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to encourage
the re-refining of used oil.

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 “Used Oil Re-Refining
5 Tax Credit Act of 2010”.

6 **SEC. 2. USED OIL RE-REFINING INVESTMENT TAX CREDIT.**

7 (a) QUALIFYING USED OIL RE-REFINING TAX
8 CREDIT.—Subpart E of part IV of subchapter A of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by inserting after section 48D the following new section:

1 **“SEC. 48E. QUALIFYING USED OIL RE-REFINING PROJECT**
2 **CREDIT.**

3 “(a) IN GENERAL.—For purposes of section 46, the
4 qualifying used oil re-refining project credit for any tax-
5 able year is an amount equal to 30 percent of the qualified
6 investment for such taxable year with respect to any quali-
7 fying used oil re-refining project.

8 “(b) QUALIFIED INVESTMENT.—

9 “(1) IN GENERAL.—For purposes of subsection
10 (a), the qualified investment for any taxable year is
11 the basis of eligible property placed in service by the
12 taxpayer during such taxable year which is part of
13 a qualifying used oil re-refining project.

14 “(2) SPECIAL RULE FOR CERTAIN SUBSIDIZED
15 PROPERTY.—Rules similar to section 48(a)(4) (other
16 than subparagraph (D) thereof) shall apply for pur-
17 poses of this section.

18 “(3) CERTAIN QUALIFIED PROGRESS EXPENDI-
19 TURES RULES MADE APPLICABLE.—Rules similar to
20 the rules of subsections (c)(4) and (d) of section 46
21 (as in effect on the day before the enactment of the
22 Revenue Reconciliation Act of 1990) shall apply for
23 purposes of this section.

24 “(4) LIMITATION.—The amount which is treat-
25 ed as qualified investment for all taxable years with
26 respect to any qualifying used oil re-refining project

1 shall not exceed the amount certified by the Sec-
2 retary as eligible for the credit under this section.

3 “(c) DEFINITIONS.—For purposes of this section—

4 “(1) QUALIFYING USED OIL RE-REFINING
5 PROJECT.—The term ‘qualifying used oil re-refining
6 project’ means any project—

7 “(A) which is designed to serve the pri-
8 mary purpose of processing qualifying re-re-
9 fined lubricating oil from used oil (including
10 used lube oil derived from crude oil, synthetic
11 oils, and qualified fuels),

12 “(B) which uses a series of mechanical or
13 chemical methods, or both, including, at a min-
14 imum, vacuum distillation followed by solvent
15 refining or hydrotreating,

16 “(C) the feedstock input for which is used
17 lubricating oil,

18 “(D) with respect to which the applicant
19 provides evidence that the output of the project
20 is base oil which meets the American Society of
21 Testing and Materials standard for hydrocarbon
22 lubricating base oil (ASTM D6074),

23 “(E) with respect to which the applicant
24 provides evidence that the of ownership or con-
25 trol of a site of sufficient size to allow the pro-

1 posed project to be constructed or to operate on
2 a long-term basis, and

3 “(F) which will be located in the United
4 States.

5 “(2) QUALIFYING RE-REFINED LUBRICATING
6 OIL.—The term ‘qualifying re-refined lubricating oil’
7 means a base oil—

8 “(A) which meets the American Society of
9 Testing and Materials standard for hydrocarbon
10 lubricating base oil (ASTM D6074), and

11 “(B) which is manufactured from used lu-
12 bricating oil.

13 “(3) ELIGIBLE PROPERTY.—The term ‘eligible
14 property’ means any property—

15 “(A)(i) the construction, reconstruction,
16 expansion or erection of which is completed by
17 the taxpayer, or

18 “(ii) which is acquired by the taxpayer if
19 the original use of such property commences
20 with the taxpayer, and

21 “(B) with respect to which depreciation (or
22 amortization in lieu of depreciation) is allow-
23 able.

24 “(d) QUALIFYING USED OIL RE-REFINERY PROJECT
25 PROGRAM.—

1 “(1) ESTABLISHMENT.—Not later than 180
2 days after the date of enactment of this section, the
3 Secretary, in consultation with the Secretary of En-
4 ergy, shall establish a qualifying used oil re-refining
5 project program for the deployment of used oil re-
6 refining technologies.

7 “(2) CERTIFICATION.—

8 “(A) APPLICATION PERIOD.—Each appli-
9 cant for certification under this paragraph shall
10 submit an application meeting the requirements
11 of subparagraph (B). An applicant may only
12 submit an application during the 5-year period
13 beginning on the date the Secretary establishes
14 the program under paragraph (1).

15 “(B) REQUIREMENTS FOR APPLICATIONS
16 FOR CERTIFICATION.—An application under
17 subparagraph (A) shall contain such informa-
18 tion as the Secretary may require. Any informa-
19 tion contained in the application shall be pro-
20 tected as provided in section 552(b)(4) of title
21 5, United States Code.

22 “(C) TIME TO ACT UPON APPLICATIONS
23 FOR CERTIFICATION.—The Secretary shall issue
24 a determination as to whether an applicant has
25 met the requirements of this section within 60

1 days following the date of submittal of the ap-
2 plication for certification.

3 “(D) FEDERAL AND STATE ENVIRON-
4 MENTAL AUTHORIZATION REQUIRED.—The Sec-
5 retary shall not certify a project under this sec-
6 tion unless the Secretary determines that the
7 applicant for certification has received all Fed-
8 eral and State environmental authorizations or
9 reviews necessary to commence construction of
10 the project.

11 “(E) PERIOD OF ISSUANCE.—An applicant
12 which receives a certification shall have 5 years
13 from the date of issuance of the certification in
14 order to place the project in service, and if such
15 project is not placed in service by that time pe-
16 riod, then the certification shall no longer be
17 valid.

18 “(3) LIMITATION.—The aggregate credits that
19 may be allocated under the program shall not exceed
20 \$150,000,000.

21 “(4) REALLOCATION.—If the Secretary deter-
22 mines that credits under this section are available
23 for reallocation pursuant to the requirements set
24 forth in paragraph (2), the Secretary is authorized

1 to conduct an additional program for applications
2 for certification.”.

3 (b) CREDIT TREATED AS INVESTMENT TAX CRED-
4 IT.—Section 46 of such Code is amended by striking
5 “and” at the end of paragraph (5), by striking the period
6 at the end of paragraph (6) and inserting “, plus”, and
7 by adding at the end the following new paragraph:

8 “(7) the qualifying used oil re-refining project
9 credit determined under section 48E(a).”.

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

“Sec. 48E. Qualifying used oil re-refining project credit.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to periods after the date of the
16 enactment of this Act, under rules similar to the rules of
17 section 48(m) of the Internal Revenue Code of 1986 (as
18 in effect on the day before the date of the enactment of
19 the Revenue Reconciliation Act of 1990).

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