

114TH CONGRESS
2D SESSION

S. 2573

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 24, 2016

Mr. WHITEHOUSE (for himself, Mr. SCHUMER, and Mr. CASEY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit for taxpayers who remove lead-based 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 2016”.

6 (b) FINDINGS.—Congress finds that:

7 (1) Lead is a metal that can produce a wide
8 range of health effects in humans when ingested.
9 Children are more vulnerable to lead poisoning than
10 adults.

1 (2) Lead poisoning is a serious, entirely pre-
2 ventable threat to a child's intelligence, behavior,
3 and learning. In severe cases, lead poisoning can re-
4 sult in death.

5 (3) According to the Department of Housing
6 and Urban Development, approximately 23 million
7 housing units nationwide have at least one lead
8 paint hazard.

9 (4) In fiscal year 2015, funding for Federal
10 lead abatement programs, such as the Lead Hazard
11 Control Grant Program, only provided for lead
12 abatement or "interim control measures" for 18,600
13 homes.

14 (5) Childhood lead poisoning can be dramati-
15 cally reduced by the abatement or complete removal
16 of all lead-based hazards. Empirical studies also
17 have shown substantial reductions in lead poisoning
18 when the affected properties have undergone "in-
19 terim control measures" that are less costly than
20 abatement.

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

1 **SEC. 2. HOME LEAD HAZARD REDUCTION ACTIVITY TAX**
 2 **CREDIT.**

3 (a) IN GENERAL.—Subpart C of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 is amended by inserting after section 36B the fol-
 6 lowing new section:

7 **“SEC. 36C. HOME LEAD HAZARD REDUCTION ACTIVITY.**

8 “(a) ALLOWANCE OF CREDIT.—

9 “(1) IN GENERAL.—Subject to paragraph (2),
 10 there shall be allowed as a credit against the tax im-
 11 posed by this subtitle for the taxable year an amount
 12 equal to 50 percent of the lead hazard reduction ac-
 13 tivity cost paid or incurred by the taxpayer during
 14 the taxable year for each eligible dwelling unit.

15 “(2) ELECTION TO APPLY COSTS TO PRIOR
 16 YEAR.—For purposes of this section, a taxpayer may
 17 elect to treat any lead hazard reduction activity cost
 18 paid or incurred by the taxpayer during the taxable
 19 year as having been paid or incurred during the pre-
 20 ceding taxable year.

21 “(b) LIMITATIONS.—

22 “(1) IN GENERAL.—Subject to paragraph (3),
 23 the amount of the credit allowed under subsection
 24 (a) for any eligible dwelling unit for any taxable year
 25 shall not exceed—

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

5 “(B) \$1,000 in the case of lead hazard re-
 6 duction activity cost including interim lead con-
 7 trol measures described in clauses (i), (iii), (iv),
 8 and (v) of subsection (c)(1)(A).

9 “(2) OTHER TAX CREDITS.—In the case of any
 10 credit against State or local tax liabilities which is
 11 allowable under the laws of any State or political
 12 subdivision thereof to a taxpayer with respect to any
 13 costs paid or incurred by the taxpayer which would
 14 otherwise qualify as lead hazard reduction activity
 15 costs under this section (referred to in this para-
 16 graph as the ‘State or local tax credit amount’), the
 17 amount of the credit allowed under subsection (a)
 18 for any eligible dwelling unit for any taxable year
 19 (determined after application of paragraph (1)) shall
 20 not exceed an amount equal to the difference be-
 21 tween—

22 “(A) the lead hazard reduction activity
 23 cost paid or incurred by the taxpayer during
 24 the taxable year for such unit, and

25 “(B) the State or local tax credit amount.

1 “(3) LIMITATION PER RESIDENCE.—The cumu-
 2 lative amount of the credit allowed under subsection
 3 (a) for an eligible dwelling unit for all taxable years
 4 shall not exceed \$4,000.

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

7 “(1) LEAD HAZARD REDUCTION ACTIVITY
 8 COST.—

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

12 “(i) the cost for a certified risk asses-
 13 sor to conduct an assessment to determine
 14 the presence of a lead-based hazard (as
 15 such terms are defined by the Secretary, in
 16 consultation with the Administrator of the
 17 Environmental Protection Agency),

18 “(ii) the cost for performing lead
 19 abatement measures by a certified lead
 20 abatement supervisor (as such term is de-
 21 fined by the Secretary, in consultation with
 22 the Administrator of the Environmental
 23 Protection Agency), including the removal
 24 of paint, dust, or pipes, the permanent en-
 25 closure or encapsulation of lead-based

1 paint or pipes, the replacement of painted
2 surfaces, windows, or fixtures, or the re-
3 moval or permanent covering of soil when
4 lead-based hazards are present,

5 “(iii) the cost for performing interim
6 lead control measures to reduce exposure
7 or likely exposure to lead-based hazards,
8 including specialized cleaning, repairs,
9 maintenance, painting, temporary contain-
10 ment, ongoing monitoring of lead-based
11 hazards, and the establishment and oper-
12 ation of management and resident edu-
13 cation programs, but only if such measures
14 are evaluated and completed by a certified
15 lead abatement supervisor using accepted
16 methods, are conducted by a qualified con-
17 tractor, and have an expected useful life of
18 more than 10 years,

19 “(iv) the cost for a certified lead
20 abatement supervisor, those working under
21 the supervision of such supervisor, or a
22 qualified contractor to perform all prepara-
23 tion, cleanup, disposal, and clearance test-
24 ing activities associated with the lead

1 abatement measures or interim lead con-
2 trol measures, and

3 “(v) costs incurred by or on behalf of
4 any occupant of such dwelling unit for any
5 relocation which is necessary to achieve oc-
6 cupant protection (as such term is defined
7 by the Secretary, in consultation with the
8 Administrator of the Environmental Pro-
9 tection Agency).

10 “(B) LIMITATION.—The term ‘lead hazard
11 reduction activity cost’ does not include any
12 cost to the extent such cost is funded by any
13 grant, contract, or otherwise by another person
14 or any governmental agency.

15 “(2) ELIGIBLE DWELLING UNIT.—

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

19 “(i) placed in service before 1978,

20 “(ii) located in the United States, and

21 “(iii) the residents of which during
22 the preceding taxable year have a cumu-
23 lative adjusted gross income of less than
24 \$110,000.

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

4 “(3) QUALIFIED CONTRACTOR.—The term
 5 ‘qualified contractor’ means any contractor who has
 6 successfully completed a training course on lead safe
 7 work practices which has been approved by the De-
 8 partment of Housing and Urban Development and
 9 the Environmental Protection Agency.

10 “(4) DOCUMENTATION REQUIRED FOR CREDIT
 11 ALLOWANCE.—No credit shall be allowed under sub-
 12 section (a) with respect to any eligible dwelling unit
 13 for any taxable year unless, after lead hazard reduc-
 14 tion activity is complete, a certified inspector (as
 15 such term is defined by the Secretary, in consulta-
 16 tion with the Administrator of the Environmental
 17 Protection Agency) or certified risk assessor pro-
 18 vides written documentation to the taxpayer that in-
 19 cludes—

20 “(A) evidence that—

21 “(i) the eligible dwelling unit meets
 22 the lead hazard reduction criteria defined
 23 by the Secretary, in consultation with the
 24 Administrator of the Environmental Pro-
 25 tection Agency, or

1 “(ii) the eligible dwelling unit meets
 2 lead hazard evaluation criteria established
 3 under an authorized State or local pro-
 4 gram, and

5 “(B) documentation showing that the lead
 6 hazard reduction activity meets the require-
 7 ments of this section.

8 “(5) BASIS REDUCTION.—The basis of any
 9 property for which a credit is allowable under sub-
 10 section (a) shall be reduced by the amount of such
 11 credit.

12 “(6) NO DOUBLE BENEFIT.—Any deduction al-
 13 lowable for costs taken into account in computing
 14 the amount of the credit for lead-based abatement
 15 shall be reduced by the amount of such credit attrib-
 16 utable to such costs.

17 “(d) INFLATION ADJUSTMENT.—In the case of any
 18 taxable year beginning in a calendar year after 2016, each
 19 of the dollar amounts in subsections (b) and (c)(2)(A)(iii)
 20 shall be increased by an amount equal to—

21 “(1) such dollar amount, multiplied by

22 “(2) the cost-of-living adjustment determined
 23 under section 1(f)(3) for the calendar year in which
 24 the taxable year begins, determined by substituting
 25 ‘calendar year 2015’ for ‘calendar year 1992’ in sub-

1 paragraph (B) thereof. Any increase determined
 2 under the preceding sentence shall be rounded to the
 3 nearest multiple of \$100.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 1324(b)(2) of title 31, United
 6 States Code, is amended by inserting “, 36C” after
 7 “36B”.

8 (2) The table of sections for subpart C of part
 9 IV of subchapter A of chapter 1 of the Internal Rev-
 10 enue Code of 1986 is amended by inserting before
 11 the item relating to section 37 the following new
 12 item:

“Sec. 36C. Home lead hazard reduction activity.”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to lead hazard reduction activity
 15 costs incurred after December 31, 2015, in taxable years
 16 ending after that date.

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