

103^D CONGRESS
1ST SESSION

S. 1691

To amend the Internal Revenue Code of 1986 to provide taxpayers engaged in certain agriculture-related activities a credit against income tax for property used to control environmental pollution and for soil and water conservation expenditures.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 19 (legislative day, NOVEMBER 2), 1993

Mr. CONRAD (for himself, Mr. DASCHLE, and Mr. GRASSLEY) 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 taxpayers engaged in certain agriculture-related activities a credit against income tax for property used to control environmental pollution and for soil and water conservation expenditures.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CREDIT FOR PROPERTY USED IN CERTAIN AG-**
2 **RICULTURE-RELATED ACTIVITIES TO CON-**
3 **TROL ENVIRONMENTAL POLLUTION AND FOR**
4 **SOIL AND WATER CONSERVATION EXPENDI-**
5 **TURES.**

6 (a) IN GENERAL.—Section 46 of the Internal Reve-
7 nue Code of 1986 (relating to amount of investment cred-
8 it) is amended by striking “and” at the end of paragraph
9 (2), by striking the period at the end of paragraph (3)
10 and inserting “, and”, and by adding at the end thereof
11 the following paragraph:

12 “(4) in the case of an eligible taxpayer (as de-
13 fined in section 48(c)), the agricultural environ-
14 mental credit.”

15 (b) AGRICULTURAL ENVIRONMENTAL CREDIT.—Sec-
16 tion 48 of such Code is amended by adding at the end
17 thereof the following new subsection:

18 “(c) AGRICULTURAL ENVIRONMENTAL CREDIT.—

19 “(1) IN GENERAL.—For purposes of section 46,
20 in the case of an eligible taxpayer, the agricultural
21 environmental credit for any taxable year is equal to
22 the lesser of—

23 “(A) the sum of—

24 “(i) 15 percent of the portion of the
25 basis of each agricultural environmental

1 property placed in service by the taxpayer
2 during such taxable year, and

3 “(ii) 15 percent of the amount allowed
4 as a deduction under section 175 (deter-
5 mined without regard to paragraph (4)(B))
6 for such taxable year, or

7 “(B) the lesser of—

8 “(i) \$15,000, or

9 “(ii) the excess of—

10 “(I) \$150,000, over

11 “(II) the amount of the credit
12 taken into account under this section
13 by the taxpayer for taxable years pre-
14 ceding the taxable year.

15 “(2) ELIGIBLE TAXPAYER.—

16 “(A) IN GENERAL.—For purposes of this
17 subsection, the term ‘eligible taxpayer’ means
18 any taxpayer primarily engaged in a farming-
19 related business.

20 “(B) FARMING-RELATED BUSINESS.—For
21 purposes of this subsection, the term ‘farming-
22 related business’ means—

23 “(i) a farming business (as defined in
24 section 263A(e)(4)),

1 “(ii) a trade or business of mixing fer-
2 tilizers from purchased fertilizer materials,
3 and

4 “(iii) a trade or business of the whole-
5 sale distribution of animal feeds, fertilizers,
6 agricultural chemicals, pesticides, seeds, or
7 other farm supplies (other than grains).

8 “(3) AGRICULTURAL ENVIRONMENTAL PROP-
9 ERTY.—

10 “(A) IN GENERAL.—For purposes of this
11 subsection, the term ‘agricultural environmental
12 property’ means any new identifiable treatment
13 facility—

14 “(i) which is used in a farming-related
15 business for the primary purpose of com-
16 plying with Federal, State, and local envi-
17 ronmental laws dealing with the abatement
18 or control of water, soil, or atmospheric
19 pollution or contamination by removing, al-
20 tering, disposing, storing, or preventing the
21 creation or emission of pollutants, contami-
22 nants, wastes, or heat, and

23 “(ii) which does not significantly—

24 “(I) increase the output or capac-
25 ity, extend the useful life, or reduce

1 the total operating costs of plant or
2 property to which such facility relates,
3 or

4 “(II) alter the nature of any
5 manufacturing or production process
6 or facility.

7 “(B) NEW IDENTIFIABLE TREATMENT FA-
8 CILITY.—The term ‘new identifiable treatment
9 facility’ has the meaning given such term by
10 section 169(d)(4)(A), determined by substitut-
11 ing ‘December 31, 1993’ for ‘December 31,
12 1968’.

13 “(4) SPECIAL RULES.—

14 “(A) COORDINATION WITH ENERGY AND
15 REHABILITATION CREDITS.—This subsection
16 shall not apply to—

17 “(i) any property to the extent the
18 basis of such property is attributable to
19 qualified rehabilitation expenditures (as de-
20 fined in section 47(c)(2)), or

21 “(ii) energy property.

22 “(B) COORDINATION WITH DEDUCTION
23 FOR SOIL AND WATER CONSERVATION EXPEND-
24 ITURES.—The amount which would (but for
25 this subparagraph) be allowed as a deduction

1 under section 175 for any taxable year shall be
 2 reduced by the amount of the credit allowed by
 3 paragraph (1)(B) for such year.

4 “(C) COORDINATION WITH AMORTIZATION
 5 OF POLLUTION CONTROL FACILITIES.—This
 6 subsection shall not apply to any property to
 7 the extent an election is made under section
 8 169 with respect to the basis of such property.”

9 (c) CLERICAL AMENDMENTS.—

10 (1) The section heading for section 48 of such
 11 Code is amended to read as follows:

12 **“SEC. 48. ENERGY CREDIT; REFORESTATION CREDIT; AGRI-
 13 CULTURAL ENVIRONMENTAL CREDIT.”**

14 (2) The item relating to section 48 in the table
 15 of sections for subpart E of part IV of subchapter
 16 A of chapter 1 of such Code is amended to read as
 17 follows:

“Sec. 48. Energy credit; reforestation credit; agricultural envi-
 ronmental credit.”

18 (d) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to periods after December 31,
 20 1993, under rules similar to the rules of section 48(m)
 21 of the Internal Revenue Code of 1986 (as in effect on the
 22 day before the date of the enactment of the Revenue Rec-
 23 onciliation Act of 1990).

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