

107TH CONGRESS
1ST SESSION

H. R. 3144

To amend the Internal Revenue Code of 1986 to provide a temporary incentive for investing in tangible property in the United States.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 16, 2001

Mr. REYNOLDS 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 provide a temporary incentive for investing in tangible property in the United States.

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 “Investment Tax Credit
5 Act of 2001”.

6 **SEC. 2. INVESTMENT TAX CREDIT.**

7 (a) ALLOWANCE OF CREDIT.—Section 46 of the In-
8 ternal Revenue Code of 1986 (relating to amount of in-
9 vestment credit) is amended by striking “and” at the end
10 of paragraph (2), by striking the period at the end of para-

1 graph (3) and inserting “, and”, and by adding at the
2 end thereof the following new paragraph:

3 “(4) the investment credit.”

4 (b) AMOUNT OF CREDIT.—Section 48 of such Code
5 is amended by adding at the end thereof the following new
6 subsection:

7 “(c) INVESTMENT CREDIT.—

8 “(1) IN GENERAL.—For purposes of section 46,
9 the investment credit for any taxable year is an
10 amount equal to 25 percent of the qualified invest-
11 ment for such taxable year.

12 “(2) QUALIFIED INVESTMENT.—

13 “(A) IN GENERAL.—For purposes of para-
14 graph (1), the qualified investment for any tax-
15 able year is the aggregate of—

16 “(i) the applicable percentage of the
17 basis of each new investment credit prop-
18 erty placed in service by the taxpayer dur-
19 ing such taxable year, plus

20 “(ii) the applicable percentage of the
21 cost of each used investment credit prop-
22 erty placed in service by the taxpayer dur-
23 ing such taxable year.

24 “(B) APPLICABLE PERCENTAGE.—For
25 purposes of subparagraph (A), the applicable

1 percentage for any property shall be determined
2 under paragraphs (2) and (7) of section 46(c)
3 (as in effect on the day before the date of the
4 enactment of the Revenue Reconciliation Act of
5 1990).

6 “(C) CERTAIN RULES RELATING TO NEW
7 AND USED PROPERTY MADE APPLICABLE.—The
8 provisions of subsections (b) and (c) of section
9 48 (as in effect on the day before the date of
10 the enactment of the Revenue Reconciliation
11 Act of 1990) shall apply for purposes of this
12 paragraph.

13 “(D) TEMPORARY DURATION OF CRED-
14 IT.—For purposes of this subsection, property
15 shall be treated as investment credit property
16 only—

17 “(i) in any case in which the rules of
18 paragraph (6) do not apply to such prop-
19 erty, only if—

20 “(I) the construction, reconstruc-
21 tion, or erection of the property is
22 completed by the taxpayer during the
23 18-month period beginning on the
24 date of enactment of this subsection,
25 but only to the extent of the basis at-

1 tributable to the construction, recon-
2 struction, or erection during such pe-
3 riod, or

4 “**(II)** acquired by the taxpayer
5 during such period and placed in serv-
6 ice during such period, or

7 “(ii) to which the rules of paragraph
8 (6) apply, but only to the extent of the
9 qualified investment with respect to quali-
10 fied progress expenditures made during
11 such period.

12 “**(3)** **INVESTMENT CREDIT PROPERTY.**—For
13 purposes of this subsection, the term ‘investment
14 credit property’ means—

15 “(A) tangible personal property, or

16 “(B) other tangible property (not including
17 a building and its structural components) but
18 only if such property—

19 “(i) is used as an integral part of
20 manufacturing, production, or extraction
21 or of furnishing transportation, commu-
22 nications, electrical energy, gas, water, or
23 sewage disposal services, or

1 “(ii) constitutes a research facility
2 used in connection with any of the activi-
3 ties referred to in clause (i), or

4 “(iii) constitutes a facility used in
5 connection with any of the activities re-
6 ferred to in clause (i) for the bulk storage
7 of fungible commodities (including com-
8 modities in a liquid or gaseous state), or

9 “(C) elevators and escalators, but only if—

10 “(i) the construction, reconstruction,
11 or erection of the elevator or escalator is
12 completed by the taxpayer, or

13 “(ii) the original use of such elevator
14 or escalator commences with the taxpayer,
15 or

16 “(D) single purpose agricultural or horti-
17 cultural structures; or

18 “(E) a storage facility (not including a
19 building and its structural components) used in
20 connection with the distribution of petroleum or
21 any primary product of petroleum.

22 Such term includes only property to which section
23 168 applies without regard to any useful life and
24 any other property with respect to which deprecia-
25 tion (or amortization in lieu of depreciation) is al-

1 lowable and having a useful life (determined as of
2 the time such property is placed in service) of 3
3 years or more.

4 “(4) EXCLUSION OF OTHER PROPERTY.—Rules
5 similar to the rules of paragraphs (6), (7), and (10)
6 of section 48(a) (as in effect on the day before the
7 date of the enactment of the Revenue Reconciliation
8 Act of 1990) shall apply.

9 “(5) COORDINATION WITH OTHER CREDITS.—
10 This subsection shall not apply to any property to
11 which the energy credit or rehabilitation credit
12 would apply unless the taxpayer elects to waive the
13 application of such credits to such property.

14 “(6) CERTAIN PROGRESS EXPENDITURE RULES
15 MADE APPLICABLE.—Rules similar to rules of sub-
16 section (c)(4) and (d) of section 46 (as in effect on
17 the day before the date of the enactment of the Rev-
18 enue Reconciliation Act of 1990) shall apply for pur-
19 poses of this subsection.

20 “(7) CERTAIN RULES RELATING TO VESSELS
21 MADE APPLICABLE.—Rules similar to rules of sub-
22 section (g) of section (46) (as in effect on the day
23 before the date of the enactment of the Revenue
24 Reconciliation Act of 1990) shall apply for purposes
25 of this subsection.”

1 (c) APPLICATION OF OTHER RULES.—

2 (1) AT RISK RULES.—Subparagraph (C) of sec-
3 tion 49(a)(1) of such Code is amended by striking
4 “and” at the end of clause (ii), by striking the pe-
5 riod at the end of clause (iii) and inserting “, and”,
6 and by adding at the end thereof the following new
7 clause:

8 “(iv) the basis of any new investment
9 credit property and the cost of any used
10 investment credit property.”

11 (2) RECAPTURE RULES.—

12 (A) Subparagraph (E) of section 50(a)(2)
13 of such Code is amended by inserting “or
14 48(c)(9)” before the period at the end thereof.

15 (B) Paragraph (5) of section 50(a) of such
16 Code is amended by adding at the end thereof
17 the following new subparagraph:

18 “(D) SPECIAL RULES FOR CERTAIN PROP-
19 erty.—In the case of any investment credit
20 property which is 3-year property (within the
21 meaning of section 168(e))—

22 “(i) the percentage set forth in clause
23 (ii) of the table contained in paragraph
24 (1)(B) shall be 66 percent,

1 “(ii) the percentage set forth in clause
2 (iii) of such table shall be 33 percent, and
3 “(iii) clauses (iv) and (v) of such table
4 shall not apply.”

5 (d) CONFORMING AMENDMENTS.—

6 (1) Section 39(d) of such Code is amended by
7 adding at the end the following new paragraph:

8 “(11) INVESTMENT TAX CREDIT.—No portion
9 of the unused business credit which is attributable to
10 the credit determined under section 48(c) (relating
11 to investment credit) may be carried to any taxable
12 year ending before the date of enactment of this
13 paragraph.”

14 (2) Section 1033(g)(3)(A) of such Code is
15 amended by inserting “with respect to which the in-
16 vestment credit determined under section 48(c) is or
17 has been claimed or,” before “with respect to
18 which”.

19 (3)(A) The section heading for section 48 of
20 such Code is amended to read as follows:

21 **“SEC. 48. OTHER CREDITS.”**

22 (B) The table of sections for subpart E of part
23 IV of subchapter A of chapter 1 of such Code is
24 amended by striking the item relating to section 48
25 and inserting the following:

 “Sec. 48. Other credits.”

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to periods after the date of the
3 enactment of this Act under rules similar to the rules of
4 section 48(m) of the Internal Revenue Code of 1986 (as
5 in effect on the day before the date of the enactment of
6 the Revenue Reconciliation Act of 1990).

○