

103^D CONGRESS
1ST SESSION

H. R. 3621

To amend the Internal Revenue Code of 1986 to allow a deduction for costs incurred to cleanup contaminated property.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 22, 1993

Mr. BACHUS of Alabama 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 allow a deduction for costs incurred to cleanup contaminated property.

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. DEDUCTION FOR COSTS INCURRED TO CLEAN-**
4 **UP CONTAMINATED PROPERTY.**

5 (a) IN GENERAL.—Part VI of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 (relating to
7 itemized deductions for individuals and corporations) is
8 amended by adding at the end thereof the following new
9 section:

1 **“SEC. 198. EXPENDITURES TO CLEANUP CONTAMINATED**
2 **PROPERTY.**

3 “(a) TREATMENT AS EXPENSES.—A taxpayer en-
4 gaged in a trade or business may treat environmental
5 cleanup expenditures which are paid or incurred by the
6 taxpayer during the taxable year as expenses which are
7 not chargeable to capital account. The expenditures which
8 are so treated shall be allowed as a deduction.

9 “(b) ENVIRONMENTAL CLEANUP EXPENDITURES.—
10 For purposes of this section—

11 “(1) IN GENERAL.—The term ‘environmental
12 cleanup expenditures’ means expenditures to remove,
13 or to take remedial action with respect to, any sub-
14 stance on any property owned by the taxpayer if
15 such removal or remedial action—

16 “(A) is required under the Comprehensive
17 Environmental Response, Compensation, and
18 Liability Act (42 U.S.C. 9601 et seq.), and

19 “(B) at least meets the requirements of
20 such Act.

21 “(2) EXCEPTIONS.—Such term shall not in-
22 clude any expenditure—

23 “(A) which is taken into account in deter-
24 mining the basis of any property of a character
25 subject to the allowance for depreciation under
26 section 167, or

1 “(B) which is allowable as a deduction
2 under any other provision of this chapter.

3 “(c) GENERATOR, ETC. NOT ELIGIBLE.—This sec-
4 tion shall not apply to expenditures to remove, or take re-
5 medial action with respect to, any substance on any prop-
6 erty if the taxpayer (or any related party) is potentially
7 liable under paragraph (2), (3), or (4) of section 107(a)
8 of the Comprehensive Environmental Response, Com-
9 pensation, and Liability Act with respect to such property.

10 “(d) WHEN METHOD MAY BE ADOPTED.—

11 “(1) WITHOUT CONSENT.—A taxpayer may,
12 without consent of the Secretary, adopt the method
13 provided in this section for the taxpayer’s first tax-
14 able year—

15 “(A) which begins after the date of the en-
16 actment of this section, and

17 “(B) for which environmental cleanup ex-
18 penditures are paid or incurred.

19 “(2) WITH CONSENT.—A taxpayer may, with
20 the consent of the Secretary, adopt at any time the
21 method provided in this section.”

22 (b) EXCEPTION FROM REQUIRED CAPITALIZA-
23 TION.—Subsection (a) of section 263 of such Code is
24 amended by striking “or” at the end of subparagraph (F),
25 by striking the period at the end of subparagraph (G) and

1 inserting “, or”, and by adding at the end thereof the fol-
2 lowing new subparagraph:

3 “(H) environmental cleanup expenditures
4 deductible under section 198.”

5 (c) CLERICAL AMENDMENT.—The table of sections
6 for part VI of subchapter B of chapter 1 of such Code
7 is amended by adding at the end thereof the following new
8 item:

 “Sec. 198. Expenditures to cleanup contaminated property.”

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 1985.

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