

107TH CONGRESS  
1ST SESSION

# H. R. 2064

To provide for comprehensive brownfield site assessment, cleanup, and  
redevelopment.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2001

Mr. QUINN (for himself, Mr. MEEHAN, Mr. MCHUGH, and Mr. MCGOVERN) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Small Business, Transportation and Infrastructure, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for comprehensive brownfield site assessment,  
cleanup, and redevelopment.

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 “Brownfields Redevelop-  
5 ment Incentives Act”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

- Sec. 3. Findings.  
 Sec. 4. Definitions.

**TITLE I—REDEVELOPMENT OF BROWNFIELD SITES THROUGH  
 EXISTING COMMUNITY DEVELOPMENT AND SMALL BUSINESS  
 ASSISTANCE PROGRAMS**

**Subtitle A—Community Development Programs**

- Sec. 101. Eligibility of nonentitlement communities for Brownfields Economic Development Program.  
 Sec. 102. Collateral for CDBG loan guarantees for loans funding brownfield sites activities.  
 Sec. 103. Definitions.  
 Sec. 104. Community development financial institutions assistance for brownfield sites activities.

**Subtitle B—Small Business Programs**

- Sec. 111. Set-aside of general business loans for brownfield activities.  
 Sec. 112. Small business investment companies devoted to brownfield cleanup activities.  
 Sec. 113. Small business development company set-aside for brownfield prevention and redevelopment projects.  
 Sec. 114. Sense of Congress regarding risk.

**TITLE II—REDEVELOPMENT OF BROWNFIELD SITES THROUGH  
 ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS**

- Sec. 201. Purposes.  
 Sec. 202. Definitions.  
 Sec. 203. Coordination.  
 Sec. 204. Grants for brownfield site redevelopment.  
 Sec. 205. Authorization of appropriations.

**TITLE III—TAX INCENTIVES RELATING TO BROWNFIELDS**

- Sec. 301. Environmental remediation tax credit.  
 Sec. 302. Brownfields IRA.  
 Sec. 303. Exclusion of interest received on indebtedness incurred for environmental remediation.  
 Sec. 304. Expensing of environmental remediation costs.  
 Sec. 305. Credit for environmental remediation technology research.

**1 SEC. 3. FINDINGS.**

2 The Congress finds that—

- 3 (1) the biggest hurdle that cities, communities,  
 4 and the private sector face when trying to acquire  
 5 and redevelop brownfield sites is the lack of capital  
 6 to carry out critical early-stage activities, including

1 site assessment and remediation planning, and the  
2 actual cleanup itself;

3 (2) private financiers, on their own, are often  
4 not willing or able to provide the funding needed to  
5 take previously used property through the full rede-  
6 velopment cycle;

7 (3) the components of successful brownfield site  
8 cleanups fall under the jurisdiction of many existing  
9 Federal programs;

10 (4) the issue of brownfields has given rise to  
11 new concerns about project risk and collateral value,  
12 and has complicated the traditional view of credit-  
13 worthiness;

14 (5) the complexity of brownfield situations,  
15 which varies depending on the nature and extent of  
16 contamination, the intended end-use of the site, and  
17 its location, means that no single approach, and no  
18 single financial assistance tool, will fit the majority  
19 of brownfield situations;

20 (6) to maximize available Federal resources, a  
21 number of financial assistance tools need to be re-  
22 fined so that they better link with existing financial  
23 assistance programs; and

24 (7) to ensure that the Environmental Protection  
25 Agency is as responsive as possible in meeting ongo-

1       ing brownfield site challenges, and to reflect the  
2       Agency’s evolving optimum role in these efforts, the  
3       Environmental Protection Agency should provide  
4       training, technical assistance, and direct outreach  
5       services in conjunction with State and local  
6       brownfield initiatives.

7       **SEC. 4. DEFINITIONS.**

8       For purposes of this Act:

9               (1) **APPROPRIATE FEDERAL AGENT.**—The term  
10       “appropriate Federal agent” means—

11               (A) with respect to the use of the term  
12       “brownfield site” in the Housing and Commu-  
13       nity Development Act of 1974 and the Reigle  
14       Community Development and Regulatory Im-  
15       provement Act of 1994, the Secretary of Hous-  
16       ing and Urban Development, in consultation  
17       with the Administrator of the Environmental  
18       Protection Agency;

19               (B) with respect to the use of the term  
20       “brownfield site” in the Small Business Act,  
21       the Small Business Investment Act of 1958,  
22       and section 114 of this Act, the Administrator  
23       of the Small Business Administration, in con-  
24       sultation with the Administrator of the Envi-  
25       ronmental Protection Agency; and

1 (C) with respect to the use of the term  
2 “brownfield site” in section 201(1) of this Act  
3 and in the Public Works and Economic Devel-  
4 opment Act of 1965, the Secretary of Com-  
5 merce, in consultation with the Administrator  
6 of the Environmental Protection Agency.

7 (2) BROWNFIELD SITE.—

8 (A) IN GENERAL.—The term “brownfield  
9 site” means real property, the expansion, rede-  
10 velopment, or reuse of which may be com-  
11 plicated by the presence or potential presence  
12 of—

13 (i) a hazardous substance (as defined  
14 in section 101 of the Comprehensive Envi-  
15 ronmental Response, Compensation, and  
16 Liability Act of 1980 (42 U.S.C. 9601));  
17 or

18 (ii) any other pollutant or contami-  
19 nant, as determined by the appropriate  
20 Federal agent.

21 (B) EXCLUSIONS.—Except as provided in  
22 subparagraph (C), the term “brownfield site”  
23 does not include—

24 (i) a facility that is the subject of a  
25 planned or ongoing removal action under

1 the Comprehensive Environmental Re-  
2 sponse, Compensation, and Liability Act of  
3 1980 (42 U.S.C. 9601 et seq.);

4 (ii) a facility that is listed on the Na-  
5 tional Priorities List, or is proposed for  
6 listing on that list, under that Act;

7 (iii) a facility that is the subject of a  
8 unilateral administrative order, a court  
9 order, an administrative order on consent,  
10 or a judicial consent decree that has been  
11 issued to or entered into by the parties  
12 under that Act;

13 (iv) a facility that is the subject of a  
14 unilateral administrative order, a court  
15 order, an administrative order on consent,  
16 or a judicial consent decree that has been  
17 issued to or entered into by the parties, or  
18 a facility to which a permit has been issued  
19 by the United States or an authorized  
20 State, under—

21 (I) the Solid Waste Disposal Act  
22 (42 U.S.C. 6901 et seq.);

23 (II) the Federal Water Pollution  
24 Control Act (33 U.S.C. 1251 et seq.);

1 (III) the Toxic Substances Con-  
2 trol Act (15 U.S.C. 2601 et seq.); or

3 (IV) the Safe Drinking Water  
4 Act (42 U.S.C. 300f et seq.);

5 (v) a facility—

6 (I) that is subject to corrective  
7 action under section 3004(u) or  
8 3008(h) of the Solid Waste Disposal  
9 Act (42 U.S.C. 6924(u), 6928(h));  
10 and

11 (II) to which a corrective action  
12 permit or order has been issued or  
13 modified to require the implementa-  
14 tion of corrective measures;

15 (vi) a land disposal unit with respect  
16 to which—

17 (I) a closure notification under  
18 subtitle C of the Solid Waste Disposal  
19 Act (42 U.S.C. 6921 et seq.) has been  
20 submitted; and

21 (II) closure requirements have  
22 been specified in a closure plan or  
23 permit;

24 (vii) a facility that is subject to the  
25 jurisdiction, custody, or control of a de-

1           partment, agency, or instrumentality of the  
2           United States, except for land held in trust  
3           by the United States for an Indian tribe;

4           (viii) a portion of a facility—

5           (I) at which there has been a re-  
6           lease of polychlorinated biphenyls; and

7           (II) that is subject to remediation  
8           under the Toxic Substances Control  
9           Act (15 U.S.C. 2601 et seq.); or

10          (ix) a portion of a facility, for which  
11          portion assistance for response activity has  
12          been obtained under subtitle I of the Solid  
13          Waste Disposal Act (42 U.S.C. 6991 et  
14          seq.) from the Leaking Underground Stor-  
15          age Tank Trust Fund established by sec-  
16          tion 9508 of the Internal Revenue Code of  
17          1986.

18          (C) SITE-BY-SITE INCLUSIONS.—The term  
19          “brownfield site” includes a site referred to in  
20          clause (i), (iv), (v), (vi), (viii), or (ix) of sub-  
21          paragraph (B), if, on a site-by-site basis, the  
22          appropriate Federal agent determines that use  
23          of the financial assistance at the site will—

24          (i) protect human health and the envi-  
25          ronment; and

1 (ii)(I) promote economic development;

2 or

3 (II) enable the creation of, preserva-  
4 tion of, or addition to parks, greenways,  
5 undeveloped property, other recreational  
6 property, or other property used for non-  
7 profit purposes.

8 (D) ADDITIONAL INCLUSIONS.—The term  
9 ‘brownfield site’ includes a site that meets the  
10 definition of ‘brownfield site’ under subpara-  
11 graphs (A) through (C) that—

12 (i) is contaminated by a controlled  
13 substance (as defined in section 102 of the  
14 Controlled Substances Act (21 U.S.C.  
15 802));

16 (ii)(I) is contaminated by petroleum  
17 or a petroleum product excluded from the  
18 definition of ‘hazardous substance’ under  
19 section 101 of the Comprehensive Environ-  
20 mental Response, Compensation, and Li-  
21 ability Act of 1980 (42 U.S.C. 9601); and

22 (II) is a site determined by the appro-  
23 priate Federal agent to be—

24 (aa) of relatively low risk, as  
25 compared with other petroleum-only

1 sites in the State in which the site is  
2 located; and

3 (bb) a site for which there is no  
4 viable responsible party and that will  
5 be assessed, investigated, or cleaned  
6 up by a person that is not potentially  
7 liable for cleaning up the site; and

8 (III) is not subject to any order issued  
9 under section 9003(h) of the Solid Waste  
10 Disposal Act (42 U.S.C. 6991b(h)); or

11 (iii) is mine-scarred land.

12 **TITLE I—REDEVELOPMENT OF**  
13 **BROWNFIELD SITES**  
14 **THROUGH EXISTING COMMU-**  
15 **NITY DEVELOPMENT AND**  
16 **SMALL BUSINESS ASSIST-**  
17 **ANCE PROGRAMS**

18 **Subtitle A—Community**  
19 **Development Programs**

20 **SEC. 101. ELIGIBILITY OF NONENTITLEMENT COMMU-**  
21 **NITIES FOR BROWNFIELDS ECONOMIC DE-**  
22 **VELOPMENT PROGRAM.**

23 Section 108(q) of the Housing and Community De-  
24 velopment Act of 1974 (42 U.S.C. 5308(q)) is amended—

25 (1) in paragraph (1)—

1 (A) by inserting “(A)” after “grants”; and

2 (B) by inserting before the period at the  
3 end the following: “, and (B) to units of general  
4 local government in nonentitlement areas for  
5 the purpose of assisting environmental cleanup  
6 and economic development activities related to  
7 brownfield sites”;

8 (2) in paragraph (2)—

9 (A) by inserting “(A)” after “only”; and

10 (B) by inserting before the period at the  
11 end the following: “, or (B) in the case of  
12 grants pursuant to paragraph (1)(B), for the  
13 purpose of environmental cleanup and economic  
14 development activities related to brownfield  
15 sites”; and

16 (3) in the second sentence of paragraph (3), by  
17 striking “Eligible” and inserting “Except in the case  
18 of applications for grants pursuant to paragraph  
19 (1)(B), eligible”.

20 **SEC. 102. COLLATERAL FOR CDBG LOAN GUARANTEES FOR**  
21 **LOANS FUNDING BROWNFIELD SITES ACTIVI-**  
22 **TIES.**

23 Section 108(d) of the Housing and Community De-  
24 velopment Act of 1974 (42 U.S.C. 5308(d)) is amended—

1 (1) in paragraph (1), by striking “To” and in-  
2 serting “Except as provided in paragraph (2), to”;—

3 (2) by redesignating paragraph (2) as para-  
4 graph (3); and

5 (3) by inserting after paragraph (1) the fol-  
6 lowing new paragraph:

7 “(2) In the case of notes or other obligations issued  
8 by a metropolitan city or urban county for the purposes  
9 of financing environmental cleanup and economic develop-  
10 ment activities related to brownfield sites, to assure the  
11 repayment of such notes or obligations and charges in-  
12 curred under this section, the Secretary shall require the  
13 issuer—

14 “(A) to enter into a contract described in para-  
15 graph (1)(A); and

16 “(B) furnish such security as may be deemed  
17 appropriate by the Secretary in making such guar-  
18 antees, including increments in local tax receipts  
19 generated by the brownfield site activities and any  
20 dedicated sources of revenue from such activities.”.

21 **SEC. 103. DEFINITIONS.**

22 Section 108 of the Housing and Community Develop-  
23 ment Act of 1974 (42 U.S.C. 5308) is amended by strik-  
24 ing subsection (o) and inserting the following new sub-  
25 section:

1 “(o) DEFINITIONS.—For purposes of this section:

2 “(1) BROWNFIELD SITE.—The term ‘brownfield  
3 site’ has the meaning given such term in section 4  
4 of the Brownfields Redevelopment Incentives Act.

5 “(2) ELIGIBLE PUBLIC ENTITY.—The term ‘eli-  
6 gible public entity’ means any unit of general local  
7 government, including units of general local govern-  
8 ment in nonentitlement areas.”.

9 **SEC. 104. COMMUNITY DEVELOPMENT FINANCIAL INSTITU-**  
10 **TIONS ASSISTANCE FOR BROWNFIELD SITES**  
11 **ACTIVITIES.**

12 Section 121(a) of the Reigle Community Develop-  
13 ment and Regulatory Improvement Act of 1994 (12  
14 U.S.C. 4718(a)) is amended by inserting at the end the  
15 following new paragraph:

16 “(6) BROWNFIELD CLEANUP AND REDEVELOP-  
17 MENT.—In addition to the amounts authorized to be  
18 appropriated under paragraph (1) or otherwise to  
19 carry out this subtitle, there are authorized to be ap-  
20 propriated to the Fund \$25,000,000, except that  
21 such amounts shall be available only for providing  
22 assistance under section 108 to a community devel-  
23 opment financial institution for carrying out a lend-  
24 ing strategy that has been developed by the institu-  
25 tion and has as its purpose assisting the environ-

1 mental cleanup and economic development of invest-  
2 ment areas that consist of one or more brownfield  
3 sites (as such term is defined in section 4 of the  
4 Brownfields Redevelopment Incentives Act).”.

## 5 **Subtitle B—Small Business** 6 **Programs**

### 7 **SEC. 111. SET-ASIDE OF GENERAL BUSINESS LOANS FOR** 8 **BROWNFIELD ACTIVITIES.**

9 Section 7(a) of the Small Business Act (15 U.S.C.  
10 636(a)) is amended by adding at the end the following  
11 new paragraph:

12 “(31) SET-ASIDE FOR BROWNFIELD ACTIVI-  
13 TIES.—

14 “(A) IN GENERAL.—In each fiscal year,  
15 the Administrator of the Small Business Ad-  
16 ministration shall set aside the lesser of  
17 \$100,000,000 or 2 percent of the amount made  
18 available for the fiscal year to carry out this  
19 subsection for loans described in subparagraph  
20 (B).

21 “(B) USE OF FUNDS.—The Administrator  
22 may use funds set aside under subparagraph  
23 (A) to make loans under this subsection to  
24 small-business concerns to assist such concerns  
25 in carrying out site assessments, remediation

1 planning, and cleanup activities with respect to  
2 brownfield sites.

3 “(C) PARTICIPATION IN CERTAIN ACTIVITIES REQUIRED.—The Administrator may not  
4 make a loan under this paragraph to a small-  
5 business concern unless the concern participates  
6 in—  
7

8 “(i) a voluntary program for the  
9 cleanup of brownfield sites carried out by  
10 the State in which the brownfield site for  
11 which the loan is made is located; or

12 “(ii) other activities, approved by such  
13 State and the Environmental Protection  
14 Agency, for the cleanup of brownfield sites.

15 “(D) DEFINITIONS.—In this paragraph,  
16 the following definitions apply:

17 “(i) BROWNFIELD SITE.—The term  
18 ‘brownfield site’ has the meaning given  
19 that term in section 4 of the Brownfields  
20 Redevelopment Incentives Act.

21 “(ii) SITE ASSESSMENT.—The term  
22 ‘site assessment’, with respect to a  
23 brownfield site, means any investigation of  
24 the site determined appropriate by the  
25 President and carried out under section

1           104(b) of the Comprehensive Environ-  
2           mental Response, Compensation, and Li-  
3           ability Act of 1980 (42 U.S.C. 9604(b)).”.

4 **SEC. 112. SMALL BUSINESS INVESTMENT COMPANIES DE-**  
5 **VOTED TO BROWNFIELD CLEANUP ACTIVI-**  
6 **TIES.**

7           (a) IN GENERAL.—Part A of title III of the Small  
8 Business Investment Act of 1958 (15 U.S.C. 681 et seq.)  
9 is amended by adding at the end the following new section:

10 **“SEC. 321. SMALL BUSINESS INVESTMENT COMPANIES DE-**  
11 **VOTED TO BROWNFIELD CLEANUP ACTIVI-**  
12 **TIES.**

13           “(a) IN GENERAL.—In accordance with this part, the  
14 Administrator shall promote the formation of not less than  
15 1 small business investment company devoted to making  
16 loans to small business concerns for—

17           “(1) brownfield site cleanup activities, including  
18 those that use innovative or experimental cleanup  
19 technologies; or

20           “(2) projects that help existing companies clean  
21 up their facilities and adopt new, clean technologies.

22           “(b) WAIVER OF FEES.—With respect to a small  
23 business investment company described in subsection (a),  
24 the Administrator may waive the fees imposed under sec-  
25 tion 301(e).

1       “(c) SET-ASIDE.—In each fiscal year, the Adminis-  
2 trator shall set aside the lesser of \$2,000,000 or 10 per-  
3 cent of the amount made available for the fiscal year to  
4 carry out this part for use in providing leverage to small  
5 business investment companies described in subsection  
6 (a).

7       “(d) PARTICIPATION IN CERTAIN ACTIVITIES RE-  
8 QUIRED.—As a condition of the receipt of assistance made  
9 available under this section, the Administrator shall re-  
10 quire each small business investment company receiving  
11 such assistance to require that each small business con-  
12 cern to which the company makes a loan participate in—

13               “(1) a voluntary program for the cleanup of  
14 brownfield sites carried out by the State in which  
15 the brownfield site for which the loan is made is lo-  
16 cated; or

17               “(2) other activities, approved by such State  
18 and the Environmental Protection Agency, for the  
19 cleanup of brownfield sites.”.

20       (b) CONFORMING AMENDMENT.—Section 103 of the  
21 Small Business Investment Act of 1958 (15 U.S.C. 662)  
22 is amended—

23               (1) in paragraph (16), by striking “and” at the  
24 end;

1           (2) in paragraph (17), by striking the period at  
2           the end and inserting “; and”; and

3           (3) by adding at the end the following new  
4           paragraph:

5           “(18) the term ‘brownfield site’ has the mean-  
6           ing given that term in section 4 of the Brownfields  
7           Redevelopment Incentives Act.”.

8   **SEC. 113. SMALL BUSINESS DEVELOPMENT COMPANY SET-**  
9                           **ASIDE FOR BROWNFIELD PREVENTION AND**  
10                           **REDEVELOPMENT PROJECTS.**

11           Title 5 of the Small Business Investment Act of 1958  
12           (15 U.S.C. 695 et seq.) is amended by adding at the end  
13           the following new section:

14   **“SEC. 511. ASSISTANCE FOR BROWNFIELD PREVENTION**  
15                           **AND REDEVELOPMENT PROJECTS.**

16           “(a) PURPOSE.—The purpose of this section is to  
17           make capital available to small, polluting industries, or to  
18           the prospective purchasers of such industries, that have  
19           limited or no access to capital from conventional sources  
20           for assessing and cleaning up their sites and facilities or  
21           acquiring new, clean technologies and production equip-  
22           ment.

23           “(b) SET-ASIDE.—In each fiscal year, the Adminis-  
24           trator shall set aside the lesser of \$50,000,000 or 10 per-  
25           cent of the amount made available for the fiscal year to

1 carry out this title for assistance to local development  
2 companies to enable such companies to finance projects  
3 that—

4           “(1) assist existing small business concerns in  
5 carrying out site assessments and cleanup activities  
6 at brownfield sites; or

7           “(2) assist prospective owners or operators of  
8 small business concerns in carrying out site assess-  
9 ments and cleanup activities at brownfield sites nec-  
10 essary to facilitate a transition in ownership or to  
11 encourage industrial succession.

12       “(c) SITE ASSESSMENT DEFINED.—In this section,  
13 the term ‘site assessment’, with respect to a brownfield  
14 site, means any investigation of the site determined appro-  
15 priate by the President and undertaken pursuant to sec-  
16 tion 104(b) of the Comprehensive Environmental Re-  
17 sponse, Compensation, and Liability Act of 1980 (42  
18 U.S.C. 9604(b)).

19       “(d) PARTICIPATION IN CERTAIN ACTIVITIES RE-  
20 QUIRED.—As a condition of the receipt of assistance made  
21 available under this section, the Administrator shall re-  
22 quire each local development company receiving such as-  
23 sistance to require that each small business concern to  
24 which the company makes a loan participate in—

1           “(1) a voluntary program for the cleanup of  
2           brownfield sites carried out by the State in which  
3           the brownfield site for which the loan is made is lo-  
4           cated; or

5           “(2) other activities, approved by such State  
6           and the Environmental Protection Agency, for the  
7           cleanup of brownfield sites.”.

8 **SEC. 114. SENSE OF CONGRESS REGARDING RISK.**

9           It is the sense of Congress that—

10           (1) loans made to support activities related to  
11           the cleanup and redevelopment of brownfield sites  
12           may involve a greater degree of risk than loans  
13           made for other purposes;

14           (2) the public good that can be achieved  
15           through the cleanup and redevelopment of  
16           brownfield sites justifies the making of such loans  
17           despite the potential for increased risk; and

18           (3) in carrying out this subtitle, the Adminis-  
19           trator of the Small Business Administration should  
20           not fail to make assistance available for the cleanup  
21           and redevelopment of brownfield sites merely be-  
22           cause of such potential for increased risk.

1 **TITLE II—REDEVELOPMENT OF**  
2 **BROWNFIELD SITES**  
3 **THROUGH ECONOMIC DEVEL-**  
4 **OPMENT ADMINISTRATION**  
5 **PROGRAMS**

6 **SEC. 201. PURPOSES.**

7 Consistent with section 2 of the Public Works and  
8 Economic Development Act of 1965 (42 U.S.C. 3121), the  
9 purposes of this title are—

10 (1) to provide targeted assistance, including  
11 planning assistance, for projects that promote the  
12 redevelopment, restoration, and economic recovery of  
13 brownfield sites; and

14 (2) through such assistance, to further the  
15 goals of restoring the employment and tax bases of,  
16 and bringing new income and private investment to,  
17 distressed communities that have not participated  
18 fully in the economic growth of the United States  
19 because of a lack of an adequate private sector tax  
20 base to support essential public services and facili-  
21 ties.

22 **SEC. 202. DEFINITIONS.**

23 Section 3 of the Public Works and Economic Devel-  
24 opment Act of 1965 (42 U.S.C. 3122) is amended—

1 (1) by redesignating paragraphs (1) through  
2 (10) as paragraphs (2) through (11), respectively;

3 (2) by inserting before paragraph (2) (as so re-  
4 designated) the following:

5 “(1) BROWNFIELD SITE.—The term ‘brownfield  
6 site’ has the meaning given such term in section 4  
7 of the Brownfields Redevelopment Incentives Act.”;  
8 and

9 (3) by adding at the end the following:

10 “(12) UNUSED LAND.—The term ‘unused land’  
11 means any publicly-owned or privately-owned un-  
12 used, underused, or abandoned land that is not con-  
13 tributing to the quality of life or economic well-being  
14 of the community in which the land is located.”.

15 **SEC. 203. COORDINATION.**

16 Section 103 of the Public Works and Economic De-  
17 velopment Act of 1965 (42 U.S.C. 3z132) is amended—

18 (1) by inserting “(a) COMPREHENSIVE ECO-  
19 NOMIC DEVELOPMENT STRATEGIES.—” before “The  
20 Secretary”; and

21 (2) by adding at the end the following:

22 “(b) BROWNFIELD SITE REDEVELOPMENT.—The  
23 Secretary shall coordinate activities relating to the redevel-  
24 opment of brownfield sites under this Act with other Fed-  
25 eral agencies, States, local governments, consortia of local

1 governments, Indian tribes, nonprofit organizations, and  
2 public-private partnerships.”.

3 **SEC. 204. GRANTS FOR BROWNFIELD SITE REDEVELOP-**  
4 **MENT.**

5 (a) IN GENERAL.—Title II of the Public Works and  
6 Economic Development Act of 1965 (42 U.S.C. 3141 et  
7 seq.) is amended—

8 (1) by redesignating sections 210 through 213  
9 as sections 211 through 214, respectively; and

10 (2) by inserting after section 209 the following:

11 **“SEC. 210. GRANTS FOR BROWNFIELD SITE REDEVELOP-**  
12 **MENT.**

13 “(a) IN GENERAL.—On the application of an eligible  
14 recipient, the Secretary may make grants for projects to  
15 alleviate or prevent conditions of excessive unemployment,  
16 underemployment, blight, and infrastructure deterioration  
17 associated with brownfield sites, including projects con-  
18 sisting of—

19 “(1) development of public facilities;

20 “(2) development of public services;

21 “(3) business development (including funding of  
22 a revolving loan fund);

23 “(4) planning;

24 “(5) technical assistance; and

25 “(6) training.

1       “(b) CRITERIA FOR GRANTS.—The Secretary may  
2 provide a grant for a project under this section only if—

3           “(1) the Secretary determines that the project  
4 will assist the area where the project is or will be lo-  
5 cated to meet, directly or indirectly, a special need  
6 arising from—

7           “(A) a high level of unemployment or  
8 underemployment, or a high proportion of low-  
9 income households;

10          “(B) the existence of blight and infrastruc-  
11 ture deterioration;

12          “(C) dislocations resulting from commer-  
13 cial or industrial restructuring;

14          “(D) outmigration and population loss, as  
15 indicated by—

16           “(i)(I) depletion of human capital (in-  
17 cluding young, skilled, or educated popu-  
18 lations);

19           “(II) depletion of financial capital (in-  
20 cluding firms and investment); or

21           “(III) a shrinking tax base; and

22           “(ii) resulting—

23               “(I) fiscal pressure;

24               “(II) restricted access to mar-  
25 kets; and

1                   “(III) constrained local develop-  
2                   ment potential; or

3                   “(E) the closure or realignment of—

4                   “(i) a military or Department of En-  
5                   ergy installation; or

6                   “(ii) any other Federal facility; and

7                   “(2) except in the case of a project consisting  
8                   of planning or technical assistance—

9                   “(A) the Secretary has approved a com-  
10                  prehensive economic development strategy for  
11                  the area where the project is or will be located;  
12                  and

13                  “(B) the project is consistent with the  
14                  comprehensive economic development strategy.

15                  “(c) PARTICULAR COMMUNITY ASSISTANCE.—Assist-  
16                  ance under this section may include assistance provided  
17                  for activities identified by a community, the economy of  
18                  which is injured by the existence of 1 or more brownfield  
19                  sites, to assist the community in—

20                  “(1) revitalizing affected areas by—

21                  “(A) diversifying the economy of the com-  
22                  munity; or

23                  “(B) carrying out industrial or commercial  
24                  (including mixed use) redevelopment projects on

1 brownfield sites or sites adjacent to brownfield  
2 sites;

3 “(2) carrying out development that conserves  
4 environmental and agricultural resources by—

5 “(A) reusing existing facilities and infra-  
6 structure;

7 “(B) reclaiming unused land and aban-  
8 doned buildings; or

9 “(C) creating publicly owned parks, play-  
10 grounds, recreational facilities, or cultural cen-  
11 ters that contribute to the economic revitaliza-  
12 tion of a community; or

13 “(3) carrying out a collaborative economic de-  
14 velopment planning process, developed with broad-  
15 based and diverse community participation, that ad-  
16 dresses the economic repercussions and opportunities  
17 posed by the existence of brownfield sites in an area.

18 “(d) DIRECT EXPENDITURE OR REDISTRIBUTION BY  
19 ELIGIBLE RECIPIENT.—

20 “(1) IN GENERAL.—Subject to paragraph (2),  
21 an eligible recipient of a grant under this section  
22 may directly expend the grant funds or may redis-  
23 tribute the funds to public and private entities in the  
24 form of a grant, loan, loan guarantee, payment to

1 reduce interest on a loan guarantee, or other appro-  
 2 priate assistance.

3 “(2) LIMITATION.—Under paragraph (1), an el-  
 4 igible recipient may not provide any grant to a pri-  
 5 vate for-profit entity.”.

6 (b) CONFORMING AMENDMENT.—The table of con-  
 7 tents in section 1(b) of the Public Works and Economic  
 8 Development Act of 1965 (42 U.S.C. prec. 3121) is  
 9 amended by striking the items relating to sections 210  
 10 through 213 and inserting the following:

“Sec. 210. Grants for brownfield site redevelopment.

“Sec. 211. Changed project circumstances.

“Sec. 212. Use of funds in projects constructed under projected cost.

“Sec. 213. Reports by recipients.

“Sec. 214. Prohibition on use of funds for attorney’s and consultant’s fees.”.

11 **SEC. 205. AUTHORIZATION OF APPROPRIATIONS.**

12 (a) IN GENERAL.—Title VII of the Public Works and  
 13 Economic Development Act of 1965 (42 U.S.C. 3231 et  
 14 seq.) is amended by adding at the end the following:

15 **“SEC. 704. AUTHORIZATION OF APPROPRIATIONS FOR**  
 16 **BROWNFIELD SITE REDEVELOPMENT.**

17 “(a) IN GENERAL.—In addition to amounts made  
 18 available under section 701, there are authorized to be ap-  
 19 propriated to carry out section 210 \$60,000,000 for each  
 20 of fiscal years 2002 through 2007. Such sums shall re-  
 21 main available until expended.

22 “(b) FEDERAL SHARE.—Notwithstanding section  
 23 204, subject to section 205, the Federal share of the cost

1 of activities funded with amounts made available under  
2 subsection (a) shall be not more than 75 percent.”.

3 (b) CONFORMING AMENDMENT.—The table of con-  
4 tents in section 1(b) of the Public Works and Economic  
5 Development Act of 1965 (42 U.S.C. prec. 3121) is  
6 amended by adding at the end of the items relating to  
7 title VII the following:

“Sec. 704. Authorization of appropriations for brownfield site redevelopment.”.

8 **TITLE III—TAX INCENTIVES**  
9 **RELATING TO BROWNFIELDS**

10 **SEC. 301. ENVIRONMENTAL REMEDIATION TAX CREDIT.**

11 (a) GENERAL RULE.—Part IV of subchapter A of  
12 chapter 1 of the Internal Revenue Code of 1986 (relating  
13 to credits allowable) is amended by adding at the end  
14 thereof the following new subpart:

15 **“Subpart H—Environmental Remediation Credit**

“Sec. 54. Amount of environmental remediation credit.

“Sec. 54A. Definitions and special rules.

16 **“SEC. 54. AMOUNT OF ENVIRONMENTAL REMEDIATION**  
17 **CREDIT.**

18 “(a) GENERAL RULE.—For purposes of section 38,  
19 the environmental remediation credit determined under  
20 this section is 50 percent of the costs—

21 “(1) which are paid or incurred by the taxpayer  
22 for environmental remediation with respect to any

1 qualified contaminated site which is owned by the  
2 taxpayer, and

3 “(2) which are incurred by the taxpayer pursu-  
4 ant to an environmental remediation plan for such  
5 site which was approved by the Administrator of the  
6 Environmental Protection Agency or by the head of  
7 any State or local government agency designated by  
8 the Administrator to carry out the Administrator’s  
9 functions under this subpart with respect to such  
10 site.

11 “(b) LIMITATION.—The amount of the credit deter-  
12 mined under subsection (a) shall not exceed \$50,000.

13 “(c) REMEDIATION PLAN MUST BE COMPLETED.—

14 “(1) IN GENERAL.—Except as otherwise pro-  
15 vided in paragraph (2)—

16 “(A) no environmental remediation credit  
17 shall be determined under this section with re-  
18 spect to any qualified contaminated site unless  
19 the Administrator of the Environmental Protec-  
20 tion Agency (or such Administrator’s designee  
21 under subsection (a)(2)) certifies the environ-  
22 mental remediation plan for such site has been  
23 completed, and

24 “(B) if such Administrator (or designee)  
25 certifies that such plan has been completed,

1 such credit shall be taken into account under  
2 subsection (a) ratably over the 5 taxable year  
3 period beginning with the taxable year in which  
4 such plan was completed.

5 “(2) SPECIAL RULE WHERE EXTRAORDINARY  
6 COST INCREASES.—If—

7 “(A) the taxpayer determines that due to  
8 unforeseen circumstances the cost of completing  
9 the remediation plan for any qualified contami-  
10 nated site exceeds 200 percent of the estimated  
11 costs of completing such plan, and

12 “(B) the State or local official admin-  
13 istering the remediation credit program agrees  
14 with such determination,

15 the taxpayer may cease the implementation of such  
16 plan and shall be entitled to an environmental reme-  
17 diation credit with respect to costs incurred before  
18 such cessation. Such credit shall be taken into ac-  
19 count under subsection (a) ratably over the 5-tax-  
20 able-year period beginning with the taxable year in  
21 which such cessation occurs.

22 “(d) CERTAIN PARTIES NOT ELIGIBLE.—

23 “(1) IN GENERAL.—A taxpayer shall not be eli-  
24 gible for any credit determined under this section  
25 with respect to any qualified contaminated site if—

1           “(A) at any time on or before the date of  
2 the enactment of this subpart, such taxpayer  
3 was the owner or operator of any business on  
4 such site,

5           “(B) at any time before, on, or after such  
6 date of enactment such taxpayer—

7                   “(i) had (by contract, agreement, or  
8 otherwise) arranged for the disposal or  
9 treatment of any hazardous materials at  
10 such site or arranged with a transporter  
11 for transport for disposal or treatment of  
12 any hazardous materials at such site, or

13                   “(ii) had accepted any hazardous ma-  
14 terials for transport to such site, or

15           “(C) the taxpayer is related to any tax-  
16 payer referred to in subparagraph (A) or (B).

17           “(2) EXCEPTIONS.—

18                   “(A) ACQUISITION OF BUSINESS OR SITE  
19 BY FORECLOSURE, ETC.—Paragraph (1) shall  
20 not apply to a taxpayer who became described  
21 therein by reason of the acquisition of the busi-  
22 ness or site through foreclosure (or the equiva-  
23 lent) of a security interest held by the taxpayer  
24 or a related party if the taxpayer undertakes to  
25 sell or otherwise dispose of such business or site

1 in a reasonably expeditious manner on commer-  
2 cially reasonable terms.

3 “(B) USE OF SITE REMEDIATED BY TAX-  
4 PAYER.—Subparagraph (B) of paragraph (1)  
5 shall not apply to a taxpayer with respect to  
6 any site if—

7 “(i) the only actions described in such  
8 subparagraph of the taxpayer (or a related  
9 person) with respect to such site occur  
10 after such taxpayer (or person) carry out  
11 an environmental remediation plan for  
12 such site (and the completion of such plan  
13 is certified under subsection (c)(1)), and

14 “(ii) such actions are part of a bona  
15 fide manufacturing process (or other in-  
16 dustrial activity at such site) of such tax-  
17 payer (or person) which complies with all  
18 Federal environmental laws and regula-  
19 tions.

20 “(e) QUALIFIED CONTAMINATED SITE.—For pur-  
21 poses of this subpart, the term ‘qualified contaminated  
22 site’ means any contaminated site if—

23 “(1) the condition of the contaminated site is  
24 such that without participation in the environmental

1 remediation credit program redevelopment is un-  
2 likely,

3 “(2) there is a strong likelihood of redevelop-  
4 ment of the site for industrial or commercial use  
5 that will result in creation of jobs and expansion of  
6 the tax base, and

7 “(3) environmental remediation and redevelop-  
8 ment are likely to be completed within a reasonable  
9 period of time.

10 **“SEC. 54A. DEFINITIONS AND SPECIAL RULES.**

11 “(a) CONTAMINATED SITE.—For purposes of this  
12 subpart—

13 “(1) IN GENERAL.—The term ‘contaminated  
14 site’ means any site if at least 1 of the following en-  
15 vironmental conditions is present on such site:

16 “(A) A release or threatened release of any  
17 hazardous, toxic, or dangerous substance.

18 “(B) Any storage tanks which contain any  
19 hazardous, toxic, or dangerous substance.

20 “(C) Any illegal disposal of solid waste.

21 “(2) HAZARDOUS, TOXIC, OR DANGEROUS SUB-  
22 STANCE.—Any substance, waste, or material shall be  
23 treated as a hazardous, toxic, or dangerous sub-  
24 stance if it is so treated under—

1           “(A) the Comprehensive Environmental  
2           Response, Compensation, and Liability Act of  
3           1980 (42 U.S.C. 9601 et seq.) as in effect on  
4           the date of the enactment of this section, or

5           “(B) the Solid Waste Disposal Act (42  
6           U.S.C. 6901 et seq.) as so in effect.

7           The following materials shall in any event be treated  
8           as such a substance: petroleum or crude oil or any  
9           derivative thereof, friable asbestos or any asbestos  
10          containing material, polychlorinated biphenyls, and  
11          lead paint.

12          “(b) ENVIRONMENTAL REMEDIATION.—For pur-  
13          poses of this subpart, the term ‘environmental remedi-  
14          ation’ means—

15               “(1) removal or remediation activity in accord-  
16               ance with the plan approved under section 54(a)(2),

17               “(2) restoration of natural, historic or cultural  
18               resources at the site, or the mitigation of unavoid-  
19               able losses of such resources incurred in connection  
20               with the remediation or response activity,

21               “(3) health assessments or health effects stud-  
22               ies related to the site,

23               “(4) remediation of off-site contamination  
24               caused by activity on the site (other than remedi-

1        ation activities of a type not permitted for the site),  
2        and

3            “(5) any other costs specified in the plan ap-  
4        proved under section 54(a)(2), including demolition  
5        of existing contaminated structures, site security,  
6        permit fees necessary for remediation, and environ-  
7        mental audits.

8            “(c) RELATED PERSON.—For purposes of this sub-  
9        part, persons shall be treated as related to each other if  
10       such persons are treated as a single employer under the  
11       regulations prescribed under section 52(b) or such persons  
12       bear a relationship to each other specified in section  
13       267(b) or 707(b).

14           “(d) COORDINATION WITH EXPENSING OF ENVIRON-  
15       MENTAL REMEDIATION COSTS.—The costs taken into ac-  
16       count under section 54(a) do not include any costs for  
17       which an election is in effect under section 198.”.

18           (b) CREDIT MADE PART OF GENERAL BUSINESS  
19       CREDIT.—Subsection (b) of section 38 of such Code is  
20       amended by striking “plus” at the end of paragraph (12),  
21       by striking the period at the end of paragraph (13) and  
22       inserting “, plus”, and by adding at the end thereof the  
23       following new paragraph:

24            “(14) the environmental remediation credit  
25        under section 54(a).”.

1       (c) LIMITATION ON CARRYBACK.—Subsection (d) of  
2 section 39 of such Code is amended by adding at the end  
3 thereof the following new paragraph:

4               “(10) NO CARRYBACK OF ENVIRONMENTAL RE-  
5       MEDICATION CREDIT BEFORE EFFECTIVE DATE.—No  
6       portion of the unused business credit for any taxable  
7       year which is attributable to the credit under section  
8       54 may be carried back to a taxable year beginning  
9       on or before the date of the enactment of section  
10       54.”.

11       (d) DEDUCTION FOR UNUSED CREDIT.—Subsection  
12 (c) of section 196 of such Code is amended by striking  
13 “and” at the end of paragraph (8), by striking the period  
14 at the end of paragraph (9) and inserting “, and”, and  
15 by adding at the end thereof the following new paragraph:

16               “(10) the environmental remediation credit de-  
17       termined under section 54.”.

18       (e) CLERICAL AMENDMENT.—The table of subparts  
19 for part IV of subchapter A of chapter 1 of such Code  
20 is amended by adding at the end thereof the following new  
21 item:

                  “Subpart H. Environmental remediation credit.”.

22       (f) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 the date of the enactment of this Act.

1 **SEC. 302. BROWNFIELDS IRA.**

2 (a) IN GENERAL.—Subpart C of part II of sub-  
3 chapter E of chapter 1 of the Internal Revenue Code of  
4 1986 is amended by inserting after section 468B the fol-  
5 lowing new section:

6 **“SEC. 468C. SPECIAL RULES FOR HAZARDOUS WASTE RE-**  
7 **MEDIATION RESERVES.**

8 “(a) IN GENERAL.—There shall be allowed as a de-  
9 duction for any taxable year the amount of payments  
10 made by the taxpayer to a Hazardous Waste Remediation  
11 Reserve (hereinafter referred to as the ‘Reserve’) during  
12 such taxable year.

13 “(b) LIMITATION ON AMOUNTS PAID INTO RE-  
14 SERVE.—The amount which a taxpayer may pay into the  
15 Reserve for any taxable year shall not exceed the lesser  
16 of—

17 “(1) \$1,000,000, or

18 “(2) the excess (if any) of \$1,000,000 over the  
19 amount paid into the Reserve for all prior taxable  
20 years.

21 “(c) INCOME AND DEDUCTIONS OF THE TAX-  
22 PAYER.—

23 “(1) INCLUSION OF AMOUNTS DISTRIBUTED.—

24 There shall be includible in the gross income of the  
25 taxpayer for any taxable year—

1           “(A) any amount distributed from the Re-  
2           serve during such taxable year, and

3           “(B) any deemed distribution under sub-  
4           section (e).

5           “(2) DEDUCTION WHEN ECONOMIC PERFORM-  
6           ANCE OCCURS.—In addition to any deduction under  
7           subsection (a), there shall be allowable as a deduc-  
8           tion for any taxable year the amount of the qualified  
9           hazardous waste costs with respect to which eco-  
10          nomic performance (within the meaning of section  
11          461(h)(2)) occurs during such taxable year.

12          “(d) HAZARDOUS WASTE REMEDIATION RESERVE.—

13           “(1) IN GENERAL.—For purposes of this sec-  
14          tion, the term ‘Hazardous Waste Remediation Re-  
15          serve’ means a reserve established by the taxpayer  
16          for purposes of this section.

17           “(2) RESERVE EXEMPT FROM TAXATION.—Any  
18          Hazardous Waste Remediation Reserve is exempt  
19          from taxation under this subtitle unless such Re-  
20          serve has ceased to be a Hazardous Waste Remedi-  
21          ation Reserve by reason of subsection (e). Notwith-  
22          standing the preceding sentence, any such Reserve  
23          shall be subject to the taxes imposed by section 511  
24          (relating to imposition of tax on unrelated business  
25          income of charitable, etc. organizations).

1           “(3) CONTRIBUTIONS TO RESERVE.—The Re-  
2           serve shall not accept any payments (or other  
3           amounts) other than payments with respect to which  
4           a deduction is allowable under subsection (a).

5           “(4) USE OF RESERVE.—The Reserve shall be  
6           used exclusively to pay the qualified hazardous waste  
7           costs of the taxpayer.

8           “(5) PROHIBITIONS AGAINST SELF-DEALING.—  
9           Under regulations prescribed by the Secretary, for  
10          purposes of section 4951 (and so much of this title  
11          as relates to such section), the Reserve shall be  
12          treated in the same manner as a trust described in  
13          section 501(c)(21).

14          “(e) DEEMED DISTRIBUTIONS.—

15                 “(1) DISQUALIFICATION OF RESERVE FOR  
16                 SELF-DEALING.—In any case in which a Reserve vio-  
17                 lates any provision of this section or section 4951,  
18                 the Secretary may disqualify such Reserve from the  
19                 application of this section. In any case to which this  
20                 paragraph applies, the Reserve shall be treated as  
21                 having distributed all of its funds on the date such  
22                 determination takes effect.

23                 “(2) FAILURE TO SPEND FUNDS.—A Reserve  
24                 shall be treated as having distributed all of its  
25                 funds—

1           “(A) on the date which is 10 years after  
2           the date such Reserve was established unless,  
3           as of such date—

4                   “(i) it has been determined that some  
5                   property of the taxpayer is contaminated  
6                   with hazardous waste, and

7                   “(ii) a remediation plan has been pre-  
8                   pared for such site, and

9           “(B) except as otherwise provided by the  
10           Secretary, on the date which is 10 years after  
11           the date such Reserve was established unless,  
12           as of such date, it is reasonably anticipated that  
13           the remaining funds in the Reserve will be dis-  
14           tributed before the date which is 15 years after  
15           the date such Reserve was established.

16           “(f) PENALTY FOR DISTRIBUTIONS NOT USED FOR  
17           QUALIFIED HAZARDOUS WASTE COSTS.—The tax im-  
18           posed by this chapter for any taxable year in which any  
19           amount distributed from a Reserve is not used exclusively  
20           to pay qualified hazardous waste costs shall be increased  
21           by 10 percent of such amount.

22           “(g) QUALIFIED HAZARDOUS WASTE COSTS.—For  
23           purposes of this section, the term ‘qualified hazardous  
24           waste costs’ means—

1           “(1) the costs paid or incurred by the taxpayer  
2           in connection with the assessment of—

3                   “(A) the extent of the environmental con-  
4                   tamination of a site which is owned by the tax-  
5                   payer, and

6                   “(B) the expected cost of environmental  
7                   remediation required for such site, and

8           “(2) the costs paid or incurred by the taxpayer  
9           to remediate such contamination.

10          “(h) CONTROLLED GROUPS.—All persons treated as  
11 a single employer under subsection (a) or (b) of section  
12 52 shall be treated as one person for purposes of sub-  
13 section (b), and the dollar amount contained in such sub-  
14 section shall be allocated among such persons in such  
15 manner as the Secretary shall prescribe.

16          “(i) TIME WHEN PAYMENTS DEEMED MADE.—For  
17 purposes of this section, a taxpayer shall be deemed to  
18 have made a payment to the Reserve on the last day of  
19 a taxable year if such payment is made on account of such  
20 taxable year and is made within 2½ months after the close  
21 of such taxable year.”.

22          (b) CLERICAL AMENDMENT.—The table of sections  
23 for subpart C of part II of subchapter E of chapter 1 of  
24 such Code is amended by inserting after the item relating  
25 to section 468B the following new item:

“Sec. 468C. Special rules for hazardous waste remediation reserves.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 the date of the enactment of this Act.

4 **SEC. 303. EXCLUSION OF INTEREST RECEIVED ON INDEBT-**  
5 **EDNESS INCURRED FOR ENVIRONMENTAL**  
6 **REMEDICATION.**

7 (a) GENERAL RULE.—Part III of subchapter B of  
8 chapter 1 of the Internal Revenue Code of 1986 (relating  
9 to items specifically excluded from gross income) is  
10 amended by redesignating section 139 as section 139A  
11 and by inserting after section 138 the following new sec-  
12 tion:

13 **“SEC. 139. EXCLUSION OF INTEREST RECEIVED ON INDEBT-**  
14 **EDNESS INCURRED FOR ENVIRONMENTAL**  
15 **REMEDICATION.**

16 “(a) GENERAL RULE.—In the case of a financial in-  
17 stitution, gross income does not include amounts received  
18 as interest on indebtedness incurred for environmental re-  
19 mediation with respect to any qualified contaminated site.

20 “(b) LIMITATION.—The amount excluded under sub-  
21 section (a) for a taxable year shall not exceed \$100,000.

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

23 “(1) ENVIRONMENTAL REMEDIATION AND  
24 QUALIFIED CONTAMINATED SITE.—The term ‘envi-



1           “(D) LONG-TERM LEASE.—An area shall  
2           not fail to be described in subparagraph (A)(i)  
3           solely because such area is subject to a lease  
4           the term of which is not less than 30 years and  
5           the lessee of which is the taxpayer.”.

6           (c) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to taxable years beginning after  
8           the date of the enactment of this Act.

9           **SEC. 305. CREDIT FOR ENVIRONMENTAL REMEDIATION**  
10           **TECHNOLOGY RESEARCH.**

11           (a) IN GENERAL.—Subsection (a) of section 41 of the  
12           Internal Revenue Code of 1986 (relating to general rule  
13           for credit for increasing research activities) is amended by  
14           striking “and” at the end of paragraph (1), by striking  
15           the period at the end of paragraph (2) and inserting “,  
16           and”, and by inserting after paragraph (2) the following  
17           new paragraph:

18           “(3) 20 percent of the environmental research  
19           remediation technology expenses.”.

20           (b) ENVIRONMENTAL RESEARCH REMEDIATION  
21           TECHNOLOGY EXPENSES.—Section 41 of such Code is  
22           amended by redesignating subsections (f), (g), and (h) as  
23           subsections (g), (h), and (i), respectively, and by inserting  
24           after subsection (e) the following new subsection:

1       “(f) ENVIRONMENTAL RESEARCH REMEDIATION  
2 TECHNOLOGY EXPENSES.—For purposes of subsection  
3 (a)(3)—

4           “(1) The term ‘environmental research remedi-  
5 ation technology expenses’ means amounts paid or  
6 incurred—

7           “(A) for research described in paragraph  
8 (2) with respect to which expenditures may be  
9 treated as an expense under section 174, or

10           “(B) for equipment which is used in re-  
11 search described in paragraph (2) and which is  
12 chargeable to property of a character which is  
13 subject to the allowance for depreciation under  
14 section 167 (relating to allowance for deprecia-  
15 tion).

16           “(2) RESEARCH.—For purposes of paragraph  
17 (1), research is described in this paragraph if such  
18 research addresses the reduction of any hazardous,  
19 toxic, or dangerous substance on a contaminated  
20 site.

21           “(3) DEFINITIONS.—For purposes of this sub-  
22 section, the terms ‘hazardous, toxic, or dangerous  
23 substance’ and ‘contaminated site’ shall have the  
24 meaning given to such terms by section 54A(a).

1           “(4) DOUBLE BENEFIT.—Amounts taken into  
2           account under this subsection shall not be taken into  
3           account under any other provision of this section.”.

4           (c) CONFORMING AMENDMENTS.—

5           (1) Paragraphs (2) and (4)(B) of section 41(b)  
6           of such Code are each amended by striking “sub-  
7           section (f)(1)” and inserting “subsection (g)(1)”.

8           (2) Section 41(g)(1)(B) of such Code is amend-  
9           ed by striking “and basic research payments” and  
10          inserting “, basic research payments, and environ-  
11          mental research remediation technology expenses”.

12          (3) Section 45C(d)(3) of such Code is amended  
13          by striking “section 41(f)” and inserting “section  
14          41(g)”.

15          (4) Paragraphs (1)(C) and (9)(C)(i) of section  
16          197(f) of such Code are each amended by striking  
17          “section 41(f)(1)” and inserting “section 41(g)(1)”.

18          (5) Section 280C(b)(3) of such Code is  
19          amended—

20                 (A) by striking “section 41(f)(5)” and in-  
21                 serting “section 41(g)(5)”,

22                 (B) by striking “section 41(f)(1)(B)” and  
23                 inserting “section 41(g)(1)(B)”, and

24                 (C) by striking “section 41(f)(1)” and in-  
25                 serting “section 41(g)(1)”.

1 (6) Section 936 of such Code is amended—

2 (A) in subsection (h)(5)(C)(i)(IV)(e) by  
3 striking “section 41(f)” and inserting “section  
4 41(g)”, and

5 (B) in subsection (j)(5)(D) by striking  
6 “section 41(f)(3)” and inserting “section  
7 41(g)(3)”.

8 (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to amounts paid or incurred after  
10 the date of the enactment of this Act.

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