

103D CONGRESS
1ST SESSION

H. R. 1443

To amend the Internal Revenue Code of 1986 to provide a tax credit to businesses which mine metallurgical coal and are required to make contributions to the UMWA Combined Benefit Fund created by the Energy Policy Act of 1992.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1993

Mr. BOUCHER (for himself, Mr. PAYNE of Virginia, Mr. SISISKY, Mr. BLILEY, Mr. PICKETT, Mrs. BYRNE, Mr. MORAN, Mr. GOODLATTE, Mr. GILLMOR, and Ms. KAPTUR) 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 tax credit to businesses which mine metallurgical coal and are required to make contributions to the UMWA Combined Benefit Fund created by the Energy Policy Act of 1992.

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. METALLURGICAL COAL MINING CREDIT.**

4 (a) GENERAL RULE.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business related credits) is amended by
2 adding at the end thereof the following new section:

3 **“SEC. 45A. METALLURGICAL COAL MINING CREDIT.**

4 “(a) GENERAL RULE.—For purposes of section 38,
5 the metallurgical coal mining credit determined under this
6 section for the taxable year is the lesser of—

7 “(1) the applicable percentage of the aggregate
8 amount of the premiums paid or accrued by the tax-
9 payer during the taxable year pursuant to chapter
10 99 of this title (relating to coal industry health bene-
11 fits), or

12 “(2) 7.5 percent of the aggregate gross revenue
13 from the sale of qualified metallurgical coal sold by
14 the taxpayer during the taxable year to an unrelated
15 person.

16 “(b) QUALIFICATION.—No credit shall be determined
17 under subsection (a) with respect to any taxpayer unless
18 at least 20 percent of the total tons of qualified coal sold
19 by the taxpayer during each of the 4 preceding taxable
20 years was qualified metallurgical coal. For purposes of the
21 preceding sentence, only coal produced from an economic
22 interest held by the taxpayer shall be taken into account.

23 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
24 poses of this section—

1 “(1) APPLICABLE PERCENTAGE.—The applica-
2 ble percentage is the percentage of the aggregate
3 tons of qualified coal sold by the taxpayer during the
4 taxable year to unrelated persons which consists of
5 qualified metallurgical coal. In no event shall the ap-
6 plicable percentage exceed 75 percent.

7 “(2) QUALIFIED METALLURGICAL COAL.—The
8 term ‘qualified metallurgical coal’ means any bitu-
9 minous coal which—

10 “(A) is used in the production of iron and
11 steel, and

12 “(B) is processed by, or produced from an
13 economic interest held by, a signatory operator.

14 “(3) UNRELATED PERSON.—The term ‘unre-
15 lated person’ has the same meaning as when used in
16 section 29.

17 “(4) AFFILIATED GROUPS.—All members of the
18 same affiliated group (as defined in section 1504)
19 shall be treated as one taxpayer for purposes of this
20 section and the credit determined under subsection
21 (a) with respect to such one taxpayer shall be allo-
22 cated among such members in such manner as the
23 Secretary may prescribe.

1 “(5) ECONOMIC INTEREST.—The term ‘eco-
2 nomic interest’ means an interest with respect to
3 which an allowance for depletion is allowable.

4 “(6) BITUMINOUS COAL.—The term ‘bitu-
5 minous coal’ means coal classified as bituminous
6 coal according to the publication of the American
7 Society for Testing and Materials under the title
8 ‘Standard Classification of Coals by Rank’ (ASTM
9 D 338–91A), as in effect on the date of the enact-
10 ment of chapter 99.

11 “(7) QUALIFIED COAL.—The term ‘qualified
12 coal’ means any bituminous coal which is produced
13 and processed by a signatory operator from an eco-
14 nomic interest held by a signatory operator.

15 “(8) SIGNATORY OPERATOR.—The term ‘signa-
16 tory operator’ has the meaning given such term by
17 section 9701(c)(1), and shall include all members of
18 the affiliated group of which such signatory operator
19 is a member that are also signatory operators.

20 “(9) TON.—The term ‘ton’ means 2,000
21 pounds.”

22 (b) CREDIT MADE PART OF GENERAL BUSINESS
23 CREDIT.—Subsection (b) of section 38 is amended by
24 striking “plus” at the end of paragraph (7), by striking
25 the period at the end of paragraph (8) and inserting

1 “, plus”, and by adding at the end thereof the following
2 new paragraph:

3 “(9) the metallurgical coal credit determined
4 under section 45A.”

5 (c) CREDIT MAY OFFSET 90 PERCENT OF MINIMUM
6 TAX.—Subsection (c) of section 38 of such Code is amend-
7 ed by redesignating paragraph (2) as paragraph (3) and
8 by inserting after paragraph (1) the following new para-
9 graph:

10 “(2) METALLURGICAL COAL CREDIT MAY OFF-
11 SET 90 PERCENT OF MINIMUM TAX.—

12 “(A) IN GENERAL.—In the case of a tax-
13 payer entitled to a credit determined under sec-
14 tion 45A, the amount determined under para-
15 graph (1)(A) shall be reduced by the lesser of—

16 “(i) the portion of the metallurgical
17 coal credit not used against the normal
18 limitation, or

19 “(ii) 90 percent of the taxpayer’s ten-
20 tative minimum tax for the taxable year.

21 “(B) PORTION OF METALLURGICAL COAL
22 CREDIT NOT USED AGAINST NORMAL LIMITA-
23 TION.—For purposes of subparagraph (A) the
24 portion of the metallurgical coal credit not used

1 against the normal limitation is the excess (if
2 any) of—

3 “(i) the portion of the credit under
4 subsection (a) which is attributable to the
5 metallurgical coal credit determined under
6 section 45A, over

7 “(ii) the limitation of paragraph (1)
8 (determined without regard to this para-
9 graph) reduced by the portion of the credit
10 under subsection (a) which is not so attrib-
11 utable.”

12 (d) CLERICAL AMENDMENT.—The table of sections
13 for subpart D of part IV of subchapter A of chapter 1
14 of such Code is amended by adding at the end thereof
15 the following new item:

“Sec. 45A. Metallurgical coal mining credit.”

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on January 1, 1993.

