

106TH CONGRESS
2D SESSION

H. R. 5226

To amend the Internal Revenue Code of 1986 to provide a credit for electricity produced by certain waste management facilities in United States possessions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 2000

Mrs. CHRISTENSEN (for herself, Mr. RANGEL, and Mr. JEFFERSON) 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 credit for electricity produced by certain waste management facilities in United States possessions, and for other purposes.

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 “Possessions Waste
5 Management Improvement Act of 2000”.

1 **SEC. 2. ELECTRICITY PRODUCED FROM CERTAIN WASTE**
2 **MANAGEMENT FACILITIES IN A POSSESSION.**

3 (a) AMOUNT OF CREDIT.—Subsection (b) of section
4 38 of the Internal Revenue Code of 1986 (defining current
5 year business credit) is amended by striking “plus” at the
6 end of paragraph (11), by striking the period at the end
7 of paragraph (12) and inserting “, plus”, and by adding
8 at the end the following new paragraph:

9 “(13) the possessions waste management elec-
10 tricity production credit determined under section
11 45D(a).”.

12 (b) POSSESSIONS WASTE MANAGEMENT ELEC-
13 TRICITY PRODUCTION CREDIT.—Subpart D of part IV of
14 chapter 1 of subtitle A of the Internal Revenue Code of
15 1986 (relating to business related credits) is amended by
16 adding at the end the following new section:

17 **“SEC. 45D. ELECTRICITY PRODUCED FROM CERTAIN**
18 **WASTE MANAGEMENT FACILITIES IN A POS-**
19 **SESSION.**

20 “(a) GENERAL RULE.—For purposes of section 38,
21 the possessions waste management electricity production
22 credit for any taxable year is an amount equal to the prod-
23 uct of—

24 “(1) 7.5 cents, multiplied by

1 “(2) the kilowatt hours of electricity produced
2 by the taxpayer at a qualified facility during the tax-
3 able year.

4 “(b) LIMITATIONS AND ADJUSTMENTS.—

5 “(1) CREDIT ADJUSTMENT BASED ON INFLA-
6 TION.—

7 “(A) IN GENERAL.—The 7.5 cent amount
8 in subsection (a) shall be adjusted by multi-
9 plying such amount by the inflation adjustment
10 factor for the calendar year in which the pro-
11 duction occurs. If any amount as increased
12 under the preceding sentence is not a multiple
13 of 0.1 cent, such amount shall be rounded to
14 the nearest multiple of 0.1 cent.

15 “(B) COMPUTATION OF INFLATION AD-
16 JUSTMENT FACTOR.—For purposes of this sec-
17 tion, the inflation adjustment factor shall be the
18 same as that defined in section 45(d)(2).

19 “(2) RELATED PERSONS AND CONSUMPTION BY
20 QUALIFIED FACILITY.—The amount of credit deter-
21 mined under subsection (a) shall not be reduced by
22 the amount of electricity either sold or provided to
23 related persons or expended by the qualified facility
24 itself.

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

3 “(1) QUALIFIED FACILITY.—The term ‘quali-
4 fied facility’ means any facility—

5 “(A) which is located in a possession of the
6 United States,

7 “(B) the purpose of which is to provide
8 waste management services for residents (in-
9 cluding both individuals and business entities)
10 of the possession without requiring the use of a
11 landfill, and

12 “(C) which is put in service after October
13 1, 2002, pursuant to a procurement request—

14 “(i) issued after January 1, 2000, by
15 a governmental entity of the possession (or
16 its agent), and

17 “(ii) the response to which was due
18 before June 30, 2000.

19 “(2) POSSESSION.—The term ‘possession of the
20 United States’ means Guam, American Samoa, the
21 Commonwealth of the Northern Mariana Islands,
22 and the United States Virgin Islands.

23 “(d) COORDINATION WITH OTHER PROVISIONS.—

1 “(1) PASSIVE ACTIVITY LIMITATION.—Section
2 469 shall not apply to any credit amount determined
3 under this section.

4 “(2) AT RISK LIMITATION.—Section 465 shall
5 not apply to any qualified facility.”.

6 (c) CREDIT ALLOWED AGAINST REGULAR AND MIN-
7 IMUM TAX.—

8 (1) IN GENERAL.—Subsection (c) of section 38
9 of such Code (relating to limitation based on amount
10 of tax) is amended by redesignating paragraph (3)
11 as paragraph (4) and by inserting after paragraph
12 (2) the following new paragraph:

13 “(3) SPECIAL RULES FOR POSSESSIONS WASTE
14 MANAGEMENT ELECTRICITY PRODUCTION CREDIT.—

15 “(A) IN GENERAL.—In the case of the pos-
16 sessions waste management electricity produc-
17 tion credit—

18 “(i) this section and section 39 shall
19 be applied separately with respect to the
20 credit, and

21 “(ii) in applying paragraph (1) to the
22 credit—

23 “(I) subparagraphs (A) and (B)
24 thereof shall not apply, and

1 “(II) the limitation under para-
2 graph (1) (as modified by subclause
3 (I)) shall be reduced by the credit al-
4 lowed under subsection (a) for the
5 taxable year (other than the posses-
6 sions waste management electricity
7 production credit).

8 “(B) POSSESSIONS WASTE MANAGEMENT
9 ELECTRICITY PRODUCTION CREDIT.—For pur-
10 poses of this subsection, the term ‘possessions
11 waste management electricity production credit’
12 means the credit allowable under subsection (a)
13 by reason of section 45D.”.

14 (2) CONFORMING AMENDMENT.—Subclause (II)
15 of section 38(c)(2)(A)(ii) of such Code is amended
16 by inserting “or the possessions waste management
17 electricity production credit” after “employment
18 credit”.

19 (d) CLERICAL AMENDMENT.—The table of sections
20 for such subpart is amended by adding at the end the fol-
21 lowing new item:

 “Sec. 45D. Electricity produced from certain waste management
 facilities in a possession.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1999.

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