

**AMENDMENT TO H.R. 2776, AS REPORTED
OFFERED BY MS. BEAN OF ILLINOIS**

In subtitle B of title II, add at the end the following:

**1 SEC. 216. SPECIAL DEPRECIATION ALLOWANCE FOR CER-
2 TAIN REUSE AND RECYCLING PROPERTY.**

3 (a) IN GENERAL.—Section 168 (relating to acceler-
4 ated cost recovery system) is amended by adding at the
5 end the following new subsection:

6 “(1) SPECIAL ALLOWANCE FOR CERTAIN REUSE AND
7 RECYCLING PROPERTY.—

8 “(1) IN GENERAL.—In the case of any qualified
9 reuse and recycling property—

10 “(A) the depreciation deduction provided
11 by section 167(a) for the taxable year in which
12 such property is placed in service shall include
13 an allowance equal to 50 percent of the ad-
14 justed basis of the qualified reuse and recycling
15 property, and

16 “(B) the adjusted basis of the qualified
17 reuse and recycling property shall be reduced by
18 the amount of such deduction before computing
19 the amount otherwise allowable as a deprecia-

1 tion deduction under this chapter for such tax-
2 able year and any subsequent taxable year.

3 “(2) QUALIFIED REUSE AND RECYCLING PROP-
4 ERTY.—For purposes of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified
6 reuse and recycling property’ means any reuse
7 and recycling property—

8 “(i) to which this section applies,

9 “(ii) which has a useful life of at least
10 5 years,

11 “(iii) the original use of which com-
12 mences with the taxpayer after December
13 31, 2006, and

14 “(iv) which is—

15 “(I) acquired by purchase (as de-
16 fined in section 179(d)(2)) by the tax-
17 payer after December 31, 2006, but
18 only if no written binding contract for
19 the acquisition was in effect before
20 January 1, 2007, or

21 “(II) acquired by the taxpayer
22 pursuant to a written binding contract
23 which was entered into after Decem-
24 ber 31, 2006.

25 “(B) EXCEPTIONS.—

1 “(i) ALTERNATIVE DEPRECIATION
2 PROPERTY.—The term ‘qualified reuse and
3 recycling property’ shall not include any
4 property to which the alternative deprecia-
5 tion system under subsection (g) applies,
6 determined without regard to paragraph
7 (7) of subsection (g) (relating to election to
8 have system apply).

9 “(ii) ELECTION OUT.—If a taxpayer
10 makes an election under this clause with
11 respect to any class of property for any
12 taxable year, this subsection shall not
13 apply to all property in such class placed
14 in service during such taxable year.

15 “(C) SPECIAL RULE FOR SELF-CON-
16 STRUCTED PROPERTY.—In the case of a tax-
17 payer manufacturing, constructing, or pro-
18 ducing property for the taxpayer’s own use, the
19 requirements of clause (iv) of subparagraph (A)
20 shall be treated as met if the taxpayer begins
21 manufacturing, constructing, or producing the
22 property after December 31, 2006.

23 “(D) DEDUCTION ALLOWED IN COM-
24 PUTING MINIMUM TAX.—For purposes of deter-
25 mining alternative minimum taxable income

1 under section 55, the deduction under sub-
2 section (a) for qualified reuse and recycling
3 property shall be determined under this section
4 without regard to any adjustment under section
5 56.

6 “(3) DEFINITIONS.—For purposes of this sub-
7 section—

8 “(A) REUSE AND RECYCLING PROPERTY.—

9 “(i) IN GENERAL.—The term ‘reuse
10 and recycling property’ means any machin-
11 ery and equipment (not including buildings
12 or real estate), along with all appur-
13 tenances thereto, including software nec-
14 essary to operate such equipment, which is
15 used exclusively to collect, distribute, or re-
16 cycle qualified reuse and recyclable mate-
17 rials.

18 “(ii) EXCLUSION.—Such term does
19 not include—

20 “(I) rolling stock or other equip-
21 ment used to transport reuse and re-
22 cyclable materials, and

23 “(II) equipment used to produce
24 new products or commodities from re-
25 cycled products.

1 “(B) QUALIFIED REUSE AND RECYCLABLE
2 MATERIALS.—

3 “(i) IN GENERAL.—The term ‘quali-
4 fied reuse and recyclable materials’ means
5 scrap plastic, scrap glass, scrap textiles,
6 scrap rubber, scrap packaging, recovered
7 fiber, scrap ferrous and nonferrous metals,
8 or electronic scrap generated by an indi-
9 vidual or business.

10 “(ii) ELECTRONIC SCRAP.—For pur-
11 poses of clause (i), the term ‘electronic
12 scrap’ means—

13 “(I) any cathode ray tube, flat
14 panel screen, or similar video display
15 device with a screen size greater than
16 4 inches measured diagonally, or

17 “(II) any central processing
18 unit.”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to property placed in service after
21 December 31, 2006.