



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JUN 21 2010

THE ADMINISTRATOR

The Honorable Nancy Pelosi
Speaker of the House
U. S. House of Representatives
Washington, D.C. 20510

Dear Madam Speaker:

The Administration is pleased to send forward the enclosed draft legislation, a bill to amend the Internal Revenue Code for the purpose of extending the financing of the Superfund. The Superfund was established by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and is designed to facilitate the cleanup of contaminated sites.

This draft legislation, by reinstating the Superfund taxes, would ensure that parties who benefit from the manufacture or sale of substances commonly found in contaminated sites contribute to the cost of cleanup. Reinstating the Superfund taxes would provide a stable, dedicated source of revenue to be placed in the Superfund Trust Fund where the revenues would be available for appropriation by Congress to support the cleanup of the Nation's most contaminated sites.

To assist you in your review of the draft legislation, we have enclosed a section-by-section analysis of the proposed bill. The Administration recommends that the bill be sent to the appropriate committee for consideration and that it be enacted.

The effect of this draft bill on the deficit is:

	Fiscal Years (dollars in millions)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
<u>Receipts</u>	1,203	1,608	1,729	1,837	1,921	1,995	2,068	2,129	2,196	2,239	18,925
<u>Outlays</u>											
<u>Net Deficit Impact</u>	-1,203	-1,608	-1,729	-1,837	-1,921	-1,995	-2,068	-2,129	-2,196	-2,239	-18,925

The Statutory Pay-As-You-Go Act of 2010 requires that the cumulative effects of revenue and direct spending legislation meet a pay-as-you-go (PAYGO) requirement. In total, such legislation should not increase the on-budget deficit; if it does, it would produce a sequestration if it is not fully offset by the end of the Congressional session.

This proposal would increase revenues; therefore, it is consistent with the PAYGO requirement.

The Office of Management and Budget has advised that that enactment of this proposal would be in accord with the program of the President.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa P. Jackson", written in a cursive style.

Lisa P. Jackson

Enclosures

A BILL

To amend the Internal Revenue Code to extend the financing of Superfund.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

REINSTATEMENT OF ENVIRONMENTAL TAXES.

(a) Section 4611(e) of Title 26 of the United States Code is amended to read as follows:

"(e) Application of Hazardous Substance Superfund financing rate

"(1) In general - Except as provided in paragraphs (2) and (3), the Hazardous Substance Superfund financing rate under this section shall apply after December 31, 1986, and before January 1, 1996, and after December 31, 2010, and before January 1, 2021."

(b) Section 59A(e) of Title 26 of the United States Code is amended to read as follows:

"(e) Application of tax

"(1) In general - The tax imposed by this section shall apply to taxable years beginning after December 31, 1986, and before January 1, 1996, and to taxable years beginning after December 31, 2010, and before January 1, 2021."

SECTION-BY-SECTION ANALYSIS OF THE PROPOSED LEGISLATION

The Administration is proposing to reinstate the Superfund taxes as they were last in effect on crude oil, imported petroleum products, hazardous chemicals, and imported substances that use hazardous chemicals as a feedstock, and on corporate modified alternative minimum taxable income.

The Superfund taxes were imposed on crude oil and imported petroleum products (9.7 cents per barrel), chemicals used in the production of hazardous substances listed in Title 26 section 4661 (22 cents to \$4.87 per ton), imported substances that use hazardous chemicals as a feedstock (in an amount equivalent to the tax that would have been imposed on domestic production), and corporate modified alternative minimum taxable income. Modified alternative minimum taxable income is alternative minimum taxable income determined without regard to the alternative minimum tax net operating loss deduction and the deduction for the Superfund environmental income tax in excess of \$2 million a year (0.12 percent).

Subsection (a) of this proposal would reinstate the prior tax rates on crude oil, imported petroleum products, hazardous chemicals, and imported substances that use hazardous chemicals as a feedstock for taxable years beginning January 1, 2011 and ending after December 31, 2020.

Subsection (b) of this proposal would reinstate the prior tax rate on corporate modified alternative minimum taxable income for taxable years beginning January 1, 2011 and ending after December 31, 2020.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

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THE ADMINISTRATOR

The Honorable Joseph R. Biden, Jr.
President of the Senate
United States Senate
Washington, D.C. 20510

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