

HJR 34

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 10, 1991

FURTHER REFERRALS:

Date of Committee Action: 4/19/91

The FINANCE Committee considered:

HJR 34

HOUSE JOINT RESOLUTION NO. 34

TAX DEDUCTIBILITY OF EXXON SETTLEMENT

Relating to the tax deductibility of the Exxon oil spill settlement.

**RECOMMENDATIONS:**

be replaced with CS HJR 34 (JUD)

the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) D of Revenue

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. Maclean</i> <small>MACLEAN</small>	<input checked="" type="checkbox"/>	<i>James H. Barnes</i> <small>BARNES</small>		<input checked="" type="checkbox"/>	
<i>Mike Navarre</i> <small>NAVARRE</small>	<input checked="" type="checkbox"/>	<i>Bob Sharp</i> <small>SHARP</small>		<input checked="" type="checkbox"/>	
<i>Mark Boyer</i> <small>BOYER</small>	<input checked="" type="checkbox"/>	<i>Roll E. Phillips</i> <small>Phillips</small>		<input checked="" type="checkbox"/>	
<i>Fay Brown</i> <small>BROWN</small>	<input checked="" type="checkbox"/>	<i>Paul Larson</i> <small>LARSON</small>		<input checked="" type="checkbox"/>	
<i>[Signature]</i> <small>KOPONEN</small>	<input checked="" type="checkbox"/>				
<i>[Signature]</i> <small>JUKKO</small>	<input checked="" type="checkbox"/>				
<i>[Signature]</i> <small>ULMER</small>	<input checked="" type="checkbox"/>				

*Mike Navarre* *Eileen P. Maclean*  
 CHAIRMAN'S SIGNATURE  
 NAVARRE MACLEAN

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

No. 1  
BILL No. Bill Version: CSHJR 34 (JUD)  
(H) Publish Date: 4/10/91

Revision Date: \_\_\_\_\_  
Title: Relating to the Tax Deductibility  
of the Exxon Oil Spill Settlement  
Sponsor: Ellis, Brown, Donley  
Requestor: \_\_\_\_\_

Department Affected: Department of Revenue  
BRU: Revenue Operations  
Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY97-02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>REVENUE</b>	490.0	817.0	545.0	381.0	381.0	381.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	490.0	817.0	545.0	381.0	381.0	381.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	490.0	817.0	545.0	381.0	381.0	381.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: None

ANALYSIS: Attach a separate page for analysis.  
  
SEE ATTACHED

Prepared By: Carl Meyer *Carl Meyer* Phone: (907) 465-2320  
Division: Income and Excise Audit Division Date: April 5, 1991  
Approved by Commissioner: Lee E. Fisher *Lee E. Fisher*  
Agency: Department of Revenue Date: 4-5-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

COMMITTEE COPY

April 5, 1991

HJR 34  
FISCAL NOTE ANALYSIS  
DEPARTMENT OF REVENUE

HJR 34 urges the United States Congress to amend the federal income tax law to deny to Exxon a deduction for amounts paid to the state in settlement for the Exxon oil spill. Alaska law incorporates certain provisions of the federal law including those provisions which would currently allow spill expenses to be deducted. Therefore, a denial of the expenses under federal law would also result in a corresponding denial of the expenses for purposes of the Alaska Net Income Tax Act.

The estimated fiscal impact of the denial of a deduction for the settlement payments is based on payments of \$90,000,000 this summer or fall, \$150,000,000 on September 1, 1992, \$100,000,000 on September 1, 1993, and \$70,000,000 on September 1 of 1994 through 2001. Additional amounts to be paid as fines or penalties are not reflected in the fiscal note as these amounts are not deductible under current law. Also, the fiscal note does not take into account the provision providing for an additional \$100,000,000 payment if the settlement agreement is reopened to consider currently unknown injuries.

**CS FOR HOUSE JOINT RESOLUTION NO. 34 (JUDICIARY)****IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SESSION****BY THE HOUSE JUDICIARY COMMITTEE**

Offered: 4/10/91

Referred: Finance

Sponsor(s): REPRESENTATIVES ELLIS, Brown, Donley

**A RESOLUTION**

1 Relating to the tax deductibility by Exxon and other major polluters of cleanup expenses,  
2 civil claims settlement costs, and civil judgment payments.

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4       **WHEREAS** on the night of March 23 - 24, 1989, the T/V Exxon Valdez, owned by Exxon  
5 Shipping, went aground on Bligh Reef in Prince William Sound in Alaska; and

6       **WHEREAS** as a result of the grounding, several of the vessel's cargo tanks ruptured and  
7 approximately 11,000,000 gallons of crude oil owned by Exxon Corporation spilled into Prince William  
8 Sound; and

9       **WHEREAS** on March 12, 1991, the United States, Exxon Corporation, Exxon Shipping  
10 Company, Exxon Pipeline Company, and Governor Hickel for the State of Alaska entered into a  
11 proposed agreement and consent decree to settle the claims between them arising out of the oil spill; and

12       **WHEREAS** under the agreement Exxon agrees to pay Alaska a specified sum of money as  
13 compensatory and remedial damages for the oil spill; and

14       **WHEREAS** under the present income tax laws of the United States, Exxon will be able to reduce  
15 its income tax liability by deducting a portion of the money to be paid under the agreement; and

16       **WHEREAS** the deduction by Exxon means that the taxpayers of the United States pay that part

1 of the settlement amount that is deducted from Exxon's income taxes, because the United States will not  
2 receive that amount in taxes; and

3       **WHEREAS** the taxpayers of the United States should not have to pay for Exxon's negligence,  
4 and Exxon should not receive a tax break for compensating the State of Alaska for Exxon's negligence;  
5 and

6       **WHEREAS** there is movement in the United States Congress to repeal the income tax laws that  
7 allow Exxon to receive the tax break;

8       **BE IT RESOLVED** that the Alaska State Legislature urges the United States Congress to amend  
9 the income tax laws of the United States so that Exxon may not reduce its income tax liability by  
10 deducting any of the money that Exxon pays to the State of Alaska and the United States government  
11 as settlement for the Exxon oil spill; and be it

12       **FURTHER RESOLVED** that the Alaska State Legislature urges the United States Congress to  
13 amend the income tax laws of the United States so that major polluters may not reduce their income tax  
14 liability by deducting the cleanup expenses, civil claims settlement costs, and civil judgment payments  
15 that result from their pollution.

16       **COPIES** of this resolution shall be sent to the Honorable Dan Quayle, Vice-President of the  
17 United States and President of the U.S. Senate; the Honorable Thomas S. Foley, Speaker of the U.S.  
18 House of Representatives; the Honorable Lloyd Bentsen, Chair of the Senate Committee on Finance; the  
19 Honorable Dan Rostenkowski, Chair of the House Ways and Means Committee; and to the Honorable  
20 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.  
21 Representative, members of the Alaska delegation in Congress.

102D CONGRESS  
1ST SESSION

# H. R. 1539

I

To amend the Internal Revenue Code of 1986 to limit the ability of taxpayers to deduct the cost of cleaning up oil and hazardous substances spills.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 1991

Mr. LIPINSKI introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to limit the ability of taxpayers to deduct the cost of cleaning up oil and hazardous substances spills.

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 "Oil Spill Tax Act".

5 **SEC. 2. DISALLOWANCE OF COSTS FOR CLEANUP OF OIL**  
6 **OR HAZARDOUS SUBSTANCE DISCHARGES.**

7 (a) IN GENERAL.—Section 162 of the Internal Reve-  
8 nue Code of 1986 (relating to deduction for trade or busi-  
9 ness expenses) is amended by redesignating subsection

1 (m) as subsection (n) and by inserting after subsection  
2 (1) the following new subsection:

3       “(m) OIL AND HAZARDOUS SUBSTANCES CLEANUP  
4 COSTS.—

5               “(1) GENERAL RULE.—No deduction shall be  
6 allowed under subsection (a) for any applicable oil or  
7 hazardous substances cleanup costs if—

8               “(A) the Secretary receives notification  
9 from the Commandant of the Coast Guard or  
10 his delegate that the taxpayer has failed to  
11 comply with section 311(c) or 311(e) of the  
12 Federal Water Pollution Control Act, or any  
13 administrative or judicial order or consent de-  
14 cree issued under section 311 of the Federal  
15 Water Pollution Control Act or the provisions  
16 of the National Contingency Plan for oil dis-  
17 charges; or

18               “(B) the Secretary receives notification  
19 from the Administrator of the Environmental  
20 Protection Agency or his delegate that the tax-  
21 payer has failed to comply with any administra-  
22 tive or judicial order or consent decree issued  
23 under section 104, 106 or 122 of the Com-  
24 prehensive Environmental Response, Com-  
25 pensation and Liability Act (CERCLA), section

1           3008(h) or 7003 of the Resource Conservation  
2           and Recovery Act or under applicable State  
3           statutes for hazardous substances discharges.

4           “(2) NEGLIGENCE.—Notwithstanding any other  
5           provision of this subsection, no deduction shall be al-  
6           lowed under subsection (a) for any applicable oil or  
7           hazardous substances cleanup costs where it can be  
8           shown that the oil or hazardous substance discharge  
9           was the result of willful negligence or willful mis-  
10          conduct.

11          “(3) REDUCTION OF TAX ATTRIBUTES.—The  
12          tax attributes of the taxpayer shall be reduced in the  
13          manner prescribed in section 108(b)(2) (without ref-  
14          erence to sections 108(b)(4) and 108(b)(5)) by an  
15          amount equal to the amount disallowed under para-  
16          graph (1) or (2).

17          “(4) ITEMIZATION OF COSTS.—The costs de-  
18          scribed in this subsection shall be separately stated  
19          in such manner as the Secretary may prescribe on  
20          a form accompanying the return of tax for the tax-  
21          able year in which such costs were paid or incurred.

22          “(5) DEFINITIONS.—For purposes of this sub-  
23          section the term—

24                 “(A) ‘applicable oil or hazardous sub-  
25                 stances cleanup costs’ means any costs paid or

1 incurred (whether or not in the taxable year in  
2 which the discharge occurs) in connection with  
3 the cleanup of any oil or hazardous substances  
4 discharged by the taxpayer.

5 “(B) The term ‘applicable oil or hazardous  
6 substances cleanup costs’ includes, but is not  
7 limited to—

8 “(i) any legal expenses arising directly  
9 or indirectly from a discharge of oil or haz-  
10 ardous substances;

11 “(ii) any payments or restitution to  
12 any person arising out of such discharge;

13 “(iii) any costs incurred to restore  
14 and replace natural resources damaged by  
15 such discharges; and

16 “(iv) any costs required by any appli-  
17 cable Federal law or regulation.

18 “(C) ‘discharge’ means—

19 “(i) ‘discharge’ as defined in section  
20 311(a)(2) of the Federal Water Pollution  
21 Control Act; and

22 “(ii) ‘release’ as defined in 42 USC  
23 section 9601(22) and section 101(22) of  
24 the Comprehensive Environmental Re-

1            sponse, Compensation and Liability Act  
2            (CERCLA), as amended;

3            “(D) ‘oil’ shall have the meaning provided  
4            in section 311(a)(1) of the Federal Water Pol-  
5            lution Control Act (33 USC, Section  
6            1321(a)(1));

7            “(E) ‘hazardous substance’ shall have the  
8            meaning provided in 42 USC, section 9601(14)  
9            and section 101(14) of the Comprehensive En-  
10            vironmental Response, Compensation and Li-  
11            ability Act (CERCLA), as amended.”

12 **SEC. 3. DENIAL OF DEDUCTION FOR LOSSES RESULTING**  
13 **FROM CERTAIN OIL OR HAZARDOUS SUB-**  
14 **STANCE DISCHARGES.**

15            Section 165 of the Internal Revenue Code of 1986  
16 (relating to deductions for losses) is amended by redesignig-  
17 nating subsection (m) as subsection (n) and by inserting  
18 after subsection (l) the following new subsection:

19            “(m) DENIAL OF DEDUCTION FOR LOSSES RESULT-  
20 ING FROM CERTAIN OIL OR HAZARDOUS SUBSTANCE  
21 DISCHARGES.—Nothing in subsection (a) or in any other  
22 provision of law shall be construed to provide a deduction  
23 for any loss sustained by a taxpayer if the loss is attrib-  
24 utable to, results from, or arises in connection with, any  
25 oil or hazardous substance discharge the cleanup costs of

1 which are disallowed as a deduction under section  
2 162(m).”

3 **SEC. 4. LIMITATIONS ON DEFICIENCIES AND CREDITS ARISING FROM CLEANUP NOTIFICATION.**  
4

5 (a) **DEFICIENCIES.**—Section 6501 of the Internal  
6 Revenue Code of 1986 is amended by redesignating sub-  
7 section (o) as subsection (p) and inserting after subsection  
8 (n) the following new subsection:

9 “(o) **SPECIAL RULE FOR CLEANUP NOTIFICATION.**—  
10 In the case of any deduction disallowed under section  
11 162(m), if the Secretary receives the notification described  
12 in section 162(m)(1)(A) or 162(m)(1)(B), the period for  
13 assessing any deficiency attributable to the receipt of such  
14 notification shall not expire before the date which is 1 year  
15 after the date on which such notification is issued.”

16 (b) **CREDITS.**—Section 6511 of such Code is amend-  
17 ed by redesignating subsection (h) as (i) and inserting  
18 after subsection (g) the following new subsection:

19 “(h) **SPECIAL RULE FOR CLEANUP NOTIFICATION.**—  
20 In the case of any deduction disallowed under section  
21 162(m), if the Secretary receives the notification described  
22 in section 162(m)(1)(A) or 162(m)(1)(B), the period for  
23 filing a claim for credit or refund attributable to receipt  
24 of such notification shall not expire before the date which

1 is 1 year after the date on which such notification is is-  
2 sued.”

3 **SEC. 5. DISTRIBUTION OF LOST DEDUCTION TO EXISTING**  
4 **TRUST FUNDS.**

5 (a) **IN GENERAL.**—There is established in the Treas-  
6 ury of the United States an account, consisting of such  
7 amounts as may be appropriated to the account as pro-  
8 vided in subsection (b).

9 (b) **TRANSFER TO ACCOUNT.**—There is hereby ap-  
10 propriated to the account for each fiscal year an amount  
11 equal to the amount which the Secretary or his delegate  
12 determines to be the increase in revenues for such fiscal  
13 year by reason of the amendments made by this Act. The  
14 amounts appropriated by the preceding sentence shall be  
15 transferred to the account from the general fund of the  
16 Treasury in the manner provided under section 9601 of  
17 the Internal Revenue Code of 1986.

18 (c) **EXPENDITURES FROM ACCOUNT.**—Amounts in  
19 the account established under subsection (a) shall be avail-  
20 able, as provided in appropriation Acts, only—

21 (1) in the case of amounts attributable to any  
22 oil discharge, for making expenditures for the pur-  
23 poses described in section 311(k) of the Federal  
24 Water Pollution Control Act (33 USC, section  
25 1321(k)), or

1           (2) in the case of any other amounts, for trans-  
2           fer to the Hazardous Substance Superfund estab-  
3           lished under section 9507 of the Internal Revenue  
4           Act of 1986.

5 **SEC. 6. EFFECTIVE DATE.**

6           The provisions of this Act are effective for all dis-  
7           charges occurring after the date of the enactment of this  
8           Act, in taxable years ending after such date.

9 **SEC. 7. STUDY AND REPORT.**

10          (a) **STUDY OF REVENUE LOSS.**—Not later than 6  
11          months after the date of enactment of this Act, the Sec-  
12          retary or his delegate shall submit to the House Commit-  
13          tee on Ways and Means and the Senate Committee on Fi-  
14          nance an estimate of the decrease of Federal revenues dur-  
15          ing the period beginning January 1, 1970, and ending De-  
16          cember 31, 1988, by reason of the allowance of applicable  
17          cleanup costs (within the meaning of section 162(m) of  
18          the Internal Revenue Code of 1986).

19          (b) **ANNUAL REPORT TO CONGRESS.**—The Secretary  
20          or his delegate shall make an annual report to the House  
21          Committee on Ways and Means and the Senate Committee  
22          on Finance detailing the amount expended on environ-  
23          mental cleanup costs and the amount accruing to the  
24          Treasury under section 162(m) of the Internal Revenue  
25          Code of 1986.

1       (c) EFFECTIVE DATE.—The first report required by  
2 subsection (b) shall be submitted 12 months after the  
3 study in subsection (a) is submitted to Congress.

○

102D CONGRESS  
1ST SESSION

# H. R. 1561

To amend the Internal Revenue Code of 1986 to deny any deduction for certain oil and hazardous substance cleanup costs.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 1991

Mr. GUARINI (for himself, Mr. SCHULZE, Mr. GIBBONS, Mr. MOODY, Mr. RANGEL, Mr. LIPINSKI, Ms. KAPTUR, Mr. FROST, Mr. JONTZ, Mr. DWYER of New Jersey, Mr. VENTO, Mr. BUSTAMANTE, Mr. HUGHES, Mr. SCHEUER, Mr. MACHTLEY, Mr. SANTORUM, and Mr. NEAL of North Carolina) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to deny any deduction for certain oil and hazardous substance clean-up costs.

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. DISALLOWANCE OF DEDUCTION FOR CERTAIN**  
4 **OIL OR HAZARDOUS SUBSTANCE CLEANUP**  
5 **COSTS.**

6 (a) GENERAL RULE.—Part IX of subchapter B of  
7 chapter 1 of the Internal Revenue Code of 1986 (relating

1 to certain items not deductible) is amended by adding at  
2 the end thereof the following new section:

3 **"SEC. 280I. DISALLOWANCE OF CERTAIN OIL OR HAZARD-**  
4 **OUS SUBSTANCE CLEANUP COSTS.**

5 **"(a) GENERAL RULE.—**Except as otherwise provided  
6 in this section, no deduction shall be allowed for any appli-  
7 cable discharge costs.

8 **"(b) EXCEPTIONS.—**

9 **"(1) IN GENERAL.—**Subsection (a) shall not  
10 apply to any applicable discharge costs of any tax-  
11 payer which are attributable to any oil discharge or  
12 hazardous substance release if—

13 **"(A)** such taxpayer has a complete liability  
14 defense with respect to such discharge or re-  
15 lease (as the case may be), or

16 **"(B)** such taxpayer qualifies for a liability  
17 limitation with respect to such discharge or re-  
18 lease (as the case may be), and is not liable for  
19 any punitive damages.

20 **"(2) COMPLETE LIABILITY DEFENSE.—**For  
21 purposes of paragraph (1), a taxpayer has a com-  
22 plete liability defense with respect to—

23 **"(A)** any oil discharge, if it is determined  
24 under section 1003 of the Oil Pollution Act of  
25 1990 that such taxpayer has no liability under

1 section 1002 of such Act with respect to such  
2 discharge, or

3 “(B) any hazardous substance release, if it  
4 is determined under section 107(b) of the Com-  
5 prehensive Environmental Response, Com-  
6 pensation, and Liability Act of 1980 that such  
7 taxpayer has no liability under section 107(a) of  
8 such Act with respect to such release.

9 “(3) LIABILITY LIMITATION.—For purposes of  
10 paragraph (1), a taxpayer qualifies for a liability  
11 limitation with respect to—

12 “(A) any oil discharge, if it is determined  
13 under the Oil Pollution Act of 1990 that the li-  
14 ability limitation of section 1004(a) of such Act  
15 applies to such taxpayer with respect to such  
16 discharge, or

17 “(B) any hazardous substance release, if it  
18 is determined under the Comprehensive Envi-  
19 ronmental Response, Compensation, and Liabil-  
20 ity Act of 1980 that the liability limitation of  
21 section 107(e) of such Act applies to such tax-  
22 payer and that the taxpayer is not liable for pu-  
23 nitive damages with respect to such release.

24 “(c) APPLICABLE DISCHARGE COSTS.—For purposes  
25 of this section, the term ‘applicable discharge costs’ means

1 any of the following costs incurred in connection with any  
2 oil discharge or hazardous substance release:

3           “(1) Any costs incurred in removing or at-  
4           tempting to remove the oil or hazardous substance.

5           “(2) Any costs to prevent, minimize, or mitigate  
6           pollution or other damages resulting from such dis-  
7           charge or release.

8           “(3) Any costs attributable to liabilities for  
9           damages, fines, or penalties from such discharge or  
10          release.

11          “(4) Any costs incurred in determining the  
12          amount of the taxpayer’s liability for any of the  
13          foregoing.

14          “(5) Any amount deductible on account of the  
15          loss of the material discharged or released.

16          “(d) OTHER DEFINITIONS.—For purposes of this  
17          section—

18               “(1) OIL DISCHARGE.—The term ‘oil discharge’  
19               means any discharge (as defined in section 1001 of  
20               the Oil Pollution Act of 1990) of oil (as defined in  
21               such section 1001).

22               “(2) HAZARDOUS SUBSTANCE RELEASE.—The  
23               term ‘hazardous substance release’ means any re-  
24               lease (as defined in section 101 of the Com-  
25               prehensive Environmental Response, Compensation,

1 and Liability Act of 1980) of any hazardous sub-  
2 stance (as defined in such section 101).

3 “(e) TREATMENT OF CERTAIN INSURANCE PRO-  
4 CEEDS, ETC.—Gross income shall include any com-  
5 pensation by insurance or otherwise received with respect  
6 to costs for which a deduction is disallowed under sub-  
7 section (a).”

8 (b) PROHIBITION AGAINST OFFSET BY NET OPERAT-  
9 ING LOSS DEDUCTION.—Section 172 of such Code is  
10 amended by redesignating subsection (i) as subsection (j)  
11 and by inserting after subsection (h) the following new  
12 subsection:

13 “(i) LIMITATION ON USE TO OFFSET DEDUCTIONS  
14 DISALLOWED UNDER SECTION 280I.—The deduction al-  
15 lowed under this section shall not reduce taxable income  
16 for any taxable year to an amount less than the amount  
17 disallowed under section 280I for such taxable year. Ap-  
18 propriate adjustments in the application of subsection  
19 (b)(2) shall be made to take into account the provisions  
20 of this subsection.”

21 (c) CLERICAL AMENDMENT.—The table of sections  
22 for part IX of subchapter B of chapter 1 of such Code  
23 is amended by adding at the end thereof the following new  
24 item:

“Sec. 280I. Disallowance of certain oil or hazardous substance  
cleanup costs.”

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply in the case of discharges or re-  
3 leases on or after March 23, 1989.

○