move beyond current lab-scale research to practical field tests of the most promising options.

- The UltraClean Fuels program is developing new approaches to producing liquid transportation fuels from coal to meet increasingly stringent environmental standards, while reducing our dependence on imported petroleum and natural gas. An important aspect of the Clean Fuels program, is the integration of fuels production with advanced electric power generation systems (as in the Vision 21 concept) to allow the efficient coproduction of a variety of energy products from a single facility with coal as the ultimate fuel source.

Mining - Production
The Mining Industry of the Future program is a joint industry/DOE to develop technology that improves the production and processing of minerals, including coal. The goal is to develop new technologies that ensure the health and safety of employees, protect the environment, reduce energy consumption in mining, and produce high quality products at lower costs.

Research is being conducted in three areas: exploration, mining and processing. To date 26 projects have been funded with the first results of this pre-commercial research expected in late 2001. The program has been funded at $3 million per year with matching funds from industry.

The DOE provides little support for research on mining at the academic institutions. This diminishes the national capability to develop fundamental science to improve mining practices, and impairs the abilities of the universities to train future generations of mining engineers. In addition to its programs in oil and gas production, the Fossil Energy office should institute a program to support academic research in mining.

RECOMMENDATIONS:
Coal Utilization: DOE's requests for the current coal utilization research and development programs should be fully funded, and the Power Plant Improvement Initiative should be continued at an annual funding level of $150 million. The DOE Vision 21 program should be established as a separate budget item so that its goals can be prioritized and accelerated. Coal and Power Systems research and development should be focused on supercritical and ultra-supercritical plants, advanced gasification and combustion hybrid systems. Funding for CO2 sequestration should be increased to allow field testing of promising options. Research should address the three criteria pollutants (SO2, NOx and mercury), solid waste and water management. DOE should organize research programs in accordance with the priorities identified by the coal and utility industries as defined in the Technology Roadmaps developed by the Coal Utilization Research Council, the Electric Power Research Institute and the Coal Based Generation Stakeholders Group.

Coal Production: The DOE request for Mining Industry of the Future funding should be increased to a minimum of $10 million annually. A program of university mining research should be established under the Office of Fossil Energy with an initial annual funding of $3 million to support academic research and graduate studies in mining.

Coordination: DOE should ensure that the mining related research currently being carried out in many locations within the department under different programs is coordinated and is not duplicative. This could be done by establishing a "coal center" at NETL but coordination should not require additional staffing.
MODIFICATIONS IN CORPORATE INCOME TAX POLICIES

PRINCIPLE: Modify federal tax policy to encourage investment in production of domestic energy and in electric generating facilities.

DESCRIPTION: Tax policy, including tax incentives, can be a major component of energy policy as they affect the development and production of energy including electricity. Several provisions of the Internal Revenue Code should be modified to address counterproductive policies previously put into place. These issues are also of significant importance to the oil and gas industry. At a minimum, any modifications to the areas of tax law outlined below which are accorded to one fuel should be similarly accorded other fuels in order to maintain a level playing field for attracting investment.

RECOMMENDATIONS:

- As identified in a separate paper, the most important changes in tax policy to address the nation's energy supply deficit — specifically electricity — are the investment tax credit and production tax credit components of the National Electricity and Environmental Technology (NEET) legislation. These incentives will provide the impetus to increase the supply of electricity, improve the environment through reductions of pollutants regulated under the Clean Air Act, and reduce the amount of carbon dioxide emitted per unit of energy produced through significant increases in the efficiency of converting coal to electricity.
- The corporate alternative minimum tax (AMT) should be repealed or modified. Mining is a capital-intensive business and the AMT works a hardship on such businesses. As measured by generally accepted accounting principles, most mining companies are not profitable. In recent years, most companies have been consistently unprofitable. The fact that mining companies are required to pay the AMT, even if they have no profit, has added to the difficulty of attracting capital to maintain, expand or construct new mines. While elimination of the AMT may not be politically or economically achievable in the near term, at a minimum, legislation should be supported to allow historical corporate AMT taxpayers, such as mining, to utilize accumulated AMT tax credits to offset prospective AMT tax liability. Legislation to effect such a change was enacted by the previous Congress, but was vetoed as part of a larger tax package by President Clinton. Separately, eliminate the 90 percent limitation on use of net operating losses and foreign tax credits applicable to corporate AMT taxpayers.
- Mining companies should be provided the opportunity to fully expense exploration and development costs just as the oil and gas industry. The current limitations on expensing result in mining companies being forced to capitalize a percentage of their exploration and developments costs. This tax treatment serves as a financial disincentive for the development of new mines to meet our nation's needs. The playing field should be leveled and mining companies should be permitted to fully expense such costs.
- As currently structured, the 10 percent depletion allowance for coal was reduced by 15 percent as part of an omnibus tax bill in 1986. The reduction should be repealed. Separately, the current 50 percent net income limitation per property on use of the depletion allowance should be eliminated or reduced as it was earlier for the oil and gas industry, thus leveling the playing field for capital investments.
RELIABLE, TIMELY AND COMPLETE ENERGY DATA
A REQUIREMENT FOR SOUND PUBLIC POLICY

PRINCIPLE: Data on energy production and consumption, available on a timely basis and that is complete, accurate and reliable is necessary to support sound decisions by both the government and the private sector.

DESCRIPTION: Development and implementation of sound energy policy requires that accurate, complete and timely data on energy production and consumption be made available to government policy makers and to the public. The Department of Energy’s independent Energy Information Administration (EIA) is responsible for the collection, reporting and dissemination of data on all energy sources: petroleum, natural gas, uranium, renewables, electric generators and coal. Data on production, use, prices, stockpiles, environmental performance in terms of quality and emissions, and international trade are among the valuable data series for which EIA is responsible.

The information is used by Congress, federal, state and local governments, business and industry, educational institutions and the general public in a number of areas. One of the most important is analysis of the effects of policy proposals on energy supply, demand and price. Another use is for forecasting and this data provide the basis for EIA’s own energy supply demand forecasts upon which the Administration relies when making energy policy decisions. Yet another use for this important data is determining the current state of the energy picture throughout the nation – for example, will heating oil stocks be sufficient for the winter season, will gasoline stocks carry through the summer, will electric generating capacity be enough to meet immediate demands, do utilities have coal stocks to carry them through a peak generating period, and so on. What are the levels of emissions of SO2, NOx, or CO2? Timely, accurate and complete data can answer these questions and more and importantly allow a more informed public policy debate.

STATUS: The Energy Information Administration collects and publishes various data series on a weekly, monthly and annual basis. The Federal Regulatory Commission (FERC) collects data on the electric utility sector that in turn is compiled and published by the EIA. The data on cost and quality of fuels delivered to utilities is collected on FERC “Form 423.”

KEY ISSUES: Coal and electric utility data are no longer available on a timely basis nor are they accurate or complete. Data on coal production, employment, distribution and price (published on an annual basis) is more than ONE YEAR LATE. Data is not available at this point for even 1999. To compare – annual 1999 data on the petroleum industry was available in June 2000 and annual 1999 data on the natural gas industry was published in October 2000. Coal data has been treated as the “step-child” at the EIA and resources to collect and publish this data have been drastically reduced.

There is a different information issue affecting the electric generating sector. FERC does not have the authority to collect information from the non-utility generators (on Form 423) and as more of the industry becomes non-regulated, data on generation, fuel use and fuel purchases, inventories, etc., are increasingly incomplete. Additionally, OMB has been slow in acting on approval of the extension of authority to collect these data. As a result much of the data required for sound energy policy decisions in the electric sector is simply not available. Not only is the federal government ignorant of coal inventories at power plants, for example, it does not have complete data on fuel prices and consumption.

RECOMMENDATION: Increase resources for collection and reporting coal data and take immediate steps to improve the timeliness of the information. Continue to authorize FERC collection of utility FORM 423 data and extend the information reporting requirements to the entire generating sector.
URANIUM

- Changes to NRC Fee Structure
- Uses of the National Strategic Uranium Reserve
- Limitations on Sales of Government Uranium Stockpiles
- Domestic Nuclear Fuel Cycle Short Term Mitigation
- Extend Dates of USEC Privatization Act
- Domestic Uranium Research and Development
- Uranium Product Tax Credit
CHANGES TO NRC FEE STRUCTURE

PRINCIPLE: Support for the domestic uranium recovery industry is essential for both energy and national security reasons. Legislation is necessary to eliminate fees for NRC uranium recovery.

BACKGROUND: NMA has consistently recommended changes to the Nuclear Regulatory Commission's (NRC) fee structure due to its impact on the domestic uranium recovery industry. There are serious inequities caused by the Omnibus Budget Reconciliation Act of 1990 (OBRA) mandate that NRC recover approximately 100 percent of its budget each year. In light of the current circumstances facing the uranium recovery industry, with the price of uranium hovering around $50/lb, the fees the uranium recovery licensees pay to NRC can be determinative of whether a company continues to produce uranium or instead proceeds to closure. These fees can also impact the amount companies can dedicate to reclamation.

DESCRIPTION: NRC's uranium recovery licensees pay an annual fee as well as an hourly fee for professional staff time. Unfortunately, with both types of fees, there is often no reasonable relationship between the cost to uranium recovery licensees of NRC's regulatory oversight program and the benefit derived from such services. The annual fee includes costs for activities not attributable to any existing NRC licensee or class of licensee such as international activities, Agreement State oversight, and licensing and inspection activities associated with other Federal agencies. This problem of the lack of reasonable relationship between annual fees and services rendered by NRC is exacerbated as more states become Agreement States, leaving fewer NRC licensees to bear an even greater share of the burden. Recent increases in NRC fees have resulted not from increases in the amount to be recovered but rather due mostly to more states becoming Agreement States. As more states become Agreement States and more sites are decommissioned, fewer NRC licensees bear an even greater share of the burden. Under this scenario, the last licensee could end up having to pay for the entire program.

The fees paid for professional staff time also often bear no relationship to services provided by NRC. Recent regulatory changes have required licensees to pay the full cost for all time accrued by the project manager assigned to their sites. In reviewing the NRC directives on such cost recovery, it seems virtually no activities the project manager engages in are excluded from cost recovery. Thus, licensees would not only pay for actual time the project manager spends on a their site but would also pay for other activities that have nothing to do with the licensees' sites, including support to other offices, support to other agencies, and international activities.

At a time when the domestic uranium industry is facing hardship due to low uranium prices, continued imports from the former Soviet Union and increased regulatory burdens, increased NRC fees are dealing a crippling blow to the domestic industry.

RECOMMENDATION: The Administration should support legislation that eliminates fees for NRC uranium recovery licensees until such time when the spot price of uranium (\(U_3O_8\)) has exceeded $14/pound (escalated) for one year.
USES OF THE NATIONAL STRATEGIC URANIUM RESERVE

PRINCIPLE: Support for the domestic uranium recovery industry is essential for both energy and national security reasons. The Administration should support removal of federal uranium stockpiles from commercial markets.

BACKGROUND: Immediately prior to the privatization of United States Enrichment Corporation (USEC), USEC’s offering documents established the transfer of in excess of 70 million pounds of Department of Energy (DOE) uranium and uranium equivalents to USEC. These massive transfers had not been anticipated by the domestic mining and conversion sectors of the nuclear fuel industry.

DESCRIPTION: In order to mitigate against the material adverse impact DOE’s transfers had on these industries, DOE agreed not to sell or transfer additional uranium or uranium equivalents for a ten year period. The proposed amendment would codify the DOE action and extend the time of the stockpile requirements. Taking the remaining federal uranium stockpiles out of circulation would mitigate against the material adverse impacts previous sales and transfers have created, thereby reducing government fostered damage.

RECOMMENDATION: Amend 42 U.S.C. 2296b-1 National Strategic Uranium Reserve to read:

There is hereby established the National Strategic Uranium Reserve under the direction and control of the Secretary. The Reserve shall consist of natural uranium and uranium equivalents contained in stockpiles or inventories currently held by the United States for defense purposes all natural uranium and uranium equivalents acquired or obtained by the United States in the future, and all natural uranium and uranium equivalents of Russian origin previously purchased or to be purchased in the future by the United States government pursuant to the Russian HEU Agreement. Effective on the date of enactment of this amendment and for a period of ten years thereafter, use of the Reserve shall be restricted to military purposes and government research. Use of the Department of Energy’s stockpile of enrichment tails existing on the date of enactment of this amendment shall be restricted to military purposes or to being processed as an alternate feed material by the domestic uranium recovery industry for ten years thereafter.
DOMESTIC NUCLEAR FUEL CYCLE SHORT TERM MITIGATION

PRINCIPLE: Support for the domestic uranium producers is essential for both energy and national security reasons. The Secretary of Energy should be authorized to purchase USEC’s uncommitted inventory of natural uranium.

BACKGROUND: The Department of Energy was required to transfer certain quantities of natural uranium and uranium equivalents to USEC as part of the privatization process. (See 42 U.S.C. 2297 h-10.) The sale of this material by USEC was restricted to no more than 4 million pounds per year to reduce the impact of this material on domestic producers and uranium equivalents produced pursuant to the Russian HEU Agreement. The Department made additional liabilities in lieu of cash payments to USEC owed due to liabilities remaining with the Department as a result of the Privatization Act. USEC sold this material into the commercial marketplace in addition to the amounts specifically authorized by congress in the Privatization Act.

DESCRIPTION: USEC’s sales of restricted and non-restricted uranium derived from governmental stockpiles has damaged uranium producers resulting in a drop in the spot market price from $16.15 per pound at the time of privatization to an historic low of $7.10 in Dec. 2000.

RECOMMENDATION 1: Legislation on Domestic Nuclear Fuel Cycle Short Term Mitigation should be enacted to address the following. (Recommendation 2, an alternative to Recommendation 1 is discussed below.)

Section 1. In General. Recent sales and transfers of government uranium inventories related to the Privatization of USEC and ramifications arising from the implementation of the Russian HEU Agreement have caused a material adverse impact on the mining, conversion and enrichment components of the domestic nuclear fuel industry.

Section 2. Purchase of USEC’s Uncommitted Uranium Inventory. The Secretary is authorized to purchase USEC’s uncommitted inventory of natural uranium and uranium equivalents of up to __________ pounds.

(a) These purchases shall be at the current spot market price as established by the Secretary or the price obtained by the Secretary when the natural uranium or uranium equivalent was transferred to USEC during the privatization of the United States Enrichment Corporation, whichever is higher.

Section 3. Use of Purchased Uranium. The natural uranium and uranium equivalents purchased under this section shall be placed in the National Strategic Uranium Reserve.

Section 4. Authorization and Funding. (a) In General There is authorized to be appropriated $__________ to carry out this part.

(b) Source Funds described in subsection (a) of this section shall be provided from:
RECOMMENDATION 2: As an alternative to recommendation 1, legislation could be passed that only requires the repurchase of certain contaminated materials from USEC by DOE as outlined below.

Amend 42 U.S.C. 2297-h – 10(C) USEC Privatization Act to read as follows:
New Subsection (3) Certain transfers from the Department made pursuant to this section and otherwise were contaminated by technetium existing in the material containers. The Secretary is authorized to purchase this material from USEC.

(A) The Secretary's purchases shall be at the current spot market price as established by the Secretary or the price determined by the Secretary when the natural uranium or uranium equivalent was transferred to USEC during the privatization of the United States Enrichment Corporation, whichever is lower.

(B) In the event the material purchased by the Secretary can be decontaminated or available for sale to commercial nuclear reactors, it shall be placed in the National Strategic Uranium Reserve.

(C) Authorization and Funding.
   (i) In General – There is authorized to be appropriated ________ to carry out this part.
   (ii) Source – Funds described in subsection (a) of this section shall be provided from __________________.
LIMITATIONS ON SALES OF GOVERNMENT URANIUM STOCKPILES

BACKGROUND: In order to mitigate against the material adverse impact DOE's transfers to USEC had on the domestic uranium recovery and conversion industries, DOE agreed not to sell or transfer additional uranium or uranium equivalents for a ten year period. Taking the remaining federal uranium stockpiles out of circulation would mitigate against the material adverse impacts previous sales and transfers have created, thereby reducing government fostered damage.

DESCRIPTION: Action is needed to limit the sales of government uranium stockpiles once such uranium is released from the ten year restriction on government sales. This limitation will prevent government stockpiled uranium from entering the commercial market in such quantities as to disrupt the market thereby enhancing the value of government owned uranium.

RECOMMENDATION: Limit the sales of government uranium stockpiles to four million pounds per year, once such uranium is released from the ten year restriction on government sales by amending 42 U.S.C. 2297h-10(d) Inventory Sales as follows.

(d) Inventory sales.

Subject to the restrictions required under Section 2296h-1 of this title, the Secretary may, from time to time, sell up to four million pounds per year of natural and low-enriched uranium (including low-enriched uranium derived from highly enriched uranium) from the Department of Energy's stockpile.

(2) No sale or transfer of natural or low-enriched uranium shall be made unless:

(A) the President determines that the material is not necessary for national security needs,

(B) the Secretary determines that the sale of the material will not have an adverse material impact on the domestic uranium mining, processing, conversion, or enrichment industry, taking into account the sales of uranium under the Russian HEU Agreement and the Suspension Agreement, and

(C) the price paid to the Secretary will not be less than the fair market value of the material.
EXTEND DATES OF USEC PRIVATIZATION ACT

BACKGROUND: Section 3112(b)(2) of the USEC Privatization Act requires the Department of Energy to sell uranium hexafluoride into what is now an already oversupplied market due in major part to overly aggressive transfers of government stockpiles.

DESCRIPTION: A simple date extension will avoid exacerbating the governmentally fostered market damage. This extension will assist domestic producers to the front end of the nuclear fuel cycle.

RECOMMENDATION: Amend USEC Privatization Act, Section 3112(b)(2) to read:

"(2) Within 7 years of the date of enactment of this Act, the Secretary shall may sell, and receive payment for, the uranium hexafluoride transferred to the Secretary pursuant to paragraph (1). Such uranium hexafluoride shall may be sold—
   (A) at any time for use in the United States;
   (B) at any time for end use outside the United States;
   (C) in 1995 and 1996 to the Russian Executive Agent at the purchase price for use in matched sales pursuant to the Suspension Agreement; or,
   (D) in calendar 2004-2008 for consumption by end users in the United States no prior to January 1, 2002 2009, in volumes not to exceed 3,000,000 pounds U3O8 equivalent per year."
DOMESTIC URANIUM RESEARCH AND DEVELOPMENT

PRINCIPLE: Support for the domestic uranium industry is essential for both energy and national security reasons. A federal research program to support advanced exploration, mining and milling technologies is required to assure the long term viability of the domestic industry.

BACKGROUND: The domestic uranium mining and conversion service industries have been unintentionally adversely affected due to the privatization process in actions taken by the Department of Energy and the U.S. Enrichment Corporation in the management of government uranium inventories. Due to current excess inventories, including material available from the U.S.-Russia agreement on the conversion of weapons grade highly enriched uranium (HEU), worldwide production of uranium and conversion has declined to less than half of annual consumption, and domestic production of uranium is currently less than 10% of annual U.S. requirements. The utilization of existing inventories has greatly benefitted the U.S. government by avoiding the need for cash payments in the hundreds of millions of dollars from the Treasury to the USEC, and has benefitted consumers of nuclear power, due to the reduction in the market price of uranium fuel feedstock material. The United States Enrichment Corporation Privatization Act stated the public interest in mitigating adverse impacts to the domestic mining.

DESCRIPTION: Funds should be allocated for cooperative agreements to mitigate the impact of government inventory sales and transfers that have devastated the domestic uranium industry. These cooperative agreements can be used to mitigate the cost of compliance with environmental safety and health laws and regulations for certain domestic uranium production facilities. The proposed cooperative agreements will ensure full environmental compliance where costs would normally be defrayed through production revenues. The cooperative agreements can also assure the preservation of domestic reserves by assisting in land and lease costs and promoting the exploration for new domestic reserves. Finally the cooperative agreements can be made with existing producers to enhance mining and milling technology and remediation activities to promote a strong competitive domestic uranium industry.

RECOMMENDATION: Legislation on Domestic Uranium Research and Development should be enacted addressing the following.

Section 1. The Secretary of the Department of Energy is authorized to enter into multi-year cooperative agreements with domestic uranium producers to:
   (a) ensure compliance with all applicable federal, state and local requirements for the protection of environment, safety and health;
   (b) assure the preservation of existing uranium reserves and leases;
   (c) promote uranium mining and milling techniques and innovations;
   (d) promote exploration techniques and activities to increase the domestic natural uranium reserve.
Section 2.

(a) There is authorized to be appropriated $________________ to carry out this part. The aggregate amount in the preceding sentence shall be increased annually, based upon an inflation index to be determined by the Secretary;

(b) Funds described in subsection (a) of this section shall be provided from the USEC Privatization Expense Fund established by Section 3104(e) of the Privatization Act;

Section 3. Domestic uranium producers shall mean individuals, companies, partnerships, joint ventures and other business entities that owned, controlled, operated and/or managed a uranium recovery facility (including conventional mills, in-situ leaching operations, heap leaching operations or any other type of uranium recovery facility) that possessed an operating Nuclear Regulatory Commission (NRC) or agreement state license on or after July 28, 1998 and are capable of future operation.
URANIUM PRODUCT TAX CREDIT

PRINCIPLE: Support modification of the federal tax laws to provide a credit for the purchase of domestic uranium products.

BACKGROUND: The United States uranium recovery industry has long been recognized as vital to United States energy independence and essential to United States national security, the domestic uranium industry has been found to be "not viable" by the Secretary of Energy under provisions of the Atomic Energy Act of 1954, as amended. Transfers and sale of government uranium inventories including those related to the United States/Russian HEU Agreement and the privatization of the United States Enrichment Corporation have had material adverse impacts on the United States uranium industry to the extent that the current spot market price of uranium is at an historical all time low. The unfettered introduction of government inventories has caused domestic uranium producers to either cease or curtail production;

DESCRIPTION: At such time as the price of natural uranium recovers to approach a reasonable cost of production, the United States uranium industry can be competitive with foreign producers due to advances in technology. Providing assistance to the domestic uranium industry is essential to mitigate the impacts on a private industry from government disarmament policies and government transfers of excess uranium reserves as well as to assure an adequate long-term supply of domestic uranium for the Nation's nuclear power program to preclude an undue threat from foreign supply disruptions or price controls.

RECOMMENDATION: To amend the Internal Revenue Code of 1986 to allow a credit for the purchase of uranium products within the United States, and for other purposes.

SECTION 1. SHORT TITLE.
This Act may be cited as the "United States Uranium Employment and Production Incentive Tax Credit Act".

SECTION 2. FINDINGS AND PURPOSE.
(a) FINDINGS.—The Congress finds that—
(1) although the United States uranium industry has long been recognized as vital to United States energy independence and essential to United States national security, the domestic uranium industry has been found to be "not viable" by the Secretary of Energy under provisions of the Atomic Energy Act of 1954, as amended;
(2) transfers and sale of government uranium inventories including those related to the United States/Russian HEU Agreement and the privatization of the United States Enrichment Corporation have had material adverse impacts on the United States uranium industry to the extent that the current spot market price of uranium is at an historical all time low;
(A) the unfettered introduction of government inventories has caused domestic uranium producers to either cease or curtail production;
(B) at such time as the price of natural uranium recovers to approach a reasonable cost of production, the United States uranium industry can be competitive with foreign producers due to advances in technology; and
(C) at the present time approximately 23 percent of United States electricity is produced from uranium fueled power plants and this number is expected to increase;
(3) the United States has historically been the leading uranium producing nation and holds extensive proven reserves of natural uranium that offer the potential for secure sources of future supply; and

(4) providing assistance to the domestic uranium industry is essential to—
   (A) mitigate the impacts on a private industry from government
disarmament policies and government transfers of excess uranium reserves;
   (B) preclude an undue threat from foreign supply disruptions that could
   hinder the Nation’s common defense and security; and
   (C) assure an adequate long-term supply of domestic uranium for the
   Nation’s nuclear power program to preclude an undue threat from foreign
   supply disruptions or price controls.

(b) PURPOSE.—It is the purpose of this Act to—
   (1) ensure an adequate long-term supply of domestic uranium for the Nation’s
       nuclear electric power program and for the Nation’s common defense and
       security; and
   (2) provide assistance to the domestic uranium industry by creating a domestic
       utility purchase incentive to ensure the continued existence of the domestic
       uranium industry and this industry’s infrastructure.

SECTION 3. CREDIT FOR PURCHASE OR URANIUM PRODUCED WITHIN THE UNITED STATES.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of
the Internal Revenue Code of 1986 (relating to foreign tax
credit, etc.) is amended by adding at the end thereof the following new section:

SECTION 30. CREDIT FOR PURCHASE OF URANIUM MINED OR PRODUCED AS A BY-
PRODUCT WITHIN UNITED STATES.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed
by this chapter for the taxable year an amount equal to the product of $7 multiplied
by the number of pounds of qualified uranium purchased by and delivered to the tax-
payer during such taxable year for use by a domestic utility.

"(b) LIMITATIONS AND ADJUSTMENTS.—
   "(1) CREDIT ALLOWED ONLY ONCE.—If a credit was allowed under
       subsection (a) with respect to qualified uranium, no credit shall be allowed under
       subsection (a) with respect to any subsequent purchase of such uranium.
   "(2) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection
       (a) for any taxable year shall not exceed the excess (if any) of—
       "(A) the regular tax for the taxable year reduced by the sum of the
           credits allowable under subpart A and sections 27, 28, and 29, over
       "(B) the tentative minimum tax for the taxable year.
   "(3) INFLATION ADJUSTMENT.—The $7 amount in subsection (a) shall be
       adjusted by multiplying such amount by the inflation adjustment factor for the
       calendar year in which the purchase occurs.
   "(c) QUALIFIED URANIUM.—For purposes of this section, the term ‘qualified uranium’
       means uranium ore the seller or producer of which certifies, in such manner as the
       Secretary may prescribe, as having been mined or produced as a by-product in the
       United States (within the meaning of section 638(1)) on or after January 1, 2000.
   "(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—
"(1) SALES BETWEEN RELATED PERSONS.—No credit shall be allowed under subsection (a) for any sale between related persons (as defined in section 29(d)(8)).

"(2) INFLATION ADJUSTMENT FACTOR.—The term 'inflation adjustment factor' has the meaning given such term by section 29(d)(2)(B), except that '2001' shall be substituted for '1979'.

"(e) APPLICATION OF SECTION.—This section shall apply to purchases after December 31, 2000, and before January 1, 2006, except that any purchase after December 31, 2000, pursuant to a contract entered into before January 1, 2001, shall be treated as a purchase on or before December 31, 2000.

(b) CONFORMING AMENDMENT.—The table sections for subpart B or part IV of subchapter A of chapter 1 of such Code is amended by adding at the end thereof the following:

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to purchases after December 31, 2000, in taxable years ending after such date.
Document no. 243