

time as, such agreement, and which calls for comparable payments of rent over the primary term of the agreement.

“(3) SCHEDULE OF DEEMED RENTAL PAYMENTS.—

“(A) IN GENERAL.—In any case to which paragraph (2)(B) applies, for purposes of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], the lessor shall be treated as having received or accrued (and the lessee shall be treated as having paid or incurred) rents equal to the greater of—

“(i) the amount of rents actually paid under the agreement during the taxable year, or

“(ii) the amount of rents determined in accordance with the schedule under subparagraph (B) for such taxable year.

“(B) SCHEDULE.—

“(i) IN GENERAL.—The schedule under this subparagraph is as follows:

“Portion of lease term:	Cumulative percentage of total rent deemed paid:
1st 1/2 .....	10
2nd 1/2 .....	25
3rd 1/2 .....	45
4th 1/2 .....	70
Last 1/2 .....	100.

“(ii) OPERATING RULES.—For purposes of this schedule—

“(I) the rent allocable to each taxable year within any portion of a lease term described in such schedule shall be a level pro rata amount properly allocable to such taxable year, and

“(II) any agreement relating to property which is to be placed in service in 2 or more stages shall be treated as 2 or more separate agreements.

“(C) PARAGRAPH NOT TO APPLY.—This paragraph shall not apply to any agreement if the sum of the present values of all payments under the agreement is greater than the sum of the present value of all the payments deemed to be paid or received under the schedule under subparagraph (B). For purposes of computing any present value under this subparagraph, the annual discount rate shall be equal to 12 percent, compounded semiannually.”

PLAN AMENDMENTS NOT REQUIRED UNTIL  
JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§ 1101-1147 and 1171-1177] or title XVIII [§§ 1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

**§ 468. Special rules for mining and solid waste reclamation and closing costs**

**(a) Establishment of reserves for reclamation and closing costs**

**(1) Allowance of deduction**

If a taxpayer elects the application of this section with respect to any mining or solid waste disposal property, the amount of any deduction for qualified reclamation or closing costs for any taxable year to which such election applies shall be equal to the current reclamation or closing costs allocable to—

(A) in the case of qualified reclamation costs, the portion of the reserve property which was disturbed during such taxable year, and

(B) in the case of qualified closing costs, the production from the reserve property during such taxable year.

**(2) Opening balance and adjustments to reserve**

**(A) Opening balance**

The opening balance of any reserve for its first taxable year shall be zero.

**(B) Increase for interest**

A reserve shall be increased each taxable year by an amount equal to the amount of interest which would have been earned during such taxable year on the opening balance of such reserve for such taxable year if such interest were computed—

(i) at the Federal short-term rate or rates (determined under section 1274) in effect, and

(ii) by compounding semiannually.

**(C) Reserve to be charged for amounts paid**

Any amount paid by the taxpayer during any taxable year for qualified reclamation or closing costs allocable to portions of the reserve property for which the election under paragraph (1) was in effect shall be charged to the appropriate reserve as of the close of the taxable year.

**(D) Reserve increased by amount deducted**

A reserve shall be increased each taxable year by the amount allowable as a deduction under paragraph (1) for such taxable year which is allocable to such reserve.

**(3) Allowance of deduction for excess amounts paid**

There shall be allowed as a deduction for any taxable year the excess of—

(A) the amounts described in paragraph (2)(C) paid during such taxable year, over

(B) the closing balance of the reserve for such taxable year (determined without regard to paragraph (2)(C)).

**(4) Limitation on balance as of the close of any taxable year**

**(A) Reclamation reserves**

In the case of any reserve for qualified reclamation costs, there shall be included in gross income for any taxable year an amount equal to the excess of—

(i) the closing balance of the reserve for such taxable year, over

(ii) the current reclamation costs of the taxpayer for all portions of the reserve property disturbed during any taxable year to which the election under paragraph (1) applies.

**(B) Closing costs reserves**

In the case of any reserve for qualified closing costs, there shall be included in gross income for any taxable year an amount equal to the excess of—

(i) the closing balance of the reserve for such taxable year, over

(ii) the current closing cost of the taxpayer with respect to the reserve property, determined as if all production with respect to the reserve property for any taxable year to which the election under paragraph (1) applies had occurred in such taxable year.

**(C) Order of application**

This paragraph shall be applied after all adjustments to the reserve have been made for the taxable year.

**(5) Income inclusions on completion or disposition**

Proper inclusion in income shall be made upon—

- (A) the revocation of an election under paragraph (1), or
- (B) completion of the closing, or disposition of any portion, of a reserve property.

**(b) Allocation for property where election not in effect for all taxable years**

If the election under subsection (a)(1) is not in effect for 1 or more taxable years in which the reserved property is disturbed (or production occurs), items with respect to the reserve property shall be allocated to the reserve in such manner as the Secretary may prescribe by regulations.

**(c) Revocation of election; separate reserves****(1) Revocation of election****(A) In general**

The taxpayer may revoke an election under subsection (a)(1) with respect to any property. Such revocation, once made, shall be irrevocable.

**(B) Time and manner of revocation**

Any revocation under subparagraph (A) shall be made at such time and in such manner as the Secretary may prescribe.

**(2) Separate reserves required**

If a taxpayer makes an election under subsection (a)(1), the taxpayer shall establish with respect to the property for which the election was made—

- (A) a separate reserve for qualified reclamation costs, and
- (B) a separate reserve for qualified closing costs.

**(d) Definitions and special rules relating to reclamation and closing costs**

For purposes of this section—

**(1) Current reclamation and closing costs****(A) Current reclamation costs**

The term “current reclamation costs” means the amount which the taxpayer would be required to pay for qualified reclamation costs if the reclamation activities were performed currently.

**(B) Current closing costs****(i) In general**

The term “current closing costs” means the amount which the taxpayer would be required to pay for qualified closing costs if the closing activities were performed currently.

**(ii) Costs computed on unit-of-production or capacity method**

Estimated closing costs shall—

- (I) in the case of the closing of any mine site, be computed on the unit-of-production method of accounting, and

- (II) in the case of the closing of any solid waste disposal site, be computed on the unit-of-capacity method.

**(2) Qualified reclamation or closing costs**

The term “qualified reclamation or closing costs” means any of the following expenses:

**(A) Mining reclamation and closing costs**

Any expenses incurred for any land reclamation or closing activity which is conducted in accordance with a reclamation plan (including an amendment or modification thereof)—

**(i) which—**

- (I) is submitted pursuant to the provisions of section 511 or 528 of the Surface Mining Control and Reclamation Act of 1977 (as in effect on January 1, 1984), and

- (II) is part of a surface mining and reclamation permit granted under the provisions of title V of such Act (as so in effect), or

- (ii) which is submitted pursuant to any other Federal or State law which imposes surface mining reclamation and permit requirements substantially similar to the requirements imposed by title V of such Act (as so in effect).

**(B) Solid waste disposal and closing costs****(i) In general**

Any expenses incurred for any land reclamation or closing activity in connection with any solid waste disposal site which is conducted in accordance with any permit issued pursuant to—

- (I) any provision of the Solid Waste Disposal Act (as in effect on January 1, 1984) requiring such activity, or

- (II) any other Federal, State, or local law which imposes requirements substantially similar to the requirements imposed by the Solid Waste Disposal Act (as so in effect).

**(ii) Exception for certain hazardous waste sites**

Clause (i) shall not apply to that portion of any property which is disturbed after the property is listed in the national contingency plan established under section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

**(3) Property**

The term “property” has the meaning given such term by section 614.

**(4) Reserve property**

The term “reserve property” means any property with respect to which a reserve is established under subsection (a)(1).

(Added Pub. L. 98-369, div. A, title I, §91(b)(1), July 18, 1984, 98 Stat. 601; amended Pub. L. 99-514, title XVIII, §§1807(a)(3)(A), (C), 1899A(14), Oct. 22, 1986, 100 Stat. 2811, 2959; Pub. L. 101-508, title XI, §11802(c), Nov. 5, 1990, 104 Stat. 1388-529.)

## REFERENCES IN TEXT

The Surface Mining Control and Reclamation Act of 1977, referred to in subsec. (d)(2)(A), is Pub. L. 95-87,

Aug. 3, 1977, 91 Stat. 445, as amended. Title V of that Act is classified generally to subchapter V (§1251 et seq.) of chapter 25 of Title 30, Mineral Lands and Mining. Sections 511 and 528 of that Act are classified to sections 1261 and 1278, respectively, of Title 30. For complete classification of this Act to the Code, see Short Title note set out under section 1201 of Title 30 and Tables.

The Solid Waste Disposal Act, referred to in subsec. (d)(2)(B)(i), is title II of Pub. L. 89-272, Oct. 20, 1965, 79 Stat. 997, as amended generally by Pub. L. 94-580, §2, Oct. 21, 1976, 90 Stat. 2795, which is classified generally to chapter 82 (§6901 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 6901 of Title 42 and Tables.

Section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, referred to in subsec. (d)(2)(B)(ii), is classified to section 9605 of Title 42.

AMENDMENTS

1990—Subsec. (a)(2)(B). Pub. L. 101-508 amended subpar. (B) generally, substituting present provisions for provisions providing for increase for interest and a phase-in of interest rates for taxable years ending before 1987.

1986—Subsec. (a)(1). Pub. L. 99-514, §1807(a)(3)(C), substituted “this section” for “this subsection”.

Subsec. (a)(2)(D). Pub. L. 99-514, §1807(a)(3)(A), added subpar. (D).

Subsec. (d)(2)(B)(ii). Pub. L. 99-514, §1899A(14), substituted “Comprehensive Environmental Response, Compensation, and Liability Act of 1980” for “Comprehensive Environmental, Compensation, and Liability Act of 1980”.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 1807(a)(3)(A), (C) of Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

EFFECTIVE DATE

Section effective July 18, 1984, with respect to taxable years ending after such date, except as otherwise provided, see section 91(g)(4) of Pub. L. 98-369, as amended, set out as an Effective Date of 1984 Amendment note under section 461 of this title.

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

PLAN AMENDMENTS NOT REQUIRED UNTIL  
JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§1101-1147 and 1171-1177] or title XVIII [§§1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

**§ 468A. Special rules for nuclear decommissioning costs**

**(a) In general**

If the taxpayer elects the application of this section, there shall be allowed as a deduction for

any taxable year the amount of payments made by the taxpayer to a Nuclear Decommissioning Reserve Fund (hereinafter referred to as the “Fund”) during such taxable year.

**(b) Limitation on amounts paid into Fund**

The amount which a taxpayer may pay into the Fund for any taxable year shall not exceed the ruling amount applicable to such taxable year.

**(c) Income and deductions of the taxpayer**

**(1) Inclusion of amounts distributed**

There shall be includible in the gross income of the taxpayer for any taxable year—

(A) any amount distributed from the Fund during such taxable year, other than any amount distributed to pay costs described in subsection (e)(4)(B), and

(B) except to the extent provided in regulations, amounts properly includible in gross income in the case of any deemed distribution under subsection (e)(6), any termination under subsection (e)(7), or the disposition of any interest in the nuclear powerplant.

**(2) Deduction when economic performance occurs**

In addition to any deduction under subsection (a), there shall be allowable as a deduction for any taxable year the amount of the nuclear decommissioning costs with respect to which economic performance (within the meaning of section 461(h)(2)) occurs during such taxable year.

**(d) Ruling amount**

For purposes of this section—

**(1) Request required**

No deduction shall be allowed for any payment to the Fund unless the taxpayer requests, and receives, from the Secretary a schedule of ruling amounts. For purposes of the preceding sentence, the taxpayer shall request a schedule of ruling amounts upon each renewal of the operating license of the nuclear powerplant.

**(2) Ruling amount**

The term “ruling amount” means, with respect to any taxable year, the amount which the Secretary determines under paragraph (1) to be necessary to—

(A) fund the total nuclear decommissioning costs with respect to such power plant over the estimated useful life of such power plant, and

(B) prevent any excessive funding of such costs or the funding of such costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

**(3) Review of amount**

The Secretary shall at least once during the useful life of the nuclear powerplant (or, more frequently, upon the request of the taxpayer) review, and revise if necessary, the schedule of ruling amounts determined under paragraph (1).

**(e) Nuclear Decommissioning Reserve Fund**

**(1) In general**

Each taxpayer who elects the application of this section shall establish a Nuclear Decom-