



## Legislation Text

File #: 2023-0905, Version: 1

### Report to Mayor and City Council

Tuesday, December 05, 2023

Consent

#### **SUBJECT:**

**CONSIDER TAKING A POSITION OF SUPPORT AND SENDING A CORRESPONDING LETTER REGARDING H.R. 6438 (BROWNFIELDS REDEVELOPMENT TAX INCENTIVE REAUTHORIZATION ACT OF 2023) TO ALLOW DEVELOPERS TO FULLY DEDUCT THEIR CLEANUP EXPENSES ON CONTAMINATED PROPERTY (CITY COUNCIL)**

#### **I. SUMMARY**

This item transmits a request for City Council to consider taking a position of support and directing staff to send a corresponding letter (included as Exhibit 1) regarding H.R. 6438, the "Brownfields Redevelopment Tax Incentive Reauthorization Act of 2023. The letter requests for the Honorable Congresswoman Barragan to support and cosponsor the bill designed to aid developers and landowners with the costs of cleanup in contaminated sites.

#### **II. RECOMMENDATION**

**SUPPORT** H.R. 6438 and **DIRECT** staff to transmit a corresponding letter of support.

#### **III. ALTERNATIVES**

**TAKE** another action the City Council deems appropriate and that is consistent with applicable laws.

#### **IV. BACKGROUND**

According to the National Brownfields Coalition, the federal Brownfield Tax Incentive was first passed in 1997 to allow parties who voluntarily investigated and remediated contaminated properties to deduct all cleanup costs on their federal income tax return in the year they spent the money on cleanup. By allowing for expensing rather than requiring remediation deductions to be spread out over ten years, the tax incentive was a powerful driver of private investment in the economic revitalization of brownfields. Before it expired

in 2012, this deduction was used more than 625 times in more than 40 states and was gaining momentum. Developers used the cash savings from this incentive to invest in their next brownfield project, exactly the behavior needed to accelerate cleanup of the nation's contaminated sites. The National Brownfields Coalition issued a report in 2015 showing that this deduction dramatically reduced the remediation costs - the largest single expense of taking on a brownfield - by one-third to one-half, depending on the combined income tax bracket (fed, state, local) of the party conducting the cleanup.

In the current cost escalation and interest rate environment, tax incentives supporting brownfield redevelopment are needed to make more development projects in Carson possible given the number of vacant or underdeveloped brownfield properties in the city. Accordingly, a letter requesting support and the cosponsor of the bill is attached (Exhibit No. 1).

## **V. FISCAL IMPACT**

There is no fiscal impact to the City associated with this item.

Should H.R. 6438 be signed into law, an increase of private sector investment in contaminated and underutilized sites is anticipated to benefit the City.

## **VI. EXHIBITS**

1. Letter Requesting Support and Cosponsor H.R. 6438 (Brownfields Redevelopment Tax Incentive Reauthorization Act of 2023) (pgs. 3-6)

Prepared by: James Nguyen, Special Projects Manager / Michael George, Assistant to the City Manager