

## New Act Extends and Expands Brownfields Tax Incentives



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In 1997, Congress enacted special tax incentives to encourage the cleanup and redevelopment of brownfields (environmentally-contaminated properties). The 1997 law, which expired on December 31, 2005, allowed developers to deduct the cleanup costs in the year the cleanup took place rather than capitalizing those costs over a period of years.

On December 20, 2006, President Bush signed into law the Tax Relief and Health Care Act of 2006 which extends the brownfields tax incentives to December 31, 2007, retroactive to December 31, 2005. Notably, the Act also adds incentives for the redevelopment of petroleum contamination sites such as former gas stations, by allowing the deduction of costs for the cleanup of petroleum products (crude oil, crude oil condensates, and natural gasoline) which were ineligible under the 1997 law. As before, the developer must obtain a statement from the appropriate State agency that the property qualifies as a "qualified contaminated site" in order to take advantage of the tax incentives.

Louisiana law also contains tax incentives for redevelopment of brownfields. Louisiana Revised Statute 47:6021, enacted in July 2005, allows brownfields developers credits against State income taxes of 15% of expenditures for voluntary remedial investigation, and 25% of expenditures for voluntary remedial action, at state-certified brownfield sites.

Please contact [Boyd Bryan](#) or [Mike Cherekoff](#) with questions and comments.