To amend the Internal Revenue Code of 1986 to permanently allow a tax deduction for the mining, reclaiming, or recycling of critical minerals and metals from the United States, and to support the development of domestic supply chains for rare earth elements and other critical materials essential to United States technology, manufacturing, energy, healthcare and advanced medical devices, broadband infrastructure, transportation, and national defense.

IN THE HOUSE OF REPRESENTATIVES

Mr. Gooden of Texas introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Internal Revenue Code of 1986 to permanently allow a tax deduction for the mining, reclaiming, or recycling of critical minerals and metals from the United States, and to support the development of domestic supply chains for rare earth elements and other critical materials essential to United States technology, manufacturing, energy, healthcare and advanced medical devices, broadband infrastructure, transportation, and national defense.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. PERMANENT FULL EXPENSING FOR PROPERTY
USED TO EXTRACT CRITICAL MINERALS AND
METALS WITHIN THE UNITED STATES.

(a) In General.—Section 168(k) of the Internal
Revenue Code of 1986 is amended by adding at the end
the following:

“(11) Special rule for property used for
mining of critical minerals and metals with-
in the United States.—

“(A) In general.—In the case of any
qualified property which is substantially in-
volved in the mining, reclaiming, or recycling of
critical minerals and metals from deposits in
the United States—

“(i) paragraph (2)(A)(iii) shall not
apply, and

“(ii) the applicable percentage shall be
100 percent.

“(B) Critical minerals and metals.—
For purposes of this paragraph, the term ‘crit-
tical minerals and metals’ means cerium, cobalt,
dysprosium, erbium, europium, gadolinium,
graphite, holmium, lanthanum, lithium, lute-
tium, manganese, neodymium, praseodymium, 

promethium, samarium, scandium, terbium, 
thulium, vanadium, ytterbium, and yttrium.”.

(b) Effective Date.—The amendment made by 
this section shall apply to property placed in service after 

SEC. 2. PERMANENT FULL EXPENSING FOR NONRESIDEN-
tial Real Property Used for Mining of 
Critical Minerals and Metals Within 
The United States.

(a) In General.—Section 168 of the Internal Rev-
enue Code of 1986 is amended by adding at the end the 
following new subsection:

“(n) Special Allowance for Nonresidential 
Real Property Used for Mining of Critical Min-
erals and Metals Within the United States.—

“(1) New Structures.—In the case of any 
qualified real property—

“(A)(i) if such property is placed in service 
on or after the date of enactment of this sub-
section, the depreciation deduction provided by 
section 167(a) for the taxable year in which 
such property is placed in service shall include 
an allowance equal to 100 percent of the ad-
justed basis of such property, or
“(ii) if such property was placed in service before the date of enactment of this subsection, the depreciation deduction provided by section 167(a) for the first taxable year beginning after such date shall include an allowance equal to 100 percent of the adjusted basis of such property, and

“(B) the adjusted basis of such property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

“(2) QUALIFIED REAL PROPERTY.—For purposes of this subsection, the term ‘qualified real property’ means any nonresidential real property which is substantially involved in the mining, reclaiming, or recycling of critical minerals and metals (as defined in subsection (k)(11)(B)) from deposits in the United States.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2020.
SEC. 3. DEDUCTION FOR PURCHASE OF CRITICAL MINERALS AND METALS EXTRACTED WITHIN THE UNITED STATES.

(a) In General.—Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 176 the following new section:

“SEC. 177. DEDUCTION FOR PURCHASE OF CRITICAL MINERALS AND METALS EXTRACTED WITHIN THE UNITED STATES.

“(a) Allowance of Deduction.—There shall be allowed as a deduction for the taxable year an amount equal to 200 percent of the cost paid or incurred by the taxpayer for the purchase or acquisition of critical minerals and metals (as defined in section 168(k)(11)(B)) which have been extracted from deposits in the United States.

“(b) Application With Other Deductions.—No deduction shall be allowed under any other provision of this chapter with respect to any expenditure with respect to which a deduction is allowed or allowable under this section to the taxpayer.”.

(b) Conforming Amendment.—The table of sections for part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 176 the following new item:
“Sec. 177. Deduction for purchase of critical minerals and metals extracted within the United States.”.

(e) Effective Date.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 2020.

SEC. 4. INCREASE IN RATE OF PERCENTAGE DEPLETION FOR CRITICAL MINERALS AND METALS FROM DEPOSITS IN THE UNITED STATES.

(a) In General.—Section 613(b)(1) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “; and”, and by adding at the end the following new subparagraph:

“(C) critical minerals and metals (as defined in section 168(k)(11)(B)) from deposits in the United States.”.

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 5. GRANT PROGRAM FOR DEVELOPMENT OF CRITICAL MINERALS AND METALS.

(a) Establishment.—The Secretary of the Interior shall establish a grant program to finance pilot projects for the development of critical minerals and metals in the United States.
(b) LIMITATION ON GRANT AWARDS.—A grant awarded under subsection (a) may not exceed $10,000,000.

(c) ECONOMIC VIABILITY.—In awarding grants under subsection (a), the Secretary of the Interior shall give priority to projects the Secretary determines are likely to be economically viable over the long term.

(d) SECONDARY RECOVERY.—In awarding grants under subsection (a) during a fiscal year, the Secretary of the Interior shall seek to award not less than 30 percent of the total amount of grants awarded during that fiscal year for projects relating to secondary recovery of critical minerals and metals.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of the Interior $50,000,000 for each of fiscal years 2022 through 2025 to carry out the grant program established under subsection (a).

(f) DEFINITIONS.—In this section:

(1) CRITICAL MINERALS AND METALS.—The term “critical minerals and metals” means cerium, cobalt, dysprosium, erbium, europium, gadolinium, graphite, holmium, lanthanum, lithium, lutetium, manganese, neodymium, praseodymium, pro-
methium, samarium, scandium, terbium, thulium, vanadium, ytterbium, and yttrium.

(2) SECONDARY RECOVERY.—The term “secondary recovery” means the recovery of minerals and metals from discarded end-use products or from waste products produced during the metal refining and manufacturing process, including from mine waste piles, acid mine drainage sludge, or byproducts produced through legacy mining and metallurgy activities.