Corrosion Tax Credit Bill to Motivate Businesses in Corrosion Prevention and Control

HOUSTON, TX -- (MARKET WIRE) -- September 07, 2006 -- Responding to heightened awareness of the significant environmental, safety and economic consequences of corrosion, Congress has introduced a bill designed to encourage corrosion control and prevention, and thwart the threats it poses to our environment and economy.

The Corrosion Prevention Act of 2006 (H.R. 4913) was introduced by Representative Mike Fitzpatrick, who is serving his first term as Representative of the 8th District of Pennsylvania. Its stated purpose is "to amend the Internal Revenue Code of 1986 to encourage the use of corrosion prevention and mitigation measures in the construction and maintenance of business property."

The Corrosion Prevention Act of 2006 targets U.S.-based business physical assets that are composed primarily of a metal susceptible to corrosion. The bill provides for a tax credit equaling 50 percent of corrosion prevention and mitigation expenditures in excess of amounts paid to satisfy Federal, State, or local regulatory requirements. Qualifying for this credit are expenses incurred for engineering design, materials, and application/installation of corrosion prevention and mitigation technology. The bill requires that these designs, materials, applications/installations first be certified by "an independent entity with expertise in corrosion prevention and mitigation technology" to qualify for the tax credit.

To assist corrosion professionals in understanding how to properly evaluate and certify corrosion control systems as being qualified for the tax credit, NACE International is preparing a guide that will outline a detailed process. Course material is being designed that will allow corrosion professionals to be trained to use this guide via the internet and through workshops.

"As a nation we are long overdue in encouraging and supporting corrosion control," said NACE Executive Director Tony Keane.

"This is an environmental safety issue, it is an economic issue and it is a job retention issue," Keane said. "Corrosion wastes resources, results in environmental contamination and costs jobs when companies find it less expensive to outsource overseas than to maintain facilities in the United States."

Owners of regulated structures, such as pipelines, have long been aware of the economic benefits gained through the implementation of comprehensive corrosion prevention strategies. These industries have calculated that the cost of preventing corrosion is generally one-tenth or less than the cost to replace a structure.
Many U.S. business segments, however, remain generally unaware of this 10:1 return on investment. As such, they fall prey to the inevitable cost of replacing structures that are submerged, concrete-encased or atmospherically exposed to natural, corrosive forces.

When all is said and done, jobs and government tax revenues are irretrievably lost. "This downward economic spiral is preventable if only businesses become aware of the compelling economic benefits of employing corrosion control technologies," said Mike Baach, Chairman of NACE Congressional Affairs Subcommittee.

NACE International is a professional association dedicated to promoting public safety, protecting the environment, and reducing the economic impact of corrosion. Established in 1943, NACE International has more than 15,000 members worldwide and offers technical training and certification programs, sponsors conferences and produces industry standards, reports, publications, and software.

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