

Nov 2023

Brownfields Redevelopment Tax Incentive Reauthorization Act of 2023

The National Brownfields Coalition is pleased to share that Rep. Mikie Sherrill (NJ) and Rep. Michael Turner (OH) have reintroduced the Brownfields Redevelopment Tax Incentive Reauthorization Act, which will allow taxpayers to fully deduct the cleanup costs of contaminated property in the year the costs were incurred.

Restoring this vital tax incentive to revitalize our communities is long overdue. **The Coalition encourages you to reach out to your Representatives and urge them to cosponsor this bill.**

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. Our 2015 report* showed 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.

Why we need the Bipartisan Brownfields Tax Incentive Bill of 2023

The brownfield tax incentive is an investment in economic development, community health, and communities marginalized by historic land use patterns and hazardous land uses. Brownfield clean-up and development are powerful tools to advance environmental justice by seeking to reduce exposure to environmental hazards and promote healthier, vibrant communities in areas that may have been disadvantaged by the presence of brownfield sites.

The redevelopment of brownfields generates increased tax revenue for local, state, and federal governments from formerly idle, non-income-producing property. [Our study showed](#) seven NYC sites that enrolled in the NYC Voluntary Cleanup Program enjoyed average, per-site tax savings of \$105,000, a significant incentive for the developer. Even greater though were the per-project tax revenue gains to city and state government from these projects of \$10 million (calculated on a 30-year, NPV basis). Looking at these city sites, the financial benefit of the brownfield tax deduction is 100 times greater than its cost. The report features 17 case studies, describing the jobs and other local benefits of redevelopment in places like Detroit, MI; Cincinnati, OH, Liberty, TX, and Salt Lake City, UT.

The deduction provides a critical source of capital that can fund a project's cleanup costs in markets where lenders are wary of financing cleanups, particularly for smaller developments.

The deduction encourages developers to take on seriously contaminated brownfields whose otherwise high cleanup costs lead developers to search for simpler projects. By expensing remediation costs, the deduction makes contaminated sites far more competitive to develop. The lower effective cost of cleanup ushers in the economic gains that flow from new capital investment in communities across the country. New development brings both construction and permanent jobs, as well as housing, community facilities, retail, and office space that revitalizes communities.

Further, the brownfields tax incentive improved equity between polluters and those remediating pollution on a voluntary basis in the tax treatment of cleanup costs. Currently, those who caused the pollution or are otherwise liable to conduct a cleanup are able to expense their cleanup costs. Restoring this incentive will again allow volunteers to do the same.

As a tax deduction rather than a grant, the brownfields incentive is extremely simple to use: volunteer investigates and cleans the site, obtains a letter confirming contamination from their state environmental agency, and can then deduct the cost of cleanup on their return.

* [The Federal Brownfields Tax Incentive; Case Studies and Analysis of Impacts](#), September 2015. Redevelopment Economics; NYC Office of Environmental Remediation; International Council of Shopping Centers; Smart Growth America.

The National Brownfields Coalition is a unique, non-partisan alliance that advocates for policy change and funding to responsibly clean up and reuse underutilized or environmentally-impacted land. We educate, advocate, and convene stakeholders nationally to advance brownfields redevelopment and thriving communities.

More information about the National Brownfields Coalition can be found [here](#). If you have any questions about the Coalition, please contact Franklin Thornton at fthornton@smargrowthamerica.org or Jean Hamerman at jean.hamerman@ccclr.org.