

PERCENTAGE DEPLETION RATE FOR CERTAIN CLAY-BEARING ALUMINA

Section 613(b)(6) of the code provides a 15-percent-depletion rate for all other minerals not otherwise provided a percentage depletion rate. Under that provision, clay, laterite, and nephelite syenite used for the extraction of alumina would receive a 15-percent-depletion rate. Section 613(c)(4) of the code sets forth the treatment processes which are considered as mining.

The Senate amendment (in proposed sec. 209(a)) amends section 613(b) to provide a 23-percent-depletion rate for clay, laterite, and nephelite syenite produced from deposits in the United States to the extent that alumina and aluminum compounds are extracted therefrom. Section 209(b) would have amended section 613(c)(4) to provide that in the case of clay, laterite, and nephelite syenite extracted from deposits in the United States, all processes applied to derive alumina or aluminum compounds would be considered as mining. Such amendments would apply to taxable years beginning after the date of enactment of the bill.

Under the conference action proposed section 209(a) is retained but proposed section 209(b) is deleted. The amendment is to apply to taxable years beginning after the date of enactment of the bill.

PERCENTAGE DEPLETION RATE FOR CLAM AND OYSTER SHELLS

Section 613(b)(5) of the code provides a 5-percent-depletion rate for mollusk shells (including clam shells and oyster shells).

The Senate amendment (in proposed sec. 210) amends section 613(b) to provide a 15-percent-depletion rate for mollusk shells, except when used for riprap, ballast, road material, rubble, concrete aggregates or for similar purposes, in which event a 5-percent rate applies. The amendment applies to taxable years beginning after the date of enactment of the bill.

Under the conference action this provision is retained.

PERCENTAGE DEPLETION RATE FOR CERTAIN CLAY, SHALE, AND SLATE

Section 613(b) of the code provides a 5-percent-depletion rate for shale; clay used, or sold for use, in the manufacture of brick or sewer pipe; and clay or slate used or sold for use as concrete aggregates or for similar purposes. Section 613(c)(4) sets forth certain treatment processes considered as mining.

The Senate amendment (in proposed sec. 211) would have amended section 613(c)(4) to provide that the sintering or burning of clay, shale, and slate, used or sold for use, as lightweight aggregates, would be considered a mining process. This amendment would apply to taxable years beginning after the date of enactment of the bill.

Under the Senate amendment (in proposed sec. 404) the depletion rate for clay and shale used or sold for use in the manufacture of sewer pipe and brick would be 15 percent. This amendment would apply to taxable years ending after the date of enactment of the bill.

Under the conference action the depletion rate for clay or shale used or sold for use in the manufacture of sewer pipe and brick, and for clay, shale or slate used or sold for use as sintered or burned lightweight aggregates, is to be 7½ percent. Under the conference action this