

COMPARISON OF THE ESTIMATED BUDGET EFFECTS OF
DIVISION D OF H.R. 6, THE "ENERGY TAX POLICY ACT OF 2003," AS PASSED BY THE HOUSE OF REPRESENTATIVES AND
S. 1149, THE "ENERGY TAX INCENTIVES ACT OF 2003," AS REPORTED BY THE COMMITTEE ON FINANCE AND MODIFIED BY PROPOSED SENATE AMENDMENT NO. 1431

Fiscal Years 2004 - 2013

[Millions of Dollars]

Provision	Effective	Division D of H.R. 6, as Passed by the House							S. 1149, Reported and Modified							
		2004	2005	2006	2007	2008	2004-08	2004-13	2004	2005	2006	2007	2008	2004-08	2004-13	
Conservation Provisions																
A. Residential and Business Property																
1. {H} 15% credit for residential solar hot water (through 12/31/06) and photovoltaics (through 12/31/08); {S} credit for residential fuel cell, solar, and other energy efficient property	H = tyea 12/31/03 S = ppb DOE & before 12/31/07	-3	-14	-19	-23	-23	-83	-105	-24	-54	-62	-70	-62	-272	-272	
2. Credit for producing electricity from certain sources {H} extend property placed in service before 1/1/07; {S} extend and modify, property placed in service before 1/1/07 (1/1/05 in the case of open-loop)	esfqfa DOE	-157	-270	-294	-391	-384	-1,496	-3,084	-111	-205	-298	-387	-384	-1,381	-2,928	
3. Fuel Cells - {H} credit for non-business and business installation of qualifying fuel cells (sunset 12/31/06); {S} business tax incentives for qualifying fuel cells and microturbine plants (sunset 12/31/06)	H = ppisa 12/31/03 S = ppisb DOE & 12/31/07	-2	-9	-13	-13	-1	-38	-37	-5	-9	-14	-9	-4	-43	-46	
4. Credit for energy efficient improvements to existing homes	H = pia 12/31/03 & pib 1/1/07 S = pia DOE & pib 1/1/07	-20	-110	-144	-136	-47	-457	-470	-55	-78	-70	-56	---	-260	-260	
5. Business credit for construction of new energy efficient homes	H = hpa 12/31/03 & hpb 1/1/07 S = hpa DOE & hpb 1/1/08	-84	-175	-252	-164	-56	-731	-743	-63	-102	-98	-108	-68	-440	-465	
6. Energy credit for combined heat and power system property	H = ppisa 12/31/03 & ppisb 1/1/07 S = ppisa DOE & ppisb 1/1/07	-47	-70	-73	-49	-23	-263	-258	-68	-79	-78	-51	-24	-300	-296	
7. Credit for energy efficient appliances	apb DOE & 12/31/07	----- No Provision -----							-58	-82	-68	-46	-23	-277	-288	
8. Allowance of deduction for certain energy efficient commercial building property	tyba DOE & ccb 1/1/10	----- No Provision -----							-28	-51	-74	-101	-130	-385	-537	
9. Three-year applicable recovery period for qualified energy management devices (excluding ancillary equipment):																
a. Electric devices (sunset for property placed in service after 12/31/07)	ppisa DOE	----- No Provision -----							-9	-20	-42	-70	-61	-202	-137	
b. Water submetering devices (sunset for property placed in service after 12/31/07)	ppisa DOE	----- No Provision -----							-4	-11	-21	-31	-24	-91	-49	
10. Allow personal energy credits against the alternative minimum tax.....	tyba 12/31/03	-1	-5	-7	-9	-6	-28	-33	----- Included in Personal Energy Credit Provisions -----							
B. Fuels and Alternative Motor Vehicles																
1. Repeal of the 4.3 cent tax on rail and barge diesel [1]	1/1/04	-107	-156	-161	-166	-171	-761	-1,695	-107	-156	-161	-166	-171	-761	-1,695	
2. Btu-based highway excise tax rate for diesel fuel blended with water	fra 9/30/03	----- Loss of Less Than \$500,000 -----							----- No Provision -----							
3. Modifications to small ethanol producer credit.....	tyba DOE	----- No Provision -----							-16	-34	-34	-34	-41	-159	-290	
4. Alcohol and biodiesel fuel excise tax provisions and extension of section 40 alcohol income tax credit:																
a. Extension of section 40 alcohol fuels income tax credit (sunset 12/31/10)	fsa 9/30/03	----- No Provision -----							---	---	---	---	-6	-6	-47	
b. Repeal reduced-rate sales of gasoline for blending with alcohol and reduced-rate sales of alcohol fuel blends	fsa 9/30/03	----- No Provision -----							31	46	49	48	45	221	402	

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		2004	2005	2006	2007	2008	2004-08	2004-13	2004	2005	2006	2007	2008	2004-08	2004-13	
c. Provide excise tax credit (in lieu of reduced tax rate on gasoline) to certain blenders of alcohol fuel mixtures (sunset 12/31/10)	fsa 9/30/03	----- No Provision -----							----- Negligible Revenue Effect -----							
d. Provide excise tax and income tax credits for biodiesel used to produce a qualified fuel mixture (\$1.00/gallon for agribiodiesel and \$0.50/gallon for biodiesel) (sunset 12/31/05) [2]	fsa 9/30/03	----- No Provision -----							-26	-41	-12	---	---	-79	-79	
e. Provide outlay payments (in lieu of excise tax credits and refunds) to producers of alcohol and biodiesel fuel mixtures and users of neat alcohol and neat biodiesel fuels):																
1. Outlay payments [3] [4]	fsoua 9/30/03	----- No Provision -----							-28	-29	-30	-31	-31	-148	-315	
2. Reduction in excise tax credits and refunds	fsoua 9/30/03	----- No Provision -----							21	22	22	23	23	111	236	
f. Transfer full amount of alcohol fuel excise taxes to the Highway Trust Fund.....	fsa 9/30/03	----- No Provision -----							----- No Revenue Effect -----							
5. Provide income tax credits for biodiesel fuel and biodiesel used to produce a qualified fuel mixture (\$1.00/gallon for agribiodiesel and \$0.50/gallon for biodiesel) (sunset 12/31/05) [2]	DOE	----- No Provision -----							----- Revenue Effects Included in Item #4.d. -----							
6. Sale of gasoline and diesel fuel at duty-free sales enterprises	DOE	----- No Provision -----							----- No Revenue Effect -----							
7. Modification of Provisions Relating to Electric Vehicles and Clean-Fuel Vehicles - {H} repeal the phaseout of the deduction under section 179A (clean fuel vehicles) and the credit under section 30 (electric vehicles); sunset 12/31/06; fuel cell credit (sunset 12/31/12); advanced lean burn vehicles credit (sunset 12/31/06); {S} credits for purchase of alternative motor vehicles, modifications to credit for electric vehicles, and extension of deduction for qualified clean fuel vehicles and property (deduction for property placed in service before 1/1/08 (1/1/12 in the case of hydrogen fuel); credit for alternative and electric vehicles purchased before 1/1/07 (1/1/12 in the case of hydrogen))	H = ppisa 12/31/03 S = ppisa DOE	-53	-119	-249	-17	103	-335	-212	-151	-428	-649	-550	-17	-1,795	-1,767	
8. Alternative motor vehicle credit	---	----- Included in Item #7. -----							----- Included in Item #7. -----							
9. Credit for installation of alternative fueling stations credit for property placed in service before 1/1/08 (1/1/12 in the case of hydrogen)	ppisa DOE	----- No Provision -----							-2	-3	-3	-3	-1	-11	-10	
10. Credit for retail sale of alternative fuels (30 cents/gallon in 2003, 40 cents in 2004, 50 cents in 2005 and 2006)	fsa DOE	----- No Provision -----							-83	-169	-215	-90	-1	-558	-563	
Total of Conservation Provisions		-474	-928	-1,212	-968	-608	-4,192	-6,637	-786	-1,483	-1,858	-1,732	-980	-6,836	-9,406	
Reliability Provisions																
1. Natural gas gathering pipelines treated as 7-year property {S} no AMT relief.....	ppisa DOE	---	-2	-3	-2	-2	-9	-16	----- Negligible Revenue Effect -----							
2. Gas distribution pipelines treated as 15-year property; {S} no AMT relief	ppisa DOE	-16	-38	-67	-98	-128	-347	-1,362	-16	-38	-60	-90	-119	-323	-1,309	
3. Electricity transmission property rated 69kV or greater treated as 15-year property and no minimum tax adjustment [5]	ppisa DOE	-24	-48	-86	-130	-174	-462	-1,916	----- No Provision -----							
4. Expensing of capital costs incurred for production in complying with Environmental Protection Agency sulfur regulations for small refiners	H = epoia 3/31/03 S = epoia 12/31/03	-6	-5	-6	-10	-21	-49	-97	-9	-7	-8	-12	-27	-63	-125	
5. Credit for small refiners for production for diesel fuel in compliance with Environmental Protection Agency sulfur regulations for small refiners.....	H = epoia 3/31/03 S = epoia 12/31/03	----- Included in Item #4. -----							----- Included in Item #4. -----							

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		2004	2005	2006	2007	2008	2004-08	2004-13	2004	2005	2006	2007	2008	2004-08	2004-13	
6. Determination of small refiner exception to oil depletion deduction - modify definition of independent refiner from daily maximum run less than {H} 75,000 barrels; {S} 60,000 barrels...	H = tyba 12/31/03 S = tyea DOE	-8	-12	-12	-13	-13	-57	-127	-6	-7	-8	-8	-8	-37	-81	
7. Dispositions of transmission property to implement FERC restructuring policy {H} election to recognize gain from an electric transmission transaction ratable over 8-year period subject to qualified reinvestment {S} no reinvestment obligation (applies to sales or dispositions completed prior to {H} 1/1/07; {S} 1/1/08) [5]	ta DOE	-1,691	-1,717	-1,313	184	952	-3,536	403	-1,321	-1,183	-1,273	-817	476	-4,118	338	
8. Modification to special rules for nuclear decommissioning costs - {H} permits transfer of pre-84 decommissioning costs to qualified fund (seller gets deduction on sale); eliminate cost of service requirement, permit full funding in qualified fund, and clarify treatment of fund transfers; {S} permits transfer of pre-84 decommissioning costs to qualified fund (buyer gets deduction over life of plant); eliminate cost of service requirement; and clarify treatment of fund transfers	H = tyba 2003 S = tyba DOE	-86	-181	-198	-186	-167	-818	-1,462	-47	-69	-76	-85	-94	-371	-1,000	
9. Treatment of certain income of electric cooperatives	tyba DOE	-8	-18	-21	-23	-25	-95	-258	-8	-18	-21	-23	-25	-95	-258	
10. Exempt certain prepayments for natural gas from tax-exempt bond arbitrage rules	oia DOE	[6]	[6]	-1	-1	-1	-3	-15	[6]	[6]	-1	-1	-1	-3	-15	
Total of Reliability Provisions		-1,839	-2,021	-1,707	-279	421	-5,376	-4,850	-1,407	-1,322	-1,447	-1,036	202	-5,010	-2,450	
Production Provisions																
A. Oil and Gas Provisions																
1. Credit for marginal domestic oil and natural gas well production	H = pi tyba 12/31/03 S = DOE	----- No Revenue Effect -----							----- No Revenue Effect -----							
2. Net income limitation on percentage depletion for oil and gas property and suspension of limitation based on 65 percent of taxable income:																
a. Temporary suspension of limitation based on 65 percent of taxable income (through 12/31/06)	tyba 12/31/03	-112	-173	-181	-65	---	-531	-531	----- No Provision -----							
b. Extension of suspension of 100% of taxable income limit with respect to marginal production (through 12/31/06)	H = tyba 12/31/03 S = DOE	-22	-35	-36	-13	---	-106	-106	-22	-35	-36	-13	---	-106	-106	
3. Amortize all delay rental payments over 2 years	H = apoii tyba 12/31/03 S = apoii tyba DOE	82	25	-63	-66	-40	-63	-76	85	11	-64	-62	-35	-65	-77	
4. Amortize all geological and geophysical ("G&G") expenditures over 2 years	H = cpoii tyba 12/31/03 S = cpoii tyba DOE	67	-168	-452	-449	-331	-1,334	-2,413	234	-212	-449	-428	-320	-1,175	-2,238	
5. Extension and modification of section 29 credit for {H} producing fuel from a non-conventional source (placed in service through 12/31/06); {S} facilities placed in service after the date of enactment and before 1/1/07, including viscous oil, coalmine gas, agricultural and animal waste, and refined coal; extension and modification of section 29 credit for certain coal gasification and coke production from 1/1/02 through 12/31/05; clarification of definition of landfill gas facility; study of coal bed methane; for new facilities described in section 29 (c)(1)(A) & (B), credit rate is equal to \$3.00 Barrel of Oil Equivalent; and 200,000 cubic feet per day limit [7]	H = fsfqfa 4/1/03 S = fsfqfa DOE	-208	-249	-385	-460	-409	-1,711	-2,195	-213	-354	-573	-676	-529	-2,345	-2,661	

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		2004	2005	2006	2007	2008	2004-08	2004-13	2004	2005	2006	2007	2008	2004-08	2004-13	
B. Business Alternative Minimum Tax Provisions																
1. Allow certain business energy credits against the alternative minimum tax [8]:																
a. {H} Credits for new energy efficient homes, low sulfur diesel fuel, and oil and gas from marginal wells; {S} small ethanol producer credit and Alaska natural gas credit.....																
	tyea DOE	-47	-32	-8	26	33	-28	---	----- Included in Business Energy Credit Provisions -----							
b. Enhanced oil recovery credit against the alternative minimum tax.....																
	tyba 12/31/03 & tybb 1/1/06	-88	-137	-142	-37	20	-383	-296	----- No Provision -----							
2. Temporary repeal of alternative minimum tax intangible drilling costs ("IDC") preference																
	tyba 12/31/03 & tybb 1/1/06	-33	-49	-10	9	8	-75	-44	----- No Provision -----							
C. Clean Coal Provisions																
1. Credit for production from qualifying clean coal technology units																
	pa DOE	----- No Provision -----							-31	-58	-70	-80	-87	-326	-797	
2. Credit for investment in qualifying advanced clean coal technology (for property placed in service after the date of enactment and before 1/1/17 (1/1/13 in the case of advanced pulverized coal or atmospheric fluidized bed))....																
	ppisa DOE	----- No Provision -----							-20	-47	-49	-41	-27	-184	-475	
3. Credit for production of electricity from qualifying advanced clean coal technology units																
	pa DOE	----- No Provision -----							-4	-17	-36	-55	-70	-183	-895	
D. Alaska Gas Provisions																
1. Credit for Alaska Natural Gas																
	[9]	----- No Provision -----							----- No Revenue Effect -----							
2. Treat certain Alaska pipeline property as 7-year property																
	ppisa 12/31/12	----- No Provision -----							---	---	---	---	---	---	-150	
3. Extension of enhanced oil recovery credit to Alaska gas processing facilities.....																
	cpoi tyba 12/31/03	----- No Provision -----							---	---	---	---	-32	-32	-306	
Total of Production Provisions		-361	-818	-1,277	-1,055	-719	-4,231	-5,661	29	-712	-1,277	-1,355	-1,100	-4,416	-7,705	
Additional Provisions																
1. Extension of accelerated depreciation and wage credit benefits for businesses on Indian reservations (through 12/31/05).....																
	DOE	----- No Provision -----							2	-172	-290	-104	21	-543	-210	
2. Study of effectiveness of certain provisions by GAO																
	DOE	----- No Provision -----							----- No Revenue Effect -----							
3. Modify research credit with respect to energy research																
	ea DOE	----- No Provision -----							-3	-7	-4	-2	-1	-18	-18	
Total of Additional Provisions		----- No Provision -----							-1	-179	-294	-106	20	-561	-228	
Revenue Provisions																
A. Provisions to Discourage Corporate Expatriation:																
1. Tax treatment of corporate inversions																
	H = tca 3/4/03 S = [10]	6	62	12	3	---	83	83	193	117	140	168	202	820	2,611	
2. Excise tax on stock compensation of insiders in inverted corporations																
	generally 7/11/02	----- No Provision -----							35	10	10	10	10	75	125	
3. Reinsurance agreements																
	rra 4/11/02	----- No Provision -----							[11]	[11]	[11]	[11]	[11]	2	5	
B. Corporate Tax Shelters - provisions relating to reportable transactions and tax shelters																
	various dates after DOE [12]	----- No Provision -----							92	115	119	120	124	570	1,333	
C. Other Revenue Provisions																
1. Extend IRS User Fees (through 9/30/13) [13]																
	rma DOE	----- No Provision -----							33	34	35	36	38	176	386	
2. Add Hepatitis A to the list of taxable vaccines (includes outlay effects)																
	[14]	----- No Provision -----							8	9	9	9	9	44	89	

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		2004	2005	2006	2007	2008	2004-08	2004-13	2004	2005	2006	2007	2008	2004-08	2004-13
3. Modification of the tax treatment of individual expatriation and residency termination	[15]	----- No Provision -----							19	18	21	24	28	110	328
Total of Revenue Provisions		6	62	12	3	---	83	83	380	303	334	367	411	1,797	4,877
NET TOTAL		-2,668	-3,705	-4,184	-2,299	-906	-13,716	-17,065	-1,785	-3,393	-4,542	-3,862	-1,447	-15,026	-14,912

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be November 1, 2003.

Legend: {H} = Division D of H.R. 6, as Passed by the House of Representatives
 {S} = S. 1149, as Reported by the Committee on Finance and Modified by Proposed Senate Amendment No. 1431

Legend for "Effective" column:

apoi = amounts paid or incurred in
 apb = appliances produced between
 ccb = construction completed by
 cpoi = costs paid or incurred in
 DOE = date of enactment
 ea = expenditures after
 epoi = expenses paid or incurred after
 esqfa = electricity sold from qualifying facilities after
 fra = fuels removed after
 fsa = fuel sold after

fsqfa = fuel sold from qualifying facilities after
 fsoua = fuel sold or used after
 hpa = homes purchased after
 hpb = homes purchased before
 oia = obligation issued after
 pa = production after
 pi = production in
 pia = property installed after
 pib = property installed before
 ppb = property purchased between

ppisa = property placed in service after
 ppisb = property placed in service between
 rma = requests made after
 rra = risk reinsured after
 ta = transactions after
 tca = transactions completed after
 tyba = taxable years beginning after
 tybb = taxable years beginning before
 tyea = taxable years ending after

- [1] Estimate assumes that the rail diesel LUST tax of 0.1 cents per gallon would be retained.
- [2] This provision may also have indirect effects on Federal outlays for certain farm programs. Outlay effects will be estimated by the Congressional Budget Office.
- [3] Estimate provided by the Congressional Budget Office. Negative numbers indicate an increase in outlays.
- [4] The outlay payments for ethanol expire after December 31, 2010, and the outlay payments for biodiesel expire after December 31, 2005.
- [5] Estimate assumes no change in FERC policy.
- [6] Loss of less than \$1 million.
- [7] Qualified facilities would be given credit for three years of production (five years in the case of refined coal).
- [8] Estimates of changes related to the section 45 credit and the AMT (House bill) and changes related to the small ethanol producer credit and the changes related to the credit for production of Alaska gas and the AMT (Senate bill) are reflected in those provisions elsewhere on the table.
- [9] Effective the later of January 1, 2010, or initial date of interstate transportation of qualifying gas.
- [10] Effective for certain transactions completed after March 20, 2002, and would also affect certain taxpayers who completed transactions before March 21, 2002.
- [11] Gain of less than \$1 million.
- [12] Effective dates for provisions relating to reportable transactions and tax shelters: the penalty for failure to disclose reportable transactions is effective for returns and statements the due date of which is after the date of enactment; the modification to the accuracy-related penalty for listed or reportable transactions is effective for taxable years ending after the date of enactment; the tax shelter exception to confidentiality privileges is effective for communications made on or after the date of enactment; the material advisor and investor list disclosure provision applies to transactions with respect to which material aid, assistance or advice is provided after the date of enactment; the failure to register a tax shelter applies to returns the due date for which is after the date of enactment, the investor list penalty applies to requests after the date of enactment and the penalty on promoters of tax shelters is effective for activities after the date of enactment.
- [13] Estimate provided by the Congressional Budget Office.
- [14] Effective for vaccines sold beginning on the first day of the first month beginning more than four weeks after the date of enactment.
- [15] Effective for individuals who expatriate or terminate long-term residency after February 27, 2003.