

**LIST OF EXPIRED AND EXPIRING
FEDERAL TAX PROVISIONS,
1998-2008**

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

January 20, 1999

JCX-1-99

CONTENTS

	<u>Page</u>
INTRODUCTION	1
EXPIRED AND EXPIRING FEDERAL TAX PROVISIONS, 1998-2008	2
A. Provisions That Expired in 1998	2
B. Provisions Expiring in 1999	3
C. Provisions Expiring in 2000	4
D. Provisions Expiring in 2001	5
E. Provisions Expiring in 2002	6
F. Provisions Expiring in 2003	7
G. Provisions Expiring in 2004	8
H. Provisions Expiring in 2005	9
I. Provisions Expiring in 2007	10
J. Provisions Expiring in 2008	11

INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a listing of tax provisions (with Code sections) that expired in 1998 and that are currently scheduled to expire in 1999-2008.

¹ This document may be cited as follows: Joint Committee on Taxation, *List of Expired and Expiring Federal Tax Provisions, 1998-2008* (JCX-1-99), January 20, 1999.

EXPIRED AND EXPIRING FEDERAL TAX PROVISIONS, 1998-2008

A. Provisions That Expired in 1998

Provision (Code section)	Expiration Date
1. Nonconventional fuels tax credit for fuel from biomass and coal – facilities placed in service pursuant to binding contracts before January 1, 1997 (sec. 29)	6/30/98
2. Moratorium on regulations regarding employment taxes of limited partners (sec. 1402(a)(13) and sec. 935 of the Taxpayer Relief Act of 1997 (the "1997 Act"))	6/30/98
3. Temporary increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$11.30 per proof gallon) to Puerto Rico and the Virgin Islands (sec. 7652(f))	9/30/98
4. Personal tax credits fully allowed against regular tax liability without regard to the alternative minimum tax (sec. 26)	12/31/98

B. Provisions Expiring in 1999

Provision (Code section)	Expiration Date
1. Tax credit for research and experimentation expenses (sec. 41)	6/30/99
2. Work opportunity tax credit (sec. 51)	6/30/99
3. Welfare-to-work tax credit (sec. 51A)	6/30/99
4. Tax credit for electricity production from wind and closed-loop biomass -- facilities placed in service date (sec. 45(c))	6/30/99
5. Waiver of penalty for failure of small business to use Electronic Funds Transfer Payment System ("EFTPS")	6/30/99 ²
6. Suspension of 100 percent-of-net-income limitation on percentage depletion for oil and gas from marginal wells (sec. 613A)	12/31/99
7. Qualified zone academy bonds (sec. 1397E)	12/31/99
8. Exceptions under subpart F for active financing income (secs. 953 and 954)	12/31/99

² The Internal Revenue Service has administratively extended the waiver through June 30, 1999. IRS Notice 98-68, November 18, 1998. The previous statutory waiver expired June 30, 1998; see section 931 of the 1997 Act.

C. Provisions Expiring in 2000

Provision (Code section)	Expiration Date
1. Exclusion for employer-provided educational assistance (sec. 127)	5/31/00
2. Enhanced deduction for corporate contributions of computer equipment to elementary and secondary schools (sec. 170(e)(6))	12/31/00
3. Expensing of "Brownfields" environmental remediation costs (sec. 198)	12/31/00
4. Establishment of Medical Savings Accounts ("MSAs") (sec. 220)	12/31/00 ³
5. Tax credit for first-time D.C. homebuyers (sec. 1400C)	12/31/00

³ The ability of individuals to establish MSAs may expire earlier than December 31, 2000, if certain numerical limits on the number of MSAs established are exceeded.

D. Provisions Expiring in 2001

Provision (Code section)	Expiration Date
1. Tax on failure to comply with mental health parity requirements applicable to group health plans (sec. 9812)	9/29/01
2. Tax credit for non-special needs adoption (sec. 23(d)(2)(B))	12/31/01
3. Exclusion for employer-provided adoption assistance (sec. 137(f))	12/31/01

E. Provisions Expiring in 2002

Provision (Code section)	Expiration Date
1. Combined employment tax reporting demonstration project (sec. 976 of the 1997 Act)	8/5/02
2. Tax incentives for investment in the District of Columbia:	
a. Designation of D.C. Enterprise Zone; employment tax credit; additional expensing (sec. 1400)	12/31/02
b. Tax-exempt D.C. economic development bonds (sec. 1400A)	12/31/02
c. Zero percent capital gains rate for investment in D.C. for property acquired by 12/31/02; for gains through 12/31/07 (sec. 1400B)	12/31/02
3. Luxury excise tax on passenger highway automobiles (sec. 4001)	12/31/02 ⁴

⁴ The luxury excise tax on automobiles phases down as follows: 6 percent in 1999, 5 percent in 2000, 4 percent in 2001, and 3 percent in 2002.

F. Provisions Expiring in 2003

Provision (Code section)	Expiration Date
1. Disclosure of tax return information for administration of certain veterans programs (sec. 6103(l)(7)(D)(viii))	9/30/03
2. Disclosure of tax return information to carry out administration of income contingent repayment of student loans (sec. 6103(l)(13))	9/30/03
3. IRS user fees for letter rulings, determination letters, advance pricing agreements, and similar requests (sec. 10511 of the Revenue Act of 1987, as last amended by sec. 2 of P.L. 104-117)	9/30/03
4. Indian employment tax credit (sec. 45A)	12/31/03
5. Accelerated depreciation for business property on an Indian reservation (sec. 168(j))	12/31/03
6. Joint Committee on Taxation annual report and annual joint hearings on IRS strategic plans (secs. 4001 and 4002 of the Internal Revenue Service Restructuring and Reform Act of 1998)	12/31/03

G. Provisions Expiring in 2004

Provision (Code section)	Expiration Date
1. Empowerment zone tax incentives (employment tax credit, additional expensing, tax-exempt bonds) generally (secs. 1391, 1394, and 1396)	12/31/04 ⁵
2. Tax credit for qualified electric vehicles (sec. 30)	12/31/04 ⁶
3. Deduction for clean-fuel vehicles and refueling property (sec. 179A)	12/31/04 ⁷

⁵ This expiration date does not apply to new empowerment zones added by the 1997 Act, which expire later. See, I. Provisions Expiring in 2007 and J. Provisions Expiring in 2008, below.

⁶ The credit phases down for vehicles placed in service after 12/31/01. The credit is reduced by 25 percent in 2002, 50 percent in 2003, and 75 percent in 2004. No credit is available after 2004.

⁷ The deduction phases down for vehicles placed in service after 12/31/01. The deduction is reduced by 25 percent in 2002, 50 percent in 2003, and 75 percent in 2004. No deduction is allowed after 2004.

H. Provisions Expiring in 2005

Provision (Code section)	Expiration Date
1. Leaking Underground Storage Tank Trust Fund excise tax (sec. 4081(d)(3))	3/31/05
2. Highway Trust Fund excise tax rates:	
a. All but 4.3 cents per gallon of the taxes on highway gasoline, diesel fuel, kerosene, and special motor fuels (secs. 4041(a) and 4081(d)(1)) ⁸	9/30/05
b. Tax on retail sale of heavy highway vehicles (sec. 4051(c))	9/30/05
c. Tax on heavy truck tires (sec. 4071(d))	9/30/05
d. Annual use tax on heavy highway vehicles (sec. 4481)	9/30/05
3. Aquatic Resources Trust Fund and Land and Water Conservation Fund excise tax on motorboat gasoline and special fuels (secs. 4041(a) and 4081(a)(1)) -- all but 4.3 cents per gallon ⁹	9/30/05
4. Puerto Rico economic activity tax credit (sec. 30A)	12/31/05
5. Puerto Rico and possessions tax credit (sec. 936)	12/31/05

⁸ The 4.3-cents-per-gallon rate is permanent.

⁹ The 4.3-cents-per-gallon rate is permanent.

I. Provisions Expiring in 2007¹⁰

Provision (Code section)	Expiration Date
1. Airport and Airway Trust Fund excise taxes:	
a. All but 4.3 cents per gallon of taxes on noncommercial aviation jet fuel and noncommercial aviation gasoline (secs. 4041(c), 4081(d), and 4091) ¹¹	9/30/07
b. Domestic and international air passenger ticket taxes (sec. 4261)	9/30/07
c. Air cargo tax (sec. 4271)	9/30/07
2. Reduced excise tax rates for alcohol fuels and alcohol fuels mixtures (secs. 4041(b)(2) and (k), 4081(c), and 4091(c))	9/30/07 ¹²
3. Alcohol fuels income tax credits (sec. 40)	12/31/07 ¹³
4. FUTA surtax of 0.2 percent (sec. 1301)	12/31/07
5. Empowerment zone tax incentives, for zones added by the 1997 Act:	
a. Empowerment zone employment tax credit (sec. 1396)	12/31/07 ¹⁴

¹⁰ There are no Federal tax provisions expiring in calendar years 2006.

¹¹ The 4.3-cents-per-gallon rate is permanent.

¹² The reduced rates expire earlier if the tax rate on gasoline and other motor fuels drops to 4.3 cents per gallon, which is currently scheduled to occur after September 30, 2005, unless the Highway Trust Fund tax rates are extended beyond that date.

¹³ The income tax credits expire earlier if the tax rate on gasoline and other motor fuels drops to 4.3 cents per gallon, which is currently scheduled to occur after September 30, 2005, unless the Highway Trust Fund tax rates are extended beyond that date.

¹⁴ The empowerment zone employment tax credit is only available to the two additional urban empowerment zones that were designated by February 1, 1998.

J. Provisions Expiring in 2008

Provision (Code section)	Expiration Date
1. Empowerment zone tax incentives, for zones added by the 1997 Act:	
a. Empowerment zone expensing; tax-exempt bonds (secs. 1391 and 1394)	December 31, 2008 ¹⁵

¹⁵ Empowerment zone tax incentives generally expire 10 years after zone designation; thus, the empowerment zones whose designations take effect in 1998 expire December 31, 2008.