



Joint Committee on Taxation  
March 17, 2004  
JCX-23-04

**DESCRIPTION OF CHAIRMAN'S AMENDMENT  
IN THE NATURE OF A SUBSTITUTE  
TO H.R. 3971  
THE "HIGHWAY REAUTHORIZATION TAX ACT OF 2004"**

The Chairman's amendment in the nature of a substitute would make the following modifications to H.R. 3971, the "Highway Reauthorization Tax Act of 2004":

**1. Modification to reduced rates of tax on alcohol fuel mixtures replaced with an excise tax credit**

The Chairman's amendment provides that the excise tax credit and related payments for alcohol fuel mixtures is extended through December 31, 2010.

**2. Modification to exempt from certain excise taxes for mobile machinery**

The Chairman's amendment provides that to obtain a refund of fuel taxes, the mobile machinery vehicle must not travel more than 7,500 miles over public roads during the owner's taxable year.

**3. Modification to the taxation of aviation-grade kerosene**

Under the bill, certain refueler trucks, tankers, and tank wagons are treated as part of a terminal located within an airport if certain requirements are met. The Chairman's amendment clarifies that the requirement that no vehicle licensed for highway use be loaded with aviation fuel at the terminal in order for the refueling trucks to be treated as part of the terminal does not preclude the loading of highway vehicles in certain exigent circumstances as provided in regulations.

The Chairman's amendment also provides that refueling trucks, tankers, and tank wagons may be treated as part of a terminal located within an airport, regardless of whether the truck, tanker, or tank wagon delivers fuel for commercial or noncommercial aviation, if such truck, tanker or tank wagon otherwise satisfies all the other requirements of the proposal. For example, if a refueling truck at an airport served by pipeline delivers fuel from the airport terminal rack directly into the wing of noncommercial aircraft, the point of taxation will be the delivery of the fuel into the wing of the aircraft, rather than when the fuel is dispensed into the refueling truck.