

**REVENUE-RELATED PROVISIONS OF H.R. 3800
(SUPERFUND REFORM ACT OF 1994)**

Scheduled for a Hearing

by the

HOUSE COMMITTEE ON WAYS AND MEANS

on July 25, 1994

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

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JCX-9-94

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INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the revenue provisions of H.R. 3800 (Title IX of the "Superfund Reform Act of 1994"), which are scheduled for a public hearing before the House Committee on Ways and Means on July 25, 1994. H.R. 3800 contains the Administration's Superfund reauthorization proposals. The Administration also separately submitted a proposal on May 20, 1994, to provide revenues for its proposed "Environmental Insurance Resolution Fund." This proposal is intended to be incorporated in Title IX of H.R. 3800.

Part I of the document is the legislative background of H.R. 3800. Part II is a summary of present-law Superfund tax provisions and the revenue provisions of the bill (Title IX). Part III is a description of the bill's proposed Superfund tax extensions and the Administration's proposed Environmental Insurance Resolution Fund and excise taxes to finance this new Fund. (Appendix A shows the excise tax rates on certain chemicals currently subject to the Superfund tax, and Appendix B lists the taxable substances currently subject to the excise tax on imported chemicals.)

¹ This document may be cited as follows: Joint Committee on Taxation, Revenue-Related Provisions of H.R. 3800 (Superfund Reform Act of 1994) (JCX-9-94), July 22, 1994.

I. LEGISLATIVE BACKGROUND

H.R. 3800 (the "Superfund Reform Act of 1994"), the Administration's Superfund reauthorization proposal, was introduced (by request) by Messrs. Swift, Dingell, Mineta, Rostenkowski, and Applegate on February 3, 1994. Titles I-VIII of the bill were referred jointly to the Committee on Energy and Commerce and the Committee on Public Works and Transportation. Title IX ("Taxes") was referred to the Committee on Ways and Means.

H.R. 3800 was ordered favorably reported, with an amendment, by the House Committee on Energy and Commerce on May 18, 1994, and the report was filed on June 30, 1994 (H. Rept. 103-582, Part I). The Committee on Energy and Commerce did not amend Title IX ("Taxes") of the bill. The Subcommittee on Water Resources and Environment of the House Committee on Public Works and Transportation held public hearings on H.R. 3800 on July 12 and 14, 1994.

On May 20, 1994, the Administration separately submitted a proposal for the imposition of two new insurance-related "fees" (drafted as excise taxes imposed and collected under the Internal Revenue Code--hereinafter, referred to as excise taxes) on persons issuing or bearing risks under certain commercial, multiperil insurance policies. These new excise taxes are intended to be incorporated in Title IX of H.R. 3800 as the financing source for a new environmental insurance resolution program created by the bill.

II. SUMMARY

A. Current Superfund Taxes and Trust Fund

The Internal Revenue Code imposes four different Superfund taxes. These are:

- (1) An excise tax on petroleum, imposed at a rate of 9.7 cents per barrel, on domestic or imported crude oil or refined products;
- (2) An excise tax on listed hazardous chemicals, imposed at a rate that varies from \$0.22 to \$4.87 per ton;
- (3) An excise tax on imported substances that use as materials in their manufacture one or more of the hazardous chemicals described in (2) above; and
- (4) A corporate environmental income tax equal to 0.12 percent of the amount of modified alternative minimum taxable income of a corporation that exceeds \$2 million.

The revenues from these taxes are deposited in the Hazardous Substance Superfund. These taxes generally are scheduled to expire after December 31, 1995, unless (a) the unobligated Superfund balance exceeds \$3.5 billion or (b) total Superfund tax revenues exceed \$11.97 billion.

The Administration has proposed extending these taxes through December 31, 2000. The Administration proposal is included in Title IX of H.R. 3800. The Administration also has proposed modifying the purposes for which the funds in the Hazardous Substance Superfund may be spent.

B. Proposed Environmental Insurance Resolution Fund and Taxes

H.R. 3800 would create a new Environmental Insurance Resolution Fund program to resolve disputes between potentially responsible parties (persons potentially liable for cleanup of Superfund sites) and their insurers regarding liability for cleanup of superfund sites. Under this program, awards would be made to potentially responsible parties equal to a statutory percentage of cleanup costs for which they are liable. In exchange, claims against insurance companies would be extinguished.

The new Environmental Insurance Resolution Fund proposal to be created under the bill would be financed by two new excise taxes on insurance companies. The taxes were proposed in a separate transmittal from the Administration to the House Committee on Ways and Means and the Senate Committee on Finance on May 20, 1994. These taxes are (1) a retrospective excise tax, to raise approximately 70 percent of projected revenues, and to be calculated by reference to net premiums from certain commercial

insurance policies written from 1971 through 1985, and (2) a prospective excise tax on similar policies written in the future. The retrospective tax would be collected as a business privilege tax on persons engaged in a trade or business after enactment of the bill and that have insurance risk under affected policies.

The new excise taxes would be effective on the date of the proposal's enactment, and would expire after five years.

III. DESCRIPTION OF REVENUE PROVISIONS OF H.R. 3800

A. Extension of Current Superfund Taxes and Trust Fund (secs. 59A, 4611, 4661, 4671, and 9507 of the Code)

Present Law

Four different Superfund taxes are imposed under the Code. These are in general:

- (1) An excise tax on petroleum, imposed at a rate of 9.7 cents per barrel, on domestic or imported crude oil or refined products;
- (2) An excise tax on listed hazardous chemicals, imposed at a rate that varies from \$0.22 to \$4.87 per ton (see Appendix A);
- (3) An excise tax on imported substances that use as materials in their manufacture or production one or more of the hazardous chemicals described in (2) above (see Appendix B); and
- (4) A corporate environmental income tax equal to 0.12 percent of the amount of modified alternative minimum taxable income² of a corporation that exceeds \$2 million.

The Treasury Department is required to add to the list of imported taxable substances any substance if it determines that taxable chemicals constitute more than 50 percent of the weight or value of the materials used to produce such substance (determined on the basis of the predominant method of production). The Treasury may remove from the list only those substances which meet neither test.

No tax is imposed on the sale of any taxable chemical for export. In addition, if tax was paid with respect to a taxable chemical and the chemical is used as a material in the manufacture of a taxable substance which is exported, a credit or refund (without interest) is allowed to the person who paid the initial tax.

The revenues from these taxes are deposited in the Hazardous Substance Superfund ("Superfund"). Amounts in the Superfund are generally available for expenditures incurred in connection with releases or threats of releases of hazardous substances into the environment as described in paragraphs (1), (2), (5), and (6) of section 111(a), section 111(c) (other than paragraphs (1) and (2)),

² Modified alternative minimum taxable income is an individual's alternative minimum taxable income, but determined without regard to the alternative tax net operating loss deduction (sec. 56(d)).

and section 111(m) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") (as in effect on the date of the enactment of the Superfund Amendments and Reauthorization Act of 1986).

Spending from the Superfund is discretionary spending and subject to the discretionary spending caps established in the Budget Enforcement Act of 1990.

In general, the Superfund taxes are scheduled to expire after December 31, 1995. However, the taxes would cease to be imposed earlier if either (1) (a) the unobligated balance in the Superfund exceeds \$3.5 billion on December 31, 1994, and (b) the unobligated balance is estimated to exceed this amount at the end of 1995 (assuming no Superfund taxes were imposed during 1995), or (2) if the Treasury Department estimates that more than \$11.97 billion of revenues from these taxes has been credited into the Superfund before January 1, 1996.³

Administration Proposal

Superfund taxes

In general, the Administration proposal (H.R. 3800) would extend the present-law Superfund excise taxes on petroleum, chemicals, and imported substances through December 31, 2000, and the present-law corporate environmental income tax through taxable years beginning before January 1, 2001. However, these taxes would cease to be imposed earlier if the unobligated balance in the Trust Fund exceeded \$3.5 billion on December 31, 1998, or December 31, 1999, and if the Treasury Department estimated that the unobligated balance would exceed this amount at the end of December 31, 1999 or December 31, 2000, respectively, if no Superfund taxes were to be imposed during such year. Alternatively, no further taxes would be imposed if the Treasury Department estimated that more than \$22.0 billion of these taxes has been credited into the Superfund before January 1, 2001.

Superfund spending purposes

In provisions outside the jurisdiction of the Committee on Ways and Means, the Administration proposal (H.R. 3800) would amend the current "joint and several" liability standards for potentially

³ Cumulative Superfund tax receipts through December 31, 1993, totaled \$8.939 billion.

In consultation with the Environmental Protection Agency (EPA), the Treasury Department determined that the unobligated balance in the Superfund Fund as of September 30, 1993, was \$1.625 billion.

responsible parties (persons liable for cleanup of pollution at Superfund sites). Under the Administration's proposed changes, the liability of parties agreeing to an arbitration proceeding established under H.R. 3800 would be limited based on their contribution to pollution of the site to be restored. Liability for pollution by parties from whom no recovery is possible (e.g., no longer in existence with no successor in interest), so-called "orphan shares," would be satisfied by the Superfund through a new direct spending program (see sec. 412(r) of H.R. 3800).⁴

⁴ Under the 1990 Budget Act, new direct spending is "Pay Go" (Pay As You Go) spending and is separate from spending subject to the annual discretionary spending caps. New direct spending may be offset by new revenues.

The Budget Act assumes, for purposes of determining the baseline of Federal receipts, that the Superfund excise taxes are permanent, notwithstanding their 1995 scheduled expiration. Therefore, no new revenues are recorded for extension of these excise taxes. On the other hand, the corporate environmental income tax is not assumed to be permanent for purposes of determining the baseline of Federal receipts. In the Administration proposal, revenues from extension of this tax would be used in part to offset the cost of the new orphan share direct spending program.

B. Proposed Environmental Insurance Fund and Taxes

1. Commercial Liability Insurance Excise Taxes

Present Law

No excise tax is imposed on domestic casualty insurance policy premiums. An excise tax is imposed on premiums for certain foreign-issued casualty insurance and reinsurance. The rate of tax is four cents per dollar of premiums paid with respect to casualty insurance and one cent per dollar of premiums paid with respect to reinsurance (sec. 4371).

Administration Proposal

Environmental Insurance Resolution Fund

H.R. 3800 would establish a new Environmental Insurance Resolution Fund ("EIRF") to resolve disputes about insurance coverage related to clean up of superfund sites. EIRF awards would consist of statutorily prescribed percentages of cleanup costs for which potentially responsible parties are liable. The percentages would vary from 20 percent to 60 percent, depending on the State in which the sites are located, and litigation experience in the State.

Potentially responsible parties electing to receive payments from the EIRF would waive claims against insurance companies with respect to cleanup of sites for which payments from the EIRF were made. These parties would be required to submit all sites with respect to which they were potentially liable to the EIRF procedures.

The EIRF would be established as a new, tax-exempt organization,⁵ whose members would be appointed by the President.

The EIRF would be funded with two new excise taxes⁶ imposed with respect to commercial liability insurance, as described below. The gross revenues from these excise taxes would be deposited in the Treasury in a new account established for this purpose. Liability of the Federal Government under the program would be limited to the amount deposited in the new EIRF account. The EIRF would not be authorized to borrow from the Treasury.

⁵ See discussion of Federal tax exemption in Item B.2., below.

⁶ The Administration proposal denominates these excise taxes as fees; however, they are to be imposed and collected under the Internal Revenue Code in the same manner as other current Federal excise taxes.

Under the Administration proposal, the EIRF and the new excise taxes would terminate unless minimum participation standards were achieved. Insurers would be required to submit a list of all potentially responsible parties who had filed claims against the insurer as of the date of enactment within 30 days of that date. Each party identified would have 60 days from the date of enactment to file a request with the EIRF for its applicable reimbursement percentage. The EIRF would be required to respond to such requests within 90 days from the date of enactment. Parties would then be required to accept or reject the applicable reimbursement percentage within 135 days of date of enactment. If more than 15 percent of all eligible potentially responsible parties rejected their applicable reimbursement percentages (as submitted to them by the EIRF), the EIRF and the imposition of the excise taxes would terminate, and any excise taxes previously collected (less any administrative expenses) would be refunded.

EIRF excise taxes

In general

In a separate proposal,⁷ the Administration has proposed to impose two new excise taxes with respect to certain commercial liability insurance, a retrospective tax and a prospective tax.⁸ The retrospective tax would be imposed on any "assessable person" engaged in any trade or business (whether or not related to the current issuance of insurance) during the calendar year. The retrospective tax would be based on the net premiums written for certain commercial liability insurance policies covering U.S. risks issued by the assessable person during the period from 1971 to 1985. The prospective tax would be imposed on direct premiums with respect to certain commercial liability insurance policies issued after the date of enactment. The rates of the two taxes would be set to raise revenues of \$3.1 billion over five years, 70 percent of which would be raised by the retrospective tax and 30 percent of which would be raised by the prospective tax.

Retrospective tax

In general, the tax would be determined by applying a statutory "applicable funding rate" for the calendar year to the assessable person's "adjusted base-period commercial premiums". In general, the retrospective tax would be imposed on a calendar-year basis and would be payable in equal monthly installments during the

⁷ See transmittal letter from Secretary of the Treasury Lloyd Bentsen to the Committee on Ways and Means, dated May 20, 1994.

⁸ The Administration proposal denominates these taxes as the "fee on persons with potential base period exposure" and the "fee on current year premiums," respectively.

calendar year. Installments would be due by the last day of each month.

Assessable person

An assessable person would be defined as any person that has adjusted base-period commercial premiums, and that is either (1) a U.S. person, or (2) any other person engaged in a trade or business within the United States during the relevant calendar year, and whose income is effectively connected with such trade or business and is not exempt from U.S. income tax under a treaty. For example, an assessable person would include a resident of a treaty country that has a permanent establishment in the United States. Any foreign person that is an assessable person would be subject to the retrospective tax in the same manner as a U.S. person.

Adjusted base-period commercial premiums

An assessable person's adjusted base-period commercial premiums would be the excess of the total "commercial net premiums" written by the person (or certain predecessors in interest) during the base period (i.e., the period from the beginning of 1971 to the end of 1985), over an exemption amount of \$50 million.⁹ The commercial net premiums from each base-period year would be indexed for inflation and restated in 1985 dollars.

"Commercial net premiums" would mean the net premiums from any qualified commercial policy providing insurance or allocated reinsurance, and a share of the net premiums written from unallocated reinsurance (as discussed below). In general, a qualified commercial policy would mean any insurance policy (1) with respect to hazards, risks, losses, or liabilities within the United States, and (2) the premiums for which were required to be reported in the annual statement as relating to the "commercial multiple peril", or the "other liability" lines of business.¹⁰ For purposes of the Administration proposal, the annual statement would mean the National Association of Insurance Commissioners annual statement filed for State insurance regulatory purposes that

⁹ For purposes of applying the exemption amount, all persons treated as a single employer under either section 52(a) or section 52(b) of the Code would be treated as one person. In such a case, the exemption amount would be allocated among such persons in proportion to their respective total inflation-adjusted commercial premiums during the base period.

¹⁰ A qualified commercial policy, however, would not include any policy for which premiums were required to be reported as relating to the "other liability" line of business, if the policy either (1) did not provide any commercial coverage, or (2) did not provide any comprehensive general liability coverage or any environmental liability coverage.

reports and identifies the relevant premiums in the most specific manner.¹¹

Determination of net premiums written

In general, the determination of the net premiums written for a year would be based on the annual statement for that year. A special rule, however, would apply to determine the net premiums written from certain "unallocated reinsurance" relating to the "commercial multiple peril" and the "other liability" lines of business.¹² Under the special rule, the net premiums written in a base-period year with respect to unallocated reinsurance would be the total amount of premiums reported in the annual statement relating to the reinsurance line of business, multiplied by a "commercial reinsurance share" of 21 percent.¹³

Treatment of foreign insurers

A foreign person that is not an assessable person, and that therefore would not be liable for the retrospective tax, generally would be subject to an alternative excise tax, (herein referred to as the "alternative foreign excise tax"). The alternative foreign excise tax would be imposed on each policy issued after the date of enactment. The tax would be equal to one-half of one percent (0.5%) of the maximum limit of liability of the foreign insurer under the policy, and would be withheld and remitted to the Treasury Department by any person that had control, receipt, custody, disposal, or payment of any premium or other amount under such policy. A person that failed properly to withhold and remit the alternative foreign excise tax would be personally liable for the tax.

Under the proposal, a policy would be subject to the alternative foreign excise tax if it is a policy of casualty insurance or reinsurance covering hazards, risks, losses, or liabilities within the United States. "Maximum limit of liability" would be defined, for insurance policies, as the total amount for which the foreign insurer would be liable if each person insured under the policy were simultaneously entitled to the maximum recovery allowed under the policy. For reinsurance policies, the

¹¹ The relevant premium information is reported in the underwriting and investment exhibit of the annual statement.

¹² The special rule would be necessary because, during the base period (1971-1985), insurers could report net premiums written from reinsurance on a separate line for reinsurance and were not required to allocate such premiums by lines of business on the annual statement.

¹³ The commercial reinsurance share could be adjusted by the Treasury, as necessary, to reflect the proper amount allocable to reinsurance of qualified commercial policies.

term "maximum limit of liability" would mean the total amount for which the foreign reinsurer would be liable if each person insured under an insurance policy which was, directly or indirectly, reinsured by the reinsurance policy were simultaneously entitled to the maximum recovery allowed under the reinsurance policy. The taxable amount would not be reduced by any amount paid in connection with the reinsurance of the foreign insurer's risks.¹⁴

Foreign persons could elect to be subject to the retrospective tax in the same manner as an assessable person (see discussion above), instead of the alternative foreign excise tax. Electing parties would be required to enter into a closing agreement with the Treasury Department to ensure proper computation and payment of the retrospective tax. Any closing agreement would continue to be effective unless revoked with the consent of the Treasury.

Prospective tax

The prospective tax would be imposed on direct premiums for certain commercial insurance contracts issued after the date of enactment. The tax imposed would equal the direct premiums written under the policy (as reported on the annual statement) multiplied by an "applicable funding rate". In general, the tax would be imposed on the person issuing the policy and would be due and payable by the 14th day following the month in which the premium is included in direct premiums written.¹⁵

The prospective tax generally would apply to any insurance policy that (1) covers hazards, risks, losses, or liabilities within the United States and (2) the premiums for which are required to be reported in the annual statement as relating to the "commercial multiple peril", "fire", "product liability", or "other liability" lines of business.¹⁶

¹⁴ However, the alternative foreign excise tax would not be imposed on a policy of reinsurance of a risk with respect to which the tax had been paid by or on behalf of the reinsured foreign person.

¹⁵ A special withholding rule would apply to policies issued by a foreign person unless the income from the premiums paid for such policies was effectively connected with a U.S. trade or business and was not exempt from U.S. income tax under a treaty. Under this special rule, the tax would be required to be withheld and remitted to the Treasury Department by any person that had control, receipt, custody, disposal, or payment of any premium or other amount under such policy. A person that failed properly to withhold and remit the tax would be personally liable for the tax.

¹⁶ The prospective fee would not apply to any policy relating to the "product liability" line of business or "other liability" line of business that either (1) does not provide any commercial coverage, or (2) does not provide any comprehensive general liability coverage or any environmental liability coverage.

The determination of the direct premiums written for a year generally would be based on the annual statement filed for that year.

Applicable funding rates

The applicable funding rate for the retrospective tax would be .20 percent for the first 24 months of the taxable period.¹⁷ The applicable funding rate for the retrospective tax would be increased to .27 percent for the last 36 months of the taxable period. A blended rate would apply in any calendar year in which the rate changes.

The applicable funding rate for the prospective tax would be .34 percent for policies issued in the first two years following the date of enactment. For policies issued after the first two years following the date of enactment, the applicable funding rate would be increased to .44 percent.

After 1994 and before 1999, the Treasury would be required to estimate on an annual basis the total amount of taxes to be collected (including those taxes already collected) under the proposal. If these estimates projected that the taxes to be collected would differ by more than a de minimis amount from the revenue target for either tax (i.e., \$2.17 billion for the retrospective tax, including tax revenues from the alternative foreign excise tax, and \$930 million for the prospective tax), the Treasury would be required to prescribe a new applicable funding rate to apply to calendar years beginning after the date of the estimate.¹⁸ The new rate would be established in a manner so that the total amount estimated to be collected from the relevant tax for all periods would equal the revenue target.

The Treasury would be permitted to reduce the revenue targets if it determined that reduced target amounts would meet the anticipated obligations of the EIRF. However, the revenue target for the retrospective tax (including the alternative foreign excise tax) could not be reduced below \$1.75 billion and the revenue target for the prospective tax could not be reduced below \$750 million. Any reduction in the revenue target would be required to be made such that the Treasury estimates that the retrospective tax (including the alternative foreign excise tax) would account for 70 percent of the total taxes to be raised under the proposal and the prospective tax would account for the remaining 30 percent.

¹⁷ The taxable period would be the first 60 full calendar months following the date of enactment.

¹⁸ The rate applicable to the alternative foreign excise tax could also be adjusted, as the Treasury Department deemed necessary.

Effective Date

The retrospective tax (including the alternative foreign excise tax) would be effective after the date of enactment and would continue in effect until the date immediately following completion of the 60th full calendar month following the date of enactment. The prospective tax would apply to direct premiums written for commercial insurance contracts issued after the date of enactment and before the date that is five years after the date of enactment. As noted above, however, these excise taxes would terminate if at least an 85 percent participation rate in the EIRF were not attained within 135 days after the date of enactment.

2. Tax Exemption for Environmental Insurance Resolution Fund

Present Law

Federal tax exemption for an instrumentality of the United States that is organized on or after July 18, 1984, may be provided only by an amendment to the Internal Revenue Code or by a provision enacted as part of a revenue act (sec. 501(c)(1)). Tax-exempt status has previously been granted to the following U.S. instrumentalities: (1) the Central Liquidity Facility; (2) the Resolution Trust Corporation; and (3) the Resolution Funding Corporation (sec. 501(1)).

Administration Proposal

The Administration proposal (H.R. 3800) would provide an exemption from Federal income tax to the Environmental Insurance Resolution Fund under section 501(1) of the Code.

Effective Date

The proposal would be effective after the date of enactment.

APPENDICES

**Appendix A.--Excise Tax Rates on Certain Chemicals for the
Hazardous Substance Superfund**

| Feedstock chemical (sec. 4661) | Tax per ton |
|-----------------------------------|-------------|
| Acetylene | \$4.87 |
| Benzene | 4.87 |
| Butane | 4.87 |
| Butylene | 4.87 |
| Butadiene | 4.87 |
| Ethylene | 4.87 |
| Methane | 3.44 |
| Naphthalene | 4.87 |
| Propylene | 4.87 |
| Toluene | 4.87 |
| Xylene | 4.87 |
| Ammonia | 2.64 |
| Antimony | 4.45 |
| Antimony trioxide | 3.75 |
| Arsenic | 4.45 |
| Arsenic trioxide | 3.41 |
| Barium sulfide | 2.30 |
| Bromine | 4.45 |
| Cadmium | 4.45 |
| Chlorine | 2.70 |
| Chromium | 4.45 |
| Chromite | 1.52 |
| Potassium dichromate | 1.69 |
| Sodium dichromate | 1.87 |
| Cobalt | 4.45 |
| Cupric sulfate | 1.87 |
| Cupric oxide | 3.59 |
| Cuprous oxide | 3.97 |
| Hydrochloric acid | 0.29 |
| Hydrogen fluoride | 4.23 |
| Lead oxide | 4.14 |
| Mercury | 4.45 |
| Nickel | 4.45 |
| Phosphorus | 4.45 |
| Stannous chloride | 2.85 |
| Stannic chloride | 2.12 |
| Zinc chloride | 2.22 |
| Zinc sulfate | 1.90 |
| Potassium hydroxide | 0.22 |
| Sodium hydroxide | 0.28 |
| Sulfuric acid | 0.26 |
| Nitric acid | 0.24 |

**Appendix B.--List of Taxable Substances Subject to the Excise Tax
on Certain Imported (Chemical) Substances (Secs. 4671-4672)**

| Taxable substance | Taxable substance |
|---|--|
| <u>Initial Items Listed</u> | |
| Cumene | Ethylbenzene |
| Styrene | Methylene chloride |
| Ammonium nitrate | Polypropylene |
| Nickel oxide | Propylene glycol |
| Isopropyl alcohol | Formaldehyde |
| Ethylene glycol | Acetone |
| Vinyl chloride | Acrylonitrile |
| Polyethylene resins, total | Methanol |
| Polybutadiene | Propylene oxide |
| Styrene-butadiene, latex | Polypropylene resins |
| Styrene-butadiene, snpf | Ethylene oxide |
| Synthetic rubber, not con- taining fillers | Ethylene dichloride |
| Urea | Cyclohexane |
| Ferronickel | Isophthalic acid |
| Ferrochromium nov 3 pct. | Maleic anhydride |
| Ferrochrome ov 3 pct. carbon | Phtalic anhydride |
| Unwrought nickel | Ethyl methyl ketone |
| Nickel waste and scrap | Chloroform |
| Wrought nickel rods and wire | Carbon tetrachloride |
| Nickel powders | Chromic acid |
| Phenolic resins | Hydrogen peroxide |
| Polyvinylchloride resins | Polystyrene homopolymer resins |
| Polystyrene resins and copoly- mers | Melamine |
| Ethyl alcohol for nonbeverage use | Acrylic and methacrylic acid resins |
| | Vinyl resins |
| | Vinyl resins, NSPF |

Appendix B.--List of Taxable Substances Subject to the Excise Tax
on Certain Imported (Chemical) Substances (Secs. 4671-4672)--
Continued

| Taxable substance | Taxable substance |
|---|--|
| <u>Additional Items Listed¹</u> | |
| 1,3 butylene glycol | Methyl isobutyl ketone |
| 1,4 butanediol | Monochlorobenzene |
| 2-ethyl hexanol | Normal butyl acetate |
| 2-ethyhexyl acrylate | Normal propyl acetate |
| 2,2,4-trimethyl-1,3- pentanediol diisobutyrate | Ortho-dichlorobenzene |
| 2,2,4-trimethyl-1,3- pentanediol monoisobutyrate | Ortho-nitrochlorobenzene |
| Acetic acid | Para-dichlorobenzene |
| Acetylene black | Para-nitrochlorobenzene |
| Adipic acid | Para-nitrophenol |
| Alpha-methylstyrene | Parformaldehyde |
| Allyl chloride | Pentaerythritol |
| Aniline | Perchloroethylene |
| Benzaldehyde | Phenol |
| Benzoic acid | Poly (69/31 ethylene/ cyclohexylenedimethylene terephthalate) |
| Bisphenol-A | Poly (96.5/3.5 ethylene/ cyclohexylenedimethylene terephthalate) |
| Butanol | Poly (98.5/1.5 ethylene/ cyclohexylenedimethylene terephthalate) |
| Butyl acrylate | Polyalphaolefins |
| Decabromodiphenyl oxide | Polybutene |
| Dimethyl terephthalate | Polycarbonate |
| Diphenyl oxide | Polyethylene terephthalate pellets |
| Diphenylamine | Propanol |
| Di-n-hexyl adipate | Sodium nitriolotriacetate monohydrate |
| Di-2 ethyl hexyl phthalate | Tetrachlorophthalic anhydride |
| Epichlorohydrin | Tetrahydrofuran |
| Ethyl acrylate | Terephthalic acid |
| Ethyl chloride | Tetrabromobisphenol-A |
| Ethylene dibromide | Trichloroethylene |
| Formic acid | Trimethylolpropane |
| Glycerine | Vinyl acetate |

1 - Items listed after enactment of the tax on imported chemical substances. The "initial" chemicals are specified in the Internal Revenue Code. The "additional" chemicals have been added to the list of taxable imported substances pursuant to the Treasury Secretary's authority.