[JOINT COMMITTEE PRINT]

COMPARISON OF REVENUE PROVISIONS OF H.R. 2264 (OMNIBUS BUDGET RECONCILIATION ACT OF 1993) AS PASSED BY THE HOUSE AND THE SENATE

Prepared by the Staff

of the

Joint Committee on Taxation

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INTRODUCTION

This document,[1] prepared by the staff of the Joint Committee on Taxation, provides a comparison of the revenue provisions of H.R. 2264 (Omnibus Budget Reconciliation Act of 1993) as passed by the House of Representatives on May 27, 1993, and by the Senate on June 25, 1993.[2]

The first portion of the document is a listing of the identical revenue provisions. This is followed by a comparative description of the differing revenue provisions. (A separate staff document provides a comparison of the estimated budget effects of the revenue provisions of H.R. 2264 as passed by the House and the Senate.)

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[1] This document may be cited as follows: Joint Committee on Taxation, Comparison of Revenue Provisions of H.R. 2264 (Omnibus Budget Reconciliation Act of 1993) as Passed by the House and the Senate (JCS-9-93), July 14, 1993.

[2] Title XIV and sections 11001 and 8002 of the House-passed bill and Title VIII and sections 3003, 7433, 7901-7904, 7950-7954, 12011, 12055, 12101, 13008, and secs. 15001-15002 of the Senate amendment.

LIST OF IDENTICAL PROVISIONS

Training And Investment Provisions

- Real Estate Property Acquired by a Qualified Organization (sec. 14144 of the House bill and sec. 8144 of the Senate amendment)
- Repeal of Special Treatment of Publicly Treated Partnerships (sec. 14145 of the House bill and sec. 8145 of the Senate amendment)
- Title-Holding Companies Permitted to Receive Small Amounts of Unrelated Business Taxable Income (sec. 14146 of the House bill and sec. 8146 of the Senate amendment)
- Exclusion From Unrelated Business Tax of Gains From Certain Property (sec. 14147 of the House bill and sec. 8147 of the Senate amendment)
- Exclusion From Unrelated Business Tax of Certain Fees and Option Premiums (sec. 14148 of the House bill and sec. 8148 of the Senate amendment)

- Treatment of Pension Fund Investments in Real Estate Investment Trusts (sec. 14149 of the House bill and sec. 8149 of the Senate amendment)

- Repeal of Luxury Excise Taxes Other Than on Passenger Vehicles; Index Threshold for Passenger Vehicles (sec. 14161 of the House bill and sec. 8161 of the Senate amendment)

- Exemption from Luxury Excise Tax for Certain Equipment Installed on Passenger Vehicles for Use by Disabled Individuals (sec. 14162 of the House bill and sec. 8162 of the Senate amendment)

- Certain Transfers to Railroad Retirement Account Made Permanent (sec. 14172 of the House bill and sec. 8174 of the Senate amendment)

- Temporary Extension of Deduction for Health Insurance Costs of Self-Employed Individuals (sec. 14173 of the House bill and sec. 8175 of the Senate amendment)

Revenue-Raising Provisions

- Overall Limitations on Itemized Deductions for High-Income Taxpayers Made Permanent (sec. 14204 of the House bill and sec. 8204 of the Senate amendment)

- Phaseout of Personal Exemption of High-Income Taxpayers Made Permanent (sec. 14205 of the House bill and sec. 8205 of the Senate amendment)

- Provisions to Prevent Conversion of Ordinary Income to Capital Gain:

  (i) Repeal of certain exceptions to market discount rules (sec. 14206(b) of the House bill and sec. 8206(b) of the Senate amendment)

  (ii) Treatment of purchaser of stripped preferred stock (sec. 14206(c) of the House bill and sec. 8206(c) of the Senate amendment)

  (iii) Treatment of capital gain under limitation on investment interest (sec. 14206(d) of the House bill and sec. 8206(d) of the Senate amendment)

  (iv) Treatment of certain appreciated inventory (sec. 14206(e) of the House bill and sec. 8206(e) of the Senate amendment)

- Repeal of Limitation on Amount of Wages Subject to Health Insurance Employment Tax (sec. 14207 of the House bill and sec. 8207 of the Senate amendment)

- Top Estate and Gift Tax Rates Made Permanent (sec. 14208 of the House bill and sec. 8208 of the Senate amendment)

- Simplification of Individual Estimated Tax Safe Harbor Based on Last Year's Tax (sec. 14214 of the House bill and sec. 8214 of the Senate amendment)

- Increase in Top Corporate Marginal Rate Under Section 11 (sec. 14221 of the House bill and sec. 8221 of the Senate amendment)

- Clarification of Treatment of Certain FSLIC Financial Assistance (sec. 14224 of the House bill and sec. 8224 of the Senate amendment)

- Modification of Corporate Estimated Tax Rules (sec. 14225 of the House bill and sec. 8225 of the Senate amendment)

- Modification to Limitation on Deduction for Certain Interest (sec. 14227 of the House bill and sec. 8228 of the Senate amendment)

- Repeal of Certain Exceptions for Working Capital (sec. 14235 of the House bill and sec. 8235 of the Senate amendment)

- Modifications of Accuracy-Related Penalty (sec. 14236 of the House bill and sec. 8236 of the Senate amendment)

- Denial of Portfolio Interest Exemption for Contingent Interest (sec. 14237 of the House bill and sec. 8237 of the Senate amendment)

- Regulations Dealing with Conduit Arrangements (sec. 14238 of the House bill and sec. 8238 of the Senate amendment)

- Returns Relating to the Cancellation of Indebtedness by Certain Financial Entities (sec. 14253 of the House bill and sec. 8253 of the Senate amendment)

- Denial of Deduction Relating to Travel Expenses of Spouse, Dependent, or Others (sec. 14274 of the House bill and sec. 8271 of the Senate amendment)

- Increase in Withholding from Supplemental Wage Payments (sec. 14275 of the House bill and sec. 8273 of the Senate amendment)

Other Revenue Provisions

- Disallowance of Interest on Certain Overpayments of Tax (sec. 14273 of the House bill and sec. 7950 of the Senate amendment)

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- Fees for Applications for Alcohol Labeling and Formulae Reviews (sec. 14411 of the House bill and sec. 7951 of the Senate amendment)

- Increase in Public Debt Limit (sec. 14421 of the House bill and sec. 7954 of the Senate amendment)

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
I. TRAINING AND INVESTMENT PROVISIONS **A. Training and Education Provisions** **1. Extension of employer-provided educational assistance (sec. 14101 of the House bill and sec. 8101 of the Senate amendment)**	Length of extension.—The House bill retroactively and permanently extends the exclusion for employer-provided educational assistance. Treatment of educational assistance provided in the last half of 1992.—The House bill includes a number of transition rules to deal with cases in which employers provided educational assistance to employees between July 1, 1992, and December 31, 1992. First, no interest, penalty, or addition to tax is imposed on employers or employees who continued to exclude from income educational assistance payments made after June 30, 1992. Second, if an employer included educational assistance payments made after June 30, 1992, in its employees' income and wages, the amount included is deducted from	Length of extension.—The Senate amendment retroactively extends the exclusion for employer-provided educational assistance for 24 months (through June 30, 1994). In the case of a taxable year beginning in 1994, only amounts paid before July 1, 1994, by the employer for educational assistance for the employee can be taken into account in determining the amount excludable under section 127 for the taxable year. Treatment of educational assistance provided in the last half of 1992.—The legislative history states that it is intended that the Secretary of the Treasury use his existing authority to alleviate administrative problems associated with the retroactive extension and to facilitate recovery of excess taxes paid.

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	wages paid in 1993 rather than requiring the taxpayers to file a request for refund for 1992. If the employee does not receive income and wages from that employer between the date of enactment and December 31, 1993, at least equal to the amount of such educational assistance included in income in 1992, then the employee may seek refund of excess income taxes and employment taxes in accordance with existing rules. In such a case, the employer is required to provide a corrected Form W-2 to the employee. Amounts reduced from income and wages under this rule do not affect other provisions. For example, the amount that could otherwise be excluded from income as educational assistance in 1993 is not reduced, nor is the amount of compensation used in determining whether retirement plans of the employer satisfy the tax-qualification requirements of the Code. If an employee does not receive either a refund or an offset of excess employment taxes paid as a result of the retroactive extension of the exclusion, the employee will not suffer a reduction in social security benefits.	
	Treatment of educational assistance that does not satisfy section 127.—The House bill clarifies the rule under which educational assistance that does not satisfy section 127	Treatment of educational assistance that does not satisfy section 127.—Same as the House bill.

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	may be excluded from income if and only if it meets the requirements of a working condition fringe benefit. **Effective date**.—The extension of the exclusion is effective for taxable years ending after June 30, 1992. The clarification to the working condition fringe benefit rule is effective for taxable years beginning after December 31, 1988.	**Effective date**.—Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
2. Extension of targeted jobs tax credit and expansion to include approved school-to-work program (sec. 14102 of the House bill and sec. 8102 of the Senate amendment)	The House bill permanently extends the targeted jobs tax credit and expands the targeted jobs tax credit to include qualified participants in an approved school-to-work program. **Effective date**.--The extension of the targeted jobs tax credit is effective for individuals who begin work for the employer after June 30, 1992. The expansion of the credit to qualified participants in an approved school-to-work program is effective for such individuals who begin work for the employer after December 31, 1993.	Same as the House bill, except: (1) The targeted jobs tax credit is extended for 24 months through June 30, 1994; and (2) There is no expansion of the credit to approved school-to-work program participants. **Effective date**.--Same as the House bill with respect to the extension of the targeted jobs tax credit.

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B. Investment Incentives		
1. Extension of research tax credit (sec. 14111 of the House bill and secs. 8111 and 8113 of the Senate amendment)	The research tax credit is permanently and retroactively extended. **Effective date**.--Expenditures paid or incurred after June 30, 1992.	The research tax credit is extended for 12 months (i.e., for expenditures paid or incurred during the period July 1, 1993, through June 30, 1994). (A Sense of the Senate resolution by Senator Feinstein, adopted by voice vote, provides that it is the sense of the Senate that the research tax credit be permanently extended.) **Effective date**.--Expenditures paid or incurred during the period July 1, 1993, through June 30, 1994.
2. Capital gains exclusion for certain small business stock (sec. 14113 of the House bill)	The House bill generally permits a noncorporate taxpayer who holds qualified small business stock for more than five years to exclude 50 percent of any gain on the sale or exchange of the stock. The amount of gain eligible for the 50-percent exclusion is limited to the greater of (1) 10 times the taxpayer's basis in the stock or (2) $10 million of gain from stock in that corporation. A specialized small business investment company is deemed to satisfy the active business test necessary to be a qualified small business. **Effective date**.--The provision applies to stock issued after December 31, 1992.	No provision.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
3. Rollover of gain from sale of publicly-traded securities into specialized small business investment companies (sec. 14114 of the House bill)	The House bill permits any corporation or individual to elect to defer the recognition of any capital gain realized upon the sale of publicly traded securities to the extent that the proceeds from the sale are used to buy an equity interest in a specialized small business investment company within 60 days of the sale of the securities. For individuals, the provision is limited to $50,000 of gain per taxable year and $500,000 of gain over a lifetime. For corporations, these limits are $250,000 and $1,000,000. **Effective date**.--The provision is effective for sales of publicly-traded securities on or after the date of enactment.	No provision.
4. Modification to minimum tax depreciation rules (sec. 14115 of the House bill and sec. 8115 of the Senate amendment)	a. Eliminates the depreciation component of the adjusted current earnings adjustment in computing the corporate alternative minimum tax (AMT). b. Corporate and individual taxpayers will compute AMT depreciation for tangible personal property by using the 120-percent declining-balance method over the recovery periods applicable for regular tax purposes. **Effective date**.--The provision is effective for property placed in service after December 31, 1993.	a. Same as the House bill. b. Retains present law computation of AMT depreciation (generally, for tangible personal property, the 150-percent declining-balance method over the class life, which generally is a longer period than the recovery period allowed for regular tax purposes). **Effective date**.--Same as the House bill.

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5. Increase expensing for small business (sec. 14116 of the House bill and sec. 8119 of the Senate amendment)	Increases the maximum amount allowed to be expensed annually under section 179 from $10,000 to $25,000. **Effective date**.--The provision is effective for property placed in service in taxable years beginning after December 31, 1992.	Increases the maximum amount allowed to be expensed annually under section 179 from $10,000 to $20,500. (Floor amendment by Senator Mitchell, adopted by a vote of 93-5, increased the annual limit from $15,000 to $20,500.) **Effective date**.--Same as the House bill.
6. Bonds for high-speed intercity rail facilities (sec. 14121 of the House bill)	The bill exempts private activity bonds to provide high-speed rail facilities from State private activity bond volume limitations. **Effective date**.--Bonds issued after December 31, 1993.	No provision.
7. Extension of qualified small-issue bonds (sec. 14122 of the House bill and sec. 8121 of the Senate amendment)	The House bill permanently extends the authority to issue qualified small-issue bonds. **Effective date**.--Bonds issued after June 30, 1992.	Authority to issue qualified small-issue bonds is extended for 24 months, through June 30, 1994. **Effective date**.--Same as the House bill.

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ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
C. Expansion and Simplification of the Earned Income Tax Credit (sec. 14131 of the House bill and sec. 8131 of the Senate amendment)	Taxpayers with one qualifying child.--The earned income tax credit (EITC) is increased to 26.60 percent of the first $7,750 of earned income in 1994. The maximum credit is $2,062 which is reduced by 16.16 percent of earned income (or adjusted gross income, if greater) in excess of $11,000. The credit is completely phased out for taxpayers with earned income (or adjusted gross income, if greater) over $23,760. In 1995 and thereafter, the credit rate increases to 34.37 percent while the maximum amount of earned income on which the credit can be claimed is reduced to (a projected) $6,170. Thus, the maximum credit in 1995 is expected to be approximately $2,120 (which equals the maximum credit available in 1994, adjusted for projected inflation). The phase-out rate remains the same as for 1994. The phase-out range also remains the same as for 1994 (adjusted for inflation). Taxpayers with two or more qualifying children.--The EITC is increased to 31.59 percent of the first $8,500 of earned income in 1994. The maximum credit is $2,685 which is reduced by 15.79 percent of earned income (or adjusted gross income, if greater) in excess of $11,000. The credit is completely phased out for taxpayers with	Taxpayers with one qualifying child. -- The EITC is increased to 26.0 percent of the first $7,750 of earned income in 1994. The maximum credit is $2,015 which is reduced by 16.16 percent of earned income (or adjusted gross income, if greater) in excess of $11,000. The credit is completely phased out for taxpayers with earned income (or adjusted gross income, if greater) over $23,470. In 1995 and thereafter, the credit rate increases to 34.0 percent while the maximum amount of earned income on which the credit can be claimed is reduced to (a projected) $6,170. Thus, the maximum credit in 1995 will be approximately $2,098. The phase-out rate remains the same as for 1994. The phaseout range will extend to approximately $24,280 (which is $23,620 in 1994 dollars). The maximum amount of income on which the credit may be claimed and the range over which the credit is phased out are adjusted for inflation. Taxpayers with two or more qualifying children.-- The EITC is increased to 30.0 percent of the first $8,500 of earned income in 1994. The maximum credit is $2,550 which is reduced by 15.94 percent of earned income (or adjusted gross income, if greater) in excess of $11,000. Thus, in 1994, the credit is completely phased out for taxpayers

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	earned income (or adjusted gross income, if greater) over $28,000. In 1995 and thereafter, the credit rate increases to 39.66 percent. The phase-out rate for 1995 and thereafter is 19.83 percent. The phase-out range remains the same as for 1994 (adjusted for inflation). Taxpayers with no qualifying children. -- The EITC is extended to low-income workers who: (1) do not have any qualifying children; (2) are age 22 or older; and (3) may not be claimed as a dependent on another taxpayer's return. For these taxpayers, the EITC is 7.65 percent of the first $4,000 of earned income (for a maximum credit of $306 in 1994). The maximum credit is reduced by 7.65 percent of earned income (or adjusted gross income, if greater) above $5,000. In 1994 the credit is completely phased out for taxpayers with earned income (or adjusted gross income, if greater) over $9,000. This credit is not available on an advance payment basis. Supplemental credits.--The supplemental young child credit and the supplemental health insurance credit are repealed. **Effective date**.--Taxable years beginning after December 31, 1993.	with earned income (or adjusted gross income, if greater) over $27,000. The credit rate increases to 34.0 percent in 1995 and 39.0 percent in 1996 and thereafter. The phase-out rate is 18.06 percent in 1995 and 20.72 percent in 1996 and thereafter. The phase-out range remains the same as for 1994 (adjusted for inflation). Taxpayers with no qualifying children. -- No provision. Supplemental credits.--Same as the House bill. **Effective date**.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
D. Real Estate Provisions		
1. Extension of qualified mortgage bonds and mortgage credit certificates (sec. 14141 of the House bill and secs. 8141 and 8141A of the Senate amendment)	The House bill permanently extends the authority to issue qualified mortgage bonds and to elect to trade in authority to issue qualified mortgage bonds for authority to issue mortgage credit certificates. **Effective date**.--Bonds issued after June 30, 1992.	Authority to issue qualified mortgage bonds and to elect to trade in that authority for authority to issue mortgage credit certificates is extended for 24 months, through June 30, 1994. Also, states the Sense of the Senate that qualified mortgage bonds and mortgage credit certificates be permanently extended. (Floor amendment by Senators Lieberman and Chafee, adopted by voice vote.) **Effective date**.--Same as the House bill.
2. Extension of the tax credit for low-income rental housing (sec. 14142 of the House bill and sec. 8142 of the Senate amendment)	Extension The House bill permanently extends the low-income rental housing credit. **Effective date**.--Credit authority originating after June 30, 1992. HOME Funds The House bill extends the 70 percent, but not the 91 percent credit, to a property receiving assistance under the National Affordable Housing Act of 1990, but only if 40 percent or more of the residential rental units in the project are occupied by	Extension Same as the House bill. **Effective date**.--Same as the House bill. HOME Funds No provision.

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	individuals having incomes of 50 percent or less of the area median. **Effective date**.--Date of enactment. Full-time students No provision. Deep-rent skewing No provision.	Full-time students The Senate amendment provides that a housing unit occupied entirely by full-time students may qualify for the credit if the full-time students are a single parent and his or her minor children and none of the tenants is a dependent of a third party. The Senate amendment also codifies the present-law exception regarding married students filing joint returns. **Effective date**.--Credit authority originating after June 30, 1992. Deep-rent skewing The Senate amendment allows an irrevocable election by the owner of a low-income building receiving a credit allocation before 1990 to qualify under this rule if market rate tenant rents bear a 2:1 ratio to low-income tenant rents rather than a 3:1 ratio. The election is available only to taxpayers who enter into a compliance monitoring agreement with a housing credit agency. Further, the election applies only with respect to tenants first occupying any

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		unit in the building after the date of the election. **Effective date**.--The election must be made within 180 days after the date of enactment.
	Maximum rent No provision.	Maximum rent The Senate amendment allows an irrevocable election by the owner of a low-income building placed in-service before 1990 to use either apartment size or family size in determining maximum allowable rent. The election is available only to taxpayers who enter into a compliance monitoring agreement with a housing credit agency. Further, the election applies only with respect to tenants first occupying any unit in the building after the date of the election. **Effective date**.--The election must be made within 180 days after the date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	Tenant occupancy No provision.	Tenant occupancy The Senate amendment authorizes the Treasury Department to provide a waiver of penalties for de minimis errors in the application of the low-income tenant occupancy requirement. **Effective date**.--Date of enactment.
	Income recertification No provision.	Income recertification The Senate amendment authorizes the Treasury Department to grant a waiver from the annual recertification of tenant income for tenants in buildings that are occupied entirely by low-income tenants. **Effective date**.--Date of enactment.
	Tenant protection No provision.	Tenant protection The Senate amendment provides that an applicant may not be denied admission to a low-income rental housing tax credit project because the applicant holds a voucher or certificate of eligibility under Section 8 of the Housing Act of 1937. **Effective date**.--Date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	Developmental and operation costs No provision.	Developmental and operational costs The Senate amendment requires housing credit agencies to consider the reasonableness of the developmental and operational costs of projects as an additional factor in making determinations as to the proper amount of low-income housing tax credits to allocate to a project. **Effective date**.--Credit authority originating after June 30, 1992.
	Allocation between buyer and seller in month of disposition No provision.	Allocation between buyer and seller in month of disposition The Senate amendment provides that a buyer and seller of a low-income housing tax credit project may agree to use either the exact number of days or the mid-month convention to determine the division of the credit in the month of disposition. **Effective date**.--Date of enactment.
3. Modification of passive loss rules for certain real estate persons (sec. 14143 of the House bill and sec. 8143 of the Senate amendment)	General rule.--An eligible taxpayer's rental real estate activities in which he materially participates are not subject to limitation under the passive loss rule.	General rule.--An eligible taxpayer's net loss from rental real estate activities in which he materially participates generally is allowed to offset income from real property trade or business activities. A similar rule applies with respect to passive activity credits.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	Scope.--The provision applies to eligible individuals and eligible closely held C corporations. **Effective date**.--Taxable years beginning after December 31, 1993.	Scope.--Same as the House bill, except the Senate amendment does not apply to closely held C corporations. **Effective date**.--Same as the House bill.
4. Treatment of certain real property business debt of individuals (sec. 14150 of the House bill)	Provides an election to taxpayers other than C corporations to exclude from gross income certain income from discharge of qualified real property business debt. The amount excluded cannot exceed the basis of the taxpayer's depreciable real property and reduces the basis of such property. The amount excluded also cannot exceed the excess of (1) the principal amount of the debt just before the discharge, over (2) the fair market value of the business real property that is security for the debt. For this purpose, fair market value is reduced by other qualified real property business indebtedness secured by the property. Qualified real property business debt generally is debt (1) incurred or assumed in connection with real property used in a trade or business, and (2) secured by that real property. Debt incurred or assumed after January 1, 1993 must be to acquire, construct or substantially improve real property secured by the debt. Debt resulting from refinancing of qualified real property business debt is treated as qualified real property business debt to the extent the amount of such debt	No provision.

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ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	does not exceed the amount of debt being refinanced. **Effective date**.--Discharges after December 31, 1992 in taxable years ending after that date.	
5. Increase recovery period for depreciation of nonresidential real property (sec. 14151 of the House bill and sec. 8151 of the Senate amendment)	Provides that the depreciation deduction for nonresidential real property for regular tax purposes is determined using a recovery period of 39 years. **Effective date**.--Generally, property placed in service on or after February 25, 1993. The provision does not apply to property that a taxpayer places in service before January 1, 1994, if (1) the taxpayer or a qualified person entered into a binding written contract to purchase or construct the property before February 25, 1993, or (2) construction of the property was commenced by or for the taxpayer or a qualified person before February 25, 1993.	Provides that the depreciation deduction for nonresidental real property for regular tax purposes is determined using a recovery period of 38 years. **Effective date**.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
E. Diesel Fuel Tax for Motorboats		
1. Impose excise tax on diesel fuel used in noncommercial motorboats (sec. 14163 of the House bill and sec. 8163 of the Senate amendment)	Imposes the current 20.1-cents-per-gallon diesel fuel excise taxes on diesel fuel used by noncommercial motorboats. Fuel used by boats for commercial fishing, transportation for compensation or hire, or for business use other than predominantly for entertainment, amusement, or recreation, remains exempt. A separate provision imposes a Btu tax beginning July 1, 1994. Diesel fuel used by noncommercial motorboats also is subject to the Btu tax beginning at that time. (See section 14241 of the House bill, Item II.D.1., below.) The tax is collected at the same point in the distribution chain as the highway diesel fuel tax. A separate provision modifies the point of collection for highway diesel fuel. (See sections 14242-14243 of the House bill, Item II.D.3., below.) Revenues from the 20.1-cents-per-gallon tax on diesel fuel used by motorboats are retained in the General Fund.	Same as the House bill, except for effective date. In addition, a separate provision imposes a 4.3-cents-per-gallon transportation fuels tax effective October 1, 1993. Diesel fuel used by noncommercial motorboats also is subject to the transportation fuels tax beginning at that time. (See section 8241 of the Senate amendment, Item II.D.2., below.) Also, a separate provision modifies the point of collection for highway diesel fuel. (See section 8242 of the Senate amendment, Item II.D.3., below.) Revenues from 17.5 cents-per-gallon of the tax are transferred to the Aquatic Resources Trust Fund. (A floor amendment by Senator Brown, adopted by a vote of 66-32, transferred the revenues from this new tax to this trust fund, rather than retaining them in the General Fund.)

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	Effective date.--The provision is effective after December 31, 1993.	**Effective date**.--The provision is effective after December 31, 1993, and before January 1, 2000.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
F. Empowerment Zones and Enterprise Communities		
1. Empowerment zones and enterprise communities (secs. 14301-14304 of the House bill and sec. 15001 of the Senate amendment)		No provision. (A Sense of the Senate resolution by Senator Lieberman, adopted by voice vote, states that it is the sense of the Senate that Congress should adopt Federal enterprise zone legislation providing for the designation of at least 75 empowerment zones.)
a. Designation of areas	a. The House bill provides 10 empowerment zones and 100 enterprise communities meeting certain eligibility criteria will be designated during 1994 and 1995. Secretary of HUD will designate in urban areas 6 empowerment zones and 65 enterprise communities. Secretary of Agriculture will designate in rural areas 3 empowerment zones and 30 enterprise communities. Secretary of Interior will designate on Indian reservations 1 empowerment zone and 5 enterprise communities. Designations generally will remain in effect for 10 years.	
b. Tax incentives for empowerment zones	b. The following tax incentives will be available in empowerment zones: (1) a 25-percent wage credit for the first $20,000 of wages paid to a zone resident who works in the zone; (2) expansion of the targeted jobs tax credit for economically disadvantaged	

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	zone residents who work outside the zone; (3) an empowerment savings credit for 50 percent of certain contributions to defined contribution plans on behalf of zone employees who are zone residents; (4) increased section 179 expensing (up to $75,000) for certain zone business property; (5) accelerated depreciation for certain zone business property; (6) expanded tax-exempt financing for certain zone facilities; and (7) expanded low-income housing tax credit benefits for certain buildings located in zones.	
c. Tax incentives for enterprise communities	c. Enterprise communities are eligible for expanded tax-exempt financing benefits (although not as generous as for empowerment communities) and expanded low-income housing tax credit benefits, but not the other tax incentives available in empowerment zones. **Effective date**.--Tax incentives for empowerment zones and enterprise communities will be available during the period that the designation remains in effect, which generally will be for 10 years after designation.	
2. Tax credit for contributions to certain community development corporations (sec. 14311 of the House bill)	Taxpayers who make qualified cash contributions to one of 10 community development corporations (CDCs) selected by the Secretary of HUD will be allowed to	No provision.

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	claim a credit for each taxable year during the 10-year period beginning with the year the contribution is made. The credit that may be claimed for each year will be equal to five percent of the amount of the contribution to the CDC. CDCs eligible to participate in the program must be tax-exempt charities that promote employment and business opportunities for residents of certain economically distressed areas. The aggregate amount of contributions which may be designated by each selected CDC as eligible for the credit may not exceed $4 million. **Effective date**.--Date of enactment.	

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
G. Indian Investment and Employment Tax Credits (secs. 8181-8182 of the Senate amendment)	No provision.	The following two tax incentives are provided for all Indian reservations: (1) An Indian reservation investment tax credit (ITC) is allowed, at a rate up to 10 percent for reservation personal property used in the active conduct of a reservation business, or at a rate up to 15 percent for certain real property used in a reservation business and certain infrastructure investment placed in service in connection with a trade or business and benefiting the tribal community. Property does not qualify for the credit if acquired from a related person or if used to conduct or house certain gaming activities. The full amount of the credit is allowed only if the Indian unemployment rate on the applicable reservation exceeds 300 percent of the national average unemployment rate at any time during the calendar year in which the property is placed in service or during either of the immediately preceding two calendar years. If the Indian unemployment rate is between 150 percent and 300 percent of the national average unemployment rate, then only half of the otherwise allowable credit may be claimed (i.e., the credit rates are 5 percent and 7.5 percent). Recapture rules apply if, prior to the end of the applicable recovery period, property ceases to be used in a trade of business on the reservation. The taxpayer's basis in real property eligible for the credit is

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		reduced by the full amount of the credit. The taxpayer's basis in personal property (or infrastructure investment) is reduced by 50 percent of the credit allowed. (2) An Indian employment tax credit is allowed for 10 percent of certain wages and health insurance costs paid by an employer. (The credit rate will be 30 percent if at least 85 percent of the employees of the employer are enrolled members of an Indian tribe or spouses of enrolled members.) Wages and health insurance costs are eligible for the credit only if paid to a "qualified employee," meaning an employee who (a) is hired after 1993, (b) is an enrolled member or a spouse of an enrolled member of an Indian tribe, (c) performs substantially all services on the reservation, (d) lives on (or near) the reservation, (e) receives total wages during the taxable year not exceeding $30,000, (f) is not a relative of the employer, (g) does not own more than 5 percent of the stock of the employer corporation, and (h) does not perform services that involve gaming activities. An employee may be treated as a qualified employee for up to seven years after first being hired. The credit is available to an employer only to the extent its qualified wages and health insurance costs during the current year exceed such wages and costs incurred by the employer during 1993. An employer's deduction otherwise allowed for

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		wages is reduced by the amount of the credit claimed. The credit is not refundable and is subject to the general business credit limitations of section 38. **Effective date**.--Property placed in service, and wages paid, after December 31, 1993. (A floor amendment by Senators McCain and Inouye, adopted by voice vote, provided for the above tax incentives for Indian reservations.)

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
II. Other Provisions		
1. Alternative minimum tax treatment for contributions of appreciated property (sec. 14171 of the House bill and sec. 8171 of the Senate amendment)	a. Contributions of all types of appreciated property will not be treated as a tax preference item for AMT purposes. Thus, donors of appreciated property may claim the same charitable contribution deduction for both regular tax and AMT purposes.	a. Same as the House bill.
	b. The Treasury Department is directed to report to Congress within one year on the development of a procedure under which taxpayers may seek an advance valuation from the IRS for certain property prior to its donation to charity.	b. No provision.
	Effective date.--Contributions of tangible personal property made after June 30, 1992, and contributions of other property made after December 31, 1992.	**Effective date**.--Same as the House bill.
2. Substantiation and disclosure requirements for charitable contributions (secs. 14271-14272 of the House bill and secs. 8172-8173 of the Senate amendment)	Taxpayers who claim a separate contribution of $750 or more are required to obtain written substantiation from the donee, rather than relying solely on a canceled check. In addition, charities that receive *quid pro quo* contributions (meaning payments made partly as a gift and partly as consideration for goods or services furnished by the charity) are required to inform their contributors of	Generally, the same as the House bill, with the following modifications: (1) Substantiation requirement applies to separate contributions of $250 or more. (2) Senate amendment specifically provides that, in cases where a taxpayer makes a noncash contribution claimed by the taxpayer to be worth $250 or more, the

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	the value of the goods or services furnished by the charity and that only the excess amount of the payment is deductible as a charitable contribution. Penalties may be imposed upon a charity failing to make disclosure for *quid pro quo* contributions. **Effective date**.--Contributions made after December 31, 1993.	charity is not required to value the donated property. (3) *Quid pro quo* disclosure requirement applies only to *quid pro quo* contributions in excess of $75. (4) Disclosure must be made in writing for *quid pro quo* contributions in excess of $75. (5) Senate amendment specifically provides that the *quid pro quo* disclosure provision does not apply to contributions to a religious organization, in return for which the donor receives solely an intangible religious benefit generally not sold in a commercial context. Such intangible religious benefits also need not be indicated on the substantiation that donors must obtain for separate contributions of $250 or more. **Effective date**.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
II. REVENUE-RAISING PROVISIONS		
A. Individual Income Tax Provisions		
1. Increased tax rates for higher-income individuals (secs. 14201-14203 of the House bill and secs. 8201-8203A of the Senate amendment)	36-percent tax bracket Imposes a new 36-percent marginal tax rate on taxable income in excess of the following thresholds: Filing status — Applicable threshold Married individuals filing joint returns — $140,000 Unmarried individuals filing as head of household — $127,500 Unmarried individuals filing single returns — $115,000 Married individuals filing separate returns — $ 70,000 Estates and trusts — $ 5,500 Indexing of income thresholds for the 36-percent rate applies to taxable years beginning after December 31, 1994.	36-percent tax bracket Same as the House bill except that for taxable years beginning in 1993, a blended tax rate of 33.5 percent applies.

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	Surtax on higher-income taxpayers Imposes a 10-percent surtax on individuals with taxable income in excess of $250,000, computed by applying a 39.6-percent rate to taxable income in excess of that amount. Net capital gain is not subject to the surtax. The $250,000 threshold for the surtax will be indexed for inflation for taxable years beginning after December 31, 1994. Alternative minimum tax Provides a two-tiered graduated rate schedule for the alternative minimum tax for taxpayers other than corporations. A 26-percent rate applies to the first $175,000 of a taxpayer's alternative minimum taxable income (AMTI) in excess of the exemption amount, and a 28-percent rate applies to AMTI more than $175,000 above the exemption amount. The exemption amount is increased to $45,000 for married individuals filing joint returns, $33,750 for unmarried individuals, and $22,500 for married individuals filing separate returns, estates, and trusts.	Surtax on higher-income taxpayers; surtax on net capital gain Same as the House bill, except an individual's net capital gain is subject to the surtax by applying a maximum rate of 30.8 percent (instead of the present-law maximum rate of 28 percent) to net capital gain to the extent an individual's taxable income exceeds $250,000. For taxable years beginning in 1993, the surtax would be applied using a blended rate of 35.3 percent for ordinary income and 29.4 percent for net capital gain. Alternative minimum tax Same as the House bill, except that for taxable years beginning in 1993, blended tax rates of 25 and 26 percent (instead of 26 and 28 percent) apply.

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	Effective date.--Taxable years beginning after December 31, 1992.	**Effective date**.--Same as the House bill.
2. Provisions to prevent conversion of ordinary income to capital gain		
a. Recharacterization of capital gain as ordinary income for certain financial transactions (sec. 14206(a) of the House bill and sec. 8206(a) of the Senate amendment)	The House bill provides that a portion of the income derived from certain "conversion transactions" must be treated as ordinary income rather than as capital gain. A conversion transaction generally is a transaction where substantially all of the taxpayer's return is attributable to the time value of the taxpayer's net investment in the transaction.	Same as the House bill, except that transactions of options dealers and commodities traders in the normal course of their trade or business of dealing in options and commodities, respectively, generally would not be considered to be conversion transactions.
	Effective date.--The provision is effective for conversion transactions entered into after April 30, 1993.	**Effective date**.--Same as the House bill.

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3. Reduce deductible portion of business meals and entertainment expenses (sec. 14209 of the House bill and secs. 8209 and 8209A of the Senate amendment)	The deductible portion of otherwise allowable business meals and entertainment expenses is reduced from 80 percent to 50 percent. **Effective date**.--Effective for taxable years beginning after December 31, 1993.	Same as the House bill. In addition, the substantiation threshold for business meals is reduced from $25 to $20. The Senate amendment includes a sense of the Senate resolution that the conferees should reduce or eliminate the proposed reduction in the deductible portion of otherwise allowable business meals and entertainment expenses. (Floor amendment by Senator Inouye, adopted by voice vote.) **Effective date**.--Same as the House bill.
4. Deny deduction for club dues (sec. 14210 of the House bill and sec. 8210 of the Senate amendment)	No deduction is permitted for club dues. Specific business expenses (e.g., meals) incurred at a club are deductible only to the extent they otherwise satisfy the standards for deductibility. Dues for airline and hotel clubs are not subject to the deduction disallowance. **Effective date**.--Effective for taxable years beginning after December 31, 1993.	Same as the House bill, except that airline and hotel clubs are subject to the deduction disallowance. **Effective date**.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
5. Deny deduction for executive pay over $1 million (sec. 14211 of the House bill and sec. 8211 of the Senate amendment)	In general.--Under the House bill, for purposes of the regular income tax and the alternative minimum tax, the otherwise allowable deduction for compensation paid or accrued with respect to a covered employee of a publicly held corporation is limited to no more than $1 million per year. The following types of compensation are not subject to the cap and are not taken into account in determining whether other compensation exceeds the cap: (1) remuneration payable on a commission basis; (2) remuneration payable solely on account of the attainment of one or more performance goals if certain independent director and shareholder approval requirements are met; (3) payments to a tax-qualified retirement plan; (4) amounts that are excludable from the executive's gross income; and (5) any remuneration payable under a written binding contract which was in effect on February 17, 1993, and all times thereafter before such remuneration was paid and which was not modified thereafter in any material respect before such remuneration was paid.	In general.--Same as the House bill.
	Performance-based compensation.--Compensation qualifies for the exception for performance-based compensation only if (1) it is paid solely on account of the attainment of one or more performance goals, (2) the performance goals are established by a	Performance-based compensation.--The Senate amendment is generally the same as the House bill, except that the Senate amendment refers to "outside directors" rather than "independent directors."

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	compensation committee consisting solely of two or more independent directors, (3) the material terms under which the compensation is to be paid, including the performance goals, are disclosed to and approved by the shareholders in a separate vote prior to payment, and (4) prior to payment, the compensation committee certifies that the performance goals and any other material terms were in fact satisfied by the executive. The legislative history to the House bill provides that the disclosure requirement means that the terms under which the compensation is to be paid must be disclosed in such a manner so that a third party unfamiliar with the compensation arrangement could determine the maximum potential amount of compensation that will be paid or the formula under which such compensation will be paid. The legislative history provides that a director is not considered independent for purposes of the exception for performance-based compensation if the director is a former employee of the corporation (or related entities) who is receiving compensation for prior services, a former officer of the corporation (or related entities), or is receiving compensation in any capacity other than as a director.	The legislative history to the Senate amendment provides that compensation is not treated as paid solely on account of the attainment of one or more performance goals unless it is paid pursuant to a preestablished objective formula or standard that precludes discretion. In general, this means that a third party with knowledge of the relevant performance results could calculate the amount to be paid. The legislative history to the Senate amendment provides that, in developing standards as to whether disclosure is adequate, the Secretary of the Treasury is to take into consideration the SEC rules regarding disclosure. The legislative history to the Senate amendment provides that, for purposes of considering whether a director is an outside director, benefits under a tax-qualified pension plan are not considered current compensation from the corporation. The legislative history provides that, in the case of compensation payable pursuant to a plan (including a stock option plan), the shareholder approval requirement generally is satisfied if the shareholders approve the specific terms of the plan and the class of executives to which it applies and the amount

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	The legislative history provides that, in the case of compensation paid pursuant to a plan, the shareholder approval requirement is satisfied if the shareholders approve the general terms of the plan and the class of executives to which it applies. Compensation payable under a written binding contract.--The $1 million cap does not apply to amounts paid pursuant to written binding contracts in effect on February 17, 1993, and at all times thereafter before the compensation is paid. The exception ceases to apply if there is a material modification to the contract. **Effective date**.--Compensation that is otherwise deductible by the corporation in a taxable year beginning after December 31, 1993.	of compensation payable under the plan is not subject to discretion. Compensation payable under a written binding contract.--The Senate amendment is the same as the House bill, except that the legislative history provides examples of contracts that are considered to be contracts entered into after February 17, 1993. **Effective date**.--Same as the House bill.

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6. Reduce compensation taken into account for qualified retirement plan purposes (sec. 14212 of the House bill and sec. 8212 of the Senate amendment)	The House bill reduces the limit on compensation that can be taken into account under a qualified retirement plan from $235,840 to $150,000 (indexed). **Effective date**.--The provision applies to benefits accruing in plan years beginning after December 31, 1993.	Same as the House bill, except that the $150,000 limit is indexed in $10,000 increments. **Effective date**.--Same as the House bill, except that the limit on compensation does not apply to eligible participants in governmental plans, and a delayed effective date is provided for plans maintained pursuant to one or more collective bargaining agreements.
7. Deduction for moving expenses (sec. 14213 of the House bill and sec. 8213 of the Senate amendment)	The House bill disallows the moving expense deduction for certain types of expenses. Expenses which will no longer be deductible are (1) the costs of meals consumed while traveling and while living in temporary quarters near the new workplace, and (2) the costs of selling (or setting an unexpired lease on) the old residence and buying (or acquiring a lease on) the new residence. **Effective date**.--Effective for expenses incurred after December 31, 1993.	Same as the House bill, except that the Senate amendment also imposes an overall cap on moving expenses of $10,000 per move. The $10,000 overall cap is indexed for inflation. **Effective date**.--Same as the House bill.

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8. Increase taxable portion of Social Security and Railroad Retirement Tier 1 benefits (sec. 14215 of the House bill and sec. 8215 of the Senate amendment)	For taxpayers with provisional incomes above the applicable thresholds, the portion of Social Security or Railroad Retirement Tier 1 benefits included in gross income is increased. For these taxpayers, gross income includes the lesser of: (1) 85 percent of the taxpayer's Social Security or Railroad Retirement Tier 1 benefit, or (2) 85 percent of the excess of the taxpayer's provisional income over the applicable threshold amounts. The applicable thresholds are the same as those used under present law for Social Security benefit inclusion ($25,000 for unmarried taxpayers, $32,000 for married taxpayers filing joint returns, and $0 for married taxpayers filing separate returns).	Creates a second tier of Social Security or Railroad Retirement Tier 1 benefit inclusion in gross income. Present-law inclusion rules apply to taxpayers with provisional income below $32,000 for unmarried taxpayers or $40,000 for married taxpayers filing joint returns. For taxpayers with provisional incomes above these higher thresholds, gross income includes the lesser of: (1) 85 percent of the taxpayer's Social Security or Railroad Retirement Tier 1 benefit or (2) the sum of: (a) the smaller of (i) the amount included under present law; or (ii) $3,500 (for unmarried taxpayers) or $4,000 (for married taxpayers filing joint returns), plus, (b) 85 percent of the excess of the taxpayer's provisional income over the applicable new threshold amounts. For married taxpayers filing separate returns, gross income includes the lesser of 85 percent of the taxpayer's Social Security

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		or Railroad Retirement Tier 1 benefit or 85 percent of the taxpayer's provisional income.
	Provisional income for purposes of this computation is calculated the same as under present law (modified adjusted gross income plus one-half of the taxpayer's Social Security or Railroad Retirement Tier 1 benefit).	Provisional income is calculated the same as under present law and the House bill.
	Revenues from the income taxation of Social Security and Railroad Retirement Tier 1 benefits attributable to the increased portion of benefits included in gross income are to be retained in the General Fund.	Revenues from the income taxation of Social Security and Railroad Retirement Tier 1 benefits attributable to the increased portion of benefits included in gross income will be transferred to the Medicare Hospital Insurance (HI) Trust Fund.
	Effective date.-- Taxable years beginning after December 31, 1993.	**Effective date**.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
B. Business Provisions		
1. Disallowance of deduction for lobbying expenses (sec. 14222 of the House bill and sec. 8222 of the Senate amendment)		
a. General rule	a. Attempts to influence legislation are nondeductible.	a. Contacts by "lobbyists" with legislative branch Members or employees or certain Federal executive branch officials are nondeductible. In the case of non-lobbyists, attempts to influence legislation or actions of certain Federal executive branch officials are nondeductible.
b. Scope of general rule	b. Applies to lobbying with respect to Federal, State, or local "legislation" (as defined in present-law section 4911(e)(2)).	b. Same as the House bill, except also applies to lobbying with respect to certain Federal executive branch actions.
c. Exceptions	c. Deduction allowed for technical advice given by taxpayer pursuant to specific written request from governmental body.	c. With respect to legislation, deduction allowed for responses by a taxpayer pursuant to a subpoena (or if otherwise compelled by law). With respect to Federal executive branch actions, deduction allowed under various exceptions from the Lobbying Disclosure Act of 1993 (S. 349), including exceptions for comments made on the record in public proceedings, filings required by statute or regulation, and communications made in

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
		judicial proceedings or law enforcement inquiries.
d. Definition of "lobbyist"	d. Not applicable, because no distinction made between contacts by lobbyists and contacts by others.	d. "Lobbyists" (who are subject to per se disallowance rules) are defined as under the Lobbying Disclosure Act of 1993.
e. Association dues	e. Flow-through of nondeductibility to dues-paying members of tax-exempt associations. Associations are required to annually report to members and the IRS the disallowed portion of dues paid that is attributable to lobbying activities of the association (unless reporting requirement waived by Treasury regulation). Penalties may be imposed on associations failing to report disallowed lobbying amounts to members (generally $50 for each failure to report), and a special penalty applies if an association materially underreports its lobbying expenses.	e. Same as the House bill, except a $2,000 de minimis exception to the reporting requirement applies at the association level, and there is no provision for imposition of a special penalty if an association materially underreports its lobbying expenses to its members.
f. Charities	f. No flow-through of nondeductibility (i.e., contributions to charity are not affected by the provision).	f. Flow-through of nondeductibility for business donors who contribute more than $2,000 to a charity (other than a church) but only if the charity's lobbying is of direct financial interest to the donor's business. Charities are required to report to certain business donors and the IRS the disallowed portion of a contribution attributable to lobbying.

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g. Meals, entertainment, or travel	g. No special rule.	g. Per se rule disallowing deductions for costs of meals, entertainment, or travel provided to legislative branch Members or employees or to certain Federal executive branch officials.
	Effective date.--Amounts paid or incurred after December 31, 1993.	**Effective date**.--Same as the House bill.
2. Mark-to-market accounting method for dealers in securities (sec. 14223 of the House bill and sec. 8223 of the Senate amendment)	A security held by a taxpayer in its capacity as a dealer in securities generally is to be taken into account by the taxpayer by marking the security to its fair market value at year-end. Gain or loss taken into account under the mark-to-market rules generally is treated as ordinary gain or loss.	The Senate amendment generally is the same as the House bill.
	Effective date.--Applies to taxable years ending on or after December 31, 1993. The net amount of the section 481(a) adjustment that arises from this change in a taxpayer's method of accounting is taken into account ratably over a 5-taxable year period beginning with the first taxable year ending on or after December 31, 1993. Certain floor specialists and market makers that had used the LIFO method of accounting for their inventories of securities would be allowed to take the portion of the section 481(a) adjustment attributable to the use of that method into account over the lesser of: (1) the number of years the LIFO method had	**Effective date**.--Same as the House bill, except that certain floor specialists and market makers that had used the LIFO method of accounting for their inventories of securities would be allowed to take the portion of the section 481(a) adjustment attributable to the use of that method into account over a 15-year period if the LIFO method had been used for 5 years or more years for that security.

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	been used for that security (but no less than 5 years) or (2) 20 years.	
3. Repeal stock-for-debt exception to cancellation of indebtedness income (sec. 8226(a) of the Senate amendment)	No provision.	The Senate amendment repeals the stock-for-debt exception to the recognition of cancellation of indebtedness income for corporations that are insolvent or in bankruptcy. Thus, the transfer of stock by a bankrupt or insolvent corporation to a creditor will give rise to cancellation of indebtedness income to the extent the amount of debt forgiven exceeds the fair market value of the stock. The corporation may defer the recognition of such income by reducing its tax attributes. **Effective date**.--Applies to stock transferred in satisfaction of any indebtedness after June 17, 1993, unless (1) the transfer is in a title 11 or similar case filed on or before June 17, 1993; (2) the transfer occurs on or before December 31, 1993, and the transfer is pursuant to a binding contract in effect on June 17, 1993; or (3) the transfer occurs on or before December 31, 1993, and the taxpayer had filed with the SEC on or before June 17, 1993, a registration statement which proposed a stock-for-debt exchange with respect to such indebtedness, and which discussed the possible application of the stock-for-debt exception to such exchange.

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4. Treatment of passive activity losses and credits and alternative minimum tax credits in certain discharges of indebtedness (sec. 8226(b) of the Senate amendment)	No provision.	Adds (1) minimum tax credits and (2) passive activity loss and credit carryovers to the attributes that are reduced in the case of a discharge of indebtedness of the taxpayer that is excludable under Code section 108(a). **Effective date**.--Taxable years beginning after December 31, 1993.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
5. Limitation on section 936 credit (sec. 14226 of the House bill and sec. 8227 of the Senate amendment)	a. Limits the section 936 credit allowed to a possession corporation for a taxable year against U.S. tax on active business income to 60 percent of the qualified possession wages it pays during the year to its employees.	a. The section 936 credit allowed to a possession corporation for a taxable year against U.S. tax on its active business income is equal to 97.5 percent of the credit determined under either of two alternative limitations. The option of which limitation to apply is left to the taxpayer. One limitation is based on factors that reflect the corporation's economic activity in the possessions (i.e., compensation (including certain employer-provided employee fringe benefits), depreciation, and taxes paid). The other limitation is based on a statutorily defined percentage of the credit that would be allowable under present-law rules. (As modified by floor amendment by Senators McCain and Inouye, adopted by voice vote.)
	b. Also limits the section 936 credit allowed to a possession corporation for a taxable year against U.S. tax on qualified possession source investment income (QPSII) in cases where the possession corporation's assets that generate QPSII exceed 80 percent of its qualified tangible business investment in the possessions. In such a case, no section 936 credit is allowed against U.S. tax on the portion (determined on a pro-rata basis) of its QPSII attributable to QPSII assets which exceed that 80-percent threshold.	b. The section 936 credit allowed to a possession corporation for a taxable year against U.S. tax on QPSII is equal to 97.5 percent of the credit that would be allowable under present-law rules. (As modified by floor amendment by Senators McCain and Inouye, adopted by voice vote.)
	c. Requires possession corporations to certify that the establishment of new or	c. No provision.

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	expanded operations in a possession will not result in a decrease in employment at an existing business operation of the corporation or a related person in the United States. Failure to so certify will cause the wages paid and the tangible business property used by the possession corporation with respect to the new operation to be disregarded in computing the above limitations on the section 936 credit.	
	d. Creates a new separate foreign tax credit limitation category for purposes of computing the AMT foreign tax credit. The new category includes the portion of dividends received from a possession corporation for which the dividends received deduction is disallowed, and thus is included in alternative minimum taxable income.	d. Same as the House bill.
	e. No provision.	e. Temporarily increases the cover over of rum excise taxes to Puerto Rico and the Virgin Islands from $10.50 per proof gallon to $11.30 per proof gallon. This increased cover over rate applies for excise taxes imposed on distilled spirits brought into the United States during the 5-year period beginning on July 1, 1995. (As modified by floor amendment by Senators McCain and Inouye, adopted by voice vote.)
	Effective date.--The provision is effective for taxable years beginning after December 31,	**Effective date**.--Same as the House bill, but with a five-year phase in for taxpayers that

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	1993. For taxable years beginning in 1994 and taxable years beginning in 1995, a transition rule provides that an alternative section 936 credit may be elected which is equal to a fixed percentage of the present-law credit.	elect to use the alternative credit limitation based on a percentage of the section 936 credit determined under present-law rules.

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C. Foreign Provisions		
1. Current taxation of certain earnings of controlled foreign corporations (secs. 14231-14233 of the House bill and secs. 8231-8233 of the Senate amendment)	The House bill limits the availability of deferral of U.S. tax on certain earnings of controlled foreign corporations that hold excess passive assets, and makes certain other modifications to the rules governing deferral of U.S. tax on earnings of controlled foreign corporations. a. The House bill applies to all accumulated earnings and profits of the foreign corporation. b. No provision. c. The House bill requires the Treasury department to study the tax treatment of investments by controlled foreign corporations in obligations of U.S. persons other than corporations. **Effective date**.--The provision generally is effective for taxable years of foreign corporations beginning after September 30,	The Senate amendment is generally the same as the House bill, with the following modifications: a. The Senate amendment applies only to earnings and profits of the controlled foreign corporation that are attributable to taxable years beginning after September 30, 1993, and includes certain aggregation and anti-abuse rules. b. The Senate amendment includes special rules to increase the basis of assets (for purposes of this provision) to reflect certain research and experimental expenditures and certain payments with respect to licensed intangible property. c. No provision. **Effective date**.--Same general effective date as the House bill, but effective immediately rather than phased in.

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	1993. The application of the provision is phased in over the first five years following the general effective date.	
2. Allocation of research expenditures (sec. 14234 of the House bill and sec. 8234 of the Senate amendment)	The House bill makes permanent the research allocation rules of Code section 864(f), except that the portion of research expense automatically allocated and apportioned to income sourced in the place of performance of the research is 50 percent, rather than 64 percent. The House bill also supplements section 864(f) with certain regulatory authority, including authority regarding section 936 companies, the determination of the location of research activities, cost sharing arrangements and contract research. **Effective date**.--The House bill applies to taxable years ending after date of enactment, except that it does not apply to any taxable year to which Rev. Proc. 92-56 applies (that Revenue Procedure generally applies, if elected, to a taxpayer's first two taxable years beginning after August 1, 1991), or would have applied had the taxpayer elected the benefits of that Revenue Procedure.	The Senate amendment temporarily adopts for one year the research allocation provisions (including those providing regulatory authority) adopted permanently in the House bill. **Effective date**.--The Senate amendment applies to the first taxable year (beginning on or before August 1, 1994) following the taxpayer's last taxable year to which Rev. Proc. 92-56 applies, or would have applied had the taxpayer elected the benefits of that Revenue Procedure.
3. Treatment of export of certain softwood timber (sec. 8239 of the Senate amendment)	No provision.	The Senate amendment modifies certain provisions of the Code as they apply to activities that generate income from unprocessed softwood timber.

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		The Senate amendment excludes from the definition of "export property" for purposes of the FSC rules any such timber. Similarly, the provision excludes from the definition of "export property" for purposes of the DISC rules any such timber. The Senate amendment provides that any income from the sale of any such timber which was cut in the United States is domestic source income. The Senate amendment treats as subpart F income any income derived by a controlled foreign corporation in connection with the sale of any such timber cut in the United States, and any income derived by a controlled foreign corporation from the milling of any such timber outside the United States. Income treated as subpart F income under the amendment, and earned by an export trade corporation, is not subject to reduction by the export trade income of the corporation. **Effective date**.--The amendment is effective for transactions occurring after date of enactment.

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ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
D. Energy and Motor Fuels Tax Provisions		
1. Energy Btu tax (sec. 14241 of the House bill)	In general.--The House bill imposes permanent excise taxes on petroleum products, natural gas, coal, alcohol fuels, and electricity. The taxes are imposed at a base rate of 26.8 cents per million Btus on all fuels; an additional (supplemental) rate of 34.2 cents per million Btus is imposed on most petroleum products and on alcohol fuels. The electricity tax rate is calculated separately by each seller based on the Btu content of the fuels used in generating its electricity, and on statutorily assumed Btu contents for hydro- and nuclear-generated electricity. The House bill imposes an imputed Btu tax on imported products that the Treasury Department designates as "energy intensive." The tax applies only to products of industries classified, or individual products classified, as having direct energy inputs, measured as a percentage of the value of the finished product, in excess of two percent. Points of collection.--The petroleum and alcohol fuels taxes are collected on removal of those fuels from registered terminal facilities. The natural gas, coal, and electricity taxes are collected at the retail level. Use of these products is taxable if the	No provision.

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	use occurs before the point at which tax normally is imposed. Exemptions.--Number 2 distillate fuel oil used for the heating of any building and gasoline and diesel fuel used on farms are exempt from the supplemental petroleum rate. Full exemptions are provided for: electricity generated from renewable sources or biomass; direct energy exports; feedstocks (including electricity used in electrolytic production processes); certain fuels used to produce taxable energy products; fuels used in international commercial transportation; a portion of coal used in certain coke production; and methane recovered from biomass or certain coal mining operations. **Effective date**.--Effective on July 1, 1994, with the full tax rates being phased in ratably over a three-year period. After that period, the tax rates are indexed for inflation. Floor stocks taxes are imposed on taxable products held beyond the point of collection on July 1, 1994, and on the date of each subsequent rate change.	
2. Transportation fuels tax (sec. 8241 of the Senate amendment)	No provision.	In general.--The Senate amendment imposes a permanent excise tax of 4.3 cents per gallon on: (1) all transportation fuels currently subject to the Leaking Underground Storage Tank Trust Fund ("LUST") excise tax, except jet fuels used in aviation; (2)

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		liquefied petroleum gases currently taxable as special motor fuels; and (3) diesel fuel used in noncommercial motorboats. Taxable fuels include motor fuels (gasoline, diesel fuel and special motor fuels) used for highway transportation or in motorboats; gasoline used in aviation; gasoline used in off-highway non-business uses (e.g., small engines and recreational trail uses); diesel fuel used in trains; and fuels used in inland waterways transportation. (A floor amendment by Senator Gorton, adopted by voice vote, exempted aviation jet fuel from the tax.) Point of collection.--The new 4.3-cents-per-gallon excise tax generally is collected in the same manner as the existing excise taxes on these fuels (i.e., the tax on gasoline and diesel fuel (see item II.D.3., below) is collected on removal of these fuels from registered terminal facilities, the tax on special motor fuels is collected upon the retail sale of these fuels, and the tax on fuels used in inland waterways is collected on the use of these fuels). Exemptions.--Fuel uses that are exempt from the LUST tax generally are exempt from the new tax. These uses include, for example, number 2 distillate (diesel) fuel used as heating oil; gasoline and diesel fuel used on farms for farming purposes; off-highway business uses (such as to operate

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		stationary pumps or compressors or in construction vehicles or vessels operated by fisheries); fuels used by State and local governments and nonprofit schools; exported fuels; fuels used in international aviation; and, fuels used in international and domestic shipping (other than shipping on the inland waterways system). Disposition of revenues.--The 4.3-cents-per-gallon highway and rail fuel revenues are to be transferred to the Highway Trust Fund; aviation gasoline revenues are to be transferred to the Airport and Airway Trust Fund; inland waterways transportation fuel revenues are to be transferred to the Inland Waterways Trust Fund; motorboat fuels and small-engine gasoline revenues are to be transferred to the Aquatic Resources Trust Fund; and non-highway recreational vehicle fuels revenues are to be transferred to the National Recreational Trails Trust Fund. (A floor amendment by Senator Brown, adopted by a vote of 66-32, transferred the revenues from the new excise taxes to these trust funds, rather than retaining them in the General Fund.) **Effective date**.--Effective on October 1, 1993, with appropriate floor stocks being imposed on that date.

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3. Modification of the collection of the diesel fuel excise tax (secs. 14242-14243 of the House bill and sec. 8242 of the Senate amendment)	The House bill provides that the 20.1-cents-per-gallon diesel fuel excise tax will be collected on removal from a terminal (i.e., at the terminal rack) under generally the same rules as the gasoline tax currently is collected. However, unlike the gasoline tax, diesel fuel that is destined for an exempt use will not be taxed as the fuel is removed from the terminal if certain dyeing (and marking) requirements are met. Refunds are allowed as paid fuel used in an exempt use. **Effective date**.--The provision applies to diesel fuel removed from terminals after March 30, 1994.	Generally the same as the House bill, except that marking is not permitted. In addition, vendors to farmers and State and local governments are required to apply for refunds for these exempt users, if the vendors sold tax-paid fuel to these persons for use in an exempt use. **Effective date**.--The provision applies to diesel fuel removed from terminals after December 31, 1993.
4. Extend the current 2.5 cents-per-gallon motor fuels excise tax rate; Transfer of revenues (sec. 14244 of the House bill and sec. 8244 of the Senate amendment)	The House bill extends the current 2.5-cents-per-gallon deficit reduction rate on motor fuels from October 1, 1995, through September 30, 1999. The revenues from this rate generally are to be transferred to the Highway Trust Fund (2 cents per gallon to the Highway Account and 0.5 cents per gallon to the Mass Transit Account of the highway motor fuel tax revenues). However, revenues from the 2.5 cents-per-gallon tax on diesel used in trains are retained in the General Fund as are revenues from 2.5 cents per gallon of the tax on motorboat, small-engine, and nonhighway recreational fuels.	Same as the House bill, except that the revenues from the taxes on motorboat fuels and small-engine gasoline are to be transferred to the Aquatic Resources Trust Fund. (Floor amendment by Senators Breaux and Wallop, adopted by voice vote, transferred the motorboat and small-engine fuel revenues to the Aquatic Resources Trust Fund.)

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	Effective date.--The extension of the 2.5-cents-per-gallon rate applies after September 30, 1995.	**Effective date**.--Same as the House bill.
5. Increase inland waterways fuel excise tax (secs. 14413 and 8002 of the House bill)	The House bill increases the Federal inland waterways fuel tax by 50 cents per gallon in a series of steps. Under the House bill, inland waterways fuel will be taxed at a rate of 24 cents per gallon in 1994, 40 cents per gallon in 1995, 55 cents per gallon in 1996, and 70 cents per gallon in 1997 and thereafter. **Effective date**.--The provision is effective beginning January 1, 1994. (In addition, sec. 8002 of the House bill includes a Sense of the Congress resolution that the inland waterways fuel tax should not be further increased beyond those increases already scheduled under present law.)	No provision.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
E. Compliance Provisions		
1. Reporting rule for service payments to corporations (sec. 14251 of the House bill)	Provides that payments for services purchased in the course of the payor's trade or business will not be exempt from information reporting requirements merely because the payments are made to a corporation. **Effective date**.--Applies to payments for services made by a payor after December 31, 1993.	No provision. (Provision was deleted in floor amendment by Senator Pressler, adopted by voice vote.)
2. Modifications to substantial understatement and return-preparer penalties (sec. 14252 of the House bill and sec. 8252(a) of the Senate amendment)	a. Replaces the "not frivolous" standard with a "reasonable basis" standard for purposes of the accuracy-related penalty.	a. Same as the House bill.
	b. Replaces the "not frivolous" standard with a "reasonable basis" standard for purposes of the tax return preparer penalty.	b. No provision. (Provision was stricken under Budget Act upon a point of order raised by Senator Packwood.)
	c. Adds an additional requirement for reducing an understatement attributable to a tax shelter item (i.e., the taxpayer must be able to show that the reasonably anticipated after-tax benefits from his or her investment in the shelter do not significantly exceed the net pre-tax economic profit from such investment).	c. No provision. (Provision was stricken under Budget Act upon a point of order raised by Senator Packwood.)

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	d. Eliminates the reasonable cause and good faith exception for fraud. **Effective date**.--Applies to tax returns due (without regard to extensions) after December 31, 1993.	d. No provision. (Provision was stricken under Budget Act upon a point of order raised by Senator Packwood.) **Effective date**.--Same as the House bill.

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ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
F. Intangibles		
1. Amortization of goodwill and certain other intangibles (secs. 14261 and 14262 of the House bill and secs. 8261 and 8262 of the Senate amendment)	a. Provides straight line amortization of goodwill and other "amortizable section 197 intangibles" over 14 years.	a. Provides straight line amortization of 75 percent of goodwill and other "amortizable section 197 intangibles" over 14 years. The remaining 25 percent is not amortizable.
	b. Purchased mortgage servicing rights are included in the definition of "amortizable section 197 intangibles".	b. Purchased mortgage servicing rights not acquired with a trade or business or substantial portion thereof are excluded from the definition of "amortizable section 197 intangibles". Such excluded rights must be amortized over 9 years on a straight-line basis.
	c. Separately acquired computer software (not involving the acquisition of assets that constitute a trade or business or substantial portion thereof) is excluded from the definition of "amortizable section 197 intangibles". Also excluded, even if acquired with a trade or business, is computer software that (1) is readily available for purchase by the general public, (2) is subject to a nonexclusive license, and (3) has not been substantially modified. Software excluded under either of these rules must be amortized on a straight-line basis over 36 months. There is no other special rule for software or software related businesses.	c. In addition to the provisions of the House bill regarding computer software, special allocation and amortization rules apply to acquisitions of certain businesses that have made certain computer software expenditures. Fifty percent of the amortizable portion of "amortizable section 197 intangibles" (i.e., 50 percent of 75 percent of the cost of such assets) is amortized on a straight-line basis over 5 years. The remaining 50 percent of 75 percent is amortized over 14 years under the general rule of the provision.
	d. The Treasury Department is required	d. No requirement of reports.

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	to submit annual reports to the House Ways and Means Committee and the Senate Finance Committee on the implementation and effects of the intangibles legislation, including the effects of such legislation on merger and acquisition activity. **Effective date**.--The bill generally applies to property acquired after the date of enactment. Taxpayers may elect not to apply the bill to property acquired pursuant to a binding written contract in effect on the date of enactment. Alternatively, taxpayers may elect to apply the bill to all property acquired after July 25, 1991. A provision modifying the treatment of certain partnership distributions is effective for payments to partners retiring or dying on or after January 5, 1993 unless pursuant to a binding written contract in effect before that date.	**Effective date**.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
G. Other Revenue-Raising Provisions		
1. Vaccine provisions		
a. Extension of vaccine excise tax (sec. 14431 of the House bill and sec. 8273 of the Senate amendment)	i. The excise taxes on certain vaccines (that expired after December 31, 1992) are permanently extended. Authorization for compensation to be paid from the Vaccine Injury Compensation Trust Fund (Vaccine Trust Fund) under the National Compensation Program also is permanently extended. ii. In addition, the Secretary of the Treasury, in consultation with the Secretary of Health and Human Services, is directed to conduct a study of the Vaccine Trust Fund, taxes and expenditures, and related matters. **Effective date**.--The extension of the vaccine excise taxes is effective on the date of enactment (with a floor stocks tax imposed on vaccines purchased after 1992 that are held for sale or use on the date of enactment). The extension of authorization for compensation to be paid from the Vaccine Trust Fund is effective for vaccines administered on or after October 1, 1992. The study to be conducted by the Secretary of the Treasury must be reported to Congress within one year after date of enactment.	i. Same as the House bill. ii. No provision in Title VIII. (However, sec. 12203 of the Senate amendment provides for recommendations under the National Vaccine Injury Compensation Program concerning the appropriate amount of the specific vaccine excise tax per dose.) **Effective date**.--Same as the House bill (except no requirement that the Secretary of the Treasury submit to Congress a study within one year after enactment).

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
b. Childhood immunization program (secs. 14432-14433 of the House bill)	i. The failure by health plans that provide coverage for the cost of pediatric vaccines as of May 1, 1993, to continue that coverage is subject to an excise tax penalty (under sec. 4980B(f)) applicable to plans that fail to provide COBRA continuation coverage. ii. A new Childhood Immunization Trust Fund is established in the Internal Revenue Code. Monies in the Trust Fund are to be available, subject to appropriations, for the childhood immunization entitlement program (under Part A of Subtitle 3 of Title XXI of the Public Health Service Act) adopted by the House Committee on Energy and Commerce as part of its reconciliation provisions (Title V of H.R. 2264, as passed by the House). **Effective date**.--The maintenance-of-effort requirement for the cost of pediatric vaccines applies to plan years beginning after the date of enactment. The establishment of the Childhood Immunization Trust Fund is effective upon enactment.	i. No tax provision. (However, secs. 12303 and 12321 of the Senate amendment provide for continued coverage of pediatric vaccine costs under group health plans so that the plan may not reduce its coverage below that in effect as of May 1, 1993, along with a civil penalty.) ii. No Trust Fund provision for the childhood immunization program. (However, secs. 12201-12205 of the Senate amendment provide for a childhood immunization program under Title XXI of the Public Health Service Act. Also, sec. 12203(d) of the Senate amendment authorizes $9 million per year for 1994-1996 out of the Vaccine Trust Fund for administrative expense for the program: $3 million each for the Secretary of Health and Human Services, the Attorney General, and the Federal Court of Claims.)

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ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
2. Aircraft registration fees (sec. 11001 of the House bill)	The House bill provides new annual registration fees (in sec. 313(f) of the Federal Aviation Act of 1958) for general aviation aircraft, graduated by aircraft weight: 3,500 lbs. and under $40 Over 3,500-6,500 lbs. $175 Over 6,500-10,000 lbs. $500 Over 10,000-100,000 lbs. $1,500 Over 100,000 lbs. $2,000 Also, an aircraft recording and title fee is imposed on aircraft transfers; this fee is to be set by FAA based upon aircraft weight and is to average approximately $200. Further, a fee of $500 is imposed on an aviation medical examiner's certificate. Finally, a triennial fee of $12 is imposed on a pilot's certificate. The fees do not apply to (1) air carrier aircraft, (2) U.S. Government aircraft, (3) dealers' aircraft, (4) aircraft not having an engine-driven electrical system, and (5) balloons and gliders. Revenues from the fees are to be deposited in the Airport and Airway Trust Fund. **Effective date**.--Beginning on October 1, 1993.	No provision.

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III. OUTLAY-RELATED REVENUE PROVISIONS		
A. Disclosure Provisions		
1. Disclosure of return information for administration of certain Department of Veterans Affairs programs (sec. 14401 of the House bill and secs. 7901 and 13008 of the Senate amendment)	Extends the authority to disclose tax information to the Department of Veterans Affairs (DVA) for one year, through September 30, 1998.	Contains two provisions: a. Same as the House bill (sec. 7901); b. Extends authority permanently (sec. 13008).
2. Access to tax information by the Department of Education (sec. 14402 of the House bill and secs. 7902, 12011, and 12055 of the Senate amendment)	a. Grants the Department of Education access to certain tax return information in order to implement a direct student loan program. This authority expires after September 30, 1998.	a. Contains two provisions: i. Same as the House bill (sec. 7902); ii. Similar to House bill, except that disclosure is permitted to agents of the Department of Education (sec. 12055).
	b. Allows the Department of Education to obtain the mailing address of any taxpayer who owes an overpayment of a Federal Pell Grant or who has defaulted with respect to certain other student loans administered by the Department of Education. This authority is permanent.	b. Contains two provisions: i. Same as the House bill (sec. 7902); ii. Similar to House bill, except authority expires after September 30, 1998 (sec. 12055).
	c. Requires the Treasury Department to conduct a study of the feasibility of student	c. i. No study is required (sec. 7902);

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	loan repayment through wage withholding or other means involving the IRS.	ii. Requires Secretaries of Education and Treasury to present to the President a plan that provides for repayment of student loans through wage witholding and evaluates the feasibility of other wage witholding repayment options for such loans. The study must be submitted to the President within 6 months of date of enactment (sec. 12011).
	d. No provision.	d. i. No provision (sec. 7902);
		ii. Upon a determination by the President (pursuant to the study described above) that repayment of student loans should be done through wage witholding or other means by the IRS, the Secretary of the Treasury may enter into an agreement with the Secretary of Education for IRS to collect student loans as if they are taxes (without the need for additional legislative authorization). Also, authorizes this agreement to include an alternate system of fees and penalties for nonpayment of amounts due (sec. 12055).
	Effective date.--The provision is effective on the date of enactment.	**Effective date**.--Same as the House bill.

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3. Access to tax information by the Department of Housing and Urban Development (sec. 14403 of the House bill and secs. 7903 and 3003 of the Senate amendment)	a. Grants the Department of Housing and Urban Development (HUD) access to certain tax information with respect to applicants for, and participants in, certain HUD programs. This authority expires after September 30, 1998. b. Requires the Treasury Department to conduct a study regarding the disclosure of tax information to HUD. **Effective date**.--The provision is effective on the date of enactment.	a. Contains two provisions: i. Same as the House bill (sec. 7903); ii. Similar to House bill, except that: (A) Requests for information need not be written, and (B) Participants must sign consent form under the Stewart B. McKinney Homeless Assistance Act (sec. 3003). b. No study is required. **Effective date**.--Same as the House bill.

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4. Use of return information for health coverage clearinghouse (sec. 5117 of the House bill and secs. 7904 and 12101 of the Senate amendment)	Establishes a health coverage clearinghouse in HHS. The clearinghouse may require employers to provide detailed information on specified employees' health coverage. The clearinghouse may also require IRS and SSA to provide taxpayer identity information on specified individuals. The clearinghouse may disclose this information to agents and to group health plans. **Effective date**.--The provision is effective on April 1, 1995. Employers are not required to provide information to the clearinghouse after September 30, 1998.	Contains two provisions: a. Generally similar to the House bill, except requires each W-2 issued by an employer to an employee to state whether a group health plan is available to the employee and the plan coverage (single or family) elected by the employee (if any). (This replaces direct requests for information from the clearinghouse to employers.) (sec. 7904). **Effective date**.--The provision is effective on April 1, 1995. b. Generally same as the House bill, except the beneficiaries affected differ (sec. 12101). **Effective date**.--Same as above.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
B. Other Revenue-Related Provisions		
1. Use of Harbor Maintenance Trust Fund for administrative expenses (sec. 14412 of the House bill and sec. 7952 of the Senate amendment)	The House bill authorizes up to $5 million per fiscal year, subject to appropriations Acts, from the Harbor Maintenance Trust Fund for administrative expenses of the Treasury Department related to harbor maintenance tax collection and enforcement. The bill removes the current restriction against such use while the Customs processing fee is in effect. **Effective date**.--Fiscal years beginning after the date of enactment.	Same as the House bill, except the Senate amendment specifies that the monies from the Harbor Maintenance Trust Fund ($5 million) for administrative expenses also are available for reimbursement of the Army Corps of Engineers and the Department of Commerce for their administrative expenses related to the harbor maintenance tax. **Effective date**.--Same as the House bill.
2. Increase amount of Presidential Election Campaign Fund checkoff (sec. 7953 of the Senate amendment)	No provision.	Increases the amount of the checkoff from $1 to $3. **Effective date**.—Effective for tax returns required to be filed after December 31, 1993.
3. Annual report on Federal finances to taxpayers (sec. 15002 of the Senate amendment)	No provision.	The Secretary of the Treasury is required each year to include in the instruction booklets for individual income tax returns a summary of a financial report of the Federal Government. The complete annual financial report, to be prepared under the supervision of the Director of the Office of Management and Budget (OMB), would be made available to taxpayers upon request (subject to a possible processing fee). There are provided authorizations of appropriations of $10 million for fiscal year 1994 and such sums as

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		may be necessary for 1995-1998. (Floor amendment by Senator Jeffords, adopted by voice vote.) **Effective date**.--Date of enactment.
4. Federal and State income tax refund offset for medical assistance (sec. 7433 of the Senate amendment)	No provision.	Permits States to request that IRS offset a Federal income tax refund by the amount of a legally enforceable debt to the State for specified medical assistance. A State may request a refund offset only if it has in place a parallel State refund offset program. **Effective date**.--The provision is effective for taxable years beginning after December 31, 1993.