COMPARISON OF TRANSPORTATION REVENUE AND RELATED PROVISIONS OF H.R. 2400, AS PASSED BY THE HOUSE AND THE SENATE

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of the

JOINT COMMITTEE ON TAXATION

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INTRODUCTION

This document,[1] prepared by the staff of the Joint Committee on Taxation (the "Joint Committee staff"), provides a comparison of the transportation revenue and related provisions of H.R. 2400, as passed by the House and the Senate.[2]

This document provides a list of identical revenue-related provisions and a comparison of the differing transportation revenue-related provisions. A separate Joint Committee staff revenue table (JCX-28-98), also being issued today, compares the budgetary effects of these provisions and of two additional provisions included in the authorizing titles of the Senate amendment. These additional provisions, the Transportation Infrastructure Finance and Innovation Act and reauthorization and expansion of the State Infrastructure Bank program, are not discussed in this document because they do not involve amendments to the Internal Revenue Code. Both provisions are, however, estimated to result in Federal revenue losses because the programs are designed to increase highway and other transportation spending by leveraging the issuance of tax-exempt debt. The Joint Committee staff also has supplied estimates of these provisions to the Congressional Budget Office which will include these effects in estimates prepared for use by conferees considering the authorizing titles of the bill.

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[1] This document may be cited as follows: Joint Committee on Taxation, Comparison of Transportation Revenue and Related Provisions of H.R. 2400, as Passed by the House and the Senate (JCX-27-98), April 27, 1998.

[2] H.R. 2400 was passed by the House on April 1, 1998, and was passed by the Senate, as amended, on April 2, 1998. The Senate amendment incorporated the provisions of S. 1173, as amended by the Senate.

IDENTICAL REVENUE-RELATED PROVISIONS

1. Delay effective date of a requirement that registered motor fuels terminals offer dyed diesel fuel if they sell diesel fuel and dyed kerosene if they sell kerosene for two years, to July 1, 2000.

2. Extend transfer of gross receipts from highway excise taxes to the Highway Trust Fund for the period October 1, 1999 through September 30, 2005.

3. Extend authority to spend money from the Highway Trust Fund from October 1, 1998 through September 30, 2003.

4. Update Highway Trust Fund expenditure purposes to include expenditures provided for under the authorization provisions of the bill and incorporate provisions ensuring that tax revenues are not deposited in the Trust Fund if unauthorized expenditures occur.

5. Conform the anti-deficit provisions of the Highway Account and Mass Transit Account of the Highway Trust Fund (i.e., two years for both Accounts).

6. Include technical corrections to 1997 legislation allocating fuels tax revenues between highway and mass transit programs.

7. Repeal "deadwood" provision limiting effect of 1997 legislation on direct spending under 1991 ISTEA provisions.

8. Extend revenue transfers to Aquatic Resources Trust Fund; update expenditure purposes of the Boat Safety Account of that Trust Fund; and incorporate provisions ensuring that tax revenues are not deposited in the Trust Fund if unauthorized expenditures occur.

9. Repeal National Recreational Trails Trust Fund.

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Present Law	*House Bill*	*Senate Amendment*
I. HIGHWAY TRUST FUND EXCISE TAX AND EXPENDITURE PROVISIONS		
A. Highway Taxes and Exemptions		
1. Highway Trust Fund excise taxes on gasoline, diesel fuel, kerosene, special motor fuels, and heavy truck and tire sales, and an annual use tax on heavy trucks are scheduled to expire after September 30, 1999.	1. Extends Highway Trust Fund excise taxes other than heavy truck tire tax through September 30, 2005. Tire tax is extended through September 30, 2000, and then is repealed.	1. Extends all Highway Trust Fund excise taxes currently scheduled to expire after September 30, 1999, through September 30, 2005.
2. Most exemptions from the Highway Trust Fund taxes also expire after September 30, 1999. Tax provisions for ethanol and renewable-source methanol expire after September 30, 2000 (excise tax) and December 31, 2000 (income tax).	2. Extends all expiring exemptions without change for a period concurrent with extension period of the taxes, except provisions for ethanol and renewable-source methanol for which present-law expiration dates are retained.	2. Same as House bill, except (a) ethanol and renewable-source methanol provisions are extended through September 30, 2007 (excise tax) and December 31, 2007 (income tax), and (b) ethanol benefit is reduced from 54 cents/gallon of ethanol to 53 cents (2001-2002), 52 cents (2003-2004) and 51 cents thereafter.

Present Law	*House Bill*	*Senate Amendment*
3. Gasoline and diesel fuel tax refunds are administered separately, subject to separate quarterly minimum filing thresholds. Fourth quarter refunds must be claimed as income tax credits regardless of amount.	3. Combines refund procedures for all taxable fuels allowing aggregation of quarterly amounts for all fuels and filing of claims once a single $750 minimum amount is reached (determined on a year-to-date rather than an individual quarter basis). Fourth quarter claims may be filed on same basis as claims for first three quarters.	3. No provision.
B. Highway Trust Fund Provisions		
Revenues remain in the Highway Trust Fund until spent; unspent balances earn interest.	Removes "excess" Highway Trust Fund balances (amount over $8 billion for highways and amount over $5.5 billion for mass transit) on October 1, 1998, by cancelling Treasury obligations held by the Trust Fund; and provides that the Highway Trust Fund earns no further interest after September 30, 1998.	No provision.

Present Law	*House Bill*	*Senate Amendment*
C. Other Trust Funds Receiving Monies from Highway Trust Fund		
Aquatic Resources Trust Fund receives 11.5 cents/gallon of the motorboat fuels tax revenues (up to $70 million per year for Boat Safety Account programs; balance to Sport Fish Restoration Account programs) and small-engine gasoline tax revenues (Wetlands Sub-Account program). The remaining 6.8 cents/gallon is retained in the General Fund.	1. Modifies division of motorboat fuels tax revenues between Boat Safety and Sport Fish Restoration Accounts of Aquatic Resources Trust Fund to conform to authorization provisions of the bill which anticipate up to 50 percent of revenues for Boat Safety Account programs (rather than up to $70 million). 2. Transfers portion of motorboat fuels and small-engine gasoline tax revenues currently retained in the General Fund to the Aquatic Resources Trust Fund (3.4 cents/gallon in FY 1999; full 6.8 cents/gallon in FY 2000-2003).	1. No provision. 2. No provision.

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Present Law	*House Bill*	*Senate Amendment*
II. ADDITIONAL REVENUE PROVISIONS		
A. Rail Fuel Excise Tax		
Railroad fuel is subject to a 5.55 cents/gallon General Fund tax. 1.25 cents/gallon of the tax is scheduled to expire after September 30, 1999; the remaining 4.3 cents/gallon is permanent.	Repeals the 4.3-cents/gallon rate, effective on October 1, 2000.	Repeals the 1.25-cents/gallon rate, effective on March 1, 1999.
B. Income Tax Provisions		
1. <u>Tax treatment of certain Federal environmental grants</u>.--Certain Federal grants are excluded from income with taxpayers receiving no basis in assets financed with grant monies. Other Federal grant programs result in income inclusion when the grant is received, but taxpayers receive basis in grant-financed property.	1. No provision.	1. Provides that grants under authorization committee congestion mitigation ("CMAQ") provisions are tax free "to the extent" the grants would be under present law.

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Present Law	*House Bill*	*Senate Amendment*
2. Tax-exempt bonds for private highway projects.--Interest on bonds that finance property used and paid for by States and local governments is tax-exempt. Interest on most bonds issued by these governments acting as conduits for private businesses (including private toll roads) is taxable.	2. No provision.	2. Expands availability of tax-exempt bonds to include projects provided for under a pilot program in the authorization provisions of the Senate amendment.
3. Qualified transportation fringe benefits.--Qualified transportation fringe benefits provided by an employer are excluded from an employee's gross income. Qualified transportation fringe benefits include parking, transit passes, and vanpool benefits. In addition, in the case of employer-provided parking, no amount is includible in income of an employee merely because the employer offers the	3. No provision.	3. (a) Permits employers to offer employees the option of electing cash compensation in lieu of any qualified transportation benefit, or a combination of any of these benefits, effective for taxable years beginning after December 31, 1997; (b) provides that there is no indexing in 1999 for any qualified transportation benefit; and (c) increases the exclusion for transit passes and vanpooling benefits to $100 per month effective for taxable years

Present Law	***House Bill***	***Senate Amendment***
employee a choice between cash and employer-provided parking. Transit passes and vanpool benefits are only excludable if provided in addition to, and not in lieu of, any compensation otherwise payable to an employee. Under present law, up to $175 per month (for 1998) of employer-provided parking and up to $65 per month (for 1998) of employer-provided transit and vanpool benefits are excludable from gross income. These dollar amounts are indexed for inflation.		beginning after December 31, 2001 (with indexing of such amount beginning after 2002).
4. Purposes for which Amtrak NOL monies may be used in non-Amtrak States.--1997 legislation provided expanded NOL refunds to Amtrak. Amtrak is required to transfer portions of this money to States not receiving Amtrak	4. No provision.	4. Expands the list of purposes for which Amtrak NOL monies may be used in non-Amtrak States to include: (a) capital expenditures related to State-owned rail operations; (b) projects eligible to receive funding under sections 5309,

Present Law	*House Bill*	*Senate Amendment*
service. These States generally must use the transferred monies for mass transit purposes.		5310 or 5311 of Title 49; (c) projects that are eligible to receive funding under sections 130 or 152 of Title 23; (d) upgrading and maintenance of intercity primary and rural air service facilities, including the purchase of air service between primary and rural airports and regional hubs; and (e) provision of passenger ferryboat service. Effective as if included in the Taxpayer Relief Act of 1997. (Floor amendment by Sen. Chafee on behalf of Sens. Daschle, Thomas, and Enzi, adopted by voice vote)