COMPARISON OF REVENUE-RELATED PROVISIONS OF H.R. 776 AS PASSED BY THE HOUSE AND SENATE

Prepared by the Staff
of the
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INTRODUCTION

This document,[1] prepared by the staff of the Joint Committee on Taxation, provides a comparison of the revenue-related provisions of H.R. 776 as passed by the House on May 27, 1992, and as amended and passed by the Senate on July 30, 1992.

The effective dates shown in this document are those as included in the House bill or Senate amendment. For purposes of estimating the revenue effects of certain provisions, however, anticipating that the conferees generally would not impose effective dates that would cause provisions to be retroactive or unadministrable, different effective dates have been assumed in order to take into account the passage of time since House and Senate action on the bill. Provisions for which different effective dates (as described below) have been assumed for revenue estimating purposes are:

- o Excise tax on ozone-depleting chemicals (effective for taxable chemicals sold or used on or after 1/1/93);

- o Expansion of 45-day interest-free period for certain refunds (effective for returns originally required to be filed (without regard to extensions) on or after 1/1/93, and for all other returns filed on or after 1/1/94); and

- o Partial excise tax exemption for certain alcohol fuels mixtures (effective for gasoline removed or entered on or after 1/1/93).

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[1] This document may be cited as follows: Joint Committee on Taxation, Comparison of Revenue-Related Provisions of H.R. 776 as Passed by the House and Senate (JCX-34-92), September 15, 1992.

REVENUE-RELATED PROVISIONS OF H.R. 776
AS PASSED BY THE HOUSE AND SENATE

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
1. Exclusion for employer-provided transportation benefits (sec. 1911 of the House bill and sec. 20111 of the Senate amendment)	Under Treasury regulations, transit passes, tokens, fare cards, vouchers, and cash reimbursements provided by an employer to defray an employee's commuting costs are excludable from the employee's income (for both income and payroll tax purposes) as a de minimis fringe benefit if the total value of the benefit does not exceed $21 per month. If the total value of the benefit exceeds $21 per month, the full value of the benefit is includible in income. Parking at or near the employer's business premises that is paid for by the employer is excludable from the gross income of the employee (for both income and payroll tax purposes) as a working condition fringe benefit, regardless of the value of the parking. This exclusion does not apply to any parking facility or space located on property owned or leased by the employee for residential purposes.	Gross income (for both income and payroll tax purposes) does not include employer-provided qualified transportation fringe benefits. In general, a qualified transportation fringe benefit is (1) transportation in a commuter highway vehicle if such transportation is in connection with travel between the employee's residence and place of employment, (2) a transit pass (including a token, fare card, voucher, or similar item used to pay for transportation on mass transit facilities), or (3) qualified parking. Cash reimbursements made by the employer for such expenses also qualify for the exclusion. Qualified parking includes parking at or near a location from which the employee commutes to work by mass transit, commuter highway vehicle, or carpool, as well as parking at or near the employer's business premises. The maximum amount of qualified parking that is excludable from an employee's gross income and wages is $160 per month (regardless of the total value of the parking). Other qualified transportation fringes are excludable from gross income to the extent that the aggregate value of the benefits does not exceed $60 per month (regardless of the total value of the benefits). The $60 and $160 limits are indexed for inflation, rounded down to the next whole dollar. Effective date.--Benefits provided by the employer on or after January 1, 1993.	Same as House bill, except that the maximum excludable amount for parking is $145 per month, rather than $160 per month. In addition, the indexed dollar limits are rounded down to the nearest multiple of $5, rather than the nearest dollar. Under the Senate amendment, cash reimbursements for transit passes do not qualify for the exclusion if vouchers that are exchangeable only for transit passes are readily available to the employer. Effective date.--Same as the House bill.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
2. **Exclusion of energy conservation subsidies provided by public utilities (sec. 1912 of the House bill and sec. 20112 of the Senate amendment)**	Section 8217(i) of the National Energy Conservation Policy Act provided that the value of any subsidy provided by a utility to a residential customer for the purchase or installation of a residential energy conservation measure was excluded from gross income. That exclusion expired on June 30, 1989. The IRS has ruled that certain cash payments by a utility to a customer to encourage the installation of an alternative heating system by a third-party vendor were includible in the gross income of the customer. Further, the IRS has held that if a customer of an electric utility company participates in an energy conservation program for which the customer receives a rate reduction or nonrefundable credit on the customer's bill, the amount of the rate reduction or nonrefundable credit is not included in the customer's gross income.	a. Provides an exclusion from the gross income of a residential customer of a regulated public utility for the value of any subsidy provided by the utility for the purchase or installation of an energy conservation measure. b. Provides an exclusion from the gross income of a commercial or industrial customer of a regulated public utility for 65 percent of the value of any subsidy provided by the utility for the purchase or installation of an energy conservation measure. c. No provision. Effective date.--The residential customer provision is effective for amounts received in taxable years beginning after 1992. The commercial and industrial customer provision is effective for amounts received in taxable years beginning after 1993.	a. Same as the House bill with respect to subsidies provided to residential customers, with a slightly different definition of "energy conservation measure." b. Same as the House bill with respect to subsidies provided to commercial and industrial customers except that 80 percent of the value of the subsidy may be excluded from income of the recipient, with a slightly different definition of "energy conservation measure." c. Provides that the exclusions apply to: (1) subsidies provided by utilities other than regulated public utilities, (2) subsidies provided by utilities to certain third parties on behalf of utility customers, and (3) payments for the acquisition of certain State tax benefits pursuant to a State-sponsored conservation program, with a slightly different definition of "energy conservation measure." Effective date.--Same as the House bill.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
3. Treatment of clean-fuel vehicles and certain refueling property (sec. 1913 of the House bill and sec. 20113 of the Senate amendment)	Present law does not provide a special deduction or other income tax benefit for investing in a motor vehicle that may be propelled by a clean-burning fuel or for investing in property that is used to refuel a vehicle that may be propelled by a clean-burning fuel.	<u>In general</u> Provides a deduction for a portion of the cost of certain motor vehicles that may be propelled by a clean-burning fuel. In addition, the House bill provides a deduction of up to $100,000 per location for the cost of certain property that is used in the storage of clean-burning fuel or the dispensing of clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel. <u>Qualified clean-fuel vehicle property</u> A deduction for the cost of qualified clean-fuel vehicle property is allowed for the taxable year that the property is placed in service. Qualified clean-fuel vehicle property generally is defined as: (1) a motor vehicle that is produced by an original equipment manufacturer and that is designed so that the vehicle may be propelled by a clean-burning fuel (an "original equipment manufacturer's vehicle"); and (2) any property that is installed on a motor vehicle which is propelled by a fuel that is not a clean-burning fuel for purposes of permitting such vehicle to be propelled by a clean-burning fuel (a "retrofitted vehicle"). In the case of any motor vehicle that may be propelled by both a clean-burning fuel and any other fuel (a "fuel-flexible vehicle" or "dual-fuel vehicle"), the cost of any property that may be used by both the clean-burning fuel and the other fuel is taken into account in determining the amount of the deduction only to the extent that the cost of such property exceeds the cost of the property which would have been used had the vehicle been propelled solely by the fuel that is not a clean-burning fuel. The amount of the deduction allowed with respect to any motor vehicle is limited based on the type of the motor vehicle. In the case of a truck or van with a gross vehicle weight rating that is greater than 26,000 pounds or a bus which	Same as the House bill, except: a. Provides an income tax credit equal to 15 percent of the cost of a qualified electric vehicle for the taxable year that the vehicle is placed in service. b. Provides that in the case of an original equipment manufacturer's vehicle that is a fuel-flexible or dual-fuel vehicle, the amount of the deduction equals $1,200, or, if greater, the incremental cost of permitting the use of the clean-burning fuel, but no more than the cost limitation applicable to the vehicle. c. Provides a $75,000 (rather than $100,000) per location limitation on the amount of the deduction for qualified clean-fuel vehicle refueling property. d. Defines qualified clean-fuel vehicle refueling property to include any property (other than a building or its structural components) that is dedicated to the recharging of motor vehicles propelled by electricity but only if the property is located at the point where the motor vehicles are recharged.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
		has a seating capacity of at least 20 adults (not including the driver), the limitation is $50,000. In the case of a truck or van with a gross vehicle weight rating that is greater than 10,000 but not greater than 26,000 pounds, the limitation is $5,000. In the case of any other motor vehicle, the limitation is $2,000.	
		<u>Qualified clean-fuel vehicle refueling property</u>	
		A deduction is allowed for the cost of qualified clean-fuel vehicle refueling property for the taxable year that the property is placed in service. Qualified clean-fuel vehicle refueling property is defined as any property (other than a building or its structural components) that is used for the storage or dispensing of a clean-burning fuel (other than electricity) into the fuel tank of a motor vehicle propelled by the fuel, but only if the storage or dispensing (as the case may be) of the fuel is at the point where the fuel is delivered into the fuel tank of the motor vehicle.	
		The amount of the deduction allowed with respect to qualified clean-fuel vehicle refueling property at any location is limited to $100,000.	
		<u>Definition of clean-burning fuel</u>	
		Clean-burning fuel is defined as natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, electricity, and any other fuel if at least 85 percent of the fuel is methanol, ethanol, any other alcohol, ether, or any combination of the foregoing.	
		<u>Effective date</u>.--Property placed in service after June 30, 1993, and before January 1, 2005. The deduction for clean-fuel vehicles is phased out for vehicles placed in service after December 31, 2001.	<u>Effective date</u>.--Same as the House bill.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
4. Income tax credit for electricity generated using certain renewable energy sources (sec. 1914 of the House bill and sec. 20114 of the Senate amendment)	An investment-type tax credit against income tax liability is allowed for investments in property producing energy from certain specified renewable sources. The nonrefundable credit, called the business energy credit, equals 10 percent of the cost of qualified solar or geothermal energy property. (This credit expired after June 30, 1992; but see Item 7, below, for an extension of the credit under the House bill and the Senate amendment.) A production-type tax credit is allowed against income tax liability for the production of certain nonconventional fuels from a well drilled, or facility placed in service, before January 1, 1993, and sold before January 1, 2003. For 1991, the credit amount generally is equal to $5.35 per barrel of oil or BTU oil equivalent (adjusted for inflation). Qualified fuels include: (1) oil produced from shale and tar sands; (2) gas produced from geopressurized brine, Devonian shale, coal seams, a tight formation, or biomass; and (3) liquid, gaseous, or solid synthetic fuels produced from coal (including lignite), including such fuels when used as feedstocks.	A production-type credit against income tax liability is provided for electricity produced from either qualified wind energy or qualified "closed-loop biomass" facilities. The credit equals 1.5 cents (adjusted for inflation) per kilowatt hour of electricity produced from these qualified sources and sold to unrelated parties during the 10-year period after the facility is placed in service. This production credit is part of the general business credit. Closed-loop biomass is defined as the use of plant matter on a renewable basis, where the plants are grown for the sole purpose of being used to generate electricity. The credit is not available to a taxpayer who uses waste materials or standing timber to generate electricity. The credit is proportionately phased out over a three-cent-per-kilowatt-hour range if the national average price of electricity from the renewable source exceeds a threshold price of 8 cents per kilowatt hour (adjusted for inflation). A facility which has received the business energy credit or the investment credit is not eligible for the production credit. In addition, the credit is reduced proportionately for any governmental grants or subsidized financing received (including the use of tax-exempt bonds).	Same as the House bill except that the credit is proportionately phased out over a three-cent per kilowatt hour range if the national average price of electricity from the renewable source sold in accordance with contracts entered into after December 31, 1989, exceeds a threshold price of 8 cents per kilowatt hour (adjusted for inflation.)
		Effective date.--Electricity produced by (1) a qualified closed-loop biomass facility placed in service after December 31, 1992, and before July 1, 1999; and (2) a qualified wind energy facility placed in service after December 31, 1993, and before July 1, 1999.	Effective date.--Same as the House bill.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
5. Repeal of certain minimum tax preferences relating to oil and gas production (sec. 1915 of the House bill and sec. 20115 of the Senate amendment)	Taxpayers who pay or incur intangible drilling or development costs ("IDCs") in the development of domestic oil or gas properties may elect to deduct those costs in the year incurred. The difference between the amount of a taxpayer's IDC deductions and the amount which would have been currently deductible had IDCs been capitalized and recovered over a 10-year period is an item of tax preference for the alternative minimum tax ("AMT") to the extent that this amount exceeds 65 percent of the taxpayer's net income from oil and gas properties for the taxable year. In addition, for purposes of computing the adjusted current earnings ("ACE") adjustment to the corporate AMT, IDCs are capitalized and amortized over the 60-month period beginning with the month in which they are paid or incurred. Independent producers and royalty owners generally are allowed a deduction for percentage depletion in computing their taxable income. A taxpayer's overall deduction for percentage depletion is limited to an amount that is equal to 65 percent of the taxpayer's pre-depletion taxable income for the taxable year. The amount by which the depletion deduction exceeds the adjusted basis of the property is an AMT preference. Corporations must use cost depletion in computing their ACE adjustment. In computing AMT, a taxpayer other than an integrated oil company is entitled to an "energy deduction" equal to the sum of 75 percent of the portion of the IDC preference attributable to qualified exploratory costs and 15 percent of the remaining IDC preference, plus 50 percent of the marginal production depletion preference. The energy deduction may not reduce the taxpayer's alternative minimum taxable income by more than 40 percent.	For taxpayers other than integrated oil companies, repeals (1) the excess IDC preference for IDCs related to oil and gas wells and (2) the excess percentage depletion preference for oil and gas. Repeal of the excess IDC preference may not result in the reduction of the amount of the taxpayer's alternative minimum taxable income by more than 40 percent (30 percent for taxable years beginning in 1993) of the amount that the taxpayer's alternative minimum taxable income would have been had the present-law excess IDC preference not been repealed. In addition, for corporations other than integrated oil companies, repeals the ACE adjustments for (1) IDCs paid or incurred in taxable years beginning after December 31, 1992, and before January 1, 1998, with respect to oil and gas wells and (2) percentage depletion deductions for oil and gas production. Also repeals the AMT energy deduction. Effective date.--Except as provided above regarding the repeal of the ACE treatment of IDCs, the provision applies to taxable years beginning after December 31, 1992, and before January 1, 1998.	Same as the House bill. Effective date.--Same as the House bill, except that the provision is permanent.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
6. **Increase excise tax on certain ozone-depleting chemicals (secs. 1916-1917 of the House bill and secs. 20116-20117 of the Senate amendment)**	An excise tax is imposed on certain ozone-depleting chemicals. The amount of tax generally is determined by multiplying the base tax amount applicable for the calendar year by an ozone-depleting factor. Between 1992 and 1995 there are two base tax rates applicable, depending upon whether the chemicals were initially listed in the Omnibus Budget Reconciliation Act of 1989 or whether they were newly listed in the Omnibus Budget Reconciliation Act of 1990. The base tax rate applicable to initially listed chemicals is $1.67 per pound for 1992, $2.65 per pound for 1993 and 1994, and an additional 45 cents per pound per year for each year thereafter. The base tax rate applicable to newly listed chemicals is $1.37 per pound for 1992, $1.67 per pound for 1993, $3.00 per pound for 1994, $3.10 per pound for 1995, and an additional 45 cents per pound per year for each year thereafter.	Base tax amount.--Increases and applies the same base tax amount to both initially listed chemicals and newly listed chemicals. The new base tax amount would be $1.85 per pound in 1992, $2.75 per pound in 1993, $3.65 per pound in 1994, $4.55 per pound in 1995. For years after 1995, the base tax amount would increase by 45 cents per pound per year.	Base tax amount.--Same as the House bill. (A provision similar to the House bill provision, but of lesser magnitude, is included in H.R. 11 as reported by the Senate Finance Committee.)
	Certain chemicals used in rigid foam insulation and certain halons are subject to a reduced rate of tax for years prior to 1994.	Rigid foam insulation and halons.--Reduces the applicable percentage for certain ozone-depleting chemicals used in rigid foam insulation and certain halons. In the case of rigid foam insulation the applicable percentage is reduced from 15 percent to 13.5 percent for 1992 and from 10 percent to 9.6 percent in 1993. For Halon-1211 the new applicable percentages are 4.5 percent for 1992 and 3.0 percent for 1993. For Halon-1301 the new applicable percentages are 1.4 percent for 1992 and 0.9 percent for 1993. For Halon-2401 the new applicable percentages are 2.3 percent for 1992 and 1.5 percent for 1993.	Rigid foam insulation and halons.--Same as the House bill.
		Medical sterilants.--Provides for a reduced rate of tax for certain ozone-depleting chemicals used as medical sterilants for 1992 and 1993. The applicable percentage for such chemicals for 1992 is 90.3 percent and is 60.7 percent for 1993.	Medical sterilants.--Same as the House bill.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
		Effective date.--Taxable chemicals sold or used on or after July 1, 1992. Floor stocks taxes are imposed on taxed chemicals held on the effective dates of changes in the base tax amount.	Effective Date.--Taxable chemicals sold or used on or after October 1, 1992. Floor stocks taxes are imposed on taxed chemicals held on the effective dates of changes in the base tax amount.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
7. **Business energy tax credits for solar, geothermal, and ocean thermal property (sec. 1918 of the House bill and sec. 20118 of the Senate amendment)**	Nonrefundable business energy tax credits are allowed for 10 percent of the cost of qualified solar and geothermal energy property. The business energy tax credits expired with respect to property placed in service after June 30, 1992.	Makes permanent the business energy tax credits for solar and geothermal property. Effective date.--Property placed in service after June 30, 1992.	Same as the House bill, except also provides for a permanent 10-percent tax credit for investments in qualified ocean thermal property. Effective date.--Same as the House bill.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
8. **Treatment of nuclear decommissioning funds (sec. 1919 of the House bill and sec. 20119 of the Senate amendment)**	A taxpayer that is required to decommission a nuclear power plant may elect to deduct certain contributions that are made to a nuclear decommissioning fund. A nuclear decommissioning fund is a segregated fund the assets of which are to be used exclusively to pay nuclear decommissioning costs, taxes on fund income, and certain administrative costs. The assets of a nuclear decommissioning fund that are not currently required for these purposes must be invested in (1) public debt securities of the United States, (2) obligations of a State or local government that are not in default as to principal or interest, or (3) time or demand deposits in a bank or an insured credit union located in the United States. The income of a nuclear decommissioning fund is subject to tax at the highest rate of tax that applies to corporations (34 percent under present law).	a. Repeals the present-law investment restrictions that apply to nuclear decommissioning funds. Effective date.--Taxable years beginning after December 31, 1992. b. Reduces the rate of tax imposed on the income of nuclear decommissioning funds to 22 percent for taxable years beginning in 1994 and 1995 and to 20 percent for taxable years beginning after 1995. Effective date.--Taxable years beginning in 1994.	a. Same as the House bill. Effective date.--Same as the House bill. b. No provision.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
9. Binding contract rule for nonconventional fuels production credit (sec. 1920 of the House bill)	Nonconventional fuels are eligible for a production credit equal to $3 per barrel or Btu oil barrel equivalent (the credit amount generally is adjusted for inflation, except for gas produced from a tight formation). Qualified fuels must be produced domestically from a well drilled, or a facility placed in service, before January 1, 1993. The production credit is available for qualified fuels sold before January 1, 2003. Qualified fuels include (1) oil produced from shale and tar sands, (2) gas produced from geopressured brine, Devonian shale, coal seams, a tight formation, or biomass (i.e., any organic material other than oil, natural gas, or coal (or any product thereof)), and (3) liquid, gaseous, or solid synthetic fuels produced from coal (including lignite), including such fuels when used as feedstocks.	Treats a facility that produces gas from biomass or produces liquid, gaseous, or solid synthetic fuels from coal (including lignite) as qualifying for the credit if it is placed in service before January 1, 1996, pursuant to a written binding contract in effect on December 31, 1992, and at all times thereafter until it is placed in service. Effective date.--Date of enactment.	No provision.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
10. **Tax-exempt bond financing of facilities for local furnishing of electricity (sec. 1921 of the House bill).**	Interest on certain private activity bonds is exempt from Federal regular individual and corporate income taxes. However, issuance of most such bonds is subject to annual State private activity bond volume limitations. One type of tax-exempt private activity bond is an exempt-facility bond. Exempt-facility bonds are bonds the proceeds of which are used to finance the following: airports; docks and wharves; mass commuting facilities or high-speed intercity rail facilities; water, sewage, solid waste, or hazardous waste disposal facilities; facilities for the local furnishing of electricity or gas; local district heating or cooling facilities; and certain low-income rental housing projects. The exempt-facility bond exception for facilities for the local furnishing of electricity or gas is limited to bonds used by electric or gas systems the service area of which does not exceed either (1) two contiguous counties or (2) a city and a contiguous county. The local furnishing exception does not apply to facilities that are part of an integrated system to supply electricity to a region.	Authorizes the Federal Energy Regulatory Commission ("FERC") to order electric utilities (including those qualifying under the local furnishing exception) to provide wheeling services to other parties that generate electricity. These FERC orders may also require the utilities to enlarge their transmission systems to comply. Provides that the local furnishing exception is not violated by wheeling activities conducted pursuant to such FERC orders, provided no bond financing is provided for non-local furnishing activities. Also includes procedure for redeeming outstanding bonds used for facilities no longer qualifying as local furnishing due to FERC orders. Effective date.--Date of enactment.	No provision.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
11. **Repeal telephone excise tax exemption for news services (sec. 1931 of the House bill)**	A three-percent excise tax is imposed on amounts paid for local and toll (long-distance) telephone service and teletypewriter exchange service. Certain exemptions are provided, including an exemption for certain communications services furnished to news services for use in collection or dissemination of news (except local telephone service to news services).	Repeals the exemption from the telephone excise tax for certain communications services furnished to news services for use in collection or dissemination of news. Effective date.--Service provided after December 31, 1992.	No provision.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
12. Expand exception to pro rata disallowance of bank interest expense related to investment in tax-exempt bonds (sec. 1932 of the House bill).	Banks and other financial institutions generally are denied a deduction for the portion of their interest expense (e.g., interest paid to depositors) that is attributable to investments in tax-exempt bonds acquired after August 7, 1986. This disallowance is computed using a pro rata formula that compares the institution's average adjusted basis in tax-exempt bonds acquired after that date with the average adjusted basis of all assets of the institution. An exception to this pro rata disallowance rule is permitted for governmental bonds and qualified 501(c)(3) bonds issued by or on behalf of governmental units that issue no more than $10 million of such bonds during a calendar year.	Increases from $10 million to $20 million the annual small-issuer exception to the interest expense deduction pro rata disallowance rule applicable to banks and other financial institutions. Effective date.--Bonds issued after December 31, 1992.	No provision. (A provision which increases the annual exception to $25 million is included in H.R. 11 as reported by the Senate Finance Committee).

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
13. Repeal percentage depletion deduction for mercury, asbestos, uranium, and lead (sec. 1933 of the House bill)	Taxpayers are allowed to deduct a reasonable allowance for depletion relating to the acquisition and certain related costs of mines or other hard mineral deposits. The depletion deduction for any taxable year is calculated under either the cost depletion method or the percentage depletion method, whichever results in the greater allowance for depletion for the year. Under the cost depletion method, the taxpayer deducts that portion of the adjusted basis of the property which is equal to the ratio of the units sold from that property during the taxable year, to the estimated total units remaining at the beginning of that year. Under the percentage depletion method, a deduction is allowed in each taxable year for a statutory percentage of the taxpayer's gross income from the property. The statutory percentage for mercury, asbestos, uranium, and lead is 22 percent, except that in the case of mercury and lead mined outside the United States, the rate is 14 percent, and in the case of asbestos mined outside the United States, the rate is 10 percent. The percentage depletion deduction for these minerals may not exceed 50 percent of the net income from the property for the taxable year (computed without allowance for depletion). Percentage depletion is not limited to the taxpayer's basis in the property; thus, the aggregate amount of percentage depletion deductions claimed may exceed the amount expended by the taxpayer to acquire and develop the property.	Repeals the percentage depletion deduction for mercury, asbestos, uranium, and lead. Thus, the depletion deduction for these minerals would be determined under the cost depletion method. Effective date.--Taxable years beginning after December 31, 1992.	No provision.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
14. Access to tax information by the Department of Veterans Affairs (sec. 1934 of the House bill)	The Internal Revenue Code prohibits disclosure of tax returns and return information of taxpayers, with exceptions for authorized disclosure to certain Governmental entities in certain enumerated instances. Among the disclosures permitted under the Code is disclosure to the Department of Veterans Affairs (DVA) of self-employment tax information and certain tax information supplied to the IRS and SSA by third-parties. Disclosure is permitted to assist DVA in determining eligibility for, and establishing correct benefit amounts under, certain of its needs-based pension and other programs (sec. 6103(l)(7)(D)(viii)). The DVA disclosure provision is scheduled to expire after September 30, 1992.	Extends this authority to disclose tax information to the DVA for five years. (A similar provision was also passed by the House as part of H.R. 5008, the Dependency and Indemnity Compensation Reform Act of 1992.) Effective date.--Effective October 1, 1992, and expires after September 30, 1997.	No provision.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
15. Expansion of 45-day interest-free period for certain refunds (sec. 1935 of the House bill)	No interest is paid by the Federal Government on a refund arising from an income tax return if the refund is issued by the 45th day after the later of the due date for the return (determined without regard to any extensions) or the date the return is filed. There is no parallel rule for refunds of taxes other than income taxes (i.e., employment, excise, and estate and gift taxes), for refunds of any type of tax arising from amended returns, or for claims for refunds of any type of tax. If a taxpayer files a timely original return with respect to any type of tax and later files an amended return claiming a refund, and if the IRS determines that the taxpayer is due a refund on the basis of the amended return, the IRS will pay the refund with interest computed from the due date of the original return.	No interest is to be paid by the Federal Government on a refund arising from any type of original tax return if the refund is issued by the 45th day after the later of the due date for the return (determined without regard to any extensions) or the date the return is filed. A parallel rule applies to amended returns and claims for refunds: if the refund is issued by the 45th day after the date the amended return or claim for refund is filed, no interest is to be paid by the Government for that period of up to 45 days. A parallel rule also applies to IRS-initiated adjustments (whether due to computational adjustments or audit adjustments). With respect to these adjustments, the IRS is to pay interest for 45 fewer days than would otherwise be the case. Effective date.--The extension of the 45-day processing rule is effective for returns required to be filed (without regard to extensions) on or after July 1, 1992. The amended return rule is effective for amended returns and claims for refunds filed on or after July 1, 1992 (regardless of the taxable period to which they relate). The rule relating to IRS-initiated adjustments is applicable to refunds paid on or after July 1, 1992 (regardless of the taxable period to which they relate).	No provision. (A provision similar to the House bill provision is included in H.R. 11 as reported by the Senate Finance Committee.)

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
16. Require reporting of taxpayer identification numbers of parties in seller-financed mortgage transactions (sec. 1936 of the House bill)	Taxpayers generally are allowed an itemized deduction from adjusted gross income for the amount of qualified residence interest paid. If qualified residence interest is paid to an individual, the name and address (but not the taxpayer identification number) of the interest recipient must be reported on Schedule A of the payor's tax return. Individuals receiving taxable interest in excess of $400 are required to report the amounts received and the names (but not the addresses or taxpayer identification numbers) of the payors on Schedule B of the payee's tax return.	If any person claims a deduction for qualified residence interest on any seller-provided financing, such person (the buyer) shall include on his or her tax return the name, address, and taxpayer identification number of the person (the seller) to whom the interest is paid or accrued. If any person receives or accrues interest from seller-provided financing, such person (the seller) shall include on his or her tax return the name, address, and taxpayer identification number of the person (the buyer) from whom the interest is received or accrued. Effective date.--Taxable years beginning after December 31, 1991.	No provision. (A provision similar to the House bill provision is included in H.R. 11 as reported by the Senate Finance Committee.)

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
17. Uranium Enrichment Fund and assessment (secs. 1101 and 1941 of the House bill)	There is no general Federal excise tax or user fee imposed on the generation or sale of electricity. However, to support the Nuclear Waste Fund, a fee of 0.1 cent per kilowatt hour is imposed on the generation of electricity from nuclear power. The Nuclear Regulatory Commission currently assesses user fees on the owners of nuclear power plants.	Directs the Secretary of Energy to collect special assessments from domestic utilities in an amount equal to the utility's proportional share of an annual $500 million deposit (indexed for inflation) to the Uranium Enrichment Decontamination and Decommissioning Fund based on the utility's share of total separative work units purchased from the Department of Energy. The special assessments are limited to collections made during the first 15 years following the date of enactment or the collection of $2.5 billion (indexed for inflation) in special assessments, whichever comes first. Establishes the Uranium Enrichment Corporation and specifies that it is exempt from tax for the period that the corporation is owned by the Federal Government. Effective date.--Date of enactment.	No provision.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
18. Partial excise tax exemption for certain gasoline mixtures with ethanol or other alcohol (sec. 20120(a) of the Senate amendment)	A 5.4-cents-per-gallon excise tax exemption is allowed from the excise taxes on gasoline, diesel fuel, and special motor fuels for mixtures of any of these fuels with at least 10-percent ethanol. A 6-cents-per-gallon excise tax exemption is allowed for mixtures with at least 10-percent alcohol that is other than ethanol. Because blended fuels are generally 10 percent alcohol, a reduction of 5.4 or 6 cents per gallon of gasohol or other blend is equivalent to a subsidy of 54 or 60 cents per gallon of qualifying alcohol.	No provision.	Modifies the partial excise tax exemption for gasoline that is mixed with ethanol or other alcohol to extend its application to 5.7- or 7.7-percent alcohol blends. The current 5.4- and 6-cents-per-gallon exemptions for alcohol mixtures is pro-rated to maintain the subsidy level of 54 or 60 cents per gallon, respectively, for ethanol or other alcohol that is mixed with gasoline. Effective date.--Gasoline removed or entered after September 30, 1992.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
19. Application of alcohol fuels tax credit against alternative minimum tax (sec. 20120(b) of the Senate amendment)	An income tax credit is provided for alcohol used in certain mixtures of alcohol and gasoline, diesel fuel, or any other liquid fuel which is suitable for use in an internal combustion engine if the mixture is sold by the producer in a trade or business for use as a fuel or is so used by the producer. The credit also is permitted for alcohol which is not in a mixture with gasoline, diesel, or other liquid fuel which is suitable for use in an internal combustion engine, provided that the alcohol is used by the taxpayer as a fuel in a trade or business or is sold by the taxpayer at retail to a person and placed in the fuel tank of the purchaser's vehicle. The credit generally is equal to 60 cents per gallon of alcohol used by the taxpayer in the production of a qualified mixture or as a fuel; the credit generally is 45 cents per gallon of 150 to 190 proof alcohol fuel. An additional 10-cents-per-gallon income tax credit is allowed to eligible small ethanol producers. This credit is limited to the first 15 million gallons of ethanol for use as a fuel produced per year by a small producer. The alcohol fuels tax credit is a component of the general business credit, and when combined with all other components of the general business credit, generally may not exceed for any taxable year the excess of the taxpayer's net income tax over the greater of (1) 25 percent of net regular tax liability above $25,000 or (2) the tentative minimum tax. Any unused general business credit generally may be carried back 3 years and carried forward 15 years.	No provision.	Provides that taxpayers claiming the alcohol fuels tax credit may utilize that credit to offset up to 50 percent of pre-credit alternative minimum tax. As under present law, any unused credit would be available for a 3-year carryback and a 15-year carryover. Effective date.--Taxable years beginning after September 30, 1992. The provision is limited to alcohol fuels credits actually generated in those years. That is, the provision does not allow an alcohol fuels credit generated in a taxable year beginning on or before September 30, 1992, and carried forward to a taxable year beginning after September 30, 1992, to offset alternative minimum tax in that later year. Similarly, the provision does not allow an alcohol fuels tax credit generated in a taxable year beginning after September 30, 1992, to be carried back and used to reduce alternative minimum tax in a taxable year beginning on or before September 30, 1992.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
20. Determination of independent oil and gas producer (sec. 20121 of the Senate amendment)	Independent producers of oil and gas are permitted to claim a deduction for percentage depletion on the production of up to 1,000 barrels per day of crude oil and natural gas produced from domestic sources. Moreover, independent producers are permitted the option to elect to deduct all of their domestic oil and gas intangible drilling and development costs (IDCs). Finally, a deduction from alternative minimum taxable income for a portion of a taxpayer's AMT preferences and adjustments related to IDCs and percentage depletion from marginal properties is available to independent producers of oil and gas. A producer of oil or gas is considered an independent producer unless that person (or a related person) also is engaged in a significant amount of either retailing or refining activity. A taxpayer meets the retailing exception, and thus is not considered an independent producer, if the taxpayer directly, or through a related person, has annual sales of more than $5 million of oil or natural gas (excluding bulk sales of such items to commercial or industrial users) or any product derived from oil or natural gas (excluding bulk sales of aviation fuels to the Department of Defense) through a retail outlet operated by the taxpayer (or a related person). A taxpayer is treated as a refiner, and thus is excluded from independent producer status, if the taxpayer or a related person engages in the refining of crude oil and on any day during the taxable year the refinery runs of the taxpayer (and related persons) exceed 50,000 barrels.	No provision.	Amends the retailer and refiner exceptions in determining whether a taxpayer is an independent oil and gas producer. With respect to the retailer exception, the gross receipts from retail sales of natural gas and derivative products by a regulated public utility are disregarded in determining whether a taxpayer is a retailer. For purposes of determining significant refining activity under the refining exception, the requirement that no refinery run in excess of 50,000 barrels occurs <u>on any day</u> during the taxable year is replaced with a requirement that the taxpayer's <u>average daily refinery runs</u> for the taxable year do not exceed 50,000 barrels in order to treat the taxpayer as an independent producer under the refiner exception. <u>Effective date</u>.--Taxable years beginning after December 31, 1992.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
21. Tax-exempt bond financing of certain hydro-electric generation facilities (sec. 20122 of the Senate amendment)	Interest on certain private activity bonds generally is exempt from Federal regular individual and corporate income taxes. However, issuance of the bonds is subject to annual State private activity bond volume limitations. One type of tax-exempt private activity bond is an exempt-facility bond. Exempt-facility bonds are bonds the proceeds of which are used to finance the following: airports; docks and wharves; mass commuting facilities or high-speed intercity rail facilities; water, sewage, solid waste, or hazardous waste disposal facilities; facilities for the local furnishing of electricity or gas; local district heating or cooling facilities; and certain low-income rental housing projects.	No provision.	Creates a new type of exempt-facility bond for environmental enhancement of hydroelectric generation facilities. At least 80 percent of the net proceeds of each bond issue must be used to finance property for the promotion of fisheries or other wildlife resources. Qualifying expenditures must be related to a governmentally owned and operated hydroelectric facility and must not include amounts which increase or allow an increase in the capacity of the existing generation equipment. Issuance of these bonds would not be subject to the annual State private activity bond volume limitations. Effective date.--Bonds issued after date of enactment.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
22. Deny deduction for club dues (sec. 20131 of the Senate amendment)	No deduction is permitted for club dues unless the taxpayer establishes that his or her use of the club was primarily for the furtherance of the taxpayer's trade or business and the specific expense was directly related to the active conduct of that trade or business.	No provision. (A provision similar to the Senate amendment provision is included in H.R. 11 as passed by the House of Representatives.)	No deduction is permitted for club dues. This rule applies to all types of clubs: business, social, athletic, luncheon, or sporting clubs. Specific business expenses (e.g., meals) incurred at a club would be deductible only to the extent they otherwise satisfy present-law standards for deductibility. Effective date.--Club dues paid after the date of enactment.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
23. Excise tax on certain insurance premiums paid to certain foreign persons (sec. 20132 of the Senate amendment)	Under present law, an excise tax generally is imposed on any insurance policy covering U.S. risks that is issued by a foreign insurer not engaged in business in the United States. The tax is imposed at the following rates: (1) 4 percent of the premium paid on a casualty insurance policy or indemnity bond; (2) 1 percent of the premium paid on a policy of life, sickness, or accident insurance, or annuity contracts on the lives or hazards to the person of a U.S. citizen or resident; and (3) 1 percent of the premium paid on a policy of reinsurance covering any of the contracts taxable under (1) or (2).	No provision.	a. Raises to 4 percent the excise tax on certain premiums paid to foreign persons for reinsurance covering casualty insurance and indemnity bonds. Premiums are subjected to the increased excise tax unless (1) paid to a foreign insurer or reinsurer that is a resident of a foreign country, (2) the insurance income (including investment income) relating to the policy of reinsurance is subject to tax by a foreign country or countries at an effective rate that is substantial in relation to the U.S. tax imposed on similar premiums received by U.S. reinsurers, and (3) the insured risk is not reinsured (whether directly or through a series of transactions or business relationships or practices having the same effect) by a resident of another foreign country who is not subject to a substantial tax (as defined in condition (2)) on the income. In cases where all three conditions are satisfied, the excise tax remains at the present-law rate of 1 percent. b. Authorizes such collection and enforcement mechanisms (e.g., closing agreements) as the Secretary may specify in order to ensure that any excise tax due on any reinsurance of the U.S. risk is collected. (Treaties do not waive the excise tax due on reinsurance of the U.S. risk out of the treaty country.) c. Yields to existing treaty exemptions (but not to the extent that the treaty-country enterprise is used as a conduit for reinsurance of the U.S. risk, as noted above). Effective date.--For premiums relating to periods after December 31, 1992.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
24. Allowance of credit for amounts transferred from the Trans-Alaska Pipeline Liability Fund into the Oil Spill Liability Trust Fund (sec. 20133 of the Senate Amendment)	The Trans-Alaska Pipeline Liability ("TAPS") Fund was established by the Trans-Alaska Pipeline System Authorization Act. The TAPS Fund was financed by a fee of five cents per barrel on oil that was loaded on a vessel from the pipeline. Amounts in the TAPS Fund are to be transferred to the Oil Spill Liability Trust Fund ("Oil Spill Fund") after outstanding claims against the TAPS Fund have been resolved. At the time of transfer, a contributor to the TAPS Fund is to be provided a credit for amounts it paid to the TAPS Fund, and interest accrued on these amounts, prior to January 1, 1987. A contributor's credit cannot exceed its pro rata share of such amounts transferred from the TAPS Fund into the Oil Spill Fund. The TAPS Fund credit is available only against the excise tax on petroleum products that is used to finance the Oil Spill Fund. Under present law, that excise tax is not applicable after December 31, 1994, or if the unobligated balance in the Oil Spill Fund exceeds $1 billion.	No provision.	Permits a taxpayer to use TAPS credits against corporate income taxes to the extent that the credits could not be used against the oil spill excise tax by reason of the lapse of that tax. The TAPS credits used against corporate income taxes cannot be carried back to taxable years before the lapse occurs. (Floor amendment by Sen. Wallop for Sen. Stevens, adopted by voice vote.) Effective date.--Date of enactment.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
25. Health benefits of retired coal miners and extension of abandoned mine reclamation fee (sec. 2501 of the House bill and secs. 20141-20143 of the Senate amendment)	a. Pension and health benefits are provided to certain retired coal miners and their beneficiaries pursuant to plans established under collective bargaining agreements between the United Mine Workers of America (UMWA) and the Bituminous Coal Operators' Association (BCOA). The 1950 Pension Plan provides retirement benefits to miners who retired on or before December 31, 1975. The 1950 Benefit Plan provides health benefits for retired mine workers who receive pension benefits from the 1950 Pension Plan. The 1974 Benefit Plan provides health benefits to miners who retired after December 31, 1975, and "orphan" retirees.	a. No provision.	a. Provides that the 1950 Benefit Plan and the 1974 Benefit Plan are to be merged into a new UMWA Combined Benefit Fund ("Combined Fund") to provide health and death benefits for eligible retirees and their beneficiaries. The Combined Fund is to be a tax-exempt multiemployer welfare benefit plan. The Combined Fund is to be financed by health benefit premiums, death benefit premiums, and unassigned beneficiaries premiums imposed on assigned coal operators. The amendment also provides for certain amounts to be transferred from the 1950 Pension Plan to the Combined Fund. The amendment also creates a 1992 Benefit Fund to provide benefits for persons not eligible under the Combined Fund. (Floor amendment by Sen. Rockefeller, adopted by voice vote.) <u>Effective date</u>.--Generally effective on the date of enactment.
	b. The Surface Mining Control and Reclamation Act of 1977, as amended, imposes a reclamation fee on coal mining operators, payable quarterly to the Secretary of the Interior for deposit in the Abandoned Mine Reclamation Fund. The fee generally is the lesser of (1) 35 cents per ton of coal produced by surface coal mining and 15 cents per ton of coal produced by underground mining or (2) 10 percent of the value of the coal at the mine. The fee for lignite is the lesser of 2 percent of the value of the coal at the mine or 10 cents per ton. The reclamation fee is scheduled to expire after September 30, 1995.	b. Extends the abandoned mine reclamation fee through September 30, 2010.	b. Extends the abandoned mine reclamation fee through September 30, 2004, and provides that, in the case of any fiscal year beginning on or after October 1, 1995, certain amounts are to be transferred from the Abandoned Mine Reclamation Fund to the UMWA Combined Benefit Fund. (Floor amendment by Sen. Rockefeller, adopted by voice vote.)

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
26. Bonds for high-speed intercity rail facilities (sec. 20151 of the Senate amendment)	High-speed intercity rail facilities qualify for tax-exempt bond financing if trains operating on the facility carry passengers and their baggage at average speeds in excess of 150 miles per hour between stations. Such facilities need not be governmentally-owned, but the owner must irrevocably elect not to claim depreciation or any tax-credit with respect to bond-financed property. Twenty-five percent of each bond issue for high-speed intercity rail facilities must receive an allocation from a State private activity bond volume limitation. If facilities are located in two or more States, this requirement must be met on a State-by-State basis for the financing of facilities located in each State.	No provision.	Repeals the requirement that 25 percent of each high-speed intercity rail facility bond issue receive an allocation of a State private activity bond volume limitation if the bond-financed property is governmentally owned. (Floor amendment by Sen. Symms, adopted by voice vote.) Effective date.--Bonds issued after December 31, 1993.

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
27. Deduction for moving expenses (sec. 20152 of the Senate amendment)	An employee or self-employed individual may deduct from gross income certain expenses incurred as a result of moving to a new residence in connection with beginning work at a new location. For a taxpayer to claim a moving expense deduction, the new principal place of work has to be at least 35 miles farther from his or her former residence than was the former principal place of work (or his or her former residence, if he or she has no former place of work).	No provision. (H.R. 11 as passed by the House of Representatives and reported by the Senate Finance Committee contains provisions that would limit the amount or type of expenditures which qualify for the moving expense deduction.)	Increases the mileage threshold to 55 miles. (Floor amendment by Sen. Symms, adopted by voice vote.) (H.R. 11 as passed by the House of Representatives and reported by the Senate Finance Committee contains provisions that would limit the amount or type of expenditures which qualify for the moving expense deduction.) Effective date.--Taxable years beginning after December 31, 1992.