

**LIST OF EXPIRING TAX PROVISIONS,
1998-2007**

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

July 9, 1998

JCX-53R-98

CONTENTS

	<u>Page</u>
INTRODUCTION	1
EXPIRING TAX PROVISIONS, 1998-2007	2
A. Provisions Expiring in 1998	2
B. Provisions Expiring in 1999	4
C. Provisions Expiring in 2000	5
D. Provisions Expiring in 2001	6
E. Provisions Expiring in 2002	7
F. Provisions Expiring in 2003	8
G. Provisions Expiring in 2004	9
H. Provisions Expiring in 2005	10
I. Provisions Expiring in 2007	11

INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a listing of tax provisions (with Code sections) currently scheduled to expire in 1998-2007. The listing reflects tax law provisions in effect as of the enactment of H.R. 2400 (P.L. 105-178), which extended the Highway Trust Fund excise taxes.

This document is a corrected version of JCX-53-98 and includes four additional expiring provisions. See items A.6., A.7., B.4., and E.1.

¹ This document may be cited as follows: Joint Committee on Taxation, *List of Expiring Tax Provisions, 1998-2007* (JCX-53R-98), July 9, 1998.

EXPIRING TAX PROVISIONS, 1998-2007

A. Provisions Expiring in 1998

Provisions (Code section)	Expiration Date
1. Nonconventional fuels tax credit for fuel from biomass and coal -- facilities placed in service pursuant to binding contracts before January 1, 1997 (sec. 29)	6/30/98
2. Tax credit for research and experimentation expenses (sec. 41)	6/30/98
3. Work opportunity tax credit (sec. 51)	6/30/98
4. Deduction for contributions of qualified appreciated publicly traded stock to private foundations (sec. 170(e)(5))	6/30/98
5. Moratorium on regulations regarding employment taxes of limited partners (sec. 1402(a)(13) and sec. 935 of the Taxpayer Relief Act of 1997 ("1997 Act"))	6/30/98
6. Disclosure of tax return information to carry out administration of income contingent repayment of student loans (sec. 6103(l)(13))	9/30/98
7. Temporary increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$11.30 per proof gallon) to Puerto Rico and the Virgin Islands (sec. 7652(f))	9/30/98

Provisions (Code section)	Expiration Date
8. Waiver of penalty for failure of small businesses to use Electronic Funds Transfer Payment System ("EFTPS")	12/31/98 ²
9. Exceptions under subpart F for active financing income (sec. 954)	12/31/98 ³

² The Internal Revenue Service has administratively extended the waiver through December 31, 1998. IRS Notice 98-30, 1998-22 IRB 9, June 1, 1998. The previous waiver expired June 30, 1998; see section 931 of the 1997 Act.

³ The President canceled this provision in 1997 pursuant to the Line Item Veto Act. On June 25, 1998, the U.S. Supreme Court held that the cancellation procedures set forth in the Line Item Veto Act are unconstitutional. Clinton v. City of New York, 81 AFTR2d Par. 98-837, No. 97-1374 (June 25, 1998).

B. Provisions Expiring in 1999

Provision (Code section)	Expiration Date
1. Welfare-to-work tax credit (sec. 51A)	4/30/99
2. Tax credit for electricity production from wind and closed-loop biomass -- facilities placed in service (sec. 45(c))	6/30/99
3. Suspension of 100 percent-of-net-income limitation on percentage depletion for oil and gas from marginal wells (sec. 613A)	12/31/99
4. Qualified zone academy bonds (sec. 1397E)	12/31/99

C. Provisions Expiring in 2000

Provision (Code section)	Expiration Date
1. Exclusion for employer-provided educational assistance (sec. 127)	5/31/00
2. Enhanced deduction for corporate contributions of computer equipment to elementary and secondary schools (sec. 170(e)(6))	12/31/00 ⁴
3. Expensing of "Brownfields" environmental remediation costs (sec. 198)	12/31/00
4. Establishment of Medical Savings Accounts ("MSAs") (sec. 220)	12/31/00 ⁵
5. Income averaging for farmers (sec. 1301)	12/31/00
6. Tax credit for first-time D.C. homebuyers (sec. 1400C)	12/31/00

⁴ A technical correction is included in the conference agreement on H.R. 2676 to reflect this intended expiration date in the 1997 Act; the statute erroneously indicates an expiration date of December 31, 1999.

⁵ The ability of individuals to establish MSAs may expire earlier than December 31, 2000, if certain numerical limits on the number of MSAs established are exceeded.

D. Provisions Expiring in 2001

Provision (Code section)	Expiration Date
1. Tax on failure to comply with mental health parity requirements applicable to group health plans (sec. 9812)	9/29/01
2. Tax credit for non-special needs adoption (sec. 23(d)(2)(B))	12/31/01
3. Exclusion for employer-provided adoption assistance (sec. 137(f))	12/31/01
4. Tax credit for qualified electric vehicles – credit phased out for vehicles placed in service after 12/31/01; credit is reduced by 25 percent in 2002, 50 percent in 2003, and 75 percent in 2004; no credit after 2004 (sec. 30)	12/31/01
5. Deduction for clean-fuel vehicles and refueling property (sec. 179A)	12/31/01

E. Provisions Expiring in 2002

Provision (Code section)	Expiration Date
1. Combined employment tax reporting demonstration project (sec. 976 of the 1997 Act)	8/5/02
2. Tax incentives for investment in the District of Columbia ("D.C."):	
a. Designation of D.C. Enterprise Zone; employment tax credit; additional expensing (sec. 1400)	12/31/02
b. Tax-exempt D.C. economic development bonds (sec. 1400A)	12/31/02
c. Zero percent capital gains rate for investment in D.C. for property acquired by 12/31/02; for gains through 12/31/07 (sec. 1400B)	12/31/02
3. Luxury excise tax on passenger highway vehicles (sec. 4001)	12/31/02 ⁶

⁶ The luxury excise tax on automobiles phases down as follows: 7 percent in 1998, 6 percent in 1999, 5 percent in 2000, 4 percent in 2001, and 3 percent in 2002.

F. Provisions Expiring in 2003

Provision (Code section)	Expiration Date
1. Disclosure of tax return information for administration of certain veterans programs (sec. 6103(l)(7)(D)(viii))	9/30/03
2. IRS user fees for letter rulings, determination letters, advance pricing agreements, and similar requests (sec. 10511 of the Revenue Act of 1987, as last amended by sec. 2 of P.L. 104-117)	9/30/03
3. Indian employment tax credit (sec. 45A)	12/31/03
4. Accelerated depreciation for business property on an Indian reservation (sec. 168(j))	12/31/03

G. Provisions Expiring in 2004

Provision (Code section)	Expiration Date
1. Empowerment zone tax incentives (employment tax credit, additional expensing, tax-exempt bonds) generally (secs. 1391, 1394, and 1396)	12/31/04 ⁷

⁷ This expiration date does not apply to new empowerment zones added by the 1997 Act, which expire later. See, I. "Provisions Expiring in 2007," below.

H. Provisions Expiring in 2005

Provision (Code section)	Expiration Date
1. Leaking Underground Storage Tank Trust Fund excise tax (sec. 4081(d)(3))	3/31/05
2. Highway Trust Fund excise tax rates:	
a. All but 4.3 cents per gallon of the taxes on highway diesel, gasoline, and special motor fuels (secs. 4041(a) and 4081(d)(1))	9/30/05
b. Tax on retail sale of heavy highway vehicles (sec. 4051(c))	9/30/05
c. Tax on heavy truck tires (sec. 4071(d))	9/30/05
3. Aquatic Resources Trust Fund and Land and Water Conservation Fund excise tax on motorboat gasoline and special fuels (secs. 4041(a) and 4081(a)(1)) -- all but 4.3 cents per gallon	9/30/05
4. Puerto Rico economic activity tax credit (sec. 30A)	12/31/05
5. Puerto Rico and possessions tax credit (sec. 936)	12/31/05

I. Provisions Expiring in 2007⁸

Provision (Code section)	Expiration Date
1. Airport and Airway Trust Fund excise taxes:	
a. All but 4.3 cents per gallon of taxes on noncommercial aviation jet fuel and noncommercial aviation gasoline (secs. 4041(c), 4081(d), and 4091)	9/30/07
b. Air passenger ticket tax (sec. 4261)	9/30/07
c. International departure and arrival tax (sec. 4261(c))	9/30/07
d. Air cargo tax (sec. 4271)	9/30/07
2. Reduced excise tax rates for alcohol fuels mixtures (secs. 4041(b)(2) and (k), 4081(c), and 4091(c))	9/30/07 ⁹
3. Alcohol fuels tax credit (sec. 40)	12/31/07 ¹⁰
4. FUTA surtax of 0.2 percent (sec. 1301)	12/31/07
5. New empowerment zone tax incentives, for zones added by the 1997 Act:	
a. Empowerment zone employment tax credit (sec. 1396)	12/31/07
b. Empowerment zone expensing; tax-exempt bonds (secs. 1391 and 1394)	10 years after zone designation

⁸ There are no expiring provisions in calendar year 2006.

⁹ The reduced rates expire earlier if the tax rate on gasoline and other motor fuels drops to 4.3 cents per gallon, which is currently scheduled to occur after September 30, 2005, unless the Highway Trust Fund tax rates are extended beyond that date.

¹⁰ The reduced rates expire earlier if the tax rate on gasoline and other motor fuels drops to 4.3 cents per gallon, which is currently scheduled to occur after September 30, 2005, unless the Highway Trust Fund tax rates are extended beyond that date.