

Summary of Revenue Provisions of
Conference Agreement on H.R. 6211

I. Highway Related Taxes

Gasoline tax and other fuels taxes

The bill increases the gasoline tax from 4 cents to 9 cents per gallon, effective April 1, 1983. Similar increases are provided for the taxes on diesel fuel, special motor fuels, and motorboat fuels. The present law exemptions from these taxes are continued for buses, State and local governments, nonprofit educational institutions, and farming use. The exemption for off-highway business use, which is currently 2 cents, is extended to the full tax. A new exemption from the tax is provided for 85 percent or more alcohol fuels from sources other than petroleum or natural gas. Taxicabs are provided a 4-cent exemption through September 30, 1984, and the conditions under which the exemption is provided are expanded, through 1983, to include jurisdictions where ride-sharing is prohibited by local law.

Gasohol is exempt from 5 cents of the 9-cent tax. The 40-cent-per-gallon income tax credit for alcohol fuels and the 40-cent tariff on imported alcohol fuels are both increased to 50 cents. The gasohol rules apply through 1992.

The time for payment of the gasoline tax is increased by 5 days for independent refiners and for persons other than those who produce more than 1,000 barrels of crude oil per day.

Ground fertilizer applicators are given the same treatment as aerial applicators.

Tires, tread rubber and innertubes

The tax on highway tires, currently 9.75 cents per pound, is converted to a graduated tax based on weight. Tires 40 pounds or less, which include ordinary passenger car tires, are exempt. The tax will be 15 cents for each pound over 40 pounds, 30 cents for each pound between 70 and 90 pounds, and 50 cents for each pound over 90 pounds. The taxes on nonhighway tires, laminated tires, tread rubber and innertubes are repealed. These changes are effective January 1, 1984.

Lubricating oil

The present law tax on lubricating oil is repealed, effective on the day after enactment.

Truck-related taxes

The 10-percent tax on trucks and trailers whose gross vehicle weight exceeds 10,000 pounds is increased to 12 percent, and the weight thresholds are increased to 33,000 pounds for trucks and 26,000 pounds for trailers. The tax is converted from a manufacturer into a retail tax. Roadrailer trailers are exempt from the tax. The present law tax on truck parts is repealed. These provisions are effective on April 1, 1983, for tax increases and on December 2, 1982, for tax reductions.

Heavy vehicle use tax

The heavy vehicle use tax, currently \$3 per 1,000 pounds for vehicles whose gross vehicle weight exceeds 26,000 pounds (a tax of \$240 for an 80,000-pound vehicle), is converted to a graduated tax, effective July 1, 1984. The maximum tax is increased to \$1,600 on July 1, 1984, \$1,700 on July 1, 1986, \$1,800 on July 1, 1987, and \$1,900 on July 1, 1988. There is a one-year delay of this phase-in for fleets with five or fewer trucks. If a truck is retired from service during the year because of accident or theft, the use tax will be refunded on a pro rata basis. There is also an exemption for trucks used on highways for 5,000 miles or less.

Motor carrier operating rights

The basis adjustment for motor carrier operating rights where stock is acquired by a corporate purchaser is extended to individual purchasers.

II. Trust Fund Provisions

The Highway Trust Fund is extended from September 30, 1984, through September 30, 1988. The trust fund is transferred to the Internal Revenue Code. If unfunded authorizations exceed 2 years of Trust Fund receipts, Trust Fund apportionments are to be reduced proportionately.

The caps on the amount transferred to the Boating Safety Fund are increased from \$20 million to \$45 million, both with respect to the annual cap and the cap on the amount that can be accumulated in the fund.

An amount equivalent to a one-cent-per-gallon gasoline tax is transferred to a Transit Account in the Highway Trust Fund, money from which can be used for transit capital projects.

III. Other Tax Provisions

Energy credit

The 10-percent business energy credit is extended to chlor-alkali electrolytic cells, effective for 1981 and 1982.

Income tax filing requirement

The income tax filing requirement is modified to prevent the filing of unnecessary tax returns by persons receiving payments made by a state government to its residents.

Cruise ship deductions

Deductions are allowed for conventions and similar meetings held on cruise ships under certain conditions, limited to \$2,000 per individual per year.

Tax-exempt dividends of mutual funds

All tax-exempt bonds are made eligible investments for mutual funds by adding provisions for tax exemption to the Internal Revenue Code.

Normalization method for public utility property

The bill makes more specific the rules under which public utilities lose the investment credit and accelerated depreciation when these tax benefits are flowed through too rapidly to consumers. A special transitional rule is provided for certain companies which may have violated these rules.

IV. Spending Provisions

Social Security Act provisions

The bill adds certain types of energy assistance provided to AFDC and SSI recipients to items of income not counted as income for purposes of determining benefits under these programs.

Unemployment compensation

The bill provides from 2 to 6 weeks of supplemental unemployment compensation.

