

104TH CONGRESS
2D SESSION

H. R. 3840

To empower States with authority for most taxing and spending for highway programs and mass transit programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1996

Mr. KASICH (for himself, Mrs. THURMAN, Mr. DREIER, Mr. MILLER of California, Ms. PRYCE, Mr. GILLMOR, Mr. WALKER, Mr. INGLIS of South Carolina, Mr. CONDIT, Mr. SMITH of Michigan, Mr. HOBSON, Mr. CHRYSLER, Mr. MILLER of Florida, Mr. SHAW, Mr. MCCOLLUM, and Mr. LARGENT) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To empower States with authority for most taxing and spending for highway programs and mass transit programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Transportation
5 Empowerment Act”.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress finds that—

3 (1) it is the policy of the United States to pro-
4 mote a modern, efficient, safe, and environmentally
5 sound transportation network, in order to maintain
6 and improve the quality of life in the United States,
7 and to enable the domestic industries of the United
8 States to be competitive in the world marketplace;

9 (2)(A) Federal transportation policies no longer
10 adequately serve the transportation needs of the
11 United States;

12 (B) Federal regulations, micromanagement, and
13 earmarks cost States billions of dollars annually and
14 hinder the ability of States to maintain, modernize,
15 and expand their transportation systems; and

16 (C) the legacy of our federally run transpor-
17 tation system will be an infrastructure that many
18 acknowledge our present system cannot support and
19 will not meet the needs of growing populations;

20 (3)(A) maintaining a modern and efficient
21 transportation system does not require Federal
22 micromanagement of States' transportation dollars;

23 (B) States have the financial and technical
24 abilities necessary to maintain and improve their
25 transportation without paternalistic Federal over-
26 sight; and

1 (C) States have the incentives and ability to
2 maintain the quality, safety, and continuity of all
3 roads, including routes on the Interstate System;
4 and

5 (4)(A) with the completion of the Interstate
6 System, the transportation infrastructure needs of
7 the United States have shifted to maintaining, mod-
8 ernizing, and expanding the Interstate System; and

9 (B) States are faced with billions of dollars in
10 unmet maintenance and modernization needs and a
11 highly restrictive and costly Federal program.

12 (b) PURPOSES.—The purposes of this Act are—

13 (1) to return primary transportation program
14 responsibility and taxing authority to the States so
15 as to—

16 (A) free States' transportation dollars from
17 Federal micromanagement, earmarking, and
18 budgetary pressures; and

19 (B) enable decisions regarding which infra-
20 structure projects will be built, how they will be
21 financed, and how they will be regulated to be
22 made by persons best able to make the deci-
23 sions: people who drive on the highways;

24 (2) through interstate compacts and in conjunc-
25 tion with metropolitan planning organizations estab-

1 lished under section 134 of title 23, United States
2 Code, to permit States to jointly plan and finance
3 infrastructure improvements and ensure quality and
4 continuity for infrastructure improvements without
5 mandates from the Federal Government; and

6 (3) in carrying out paragraphs (1) and (2), to
7 reduce Federal spending and receipts by a commensurate
8 amount in order to ensure deficit neutrality.

9 **SEC. 3. CONTINUATION OF FUNDING FOR CORE HIGHWAY**
10 **PROGRAMS.**

11 (a) IN GENERAL.—

12 (1) FUNDING.—Section 1003 of the Intermodal
13 Surface Transportation Efficiency Act of 1991
14 (Public Law 102–240; 105 Stat. 1918) is amended
15 by striking subsection (a) and inserting the following
16 new subsection:

17 “(a) HIGHWAY TRUST FUND.—For the purpose of
18 carrying out title 23, United States Code, the following
19 sums are authorized to be appropriated out of the High-
20 way Trust Fund:

21 “(1) INTERSTATE MAINTENANCE PROGRAM.—
22 For the Interstate maintenance program under sec-
23 tion 119 of the title, \$2,431,000,000 for fiscal year
24 1992, \$2,913,000,000 for fiscal year 1993,
25 \$2,914,000,000 for each of fiscal years 1994

1 through 1997, \$2,989,000,000 for fiscal year 1998,
2 \$3,083,000,000 for fiscal year 1999,
3 \$3,170,000,000 for fiscal year 2000, and
4 \$3,259,000,000 for fiscal year 2001.

5 “(2) BRIDGE PROGRAM.—

6 “(A) FULL BRIDGE PROGRAM.—For the
7 bridge program under section 144 of the title
8 (as in effect on the day before the date of en-
9 actment of the Transportation Empowerment
10 Act), \$2,288,000,000 for fiscal year 1992,
11 \$2,762,000,000 for each of fiscal years 1993
12 through 1995, and \$2,763,000,000 for each of
13 fiscal years 1996 and 1997.

14 “(B) INTERSTATE AND INDIAN RESERVA-
15 TION BRIDGE PROGRAM.—For the Interstate
16 and Indian reservation bridge program under
17 section 144 of the title, \$1,183,000,000 for fis-
18 cal year 1998, \$1,217,000,000 for fiscal year
19 1999, \$1,251,000,000 for fiscal year 2000, and
20 \$1,286,000,000 for fiscal year 2001.

21 “(3) FEDERAL LANDS HIGHWAYS PROGRAM.—

22 “(A) INDIAN RESERVATION ROADS.—For
23 Indian reservation roads under section 204 of
24 the title, \$159,000,000 for fiscal year 1992,
25 \$191,000,000 for each of fiscal years 1993

1 through 1997, \$197,000,000 for fiscal year
2 1998, \$202,000,000 for fiscal year 1999,
3 \$208,000,000 for fiscal year 2000, and
4 \$214,000,000 for fiscal year 2001.

5 “(B) PUBLIC LANDS HIGHWAYS.—For
6 public lands highways under section 204 of the
7 title, \$143,000,000 for fiscal year 1992,
8 \$171,000,000 for each of fiscal years 1993
9 through 1995, \$172,000,000 for each of fiscal
10 years 1996 and 1997, \$177,000,000 for fiscal
11 year 1998, \$182,000,000 for fiscal year 1999,
12 \$187,000,000 for fiscal year 2000, and
13 \$192,000,000 for fiscal year 2001.

14 “(C) PARKWAYS AND PARK ROADS.—For
15 parkways and park roads under section 204 of
16 the title, \$69,000,000 for fiscal year 1992,
17 \$83,000,000 for each of fiscal years 1993
18 through 1995, \$84,000,000 for each of fiscal
19 years 1996 and 1997, \$86,000,000 for fiscal
20 year 1998, \$89,000,000 for fiscal year 1999,
21 \$91,000,000 for fiscal year 2000, and
22 \$94,000,000 for fiscal year 2001.”.

23 (2) FEDERAL-AID SYSTEM.—Section 103(a) of
24 title 23, United States Code, is amended by striking
25 “systems are the Interstate System and the National

1 Highway System” and inserting “system is the
2 Interstate System”.

3 (3) INTERSTATE MAINTENANCE PROGRAM.—
4 Section 119(f) of title 23, United States Code, is
5 amended—

6 (A) in paragraph (1), by striking “If” and
7 inserting “For each of fiscal years 1991
8 through 1997, if”; and

9 (B) in paragraph (2)(B), by inserting
10 “through fiscal year 1997” after “thereafter”.

11 (4) INTERSTATE BRIDGE PROGRAM.—Section
12 144 of title 23, United States Code, is amended—

13 (A) in subsection (d)—

14 (i) by inserting “on the Federal-aid
15 system or described in subsection (c)(3)”
16 after “highway bridge” each place it ap-
17 pears; and

18 (ii) by inserting “on the Federal-aid
19 system or described in subsection (c)(3)”
20 after “highway bridges” each place it ap-
21 pears;

22 (B) in the second sentence of subsection
23 (e)—

24 (i) in paragraph (1), by adding “and”
25 at the end;

1 (ii) in paragraph (2), by striking the
2 comma at the end and inserting a period;
3 and

4 (iii) by striking paragraphs (3) and
5 (4);

6 (C) in the first sentence of subsection (l),
7 by inserting “on the Federal-aid system or de-
8 scribed in subsection (c)(3)” after “any
9 bridge”;

10 (D) in subsection (m), by inserting “on the
11 Federal-aid system or described in subsection
12 (c)(3)” after “any bridge”; and

13 (E) in the first sentence of subsection (n),
14 by inserting “for each of fiscal years 1991
15 through 1997,” after “of law,”.

16 (5) NATIONAL DEFENSE HIGHWAYS.—Section
17 311 of title 23, United States Code, is amended—

18 (A) in the first sentence, by striking
19 “under subsection (a) of section 104 of this
20 title” and inserting “to carry out this section”;
21 and

22 (B) by striking the second sentence.

23 (6) TERMINATION OF MINIMUM ALLOCATION.—
24 Section 157 of title 23, United States Code, is
25 amended—

1 (A) in subsection (a)(4), by striking “fiscal
2 year 1992 and each fiscal year thereafter” and
3 inserting “each of fiscal years 1992 through
4 1997”; and

5 (B) in subsection (e), by striking “the fis-
6 cal years ending on or after September 30,
7 1983” and inserting “fiscal years 1983 through
8 1997”.

9 (b) EXPENDITURES FROM HIGHWAY TRUST
10 FUND.—

11 (1) EXPENDITURES FOR CORE PROGRAMS.—

12 Subsection (c) of section 9503 of the Internal Reve-
13 nue Code of 1986 (relating to expenditures from
14 Highway Trust Fund) is amended—

15 (A) by striking “October 1, 1997” each
16 place it appears in paragraphs (1), (4)(A)(i),
17 and (5)(A) and inserting “October 1, 2001”;

18 (B) by striking “as in effect on the date of
19 the enactment of the Intermodal Surface Trans-
20 portation Efficiency Act of 1991” in paragraph
21 (1) and inserting “as in effect on the date of
22 the enactment of the Transportation
23 Empowerment Act”;

1 (C) by striking “July 1, 2000” each place
2 it appears in paragraphs (2)(A)(i) and (3) and
3 inserting “July 1, 2002”;

4 (D) by striking “October 1, 1999” in para-
5 graph (2)(A)(ii) and inserting “October 1,
6 2001”;

7 (E) by striking “January 1, 1999” in
8 paragraph (2)(A)(ii) and inserting “January 1,
9 2001”; and

10 (F) by striking “September 30, 1997” in
11 paragraph (6)(E) and inserting “September 30,
12 2001”.

13 (2) AMOUNTS AVAILABLE FOR CORE PROGRAM
14 EXPENDITURES.—Section 9503 of such Code (relat-
15 ing to the Highway Trust Fund) is amended by add-
16 ing at the end the following new subsection:

17 “(g) CORE PROGRAMS FINANCING RATE.—For pur-
18 poses of this section—

19 “(1) IN GENERAL.—Except as provided in para-
20 graph (2), in the case of gasoline, special motor
21 fuels, and diesel fuel, the core programs financing
22 rate is—

23 “(A) after September 30, 1997, and before
24 October 1, 1998, so much of the Highway

1 Trust Fund financing rate as does not exceed
2 7 cents per gallon,

3 “(B) after September 30, 1998, and before
4 October 1, 1999, so much of the Highway
5 Trust Fund financing rate as does not exceed
6 2 cents per gallon, and

7 “(C) after September 30, 1999, the High-
8 way Trust Fund financing rate.

9 “(2) APPLICATION OF RATE.—In the case of
10 fuels used as described in paragraph (4)(D), (5)(B),
11 or (6)(D) of subsection (c), the core programs fi-
12 nancing rate is zero.”.

13 (c) TERMINATION OF TRANSFERS TO MASS TRANSIT
14 ACCOUNT.—

15 (1) IN GENERAL.—Paragraph (2) of section
16 9503(e) of such Code (relating to Mass Transit Ac-
17 count) is amended by striking “2 cents” and insert-
18 ing “2 cents (zero, on and after October 1, 1997)”.

19 (2) AUTHORIZATION TO EXPEND REMAINING
20 BALANCES IN ACCOUNT.—Paragraph (3) of section
21 9503(e) of such Code is amended by striking “before
22 October 1, 1997”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect on October 1, 1997.

1 **SEC. 4. INFRASTRUCTURE SPECIAL ASSISTANCE FUND.**

2 (a) BALANCE OF CORE PROGRAMS FINANCING RATE
3 DEPOSITED IN FUND.—

4 (1) IN GENERAL.—Section 9503 of the Internal
5 Revenue Code of 1986, as amended by section
6 3(b)(2), is amended by adding at the end the follow-
7 ing new subsection:

8 “(h) ESTABLISHMENT OF INFRASTRUCTURE SPE-
9 CIAL ASSISTANCE FUND.—

10 “(1) CREATION OF FUND.—There is established
11 in the Highway Trust Fund a separate fund to be
12 known as the ‘Infrastructure Special Assistance
13 Fund’ consisting of such amounts as may be trans-
14 ferred or credited to the Infrastructure Special As-
15 sistance Fund as provided in this subsection or sec-
16 tion 9602(b).

17 “(2) TRANSFERS TO INFRASTRUCTURE SPECIAL
18 ASSISTANCE FUND.—On the first day of each fiscal
19 year, the Secretary, in consultation with the Sec-
20 retary of Transportation, shall determine the excess
21 (if any) of—

22 “(A) the sum of—

23 “(i) the amounts appropriated in such
24 fiscal year to the Highway Trust Fund
25 under subsection (b) which are attributable

1 to the core programs financing rate for
2 such year, plus

3 “(ii) the amounts appropriated in
4 such fiscal year to the Highway Trust
5 Fund under subsection (b) which are at-
6 tributable to taxes under sections 4051,
7 4061, 4071, and 4481 for such year, plus

8 “(iii) the amount of the total unobli-
9 gated balance in the Highway Trust Fund
10 for such fiscal year, over

11 “(B) the amount appropriated under sub-
12 section (c)(1) for such fiscal year,

13 and shall transfer such excess to the Infrastructure
14 Special Assistance Fund.

15 “(3) EXPENDITURES FROM FUND.—Amounts in
16 the Infrastructure Special Assistance Fund shall be
17 available, as provided by appropriation Acts, for
18 making expenditures under transportation-related
19 programs as authorized by law.”.

20 (2) EFFECTIVE DATE.—The amendment made
21 by this subsection shall take effect on October 1,
22 1997.

23 (b) FUNDING OF OTHER PROGRAMS.—

24 (1) IN GENERAL.—Not later than 90 days after
25 the date of enactment of this Act, the Secretary of

1 Transportation shall submit a report to Congress
2 proposing which programs established under titles
3 23 and 49, United States Code, and the Intermodal
4 Surface Transportation Efficiency Act of 1991
5 (Public Law 102–240) that are not funded under
6 the amendments made by this Act should be funded
7 for fiscal year 1998 and later fiscal years using
8 amounts in the Infrastructure Special Assistance
9 Fund established by section 9503(h) of the Internal
10 Revenue Code of 1986 (as added by subsection (a)).

11 (2) TYPES OF PROGRAMS.—Programs for which
12 funding may be proposed under paragraph (1) in-
13 clude—

14 (A) safety programs;

15 (B) research and development programs;

16 and

17 (C) projects for highway improvements
18 strategically important to the national defense
19 under section 311 of title 23, United States
20 Code.

21 **SEC. 5. RETURN OF EXCESS TAX RECEIPTS TO STATES.**

22 (a) IN GENERAL.—Section 9503(c) of the Internal
23 Revenue Code of 1986 is amended by adding at the end
24 the following new paragraph:

1 “(7) RETURN OF EXCESS TAX RECEIPTS TO
2 STATES FOR TRANSPORTATION PURPOSES.—On the
3 first day of each of fiscal years 1998 and 1999, the
4 Secretary, in consultation with the Secretary of the
5 Transportation, shall—

6 “(A) determine the excess (if any) of—

7 “(i) the amounts appropriated in such
8 fiscal year to the Highway Trust Fund
9 under subsection (b) which are equivalent
10 to the taxes attributable to the excess of—

11 “(I) the Highway Trust Fund fi-
12 nancing rate for such year, over

13 “(II) the core programs financing
14 rate for such year, over

15 “(ii) the amounts so appropriated
16 which are equivalent to the taxes described
17 in paragraphs (4)(D), (5)(B), and (6)(D),
18 and

19 “(B) allocate the amount determined under
20 subparagraph (A) among the States (as defined
21 in section 101 of title 23, United States Code)
22 so that—

23 “(i) the percentage of that amount al-
24 located to each State, is equal to

1 “(ii) the percentage of the amount de-
2 termined under subparagraph (A)(i) paid
3 into the Highway Trust Fund in the latest
4 fiscal year for which such data are avail-
5 able that is attributable to highway users
6 in the State.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on October 1, 1997.

9 **SEC. 6. INTERSTATE TRANSPORTATION COMPACTS.**

10 (a) CONSENT OF CONGRESS.—In order to increase
11 public investment, attract needed private investment, and
12 promote an intermodal transportation network, Congress
13 grants consent to States to enter into interstate compacts
14 to—

15 (1) promote the continuity, quality, and safety
16 of the Interstate System;

17 (2) develop programs to promote and fund safe-
18 ty initiatives and establish safety standards for the
19 States that are parties to the compact (referred to
20 in this section as “participating States”);

21 (3) conduct long-term planning for transpor-
22 tation infrastructure in the participating States;

23 (4) develop transportation infrastructure design
24 and construction standards to be used by the partici-
25 pating States; and

1 (5) establish transportation infrastructure
2 banks to promote regional or other multistate invest-
3 ment in transportation infrastructure.

4 (b) FINANCING.—An interstate compact established
5 by States under subsection (a) to carry out a transpor-
6 tation project, program, or activity may provide that, in
7 order to carry out the compact, the States may—

8 (1) accept contributions from a unit of State or
9 local government or a person;

10 (2) use any Federal or State funds made avail-
11 able for that type of transportation project, pro-
12 gram, or activity;

13 (3) on such terms and conditions as the States
14 consider advisable—

15 (A) borrow money on a short-term basis
16 and issue notes for the borrowing; and

17 (B) issue bonds; and

18 (4) obtain financing by other means permitted
19 under Federal or State law, including transportation
20 infrastructure banks under subsection (c).

21 (c) INFRASTRUCTURE BANKS.—

22 (1) IN GENERAL.—A transportation infrastruc-
23 ture bank established under an interstate compact
24 under subsection (a)(5) (referred to in this sub-
25 section as an “infrastructure bank”) may—

1 (A) make loans;

2 (B) under the joint or separate authority
3 of the participating States with respect to the
4 infrastructure bank, issue such debt as the in-
5 frastructure bank and the States determine ap-
6 propriate; and

7 (C) provide other assistance to public or
8 private entities constructing, or proposing to
9 construct or initiate, transportation projects,
10 programs, or activities.

11 (2) FORMS OF ASSISTANCE.—

12 (A) IN GENERAL.—An infrastructure bank
13 may make a loan or provide other assistance
14 described in subparagraph (C) to a public or
15 private entity in an amount equal to all or part
16 of the construction cost, capital cost, or initi-
17 ation cost of a transportation project, program,
18 or activity.

19 (B) SUBORDINATION OF ASSISTANCE.—
20 The amount of any loan or other assistance de-
21 scribed in subparagraph (C) that is received for
22 a transportation project, program, or activity
23 under this section may be subordinated to any
24 other debt financing for the project, program,
25 or activity.

1 (C) OTHER ASSISTANCE.—Other assist-
2 ance referred to in subparagraphs (A) and (B)
3 includes any use of funds for the purpose of—

4 (i) credit enhancement;

5 (ii) a capital reserve for bond or debt
6 instrument financing;

7 (iii) bond or debt instrument financ-
8 ing issuance costs;

9 (iv) bond or debt issuance financing
10 insurance;

11 (v) subsidization of interest rates;

12 (vi) letters of credit;

13 (vii) any credit instrument;

14 (viii) bond or debt financing instru-
15 ment security; and

16 (ix) any other form of debt financing
17 that relates to the qualifying project, pro-
18 gram, or activity.

19 (3) NO OBLIGATION OF UNITED STATES.—

20 (A) IN GENERAL.—The approval under
21 this section of an infrastructure bank does not
22 constitute a commitment, guarantee, or obliga-
23 tion on the part of the United States to any
24 third party with respect to any security or debt
25 financing instrument issued by the bank. No

1 third party shall have any right against the
2 United States for payment solely by reason of
3 the approval.

4 (B) STATEMENT ON INSTRUMENT.—Any
5 security or debt financing instrument issued by
6 an infrastructure bank shall expressly state that
7 the security or instrument does not constitute a
8 commitment, guarantee, or obligation of the
9 United States.

10 (d) EFFECTIVE DATE.—This section shall take effect
11 on October 1, 1997.

12 **SEC. 7. FEDERAL-AID FACILITY PRIVATIZATION.**

13 (a) DEFINITIONS.—In this section:

14 (1) EXECUTIVE AGENCY.—The term “Executive
15 agency” has the meaning provided in section 105 of
16 title 5, United States Code.

17 (2) PRIVATIZATION.—The term “privatization”
18 means the disposition or transfer of a transportation
19 infrastructure asset, whether by sale, lease, or simi-
20 lar arrangement, from a State or local government
21 to a private party.

22 (3) STATE OR LOCAL GOVERNMENT.—The term
23 “State or local government” means the government
24 of—

25 (A) any State;

1 (B) the District of Columbia;

2 (C) any commonwealth, territory, or pos-
3 session of the United States;

4 (D) any county, municipality, city, town,
5 township, local public authority, school district,
6 special district, intrastate district, regional or
7 interstate government entity, council of govern-
8 ments, or agency or instrumentality of a local
9 government; or

10 (E) any federally recognized Indian tribe.

11 (4) TRANSPORTATION INFRASTRUCTURE
12 ASSET.—The term “transportation infrastructure
13 asset” means any transportation-related asset fi-
14 nanced in whole or in part by the Federal Govern-
15 ment, including a road, tunnel, or bridge, or mass
16 transit.

17 (b) PRIVATIZATION INITIATIVES BY STATE AND
18 LOCAL GOVERNMENTS.—The head of each Executive
19 agency shall—

20 (1) assist State and local governments in efforts
21 to privatize the transportation infrastructure assets
22 of the State and local governments; and

23 (2) subject to subsection (c), approve requests
24 from State and local governments to privatize trans-

1 portation infrastructure assets and waive or modify
2 any grant condition.

3 (c) CRITERIA.—The head of an Executive agency
4 shall approve a request described in subsection (b)(2) if—

5 (1) the State or local government demonstrates
6 that a market mechanism, legally enforceable agree-
7 ment, or regulatory mechanism will ensure that the
8 transportation infrastructure asset will continue to
9 be used for the general objectives of the original
10 grant program (which shall not be considered to in-
11 clude every condition required for the grantee to
12 have obtained the original grant) that funded the
13 asset, so long as needed for those objectives; and

14 (2) the private party purchasing or leasing the
15 transportation infrastructure asset agrees to comply
16 with all applicable grant conditions.

17 (d) LACK OF OBLIGATION TO REPAY FEDERAL
18 GRANT FUNDS.—A State or local government shall have
19 no obligation to repay to any agency of the Federal Gov-
20 ernment any Federal grant funds received by the State
21 or local government in connection with a transportation
22 infrastructure asset that is privatized under this section.

23 (e) USE OF PROCEEDS.—

24 (1) IN GENERAL.—Subject to paragraph (2), a
25 State or local government may use proceeds from

1 the privatization of a transportation infrastructure
2 asset to the extent permitted under applicable grant
3 conditions.

4 (2) RECOVERY OF CERTAIN COSTS.—Notwith-
5 standing any other provision of law, the State or
6 local government shall be permitted to recover from
7 the privatization of a transportation infrastructure
8 asset—

9 (A) the capital investment in the transpor-
10 tation infrastructure asset made by the State or
11 local government;

12 (B) an amount equal to the unreimbursed
13 operating expenses in the transportation infra-
14 structure asset paid by the State or local gov-
15 ernment; and

16 (C) a reasonable rate of return on the in-
17 vestment made under subparagraph (A) and ex-
18 penses paid under subparagraph (B).

19 **SEC. 8. REDUCTION IN TAXES ON GASOLINE, DIESEL FUEL,**
20 **AND SPECIAL FUELS FUNDING HIGHWAY**
21 **TRUST FUND.**

22 (a) IN GENERAL.—Section 4081(a)(2)(A) of the In-
23 ternal Revenue Code of 1986 (relating to rates of tax) is
24 amended—

1 (1) by striking “18.3 cents” in clause (i) and
2 inserting “6.3 cents”; and

3 (2) by striking “24.3 cents” in clause (ii) and
4 inserting “6.3 cents”.

5 (b) SAME RATE FOR ALCOHOL FUELS.—

6 (1) IN GENERAL.—Paragraph (8) of section
7 4081(e) of the Internal Revenue Code of 1986 (re-
8 lating to taxable fuels mixed with alcohol) is amend-
9 ed by striking “September 30, 2000” and inserting
10 “September 30, 1999”.

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 4041(b)(2)(C) of such Code is
13 amended to read as follows:

14 “(C) TERMINATION.—

15 “(i) IN GENERAL.—On and after Oc-
16 tober 1, 1999, subparagraph (A)(i) shall
17 not apply.

18 “(ii) LUST.—On and after October 1,
19 2000, subparagraph (A)(ii) shall not
20 apply.”.

21 (B) Section 4041(k)(3) of such Code is
22 amended to read as follows:

23 “(3) TERMINATION.—

1 “(A) IN GENERAL.—Paragraph (1)(A)
2 shall not apply to any sale or use after Septem-
3 ber 30, 1999.

4 “(B) AVIATION.—Subparagraphs (B) and
5 (C) of paragraph (1) shall not apply to any sale
6 or use after September 30, 2000.”.

7 (C) Section 4041(m)(1)(A) of such Code is
8 amended by striking clauses (i) and (ii) and in-
9 serting the following new clauses:

10 “(i) 6.3 cents per gallon for the period
11 beginning after September 30, 1999, and
12 ending before October 1, 2001, and

13 “(ii) 4.3 cents per gallon after Sep-
14 tember 30, 2001, and”.

15 (D) Section 9503(f) of such Code is
16 amended by striking paragraph (3) and redesignig-
17 nating paragraph (4) as paragraph (3).

18 (c) REDUCTION IN HIGHWAY TRUST FUND FINANC-
19 ING RATE.—

20 (1) IN GENERAL.—Section 9503(f) of the Inter-
21 nal Revenue Code of 1986 (defining Highway Trust
22 Fund financing rate) is amended—

23 (A) by striking “11.5 cents per gallon (14
24 cents per gallon after September 30, 1995)” in

1 paragraph (1)(A) and inserting “2 cents per
2 gallon”; and

3 (B) by striking “17.5 cents per gallon (20
4 cents per gallon after September 30, 1995)” in
5 paragraph (1)(B) and inserting “2 cents per
6 gallon”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 9503(f)(2)(B) of such Code is
9 amended by striking “3 cents” and inserting “2
10 cents”.

11 (B) Section 9503(f)(2)(E) of such Code is
12 amended—

13 (i) by striking “11.5 cents” and in-
14 serting “2 cents”; and

15 (ii) by striking “17.5 cents” and in-
16 serting “2 cents”.

17 (C) Section 9503(f)(4) of such Code is
18 amended by striking “June 30, 2000” and in-
19 serting “September 30, 2001”.

20 (d) ADDITIONAL CONFORMING AMENDMENTS.—

21 (1) Section 4041(a)(1)(C) of the Internal Reve-
22 nue Code of 1986 is amended—

23 (A) by striking “October 1, 1999” in
24 clause (ii)(II) and inserting October 1, 2001”;

1 (B) by striking “September 30, 1999” in
2 clause (ii)(III) and inserting September 30,
3 2001”; and

4 (C) by striking “7.3 cents per gallon (4.3
5 cents per gallon after September 30, 1999)” in
6 clause (iii)(I) and inserting “6.3 cents per gal-
7 lon (4.3 cents per gallon after September 30,
8 2001)”.

9 (2) Section 4081(d)(1) of such Code is amend-
10 ed by striking “October 1, 1999” and inserting “Oc-
11 tober 1, 2001”.

12 (3) Section 6421(e)(2)(B)(iv) of such Code is
13 amended—

14 (A) by striking “January 1, 2000” in sub-
15 clause (I) and inserting “October 1, 2001”; and

16 (B) by striking “December 31, 1999” in
17 subclause (II) and inserting “September 30,
18 2001”.

19 (4) Section 6421(f)(3)(B) of such Code is
20 amended—

21 (A) by striking “October 1, 1999” in
22 clause (ii) and inserting October 1, 2001”; and

23 (B) by striking “September 30, 1999” in
24 clause (iii) and inserting September 30, 2001”.

1 (5) Section 6427(b)(2)(A) of such Code is
2 amended by striking “7.4 cents” and inserting “1.9
3 cents”.

4 (6) Section 6427(l)(3)(B) of such Code is
5 amended—

6 (A) by striking “October 1, 1999” in
7 clause (ii) and inserting “October 1, 2001”; and

8 (B) by striking “September 30, 1999” in
9 clause (iii) and inserting “September 30, 2001”.

10 (7) Subsection (b) of section 9503 of such Code
11 is amended—

12 (A) by striking “October 1, 1999” both
13 places it appears in paragraphs (1) and (2) and
14 inserting “October 1, 2001”;

15 (B) by striking “OCTOBER 1, 1999” in the
16 heading of paragraph (2) and inserting “OCTO-
17 BER 1, 2001”;

18 (C) by striking “after September 30, 1999,
19 and before July 1, 2000” in paragraph (2) and
20 inserting “after September 30, 2001, and be-
21 fore July 1, 2002”; and

22 (D) by inserting “before October 1, 1999,”
23 after “paragraph (1)” in paragraph (5).

24 (e) FLOOR STOCK REFUNDS.—

25 (1) IN GENERAL.—If—

1 (A) before October 1, 1999, tax has been
2 imposed under section 4081 of the Internal
3 Revenue Code of 1986 on any liquid; and

4 (B) on such date such liquid is held by a
5 dealer and has not been used and is intended
6 for sale;

7 there shall be credited or refunded (without interest)
8 to the person who paid such tax (in this subsection
9 referred to as the “taxpayer”) an amount equal to
10 the excess of the tax paid by the taxpayer over the
11 amount of such tax which would be imposed on such
12 liquid had the taxable event occurred on such date.

13 (2) TIME FOR FILING CLAIMS.—No credit or re-
14 fund shall be allowed or made under this subsection
15 unless—

16 (A) claim therefor is filed with the Sec-
17 retary of the Treasury before April 1, 2000;
18 and

19 (B) in any case where liquid is held by a
20 dealer (other than the taxpayer) on October 1,
21 1999—

22 (i) the dealer submits a request for re-
23 fund or credit to the taxpayer before Janu-
24 ary 1, 2000; and

1 (ii) the taxpayer has repaid or agreed
2 to repay the amount so claimed to such
3 dealer or has obtained the written consent
4 of such dealer to the allowance of the cred-
5 it or the making of the refund.

6 (3) EXCEPTION FOR FUEL HELD IN RETAIL
7 STOCKS.—No credit or refund shall be allowed under
8 this subsection with respect to any liquid in retail
9 stocks held at the place where intended to be sold
10 at retail.

11 (4) DEFINITIONS.—For purposes of this sub-
12 section, the terms “dealer” and “held by a dealer”
13 have the respective meanings given to such terms by
14 section 6412 of such Code; except that the term
15 “dealer” includes a producer.

16 (5) CERTAIN RULES TO APPLY.—Rules similar
17 to the rules of subsections (b) and (c) of section
18 6412 and sections 6206 and 6675 of such Code shall
19 apply for purposes of this subsection.

20 (f) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to fuel removed after September
22 30, 1999.

23 **SEC. 9. REPORT TO CONGRESS.**

24 Not later than 180 days after the date of enactment
25 of this Act, after consultation with the appropriate com-

1 mittees of Congress, the Secretary of Transportation shall
2 submit a report to Congress describing technical and con-
3 forming amendments to titles 23 and 49, United States
4 Code, and other laws that are appropriate in light of the
5 amendments made by this Act.

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