

104TH CONGRESS
1ST SESSION

S. 1251

To establish a National Fund for Health Research to expand medical research programs through increased funding provided to the National Institutes of Health, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18 (legislative day, SEPTEMBER 5), 1995

Mr. HATFIELD (for himself, Mr. HARKIN, and Mrs. BOXER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish a National Fund for Health Research to expand medical research programs through increased funding provided to the National Institutes of Health, 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 “National Fund for
5 Health Research Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Nearly 4 of 5 peer reviewed research
2 projects deemed worthy of funding by the National
3 Institutes of Health are not funded.

4 (2) Less than 3 percent of the nearly one tril-
5 lion dollars our Nation spends on health care is de-
6 voted to health research, while the defense industry
7 spends 15 percent of its budget on research.

8 (3) Public opinion surveys have shown that
9 Americans want more Federal resources put into
10 health research and are willing to pay for it. Polling
11 data consistently shows that more than two-thirds of
12 all voters support a major tobacco tax increase if
13 revenues generated are dedicated to health-related
14 programs.

15 (4) Ample evidence exists to demonstrate that
16 health research has improved the quality of health
17 care in the United States. Advances such as the de-
18 velopment of vaccines, the cure of many childhood
19 cancers, drugs that effectively treat a host of dis-
20 eases and disorders, a process to protect our Na-
21 tion's blood supply from the HIV virus, progress
22 against cardiovascular disease including heart attack
23 and stroke, and new strategies for the early detec-
24 tion and treatment of diseases such as colon, breast,

1 and prostate cancer clearly demonstrates the bene-
2 fits of health research.

3 (5) Health research which holds the promise of
4 prevention of intentional and unintentional injury
5 and cure and prevention of disease and disability, is
6 critical to holding down costs in the long term.

7 (6) The state of our Nation's research facilities
8 at the National Institutes of Health and at univer-
9 sities is deteriorating significantly. Renovation and
10 repair of these facilities are badly needed to main-
11 tain and improve the quality of research.

12 (7) Because the Concurrent Resolution on the
13 Budget for fiscal year 1996 (H. Con. Res. 67)
14 freezes discretionary spending for the next 5 years,
15 the Nation's investment in health research through
16 the National Institutes of Health is likely to decline
17 in real terms unless corrective legislative action is
18 taken.

19 (8) A health research fund is needed to main-
20 tain our Nation's commitment to health research
21 and to increase the percentage of approved projects
22 which receive funding at the National Institutes of
23 Health.

24 (9) Each year 419,000 Americans die directly
25 from tobacco use and thousands more die from dis-

1 eases caused by exposure to environmental tobacco
2 smoke. This year one out of every five Americans
3 who die will die from tobacco use.

4 (10) A recent study by the Centers for Disease
5 Control and Prevention estimates that the Federal
6 Government expended more than \$20,000,000,000
7 in 1993 alone to treat illnesses associated with to-
8 bacco use.

9 (11) A 25 cent increase in the tobacco tax
10 would discourage 1,300,000 Americans from smok-
11 ing and prevent more than 300,000 premature
12 deaths.

13 (12) An estimated 90 percent of all smokers
14 start when they are teenagers or younger.

15 (13) Voluntary income tax checkoffs for medical
16 research for specific diseases exist in some States
17 and have proven successful in generating funds for
18 such research.

19 **TITLE I—NATIONAL FUND FOR** 20 **HEALTH RESEARCH**

21 **SEC. 101. ESTABLISHMENT.**

22 (a) ESTABLISHMENT.—There is established in the
23 Treasury of the United States a fund, to be known as the
24 “National Fund for Health Research” (hereafter in this
25 section referred to as the “Fund”), consisting of such

1 amounts as are transferred to the Fund under subsection
2 (b) and any interest earned on investment of amounts in
3 the Fund.

4 (b) TRANSFERS TO FUND.—

5 (1) IN GENERAL.—The Secretary of the Treas-
6 ury shall transfer to the Fund amounts equivalent
7 to—

8 (A) taxes received in the Treasury under
9 section 5701 of the Internal Revenue Code of
10 1986 (relating to taxes on tobacco products) to
11 the extent attributable to the increase in such
12 taxes resulting from the amendments made by
13 title II of the National Fund for Health Re-
14 search Act; and

15 (B) the amounts designated under section
16 6097 (relating to designation of overpayments
17 and contributions to the Fund).

18 (2) TRANSFERS BASED ON ESTIMATES.—The
19 amounts transferred by paragraph (1) shall annually
20 be transferred to the Fund within 30 days after the
21 President signs an appropriations Act for the De-
22 partments of Labor, Health and Human Services,
23 and Education, and related agencies, or by the end
24 of the first quarter of the fiscal year. Proper adjust-
25 ment shall be made in amounts subsequently trans-

1 ferred to the extent prior estimates were in excess
2 of or less than the amounts required to be trans-
3 ferred.

4 (c) OBLIGATIONS FROM FUND.—

5 (1) IN GENERAL.—Subject to the provisions of
6 paragraph (4), with respect to the amounts made
7 available in the Fund in a fiscal year, the Secretary
8 of Health and Human Services shall distribute—

9 (A) 2 percent of such amounts during any
10 fiscal year to the Office of the Director of the
11 National Institutes of Health to be allocated at
12 the Director's discretion for the following activi-
13 ties:

14 (i) for carrying out the responsibilities
15 of the Office of the Director, including the
16 Office of Research on Women's Health and
17 the Office of Research on Minority Health,
18 the Office of Alternative Medicine, the Of-
19 fice of Rare Disease Research, the Office
20 of Behavioral and Social Sciences Research
21 (for use for efforts to reduce tobacco use),
22 the Office of Dietary Supplements, and the
23 Office for Disease Prevention; and

1 (ii) for construction and acquisition of
2 equipment for or facilities of or used by
3 the National Institutes of Health;

4 (B) 2 percent of such amounts for transfer
5 to the National Center for Research Resources
6 to carry out section 1502 of the National Insti-
7 tutes of Health Revitalization Act of 1993 con-
8 cerning Biomedical and Behavioral Research
9 Facilities;

10 (C) 1 percent of such amounts during any
11 fiscal year for carrying out section 301 and
12 part D of title IV of the Public Health Service
13 Act with respect to health information commu-
14 nications; and

15 (D) the remainder of such amounts during
16 any fiscal year to member institutes and cen-
17 ters, including the Office of AIDS Research, of
18 the National Institutes of Health in the same
19 proportion to the total amount received under
20 this section, as the amount of annual appro-
21 priations under appropriations Acts for each
22 member institute and Centers for the fiscal year
23 bears to the total amount of appropriations
24 under appropriations Acts for all member insti-

1 tutes and Centers of the National Institutes of
2 Health for the fiscal year.

3 (2) PLANS OF ALLOCATION.—The amounts
4 transferred under paragraph (1)(D) shall be allo-
5 cated by the Director of the National Institutes of
6 Health or the various directors of the institutes and
7 centers, as the case may be, pursuant to allocation
8 plans developed by the various advisory councils to
9 such directors, after consultation with such direc-
10 tors.

11 (3) GRANTS AND CONTRACTS FULLY FUNDED
12 IN FIRST YEAR.—With respect to any grant or con-
13 tract funded by amounts distributed under para-
14 graph (1), the full amount of the total obligation of
15 such grant or contract shall be funded in the first
16 year of such grant or contract, and shall remain
17 available until expended.

18 (4) TRIGGER AND RELEASE OF MONIES AND
19 PHASE-IN.—

20 (A) TRIGGER AND RELEASE.—No expendi-
21 ture shall be made under paragraph (1) during
22 any fiscal year in which the annual amount ap-
23 propriated for the National Institutes of Health
24 is less than the amount so appropriated for the
25 prior fiscal year.

1 (B) PHASE-IN.—The Secretary of Health
 2 and Human Services shall phase-in the distribu-
 3 tions required under paragraph (1) so that—

4 (i) 25 percent of the amount in the
 5 Fund is distributed in fiscal year 1997;

6 (ii) 50 percent of the amount in the
 7 Fund is distributed in fiscal year 1998;

8 (iii) 75 percent of the amount in the
 9 Fund is distributed in fiscal year 1999;
 10 and

11 (iv) 100 percent of the amount in the
 12 Fund is distributed in fiscal year 2000 and
 13 each succeeding fiscal year.

14 (5) ADMINISTRATIVE EXPENSES.—Amounts in
 15 the Fund shall be available to pay the administrative
 16 expenses of the Department of the Treasury directly
 17 allocable to—

18 (A) modifying the individual income tax re-
 19 turn forms to carry out section 6097 of the In-
 20 ternal Revenue Code of 1986; and

21 (B) processing amounts received under
 22 such section 6097 and transferring such
 23 amounts to such Fund.

24 (d) BUDGET TREATMENT OF AMOUNTS IN FUND.—
 25 The amounts in the Fund shall be excluded from, and

1 shall not be taken into account, for purposes of any budget
2 enforcement procedure under the Congressional Budget
3 Act of 1974 or the Balanced Budget and Emergency Defi-
4 cit Control Act of 1985.

5 **TITLE II—FINANCING**
6 **PROVISIONS**

7 **SEC. 201. AMENDMENT OF 1986 CODE.**

8 Except as otherwise expressly provided, whenever in
9 this title an amendment or repeal is expressed in terms
10 of an amendment to, or repeal of, a section or other provi-
11 sion, the reference shall be considered to be made to a
12 section or other provision of the Internal Revenue Code
13 of 1986.

14 **SEC. 202. INCREASE IN EXCISE TAXES ON TOBACCO PROD-**
15 **UCTS.**

16 (a) CIGARETTES.—Subsection (b) of section 5701 is
17 amended—

18 (1) by striking “\$12 per thousand (\$10 per
19 thousand on cigarettes removed during 1991 or
20 1992)” in paragraph (1) and inserting “\$24.5 per
21 thousand”, and

22 (2) by striking “\$25.20 per thousand (\$21 per
23 thousand on cigarettes removed during 1991 or
24 1992)” in paragraph (2) and inserting “\$51.45 per
25 thousand”.

1 (b) CIGARS.—Subsection (a) of section 5701 is
2 amended—

3 (1) by striking “\$1.125 cents per thousand
4 (93.75 cents per thousand on cigars removed during
5 1991 or 1992)” in paragraph (1) and inserting
6 “\$13.64 per thousand”, and

7 (2) by striking “equal to” and all that follows
8 in paragraph (2) and inserting “equal to 26.03 per-
9 cent of the price for which sold but not more than
10 \$61.25 per thousand.”

11 (c) CIGARETTE PAPERS.—Subsection (c) of section
12 5701 is amended by striking “0.75 cent (0.625 cent on
13 cigarette papers removed during 1991 or 1992)” and in-
14 serting “1.53 cents”.

15 (d) CIGARETTE TUBES.—Subsection (d) of section
16 5701 is amended by striking “1.5 cents (1.25 cents on
17 cigarette tubes removed during 1991 or 1992)” and in-
18 serting “3.06 cents”.

19 (e) SMOKELESS TOBACCO.—Subsection (e) of section
20 5701 is amended—

21 (1) by striking “36 cents (30 cents on snuff re-
22 moved during 1991 or 1992)” in paragraph (1) and
23 inserting “\$3.69”, and

1 (2) by striking “12 cents (10 cents on chewing
2 tobacco removed during 1991 or 1992)” in para-
3 graph (2) and inserting “\$1.45”.

4 (f) PIPE TOBACCO.—Subsection (f) of section 5701
5 is amended by striking “67.5 cents (56.25 cents on pipe
6 tobacco removed during 1991 or 1992)” and inserting
7 “\$4.85”.

8 (g) APPLICATION OF TAX INCREASE TO PUERTO
9 RICO.—Section 5701 is amended by adding at the end the
10 following new subsection:

11 “(h) APPLICATION TO TAXES TO PUERTO RICO.—
12 Notwithstanding subsections (b) and (c) of section 7653
13 and any other provision of law—

14 “(1) IN GENERAL.—On tobacco products and
15 cigarette papers and tubes, manufactured or im-
16 ported into the Commonwealth of Puerto Rico, there
17 is hereby imposed a tax at the rate equal to the ex-
18 cess of—

19 “(A) the rate of tax applicable under this
20 section to like articles manufactured in the
21 United States, over

22 “(B) the rate referred to in subparagraph
23 (A) as in effect on the day before the date of
24 the enactment of the National Fund for Health
25 Research Act.

1 “(2) SHIPMENTS TO PUERTO RICO FROM THE
2 UNITED STATES.—Only the rates of tax in effect on
3 the day before the date of the enactment of this sub-
4 section shall be taken into account in determining
5 the amount of any exemption from, or credit or
6 drawback of, any tax imposed by this section on any
7 article shipped to the Commonwealth of Puerto Rico
8 from the United States.

9 “(3) SHIPMENTS FROM PUERTO RICO TO THE
10 UNITED STATES.—The rates of tax taken into ac-
11 count under section 7652(a) with respect to tobacco
12 products and cigarette papers and tubes coming into
13 the United States from the Commonwealth of Puer-
14 to Rico shall be the rates of tax in effect on the day
15 before the date of the enactment of the National
16 Fund for Health Research Act.

17 “(4) DISPOSITION OF REVENUES.—The provi-
18 sions of section 7652(a)(3) shall not apply to any
19 tax imposed by reason of this subsection.”

20 (h) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to articles removed (as defined in
22 section 5702(k) of the Internal Revenue Code of 1986,
23 as amended by this Act) after December 31, 1995.

24 (i) FLOOR STOCKS TAXES.—

1 (1) IMPOSITION OF TAX.—On tobacco products
2 and cigarette papers and tubes manufactured in or
3 imported into the United States or the Common-
4 wealth of Puerto Rico which are removed before
5 January 1, 1996, and held on such date for sale by
6 any person, there is hereby imposed a tax in an
7 amount equal to the excess of—

8 (A) the tax which would be imposed under
9 section 5701 of the Internal Revenue Code of
10 1986 on the article if the article had been re-
11 moved on such date, over

12 (B) the prior tax (if any) imposed under
13 section 5701 or 7652 of such Code on such ar-
14 ticle.

15 (2) AUTHORITY TO EXEMPT CIGARETTES HELD
16 IN VENDING MACHINES.—To the extent provided in
17 regulations prescribed by the Secretary, no tax shall
18 be imposed by paragraph (1) on cigarettes held for
19 retail sale on January 1, 1996, by any person in any
20 vending machine. If the Secretary provides such a
21 benefit with respect to any person, the Secretary
22 may reduce the \$500 amount in paragraph (3) with
23 respect to such person.

24 (3) CREDIT AGAINST TAX.—Each person shall
25 be allowed as a credit against the taxes imposed by

1 paragraph (1) an amount equal to \$500. Such credit
2 shall not exceed the amount of taxes imposed by
3 paragraph (1) on January 1, 1996, for which such
4 person is liable.

5 (4) LIABILITY FOR TAX AND METHOD OF PAY-
6 MENT.—

7 (A) LIABILITY FOR TAX.—A person hold-
8 ing cigarettes on January 1, 1996, to which any
9 tax imposed by paragraph (1) applies shall be
10 liable for such tax.

11 (B) METHOD OF PAYMENT.—The tax im-
12 posed by paragraph (1) shall be paid in such
13 manner as the Secretary shall prescribe by reg-
14 ulations.

15 (C) TIME FOR PAYMENT.—The tax im-
16 posed by paragraph (1) shall be paid on or be-
17 fore April 1, 1996.

18 (5) ARTICLES IN FOREIGN TRADE ZONES.—
19 Notwithstanding the Act of June 18, 1934 (48 Stat.
20 998, 19 U.S.C. 81a) and any other provision of law,
21 any article which is located in a foreign trade zone
22 on January 1, 1996, shall be subject to the tax im-
23 posed by paragraph (1) if—

24 (A) internal revenue taxes have been deter-
25 mined, or customs duties liquidated, with re-

1 spect to such article before such date pursuant
2 to a request made under the 1st proviso of sec-
3 tion 3(a) of such Act, or

4 (B) such article is held on such date under
5 the supervision of a customs officer pursuant to
6 the 2d proviso of such section 3(a).

7 (6) DEFINITIONS.—For purposes of this sub-
8 section—

9 (A) IN GENERAL.—Terms used in this sub-
10 section which are also used in section 5702 of
11 the Internal Revenue Code of 1986 shall have
12 the respective meanings such terms have in
13 such section, as amended by this Act.

14 (B) SECRETARY.—The term “Secretary”
15 means the Secretary of the Treasury or his del-
16 egate.

17 (7) CONTROLLED GROUPS.—Rules similar to
18 the rules of section 5061(e)(3) of such Code shall
19 apply for purposes of this subsection.

20 (8) OTHER LAWS APPLICABLE.—All provisions
21 of law, including penalties, applicable with respect to
22 the taxes imposed by section 5701 of such Code
23 shall, insofar as applicable and not inconsistent with
24 the provisions of this subsection, apply to the floor
25 stocks taxes imposed by paragraph (1), to the same

1 extent as if such taxes were imposed by such section
2 5701. The Secretary may treat any person who bore
3 the ultimate burden of the tax imposed by para-
4 graph (1) as the person to whom a credit or refund
5 under such provisions may be allowed or made.

6 **SEC. 203. MODIFICATIONS OF CERTAIN TOBACCO TAX PRO-**
7 **VISIONS.**

8 (a) EXEMPTION FOR EXPORTED TOBACCO PROD-
9 UCTS AND CIGARETTE PAPERS AND TUBES TO APPLY
10 ONLY TO ARTICLES MARKED FOR EXPORT.—

11 (1) Subsection (b) of section 5704 is amended
12 by adding at the end the following new sentence:
13 “Tobacco products and cigarette papers and tubes
14 may not be transferred or removed under this sub-
15 section unless such products or papers and tubes
16 bear such marks, labels, or notices as the Secretary
17 shall by regulations prescribe.”

18 (2) Section 5761 is amended by redesignating
19 subsections (c) and (d) as subsections (d) and (e),
20 respectively, and by inserting after subsection (b)
21 the following new subsection:

22 “(c) SALE OF TOBACCO PRODUCTS AND CIGARETTE
23 PAPERS AND TUBES FOR EXPORT.—Except as provided
24 in subsections (b) and (d) of section 5704—

1 “(1) every person who sells, relands, or receives
2 within the jurisdiction of the United States any to-
3 bacco products or cigarette papers or tubes which
4 have been labeled or shipped for exportation under
5 this chapter,

6 “(2) every person who sells or receives such
7 relanded tobacco products or cigarette papers or
8 tubes, and

9 “(3) every person who aids or abets in such
10 selling, relanding, or receiving,

11 shall, in addition to the tax and any other penalty provided
12 in this title, be liable for a penalty equal to the greater
13 of \$1,000 or 5 times the amount of the tax imposed by
14 this chapter. All tobacco products and cigarette papers
15 and tubes relanded within the jurisdiction of the United
16 States, and all vessels, vehicles, and aircraft used in such
17 relanding or in removing such products, papers, and tubes
18 from the place where relanded, shall be forfeited to the
19 United States.”

20 (3) Subsection (a) of section 5761 is amended
21 by striking “subsection (b)” and inserting “sub-
22 section (b) or (c)”.

23 (4) Subsection (d) of section 5761, as redesign-
24 nated by paragraph (2), is amended by striking
25 “The penalty imposed by subsection (b)” and insert-

1 ing “The penalties imposed by subsections (b) and
2 (c)”.

3 (5)(A) Subpart F of chapter 52 is amended by
4 adding at the end the following new section:

5 **“SEC. 5754. RESTRICTION ON IMPORTATION OF PRE-**
6 **VIOUSLY EXPORTED TOBACCO PRODUCTS.**

7 “(a) IN GENERAL.—Tobacco products and cigarette
8 papers and tubes previously exported from the United
9 States may be imported or brought into the United States
10 only as provided in section 5704(d). For purposes of this
11 section, section 5704(d), section 5761, and such other pro-
12 visions as the Secretary may specify by regulations, ref-
13 erences to exportation shall be treated as including a ref-
14 erence to shipment to the Commonwealth of Puerto Rico.

15 “(b) CROSS REFERENCE.—

**“For penalty for the sale of tobacco products and
cigarette papers and tubes in the United States
which are labeled for export, see section 5761(c).”**

16 (B) The table of sections for subpart F of chap-
17 ter 52 is amended by adding at the end the following
18 new item:

“Sec. 5754. Restriction on importation of previously exported to-
bacco products.”

19 (b) IMPORTERS REQUIRED TO BE QUALIFIED.—

20 (1) Sections 5712, 5713(a), 5721, 5722,
21 5762(a)(1), and 5763 (b) and (c) are each amended
22 by inserting “or importer” after “manufacturer”.

1 (2) The heading of subsection (b) of section
2 5763 is amended by inserting “QUALIFIED IMPORT-
3 ERS,” after “MANUFACTURERS,”.

4 (3) The heading for subchapter B of chapter 52
5 is amended by inserting “**and Importers**” after
6 “**Manufacturers**”.

7 (4) The item relating to subchapter B in the
8 table of subchapters for chapter 52 is amended by
9 inserting “and importers” after “manufacturers”.

10 (c) REPEAL OF TAX-EXEMPT SALES TO EMPLOYEES
11 OF CIGARETTE MANUFACTURERS.—

12 (1) Subsection (a) of section 5704 is amend-
13 ed—

14 (A) by striking “EMPLOYEE USE OR” in
15 the heading, and

16 (B) by striking “for use or consumption by
17 employees or” in the text.

18 (2) Subsection (e) of section 5723 is amended
19 by striking “for use or consumption by their employ-
20 ees, or for experimental purposes” and inserting
21 “for experimental purposes”.

22 (d) REPEAL OF TAX-EXEMPT SALES TO UNITED
23 STATES.—Subsection (b) of section 5704 is amended by
24 striking “and manufacturers may similarly remove such
25 articles for use of the United States;”.

1 (e) BOOKS OF 25 OR FEWER CIGARETTE PAPERS
2 SUBJECT TO TAX.—Subsection (c) of section 5701 is
3 amended by striking “On each book or set of cigarette
4 papers containing more than 25 papers,” and inserting
5 “On cigarette papers,”.

6 (f) STORAGE OF TOBACCO PRODUCTS.—Subsection
7 (k) of section 5702 is amended by inserting “under section
8 5704” after “internal revenue bond”.

9 (g) AUTHORITY TO PRESCRIBE MINIMUM MANUFAC-
10 TURING ACTIVITY REQUIREMENTS.—Section 5712 is
11 amended by striking “or” at the end of paragraph (1),
12 by redesignating paragraph (2) as paragraph (3), and by
13 inserting after paragraph (1) the following new paragraph:

14 “(2) the activity proposed to be carried out at
15 such premises does not meet such minimum capacity
16 or activity requirements as the Secretary may pre-
17 scribe, or”.

18 (h) SPECIAL RULES RELATING TO PUERTO RICO
19 AND THE VIRGIN ISLANDS.—Section 7652 is amended by
20 adding at the end the following new subsection:

21 “(h) LIMITATION ON COVER OVER OF TAX ON TO-
22 BACCO PRODUCTS.—For purposes of this section, with re-
23 spect to taxes imposed under section 5701 or this section
24 on any tobacco product or cigarette paper or tube, the
25 amount covered into the treasuries of Puerto Rico and the

1 Virgin Islands shall not exceed the rate of tax under sec-
 2 tion 5701 in effect on the article on the day before the
 3 date of the enactment of the Health Partnership Act of
 4 1995.”

5 (i) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to articles removed (as defined in
 7 section 5702(k) of the Internal Revenue Code of 1986,
 8 as amended by this Act) after December 31, 1995.

9 **SEC. 204. IMPOSITION OF EXCISE TAX ON MANUFACTURE**
 10 **OR IMPORTATION OF ROLL-YOUR-OWN TO-**
 11 **BACCO.**

12 (a) IN GENERAL.—Section 5701 (relating to rate of
 13 tax), as amended by section 701, is amended by redesignig-
 14 nating subsections (g) and (h) as subsections (h) and (i)
 15 and by inserting after subsection (f) the following new
 16 subsection:

17 “(g) ROLL-YOUR-OWN TOBACCO.—On roll-your-own
 18 tobacco, manufactured in or imported into the United
 19 States, there shall be imposed a tax of \$4.85 per pound
 20 (and a proportionate tax at the like rate on all fractional
 21 parts of a pound).”

22 (b) ROLL-YOUR-OWN TOBACCO.—Section 5702 (re-
 23 lating to definitions) is amended by adding at the end the
 24 following new subsection:

1 “(p) ROLL-YOUR-OWN TOBACCO.—The term ‘roll-
 2 your-own tobacco’ means any tobacco which, because of
 3 its appearance, type, packaging, or labeling, is suitable for
 4 use and likely to be offered to, or purchased by, consumers
 5 as tobacco for making cigarettes.”

6 (c) TECHNICAL AMENDMENTS.—

7 (1) Subsection (c) of section 5702 is amended
 8 by striking “and pipe tobacco” and inserting “pipe
 9 tobacco, and roll-your-own tobacco”.

10 (2) Subsection (d) of section 5702 is amend-
 11 ed—

12 (A) in the material preceding paragraph
 13 (1), by striking “or pipe tobacco” and inserting
 14 “pipe tobacco, or roll-your-own tobacco”, and

15 (B) by striking paragraph (1) and insert-
 16 ing the following new paragraph:

17 “(1) a person who produces cigars, cigarettes,
 18 smokeless tobacco, pipe tobacco, or roll-your-own to-
 19 bacco solely for the person’s own personal consump-
 20 tion or use, and”.

21 (3) The chapter heading for chapter 52 is
 22 amended to read as follows:

1 **“CHAPTER 52—TOBACCO PRODUCTS AND**
 2 **CIGARETTE PAPERS AND TUBES”.**

3 (4) The table of chapters for subtitle E is
 4 amended by striking the item relating to chapter 52
 5 and inserting the following new item:

“CHAPTER 52. Tobacco products and cigarette papers and tubes.”

6 (d) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendments made by
 8 this section shall apply to roll-your-own tobacco re-
 9 moved (as defined in section 5702(k) of the Internal
 10 Revenue Code of 1986, as amended by this Act)
 11 after December 31, 1995.

12 (2) TRANSITIONAL RULE.—Any person who—

13 (A) on the date of the enactment of this
 14 Act is engaged in business as a manufacturer of
 15 roll-your-own tobacco or as an importer of to-
 16 bacco products or cigarette papers and tubes,
 17 and

18 (B) before January 1, 1996, submits an
 19 application under subchapter B of chapter 52
 20 of such Code to engage in such business,
 21 may, notwithstanding such subchapter B, continue
 22 to engage in such business pending final action on
 23 such application. Pending such final action, all pro-
 24 visions of such chapter 52 shall apply to such appli-
 25 cant in the same manner and to the same extent as

1 if such applicant were a holder of a permit under
 2 such chapter 52 to engage in such business.

3 **SEC. 205. DESIGNATION OF OVERPAYMENTS AND CON-**
 4 **TRIBUTIONS FOR THE NATIONAL FUND FOR**
 5 **HEALTH RESEARCH.**

6 (a) IN GENERAL.—Subchapter A of chapter 61 (re-
 7 lating to returns and records) is amended by adding at
 8 the end the following new part:

9 **“PART IX—DESIGNATION OF OVERPAYMENTS**
 10 **AND CONTRIBUTIONS FOR THE NATIONAL**
 11 **FUND FOR HEALTH RESEARCH**

“Sec. 6097. Amounts for the National Fund for Health Research.

12 **“SEC. 6097. AMOUNTS FOR THE NATIONAL FUND FOR**
 13 **HEALTH RESEARCH.**

14 “(a) IN GENERAL.—Every individual (other than a
 15 nonresident alien) may designate that—

16 “(1) a portion (not less than \$1) of any over-
 17 payment of the tax imposed by chapter 1 for the
 18 taxable year, and

19 “(2) a cash contribution (not less than \$1),
 20 be paid over to the National Fund for Health Research.
 21 In the case of a joint return of a husband and wife, each
 22 spouse may designate one-half of any such overpayment
 23 of tax (not less than \$2).

1 “(b) MANNER AND TIME OF DESIGNATION.—Any
2 designation under subsection (a) may be made with re-
3 spect to any taxable year only at the time of filing the
4 original return of the tax imposed by chapter 1 for such
5 taxable year. Such designation shall be made either on the
6 1st page of the return or on the page bearing the tax-
7 payer’s signature.

8 “(c) OVERPAYMENTS TREATED AS REFUNDED.—For
9 purposes of this section, any overpayment of tax des-
10 ignated under subsection (a) shall be treated as being re-
11 funded to the taxpayer as of the last day prescribed for
12 filing the return of tax imposed by chapter 1 (determined
13 with regard to extensions) or, if later, the date the return
14 is filed.

15 “(d) DESIGNATED AMOUNTS NOT DEDUCTIBLE.—
16 No amount designated pursuant to subsection (a) shall be
17 allowed as a deduction under section 170 or any other sec-
18 tion for any taxable year.

19 “(e) TERMINATION.—This section shall not apply to
20 taxable years beginning in a calendar year after a deter-
21 mination by the Secretary that the sum of all designations
22 under subsection (a) for taxable years beginning in the
23 second and third calendar years preceding the calendar
24 year is less than \$5,000,000.”

1 (b) CLERICAL AMENDMENT.—The table of parts for
2 subchapter A of chapter 61 is amended by adding at the
3 end the following new item:

“Part IX. Designation of overpayments and contributions for the
National Fund for Health Research.”

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 1995.

○

S 1251 IS—2