

**Union Calendar No. 199**

106TH CONGRESS  
1ST SESSION

**H. R. 2923**

**[Report No. 106-344]**

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**A BILL**

To amend the Internal Revenue Code of 1986 to extend expiring provisions, to fully allow the non-refundable personal credits against regular tax liability, and for other purposes.

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SEPTEMBER 28, 1999

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1999

Mr. ARCHER introduced the following bill; which was referred to the Committee on Ways and Means

SEPTEMBER 28, 1999

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on September 23, 1999]

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## A BILL

To amend the Internal Revenue Code of 1986 to extend expiring provisions, to fully allow the nonrefundable personal credits against regular tax liability, 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,*

1                   **TITLE I—EXTENSION OF**  
2                   **EXPIRING PROVISIONS**

3   **SEC. 101. NONREFUNDABLE PERSONAL CREDITS FULLY AL-**  
4                   **LOWED AGAINST REGULAR TAX LIABILITY.**

5           (a) *IN GENERAL.*—Subsection (a) of section 26 of the  
6 *Internal Revenue Code of 1986 (relating to limitation based*  
7 *on amount of tax) is amended to read as follows:*

8           “(a) *LIMITATION BASED ON AMOUNT OF TAX.*—The  
9 *aggregate amount of credits allowed by this subpart for the*  
10 *taxable year shall not exceed the taxpayer’s regular tax li-*  
11 *ability for the taxable year.”.*

12          (b) *CHILD CREDIT.*—Subsection (d) of section 24 of  
13 *such Code is amended by striking paragraph (2) and by*  
14 *redesignating paragraph (3) as paragraph (2).*

15          (c) *EFFECTIVE DATE.*—The amendments made by this  
16 *section shall apply to taxable years beginning after Decem-*  
17 *ber 31, 1998.*

18   **SEC. 102. RESEARCH CREDIT.**

19          (a) *EXTENSION.*—

20               (1) *IN GENERAL.*—Paragraph (1) of section  
21 *41(h) of the Internal Revenue Code of 1986 (relating*  
22 *to termination) is amended—*

23                       (A) *by striking “June 30, 1999” and insert-*  
24                       *ing “June 30, 2004”, and*

1           (B) by striking the material following sub-  
2           paragraph (B).

3           (2) *TECHNICAL AMENDMENT.*—Subparagraph  
4           (D) of section 45C(b)(1) of such Code is amended by  
5           striking “June 30, 1999” and inserting “June 30,  
6           2004”.

7           (3) *EFFECTIVE DATE.*—The amendments made  
8           by this subsection shall apply to amounts paid or in-  
9           curred after June 30, 1999.

10          (b) *INCREASE IN PERCENTAGES UNDER ALTERNATIVE*  
11 *INCREMENTAL CREDIT.*—

12           (1) *IN GENERAL.*—Subparagraph (A) of section  
13           41(c)(4) of such Code is amended—

14                   (A) by striking “1.65 percent” and insert-  
15                   ing “2.65 percent”,

16                   (B) by striking “2.2 percent” and inserting  
17                   “3.2 percent”, and

18                   (C) by striking “2.75 percent” and insert-  
19                   ing “3.75 percent”.

20           (2) *EFFECTIVE DATE.*—The amendments made  
21           by this subsection shall apply to taxable years begin-  
22           ning after June 30, 1999.

23          (c) *SPECIAL RULE.*—

24           (1) *IN GENERAL.*—For purposes of the Internal  
25           Revenue Code of 1986, the credit determined under

1 *section 41 of such Code which is otherwise allowable*  
2 *under such Code and which is attributable to the sus-*  
3 *sension period shall not be taken into account prior*  
4 *to October 1, 2000. On or after such date, such credit*  
5 *may be taken into account through the filing of an*  
6 *amended return, an application for expedited refund,*  
7 *an adjustment of estimated taxes, or other means al-*  
8 *lowed by such Code.*

9 (2) *SUSPENSION PERIOD.*—*For purposes of this*  
10 *subsection, the suspension period is the period begin-*  
11 *ning on July 1, 1999, and ending on September 30,*  
12 *2000.*

13 (3) *EXPEDITED REFUNDS.*—

14 (A) *IN GENERAL.*—*If there is an overpay-*  
15 *ment of tax with respect to a taxable year by*  
16 *reason of paragraph (1), the taxpayer may file*  
17 *an application for a tentative refund of such*  
18 *overpayment. Such application shall be in such*  
19 *manner and form, and contain such informa-*  
20 *tion, as the Secretary may prescribe.*

21 (B) *DEADLINE FOR APPLICATIONS.*—*Sub-*  
22 *paragraph (A) shall apply only to applications*  
23 *filed before October 1, 2001.*

24 (C) *ALLOWANCE OF ADJUSTMENTS.*—*Not*  
25 *later than 90 days after the date on which an*

1 application is filed under this paragraph, the  
2 Secretary shall—

3 (i) review the application,

4 (ii) determine the amount of the over-  
5 payment, and

6 (iii) apply, credit, or refund such over-  
7 payment,

8 in a manner similar to the manner provided in  
9 section 6411(b) of such Code.

10 (D) CONSOLIDATED RETURNS.—The provi-  
11 sions of section 6411(c) of such Code shall apply  
12 to an adjustment under this paragraph in such  
13 manner as the Secretary may provide.

14 (4) CREDIT ATTRIBUTABLE TO SUSPENSION PE-  
15 RIOD.—

16 (A) IN GENERAL.—For purposes of this sub-  
17 section, in the case of a taxable year which in-  
18 cludes a portion of the suspension period, the  
19 amount of credit determined under section 41 of  
20 such Code for such taxable year which is attrib-  
21 utable to such period is the amount which bears  
22 the same ratio to the amount of credit deter-  
23 mined under such section 41 for such taxable  
24 year as the number of months in the suspension

1           *period which are during such taxable year bears*  
2           *to the number of months in such taxable year.*

3           (B) *WAIVER OF ESTIMATED TAX PEN-*  
4           *ALTIES.—No addition to tax shall be made*  
5           *under section 6654 or 6655 of such Code for any*  
6           *period before July 1, 1999, with respect to any*  
7           *underpayment of tax imposed by such Code to*  
8           *the extent such underpayment was created or in-*  
9           *creased by reason of subparagraph (A).*

10          (5) *SECRETARY.—For purposes of this sub-*  
11          *section, the term “Secretary” means the Secretary of*  
12          *the Treasury (or such Secretary’s delegate).*

13   **SEC. 103. SUBPART F EXEMPTION FOR ACTIVE FINANCING**  
14                           **INCOME.**

15          (a) *IN GENERAL.—Sections 953(e)(10) and 954(h)(9)*  
16          *of the Internal Revenue Code of 1986 (relating to applica-*  
17          *tion) are each amended—*

18               (1) *by striking “the first taxable year” and in-*  
19               *serting “taxable years”,*

20               (2) *by striking “January 1, 2000” and inserting*  
21               *“January 1, 2005”, and*

22               (3) *by striking “within which such” and insert-*  
23               *ing “within which any such”.*

1           (b) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to taxable years beginning after Decem-*  
3 *ber 31, 1999.*

4 **SEC. 104. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLE-**  
5 **TION FOR MARGINAL PRODUCTION.**

6           (a) *IN GENERAL.*—*Subparagraph (H) of section*  
7 *613A(c)(6) of the Internal Revenue Code of 1986 (relating*  
8 *to temporary suspension of taxable limit with respect to*  
9 *marginal production) is amended by striking “January 1,*  
10 *2000” and inserting “January 1, 2005”.*

11           (b) *EFFECTIVE DATE.*—*The amendment made by this*  
12 *section shall apply to taxable years beginning after Decem-*  
13 *ber 31, 1999.*

14 **SEC. 105. WORK OPPORTUNITY CREDIT AND WELFARE-TO-**  
15 **WORK CREDIT.**

16           (a) *TEMPORARY EXTENSION.*—*Sections 51(c)(4)(B)*  
17 *and 51A(f) of the Internal Revenue Code of 1986 (relating*  
18 *to termination) are each amended by striking “June 30,*  
19 *1999” and inserting “December 31, 2001”.*

20           (b) *CLARIFICATION OF FIRST YEAR OF EMPLOY-*  
21 *MENT.*—*Paragraph (2) of section 51(i) of such Code is*  
22 *amended by striking “during which he was not a member*  
23 *of a targeted group”.*



1           (c) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to individuals who begin work for the*  
3 *employer after June 30, 1999.*

4                           ***TITLE II—OTHER TIME-***  
5                           ***SENSITIVE PROVISIONS***

6 ***SEC. 201. ADVANCE PRICING AGREEMENTS TREATED AS***  
7                           ***CONFIDENTIAL TAXPAYER INFORMATION.***

8           (a) *IN GENERAL.*—

9                   (1) *TREATMENT AS RETURN INFORMATION.*—  
10           *Paragraph (2) of section 6103(b) of the Internal Rev-*  
11           *enue Code of 1986 (defining return information) is*  
12           *amended by striking “and” at the end of subpara-*  
13           *graph (A), by inserting “and” at the end of subpara-*  
14           *graph (B), and by inserting after subparagraph (B)*  
15           *the following new subparagraph:*

16                           *“(C) any advance pricing agreement en-*  
17                           *tered into by a taxpayer and the Secretary and*  
18                           *any background information related to such*  
19                           *agreement or any application for an advance*  
20                           *pricing agreement.”.*

21                   (2) *EXCEPTION FROM PUBLIC INSPECTION AS*  
22           *WRITTEN DETERMINATION.*—*Paragraph (1) of section*  
23           *6110(b) of such Code (defining written determination)*  
24           *is amended by adding at the end the following new*  
25           *sentence: “Such term shall not include any advance*

1        *pricing agreement entered into by a taxpayer and the*  
2        *Secretary and any background information related to*  
3        *such agreement or any application for an advance*  
4        *pricing agreement.”.*

5            (3) *EFFECTIVE DATE.*—*The amendments made*  
6        *by this subsection shall take effect on the date of the*  
7        *enactment of this Act.*

8        (b) *ANNUAL REPORT REGARDING ADVANCE PRICING*  
9        *AGREEMENTS.*—

10            (1) *IN GENERAL.*—*Not later than 90 days after*  
11        *the end of each calendar year, the Secretary of the*  
12        *Treasury shall prepare and publish a report regard-*  
13        *ing advance pricing agreements.*

14            (2) *CONTENTS OF REPORT.*—*The report shall in-*  
15        *clude the following for the calendar year to which*  
16        *such report relates:*

17                    (A) *Information about the structure, com-*  
18                    *position, and operation of the advance pricing*  
19                    *agreement program office.*

20                    (B) *A copy of each model advance pricing*  
21                    *agreement.*

22                    (C) *The number of—*

23                            (i) *applications filed during such cal-*  
24                            *endar year for advanced pricing agree-*  
25                            *ments;*

1           (ii) advance pricing agreements exe-  
2           cuted cumulatively to date and during such  
3           calendar year;

4           (iii) renewals of advanced pricing  
5           agreements issued;

6           (iv) pending requests for advance pric-  
7           ing agreements;

8           (v) pending renewals of advance pric-  
9           ing agreements;

10          (vi) for each of the items in clauses (ii)  
11          through (v), the number that are unilateral,  
12          bilateral, and multilateral, respectively;

13          (vii) advance pricing agreements re-  
14          voked or canceled, and the number of with-  
15          drawals from the advance pricing agree-  
16          ment program; and

17          (viii) advanced pricing agreements fi-  
18          nalized or renewed by industry.

19          (D) General descriptions of—

20               (i) the nature of the relationships be-  
21               tween the related organizations, trades, or  
22               businesses covered by advance pricing agree-  
23               ments;

24               (ii) the covered transactions and the  
25               business functions performed and risks as-

1           *sumed by such organizations, trades, or*  
2           *businesses;*

3                     *(iii) the related organizations, trades,*  
4                     *or businesses whose prices or results are*  
5                     *tested to determine compliance with transfer*  
6                     *pricing methodologies prescribed in ad-*  
7                     *vanced pricing agreements;*

8                     *(iv) methodologies used to evaluate test-*  
9                     *ed parties and transactions and the cir-*  
10                    *cumstances leading to the use of those meth-*  
11                    *odologies;*

12                    *(v) critical assumptions made and*  
13                    *sources of comparables used;*

14                    *(vi) comparable selection criteria and*  
15                    *the rationale used in determining such cri-*  
16                    *teria;*

17                    *(vii) the nature of adjustments to*  
18                    *comparables or tested parties;*

19                    *(viii) the nature of any ranges agreed*  
20                    *to, including information regarding when*  
21                    *no range was used and why, when inter-*  
22                    *quartile ranges were used, and when there*  
23                    *was a statistical narrowing of the*  
24                    *comparables;*

1                   *(ix) adjustment mechanisms provided*  
2                   *to rectify results that fall outside of the*  
3                   *agreed upon advance pricing agreement*  
4                   *range;*

5                   *(x) the various term lengths for ad-*  
6                   *vance pricing agreements, including roll-*  
7                   *back years, and the number of advance*  
8                   *pricing agreements with each such term*  
9                   *length;*

10                   *(xi) the nature of documentation re-*  
11                   *quired; and*

12                   *(xii) approaches for sharing of cur-*  
13                   *rency or other risks.*

14                   *(E) Statistics regarding the amount of time*  
15                   *taken to complete new and renewal advance pric-*  
16                   *ing agreements.*

17                   *(F) A detailed description of the Secretary*  
18                   *of the Treasury's efforts to ensure compliance*  
19                   *with existing advance pricing agreements.*

20                   *(3) CONFIDENTIALITY.—The reports required by*  
21                   *this subsection shall be treated as authorized by the*  
22                   *Internal Revenue Code of 1986 for purposes of section*  
23                   *6103 of such Code, but the reports shall not include*  
24                   *information—*

1           (A) which would not be permitted to be dis-  
2 closed under section 6110(c) of such Code if such  
3 report were a written determination as defined  
4 in section 6110 of such Code, or

5           (B) which can be associated with, or other-  
6 wise identify, directly or indirectly, a particular  
7 taxpayer.

8           (4) *FIRST REPORT*.—The report for calendar  
9 year 1999 shall include prior calendar years after  
10 1990.

11           (c) *REGULATIONS*.—The Secretary of the Treasury or  
12 the Secretary's delegate shall prescribe such regulations as  
13 may be necessary or appropriate to carry out the purposes  
14 of section 6103(b)(2)(C), and the last sentence of section  
15 6110(b)(1), of the Internal Revenue Code of 1986, as added  
16 by this section.

17 **SEC. 202. INCLUSION OF CERTAIN VACCINES AGAINST**  
18 **STREPTOCOCCUS PNEUMONIAE TO LIST OF**  
19 **TAXABLE VACCINES.**

20           (a) *INCLUSION OF VACCINES*.—

21           (1) *IN GENERAL*.—Section 4132(a)(1) of the In-  
22 ternal Revenue Code of 1986 (defining taxable vac-  
23 cine) is amended by adding at the end the following  
24 new subparagraph:

1           “(L) *Any conjugate vaccine against strepto-*  
2           *coccus pneumoniae.*”.

3           (2) *EFFECTIVE DATE.*—

4           (A) *SALES.*—*The amendment made by this*  
5           *subsection shall apply to vaccine sales beginning*  
6           *on the day after the date on which the Centers*  
7           *for Disease Control makes a final recommenda-*  
8           *tion for routine administration to children of*  
9           *any conjugate vaccine against streptococcus*  
10           *pneumoniae, but shall not take effect if sub-*  
11           *section (b) does not take effect.*

12           (B) *DELIVERIES.*—*For purposes of sub-*  
13           *paragraph (A), in the case of sales on or before*  
14           *the date described in such subparagraph for*  
15           *which delivery is made after such date, the deliv-*  
16           *ery date shall be considered the sale date.*

17           (b) *VACCINE TAX AND TRUST FUND AMENDMENTS.*—

18           (1) *Sections 1503 and 1504 of the Vaccine In-*  
19           *jury Compensation Program Modification Act (and*  
20           *the amendments made by such sections) are hereby re-*  
21           *pealed.*

22           (2) *Subparagraph (A) of section 9510(c)(1) is*  
23           *amended by striking “August 5, 1997” and inserting*  
24           *“October 21, 1998”.*

1           (3) *The amendments made by this subsection*  
2           *shall take effect as if included in the provisions of the*  
3           *Tax and Trade Relief Extension Act of 1998 to which*  
4           *they relate.*

5           (c) *REPORT.*—*Not later than December 31, 1999, the*  
6           *Comptroller General of the United States shall prepare and*  
7           *submit a report to the Committee on Ways and Means of*  
8           *the House of Representatives and the Committee on Finance*  
9           *of the Senate on the operation of the Vaccine Injury Com-*  
10           *ensation Trust Fund and on the adequacy of such Fund*  
11           *to meet future claims made under the Vaccine Injury Com-*  
12           *ensation Program.*

13   **SEC. 203. AUTHORITY TO POSTPONE CERTAIN TAX-RE-**  
14                            **LATED DEADLINES BY REASON OF Y2K FAIL-**  
15                            **URES.**

16           (a) *IN GENERAL.*—*In the case of a taxpayer deter-*  
17           *mined by the Secretary of the Treasury (or the Secretary's*  
18           *delegate) to be affected by a Y2K failure, the Secretary may*  
19           *disregard a period of up to 90 days in determining, under*  
20           *the internal revenue laws, in respect of any tax liability*  
21           *(including any interest, penalty, additional amount, or ad-*  
22           *dition to the tax) of such taxpayer—*

23                    (1) *whether any of the acts described in para-*  
24                    *graph (1) of section 7508(a) of the Internal Revenue*  
25                    *Code of 1986 (without regard to the exceptions in pa-*



1        *rentheses in subparagraphs (A) and (B)) were per-*  
 2        *formed within the time prescribed therefor, and*

3                *(2) the amount of any credit or refund.*

4        *(b) APPLICABILITY OF CERTAIN RULES.—For pur-*  
 5        *poses of this section, rules similar to the rules of subsections*  
 6        *(b) and (e) of section 7508 of the Internal Revenue Code*  
 7        *of 1986 shall apply.*

8                **TITLE III—REVENUE OFFSET**

9        **SEC. 301. MODIFICATION OF ESTIMATED TAX SAFE HAR-**  
 10                **BOR.**

11                *(a) IN GENERAL.—The table contained in clause*  
 12        *(i) of section 6654(d)(1)(C) of the Internal Revenue Code*  
 13        *of 1986 (relating to limitation on use of preceding year's*  
 14        *tax) is amended by striking the item relating to 1999 or*  
 15        *2000 and inserting the following new items:*

“1999 .....	108.5
2000 .....	106”.

16                *(b) EFFECTIVE DATE.—The amendment made by*  
 17        *this section shall apply with respect to any installment*  
 18        *payment for taxable years beginning after December 31,*  
 19        *1999.*