

## Calendar No. 662

106<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**H. R. 3916****[Report No. 106-328]**


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 IN THE SENATE OF THE UNITED STATES

MAY 25, 2000

Received; read twice and referred to the Committee on Finance

JULY 5, 2000

Reported under authority of the order of the Senate of June 30, 2000, by  
Mr. ROTH, with an amendment

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

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**AN ACT**

To amend the Internal Revenue Code of 1986 to repeal the excise tax on telephone and other communication services.

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. REPEAL OF FEDERAL COMMUNICATIONS EX-**  
4                                   **CISE TAX.**

5       (a) ~~IN GENERAL.—Chapter 33 of the Internal Rev-~~  
6       ~~enue Code of 1986 (relating to facilities and services) is~~  
7       ~~amended by striking subchapter B.~~

1 (b) PHASE-OUT OF TAX.—Paragraph (2) of section  
 2 4251(b) of such Code (defining applicable percentage) is  
 3 amended to read as follows:

4 “(2) APPLICABLE PERCENTAGE.—The term  
 5 ‘applicable percentage’ means—

6 “(A) 2 percent with respect to amounts  
 7 paid pursuant to bills first rendered on or after  
 8 the 30th day after the date of the enactment of  
 9 this subparagraph and before October 1, 2001,  
 10 and

11 “(B) 1 percent with respect to amounts  
 12 paid pursuant to bills first rendered after Sep-  
 13 tember 30, 2001, and before October 1, 2002.”.

14 (c) CONFORMING AMENDMENTS.—

15 (1) Section 4293 of such Code is amended by  
 16 striking “chapter 32 (other than the taxes imposed  
 17 by sections 4064 and 4121) and subchapter B of  
 18 chapter 33,” and inserting “and chapter 32 (other  
 19 than the taxes imposed by sections 4064 and  
 20 4121),”.

21 (2)(A) Paragraph (1) of section 6302(e) of such  
 22 Code is amended by striking “section 4251 or”.

23 (B) Paragraph (2) of section 6302(e) of such  
 24 Code is amended—

1 (i) by striking “imposed by—” and all that  
2 follows through “with respect to” and inserting  
3 “imposed by section 4261 or 4271 with respect  
4 to”, and

5 (ii) by striking “bills rendered or”.

6 (C) The subsection heading for section 6302(e)  
7 of such Code is amended by striking “COMMUNICA-  
8 TIONS SERVICES AND”.

9 (3) Section 6415 of such Code is amended by  
10 striking “4251, 4261, or 4271” each place it ap-  
11 pears and inserting “4261 or 4271”.

12 (4) Paragraph (2) of section 7871(a) of such  
13 Code is amended by inserting “or” at the end of  
14 subparagraph (B), by striking subparagraph (C),  
15 and by redesignating subparagraph (D) as subpara-  
16 graph (C).

17 (5) The table of subchapters for chapter 33 of  
18 such Code is amended by striking the item relating  
19 to subchapter B.

20 (d) EFFECTIVE DATES.—

21 (1) REPEAL.—The amendments made by sub-  
22 sections (a) and (c) shall apply to amounts paid pur-  
23 suant to bills first rendered after September 30,  
24 2002.

1           ~~(2) PHASE-OUT.—~~The amendment made by  
2           subsection (b) shall apply to amounts paid pursuant  
3           to bills first rendered on or after the 30th day after  
4           the date of the enactment of this Act.

5           **SECTION 1. REPEAL OF EXCISE TAX ON TELEPHONE AND**  
6                                   **OTHER COMMUNICATIONS SERVICES.**

7           *(a) IN GENERAL.—Chapter 33 of the Internal Revenue*  
8           *Code of 1986 (relating to facilities and services) is amended*  
9           *by striking subchapter B.*

10          *(b) CONFORMING AMENDMENTS.—*

11                   *(1) Section 4293 of such Code is amended by*  
12                   *striking “chapter 32 (other than the taxes imposed by*  
13                   *sections 4064 and 4121) and subchapter B of chapter*  
14                   *33,” and inserting “and chapter 32 (other than the*  
15                   *taxes imposed by sections 4064 and 4121),”.*

16                   *(2)(A) Paragraph (1) of section 6302(e) of such*  
17                   *Code is amended by striking “section 4251 or”.*

18                   *(B) Paragraph (2) of section 6302(e) of such*  
19                   *Code is amended by striking “imposed by—” and all*  
20                   *that follows through “with respect to” and inserting*  
21                   *“imposed by section 4261 or 4271 with respect to”.*

22                   *(C) The subsection heading for section 6302(e) of*  
23                   *such Code is amended by striking “COMMUNICATIONS*  
24                   *SERVICES AND”.*

1           (3) *Section 6415 of such Code is amended by*  
2 *striking “4251, 4261, or 4271” each place it appears*  
3 *and inserting “4261 or 4271”.*

4           (4) *Paragraph (2) of section 7871(a) of such*  
5 *Code is amended by inserting “or” at the end of sub-*  
6 *paragraph (B), by striking subparagraph (C), and by*  
7 *redesignating subparagraph (D) as subparagraph (C).*

8           (5) *The table of subchapters for chapter 33 of*  
9 *such Code is amended by striking the item relating to*  
10 *subchapter B.*

11       (c) *STUDY REGARDING CONTINUING ECONOMIC BEN-*  
12 *EFIT OF REPEAL.—*

13           (1) *STUDY.—The Comptroller General of the*  
14 *United States, after consultation with the Chairman*  
15 *of the Federal Communications Commission, shall*  
16 *study and identify—*

17               (A) *the extent to which the benefits of the re-*  
18 *peal of the excise tax on telephone and other*  
19 *communication services under subsection (a) are*  
20 *passed through to individual and business con-*  
21 *sumers, and*

22               (B) *any actions taken by communication*  
23 *service providers or others that diminish such*  
24 *benefits, including increases in any regulated or*  
25 *unregulated communication service provider*

1           *charges or increases in other Federal or State*  
2           *fees or taxes related to such service occurring*  
3           *since the date of such repeal.*

4           (2) *REPORT.—By not later than September 1,*  
5           *2001, the Comptroller General of the United States*  
6           *shall submit a report regarding the study described in*  
7           *paragraph (1) to the Committee on Ways and Means*  
8           *of the House of Representatives and the Committee on*  
9           *Finance of the Senate.*

10          (d) *EFFECTIVE DATE.—The amendments made by this*  
11         *section shall apply to amounts paid pursuant to bills first*  
12         *rendered after August 31, 2000.*



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106TH CONGRESS  
2D SESSION

**H. R. 3916**

**[Report No. 106-328]**

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**AN ACT**

To amend the Internal Revenue Code of 1986 to  
repeal the excise tax on telephone and other com-  
munication services.

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JULY 5, 2000

Reported with an amendment