

106TH CONGRESS
2^D SESSION

H. RES. 467

Expressing the sense of the House of Representatives that the tax and user fee increases proposed by the Clinton/Gore administration in their fiscal year 2001 budget should be adopted.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2000

Mr. TERRY submitted the following resolution; which was referred to the Committee on Ways and Means

RESOLUTION

Expressing the sense of the House of Representatives that the tax and user fee increases proposed by the Clinton/Gore administration in their fiscal year 2001 budget should be adopted.

Whereas on February 7, 2000, President Clinton and Vice President Gore submitted a budget for fiscal year 2001 that raises taxes and fees on working families by \$116 billion over 5 years, creates 84 new Federal programs, places Government spending increases on auto-pilot, and fails to offer any serious proposal to strengthen social security or medicare;

Whereas over the next decade the Clinton-Gore budget would spend \$1.3 trillion on bigger Government—consuming 70 percent of the projected \$1.9 trillion in budget sur-

pluses—thus spending more for the Federal bureaucracy, and less for the American family;

Whereas as part of the \$116 billion in tax and fee increases—

(1) the President proposes to raise taxes by \$12.8 billion on the insurance products which Americans rely on to protect their families, homes, and businesses,

(2) the President proposes a stealth tax on our children by raising the death tax by \$3.5 billion,

(3) the President asks us to increase taxes on energy by \$1.5 billion at a time of rising energy prices and increasing dependence on foreign oil, and

(4) the President wants to raise medicare premiums and other health care costs by \$3.2 billion at the very time we are trying to insure our seniors' health security by preserving and protecting medicare; and

Whereas the President's solution is to take hard-earned money and send it to Washington where politicians can spend it: Now, therefore, be it

1 *Resolved*, That is it the sense of the House of Rep-
2 representatives that—

3 (1) despite having successfully balanced the
4 budget and created budget surpluses,

5 (2) despite having protected social security and
6 restored the integrity of the social security trust
7 fund,

8 (3) despite the fact that in 1999 governments
9 at all levels collected \$9,562 in taxes for every man,
10 woman and child,

1 (4) despite the fact our tax burden is at 20.0
2 percent of gross domestic product—a post-World
3 War II record high, and
4 (5) despite the fact that our oversight activities
5 have identified billions of taxpayer’s dollars that are
6 subject to waste, fraud and abuse,
7 the Congress should support the adoption of the package
8 of tax and user fee increases proposed by the Clinton/Gore
9 administration in their fiscal year 2001 budget, as reesti-
10 mated by the Joint Committee on Taxation, and as out-
11 lined below.

PROPOSED TAX AND FEE INCREASES

(Millions of dollars)

2000–05

I. PROPOSED TAX INCREASES

A. Corporate Tax Provisions

1. Five corporate tax provisions with general application	2,340
2. Require accrual of time value element on forward sale of corporate stock	41
3. Modify treatment of ESOP as S corporation shareholder	169
4. Limit dividend treatment for payments on self-amortizing stock	10
5. Prevent serial liquidations of U.S. subsidiaries of foreign corporations	43
6. Prevent capital gains avoidance through basis shift trans- actions involving foreign shareholders	270
7. Prevent mismatching of deductions and income inclusions in transactions with related foreign persons	229
8. Prevent duplication or acceleration of loss through as- sumption of liabilities	93
9. Amend 80/20 company rules	167
10. Modify corporate-owned life insurance (“COLI”) rules ...	2,026
11. Increase depreciation life by service term of tax-exempt use property leases	66

B. Financial Products

1. Require cash-method banks to accrue interest on short- term obligations	76
2. Require current accrual of market discount by accrual method taxpayers	52

PROPOSED TAX AND FEE INCREASES—Continued

(Millions of dollars)

2000–05

I. PROPOSED TAX INCREASES

3. Modify and clarify certain rules relating to debt-for-debt exchanges	136
4. Modify and clarify straddle rules	95
5. Provide generalized rules for all income-stripping transactions	65
6. Require ordinary treatment for options dealers and commodities dealers	93
7. Prohibit tax deferral on contributions of appreciated property to swap funds	NR ¹

C. Provisions Affecting Corporations and Pass-Through Entities

1. Conform control test for tax-free incorporations, distributions, and reorganizations	86
2. Treat receipt of tracking stock as property	477
3. Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions	145
4. Modify tax treatment of certain reorganizations in which portfolio interests in stock disappear	283
5. Clarify definition of nonqualified preferred stock	73
6. Clarify rules for payment of estimated taxes for certain deemed asset sales	120
7. Modify treatment of transfers to creditors in divisive reorganizations	46
8. Provide mandatory basis adjustments if partners have significant built-in loss in partnership property	159
9. Modify treatment of closely-held REITs	45
10. Apply RIC excise tax to undistributed profits of REITs	4
11. Allow RICs a dividends paid deduction for redemptions only if the redemption represents a contraction in the RIC	1,911
12. Require REMICs to be secondarily liable for the tax liability of REMIC residual interest holders	69
13. Deny change in method treatment in tax-free transactions	25
14. Deny deduction for punitive damages	233
15. Repeal the lower-of-cost-or-market inventory accounting method	2,032
16. Disallow interest on debt allocable to tax-exempt obligations	87
17. Capitalization of commissions by mutual fund distributors	461

D. Cost Recovery Provisions

1. Provide consistent amortization periods for intangibles	969
2. Establish specific class lives for utility grading costs	307
3. Extend the present-law intangibles amortization provisions to acquisitions of sports franchises	245

E. Insurance Provisions

1. Require recapture of policyholder surplus accounts	1,622
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PROPOSED TAX AND FEE INCREASES—Continued

(Millions of dollars)

2000–05

I. PROPOSED TAX INCREASES

2. Modify rules for capitalizing policy acquisition costs of insurance companies	5,084
3. Increase the proration percentage for property and casualty insurance companies	323
4. Modify rules that apply to sales of life insurance contracts	140
5. Modify qualification rules for tax-exempt property and casualty insurance companies	87

F. Tax-Exempt Organization Provisions

1. Subject investment income of trade associations to tax	730
2. Penalty for failure to file Form 5227	7

G. Estate and Gift Tax Provisions

1. Restore phaseout of unified credit for large estates	430
2. Require consistent valuation for estate and income tax purposes	50
3. Require basis allocation for part-sale, part-gift transactions	5
4. Eliminate the stepped-up basis in community property owned by surviving spouse	229
5. Require that qualified terminable interest property for which a marital deduction is allowed be included in the surviving spouse's estate	8
6. Eliminate non-business valuation discounts	2,985
7. Eliminate gift tax exemption for personal residence trusts	28
8. Eliminate the Crummey rule and modify requirements for annual exclusion gifts	45

H. Pension Provisions

1. Increase elective withholding rate for nonperiodic distributions from deferred compensation plans	60
2. Increase section 4973 excise tax on excess IRA contributions	39
3. Impose limitation on prefunding of welfare benefits	873
4. Subject signing bonuses to employment taxes	27
5. Clarify employment tax treatment of choreworkers employed by State welfare agencies	RS ²
6. Prohibit IRAs from investing in foreign sales corporations	126

I. Compliance Provisions

1. Modify the substantial understatement penalty for large corporations	15
2. Repeal exemption for withholding on certain gambling winnings	31
3. Require information reporting for private separate accounts	NR ¹
4. Increase penalties for failure to file correct information returns	47

J. Miscellaneous Revenue-Increasing Provisions

1. Modify deposit requirement for Federal Unemployment Tax Act ("FUTA")	1,367
2. Reinstate Oil Spill Liability Trust Fund excise tax and increase trust fund ceiling to \$5 billion (through 9/30/10)	1,022

PROPOSED TAX AND FEE INCREASES—Continued

(Millions of dollars)

2000–05

I. PROPOSED TAX INCREASES

3. Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands	410
4. Impose excise tax on purchase of structured settlements ..	12
5. Require taxpayers to include rental income of residence in income without regard to period of rental	75
6. Eliminate installment payment of heavy vehicle use tax ...	320
7. Require recognition of gain from the sale of a principal residence if acquired in a like-kind exchange within 5 years of the sale	45

K. International Provisions

1. Require reporting of payments to, and restrict tax benefits for income flowing through, identified tax havens	100
2. Modify treatment of built-in losses and other attribute trafficking	524
3. Simplify taxation of property that no longer produces income effectively connected with a U.S. trade or business ..	NR ¹
4. Impose mark-to-market tax on individuals who expatriate	500
5. Expand U.S.-effectively connected income rules to include more foreign-source income	26
6. Limit basis step-up for imported pensions	50
7. Replace sales-source rules with activity-based rules	7,828
8. Modify rules relating to foreign oil and gas extraction income	1,151
9. Recapture overall foreign losses when controlled foreign corporation stock is disposed	18
10. Modify foreign office material participation exception applicable to certain inventory sales	25

L. Other Provisions Requiring Amendment of the Internal Revenue Code

1. Hazardous Substance Superfund Taxes:	
a. Reinstate environmental tax imposed on corporate taxable income and deposited in the Hazardous Substance Superfund	3,600
b. Reinstate excise taxes deposited in the Hazardous Substance Superfund	3,853
2. Convert a portion of the excise taxes deposited in the Airport and Airway Trust Fund to cost-based user fees (Administration's estimate)	6,667
3. Increase excise taxes on tobacco products	37,313
4. Repeal harbor maintenance excise tax and authorize imposition of cost-based harbor services user fee	-2,742
5. Accelerate rum excise tax coverover payments to Puerto Rico and the U.S. Virgin Islands	—
6. Restore Premiums for United Mine Workers of American benefit fund	43

Total: Provisions increasing revenue **88,946**

PROPOSED TAX AND FEE INCREASES—Continued

(Millions of dollars)

2000–05

II. PROPOSED FEE INCREASES**A. Proposals for Discretionary User Fees****1. Offsetting collections deposited in appropriation accounts**

Department of Agriculture:	
Food Safety Inspection Service fees	3,098
Animal and Plant Health Inspection Service	55
Grain Inspection, Packers and Stockyards Administration ...	115
Department of Commerce:	
National Oceanic and Atmospheric Administration, Naviga- tional assistance fees	70
Fisheries management fees	100
Department of Health and Human Services:	
Food and Drug Administration fees	95
Health Care Financing Administration fee proposals:	
Managed care application and renewal fees	105
Provider initial certification fees	65
Provider recertification fees	250
Paper claims submission fees	415
Duplicate and unprocessable claims fees	265
Increase Medicare+Choice fees	646
Nursing home criminal abuse registry fee	20
Department of the Interior:	
User fees on Outer Continental Shelf lands	50
Department of Justice:	
Hart-Scott Rodino pre-merger filing fees	190
Department of Transportation:	
Coast Guard, navigational services fees	2,826
Federal Railroad Administration, rail safety inspection fees	515
Hazardous materials transportation safety fees	95
Surface Transportation Board fees	85
Department of the Treasury:	
Customs, automation modernization fee	1,050
Federal Trade Commission:	
Hart-Scott Rodino pre-merger filing fees	190
National Transportation Safety Board:	
Commercial accident investigation fees	50
2. Offsetting collections deposited in receipt accounts	
Department of Justice:	
Immigration premium processing fee	85
Increase inspection user fees	835
Department of Transportation:	
Pipeline safety fees	59
Environmental Protection Agency:	
Pesticide registration fees	16
Pre-manufacture notice (PMN) fees	36
Nuclear Regulatory Commission:	
Extend Nuclear Regulatory Commission user fees	1,475

PROPOSED TAX AND FEE INCREASES—Continued

(Millions of dollars)

	2000-05
Subtotal, proposals for discretionary user fees	12,856
B. Proposed Fee Increases to Offset Mandatory Spending	
1. Offsetting collections deposited in appropriation accounts	
Department of Agriculture:	
Federal crop insurance	69
Department of Labor:	
Implement alien labor certification fees	626
Federal Emergency Management Agency:	
Flood map license fee for flood map modernization	546
2. Offsetting collections deposited in receipt accounts	
Department of Agriculture:	
Recreation and entrance fees	162
Concession, land use, right of way, and filming permits	52
Department of Health and Human Services:	
Medicare premiums	1,446
Department of the Interior:	
Recreation and entrance fees	297
Filming and special use permits fees	19
Hardrock mining production fees	86
Department of the Treasury:	
Customs, extend conveyance/passenger fee	889
Customs, extend merchandise processing fee	2,095
Subtotal user fee proposals to offset mandatory spending	6,287
Total user fee proposals	19,143

¹ Negligible or no revenue effect.² Requires specification.

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