

108TH CONGRESS
1ST SESSION

S. 1896

To provide extensions for certain expiring provisions of the Internal Revenue Code of 1986, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 19, 2003

Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. SMITH, Mr. ROCKEFELLER, Mr. HATCH, Mr. CONRAD, Mr. BUNNING, Mr. GRAHAM of Florida, Mr. SANTORUM, Mr. JEFFORDS, and Mr. BREAU) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide extensions for certain expiring provisions of the Internal Revenue Code of 1986, 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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Tax Relief Extension Act of 2003”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

3 **TITLE I—EXTENSIONS OF**
4 **CERTAIN EXPIRING PROVISIONS**

5 **SEC. 101. PARITY IN THE APPLICATION OF CERTAIN LIMITS**
6 **TO MENTAL HEALTH BENEFITS.**

7 (a) IN GENERAL.—Paragraph (2) of section 9812(f)
8 is amended by striking “December 31, 2003” and insert-
9 ing “June 30, 2004”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall take effect on January 1, 2004.

12 **SEC. 102. CREDIT FOR ELECTRICITY PRODUCED FROM**
13 **CERTAIN RENEWABLE RESOURCES.**

14 (a) IN GENERAL.—Subparagraphs (A), (B), and (C)
15 of section 45(c)(3) are each amended by striking “January
16 1, 2004” and inserting “July 1, 2004”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 subsection (a) shall apply to facilities placed in service
19 after December 31, 2003.

20 **SEC. 103. WORK OPPORTUNITY CREDIT.**

21 (a) IN GENERAL.—Subparagraph (B) of section
22 51(c)(4) is amended by striking “December 31, 2003” and
23 inserting “June 30, 2004”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to individuals who begin work
3 for the employer after December 31, 2003.

4 **SEC. 104. WELFARE-TO-WORK CREDIT.**

5 (a) IN GENERAL.—Subsection (f) of section 51A is
6 amended by striking “December 31, 2003” and inserting
7 “June 30, 2004”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to individuals who begin work
10 for the employer after December 31, 2003.

11 **SEC. 105. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLE-**
12 **TION FOR OIL AND NATURAL GAS PRODUCED**
13 **FROM MARGINAL PROPERTIES.**

14 (a) IN GENERAL.—Subparagraph (H) of section
15 613A(c)(6) is amended—

16 (1) by striking “January 1, 2004” and insert-
17 ing “July 1, 2004”, and

18 (2) by adding at the end the following new sen-
19 tence: “In the case of any taxable year beginning
20 after December 31, 2003, which includes June 30,
21 2004, any increase in the allowance for depletion by
22 reason of this subparagraph shall be equal to the
23 amount which bears the same ratio to the increase
24 in such allowance determined without regard to this
25 sentence as the number of days in the taxable year

1 before July 1, 2004, bears to the total number of
2 days in such taxable year.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) shall apply to taxable years beginning after
5 December 31, 2003.

6 **SEC. 106. QUALIFIED ZONE ACADEMY BONDS.**

7 (a) IN GENERAL.—Paragraph (1) of section
8 1397E(e) is amended by inserting “\$200,000,000 for the
9 period beginning after December 31, 2003, and before
10 July 1, 2004,” after “2003,”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall apply to obligations issued after De-
13 cember 31, 2003.

14 **SEC. 107. COVER OVER OF TAX ON DISTILLED SPIRITS.**

15 (a) IN GENERAL.—Paragraph (1) of section 7652(f)
16 is amended by striking “January 1, 2004” and inserting
17 “July 1, 2004”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 subsection (a) shall apply to articles brought into the
20 United States after December 31, 2003.

21 **SEC. 108. DEDUCTION FOR CORPORATE DONATIONS OF**
22 **COMPUTER TECHNOLOGY.**

23 (a) EXTENSION OF DEDUCTION.—Section
24 170(e)(6)(G) (relating to termination) is amended by
25 striking “contribution made during any taxable year be-

1 ginning after December 31, 2003” and inserting “con-
2 tribution made after June 30, 2004”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to contributions made after De-
5 cember 31, 2003.

6 **SEC. 109. CREDIT FOR QUALIFIED ELECTRIC VEHICLES.**

7 (a) IN GENERAL.—Section 30 is amended—

8 (1) in subsection (b)(2)—

9 (A) by striking “December 31, 2003,” and
10 inserting “June 30, 2004,”

11 (B) in subparagraph (A), by striking “cal-
12 endar year 2004” and inserting “after June 30,
13 2004, and before July 1, 2005”,

14 (C) in subparagraph (B), by striking “cal-
15 endar year 2005” and inserting “after June 30,
16 2005, and before July 1, 2006”, and

17 (D) in subparagraph (C), by striking “cal-
18 endar year 2006” and inserting “after June 30,
19 2006, and before July 1, 2007”, and

20 (2) in subsection (e), by striking “December 31,
21 2006” and inserting “June 30, 2007”.

22 (b) CONFORMING AMENDMENT.—Clause (iii) of sec-
23 tion 280F(a)(1)(C) is amended by striking “January 1,
24 2007” and inserting “July 1, 2007”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2003.

4 **SEC. 110. DEDUCTION FOR CLEAN-FUEL VEHICLES AND**
5 **CERTAIN REFUELING PROPERTY.**

6 (a) IN GENERAL.—Section 179A is amended—

7 (1) in subsection (b)(1)(B)—

8 (A) by striking “December 31, 2003,” and
9 inserting “June 30, 2004,”

10 (B) in clause (i), by striking “calendar
11 year 2004” and inserting “after June 30, 2004,
12 and before July 1, 2005”,

13 (C) in clause (ii), by striking “calendar
14 year 2005” and inserting “after June 30, 2005,
15 and before July 1, 2006”, and

16 (D) in clause (iii), by striking “calendar
17 year 2006” and inserting “after June 30, 2006,
18 and before July 1, 2007”, and

19 (2) in subsection (f), by striking “December 31,
20 2006” and inserting “June 30, 2007”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 subsection (a) shall apply to property placed in service
23 after December 31, 2003.

1 **SEC. 111. DEDUCTION FOR CERTAIN EXPENSES OF SCHOOL**
2 **TEACHERS.**

3 (a) IN GENERAL.—Subparagraph (D) of section
4 62(a)(2) is amended—

5 (1) by inserting “and the period beginning after
6 December 31, 2003, and before July 1, 2004,” after
7 “2003,” and

8 (2) by inserting “for each taxable year or \$125
9 for such period” after “\$250”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 subsection (a) shall apply to expenses paid or incurred
12 after December 31, 2003.

13 **SEC. 112. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.**

14 (a) IN GENERAL.—Paragraphs (2) and (3)(B) of sec-
15 tion 220(i) (defining cut-off year) are each amended by
16 striking “2003” each place it appears and inserting
17 “2004”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (2) of section 220(j) is amended
20 by striking “1998, 1999, 2001, or 2002” each place
21 it appears and inserting “1998, 1999, 2001, 2002,
22 or 2003”.

23 (2) Subparagraph (A) of section 220(j)(4) is
24 amended by striking “and 2002” and inserting
25 “2002, and 2003”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on January 1, 2004.

3 **SEC. 113. EXPENSING OF ENVIRONMENTAL REMEDIATION**
4 **COSTS.**

5 (a) EXTENSION OF TERMINATION DATE.—Sub-
6 section (h) of section 198 is amended by striking “Decem-
7 ber 31, 2003” and inserting “June 30, 2004”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to expenditures paid or incurred
10 after December 31, 2003.

11 **SEC. 114. EXPANSION OF WOTC TO NEW YORK LIBERTY**
12 **ZONE.**

13 (a) IN GENERAL.—Subclause (I) of section
14 1400L(a)(2)(D)(iv) is amended by inserting “or the pe-
15 riod beginning after December 31, 2003, and before July
16 1, 2004” after “2003”.

17 (b) CONFORMING AMENDMENT.—Subclause (II) of
18 section 1400L(a)(2)(D)(iv) is amended by inserting “or
19 period described in subclause (I)” after “year”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to individuals who begin work for
22 the employer after December 31, 2003.

1 **SEC. 115. TEMPORARY SPECIAL RULES FOR TAXATION OF**
2 **LIFE INSURANCE COMPANIES.**

3 (a) **IN GENERAL.**—Subsection (j) of section 809 is
4 amended by striking “or 2003” and inserting “2003, or
5 2004”.

6 (b) **EFFECTIVE DATE.**—The amendment made by
7 subsection (a) shall apply to taxable years beginning after
8 December 31, 2003.

9 **SEC. 116. TAX INCENTIVES FOR INVESTMENT IN THE DIS-**
10 **TRICT OF COLUMBIA.**

11 (a) **DESIGNATION OF ZONE.**—Subsection (f) of sec-
12 tion 1400 is amended by striking “December 31, 2003”
13 both places it appears and inserting “June 30, 2004”.

14 (b) **TAX-EXEMPT ECONOMIC DEVELOPMENT**
15 **BONDS.**—Subsection (b) of section 1400A is amended by
16 striking “December 31, 2003” and inserting “June 30,
17 2004”.

18 (c) **ZERO PERCENT CAPITAL GAINS RATE.**—

19 (1) **IN GENERAL.**—Subsection (b) of section
20 1400B is amended by striking “January 1, 2004”
21 each place it appears and inserting “July 1, 2004”.

22 (2) **CONFORMING AMENDMENTS.**—

23 (A) Section 1400B(e)(2) is amended—

24 (i) by striking “December 31, 2008”
25 and inserting “June 30, 2009”, and

1 (ii) by striking “2008” in the heading
2 and inserting “JUNE 2009”.

3 (B) Section 1400B(g)(2) is amended by
4 striking “December 31, 2008” and inserting
5 “June 30, 2009”.

6 (C) Section 1400F(d) is amended by strik-
7 ing “December 31, 2008” and inserting “June
8 30, 2009”.

9 (d) **FIRST-TIME HOMEBUYER CREDIT.**—Subsection
10 (i) of section 1400C is amended by striking “January 1,
11 2004” and inserting “July 1, 2004”.

12 (e) **EFFECTIVE DATE.**—The amendments made by
13 this section shall take effect on January 1, 2004.

14 **SEC. 117. COMBINED EMPLOYMENT TAX REPORTING PRO-**
15 **GRAM.**

16 (a) **IN GENERAL.**—Paragraph (1) of section 976(b)
17 of the Taxpayer Relief Act of 1997 is amended by striking
18 “for a period ending with the date which is 5 years after
19 the date of the enactment of this Act” and inserting “dur-
20 ing the period ending before July 1, 2004”.

21 (b) **EFFECTIVE DATE.**—The amendment made by
22 subsection (a) shall apply to disclosures on or after the
23 date of the enactment of this Act.

1 **TITLE II—REVENUE PROVISIONS**

2 **SEC. 201. ADDITION OF VACCINES AGAINST HEPATITIS A**
3 **TO LIST OF TAXABLE VACCINES.**

4 (a) IN GENERAL.—Section 4132(a)(1) (defining tax-
5 able vaccine) is amended by redesignating subparagraphs
6 (I), (J), (K), and (L) as subparagraphs (J), (K), (L), and
7 (M), respectively, and by inserting after subparagraph (H)
8 the following new subparagraph:

9 “(I) Any vaccine against hepatitis A.”

10 (b) CONFORMING AMENDMENT.—Section
11 9510(c)(1)(A) is amended by striking “October 18, 2000”
12 and inserting “the date of the enactment of the Tax Relief
13 Extension Act of 2003”.

14 (c) EFFECTIVE DATE.—

15 (1) SALES, ETC.—The amendments made by
16 this section shall apply to sales and uses on or after
17 the first day of the first month which begins more
18 than 4 weeks after the date of the enactment of this
19 Act.

20 (2) DELIVERIES.—For purposes of paragraph
21 (1) and section 4131 of the Internal Revenue Code
22 of 1986, in the case of sales on or before the effec-
23 tive date described in such paragraph for which de-
24 livery is made after such date, the delivery date shall
25 be considered the sale date.

1 **SEC. 202. ADDITION OF VACCINES AGAINST INFLUENZA TO**
2 **LIST OF TAXABLE VACCINES.**

3 (a) **IN GENERAL.**—Section 4132(a)(1) (defining tax-
4 able vaccine), as amended by this Act, is amended by add-
5 ing at the end the following new subparagraph:

6 “(N) Any trivalent vaccine against influ-
7 enza.”.

8 (b) **EFFECTIVE DATE.**—

9 (1) **SALES, ETC.**—The amendment made by this
10 section shall apply to sales and uses on or after the
11 later of—

12 (A) the first day of the first month which
13 begins more than 4 weeks after the date of the
14 enactment of this Act, or

15 (B) the date on which the Secretary of
16 Health and Human Services lists any vaccine
17 against influenza for purposes of compensation
18 for any vaccine-related injury or death through
19 the Vaccine Injury Compensation Trust Fund.

20 (2) **DELIVERIES.**—For purposes of paragraph
21 (1) and section 4131 of the Internal Revenue Code
22 of 1986, in the case of sales on or before the effec-
23 tive date described in such paragraph for which de-
24 livery is made after such date, the delivery date shall
25 be considered the sale date.

1 **SEC. 203. EXTENSION OF TRANSFERS OF EXCESS PENSION**
2 **ASSETS TO RETIREE HEALTH ACCOUNTS.**

3 (a) AMENDMENT OF INTERNAL REVENUE CODE OF
4 1986.—Paragraph (5) of section 420(b) (relating to expi-
5 ration) is amended by striking “December 31, 2005” and
6 inserting “December 31, 2013”.

7 (b) AMENDMENTS OF ERISA.—

8 (1) Section 101(e)(3) of the Employee Retire-
9 ment Income Security Act of 1974 (29 U.S.C.
10 1021(e)(3)) is amended by striking “Tax Relief Ex-
11 tension Act of 1999” and inserting “Tax Relief Ex-
12 tension Act of 2003”.

13 (2) Section 403(c)(1) of such Act (29 U.S.C.
14 1103(c)(1)) is amended by striking “Tax Relief Ex-
15 tension Act of 1999” and inserting “Tax Relief Ex-
16 tension Act of 2003”.

17 (3) Paragraph (13) of section 408(b) of such
18 Act (29 U.S.C. 1108(b)(3)) is amended—

19 (A) by striking “January 1, 2006” and in-
20 serting “January 1, 2014”, and

21 (B) by striking “Tax Relief Extension Act
22 of 1999” and inserting “Tax Relief Extension
23 Act of 2003”.

1 **SEC. 204. EXTENSION OF IRS USER FEES.**

2 (a) **IN GENERAL.**—Section 7528(c) (relating to ter-
3 mination) is amended by striking “December 31, 2004”
4 and inserting “December 31, 2011”.

5 (b) **EFFECTIVE DATE.**—The amendment made by
6 this section shall apply to requests after the date of the
7 enactment of this Act.

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