

104TH CONGRESS
2D SESSION

H. R. 2934

To eliminate certain Federal programs and subsidies.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 1996

Mr. BLUTE introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To eliminate certain Federal programs and subsidies.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Taxpayer Savings Act of 1996”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Market promotion program.
- Sec. 3. Export enhancement program.
- Sec. 4. Animal damage control.
- Sec. 5. Termination of tax subsidies for ethanol.

Sec. 6. Termination of price support and production adjustment programs for sugar beets and sugarcane.

Sec. 7. Termination of peanut quota and price support programs.

1 **SEC. 2. MARKET PROMOTION PROGRAM.**

2 (a) IN GENERAL.—Section 203 of the Agricultural
3 Trade Act of 1978 (7 U.S.C. 5623) is repealed.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 211 of the Act (7 U.S.C. 5641) is
6 amended by striking subsection (c) .

7 (2) Section 402(a)(1) of the Act (7 U.S.C.
8 5662(a)(1)) is amended by striking “203,”.

9 (3) Section 1302 of the Omnibus Budget Rec-
10 onciliation Act of 1993 (Public Law 103–66; 7
11 U.S.C. 5623 note) is repealed.

12 **SEC. 3. EXPORT ENHANCEMENT PROGRAM.**

13 (a) IN GENERAL.—Section 301 of the Agricultural
14 Trade Act of 1978 (7 U.S.C. 5651) is repealed.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 103(d)(2) of the Act (7 U.S.C.
17 5603(d)(2)) is amended by striking “(as amended)
18 and the program under section 301”.

19 (2) The title heading of title III of the Act (7
20 U.S.C. prec. 5651) is amended to read as follows:

1 **“TITLE III—RELIEF FROM**
2 **UNFAIR TRADE PRACTICES”.**

3 (3) Section 303 of the Act (7 U.S.C. 5653) is
4 amended by striking “, such as that established
5 under section 301,”.

6 (4) Section 401 of the Act (7 U.S.C. 5661) is
7 amended by striking “sections 201, 202, and 301”
8 each place it appears in subsections (a) and (b) and
9 inserting “sections 201 and 202”.

10 (5) Section 402(a)(1) of the Act (7 U.S.C.
11 5662(a)(1)) (as amended by section 301(b)(2)) is
12 further amended by striking “sections 201, 202, and
13 301” and inserting “sections 201 and 202”.

14 **SEC. 4. ANIMAL DAMAGE CONTROL.**

15 The last proviso of the matter under the heading
16 “Animal and Plant Health Inspection Service” of title I
17 of the Rural Development, Agriculture, and Related Agen-
18 cies Appropriations Act, 1986 (Public Law 100–202; 101
19 Stat. 1329–331; 7 U.S.C. 426c) is amended by striking
20 “: *Provided further*, That hereafter,” and all that follows
21 through “Animal Damage Control activities”.

22 **SEC. 5. TERMINATION OF TAX SUBSIDIES FOR ETHANOL.**

23 (a) REPEAL OF CREDITS—Subpart D of part IV of
24 subchapter A of chapter 1 of the Internal Revenue Code

1 of 1986 is amended by striking section 40 (relating to al-
2 cohol used as fuel).

3 (b) CONFORMING TERMINATIONS OF OTHER INCEN-
4 TIVES FOR ETHANOL FUEL.—

5 (1) REPEAL OF REDUCED RATE ON ETHANOL
6 FUEL PRODUCED OTHER THAN FROM PETROLEUM
7 OR NATURAL GAS.—Subsection (b) of section 4041
8 of such Code is amended to read as follows:

9 “(b) EXEMPTION FOR OFF-HIGHWAY BUSINESS
10 USE.—

11 “(1) IN GENERAL.—No tax shall be imposed by
12 subsection (a) or (d)(1) on liquids sold for use or
13 used in an off-highway business use.

14 “(2) TAX WHERE OTHER USE.—If a liquid on
15 which no tax was imposed by reason of paragraph
16 (1) is used otherwise than in an off-highway busi-
17 ness use, a tax shall be imposed by paragraph
18 (1)(B), (2)(B), or (3)(A)(ii) of subsection (a)
19 (whichever is appropriate) and by the corresponding
20 provision of subsection (d)(1) (if any).

21 “(3) OFF-HIGHWAY BUSINESS USE DEFINED.—
22 For purposes of this subsection, the term ‘off-high-
23 way business use’ has the meaning given to such
24 term by section 6421(e)(2); except that such term

1 shall not, for purposes of subsection (a)(1), include
2 use in a diesel-powered train.”

3 (2) REPEAL OF REDUCED RATE ON ETHANOL
4 FUEL PRODUCED FROM NATURAL GAS.—Subsection
5 (m) of section 4041 of such Code is amended—

6 (A) by striking “or ethanol” each place it
7 appears (including the heading of paragraph
8 (2)), and

9 (B) by striking “, ethanol, or other alco-
10 hol” in paragraph (2) and inserting “or other
11 alcohol (other than ethanol)”.

12 (c) CONFORMING AMENDMENTS TO EXCISE TAXES;
13 FUEL ALCOHOL TAXED IN SAME MANNER AS OTHER
14 MOTOR FUELS.—

15 (1) IN GENERAL.—Paragraph (1) of section
16 4083(a) of such Code (defining taxable fuel) is
17 amended by striking “and” at the end of subpara-
18 graph (A), by striking the period at the end of sub-
19 paragraph (B) and inserting “, and”, and by adding
20 at the end the following:

21 “(C) fuel alcohol.”

22 (2) FUEL ALCOHOL.—Subsection (a) of section
23 4083 of such Code is amended by adding at the end
24 the following new paragraph:

1 “(4) FUEL ALCOHOL.—The term ‘fuel alcohol’
2 means any alcohol (including ethanol and meth-
3 anol)—

4 “(A) which is produced other than from
5 petroleum, natural gas, or coal (including peat),
6 and

7 “(B) which is withdrawn from the distillery
8 where produced free of tax under chapter 51 by
9 reason of section 5181 or so much of section
10 5214(a)(1) as relates to fuel use.”

11 (3) RATE OF TAX.—Clause (i) of section
12 4081(a)(2)(A) of such Code is amended by inserting
13 “or fuel alcohol” after “gasoline”.

14 (4) SPECIAL RULES FOR IMPOSITION OF TAX.—
15 Paragraph (1) of section 4081(a) of such Code is
16 amended by adding at the end the following new
17 subparagraph:

18 “(C) SPECIAL RULES FOR FUEL ALCO-
19 HOL.—In the case of fuel alcohol—

20 “(i) the distillery where produced shall
21 be treated as a refinery, and

22 “(ii) subparagraph (B) shall be ap-
23 plied by including transfers by truck or rail
24 in excess of such minimum quantities as
25 the Secretary shall prescribe.”

1 (5) REPEAL OF REDUCED RATES ON ALCOHOL
2 FUELS.—

3 (A) Section 4041 of such Code is amended
4 by striking subsection (k).

5 (B) Section 4081 of such Code is amended
6 by striking subsection (c).

7 (C) Section 4091 of such Code is amended
8 by striking subsection (c).

9 (6) CONFORMING AMENDMENTS.—

10 (A) Paragraph (2) of section 4041(a) of
11 such Code is amended by adding at the end the
12 following: “No tax shall be imposed by this
13 paragraph on the sale or use of any liquid if tax
14 was imposed on such liquid under section 4081
15 and the tax thereon was not credited or re-
16 funded.”

17 (B) Section 6427 of such Code is amended
18 by striking subsection (f).

19 (C) Subsection (i) of section 6427 of such
20 Code is amended by striking paragraph (3).

21 (D) Paragraph (2) of section 6427(k) of
22 such Code is amended by striking “(3)”.

23 (E)(i) Paragraph (1) of section 6427(l) of
24 such Code is amended by striking “or” at the
25 end of subparagraph (A), by redesignating sub-

1 paragraph (B) as subparagraph (C), and by in-
2 serting after subparagraph (A) the following
3 new subparagraph:

4 “(B) any fuel alcohol (as defined in section
5 4083) on which tax has been imposed by sec-
6 tion 4081, or”.

7 (ii) Paragraph (2) of section 6427(l) of
8 such Code is amended by striking “and” at the
9 end of subparagraph (A), by redesignating sub-
10 paragraph (B) as subparagraph (C), and by in-
11 serting after subparagraph (A) the following
12 new subparagraph:

13 “(B) in the case of fuel alcohol (as so de-
14 fined), any use which is exempt from the tax
15 imposed by section 4041(a)(2) other than by
16 reason of a prior imposition of tax, and”.

17 (iii) The heading of subsection (l) of sec-
18 tion 6427 of such Code is amended by inserting
19 “, FUEL ALCOHOL,” after “DIESEL FUEL”.

20 (F) Sections 9503(b)(1)(E) and
21 9508(b)(2) of such Code are each amended by
22 striking “and diesel fuel” and inserting “diesel
23 fuel, and fuel alcohol”.

1 (G) Section 9502 of such Code is amended
2 by striking subsection (e) and by redesignating
3 subsection (f) as subsection (e).

4 (H) Subsection (e) of section 9502 of such
5 Code (as redesignated by subparagraph (I)) is
6 amended by striking paragraph (2) and by re-
7 designating paragraph (3) as paragraph (2).

8 (I) Subsection (b) of section 9503 of such
9 Code is amended by striking paragraph (5).

10 (J) Paragraph (3) of section 9503(f) of
11 such Code is amended to read as follows:

12 “(3) PARTIALLY EXEMPT METHANOL OR ETHA-
13 NOL FUEL.—In the case of a rate of tax determined
14 under section 4041(m), the Highway Trust Fund fi-
15 nancing rate is the excess (if any) of the rate so de-
16 termined over—

17 “(A) 5.55 cents per gallon after September
18 30, 1993, and before October 1, 1995, and

19 “(B) 4.3 cents per gallon after September
20 30, 1995.”

21 (d) TECHNICAL AND CLERICAL AMENDMENTS.—

22 (1) AMENDMENT TO GENERAL BUSINESS CRED-
23 IT.—Subsection (b) of section 38 of such Code is
24 amended by striking paragraph (3) and redesignat-

1 ing paragraphs (4) through (11) as paragraphs (3)
2 through (10), respectively.

3 (2) CLERICAL AMENDMENT.—The table of sec-
4 tions for subpart D of part IV of subchapter A of
5 chapter 1 of such Code is amended by striking the
6 item relating to section 40.

7 (e) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to sales and uses after the expira-
9 tion of the 90-day period beginning on the date of the en-
10 actment of this Act.

11 (f) FLOOR STOCK TAXES.—

12 (1) IMPOSITION OF TAX.—In the case of fuel al-
13 cohol which is held on the applicable date by any
14 person, there is hereby imposed a floor stocks tax of
15 18.4 cents per gallon.

16 (2) LIABILITY FOR TAX AND METHOD OF PAY-
17 MENT.—

18 (A) LIABILITY FOR TAX.—A person hold-
19 ing, on the applicable date, fuel alcohol to which
20 the tax imposed by paragraph (1) applies shall
21 be liable for such tax.

22 (B) METHOD OF PAYMENT.—The tax im-
23 posed by paragraph (1) shall be paid in such
24 manner as the Secretary shall prescribe.

1 (C) TIME FOR PAYMENT.—The tax im-
2 posed by paragraph (1) shall be paid on or be-
3 fore the date occurring 6 months after the ap-
4 plicable date.

5 (3) DEFINITIONS.—For purposes of this sub-
6 section—

7 (A) APPLICABLE DATE.—The term “appli-
8 cable date” means the first day occurring after
9 the expiration of the 90-day period beginning
10 on the date of the enactment of this Act.

11 (B) FUEL ALCOHOL.—The term “fuel alco-
12 hol” has the meaning given such term by sec-
13 tion 4083 of the Internal Revenue Code of
14 1986, as amended by this section.

15 (C) HELD BY A PERSON.—Fuel alcohol
16 shall be considered as “held by a person” if
17 title thereto has passed to such person (whether
18 or not delivery to the person has been made).

19 (D) SECRETARY.—The term “Secretary”
20 means the Secretary of the Treasury or his del-
21 egate.

22 (4) EXCEPTION FOR EXEMPT USES.—The tax
23 imposed by paragraph (1) shall not apply to fuel al-
24 cohol held by any person exclusively for any use to
25 the extent a credit or refund of the tax imposed by

1 section 4081 of the Internal Revenue Code of 1986
2 is allowable for such use.

3 (5) EXCEPTION FOR FUEL HELD IN VEHICLE
4 TANK.—No tax shall be imposed by paragraph (1)
5 on fuel alcohol held in the tank of a motor vehicle
6 or motorboat.

7 (6) EXCEPTION FOR CERTAIN AMOUNTS OF
8 FUEL.—

9 (A) IN GENERAL.—No tax shall be im-
10 posed by paragraph (1) on fuel alcohol held on
11 the applicable date by any person if the aggre-
12 gate amount of fuel alcohol held by such person
13 on such date does not exceed 2,000 gallons.
14 The preceding sentence shall apply only if such
15 person submits to the Secretary (at the time
16 and in the manner required by the Secretary)
17 such information as the Secretary shall require
18 for purposes of this paragraph.

19 (B) EXEMPT FUEL.—For purposes of sub-
20 paragraph (A), there shall not be taken into ac-
21 count fuel held by any person which is exempt
22 from the tax imposed by paragraph (1) by rea-
23 son of paragraph (4) or (5).

24 (C) CONTROLLED GROUPS.—For purposes
25 of this paragraph—

1 (i) CORPORATIONS.—

2 (I) IN GENERAL.—All persons
3 treated as a controlled group shall be
4 treated as 1 person.

5 (II) CONTROLLED GROUP.—The
6 term “controlled group” has the
7 meaning given to such term by sub-
8 section (a) of section 1563 of such
9 Code; except that for such purposes
10 the phrase “more than 50 percent”
11 shall be substituted for the phrase “at
12 least 80 percent” each place it ap-
13 pears in such subsection.

14 (ii) NONINCORPORATED PERSONS
15 UNDER COMMON CONTROL.—Under regula-
16 tions prescribed by the Secretary, prin-
17 ciples similar to the principles of clause (i)
18 shall apply to a group of persons under
19 common control where 1 or more of such
20 persons is not a corporation.

21 (7) OTHER LAWS APPLICABLE.—All provisions
22 of law, including penalties, applicable with respect to
23 the taxes imposed by section 4081 of such Code
24 shall, insofar as applicable and not inconsistent with
25 the provisions of this subsection, apply with respect

1 to the floor stock taxes imposed by paragraph (1) to
2 the same extent as if such taxes were imposed by
3 such section 4081.

4 **SEC. 6. TERMINATION OF PRICE SUPPORT AND PRODUC-**
5 **TION ADJUSTMENT PROGRAMS FOR SUGAR**
6 **BEETS AND SUGARCANE.**

7 (a) TERMINATION OF PRICE SUPPORT PROGRAM.—

8 (1) PRICE SUPPORT LEVELS FOR DESIGNATED
9 NONBASIC AGRICULTURAL COMMODITIES.—Section
10 201(a) of the Agricultural Act of 1949 (7 U.S.C.
11 1446(a)) is amended by striking “milk, sugar beets,
12 and sugarcane” and inserting “and milk”.

13 (2) SUGAR PRICE SUPPORT.—Section 206 of
14 such Act (7 U.S.C. 1446g) is repealed.

15 (3) BENEFITS.—Section 401(e) of such Act (7
16 U.S.C. 1421(e)) is amended—

17 (A) in paragraph (1), by striking “(1)”;

18 and

19 (B) by striking paragraph (2).

20 (4) PERSONAL LIABILITY OF PRODUCERS FOR
21 DEFICIENCIES.—Section 405 of such Act (7 U.S.C.
22 1425) is amended—

23 (A) in subsection (a), by striking “(a)”;

24 and

25 (B) by striking subsection (b).

1 (5) POWERS OF COMMODITY CREDIT CORPORA-
2 TION.—Section 5(a) of the Commodity Credit Cor-
3 poration Charter Act (7 U.S.C. 714c(a)) is amended
4 by inserting “(except for sugar beets and sugar-
5 cane)” after “agricultural commodities”.

6 (b) TERMINATION OF ACREAGE ALLOTMENTS AND
7 MARKETING QUOTAS.—

8 (1) TERMINATION.—Part VII of subtitle B of
9 title III of the Agricultural Adjustment Act of 1938
10 (7 U.S.C. 1359aa–1359jj) is repealed.

11 (2) CONFORMING AMENDMENT.—Section
12 344(f)(2) of such Act (7 U.S.C. 1344(f)(2)) is
13 amended by striking “sugar cane for sugar, sugar
14 beets for sugar,”.

15 (c) CONFORMING AMENDMENT REGARDING PREVEN-
16 TION OF GOVERNMENT ACCUMULATION OF SUGAR.—Sec-
17 tion 902 of the Food Security Act of 1985 (7 U.S.C.
18 1446g note) is amended—

19 (1) by striking subsection (a); and

20 (2) by redesignating subsections (b) and (c) as
21 subsections (a) and (b), respectively.

22 (d) CONFORMING AMENDMENT REGARDING SECTION
23 32 ACTIVITIES.—The second sentence of the first para-
24 graph of section 32 of the Act of August 24, 1935 (7
25 U.S.C. 612c), is amended by inserting “(other than sugar

1 beets and sugarcane)” after “commodity” the last place
2 it appears.

3 (e) PROHIBITION ON SUBSEQUENT PROVISION OF
4 PRICE SUPPORT.—

5 (1) PROHIBITION.—After the effective date of
6 this Act, the Secretary of Agriculture may not make
7 price support available, whether in the form of loans,
8 payments, purchases, or other operations, for crops
9 of sugar beets or sugarcane by using the funds of
10 the Commodity Credit Corporation or under the au-
11 thority of any law.

12 (2) EXCEPTION.—Notwithstanding paragraph
13 (1), the Secretary shall settle any outstanding loans
14 under section 206 of the Agricultural Act of 1949 (7
15 U.S.C. 1446g) made before the effective date of this
16 Act.

17 (f) EFFECT ON EXISTING LIABILITY.—The amend-
18 ments made by this section shall not affect the liability
19 of any person under any provision of law as in effect be-
20 fore the effective date of this Act.

21 (g) EFFECTIVE DATE.—This section and the amend-
22 ments made by this section shall take effect on October
23 1, 1996.

1 **SEC. 7. TERMINATION OF PEANUT QUOTA AND PRICE SUP-**
2 **PORT PROGRAMS.**

3 (a) **MARKETING QUOTAS.**—Part VI of subtitle B of
4 title III of the Agricultural Adjustment Act of 1938 (7
5 U.S.C. 1357–1359a), relating to peanuts, is repealed.

6 (b) **PRICE SUPPORT LEVELS.**—The Agricultural Act
7 of 1949 (7 U.S.C. 1441 et seq.) is amended—

8 (1) in section 101(b) (7 U.S.C. 1441(b)), by
9 striking “and peanuts”;

10 (2) in section 408(c) (7 U.S.C. 1428(c)), by
11 striking “peanuts,”; and

12 (3) by striking sections 108, 108A, and 108B,
13 relating to peanuts (7 U.S.C. 1445c through 1445c–
14 3).

15 (c) **PROHIBITION ON SUBSEQUENT PROVISION OF**
16 **PRICE SUPPORT.**—

17 (1) **PROHIBITION.**—After the effective date of
18 this Act, the Secretary of Agriculture may not make
19 price support available, whether in the form of loans,
20 purchases, or other operations, to peanut producers
21 by using the funds of the Commodity Credit Cor-
22 poration or under the authority of any law.

23 (2) **EXCEPTION.**—Notwithstanding paragraph
24 (1), the Secretary shall settle any outstanding loans
25 under section 108B of the Agricultural Act of 1949

1 (7 U.S.C. 1445c-3) made before the effective date
2 of this Act.

3 (d) CONTINUED LIABILITY OF PRODUCERS.—An
4 amendment made by this section shall not affect the liabil-
5 ity of any person under any provision of law as in effect
6 before the effective date of this Act.

7 (e) EFFECT ON EXISTING LIABILITY.—The amend-
8 ments made by this section shall not affect the liability
9 of any person under any provision of law as in effect be-
10 fore the effective date of this Act.

11 (g) EFFECTIVE DATE.—This section and the amend-
12 ments made by this section shall take effect on October
13 1, 1996.

○

HR 2934 IH—2