

105TH CONGRESS  
1ST SESSION

# S. 634

To amend the Internal Revenue Code of 1986 to deposit in the Highway Trust Fund the receipts of the 4.3-cent increase in the fuel tax rates enacted by the Omnibus Budget Reconciliation Act of 1993, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 23, 1997

Mr. BAUCUS (for himself, Mr. WARNER, and Mr. BYRD) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to deposit in the Highway Trust Fund the receipts of the 4.3-cent increase in the fuel tax rates enacted by the Omnibus Budget Reconciliation Act of 1993, 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 **SECTION 1. RECEIPTS OF THE 4.3-CENT FUEL TAX RATE IN-**  
 2 **CREASE DEPOSITED IN THE HIGHWAY TRUST**  
 3 **FUND; ESTABLISHMENT OF INTERCITY PAS-**  
 4 **SENGER RAIL ACCOUNT.**

5 (a) IN GENERAL.—Section 9503(f) of the Internal  
 6 Revenue Code of 1986 (defining Highway Trust Fund fi-  
 7 nancing rate) is amended—

8 (1) in paragraph (1)(A), by striking “11.5 cents  
 9 per gallon (14 cents per gallon after September 30,  
 10 1995)” and inserting “18.3 cents per gallon”; and

11 (2) in paragraph (1)(B), by striking “17.5  
 12 cents per gallon (20 cents per gallon after Septem-  
 13 ber 30, 1995)” and inserting “24.3 cents per gal-  
 14 lon”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 9503(f)(2) of such Code is amend-  
 17 ed—

18 (A) in subparagraph (B), by striking “3  
 19 cents” and inserting “7.3 cents”;

20 (B) in subparagraph (C), by striking  
 21 “zero” and inserting “4.3 cents per gallon”;

22 (C) in subparagraph (D), by striking  
 23 “zero” and inserting “48.54 cents per MCF  
 24 (determined at standard temperature and pres-  
 25 sure)”;

1 (D) in subparagraph (E), by striking  
2 “11.5 cents” and inserting “15.8 cents”; and

3 (E) in subparagraph (E), by striking “17.5  
4 cents” and inserting “21.8 cents”.

5 (2) Section 9503(f)(3)(A) of such Code is  
6 amended to read as follows:

7 “(A) IN GENERAL.—If the rate of tax on  
8 any fuel is determined under section  
9 4041(b)(2)(A), 4041(k), or 4081(c), the High-  
10 way Trust Fund financing rate is the rate so  
11 determined after September 30, 1997. In the  
12 case of a rate of tax determined under section  
13 4081(c), the preceding sentence shall be applied  
14 by increasing the rate specified by 0.1 cent.”

15 (3) Section 9503(f)(3)(C) of such Code is  
16 amended to read as follows:

17 “(C) PARTIALLY EXEMPT METHANOL OR  
18 ETHANOL FUEL.—In the case of a rate of tax  
19 determined under section 4041(m), the High-  
20 way Trust Fund financing rate is the rate so  
21 determined after September 30, 1995.”

22 (4) Section 9503(f)(4) of such Code is amended  
23 by striking “zero” and inserting “4.3 cents per gal-  
24 lon”.

1 (c) ESTABLISHMENT OF INTERCITY PASSENGER  
 2 RAIL ACCOUNT.—Section 9503 of the Internal Revenue  
 3 Code of 1986 (relating to Highway Trust Fund) is amend-  
 4 ed by adding at the end the following:

5 “(g) ESTABLISHMENT OF INTERCITY PASSENGER  
 6 RAIL ACCOUNT.—

7 “(1) CREATION OF ACCOUNT.—There is estab-  
 8 lished in the Highway Trust Fund a separate ac-  
 9 count to be known as the ‘Intercity Passenger Rail  
 10 Account’, consisting of such amounts as may be  
 11 transferred or credited to the Intercity Passenger  
 12 Rail Account as provided in this subsection or sec-  
 13 tion 9602(b).

14 “(2) TRANSFERS TO INTERCITY PASSENGER  
 15 RAIL ACCOUNT.—

16 “(A) IN GENERAL.—The Secretary of the  
 17 Treasury shall transfer to the Intercity Pas-  
 18 senger Rail Account the intercity passenger rail  
 19 portion of the amounts appropriated to the  
 20 Highway Trust Fund under subsection (b)  
 21 which are attributable to taxes under sections  
 22 4041 and 4081 imposed after September 30,  
 23 1997, and before October 1, 2003.

24 “(B) INTERCITY PASSENGER RAIL POR-  
 25 TION.—For purposes of subparagraph (A), the

1 term ‘intercity passenger rail portion’ means an  
 2 amount determined at the rate of 0.5 cent for  
 3 each gallon with respect to which tax was im-  
 4 posed under section 4041 or 4081.

5 “(3) EXPENDITURES FROM ACCOUNT.—

6 “(A) IN GENERAL.—Amounts in the Inter-  
 7 city Passenger Rail Account shall be available  
 8 without fiscal year limitation to finance quali-  
 9 fied expenses of—

10 “(i) the National Railroad Passenger  
 11 Corporation, and

12 “(ii) each non-Amtrak State, to the  
 13 extent determined under subparagraph  
 14 (B).

15 “(B) MAXIMUM AMOUNT OF FUNDS TO  
 16 NON-AMTRAK STATES.—Each non-Amtrak State  
 17 shall receive under this paragraph an amount  
 18 equal to the lesser of—

19 “(i) the State’s qualified expenses for  
 20 the fiscal year, or

21 “(ii) the product of—

22 “(I)  $\frac{1}{12}$  of 1 percent of the lesser  
 23 of—

24 “(aa) the aggregate amounts  
 25 transferred and credited to the

1 Intercity Passenger Rail Account  
 2 under paragraph (1) for such fis-  
 3 cal year, or

4 “(bb) the aggregate amounts  
 5 appropriated from the Intercity  
 6 Passenger Rail Account for such  
 7 fiscal year, and

8 “(II) the number of months such  
 9 State is a non-Amtrak State in such  
 10 fiscal year.

11 If the amount determined under clause (ii) ex-  
 12 ceeds the amount under clause (i) for any fiscal  
 13 year, the amount under clause (ii) for the fol-  
 14 lowing fiscal year shall be increased by the  
 15 amount of such excess.

16 “(4) DEFINITIONS.—For purposes of this sub-  
 17 section—

18 “(A) QUALIFIED EXPENSES.—The term  
 19 ‘qualified expenses’ means expenses incurred,  
 20 with respect to obligations made, after Septem-  
 21 ber 30, 1997, and before October 1, 2003—

22 “(i) for—

23 “(I) in the case of the National  
 24 Railroad Passenger Corporation, the  
 25 acquisition of equipment, rolling

1 stock, and other capital improve-  
2 ments, the upgrading of maintenance  
3 facilities, and the maintenance of ex-  
4 isting equipment, in intercity pas-  
5 senger rail service, and the payment  
6 of interest and principal on obliga-  
7 tions incurred for such acquisition,  
8 upgrading, and maintenance, and

9 “(II) in the case of a non-Amtrak  
10 State, the acquisition of equipment,  
11 rolling stock, and other capital im-  
12 provements, the upgrading of mainte-  
13 nance facilities, and the maintenance  
14 of existing equipment, in intercity  
15 passenger rail or bus service, and the  
16 payment of interest and principal on  
17 obligations incurred for such acquisi-  
18 tion, upgrading, and maintenance,  
19 and

20 “(ii) certified by the Secretary of  
21 Transportation on October 1 as meeting  
22 the requirements of clause (i) and as quali-  
23 fied for payment under paragraph (5) for  
24 the fiscal year beginning on such date.

1           “(B) NON-AMTRAK STATE.—The term  
2           ‘non-Amtrak State’ means any State which does  
3           not receive intercity passenger rail service from  
4           the National Railroad Passenger Corporation.

5           “(5) CONTRACT AUTHORITY.—Notwithstanding  
6           any other provision of law, the Secretary of Trans-  
7           portation shall certify expenses as qualified for a fis-  
8           cal year on October 1 of such year, in an amount  
9           not to exceed the amount of receipts estimated by  
10          the Secretary of the Treasury to be transferred to  
11          the Intercity Passenger Rail Account for such fiscal  
12          year. Such certification shall result in a contractual  
13          obligation of the United States for the payment of  
14          such expenses.

15          “(6) TAX TREATMENT OF ACCOUNT EXPENDI-  
16          TURES.—With respect to any payment of qualified  
17          expenses from the Intercity Passenger Rail Account  
18          during any taxable year to a taxpayer—

19                 “(A) such payment shall not be included in  
20                 the gross income of the taxpayer for such tax-  
21                 able year,

22                 “(B) no deduction shall be allowed to the  
23                 taxpayer with respect to any amount paid or in-  
24                 curred which is attributable to such payment,  
25                 and

1           “(C) the basis of any property shall be re-  
2           duced by the portion of the cost of such prop-  
3           erty which is attributable to such payment.

4           “(7) TERMINATION.—The Secretary shall deter-  
5           mine and retain, not later than October 1, 2003, the  
6           amount in the Intercity Passenger Rail Account nec-  
7           essary to pay any outstanding qualified expenses,  
8           and shall transfer any amount not so retained to the  
9           Highway Trust Fund.”

10          (d) EFFECTIVE DATES.—

11           (1) TRANSFER OF TAXES.—The amendments  
12           made by subsections (a) and (b) apply to fuel re-  
13           moved after September 30, 1997.

14           (2) ACCOUNT.—The amendment made by sub-  
15           section (c) applies with respect to taxes imposed on  
16           and after October 1, 1997.

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