

106TH CONGRESS
1ST SESSION

H. R. 2923

To amend the Internal Revenue Code of 1986 to extend expiring provisions, to fully allow the nonrefundable personal credits against regular tax liability, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1999

Mr. ARCHER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend expiring provisions, to fully allow the nonrefundable personal credits against regular tax liability, 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. NONREFUNDABLE PERSONAL CREDITS FULLY**
4 **ALLOWED AGAINST REGULAR TAX LIABILITY.**

5 (a) IN GENERAL.—Subsection (a) of section 26 of the
6 Internal Revenue Code of 1986 (relating to limitation
7 based on amount of tax) is amended to read as follows:

1 “(a) **LIMITATION BASED ON AMOUNT OF TAX.**—The
2 aggregate amount of credits allowed by this subpart for
3 the taxable year shall not exceed the taxpayer’s regular
4 tax liability for the taxable year.”.

5 (b) **CHILD CREDIT.**—Subsection (d) of section 24 of
6 such Code is amended by striking paragraph (2) and by
7 redesignating paragraph (3) as paragraph (2).

8 (c) **EFFECTIVE DATE.**—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 1998.

11 **SEC. 2. RESEARCH CREDIT.**

12 (a) **EXTENSION.**—

13 (1) **IN GENERAL.**—Paragraph (1) of section
14 41(h) of the Internal Revenue Code of 1986 (relat-
15 ing to termination) is amended—

16 (A) by striking “June 30, 1999” and in-
17 serting “June 30, 2004”, and

18 (B) by striking the material following sub-
19 paragraph (B).

20 (2) **TECHNICAL AMENDMENT.**—Subparagraph
21 (D) of section 45C(b)(1) of such Code is amended
22 by striking “June 30, 1999” and inserting “June
23 30, 2004”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to amounts paid or in-
3 curred after June 30, 1999.

4 (b) INCREASE IN PERCENTAGES UNDER ALTER-
5 NATIVE INCREMENTAL CREDIT.—

6 (1) IN GENERAL.—Subparagraph (A) of section
7 41(c)(4) of such Code is amended—

8 (A) by striking “1.65 percent” and insert-
9 ing “2.65 percent”,

10 (B) by striking “2.2 percent” and inserting
11 “3.2 percent”, and

12 (C) by striking “2.75 percent” and insert-
13 ing “3.75 percent”.

14 (2) EFFECTIVE DATE.—The amendments made
15 by this subsection shall apply to taxable years begin-
16 ning after June 30, 1999.

17 (c) SPECIAL RULE.—

18 (1) IN GENERAL.—For purposes of the Internal
19 Revenue Code of 1986, the credit determined under
20 section 41 of such Code which is attributable to the
21 suspension period—

22 (A) shall not be taken into account under
23 section 6654 or 6655 of such Code for any tax-
24 able year in determining the amount of any in-

1 stallment the due date for which is before Octo-
2 ber 1, 2000, and

3 (B) shall not be allowed for any taxable
4 year ending before October 1, 2000.

5 (2) SUSPENSION PERIOD.—For purposes of this
6 subsection, the suspension period is the period be-
7 ginning on July 1, 1999, and ending on September
8 30, 2000.

9 (3) SUSPENDED CREDIT TREATED AS PAYMENT
10 OF TAX ON OCTOBER 1, 2000.—

11 (A) IN GENERAL.—The amount of credit
12 not allowed by reason of paragraph (1) for any
13 taxable year ending before October 1, 2000,
14 shall be treated as a payment of tax imposed by
15 chapter 1 of such Code for such taxable year
16 which is made on such date.

17 (B) ACCELERATED REFUNDS.—If, as a re-
18 sult of the payment referred to in subparagraph
19 (A) with respect to a taxable year, there is an
20 overpayment of tax for such year, the taxpayer
21 may file an application for a tentative refund of
22 such overpayment. Such application shall be in
23 such manner and form, and contain such infor-
24 mation, as the Secretary may prescribe.

1 (C) DEADLINE FOR APPLICATIONS.—Sub-
2 paragraph (B) shall apply only to applications
3 filed before October 1, 2001.

4 (D) ALLOWANCE OF ADJUSTMENTS.—Not
5 later than 90 days after the date on which an
6 application is filed under this paragraph, the
7 Secretary shall—

8 (i) review the application,

9 (ii) determine the amount of the over-
10 payment, and

11 (iii) apply, credit, or refund such over-
12 payment,

13 in a manner similar to the manner provided in
14 section 6411(b) of such Code.

15 (E) CONSOLIDATED RETURNS.—The provi-
16 sions of section 6411(c) of such Code shall
17 apply to an adjustment under this paragraph in
18 such manner as the Secretary may provide.

19 (4) CREDIT ATTRIBUTABLE TO SUSPENSION PE-
20 RIOD.—

21 (A) IN GENERAL.—For purposes of this
22 subsection, in the case of a taxable year which
23 includes a portion of the suspension period, the
24 amount of credit determined under section 41
25 of such Code for such taxable year which is at-

1 tributable to such period is the amount which
2 bears the same ratio to the amount of credit de-
3 termined under such section 41 for such taxable
4 year as the number of months in the suspension
5 period which are during such taxable year bears
6 to the number of months in such taxable year.

7 (B) WAIVER OF ESTIMATED TAX PEN-
8 ALTIES.—No addition to tax shall be made
9 under section 6654 or 6655 of such Code for
10 any period before July 1, 1999, with respect to
11 any underpayment of tax imposed by such Code
12 to the extent such underpayment was created or
13 increased by reason of subparagraph (A).

14 (5) SECRETARY.—For purposes of this sub-
15 section, the term “Secretary” means the Secretary
16 of the Treasury (or such Secretary’s delegate).

17 **SEC. 3. SUBPART F EXEMPTION FOR ACTIVE FINANCING IN-**
18 **COME.**

19 (a) IN GENERAL.—Sections 953(e)(10) and
20 954(h)(9) of the Internal Revenue Code of 1986 (relating
21 to application) are each amended—

22 (1) by striking “the first taxable year” and in-
23 serting “taxable years”,

24 (2) by striking “January 1, 2000” and insert-
25 ing “January 1, 2005”, and

1 (3) by striking “within which such” and insert-
2 ing “within which any such”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1999.

6 **SEC. 4. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLE-**
7 **TION FOR MARGINAL PRODUCTION.**

8 (a) IN GENERAL.—Subparagraph (H) of section
9 613A(c)(6) of the Internal Revenue Code of 1986 (relating
10 to temporary suspension of taxable limit with respect to
11 marginal production) is amended by striking “January 1,
12 2000” and inserting “January 1, 2005”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to taxable years beginning after
15 December 31, 1999.

16 **SEC. 5. WORK OPPORTUNITY CREDIT AND WELFARE-TO-**
17 **WORK CREDIT.**

18 (a) TEMPORARY EXTENSION.—Sections 51(c)(4)(B)
19 and 51A(f) of the Internal Revenue Code of 1986 (relat-
20 ing to termination) are each amended by striking “June
21 30, 1999” and inserting “December 31, 2001”.

22 (b) CLARIFICATION OF FIRST YEAR OF EMPLOY-
23 MENT.—Paragraph (2) of section 51(i) of such Code is
24 amended by striking “during which he was not a member
25 of a targeted group”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to individuals who begin work for
3 the employer after June 30, 1999.

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