

# Calendar No. 342

106TH CONGRESS  
1ST SESSION

# S. 1770

To amend the Internal Revenue Code of 1986 to permanently extend the research and development credit and to extend certain other expiring provisions for 30 months, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 22, 1999

Mr. LOTT (for himself, Mr. HATCH, Mr. CRAIG, Mr. COVERDELL, Mr. McCONNELL, Mr. GREGG, Mr. GORTON, Mr. FRIST, and Mr. ASHCROFT) introduced the following bill; which was read the first time

OCTOBER 25, 1999

Read the second time and placed on the calendar

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## A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the research and development credit and to extend certain other expiring provisions for 30 months, 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; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Clear Extenders Act of 1999”.

1 (b) AMENDMENT OF 1986 CODE.—Except as other-  
 2 wise expressly provided, whenever in this Act an amend-  
 3 ment or repeal is expressed in terms of an amendment  
 4 to, or repeal of, a section or other provision, the reference  
 5 shall be considered to be made to a section or other provi-  
 6 sion of the Internal Revenue Code of 1986.

7 (c) TABLE OF CONTENTS.—The table of contents for  
 8 this Act is as follows:

9 **TITLE I—EXTENSION OF**  
 10 **EXPIRING INCENTIVES**

11 **SEC. 101. PERMANENT EXTENSION OF RESEARCH AND DE-**  
 12 **VELOPMENT CREDIT.**

13 (a) EXTENSION.—

14 (1) IN GENERAL.—Section 41 (relating to cred-  
 15 it for increasing research activities) is amended by  
 16 striking subsection (h).

17 (2) TECHNICAL AMENDMENT.—Section  
 18 45C(b)(1) is amended by striking subparagraph (D).

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

22 (b) INCREASE IN PERCENTAGES UNDER ALTER-  
 23 NATIVE INCREMENTAL CREDIT.—

24 (1) IN GENERAL.—Subparagraph (A) of section  
 25 41(c)(4) of such Code is amended—

1 (A) by striking “1.65 percent” and insert-  
2 ing “2.65 percent”,

3 (B) by striking “2.2 percent” and inserting  
4 “3.2 percent”, and

5 (C) by striking “2.75 percent” and insert-  
6 ing “3.75 percent”.

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

10 (c) SPECIAL RULE.—

11 (1) IN GENERAL.—For purposes of the Internal  
12 Revenue Code of 1986, the credit determined under  
13 section 41 of such Code which is otherwise allowable  
14 under such Code and which is attributable to the  
15 suspension period shall not be taken into account  
16 prior to October 1, 2000. On or after such date,  
17 such credit may be taken into account through the  
18 filing of an amended return, an application for expe-  
19 dited refund, an adjustment of estimated taxes, or  
20 other means allowed by such Code.

21 (2) SUSPENSION PERIOD.—For purposes of this  
22 subsection, the suspension period is the period be-  
23 ginning on July 1, 1999, and ending on September  
24 30, 2000.

25 (3) EXPEDITED REFUNDS.—

1 (A) IN GENERAL.—If there is an overpay-  
2 ment of tax with respect to a taxable year by  
3 reason of paragraph (1), the taxpayer may file  
4 an application for a tentative refund of such  
5 overpayment. Such application shall be in such  
6 manner and form, and contain such informa-  
7 tion, as the Secretary may prescribe.

8 (B) DEADLINE FOR APPLICATIONS.—Sub-  
9 paragraph (A) shall apply only to applications  
10 filed before October 1, 2001.

11 (C) ALLOWANCE OF ADJUSTMENTS.—Not  
12 later than 90 days after the date on which an  
13 application is filed under this paragraph, the  
14 Secretary shall—

15 (i) review the application,

16 (ii) determine the amount of the over-  
17 payment, and

18 (iii) apply, credit, or refund such over-  
19 payment,

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

22 (D) CONSOLIDATED RETURNS.—The provi-  
23 sions of section 6411(c) of such Code shall  
24 apply to an adjustment under this paragraph in  
25 such manner as the Secretary may provide.

1           (4) CREDIT ATTRIBUTABLE TO SUSPENSION PE-  
2           RIOD.—

3           (A) IN GENERAL.—For purposes of this  
4           subsection, in the case of a taxable year which  
5           includes a portion of the suspension period, the  
6           amount of credit determined under section 41  
7           of such Code for such taxable year which is at-  
8           tributable to such period is the amount which  
9           bears the same ratio to the amount of credit de-  
10          termined under such section 41 for such taxable  
11          year as the number of months in the suspension  
12          period which are during such taxable year bears  
13          to the number of months in such taxable year.

14          (B) WAIVER OF ESTIMATED TAX PEN-  
15          ALTIES.—No addition to tax shall be made  
16          under section 6654 or 6655 of such Code for  
17          any period before July 1, 1999, with respect to  
18          any underpayment of tax imposed by such Code  
19          to the extent such underpayment was created or  
20          increased by reason of subparagraph (A).

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

1 **SEC. 102. EXTENSION OF MINIMUM TAX RELIEF FOR INDI-**  
2 **VIDUALS.**

3 (a) IN GENERAL.—The second sentence of section  
4 26(a) (relating to limitations based on amount of tax) is  
5 amended by striking “1998” and inserting “calendar  
6 years 1998, 1999, 2000, and 2001”.

7 (b) CHILD CREDIT.—Section 24(d)(2) (relating to re-  
8 duction of credit to taxpayer subject to alternative min-  
9 imum tax) is amended by striking “December 31, 1998”  
10 and inserting “December 31, 2001”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1998.

14 **SEC. 103. SUBPART F EXEMPTION FOR ACTIVE FINANCING**  
15 **INCOME.**

16 (a) IN GENERAL.—Sections 953(e)(10) and  
17 954(h)(9) (relating to application) are each amended—

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

20 (2) by striking “January 1, 2000” and insert-  
21 ing “January 1, 2002”, and

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

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

1 **SEC. 104. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLE-**  
2 **TION FOR MARGINAL PRODUCTION.**

3 (a) IN GENERAL.—Subparagraph (H) of section  
4 613A(c)(6) (relating to temporary suspension of taxable  
5 limit with respect to marginal production) is amended by  
6 striking “January 1, 2000” and inserting “January 1,  
7 2002”.

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

11 **SEC. 105. WORK OPPORTUNITY CREDIT AND WELFARE-TO-**  
12 **WORK CREDIT.**

13 (a) TEMPORARY EXTENSION.—Sections 51(c)(4)(B)  
14 and 51A(f) (relating to termination) are each amended  
15 by striking “June 30, 1999” and inserting “December 31,  
16 2001”.

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

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

1       **TITLE II—REVENUE OFFSET**

2       **SEC. 201. MODIFICATION OF ESTIMATED TAX SAFE HAR-**  
 3                               **BOR.**

4               (a) IN GENERAL.—The table contained in clause  
 5 (i) of section 6654(d)(1)(C) of the Internal Revenue Code  
 6 of 1986 (relating to limitation on use of preceding year’s  
 7 tax) is amended by striking the item relating to 1999 or  
 8 2000 and inserting the following new items:

“1999 .....	108.5
2000 .....	106”.

9               (b) EFFECTIVE DATE.—The amendment made by  
 10 this section shall apply with respect to any installment  
 11 payment for taxable years beginning after December 31,  
 12 1999.



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