SUMMARIES OF PUBLIC AND PRIVATE BILLS AND RESOLUTIONS ON WHICH ACTION WAS TAKEN BY COMMITTEE—IN NUMERICAL ORDER

H.R. 1 (Mr. Hastert with cosponsors); Public Law 108-173; app. Dec. 8, 2003.

H.R. 1, Medicare Prescription Drug and Modernization Act of 2003, was introduced on June 25, 2003. The bill text consists generally of the substance of H.R. 2473, Medicare Prescription Drug and Modernization Act of 2003, as reported from the Energy and Commerce Committee (H.Rept. 108-178, pt. 1), and ordered reported from the Committee on Ways and Means on June 17, 2003. The rule providing for consideration of H.R. 1, H.Res. 299, also provided for consideration H.R. 2596, Health Savings and Affordability Act. The rule provides that in the engrossment of H.R. 1, the text of H.R. 2596, as passed by the House, be included as new matter at the end of H.R. 1. (See H.R. 2596 for a summary of provisions concerning Health Savings Accounts). H.R. 1 passed the House, amended, on June 27, 2003 by a vote of 216-215. The bill passed the Senate, striking all after the enacting clause and substituting the language of S. 1, amended, on July 7, 2003. The Senate insisted on its amendments and asked for a conference that same day. On July 14, 2003, the House disagreed to the Senate amendments, and agreed to a conference without objection. The conference report (H.Rept. 108-391) was filed in the House on Nov. 20, 2003. On Nov. 22, 2003, the House agreed to the conference report by a vote of 220-215. The Senate agreed to the conference report by a vote of 54-44 on Nov. 25, 2003. H.R. 1 was signed into law by the President on Dec. 8, 2003, as P.L. 108-173.

Medicare Prescription Drug Benefit

Prescription drug discount card-- No later than six months after Dec. 8, 2003 the Medicare-endorsed drug discount cards will be available. The cards will end when the prescription drug benefit becomes available to the beneficiary in 2005. Beneficiaries have a choice of at least two Medicare endorsed cards. All Medicare beneficiaries are eligible for the card, except those enrolled in Medicaid and entitled to Medicaid drug coverage. Card sponsors can charge an annual enrollment fee of up to $30, which may be paid by the State. Card sponsors offer beneficiaries access to negotiated prices and discounts. Sponsors must provide convenient access to pharmacies.

Transitional low-income assistance-- All individuals with income under 135% of the federal property level are eligible for transitional assistance unless they have third party coverage from employers, Department of Defense, Medicaid or the Federal Employees' Health Benefit Program. There is no asset test (unlike Medicaid). Up to $600 per year is provided in conjunction with the discount card to purchase prescription drugs, but the amount may be prorated for beneficiaries who enroll for part of a year. The annual enrollment fee is paid by the Secretary. Eligible beneficiaries below 100% of the federal poverty level will pay a 5% coinsurance on each discounted drug; eligible beneficiaries between 101%-135% of the federal poverty level will pay a 10% coinsurance on each discounted drug.

Standard benefit in 2006-- The standard benefit in 2006 includes $250 deductible and 75% coverage up to $2,250. There is also $3,600 out-of-pocket catastrophic coverage. Those with low-income below 135% of poverty have no copayments above catastrophic. Those between 135-150% and having copayments of $2 or $5 are within the catastrophic level. For those above 150% of poverty there will be 5% coinsurance. The average premium is $35. Beneficiary access to at least one Prescription Drug Plan (PDP) and one integrated plan exists in each region. Two PDPs are required if an integrated plan is not available. Bids for risk-plans and reduced risk plans must be submitted concurrently. If no risk plans or fall back plans bid in a region, the fall back plan will provide coverage in that area. Fall back plans must offer the standard benefit, accept performance risk, and its premiums are set by Medicare.

Low-income benefit Assistance-- Duals have access to Medicare benefit as federal rules apply throughout the benefit. There is a 10-year phase-down to 75% state contribution, and 75% applies thereafter. Those up to 150% of poverty with no gap in their coverage have cost-sharing and premium assistance. In order to be dual eligible the incomes must be below 100% of poverty. Under this condition generic drugs will cost $1, and $3 will be the cost for brand-name drugs. There are up to $2 copays for generic drugs and up to $5 copayments for brand name/and non-preferred drugs (indexed) for all other low-income beneficiaries under 135% of poverty. Medicaid can provide coverage for classes of drugs not covered by Medicare (e.g. prescribed over-the-counter, benzodiazepines etc.) There are house asset tests ($6,000/$9,000 and indexed to inflation) for those below 135% of poverty. Individuals below the 150% of the federal poverty level receives a $50 deductible and a sliding scale premium. There is also 15% coinsurance up to the catastrophic limit and $2 to $5 copayments thereafter. There is an asset test of $10,000 for singles and $20,000 for couples which is indexed to inflation.

Retiree Coverage-- Retiree plans offering actuarially equivalent coverage receive 28% payment for the drug costs between $250 and $5,000. The subsidy for retiree prescription drug coverage is excludable from taxation. Qualified retiree plans have maximum flexibility on plan design, formularies and networks. Employers can also provide premium subsidies and cost-sharing assistance for retirees that enroll in Medicare prescription drug plans and integrated plans. Employers can negotiate preferential premiums from integrated plans.

Medication Therapy Management-- Plans must have programs to provide medication therapy management by pharmacy providers targeted to beneficiaries who (1) have multiple chronic conditions, (2) use multiple prescriptions and (3) are likely to incur high drug expenses. These programs would ensure appropriate use of prescription drugs to improve therapeutic outcomes and reduce adverse drug interactions. Plans must take into account medication therapy management services when determining reimbursement for pharmacists.

Electronic Prescribing-- Plans may operate electronic prescription programs that meet federal standards. Prescribing health providers receive relevant information from plans on medical history, lower cost drugs, eligibility and benefits, drugs included on the formulary, and information on potential adverse drug interactions. The Secretary, in consultation with appropriate stake holders, will develop and adopt initial standards by Sept. 1, 2005. A pilot program to test the initial standards begins Jan. 1, 2006. The Secretary will evaluate the pilot program, submit a report to Congress by Apr. 1, 2007 and issue final standards by Apr. 1, 2008. Discretionary grants are available to assist providers in implementing electronic prescription programs. Plans, hospitals and group practices would be allowed to purchase hardware and software for doctors in establishing the programs. Prescription drug plans may pay an additional fee to doctors who reduce medical errors, improve formulary compliance or reduce adverse drug interactions.

Medicare Advantage Program

Private Plans and Competition-- A new payment option of 100% of fee-for-service will be added in 2004 and increase all rates by growth in fee-for-service Medicare thereafter. Local and regional plans bid in 2006 with 75% of the savings from plans bidding below the benchmark going to beneficiaries and 25% to the government. Regional plans operate under the same rules as local plans, but there are exceptions. Exceptions include a blended benchmark where private plan bids can affect the benchmark in proportion to their national market share, incentives on network adequacy, risk corridors of 3%/8% on benefits under parts A and B, and a stabilization fund for plan entry and retention. A comparative cost adjustment program will begin in 2010 in up to six Metropolitan Statistical Areas (MSAs), or 25% of qualifying MSAs if lower, for six years. Demonstration sites will be chosen from MSAs with two local private plans with at least 25% total local private plan penetration. Beneficiaries in counties within a triggered MSA that lack at least two private plans will not be affected. Part B premiums for beneficiaries remaining in traditional fee-for-service programs can not go up or down by more than 5% in any year as a result of the demonstration. Beneficiaries with incomes below 150% of poverty, and assets as under Title I, are protected from any Part B premium change as a result of the benchmark. Entitlement to defined benefits for all beneficiaries is continued. All plans, including the traditional fee-for-service plans, are paid based on the demographic and health risks of enrollees. If traditional fee-for-service plan disproportionally enrolls beneficiaries with poor risk, beneficiary premium changes would be adjusted to compensate. In order to compute the benchmark in competitive areas, the national fee-for-service market share is used even in areas where the local fee-for-service market share is lower. Cost contracts are extended indefinitely unless, beginning in 2008, two private local plans or two private regional plans are available to the cost contract's enrollees. Plans which serve beneficiaries with specialized needs can restrict coverage to those beneficiaries through 2009. Municipal health service demonstrations extend through 2006, and PACE providers and individuals enrolled in PACE receive the same balance billing protections as other Medicare+Choice plans.

Combating Waste, Fraud and Abuse

Recovery Audit-- The Secretary will conduct a demonstration of recovery audit contractors in at least two states for three years to identify under or overpayments and collect overpayments.

Durable Medical Equipment-- Durable medical equipment rates will be frozen for three years from 2004 to 2006. The rates for the top five codes are adjusted to reflect prices paid under the FEHBP plans, affecting a small proportion of the items and services. Competitive bidding for the largest MSAs begins in 2007 phasing up to 80 MSAs in 2009. Competitive bidding prices will apply nationwide for those selected services.

Average Wholesale Price (AWP) Reform-- AWP decreases by 15% in 2004, and the Secretary has authority to increase or decrease reimbursement based on market surveys. Beginning in 2006, Average Sales Price (ASP) will increase 6% and competitive bidding as a physician choice will exist. The Secretary has the authority to adjust reimbursement for a drug, where the ASP is found to not reflect widely available market prices. Manufacturers are required to report ASP data, and manufacturer reporting of false ASP information is a violation of the False Claims Act. The Health and Human Services Inspector General is required to regularly audit manufacturer submitted ASPs and compare them with widely available market prices and Medicaid Average Manufacturer Prices (AMP). Practice expense reimbursements for drug administration has increased. Existing codes for drug administration are examined and any revisions from budget neutrality are exempt. There are adjustments for higher oncology nurse salaries, and a transitional payment increase will be added in 2004 and 2005. MedPAC review of payment changes is required as the changes affect payment and access to care by Jan. 2005 for oncologists, and by Jan. 2006 for other affected specialties.

Medicare Secondary Payer-- Medicare Secondary Payer policies are clarified, thereby saving $9 billion dollars.

Rural Provisions

Rural Health Care Improvements-- A standardized amount has been made permanent. Medicare disproportionate share hospital (DSH) payments for rural and small urban hospitals is increased to a 12% cap in 2004. In 2005, labor share starts at 62%. A low volume hospital payment, with the number of discharges being 800, must meet a 25 mile limitation. Unused graduate medical education payments are redistributed to rural hospitals and small city hospitals. Nurse practitioners may continue to treat their patients who enroll in hospice programs. A Critical Access Hospital (CAH) program is improved and includes an increase in the payment amounts to 101% of costs, and up to 25 beds may be used for acute care. New eligibility rules that allow hospitals with no greater than 10 psychiatric or rehabilitation beds become CAHs. On-call payments exist for physician assistants, nurse practitioners, and clinical nurse specialists. The periodic interim payments and develop alternative timing methods to achieve an appropriate level of cash flow are reinstated. The barrier for receiving the physician bonus is eliminated, and $35 million a year in Rural Flexibility Grants, with 95% of the funds going to the hospitals, is authorized. For the professional services provided by rural health clinic and federally qualified health clinic services consolidated billing is eliminated. The hold harmless for hospital outpatient services performed at small rural hospitals is extended for two years. During this time period, the Secretary reviews the prospective payment system rates. A safe harbor has been created for donations and other renumeration used to improve services at Federally Qualified Health Centers. Hospitals that are missing cost reports are eligible for sole community status if a one base year cost report is available.

Part A -- Hospitals

The hospital update is set at market basket for FY 2004; however, payments are reduced by 0.4% in FY 2005, FY 2006 or 2007 for those hospitals that fail to furnish quality data to Center for Medicare and Medicaid Services (CMS). Hospitals submit data to CMS for a specified set of indicators building on CMS's experience with the ongoing Hospital Quality Incentive Data initiative being conducted with the major hospital trade groups. For Indirect Medical Education the payment reduction will be 6% for the last half of FY 2004, 5.8% in FY 2005, 5.55% in FY 2006 and 5.35% in FY 2007. In regard to specialty hospitals there is an 18 month moratorium of the self-referral whole hospital exemption for new specialty hospitals. "New hospitals" do not include existing hospitals or those under construction. Existing hospitals can add up the greater of five beds or 50% of the beds on their current campus. During the moratorium period, MedPAC conducts an analysis of the costs of the specialty hospitals and whether the payment system should be refined. The Secretary will examine referral patterns and quality of care issues. There is a technology integration package at $600 million. Improvements on national and local coverage policy and expansion of clinical trials exist also. Medicare payments to skilled nursing facilities are refined to reflect the high cost of treating patients with AIDS. An appeals structure for wage index reclassification has been created, removing arbitrary distance criteria and focusing on quality and other factors. It results in as much as $900 million in new hospital payments. A new process, similar to the prior law wage index reclassification process, has been established. It is based on commuting data, which would enable hospitals to receive a blended wage index amount based on the percent of employees which commute from adjacent MSAs. The PPS rate for hospitals in Puerto Rico are permanently increased to 75% of the national rate over a two year transition. The Department of the Treasury is allowed to correct a technical error regarding the HI (Hospital Insurance) Trust Fund. Hospice physicians are reimbursed for educating patients about the program. The Secretary will update the weights for the hospital market basket more frequently than once every five years.

Part B--Supplementary Medical Insurance Benefits

Physicians-- The 4.5% cut and additional cut in 2005 are blocked. Instead, physicians receive a 1.5% update in 2004 and 2005. There is a 1% on work geographic payer adjuster in 2004 through 2006. In 2005 through 2007 there will be physician scarcity 5% bonus payments. Screening tests are covered for early detection of cardiovascular disease. Individuals at high risk for diabetes are covered for laboratory screening tests. Mammography payments provided in hospital outpatient departments will be paid under the higher rates in the physician fee schedule. Certain sole source drugs in the hospital outpatient setting will be paid at least 88% of average wholesale price (AWP) in 2004 and at least 83% of AWP in 2005, but no more than 95% of AWP. Multiple source drugs would be paid no more than 46%. The General Accounting Office (GAO) will collect data on hospital acquisition costs for drugs. The provision recognizes variation in the costs for brachytherapy seeds. An advisory board provides advice for the end stage renal disease demonstrations underway by the Centers for Medicare and Medicaid Services. The payments for exceptionally costly care are restored for facilities that primarily treat pediatric dialysis patients. Podiatrists, dentists and optometrists are included under private contracting authority. A fee schedule amount is included for custom shoes for diabetic patients. There is a 2-year moratorium on the therapy cap.

Laboratory Payments-- There is a 5-year freeze on laboratory payments.

Ambulatory Surgical Centers-- Beginning in April 2004 there is a 1% reduction in payments, and from 2005 to 2009 there will be a 5-year freeze in payment rates. The Secretary will develop new payment systems after the review of the General Accounting Office study.

Parts A and B

Provisions relating to parts A and B-- The Secretary will conduct a demonstration to test a less restrictive home-bound definition used for eligibility for home health services. A new open process and timelines are established for national coverage decisions. Clinical trials are covered for Category A devices. The Secretary conducts a demonstration for home health services delivered at medical adult day care centers. The Medicare Payment Advisory Commission will be required to examine the budgetary requirements of their recommendations. MedPAC members must fully disclose their finances. The Commission shall include at least one member with pharmaceutical expertise.

Home Health-- A copayment does not exist, market basket is -0.8% for 2004 through 2006, and there is a 5% rural bonus payment for one year.

Other-- Ambulance payments based on the regional floor and the adjustment for low population rural areas plus a 1% across the board for urban areas and 2% across the board for rural areas for two-and-a-half years. Community health centers safe harbor is included. Carve-out of community health center physicians from the skilled nursing facility PPS. Federally Qualified Health Centers receive wrap-around payment if Medicare Advantage (MA) plans pay less than Federal Qualified Health Center (FQHC) costs.

Beneficiary Issues-- These provide an initial voluntary physical when one is becoming eligible for Medicare. New preventive benefits include screening for diabetes and cardiovascular disease. Part B deductible at $110 in 2005 are indexed to growth in Part B expenditures. The Act also provide a disease management program to manage and promote health for those with chronic illnesses.

Cost Containment

Cost Containment-- For the entire Medicare program there is transparency in accounting. A mechanism requires congressional response of the Medicare program if general revenue contributions exceed 45% of program spending.

Income-related Part B Premium-- Income thresholds are in place. Under the thresholds all beneficiaries under $80,000 for singles and $160,000 for couples continue to receive a 75% subsidy. A 65% premium subsidy is for beneficiaries between $80,000 and $100,000. A 50% premium subsidy is for beneficiaries between $100,000 and $150,000. A 35% premium subsidy is for beneficiaries between $150,000 and $200,000. A 20% premium subsidy is for beneficiaries over $200,000. A 5 year phase-in of new premiums begins in 2007. Income levels are doubled for married couples. The premium permits beneficiaries to appeal if their family situation changes (e.g. death of a spouse, divorce).

Regulatory and Contracting Reform

Regulatory Reform-- This prohibits the introduction of new material in final rules without an opportunity for public comment. There are also prohibitions of retroactive application of new regulations and policies and sanctions if a provider follows written, erroneous guidance from the government and its agents.

Contracting Reform-- This creates a competitive process for contracting for Medicare administrative functions such as processing and paying of claims. In addition, the reform expands the potential pool of expertise by allowing companies besides insurance companies to compete for contracts.

Appeals-- These transfer Medicare Administrative Law Judges from the Social Security Administration to the Department of Health and Human Services to ensure their independence. Access to judicial review for legal issues that cannot be resolved administratively is expedited, and an expedited review of certain provider agreement demonstrations is required. Providers are allowed up to three years to repay overpayments in cases of hardship (five years if extreme hardship).

Medicaid and Miscellaneous Provisions

Medicaid-- Disproportionate share hospital (DSH) payment policy has been modified so that the first year increase is 16% in 2004. Low DSH states will get a 16% annual bump up for five years.

Access to Affordable Pharmaceuticals

Hatch-Waxman Reforms-- The Act ended existing loopholes in the Hatch-Waxman law by making changes to the 30 month stay and 180 day provisions. The new drug applicants will receive only one 30 month stay per product for patients submitted prior to the filing of a generic drug application. In addition, the Act modifies rules relating to generic company's 180 day exclusivity. Specifically, it enables multiple companies to qualify for the 180 day exclusivity if they all file their application on their first day of eligibility. Additionally, the Act contains provisions relating to declaratory judgements which are designed to accelerate a generic company's ability to enter the marketplace.

Reimportation-- This relates to Canada only with safety certifications, in addition to a study by the Secretary on the major safety and trade issues regarding reimportation.

Tax Provisions

Tax Provisions-- These provisions clarify that employers do not have to provide 1099 Forms to service providers if services are paid for with a debit, credit card, or store-valued card. There is a tax-free Health Savings Accounts (HSAs) for lifetime health care needs. Contributions to this account, build up in the account, and distributions from the account are tax-free. Contributions can be made by individuals, their employers, and family members - all on a tax-free basis. Up to 100% of the health plan deductible may be saved annually, up to a maximum of $2,600 for self-only policies and $5,150 for family policies. Individuals from ages 55 to 65 (peak savings years) can make additional tax-free "catch-up" contributions of up to $1000. Distributions used to pay un-reimbursed medical expenses are completely tax-free. Distributions may be used to pay for retiree health insurance, Medicare expenses, prescription drugs, and many other expenses. The 28% employer subsidy for retiree prescription drug coverage is excludable.

H.R. 2 (Mr. Thomas with cosponsors); Public Law 108-27; app. May 28, 2003.

H.R. 2, Jobs and Growth Tax Relief Reconciliation Act of 2003, was reported, amended, by the Committee on Ways and Means on May 8, 2003, (H.Rept. 108-94). The bill passed the House, amended, on May 9, 2003, by a vote of 222-203. The Senate passed H.R. 2 on May 15, 2003, the Senate struck all after the enacting clause and substituted the language of S. 1054 amended, by a vote of 51-49. S. 1054 was reported by the Senate Finance Committee on May 13, 2003, (no written report). The Senate insisted on its amendment and asked for a conference on May 15, 2003. The House disagreed to the Senate amendment and agreed to a conference on May 22, 2003. The conference report was filed on May 22, 2003 (H.Rept. 108-126). The House agreed to the conference report on May 23, 2003, by a vote of 231-200. The Senate agreed to the conference report on May 23, 2003, by a vote of 51-50. H.R. 2 was signed into law by the President on May 28, 2003, as P.L. 108-27.

I. ACCELERATION OF CERTAIN PREVIOUSLY ENACTED TAX REDUCTIONS

A. Accelerate the Increase in the Child Credit

Under prior law, the child credit was scheduled to be $600 for 2003 and 2004. The Act increases the amount of the child credit to $1,000 for 2003 and 2004. After 2004, the amount of the credit reverts to the level provided under prior law. For 2003, the increased amount of the child credit (up to $400) will be paid in advance, beginning in July 2003, based on the information contained in the taxpayer's return for 2002.

The provision is effective for taxable years beginning after Dec. 31, 2002, and before Jan. 1, 2005.

B. Accelerate Marriage Penalty Relief

Standard deduction marriage penalty relief-- The Act provides that the basic standard deduction amount for married taxpayers filing a joint return is twice the basic standard deduction amount for single individuals for 2003 and 2004. For taxable years beginning after 2004, the relationship between the standard deduction for joint filers and single filers reverts to prior law.

The provision is effective for taxable years beginning after Dec. 31, 2002, and before Jan. 1, 2005.

Accelerate the expansion of the 15-percent rate bracket for married couples filing joint returns-- The Act increases the size of the 15-percent regular income tax rate bracket for married taxpayers filing joint returns to twice the width of the 15-percent regular income tax rate bracket for single returns for taxable years. Beginning after 2004, the rate brackets revert to prior law.

The provision is effective for taxable years beginning after Dec. 31, 2002, and before Jan. 1, 2005.

C. Accelerate Reductions in Individual Income Tax Rates

Ten-percent regular income tax rate-- The Act accelerates the increase in the taxable income levels of the 10-percent rate bracket so that the income levels scheduled for 2008 become effective in 2003 and 2004. Thus, for 2003, the taxable income level for the 10-percent regular income tax rate bracket for single individuals is increased from $6,000 to $7,000, and for married taxpayers filing joint returns from $12,000 to $14,000. For 2004, these amounts are indexed for inflation. For taxable years beginning after Dec. 31, 2004, the taxable income levels for the 10-percent rate bracket revert to the levels provided under prior law.

The provision is effective for taxable years beginning after Dec. 31, 2002, and before Jan. 1, 2005.

Reduction of other regular income tax rates-- The Act accelerates the reductions in the regular income tax rates that are scheduled for 2004 and 2006. Thus, for 2003 and thereafter, the regular income tax rates in excess of 15 percent are 25 percent, 28 percent, 33 percent, and 35 percent.

The provision is effective for taxable years beginning after Dec. 31, 2002. The provision does not modify the application of the prior law sunset to the rate reductions as contained in the Economic Growth and Tax Relief Reconciliation Act of 2001.

Alternative minimum tax exemption amounts-- The Act increases the alternative minimum tax exemption amount for married taxpayers filing joint returns and surviving spouses to $58,000, and for unmarried taxpayers to $40,250 for taxable years beginning in 2003 and 2004.

The provision is effective for taxable years beginning after Dec. 31, 2002, and before Jan 1, 2005.

II. GROWTH INCENTIVES FOR BUSINESS

A. Special Depreciation Allowance for Certain Property

The Act provides an additional first-year depreciation deduction equal to 50-percent of the adjusted basis of qualified property. Qualified property is defined in the same manner as for purposes of the 30-percent additional first-year depreciation deduction provided by the Job Creation and Workers Assistance Act of 2002, except that the applicable time period for acquisition (or self construction) of the property is modified.

In general, in order to qualify for the 50-percent additional depreciation deduction, the property must be acquired after May 5, 2003, and before Jan. 1, 2005. Property does not qualify if there was a binding written contract for the acquisition in effect before May 6, 2003. Property for which 50-percent additional first-year depreciation deduction is claimed is not eligible for the 30-percent additional first-year depreciation deduction.

The provision is effective for taxable years ending after May 5, 2003.

B. Increase Section 179 Expensing

The Act provides that the maximum dollar amount that may be deducted under section 179 is increased to $100,000 for property placed in service in taxable years beginning in 2003, 2004, and 2005. In addition, for purposes of the phase-out of the deductible amount, the $200,000 amount is increased to $400,000 for property placed in service in taxable years beginning in 2003, 2004 and 2005. The dollar limitations are indexed annually for inflation for taxable years beginning after 2003 and before 2006. The provision also includes off-the-shelf computer software placed in service in a taxable year beginning in 2003, 2004, or 2005 as qualifying property. With respect to taxable years beginning in 2003, 2004, and 2005, the provision permits taxpayers to make or revoke expensing elections on amended returns without the consent of the Commissioner.

The provision is effective for taxable years beginning after Dec. 31, 2002.

III. REDUCTIONS IN TAXES ON CAPITAL GAINS AND DIVIDENDS

A. Reduce Individual Capital Gains Rates

The Act reduces to 10-and 20-percent rates on capital gains to five (zero, in 2008) and 15-percent, respectively. These lower rates apply to both the regular tax and the alternative minimum tax. The lower rates apply to assets held more than one year.

The provision applies to sales and exchanges (and payments received) on or after May 6, 2003, and before Jan. 1, 2009.

B. Dividend Tax Relief for Individuals

Under the Act, dividends received by an individual shareholder from domestic and qualified foreign corporations generally are taxed at the same rates that apply to capital gains. This treatment applies for purposes of both the regular tax and the alternative minimum tax. Thus, under the provision, dividends are taxed at rates of five (zero, in 2008) and 15-percent.

The provision applies to dividends received in taxable years beginning after 2002 and before 2009.

IV. TEMPORARY STATE FISCAL RELIEF FUND

The Act provides relief to States by establishing a temporary fund to provide $10 billion divided among the States to be used for essential governmental services, and $10 billion for Medicaid (FMAP).

V. CORPORATE ESTIMATED TAXES

The Act provides that 25-percent of the corporate estimated tax payments due on Sept. 15, 2003, are not required to be paid before Oct. 1, 2003.

H.R. 4 (Ms. Pryce with cosponsors); passed the House Feb. 13, 2003.

H.R. 4, The Personal Responsibility, Work, and Family Promotion Act of 2003, passed the House by a vote 230-192, on Feb. 13, 2003. The bill was brought directly to the floor for consideration and did not receive action by any of the Committees of jurisdiction. The bill was reported, amended, by the Senate Finance Committee on Oct. 3, 2003 (H.Rept. 108-162).

H.R. 4 is nearly identical to H.R. 4737, which passed the House in the 107th Congress. H.R. 4 would extend the authorization for the Temporary Assistance for Needy Families (TANF) block grant through FY 2008. It would increase the number of hours recipients must work in order to receive TANF assistance and would require States to gradually increase the percentage of families who must engage in work or work-related activities. The measure would also authorize increased funding for two programs that help provide child care for TANF recipients. The bill would continue the current prohibition on providing TANF benefits to most immigrants.

TANF Reauthorization

The bill would authorize the TANF block grant through FY 2008 at the current level of $16.5 billion a year. It would continue the provision of current law that limits the time during which a family could receive TANF benefits to five years. It would also continue the current requirement that States spend from their own funds an amount equal to 75 percent of the amount they spent on AFDC-related programs in order to receive federal TANF funds.

The legislation would increase from 30 to 40 the number of hours each week that welfare recipients must work or engage in work-related activities, and would further require that 24 of these hours be spent in "direct work activities." The legislation would also gradually increase the percentage of families in a State who must engage in work or work-related activities from its current level of 50 percent to 70 percent by FY 2008. The increase would occur in annual increments of 5 percent beginning with an increase to 55 percent in FY 2005.

Child Care

H.R. 4 would provide $2.9 billion in each of the next five years for the mandatory child care program to help recipients leave welfare for work, $200 million more each year than is currently provided. For the discretionary child care program, the measure would authorize $2.3 billion in FY 2004, $200 million more than the current level, and would increase the authorization by $200 million in each succeeding year. By FY 2008, the authorization would reach $3.1 billion. The measure would require that States spend at least 6 percent of their discretionary child care allotment on improving the quality of child care. The bill also would permit States to transfer 50 % of their TANF funds to this child care program, up from 30% in current law.

State Flexibility

H.R. 4 would establish a program of demonstration projects through which States would apply for waivers of statutory and regulatory requirements in a number of Federal programs, including TANF, food stamps, public housing and child care programs, in order to show how services could be delivered more efficiently and in a more coordinated fashion. The bill would prohibit waiving certain provisions of law, such as those relating to civil rights, maintenance-of-effort requirements, labor standards or environmental protection. The bill would also establish a State Food Assistance Block Grant Demonstration program under which five States could choose to receive their food stamp funds under a block grant rather than under the regular food stamp program. Such States would receive a fixed amount for the five years that would be based on the amount of funds they received in the past for food stamps, and on its federal administrative and employment and training expenditures.

Marriage Promotion

The legislation would authorize $100 million in each of the next five years for a grant program to "promote and support healthy, married two-parent families." States would be required to match federal funds. These funds could be used to support specified activities, including advertising campaigns about the value of marriage and high school education programs on the value of marriage, relationship skills, and budgeting. The bill would authorize an additional $100 million in each year from FY 2004 to FY 2008 to support research, technical assistance and demonstration projects related to the marriage promotion activities funded by the family promotion and healthy marriage grants.

H.R. 6 (Mr. Tauzin); Conference report agreed to in the House Nov. 18, 2003.

H.R. 6, Energy Policy Act of 2003, was introduced on Apr. 11, 2003, and incorporated recommendations from the committees of jurisdiction. H.R. 1531, was reported, amended, by the Ways and Means Committee and reflects the recommendations of the Committee regarding energy issues. H.R. 1521 was embodied in H.R. 6. H.R. 6 passed the House, amended, on Apr. 11, 2003 by a vote of 247-175. An amendment agreed to in the House to H.R. 6, eliminated section 211 of H.R. 1531. This provision would have allowed coal companies to pre-fund their coal premium liabilities. H.R. 6 contains provisions within the jurisdiction of the Committees on Energy and Commerce, Science, Resources, Education and the Workforce, Transportation and Infrastruture, Financial Services, Agriculture and Ways and Means. The bill passed the Senate, amended, July 31, 2003, by a vote of 84-14. The Senate insisted on its amendment and asked for a conference on July 31, 2003. The House disagreed to the Senate amendment and agreed to a conference on Sept. 4, 2003. The conference report was filed in the House on Nov. 18, 2003, H.Rept. 108-375. The House agreed to the conference report on Nov. 18, 2003, by a vote of 240-180.

I. Conservation

Tax credits for residential energy-efficient property-- The legislation would include a 15% tax credit (up to $2,000) for residential solar hot water heaters, photovoltaics, and wind property. No depreciation would be allowed on wind facilities if credits are taken.

Tax credits for producing electricity from certain renewable resources-- The bill would extend the tax credit for producing electricity (currently 1.8 cents per kw/hr indexed for inflation for a 10-year production) from wind and closed-loop biomass (including closed-loop biomass co-fired with coal).

The bill would add new qualifying sources, including open-loop biomass, landfill gas, "trash to steam," geothermal, solar, small irrigation facilities, and animal waste nutrients. Credit would be 1.2 cents per kw/hr indexed for inflation for a 5-year production period. New solar and geothermal facilities would receive a credit of 1.8 cents per kw/hr for 5 years.

The credits would be reduced, up to 50%, if the facility receives tax-exempt financing or government grants, except co-fired biomass. With respect to geothermal and solar facilities, taxpayers would be able to choose between Section 45 production tax credits or Section 48 investment tax credits. That election would be permanent. The credits would not be "tradable".

The Government Accounting Office would be required to conduct a study on the ability of all Section 45 claimants to compete without tax subsidies, including an analysis of cost savings from not having to dispose of biomass and manure.

Tax credits for producing electricity from advanced nuclear reactors-- The bill would add credit for producing electricity from advanced nuclear reactors. The credit would be 1.8 cents per kw/hr for nuclear reactors approved by the Nuclear Regualtory Commission after the date of enactment. The maximum credit amount would be $125 million per year per 1,000MW capacity for eight years. Facilities would have to be placed in service prior to 2021.

Tax credits for fuel cells-- H.R. 6 includes a 20% credit for residential and business fuel cells that would be capped at $500 per 1/2 kilowatt of capacity.

Tax incentives for fuel-efficient vehicles and refueling infrastructure-- The bill would include tax credits for fuel savings (as compared to baseline vehicles) for the purchase of certain fuel-efficient passenger cars and trucks, including fuel cell vehicles, hybrid vehicles, alternative fuel vehicles, and advanced lean burn vehicles.

H.R. 6 would define hybrid cars and light trucks as vehicles that would be a 4% maximum available power (MAP) threshold. Hybrid cars and light trucks would be eligible for credits ranging from $400 to $2,400 based on fuel economy (compared to baseline vehicles) and credits ranging from $250 to $1,000 based on lifetime fuel savings (compared to baseline vehicles). Vehicles weighing 8,500 pounds or less would have to meet Tier II, Bin 5 emissions standards to be eligible for credits.

This bill would include tax credits for medium and heavy duty hybrid trucks. Medium duty trucks would have to have at least 10% MAP to qualify; heavy trucks would have to have 15% MAP to qualify. Treasury would issue regulations specifying how manufacturers could self-certify that trucks sold are more efficient than other trucks in the same weight class with similar uses.

Advanced lean burn vehicles (cars and light trucks only) would be eligible for comparable credits to those available to hybrids. Vehicles weighing 6,000 pounds or less would have to meet Tier II, Bin 5 emissions standards and vehicles between 6,000 pounds and 8,500 pounds would have to meet Tier II, Bin 8 emissions standards to be eligible.

Once a manufacturer sells 80,000 credit eligible hybrids or advanced lean burn vehicles, the full credit would be available to buyers through the end of the next calendar quarter. The credit would be reduced by 50% for the next two quarters and by 75% in the subsequent two quarters. No credit would be allowed after that.

H.R. 6 would clarify that lessor/owner would get the credits. Lessor would not be tax-exempt entity (i.e., sale/leaseback arrangements would not qualify).

The bill would increase the amount that taxpayers may expense for certain refueling infrastructure, including new hydrogen infrastructure.

Tax credits for energy-efficient appliances-- H.R. 6 would include tax credits for the domestic production of certain highly efficient washing machines and refrigerators. The $100 and $150 credits would be applied to appliances produced in excess of 110% of a three-year rolling average of prior production.

Tax credits for energy-efficient upgrades to existing homes-- The bill would include a 20% credit (up to $2,000) for the purchase of energy-efficient building envelope components meeting 2000 IECC standards as supplemented on date of enactment, including insulation, windows, and roofing systems.

Tax credits for energy-efficient new homes-- The bill would include a tax credit to the builder of new energy-efficient homes. The credit would be $1,000 for homes that are 30% more efficient than 2000 IECC standards as supplemented on date of enactment and $2,000 for homes that are

50% more efficient. Manufactured homes that meet the EnergyStar program standard would qualify for the $1,000 credit. Contractors would be able to self-certify or contract out subject to Treasury regulations.

Deduction for energy-efficient commercial property-- H.R. 6 would include a deduction, up to $1.50 per square foot, for upgrades to new or existing business property which reduce lighting, heating, cooling, or hot water costs by 50% compared to a baseline standard. Credit would be extended to existing buildings that retrofit lighting systems.

Tax incentives for electricity "smart meters"-- H.R. 6 would include a 3-year cost recovery period for electricity "smart meters." The meters would have to record energy usage during at least four periods per day and provide the information to the consumer and utility on at least a monthly basis.

Tax credits for combined heat and power (CHP) systems-- The bill would include a 10% tax credit for the business purchase of certain systems that use both mechanical and heat power. The systems would have to have less than 15 megawatts of capacity and meet certain efficiency standards. Systems using certain agricultural waste would receive a reduced credit based on their efficiency.

Individual Alternative Minimum Tax (AMT) hold harmless-- H.R. 6 would provide meaningful incentives by allowing individuals using the energy credits to take them against AMT as well as the regular tax.

Diesel-water emulsions-- The bill would reduce excise taxes on diesel-water emulsions by taxing mixture based on the BTU value of the fuel.

Expansion of small-producer ethanol credit-- H.R. 6 would expand the credit to increase the size of eligible producers from 30 million gallons to 60 million gallons, would allow the co-ops to pass the credit through to patrons, it would liberalize the carry-forward ordering rules, and would allow the credit to be taken against AMT. It would also extend credit for three years.

Volumetric Ethanol Excise Tax Credit (VEETC)-- The bill would create a new excise tax credit for ethanol (52 cent/gallon dropping to 51 cents/gallon as under current law). Effective 2004-2010; extends section 40 ethanol credit through 2010; would create a biodiesel excise tax credit at $1.00 per gallon for soybeans and $.50 cents per gallon transfer and repeal of ethanol excise tax exemption to the highway bill.

Repeal of rail and barge 4.3 cent excise tax-- H.R. 6 would repeal 4.3 cent excise tax on diesel fuel used by rail and barge.

II. Reliability

Accelerated depreciation for natural gas gathering lines-- H.R. 6 would include a seven-year cost recovery period for natural gas gathering lines and an AMT hold-harmless provision.

Accelerated depreciation for natural gas distribution lines-- The bill would include a fifteen-year cost recovery period for natural gas distribution lines.

Accelerated depreciation for electric transmission lines-- H.R. 6 would include a fifteen-year cost recovery period for new electric transmission lines (defined as 69 kilovolts and above by FERC).

Tax incentives for low-sulfur fuel production-- H.R. 6 would allow small refiners to expense 75% of the cost of making upgrades to produce low-sulfur fuel and a production credit of 5 cents per gallon up to 25% of the capital costs of those upgrades.

Definition of small refiner for depletion deductions-- This bill would redefine the definition of a small refiner from one "who runs no more than 50,000 barrels on any given day" to "67,500 of average daily production".

Sales of transmission assets to implement FERC Order 2000-- H.R. 6 would allow taxpayers who sell their transmission assets as advocated by FERC Order 2000 to pay the resulting tax ratably over 8 years, but only if the taxpayer reinvests the proceeds in other utility property.

Nuclear Decommissioning costs-- H.R. 6 would repeal the current law "cost of service" requirement, and allow utilities to deduct pre-1984 contributions to a qualified fund (upon transfer of the fund the seller takes the deductions, not the purchaser). The bill would allow utilities to deduct contributions made after the estimated useful life of the plant, and would clarify that tax-exempt entities can transfer a qualified fund to taxable entities.

Treatment of income to co-ops in "open access transactions"-- H.R. 6 would allow co-ops to exclude certain income derived from "open access" transactions (such as wheeling income from opening transmission or distribution facilities) from the 85-15 test and would allow income from certain "loss load" transactions to be treated as income from members for purpose of meeting the 85-15 test. The bill would include a clarification that excluded income would also include income from open access distribution services but only with respect to electric energy furnished to end users served by distribution facilities other than those owned by the cooperative. This provision would protect co-ops from becoming taxable as a result of deregulation.

Pre-paid natural gas contracts-- H.R. 6 would set a safe harbor for prepaid gas contracts equal to historical usage and clarifies that section 141(d) does not apply to such contracts.

Tax incentives for clean and advanced clean coal-- The bill would include several coal incentives such as a 17.5% investment tax credit for construction of advanced clean coal power plants. Eligible technologies would include: a) Advanced pulverized coal technology or atmospheric fluidized bed combustion technology; b) Pressurized fluidized bed combustion technology c) Integrated gasification combined cycle technology; or d) Other technology designated by the Secretary of Energy.

Plants would have to meet minimum capacity, thermal efficiency, and emissions standards. Investment credits would be subject to a nationwide 6,000 megawatt cap and are not tradable. There would be no double- dipping with accelerated depreciation on pollution control equipment. Also included as a coal incentive would be accelerated depreciation which would be a five-year depreciation for Integrated Gasification Combined Cycle coal plants. Also, there would be a five-year cost recovery period for post-1975 coal plants installing pollution control equipment. There would be a three-year cost recovery period for pre-1976 plants installing pollution control equipment. There would be a 15% investment tax credit with nationwide 4,000 megawatt cap. There would be no double dipping with accelerated depreciation provisions. Credits woud not be tradable.

Accelerated depreciation for certain high capacity natural gas transmission lines would include a seven-year cost recovery period for natural gas transmission lines 42 inches or more in diameter. This provision would include the proposed Alaska natural gas pipeline.

III. Production

Marginal well tax credit-- This bill would include a $3 per barrel credit for production of crude oil or natural gas from marginal wells. The credit would phase out as the price of oil or gas rises from $15 to $18 per barrel. The credit would be carried back for five years. ATM would hold harmless provisions.

Suspend income limits on percentage depletion deductions-- H.R. 6 would suspend the 65% overall income limitation and the 100% net income limitation for small oil and gas producers through the end of 2004.

Delay rental payments-- The bill would allow delay rental payments to be amortized over two years, that would begin on the date of enactment.

Geological and Geophysical (G&G) expenses-- H.R. 6 would allow G&G expenses to be amortized over two years, that would begin on the date of enactment.

Tax incentives for production from nonconventional sources-- This bill would extend the Section 29 credit for certain existing facilities for four years at $3 per barrel or barrel equivalent. H.R. 6 would allow a $3 per barrel credit for four years for new facilities placed in service after date of the enactment and before Jan. 1, 2007. No credits would be allowed after Dec. 31, 2009. The bill would include a $3 per barrel credit for five years for landfill gas facilities placed in service after June 30, 1998 and before Jan. 2, 2007 (facilities subject to New Source Performance standards would receive a $2 credit per barrel).

H.R. 6 would include a $3 per barrel equivalent credit for all coke facilities for four years (for existing plants from the date of the enactment, for new facilities from date placed in service). Any facilities placed in service after 12/31/92 and before 7/1/98 would continue to receive current law credit amount.

H.R. 6 would include a $3 per barrel equivalent credit for lignite facilities for four years. It would allow no tradable credits and would add Section 29 to the list of credits treated as general business credit.

H.R. 6 would accept three new qualifying fuels: a) Coalmine methane; b) Refined coal, including Fischer-Tropsch method (placed in service before Jan. 2, 2008; five-year credit period); and c) Compression of animal carcasses through thermal depolymerization.

This bill would allow taxpayers to take business credits against the AMT as well as against the regular tax. H.R. 6 would repeal the AMT preference for intangible drilling costs (IDCs) for independent producers, and would allow the enhanced oil recovery (EOR) credit to be taken against both AMT and the regular tax.

Allow enhanced eligibility for EOR credit for natural gas processing facilities re-injecting CO2 for tertiary recovery--: H.R. 6 would expand the EOR credit to include natural gas processing facilities that re-inject C02 for tertiary recovery. The credit would only apply to new facilities larger than 1 billion mcf per day. The proposed Alaska pipeline project would be included.

IV. Other Items

H.R. 6 would allow accelerated depreciation for energy projects on Indian lands. The bill would allow mutual funds to invest in publicly traded partnerships. The bill would reduce taxes on co-ops passing patronage dividends through to patrons. The bill would include tax-exempt financing for certain energy-efficient developments on former "Brownfields" ("Green bonds"). The bill would suspend for two years duties on imported ceiling fans, and would suspend duties on nuclear vessel heads and steam generators.

H.R. 7 (Mr. Blunt with cosponsors); passed the House Sept. 17, 2003.

H.R. 7, Charitable Giving Act of 2003, was reported, amended, by the Committee on Ways and Means on Sept. 16, 2003. (H.Rept. 108-270, pt. 1). The bill passed the House on Sept. 17, 2003 by a vote of 408-13.

Charitable deduction for non-itemizers-- The bill would provide an above-the-line deduction for cash contributions in excess of $250 for individuals/$500 joint filers. This bill would allow a maximum deduction of $250 single/$500 joint filer. The deduction would be available for 2004 and 2005.

Charitable Individual Retirement Accounts (IRA) distributions-- The provision would allow tax-free distributions from IRAs for charitable purposes for individuals age 70.5 and above. The provisions would apply to direct gifts and split-interest gifts.

Corporate charitable contributions-- The provision would raise the cap on corporate charitable contributions from 10 percent to 20 percent as follows: 11 percent in 2004, 12 percent in 2005, 13 percent in 2006, 14 percent in 2007, 15 percent in 2008 through 2011, and 20 percent in 2012 and thereafter.

Food inventory donations-- The provision would extend the present law 170(e)(3) C-corporation enhanced deduction for food inventory to all businesses and require donated food to be "apparently wholesome food."

Reform certain excise taxes related to private foundations-- The bill would reduce excise tax on private foundations net investment income. This would modify the 2-percent excise tax to eliminate the 2-tier regime and impose a 1-percent excise tax.

This bill would reform excise tax on failure to distribute income. It would modify the minimum distribution requirement to provide that "qualifying distributions," for purposes of the 5-percent minimum distribution requirement, shall not include administrative expenses other than those directly attributable to direct charitable activities, grant selection activities, grant monitoring and administration activities and compliance with State, Federal or local law. In addition, qualifying distributions would not include: (1) compensation paid to a disqualified person in excess of an annual rate of $100,000, (2) air travel other than a regularly scheduled commercial flight, and (3) air travel in excess of coach accommodations.

The bill would reform excise tax on self-dealing. It would increase the initial excise tax on self-dealing from 5 percent to 25 percent.

Charitable remainder trusts — unrelated business income tax rules-- In lieu of removing the income tax exemption of a charitable remainder trust for any year in which the trust has unrelated business taxable income (UBTI), the bill would impose a 100 percent excise tax on the UPTI of the trust.

Donations of scientific property and computer technology and equipment-- The bill provides that property assembled by the taxpayer, in addition to property constructed by the taxpayer, would be eligible for the enhanced deduction for scientific property and computer technology equipment. In addition, the bill would make permanent the enhanced deduction for qualified computer contributions.

S Corporation charitable contributions-- H.R. 7 would provide that a shareholder's basis reduction in the stock of an S Corporation by reason of a charitable contribution made by the corporation would be equal to the shareholder's pro rata share of the adjusted basis of the contributed property. (Current law requires the shareholder to reduce his or her basis in the stock of S Corporation by the amount of the charitable contribution that flows through to the shareholder).

Charitable organizations permitted to make certain collegiate housing grants-- The provision would expand the ability of 501(c)(3) organizations to make certain collegiate housing and infrastructure grants to qualifying organizations. The grants must be used by the recipient organization for purposes that would be permissible for a dormitory of the college or univeristy with which such organization is associated.

Certain games of chance not treated as unrelated business taxable income-- The bill would provide that the proceeds of qualified games of chance would not be subject to unrelated business income tax so long as the net proceeds are set aside for charitable purposes, the promotion of social welfare or for purposes specifically authorized by State law.

Excise taxes exemption for blood collection organizations-- This bill would exempt qualified blood collection organizations from certain retail and manufacturers excise taxes to the extent such items are used for the exclusive use of the blood collector organization.

Nonrecognition of gain on the sale of property used in the performance of and exempt function-- The gain on the sale of property used in the performance of an exempt function by a 501(c)(7) tax-exempt organization would be taxed as unrelated business income unless the proceeds from the sale are reinvested within 3 years of the sale of such property. This bill would extend the replacement period from 3 years following the sale to 10 years following the sale.

501(c)(3) bonds for nursing homes-- This bill would provide that the Federal guarantee prohibition would not apply to qualified 501(c)(3) bonds supported by a letter of credit and issued for the benefit of nursing home facilities for the elderly. The provisions would apply to bonds issued after Dec. 31, 2003 and before the date which is 1 year after the date of enactment.

Tax-exempt status of terrorist organizations-- This bill would suspend the tax-exempt status of an organization during any period in which the organization is designated as a terrorist organization or is listed in or designated by an Executive Order as supporting terrorism.

Clarification of the definition of church tax inquiry-- This bill would clarify that church tax inquiry procedures do not apply to contacts made by the Internal Revenue Service for the purpose of educating churches with respect to tax laws governing exempt organizations.

Declaratory judgment procedures-- This bill would extend declaratory judgment procedures similar to those currently available only to charities to other tax-exempt organizations.

Treatment of grant money received under the U.S. Department of Interior (DOI) conservation programs-- This bill would extend the type of qualified conservation cost-sharing payments that may be excluded from gross income to landowner initiatives programs to treat as tax-free certain funds received by landowners from the DOI to carry out habitat restoration or wildlife protection measures. The bill would treat DOI and the U.S. Department of Agriculture grant programs similarly for tax liability purposes.

Unrealted business income tax rules for certain payments to controlling exempt organizations-- Under current law, rents, interest, annuity or royalty payments made by a controlled entity to its tax exempt parent are subject to unrelated business income tax. The provisions would modify the tax treatment of such payment and impose, in general, an unrelated business income tax on the excess portion of such payments if the payments received by the tax-exempt parent exceed fair market value. In the event of a valuation misstatement, an additional 20 percent tax would be imposed on the excess value.

Lobbying expenditures limitation-- The provision would eliminate the separate limitation for grass-roots lobbying expenditures applicable to electing charities. Currently, electing charities are limited in the amount they can spend on lobbying activities to the lesser of $1 million and an amount determined as a percentage of organization's exempt propose expenditures (maximum of 20 percent). Of this non-taxable lobbying amount, no more than 25 percent can be used for "grass-roots" lobbying.

Pilot project for forest conservation activities-- The provisions would create a pilot project that would allow eligible nonprofit organizations to use tax-exempt bonds to acquire certain forest land. A board of directors, consisting of business interests, environmentalists and elected officials would develop a sustainable management plan for the land. Income from certain timber harvesting activities on the land could be used to repay the bonds and would be exempt from income tax.

Compassion capital fund-- The bill would authorize a new compassion capital fund permitting the Secretary of the U.S. Department of Health and Human Services to award $150 million in grants in fiscal year 2004 and such sums as may be necessary in fiscal year 2005 through 2008 to support and replicate promising social service programs.

Individual development accounts-- The bill would reauthorize the current appropriated Individual Development Account matched savings program through fiscal year 2008 and makes several technical changes to improve program administration.

Sense of Congress regarding corporate contributions to faith-based organizations-- The provision would state it is the sense of Congress that (a) corporations are important partners with government efforts to overcome societal problems, and (b) no corporation should adopt policies that would prohibit such corporation from contributing to an organization that is successfully advancing a philanthropic cause merely because such an organization is faith-based.

Block grants-- H.R. 7 would allow States to transfer up to 10 percent of their annual Federal Temporary Assistance for Needy Families block grant funds to the Social Services Block Grant; this would restore the transfer limit set under the 1996 welfare reform law as a matter of permanent law.

H.R. 8 (Ms. Dunn with cosponsors); Passed the House June 18, 2003.

H.R. 8, Death Tax Repeal Permanency Act of 2003, passed the House on June 18, by a vote of 264-163.

H.R. 8 states that the sunset provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) should not apply to Title V: Estate, Gift, and Generation-skipping Transfer Tax Provisions of such Act. H.R. 8 would guarantee the permanent repeal of the death tax in the year 2010 and thereafter by providing that the sunset provisions of Section 901 EGTRRA shall not apply with respect to the estate, gift and generation-skipping transfer tax provisions of Title V.

H.R. 10 (Mr. Hastert with cosponsors); Passed the House Oct. 8, 2004.

H.R. 10, 9/11 Recommendations Implementation Act, was reported, amended, by the Committees Intelligence, pt. 1; Armed Services, pt. 2; and Financial Services, pt. 3; on Oct. 4, 2004. The Committees on Government Reform, pt. 4; and the Judiciary, pt. 5; reported, amended, on Oct. 5, 2004. The Committee on Ways and Means was discharged. H.R. 10 passed the House, amended, on Oct. 8, 2004. H.Res. 827, the rule under which H.R. 10 was considered, provided that the House shall be considered to have inserted H.R. 10, as passed the House, in S. 2845, and insisted on its amendment to S. 2845, and request a conference with the Senate on S. 2845. See the summary of S. 2845 for a summary of the provisions under the jurisdiction of the Committee on Ways and Means.

H.R. 743 (Mr. Shaw with cosponsors); Public Law 108-203; app. Mar. 2, 2004.

H.R. 743, Social Security Protection Act of 2003, was considered by the House, under suspension of the rules, on Mar. 5, 2003. The bill failed passage by a vote of 249-180. On Mar. 13, 2003, the Ways and Means Committee ordered the bill reported, amended, by a vote of 35-2. On Mar. 24, 2003, H.R. 743 was reported to the House, amended (H. Rept. 108-46). On Apr. 2, 2003, the bill passed the House, amended, by a vote of 396-28. On Oct. 29, 2003, the bill was reported, amended, to the Senate by the Senate Committee on Finance (S.Rept. 108-176). H.R. 743 passed the Senate, amended, by unanimous consent on Dec. 9, 2003. On Feb. 11, 2004, the House agreed to the Senate amendment by a vote of 402-19. H.R. 743 was signed into law by the President on Mar. 2, 2004, as P.L. 108-203.

H.R. 743 protects vulnerable recipients from representative payees who misuse benefits by: enhancing oversight of representative payees; disqualifying fugitive felons or persons convicted and imprisoned more than a year from serving as representative payees; creating a new civil monetary penalty for representative payees who misuse funds; requiring representatives payees who misuse funds to forfeit their fees; holding representative payees liable for repayment of misused funds through the overpayment recovery process; authorizing the re-issuance of benefits misused by certain representative payees; and requiring representative payees who are delinquent in filing annual accounting reports to collect the individual's benefits in person at a local Social Security office.

The legislation provides further protection for the Social Security program by: withholding Social Security benefits from those who flee prosecution, or custody or confinement after conviction of a felony, or who violate probation or parole; imposing a civil monetary penalty agaist persons who withhold material facts in order to obtain or increase benefits; requiring individuals who provide Social Security Administration-related services for a fee to explain that the Social Security Administration may provide those services free of charge; increasing overpayment collection by authorizing recovery across Old-Age, Survivors, and Disablitiy Insurance and Supplemental Security Income (SSI) program lines; preventing overpayments by requiring the Social Security Administration to issue a receipt when a person receiving disability benefits reports work or changes in earnings; imposing fines on persons who intimidate, impede, or threaten a person carrying out the administration or duties of the Social Security Act; and allowing Federal courts to order a person who breaks the law relating to Social Security to make restitution to the individual, the trust funds, or the general fund as appropriate.

In addition, the legislation improves Social Security and SSI applicants' access to representation by extending withholding of attorney fee payments to SSI claims for 5 years, coinciding with a 5-year nationwide demonstration project to extend fee withholding to qualified non-attorney representatives for the first time. To ensure enough attorneys and representatives remain available to help applicants, the 6.3 percent assessment on an attorney's approved fee is capped at $75 (adjusted annually for inflation) in both Social Security and SSI claims.

H.R. 743 enhances opportunities for individuals with disablities to return to work by improving the effectiveness of programs established under the Ticket to Work and Work Incentives Improvement Act of 1999, including clarifying that the Work Opportunity Tax Credit would also be available to employers who hire a disabled beneficiary referred from an employment network (not just the State rehabilitation agency) in addition to extending certain demonstration projects as well as benefits planning and advocacy programs. The legislation also enables individuals receiving disablitiy benefits based on a parent's earnings due to a childhood disablitiy to work without fear of losing the ability to restart those benefits if they must later stop working.

The legislation improves and simplifies the Supplemental Security Income Program by: enabling children of military parents stationed overseas to receive benefits if the child is born or becomes disabled while outside the United States; improving benefits for children and spouses of military personnel by eliminating disparities in how cash and non-cash military compensation is treated; establishing uniform treatment of interest and dividend income and time frames for exclusion of assets in determining eligibility and benefit amount; simplifying program administration; and amending rules for students receiving SSI to encourage work.

Finally, the legislation corrects, clarifies, and modifies various technical aspects of the law including closing a loophole in the law that exempted certain State and local workers who only paid Social Security provisions affecting benfits for government workers not subject to Social Security taxes, adding Kentucky and Louisiana to the list of states allowed to have a divided retirement system, and technical changes to the Railroad Retirement and Survivors' Improvement Act of 2001.

H.R. 810 (Mrs. Johnson with cosponsors); reported to the House Apr. 11, 2003.

H.R. 810, Medicare Regulatory and Contracting Reform Act of 2003, was ordered reported, amended, by the Committee on Ways and Means on Apr. 2, 2003, by a vote of 19-13. On Apr. 11, 2003, the bill was reported, amended, to the House (H.Rept. 108-74, pt. 1). The Committee on Energy and Commerce reported, amended, to the House on Apr. 29, 2003 (H.Rept. 108-74, pt. 2).

H.R. 810 would streamline the regulatory bureaucracy in the Centers for Medicare and Medicaid Services (CMS), create a more collaborative working relationship between providers, beneficiaries, and CMS, and reform Medicare Contracting. Specifically, the bill would:

-- Prohibit new matter in final regulations,

-- Prohibit retroactive application of new regulations,

-- Reform the contracting system by consolidating Part A and B contracting functions by requiring competition among contractors and providing more flexibility for contractors,

-- Improve provider and beneficiary education about their rights and benefits,

-- Improve beneficiary and provider appeals,

-- Reform recovery of overpayments, and

-- Improve new technology integration.

H.R. 877 (Mrs. Johnson with cosponsors); reported to the House Mar. 11, 2003.

H.R. 877, Patient Safety Improvement Act of 2003, was ordered reported, amended, by the Committee on Ways and Means on Feb. 27, 2003, by voice vote. The bill was reported to the House on Mar. 11, 2003 (H.Rept. 108-31, pt. 1).

H.R. 877 would diminish healthcare errors by promoting voluntary and confidential reporting of errors to newly created Patient Safety Organizations (PSOs) certified by the U.S. Department of Health and Human Services (HHS). The PSOs would analyze reported mistakes, provide feedback, designed to prevent future accidents, to providers, and forward non-identifiable information to HHS, which would be the focal point of Administration policy on patient safety. The HHS would administer a new medical errors database of non-identifiable information that researchers would use to identify national trends and encourage best practices to prevent errors and improve health quality.

The Secretary of HHS would publish, within 24 months, voluntary standards of computer interoperability to promote integration of health information systems in hospitals and other facilities. The bill would establish a new technology advisory board to provide expert advice to the Secretary of HHS in creating these standards. Because clinical and administrative efficiencies would accrue by facilitating communication between computer systems, this provision would be expected to save significant resources across all medical providers, included in the Medicare program.

The bill would make clear that no State law mandatory reporting requirement would be preempted or affected by the legislation. The Secretary of HHS would provide technical assistance to the States in maintaining or implementing State-reporting systems.

H.R. 878 (Mr. Thomas with cosponsors); reported to the House Mar. 5, 2003.

H.R. 878, Armed Forces Tax Fairness Act of 2003, was ordered reported, amended, on Feb. 27, 2003, by voice vote. The bill was reported to the House on Mar. 5, 2003 (H.Rept. 108-23). The bill was scheduled for floor consideration and a rule, H.Res. 126, providing for consideration was reported on Mar. 5, 2003 (H.Rept. 108-25). For further action concerning the provisions of H.R. 878, see H.R. 1307, H.R. 1308, and H.R. 3365. Below is a summary of H.R. 878 as reported to the House.

Capital Gain Exclusion on Home Sales-- Under current law, individuals may exclude up to $250,000 ($500,000 if married filing a joint return) of gain from the sale of a principal residence if they resided in the property for two of the five years preceding the sale. The bill would allow military and Foreign Service personnel to ignore time transferred away for their residence on official extended duty for purposes of determining the five-year period.

Tax-Free Treatment of Death Gratuity Benefits-- Under current law, survivors of members of the military receive a $6,000 death gratuity payment, but only half of it is tax-free. The bill would provide that the full $6,000 payment is tax-free.

Tax-Free Treatment of Homeowners Assistance Program (HAP) Payments-- Under current law, members of the Armed Forces can receive payments under HAP to compensate them for a drop in home values resulting from military base closures or realignments. The bill would provide that these payments are tax-free.

Extend Combat Zone Filing Rules to Contingency Operations-- The bill would apply deadline extension rules to individuals serving in "contingency operations" (i.e., military operations designated by the Secretary of the U.S. Department of Defense in which personnel are, or may become involved in military actions during a war or national emergency declared by the President or Congress).

Modify Eligibility Criteria of Veterans' Organizations-- The bill would modify the definition of a tax-exempt veterans' organization by allowing ancestors or lineal descendents to be treated as members for purposes of one of the membership requirements. The modification would make it easier for veterans' organizations to qualify for tax-exempt status.

Tax-Free Treatment of Dependent Care Benefits-- The provision would clarify that dependent care assistance provided under a military dependent care assistance program is tax-free.

Treatment of Distributions from Qualified Tuition Programs and Coverdell Education Savings Accounts for Service Academy Appointments-- The bill would clarify that appointments to a military academy are treated like scholarships for purposes of the exception to the 10-percent penalty for distributions from a qualified tuition program or a Coverdell Education Savings Account.

Suspension of Tax-Exempt Status for Designated Terrorist Organizations-- The bill would provide that the tax-exempt status of an organization is automatically suspended during any period in which the organzation is designated as a terrorist organization or is listed in or designated by an Executive Order as supporting terrorism.

Above-the-Line Deduction for Overnight Travel Expenses of Military Reservists-- The bill would provide an above-the-line deduction for up to $500 of non-reimbursable travel expenses incurred by military reservists who serve more than 100 miles away from home and stay overnight.

Individual Expatriation-- The provision would strengthen the current individual expatriation rules by providing objective, as opposed to current law subjective rules, for determining whether an individual who renounces his/ her U.S. citizenship, or a long-time resident that terminates his/ her residency is subject to the individual expatriation alternate tax regime.

Exclusion of income derived from certain wagers on horse races from gross income of nonresident alien individuals-- The provision would remove the disincentive for foreigners to place wagers in U.S. betting pools by removing the withholding tax on non-resident aliens.

Peace Corps Capital Gains-- This provision would extend the exclusion of gains on the sale of a principal residence to members of the Peace Corps.

Extension of Victims' Tax Relief to Astronauts Who Die in the Line of Duty-- The Victims of Terrorism Tax Relief Act of 2001 provided tax benefits to certain victims of terrorism, including income tax relief, estate tax relief, and tax-free death benefit payments. The provisions would extend these tax benefits to astronauts who lose their lives in a space shuttle mission, including those who lost their lives in the space shuttle Columbia disaster.

Pilot Project for Forest Conservation Activities-- The provision would create a pilot project that would allow a charitable organization to use tax-exempt bonds to purchase certain forestland. Bonds would be repaid by harvesting small amounts of the land. Under this concept, a board of directors, consisting of business interests, environmentalists and elected officials, would develop a sustainable management plan for the land.

Reduced Motor Fuel Excise Tax on Certain Mixtures of Diesel Fuel-- A tax rate of 19.7 cents per gallon would be provided for diesel fuel blended with water to reflect the reduced BTU content per gallon resulting from the water. The provision would be consistent with present-law policy, which taxes certain motor fuels based on their energy content.

Repeal the 10-percent Excise Tax on Fishing Tackle Boxes-- The provision would repeal the 10-percent excise tax imposed on fishing boxes to reflect the fact that a similar tax is not imposed on non-tackle utility boxes that are virtually identical to fishing tackle boxes.

Add Hepatitis A Vaccine to the List of Taxable Vaccines-- The provision would add the Hepatitis A vaccine to the list of taxable vaccines covered by the Vaccine Injury Compensation Program. The provision would allow families of children with vaccine-related injuries to seek payment through the no-fault arbitration system established by the Program instead of going through Federal court to seek payment.

Modification of Orphan Drug Credit-- Under present law drug manufacturers can claim the orphan drug credit only after the drug has received "orphan" status from the Food and Drug Administration. The provision would allow the tax credit to be claimed after the application for designation is filed, provided the designation is received.

Modify Excise Tax Imposed on Bows and Arrows-- Under present law, the arrow excise tax is imposed only on arrow components. Completed arrows are not subject to the tax. As a result, the tax can be avoided if arrows are assembled overseas and imported into the United States. The provisions would impose the arrow excise tax on completed arrows that are imported into the United States. The provision also would modify the tax treatment of youth bows and broadheads.

Payment of Dividends on Stock of Cooperatives Without Reducing Patronage Dividends-- The bill would provide that the patronage dividends of cooperatives shall not be reduced by stock dividends to the extent the stock dividends are in addition to amounts otherwise payable.

Consumer Options for Health Insurance Tax Credit-- The bill would permit individuals who are eligible to receive a 65-percent tax credit for health insurance to voluntarily waive pre-existing condition and guaranteed issue requirements in order to obtain coverage under certain state-based insurance options.

Capital Gains Treatment for the Sale of Timber-- Under the bill, outright sales of timber by the landowner would qualify for capital gains treatment in the same manner as sales with a retained economic interest qualify under present law.

Income Averaging for Farmers Not to Increase Individual Alternative Minimum Tax-- The bill would exclude the impact of farmer income averaging for the purpose of determining individual alternative minimum tax.

Extend Livestock Involuntary Conversion Replacement Period-- The bill would extend the period of time for a taxpayer to replace livestock sold on account of drought, flood, or other weather-related conditions from two to four years.

At-Risk Rules-- The provision would update the at-risk rules for real estate to incorporate publicly traded debt.

H.R. 1047 (Mr. Crane); Public Law 108-429; app. Dec. 3, 2004

H.R. 1047, Miscellaneous Trade and Technical Corrections Act of 2003, passed the House, under suspension of the rules, by a vote of 415-11, on Mar. 5, 2003. The Senate Committee on Finance reported S. 671 as an original measure on Mar. 20, 2003 (S.Rept. 108-28). On Mar. 4, 2004, the Senate incorporated S. 671 as an amendment in H.R. 1047 and passed H.R. 1047 by unanimous consent. The House requested a conference with the Senate on May 20, 2004. On Oct. 4, 2004, the Senate insisted on its amendment, and agreed to a conference. On Oct. 8, 2004, the conference report was filed in the House (H.Rept. 108-771). The conference report was agreed to in the House without objection on Oct. 8, 2004. The Senate agreed to the conference report by unanimous consent on Nov. 19, 2004. H.R. 1047 was signed into law by the President on Dec. 3, 2004, as P.L. 108-429.

The Act amends the Harmonized Tariff Schedule (HTS) of the United States to modify certain rates of duty, to make technical amendments to trade laws, and for outher purposes.

Duty suspensions-- The Act suspends or reduces the tariff rate on over 350 selected products. This reduction of tariff rates allows these products, most of which are niche chemicals, to enter into the Untied States without being charged duty.

Inclusion of certain footwear for duty-free treatment under the Caribbean Basin Economic Recover Act (CBERA)-- The Act makes eligible certain footwear incluuded under subheadings in the HTS for duty-free treatment under the CBERA, a special import program.

Border inspection-- The Act provides for integrated border inspection between the U.S. and Canada allowing for U.S. Customs officials to inspect vehicles entering the U.S. from Canada, or Canadian Customs officials to inspect vehicles entering Canada from the U.S.

Establishing normal trade relations (NTR) status with Armenia-- Armenia had NTR status with the United States, which means that the majority of Armenian products enter the United States at low tariff rates. Since Armenia used to be a "non-market economy", it was subject to Title IV of the Trade Act of 1973, which sets forth freedom of immigration requirements to obtain NTR status. The Act determines that Title IV no longer applies to Armenia and NTR status is extended to this country.

Incorporation of the Mutual Acceptance Agreement on Winemaking Processes (MAA)-- This multilateral agreement on Winemaking Practices was signed in 2001. The Act complies with this agreement. The incorporation of the agreement into law ensures harmonized regulation for winemaking processes.

Clarification in the Andean Trade Preferene Act (ATPA)-- The Trade Act of 2002 retroactively renewed and enhanced duty reductions on certain handbags, luggage, flat goods, work gloves and leather wearing apparel originating from designated ATPA beneficiary countries. The Act corrects a technical mistake in the Trade Act of 2002 and allows these products to enter duty-free into the U.S.

Extension of NTR status for Laos-- The Act removes "Laos" from General note 3(b) of the HTS that denies NTR status to listed countries.

Repeal of antidumping provisions of Revenue Act of 1916-- The Act repeals an antidumping provision which was not in compliance with World Trade Organization antidumping rules (Article VI, GATT).

H.R. 1057 (Mr. DeMint with cosponsors); passed the House Sept. 23, 2004.

H.R. 1057, The Adoption Tax Relief Guarantee Act, passed the House under suspension of the rules, on Sept. 23, 2004, by a vote of 414-0.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-15) increased and enhanced the adoption tax credit. However, the adoption credit will expire after Dec. 31, 2010. H.R. 1057 would make permanent the expansions of the adoption tax credit and the exclusion for adoption assistance programs.

H.R. 1307 (Mr. Thomas); passed the Senate Mar. 27, 2003.

H.R. 1307, Armed Forces Tax Fairness Act of 2003, passed the House, under suspension of the rules, on Mar. 20, 2003. H.R. 1307, is similar to H.R. 878, which was reported by the Committee, amended on Mar. 5, 2003. H.R. 1307 passed the Senate, amended, on Mar. 27, 2003. A summary of H.R. 1307, as passed the House follows.

Capital Gain Exclusion for Home Sales-- Under current law, individuals may exclude up to $250,000 ($500,000 for married couples) of gain from the sale of a home if they resided in the home for two of the five years preceding the sale. The bill would allow military personnel to ignore time transferred away from home on official extended duty for purposes of determining the 5-year period.

Tax-Free Treatment of Death Gratuity Benefits-- Under current law, survivors of members of the military receive a $6,000 death gratuity payment, but only half of it is tax-free. The bill would provide that the full $6,000 payment is tax-free.

Tax-Free Treatment of "HAP" Payments-- The bill would provide that payments received under the Homeowners Assistance Program to compensate them for a drop in home values resulting from military base closures or realignments would be tax-free.

Extend Combat Zone Filing Rules to Contingency Operations-- Several deadlines under the Tax Code (such as filing tax returns and making tax payments) would be extended for certain individuals serving in a combat zone during a period of combatant activities. The bill would apply these deadline extension rules to individuals serving in "contingency operations" (ie., military operations designated by the Secretary of Defense in which personnel are or may become involved in military actions during a war or national emergency declared by the President or Congress).

Modify Eligibility Criteria of Tax-Exempt Veterans' Organizations-- The bill would modify the definition of a tax-exempt veterans' organization by allowing ancestors or lineal descendents to be treated as members for purposes of one of the membership requirements. The modification would make it easier for veterans' organizations to retain tax-exempt status.

Tax-Free Treatment of Dependent Care Benefits-- The bill would clarify that dependent care assistance provided under a military dependent care assistance program would be tax-free.

Treatment of Distributions from Qualified Tuition Programs and Coverdell Education Savings Accounts for Service Academy Appointments-- Under current law, distributions from a qualified tuition program (a "Section 529 plan") or a Coverdell Education Savings Account are subject to a 10-percent penalty if they are not used for qualified higher education expenses.

Above-the-Line Deduction for Overnight Travel Expenses of Military Reservists-- The legislation would provide an above-the-line deduction for up to $1,500 of non-reimbursable travel expenses incurred by military reservists who serve more than 100 miles away from home and stay overnight.

H.R. 1308 (Mr. Thomas); Public Law 108-311; app. Oct. 4, 2004.

H.R. 1308, Working Families Tax Relief Act of 2004, passed the House, under suspension of the rules, on Mar. 19, 2003 by voice vote. The bill contains provisions that either passed the House previously or were adopted in Committee by voice vote. On June 5, 2003, the bill passed the Senate with an amendment and an amendment ot the title by voice vote. The conference report was filed in the House on Sept. 23, 2004 (H.Rept. 108-696). That same day the House agreed to the conference report by a vote of 339-65. The conference report was agreed to in the Senate by a vote of 92-3 on Sept. 23, 2004. H.R. 1308 was signed into law by the President on Oct. 4, 2004, as P.L. 108-311.

Extends family tax relief provisions through 2010-- Marriage penalty reilef is extended, as well as the expanded 10-percent income tax bracket. The $1,000 child tax credit is extended, and the higher 15-percent refundability rate is accelerated to the beginning of 2004.

Provides assistance to military families in combat zones-- The Act increases the child credit for military families by allowing them to include tax-free combat pay when calculating their refundable child credit. The Act increases the Earned Income Credit (EIC) for military families in 2004 and 2005 by giving them the option to include combat pay when calculating the EIC.

Extends relief from the Alternative Minimum Tax (AMT) through 2005-- The $58,000 AMT exemption amount for married couples is extended for one year, and the $40,250 AMT exemption amount for single individuals is extended for one year.

Creates a uniform definition of a child for tax purposes-- The Act simplifies the Tax Code by adopting a uniform definition of a child for the dependency exemption, the child credit, the EIC, the dependent care credit, and head-of-household filing status.

Extends annual expiring tax provisions through 2005-- The Act extends Tax Code provisions that expired in 2003 (without modification) which are listed below.

1. Research and development tax credit

2. Mental health parity

3. World Opportunity Tax Credit (WOTC) and the Welfare-toWork tax credit.

4. Qualified Zone Academy Bonds

5. Higher limit on the cover over of rum excise taxes to Puerto Rico and the Virgin Islands

6. Deduction for computer donations

7. $250 deduction for teacher classroom expenses

8. Expensing of "Brownfields" environmental remediation costs

9. Authority to issue New York Liberty Zone bonds (extended through 2009)

10. Advance refunding of Liberty Zone bonds

11. Tax incentives for investment in the District of Columbia

12. Combined employment tax reporting demonstration project

13. Allow nonrefundable tax credits against the AMT

14. Tax credit for electricity produced from renewable sources

15. Suspension of 100 percent of taxable income limit with respect to marginal production

16. Indian employment tax credit

17. Accelerated depreciation for business property on Indian reservations

18. Disclosure of tax return information for student loan repayment administration

19. Tax credit for electric vehicles

20. Deduction for clean-fuel vehicles

21. Archer MSAs

22. Disclosures relating to terrorist activities

23. Joint Committee on Taxation report and joint hearing on IRS strategic plans

Technical Corrections-- The Act also includes several technical corrections to current-law provisions. These corrections have no revenue effect because they reflect the intent of current law.

H.R. 1528 (Mr. Portman); passed the Senate May 19, 2004.

H.R. 1528, Taxpayer Protection and IRS Accountability Act of 2003, was ordered reported, amended by voice vote, on Apr. 3, 2003. The bill was reported to the House, amended, on Apr. 8, 2003 (H.Rept. 108-61). On June 19, 2003, the bill passed the House, amended, by a vote of 252-170. On May 19, 2004, the Senate struck all after the enacting clause and inserted the text of S. 882, amended. The bill passed the Senate in lieu of S. 882 by unanimous consent. A summary of the bill as passed the House follows.

H.R. 1528 would enhance taxpayer rights and improve tax administration. The bill would reform penalty and interest provisions allowing individuals a first-time penalty waiver in cases where minor negligence results in a liability that is disproportionate and unreasonable. In addition, the bill would exclude from income interest paid to individual taxpayers by the Internal Revenue Service (IRS) and raise the safe harbor for failure to pay estimated tax from $1,000 to $1,600.

Other highlights in the bill include: -- A provision that would improve the fairness of IRS collection procedures by allowing taxpayers to enter into installment agreements for less than the full amount of their tax liability.

-- A provision that would allow taxpayers to consult with the Taxpayer Advocate Service on a confidential basis.

-- A provision that would increase the authorization for low-income taxpayer clinics.

-- A provision that would make technical changes to ensure unemployed workers in all States are equally eligible for Federal extended unemployment benefits.

-- A provision that would extend a 65-percent refundable tax credit for the purchase of health insurance to additional workers adversely affected by trade.

Additonal provisions included in the bill and made in order under the rule include the April 30th filing deadline would be sunset in three years instead of five. The filing deadline extension for electronic filers would be available during the 2004, 2005, and 2006 filing seasons.

In addition, the Health Insurane Tax Credit Waiver sunset date would be moved to Dec. 31, 2004. The waiver would be limited to residents of States without an approved plan (approximately 21 States) and would be limited to federally imposed pre-existing conditions and guaranteed issue protections in the Trade Act. The bill would also ensure that there is no impact on State consumer protections and would not create a new State mandate.

A new provision would reauthorize the Joint Review of the Internal Revenue Service's strategic plans and budget by six Committees of Congress for an additional five years and would modify the Joint Committee on Taxation's reporting requirements.

H.R. 1531 (Mr. McCrery); reported to the House Apr. 9, 2003

H.R. 1531, the Energy Tax Policy Act of 2003, was ordered reported, amended, on Apr. 3, 2003 by a vote of 24-12. The measure was reported to the House, amended, on Apr. 9, 2003 (H.Rept. 108-67). A description of the bill as reported by the Committee follows.

CONSERVATION

Credit for residential solar energy property-- The proposal would provide a personal tax credit for the purchase of qualified photovoltaic property and qualified solar water heating property. The credit would be equal to 15 percent of qualified investment up to a maximum credit of $2,000 for solar water heating property and $2,000 for rooftop photovoltaic property. This credit would be nonrefundable and cannot be used to heat swimming pools or hot tubs. The depreciable basis of the property would be reduced by the amount of the credit.

Extension and expansion of credit for electricity produced from renewable resources-- The bill would extend the placed in service date for the production tax credit for wind and closed-loop biomass facilities. H.R. 1531 would not extend the current law credit for poultry waste. It would also add three new types of qualifying facilities: open-loop biomass, landfill gas facilities, and electricity produced by burning municipal solid waste.

Credit for qualified fuel cell power plants-- The bill would provide a non-refundable 10 percent credit for the purchase of fuel cell power plants for businesses and individuals, not to exceed $1,000 per half-kilowatt of capacity.

Credit for energy efficiency improvements to existing homes and business credit for construction of new energy efficient home-- The proposal would provide a 20-percent non-refundable credit, up to $2,000 per dwelling , for the purchase of qualified energy efficiency improvements to residences including (1) insulation materials, (2) exterior windows (including skylights) and doors, and (3) metal roofs with appropriate pigmented coating to reduce the heat loss or gain. The taxpayer's basis in the property would be reduced by the amount of the credit. Expenses in excess of $1,000 would have to be certified to be eligible for the credit.

The bill would also provide a credit to an eligible contractor (up to $2,000 per dwelling equal to the aggregate adjusted basis of all energy property installed in a qualified new energy-efficient home during construction, provided the home is at least 30 percent more efficient than a reference model.

Energy credit for combined heat and power (CHP) system property-- The proposal would provide a 10-percent credit for the purchase of combined heat and power property. The CHP would be defined as one which (1) generates electricity and useful thermal energy in a single, integrated system, and (2) produces at least 20 percent of its total useful energy in the form of thermal energy and at least 20 percent in the form of electrical or mechanical power (or a combination thereof).

New nonrefundable personal credits allowed against regular and minimum taxes-- The bill would allow nonbusiness energy credits to be taken against both regular tax and alternative minimum tax (AMT).

Repeal of 4.3 cents motor fuel excise taxes on railroads and inland waterway transportation which remain in general fund-- The 4.3 cents per gallon General Fund excise tax rates on diesel fuel used in trains and fuel used in barges operating on the designated inland waterways system would be repealed as of Sept. 30, 2003.

Reduced motor fuel excise tax on certain mixtures of diesel fuel-- The bill would reduce the Federal excise tax rate on water-diesel emulsions from 24.3 cents per gallon to 19.66 cents per gallon so as to not tax the water content of the emulsions.

Repeal of phaseouts for qualified electric vehicle credit and deduction for clean fuel-vehicles-- The bill would repeal the phased down reduction in the electric vehicle credit for 2004, 2005, and 2006. Thus, the proposal would provide that a taxpayer could claim the full 10-percent credit (up to a $4,000 maximum) for the purchase of qualified electric vehicles before Jan. 1, 2007.

RELIABILITY

Natural gas gathering lines treated as 7-Year property-- Revenue Procedure 87-56 includes two asset classes which might apply to natural gas gathering lines. To eliminate conflicted court decisions, the proposal would make clear that natural gas gathering lines are 7-year property, providing certainty to taxpayers.

Natural gas distribution lines treated as 15-year property-- Revenue Procedure 87-56 provides that natural gas distribution pipelines are assigned a 20-year recovery period. This provision would move natural gas distribution pipelines from 20-year property to 15-year property.

Electric transmission property treated as 15-year property-- The bill would move electricity transmission lines from 20-year property to 15-year property.

Expensing of capital costs incurred in complying with Environmental Protection Agency sulfur regulations and credit for production of low sulfur diesel fuel-- The provisions would permit small business refiners to expense up to 75 percent of the costs incurred in complying with the Highway Diesel Fuel Sulfur Control Requirements issued by the Environmental Protection Agency (EPA) in 2001. In addition, the proposal would allow the small refiners to claim a 5 cents credit for each gallon of low sulfur diesel fuel produced.

Determination of small refiner exception to oil depletion deduction-- The provisions would increase the current 50,000-barrel per day limitation to a 75,000-daily average test.

Sales for dispositions to implement Federal Energy Regulatory Commission (FERC) or State electric restructuring policy-- The bill would provide tax relief for utilities selling transmission assets in response to FERC Order 2000. Under this proposal, utilities complying with this Order would be able to pay the resulting taxes ratably over 8 years. They would have to reinvest the proceeds of the sale in other "exempt utility property," within 4 years.

Modifications to special rules for nuclear decommission costs-- Under current law, only rate regulated utilities may deduct contributions to nuclear decommissioning funds. This provision would repeal this limitation.

Treatment of certain income of cooperatives-- Income received by a rural electric cooperative would be excluded in determining whether a rural electric cooperative satisfies the 95-15 test for tax exemption.

Arbitrage rules not to apply to prepayments for natural gas-- The bill would clarify recently issued U.S. Department of Treasury regulations on the use of tax exempt bonds by municipal gas agencies to secure a long-term pre-paid supply of natural gas. The bill would create a safe harbor for pre-payments equal to a community's recent average annual consumption.

Prepayment of premium liability for coal industry health benefits-- The bill would allow coal companies that are part of a controlled group to pre-fund their coal premium liabilities. The present value of the company's actual liability is ultimately larger than the certified amount, the parent company would remain liable for the difference.

PRODUCTION

Oil and gas from marginal wells-- The bill would create a $3 per barrel credit for crude oil and a $.50 per 1,000 cubic feet of natural gas from marginal wells.

Temporary suspension of limitation based on 65 percent of taxable income and extension of suspension of taxable income limit with respect to marginal production-- The current law provision, which limits percentage depletion deduction to no more than 65 percent of the taxpayer's overall taxable income, would be suspended for taxable years beginning after Dec. 31, 2003, and before Jan. 1, 2007.

Amortization of delay rental payments-- The bill would allow delay rental payment incurred in connection with the development of oil or gas within the United States to be amortized over 2 years.

Amortization of geological and geophysical expenditures-- The bill would allow geological and geophysical costs incurred in connection with oil and gas exploration in the United States to be expensed over 2 years.

Extension and modification of credit for producing fuel from a nonconventional source-- The bill would permit taxpayers to claim a credit for the production of non-conventional fuels produced at wells placed in service after the date of enactment and before Jan. 1, 2007.

Business related energy credits allowed against regular and minimum tax-- The bill would make the minimum tax limitation inapplicable to the new business energy credits added by the legislation.

Temporary repeal of alternative minimum tax preference for intangible drilling costs-- Taxpayers who pay intangible drilling or development costs (IDCs) in the development of domestic oil or gas production may elect to either expense or capitalize these amounts. If an election to expense IDCs is made, the taxpayer deducts the amount of the IDCs as an expense in the taxable year the cost is paid or incurred.

The difference between the amount of a taxpayer's IDC deduction and the amount which would have been currently deductible had IDCs been capitalized and recovered over a 10-year period is an item of tax preference for the AMT to the extent that this amount exceeds 65 percent of the taxpayer's net income from oil and gas properties for the taxable year. This preference applies to taxpayers other than integrated oil companies only to the extent that the failure to apply the preference would result in a reduction of the taxpayer's alternative minimum taxable income by more than 40 percent.

Allowance of enhanced recovery credit against the alternative minimum tax-- Current tax code Section 43 provides a 15 percent tax credit for certain tertiary recovery methods used on oil and gas property within the United States. The credit would phase out as the price of oil exceeds $28.

CORPORATE INVERSION MORATORIUM

The bill would impose a 2-year moratorium on corporate inversions where the corporation has done little more than change its corporate residence for tax purposes.

A corporate inversion would be disregarded for U.S. tax purposes when 80 percent or more of the shareholders of the new foreign corporation were shareholders in the U.S. corporation.

H.R. 1584 (Mr. Houghton with cosponsors); Public Law 108-19; app. Apr. 25, 2003.

H.R. 1584, Clean Diamond Trade Act, was brought to the House, under suspension of the rules. The bill passed the House, amended, by a vote of 419-2 on Apr. 8, 2003. H.R. 1584 passed the Senate, amended, by unanimous consent, on Apr. 10, 2003. The House agreed to the Senate amendment on Apr. 11, 2003 by unanimous consent. H.R. 1584 was signed into law by the President on Apr. 25, 2003, as P.L. 108-19.

The Act directs the President to prohibit the importation into, or exportation from the United States of any rough diamond, from whatever source, that has not been controlled through the Kimberley Process Certification Scheme. The Kimberley Process prohibits importing rough diamonds into the United States unless they have been certified as not originating from areas where the diamond trade finances are generating violent conflict.

The Act directs the U.S. Bureau of Customs and Border Protection to impose a civil penalty of up to $10,000 on any person who violates, or attempts to violate, any license, order, or regulation issued, and establish fines of up to $50,000 of any corporation who willfully violates these requirements. The Act authorizes the U.S. Bureau of Customs and Border Protection to enforce the export authorities, laws and regulations governing the trade of rough diamonds, including the validation of the Kimberley Process. The Act also authorizes the President to direct appropriate U.S. agencies to provide technical assistance to countries seeking to implement the Kimberley Process.

The Act directs the President to establish a Kimberley Process Implementation Coordinating Committee to coordinate the measure's implementation. The committee will include the Secretaries of State, Treasury, Commerce, and Homeland Security, the U.S. Trade Representative, and any other agencies the President would deem appropriate. In addition, the Act directs the President to issue annual reports on the effectiveness of the Kimberley Process in preventing the trade of so-called "conflict diamonds."

The Act expresses the sense of Congress that the President should work with participants to strengthen the Kimberley Process Certification Scheme through the adoption of measures for the sharing of statistics on the production of and trade in rough diamonds, and for monitoring the effectiveness of the Kimberley Process.

H.R. 1664 (Mr. Thomas); passed the House Apr. 9, 2003.

H.R. 1664, Armed Forces Tax Fairness Act, was brought to the floor, under suspension of the rules, and passed by voice vote on Apr. 9, 2003. This bill is very similar to H.R. 1307 which passed the House on Mar. 20, 2003. H.R. 1664 represents a compromise bill between the House and the Senate regarding tax treatment of military personnel.

Capital Gain Exclusion for Home Sales-- Under current law, individuals may exclude up to $250,000 ($500,000 for married couples) of gain from the sale of a home if they resided in the home for two of the five years proceeding the sale. The bill would allow military personnel to ignore time transferred away from home on official extended duty for purposes of determining the 5-year period.

Tax-Free Treatment of Death Gratuity Benefits-- Under current law, survivors of members of the military receive a $6,000 death gratuity payment, but only half of it is tax-free. The bill would provide that the full $6,000 payment is tax-free.

Tax-Free Treatment of "HAP" Payments-- The bill would provide that payments received under the Homeowners Assistance Program to compensate them for a drop in home values resulting from military base closures or realignments would be tax-free.

Extend Combat Zone Filing Rules to Contingency Operations-- Several deadlines under the Tax Code (such as filing tax returns and making tax payments) would be extended for certain individuals serving in a combat zone during a period of combatant activities. The bill would apply these deadline extension rules to individuals serving in "contingency operations" (i.e., military operations designated by the Secretary of Defense in which personnel are or may become involved in military actions during a war or national emergency declared by the President or Congress).

Modify Eligibility Criteria of Tax-Exempt Veterans' Organizations-- The bill would modify the definition of a tax-exempt veterans' organization by allowing ancestors or lineal descendents to be treated as members for purposes of one of the membership requirements.

Tax-Free Treatment of Dependent Care Benefits-- The bill would clarify that dependent care assistance provided under a military dependent care assistance program would be tax-free.

Treatment of Distributions from Qualified Tuition Programs and Coverdell Education Savings Accounts for Service Academy Appointments-- Under current law, distributions from a qualified tuition program or a Coverdell Education Savings Account are subject to a 10-percent penalty if they are not used for qualified higher education expenses. An exception is made if the student receives a scholarship. Without the exception, families who save for college would be penalized if their children receive scholarships. The bill would clarify that appointments to a military academy would be treated like scholarships for purposes of the exception to the 10 percent penalty.

Above-the-Line Deduction for Overnight Travel Expenses of Military Reservists-- The legislation would provide an above-the-line deduction for up to $1,500 of non-reimbursable travel expenses incurred by military reservists who serve more than 100 miles away from home and stay overnight.

Extension of Victims' Tax Relief to Astronauts Who Die on Space Missions-- The bill would extend the income and estate tax relief provisions of the Victims of Terrorism Tax Relief Act of 2002 to astronauts who lose their lives in a space shuttle mission.

H.R. 1779 (Mr. Beauprez with cosponsors); passed the Senate Oct. 11, 2004.

H.R. 1779, Guardsmen and Reservists Financial Relief Act of 2003, passed the House, under suspension of the rules, by a vote of 415-0, on Apr. 21, 2004. The bill passed the Senate, by unanimous consent, with amendment, on Oct. 11, 2004.

H.R. 1779, as passed the House, would allow reservists and National Guardsment to make penalty-free withdrawals from their Individual Retirement Accounts (IRA) or pensions. It would also allow them to repay these amounts within two years of leaving active duty. The bill would waive the 10% early-withdrawal penalty for military reservists and National Guardsmen who are called into active duty for more than 179 days. The amounts withdrawn could be repaid (on an after-tax basis) to an IRA within two years after leaving active duty status. The bill would apply to individuals called into duty after Sept. 11, 2001, and before Sept. 12, 2005.

H.R. 1914 (Mrs. Jo Ann Davis of Virginia with cosponsors); Public Law 108-289; app. Aug. 6, 2004.

H.R. 1914, Jamestown 400th Anniversary Commemorative Coin Act of 2003, was ordered reported by the Committee on Financial Services by voice vote on Mar. 17, 2004. The bill was reported to the House on Apr. 27, 2004 (H.Rept. 108-472, pt. 1). H.R. 1914 was referred sequentially to the Committee on Ways and Means for a period ending not later than July 6, 2004, on Apr. 27, 2004. The bill was reported, amended, by the Committee on Ways and Means on July 6, 2004 (H.Rept. 108-472, pt. 2). H.R. 1914 passed the Senate, without amendment, by unanimous consent, on July 20, 2004. H.R. 1914 was signed into law by the President on Aug. 6, 2004, as P.L. 108-289.

The Act provides for the issuance of two coins to commemorate the 400th anniversary of Jamestown: (1) a $1 coin with a $10 surcharge, and (2) a $5 coin with a $35 surcharge. The coins would be issued in calendar year 2007. Surcharges will be used to promote the understanding of Jamestown legacies, to enhance educational programs relating to Jamestown, to improve infrastructure and archaeological research relating to Jamestown, and to conduct other programs to support the commemoration of Jamestown's 400th anniversary.

The Act provides that surcharges with respect to the coin, will not be collected if at the time of issuance there are two commemorative coin programs in place, and therefore, violate the annual limit provided under the Commemorative Coin Reform Act of 1996 (P.L. 104-208).

H.R. 2185 (Ms. Dunn with cosponsors); P.L. 108-26; app. May 28, 2003.

H.R. 2185, Unemployment Compensation Amendments of 2003, passed the House on May 22, 2003, by a vote of 409-19. The bill passed the Senate on May 23, 2003 by unanimous consent. H.R. 2185 was signed into law by the President on May 28, 2003, as P.L. 108-26.

The Act extends the Federal Temporary Extended Unemployment Compensation program, which was first created in Mar. 2002 (P.L. 107-147) and extended in Jan. 2003 (P.L. 108-1). Under the Act, workers exhausting regular State unemployment benefits through as late as Dec. 2003 will be eligible to collect Federal extended benefits for up to 13 weeks in all States and up to 26 weeks in certain high unemployment States. Those extended benefits will be available through as late as Mar. 2004.

H.R. 2330 (Mr. Lantos with cosponsors); P.L. 108-61; app. July 28, 2003.

H.R. 2330, Burmese Freedom and Democract Act of 2003, was reported, amended, from the International Relations Committee on June 17, 2003 (H.Rept. 108-159, pt. 1). The Judiciary reported the bill, amended, on July 11, 2003 (H.Rept. 108-159, pt. 2). The bill passed the House, amended, under suspension of the rules, by a vote of 418-2, on July 15, 2003. H.R. 2330 passed the Senate on July 16, 2003 by a vote of 94-1. H.R. 2330 was signed into law by the President on July 28, 2003, as P.L. 108-61.

The Act prohibits the importation into the United States of any article that is a product of Burma until the President determines and certifies to Congress that Burma has met certain conditions. Import sanctions will be sunset after one year unless there is a vote in Congress in support of a privileged resolution to maintain the sanctions. The import sanctions are completely terminated after 3 years.

P.L. 108-61 requires the Administration to submit a report on whether the sanctions have been effective in improving conditions in Burma and in furthering U.S. policy objectives. The Act requires the Administration to submit a report assessing: (1) bilateral and unilateral measures undertaken to promote human rights and democracy in Burma; (2) whether the sanctions have been effective in improving conditions in Burma (including human rights violations, arrest and detention of democracy activists, forced and child labor, and the status of the political dialogue) and in furthering U.S. policy objectives toward Burma; and (3) the impact of the sanctions on other national security, economic and foreign policy interests of the United States.

The Act allows a 15-day delay in the effective date to provide some protection for goods already on the water, and clarifies the rule of origin so that Customs can administer the sanctions.

H.R. 2350 (Mr. Herger); Public Law 108-40; app. June 30, 2003.

H.R. 2350, Welfare Reform Extension Act of 2003, passed the House, under suspension of the rules, on June 11, 2003, by a vote of 406-6. The Senate passed H.R. 2350, without amendment, by unanimous consent on June 27, 2003. H.R. 2350 was signed into law by the President on June 30, 2003, as P.L. 108-40.

The Act extends through Sept. 30, 2003, the program of Temporary Assistance for Needy Families (TANF), which was authorized only through June 30, 2003. The extension continues TANF grants to States, territories, and Indian tribes, supplemental grants provided to certain States, as well as other related provisions. It also extends funding for mandatory child care, abstinence education, and transitional time for the Senate to act on a comprehensive reauthorization bill and subsequent conference deliberations on the reauthorization bill (H.R. 4) which the House approved on Feb. 13, 2003.

H.R. 2351 (Mr. Thomas with cosponsors); reported to House June 25, 2003.

H.R. 2351, Health Savings Account Availability Act, was ordered reported, amended, on June 19, 2003, by a vote of 23-16. H.R. 2351 was reported to the House, amended, on June 25, 2003 (H.Rept. 108-177).

H.R. 2351 would create new, tax-preferred personal savings accounts, called Health Savings Accounts (HSAs), to help families save for qualified health care and medical expenses.

The HSAs could be established by individuals who meet the income requirements and are either uninsured or covered by a "minimum deductible" health plan. The HSAs would not be tied to an employer plan — any individual who meets the eligibility requirements could open an HSA.

A "minimum deductible" plan would be one that has a deductible of at least $500 for self-coverage policies and $1,000 for family coverage policies. Contributions would begin to phase-out for single individuals with incomes above $45,000 ($50,000 in 2005 and thereafter) and for married couples and heads of households with incomes above $65,000 ($80,000 in 2007 and thereafter). These would be the same income limits that apply to deductible Individual Retirement Account contributions.

The HSAs could be offered under an employer's cafeteria plan. A cafeteria plan is an employer-sponsored benefit package that offers employees a choice between taking cash (on a taxable basis) or receiving qualified benefits, such as dependent care and group-term life insurance, on a tax-free basis.

Individuals, family members, and employers could contribute to an HSA. In addition, up to $500 of unused balances in a Flexible Spending Account (FSA) could be transferred to an HSA.

The maximum annual contribution to an HSA would be $2,000 for individuals with self-coverage policies and $4,000 for individuals with family coverage. The limits for uninsured individuals would be $2,000 if the individual has no dependents and $4,000 otherwise. Individuals age 55 and older could make catch-up contributions to their HSAs.

The HSAs would be tax-preferred. Contributions made by the account holder or the employer would be tax-deductible. They would be tax-free if the HSA is offered under a cafeteria plan. Rollovers from an FSA would also be made in a tax-free basis. Investment earnings in an HSA would accrue tax-free. Distributions from an HSA would be tax-free if used for qualified medical expenses. Contributions made by a family member would not be deductible. However, investment earnings on these contributions would accrue tax-free.

Qualified medical expenses would be expenses incurred for the individual, the individual's spouse, or the individual's dependents as long as they are not reimbursed by insurance or otherwise. The following expenses would qualify: (1) amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, including prescription drugs, (2) transportation primarily for and essential to medical care referred to above (such as ambulance), (3) qualified long-term care services and long-term care insurance, (4) continuation health coverage required by Federal law, (5) health insurance when the individual is receiving unemployment compensation, (6) health insurance for the uninsured (that meets the minimum deductible requirements), and (7) retiree health insurance after age 65, including Medicare Part B premiums.

Nonqualified distributions would be subject to income tax and a 15-percent penalty. The 15-percent penalty would not apply in the case of distributions made after age 65 or distributions made due to death or disability.

The HSA assets would be transferred to a designated surviving spouse upon the death of the account holder. Otherwise, the assets would be included in the deceased beneficiary's estate.

The bill would modify the "use-it-or-lose-it rules" for FSAs. Under the bill, up to $500 of unused balances in a FSA would be carried forward in the FSA, or transferred to an HSA. If the individual were not eligible to contribute to an HSA in a given year, up to $500 of unused balances could be transferred to a qualified pension plan.

The bill would clarify that payments to medical service providers through the use of debt, credit, and stored-value cards are not reportable by the employer on Form 1099-MISC under section 6041.

H.R. 2473 (Mr. Thomas with cosponsor); reported to House June 25, 2003.

H.R. 2473, Medicare Prescription Drug and Modernization Act of 2003, was ordered reported, amended, on June 17, 2003, by a vote of 25-15. The bill was reported, amended, by the Committee on Energy and Commerce on June 25, 2003 (H.Rept. 108-178, pt. 1). The Committee on Ways and Means reported the bill, amended, on July 15, 2003 (H.Rept. 108-178, pt. 2). A summary of the bill, as reported by the Committee on Ways and Means follows. The language of H.R. 2473 was generally embodied in H.R. 1 which was introduced on June 25, 2003. For further legislative action see H.R. 1.

MEDICARE PRESCRIPTION DRUG BENEFIT

The bill would establish a new voluntary prescription drug benefit in Medicare that is available to all Medicare beneficiaries. The program would be administered by a new agency within the U.S. Department of Health and Human Services (HHS) called the Medicare Benefits Administration.

The coverage would be provided under a prescription drug plan (PDP), a Medicare Advantage (MA) or an Enhanced Fee-for-Service (EFFS) plan. Coverage is defined as either "standard coverage" or actuarially equivalent coverage, if approved by Medicare. For 2006, "standard coverage" would be a benefit with a $250 deductible, 80 percent coverage up to $2,000, and catastrophic protection after $3,500 in out-of-pocket spending. The catastrophic coverage would cover 100 percent of subsequent drug costs. Beneficiaries with incomes exceeding $60,000 or couples with incomes exceeding $120,000 would have higher catastrophic benefits.

There would be a 73 percent subsidy (including reinsurance subsidies for those with high costs). The Congressional Budget Office estimates that virtually all beneficiaries would enroll and the average premium would be $35. Employer and union sponsored plans would be able to qualify for a 28 percent subsidy for incurred costs between $250 and $5,000 for their retirees who are also Medicare beneficiaries, if they offer at least actuarially equivalent coverage.

Plans would be required to accept the participation of any willing pharmacy who accepts the terms and conditions of the plan. If a plan establishes a formula, it would have to utilize a pharmaceutical and therapeutic committee comprised of primarily physicians or pharmacists. The formulary would have to include drugs within each therapeutic category and class of covered outpatient drugs. Beneficiaries would be entitled to an external appeal for both nonformulary drugs and non-preferred drugs on a tiered formulary.

To ensure medication compliance and avert drug-drug interactions, plans would have to have an effective drug utilization management program and medication therapy management program. In 2007, prescriptions would have to be transmitted electronically. Medicare would have to assure that all Medicare beneficiaries have the choice to enroll in at least two qualifying plans.

Assistance for low-income beneficiaries-- Individuals with incomes up to 150 percent of poverty would be fully subsidized for their premiums and cost-sharing. For individuals between 135 percent and 150 percent of poverty, there would be a sliding scale premium subsidy.

Medicare would be made primary, and dual eligibles would be bought out of State Medicaid programs over a 15-year period. Individuals would be able to qualify for the low-income program at Social Security offices.

MEDICARE ENHANCED FEE-FOR SERVICE AND MEDICARE ADVANTAGE PROGRAMS

Medicare advantage-- The Medicare+Choice program would be renamed MA and payment reforms would commence in 2004. Plans below 100 percent of Fee-For-Service (FFS) would be brought up to 100 percent of FFS. All plans would receive payment updates equal to the national per capita growth in FFS.

In 2006, these payments would turn into benchmarks, around which plans would bid. Plans would then be paid what they bid. If they bid below the benchmark, the beneficiary would receive 75 percent of the difference between the bid and the benchmark and the government would retain 25 percent of the difference. If a plan bids above the benchmark, the beneficiary would pay the amount in excess of the benchmark. The benchmarks would grow at the same rate as FFS and they would be used for the EFFS program, as well. MA plans also would have to provide a prescription drug benefit and disease management programs.

Establishment of enhanced fee-for-service-- The Administrator would establish an EFFS program that would provide for regional, open network plans. Plans must cover the Medicare benefit package while providing for a single deductible and limitation on out-of-pocket expenses. The Administrator would establish at least 10 different regions and would accept no more than three EFS plans per region. Plans would be required to serve the entire region.

The EFFS plans would bid around the same benchmarks as MA, but on a regional weighted average basis. Region-wide risk adjustments would be made to ensure that plans are appropriately paid based on the health risk of their enrollees.

The EFFS plans offering prescription drugs would be entitled to direct subsidies and reinsurance subsidies for the prescription drug benefit equal to prescription drug plans. Medigap plans that wrap EFFS plans would not be able to cover the deductible or 50 percent of the cost-sharing above the deductible.

Federal Employee Health Benefits Plan (FEHBP)-style competitive reforms-- Starting in 2010, certain areas would move to a more dynamic competitive structure. These areas would be required to have at least two EFFS plans to trigger an EFFS competitive region or two MA plans to trigger an MA competitive region. In addition, the private plan market share in the area would have to equal or exceed the national private plan market share. Areas would be defined as at least a Metropolitan Statistical Area; of significant population for MA; or an EFFS region for EFFS plans.

COMBATING WASTE, FRAUD AND ABUSE

Medicare secondary payor-- This provision would prohibit workers' compensation or auto insurance companies from escaping payment owed to Medicare for medical expenses.

Durable medical equipment competitive bidding-- The Secretary would be required to implement competitive bidding for certain durable medical equipment, medical supplies and off-the-shelf orthotics. Rural areas would be able to be exempted and certain items that would not result in savings could be exempted. Beneficiary access to at least two suppliers and multiple winners would be required.

Average wholesale price reform-- The Secretary would increase the practice expense reimbursement to physicians that prescribe currently covered drugs based on survey data submitted by physician specialty groups. This would be done with new money, in order to prevent an adverse change in practice expenses to other physician groups.

Each year, physicians would select which reimbursement methodology they want, either Average Sales Price (ASP) or a new competitive bidding structure.

RURAL HEALTHCARE IMPROVEMENTS

The bill would also:

-- Equalize the "standardized" amount for rural hospitals and hospitals in small cities,

-- Lower the labor share from 71 percent to 62 percent in low wage areas,

-- Improve disproportionate share payments for small rural and urban hospitals,

-- Provide a 5 percent bonus payment to primary care and specialist physicians serving in physician scarcity areas,

-- Improve critical access hospitals, such as through cost-plus 2 percent reimbursement and flexibility on number of beds,

-- Extend outpatient financial protections for 2 years,

-- Allow unoccupied residency slots to be redistributed to rural areas,

-- Create new "essential community hospitals," which would receive cost-plus 2 percent,

-- Exclude certain rural health clinics and Federally qualified health center services from Prospective Payment System (PPS) Skilled Nursing Facility system,

-- Increase payments for low-volume rural ambulance services, and

-- Provide safe harbor for community health center activities.

OTHER PROVISIONS

Recognition of new technologies under inpatient hospital PPS-- to help integrate new technology into Medicare's inpatient area sooner would: (1) Require quicker collection of information on new technology so that payments could be adjusted for accuracy on a timelier basis, (2) Adopt the Administration's new proposed eligibility standard for technology to qualify for the enhanced payments, (3) Tie the Centers for Medicare and Medicaid Services partially to the Food and Drug Administration standards on definition of breakthrough technologies, and (4) Increase hospital funding for new technology.

Phase-in of Federal rate for hospitals in Puerto Rico to 75/25-- This provision would phase-in the Federal rate for hospitals in Puerto Rico to a 75 percent national and 25 percent local rate over 3 years.

Revision of acute care hospital payment updates-- For FY 2003, the hospital update factor would be market basket -0.4 percent, resulting in an average increase of 3.1 percent for each year.

Wage index reclassification reform-- This provision would permit hospitals to apply for an adjustment in their payments, based on the commuting pattern of their employees to adjoining Metropolitan Statistical Areas.

Skilled Nursing Facility (SNF) services-- This provision would increase the Resource Utilization Group payment for a SNF resident with acquired immune deficiency syndrome (AIDS).

Coverage of hospice consultation services-- This provision would allow hospice physicians to advise critically ill patients about the hospice program.

Physicians-- This provision would provide for physicians to receive a 1.5 percent payment increase for 2004 and 2005, rather than the scheduled 4.2 percent cut in 2004, and smaller cut in 2005. The provision also would apply a 10-year rolling average for Gross Domestic Product to minimize oscillation.

Preventive benefits-- Proposed improvements to preventive benefits would include: (1) initial free physical, (2) cholesterol screening, (3) payment for mammography services, and (4) waiver of Part B deductible for colorectal cancer tests.

Hospital outpatient department reform-- This provision would allow the Secretary to establish a corridor of payments for covered outpatient drugs through a ceiling at 95 percent WP and a transition from: 83 percent to 71 percent for sole source drugs over 3 years; 81.5 percent to 68 percent for multiple source over 3 years; and 46 percent for generic drugs.

Payment for ambulance services-- This provision would slow the financial losses for regions that are hurt by the ambulance fee schedule. The provision also would increase mileage payments by 25 percent for ground ambulance trips above 50 miles.

Renal dialysis services-- This provision would increase the composite rate 1.6 percent for renal dialysis facility services furnished in 2004.

1-year extension of moratorium on therapy caps-- This provision would suspend application of the $1,500 therapy caps for an additional year through 2004.

Ambulatory surgical centers-- This provision would give ambulatory surgical centers a Consumer Price Index -2 percent for 2004-2008.

Waive the Part B late enrollment penalty to certain military retirees-- This provision would waive the late enrollment penalty for military retirees, 65 and older, who enroll in the TRICARE for Life program.

Index the Part B deductible-- This provision would index the Part B deductible to reduce the cost to Medicare. The Part B deductible has not been raised since 1991.

Update in home health services-- Updates would be set at market basket - 0.4 percent for 3 years.

Establishment of home health co-payment-- This provision would establish a home health co-payment of 1.5 percent (or no more than $40) for each 60-day episode of care. Low-income beneficiaries and those receiving five or fewer home health visits in an episode of care would be excluded from the co-payment.

Extension of update limitation on high cost programs-- Hospitals with per resident amounts above 140 percent of the geographically adjusted national average amount in FY 2001 or FY 2002 would be frozen at that amount for 10 years.

Improvements in national and local coverage determination process-- This provision would set realistic time frames for national coverage and coding decisions.

Extension of certain physician pathology services under Medicare-- Medicare would make direct payments for the technical component of pathology services.

Modifications to Medicare Payment Advisory Commission (MedPAC)-- MedPAC would be required to examine the budget consequences of its recommendations and consider the efficiency of services, as well as collect more current data on hospitals.

Regulatory reduction and contracting reform-- This title consists of the provision of H.R. 810, the "Medicare Regulatory and Contracting Reform Act of 2003," with minor modifications.

Chronic care management programs-- This provision would provide chronic care management programs in traditional FFS and MA EFFS.

Medicare benefits administrator-- This provisions would create MBA as an agency established within HHS with the task of managing Part C (MA EFFS) and Part D (PDP) of Medicare. The MBA would be able to hire qualified private-sector employees or public sector employees and negotiate contracts.

H.R. 2571 (Mr. Young of Alaska with cosponsors); reported to the House Nov. 6, 2003.

H.R. 2571, Rail Infrastructure Development and Expansion Act for the 21st Century, was ordered reported without recommendation, by the Committee on Ways and Means, as amended, by voice vote on Oct. 28, 2003. The Committee on Transportation and Infrastructure reported the bill amended Sept. 18, 2003 (H.Rept. 108-278, pt. 1). The Committee on Ways and Means reported the bill on Nov. 6, 2003 (H.Rept. 108-278, pt 2).

The Committee on Ways and Means voted to strike the tax provisions of H.R. 2571. H.R. 2571, as reported by the Committee on Transportation and Infrastructure, would authorize States to issue $24 billion of tax-exempt bonds and tax-credit bonds to finance high-speed rail transportation projects.

H.R. 2596 (Mr. Thomas); passed the House June 26, 2003.

H.R. 2596, Health Savings and Affordability Act of 2003, was introduced on June 25, 2003. The bill text consists generally of the substance of H.R. 2351, Health Savings Account Availability Act, which the Committee on Ways and Means ordered reported, amended, on June 19, 2003, by a vote of 23-16. The bill passed the House on June 26, 2003, by a vote of 237-191. H.Res. 299, the rule providing for consideration of the bill, provided that in the engrossment of H.R. 1, the text of H.R. 2596, as passed by the House be added as new matter at the end of H.R. 1, and then lay H.R. 2596 on the table.

The bill would create health savings accounts (HSAs) and health savings security accounts (HSSAs) which would provide tax-favored treatment for current medical expenses as well as the ability to save on a tax-favored basis for future medical expenses. In general, HSAs and HSSAs would be tax-exempt trusts or custodial accounts created exclusively to pay for the qualified medical expenses of the account holder and his or her spouse and dependents that are subject to rules similar to those applicable to individual retirement arrangements.

Within limits, contributions to health accounts would be deductible if made by an eligible individual and would be excludable from gross income and wages for employment tax purposes if made by the employer of an eligible individual. In the case of HSSAs only, family members could make nondeductible contributions on behalf of an eligible individual. Distributions from health accounts for qualified medical expenses would not be includible in gross income. Distributions that would not be for qualified medical expenses would not be includible in gross income and would be subject to an additional 15 percent tax. The additional 15 percent tax would not apply after death, disability, or when the individual attains the age of Medicare eligibility.

ELIGIBLE INDIVIDUALS – HSAs

Eligible individuals for HSAs would be individuals who are covered by a high deductible health plan and no other health plan that is not a high deductible health plan. Individuals entitled to benefits under Medicare would not be eligible. Eligible individuals would not include individuals who may be claimed as a dependent on another person's tax return.

An individual with other coverage in addition to a high deductible health plan would still be eligible for an HSA if such other coverage is certain permitted insurance or permitted coverage.

ELIGIBLE INDIVIDUALS – HSSAs

Individuals eligible for HSSAs would be individuals who (1) are covered under a health plan meeting minimum deductible requirements and no other health plan that does not meet the minimum deductible requirements, or (2) are uninsured. Individuals entitled to benefits under Medicare would not be eligible individuals. Eligible individuals would not include individuals who may be claimed as a dependent on another person's tax return.

An individual with other coverage in addition to a plan meeting the minimum deductible requirements would still be eligible for an HSSA if such other coverage is for permitted coverage or coverage that may be provided by permitted insurance. In addition, an individual would be treated as uninsured if his or her only coverage is permitted coverage or coverage that may be provided by permitted insurance.

TAX TREATMENT OF AND LIMITS ON CONTRIBUTIONS

Contributions to a health account made by an eligible individual would be deductible (within limits) in determining adjusted gross income. In addition, employer contributions to a health account would be excludable from gross income and wages for employment tax purposes to the extent the contribution would be deductible if made by the employee. Nondeductible contributions could be made to an HSSA by a family member of an eligible individual. In the case of an employee, contributions to a health account could be made by both the individual and the individual's employer. All contributions would be aggregated for purposes of the maximum annual contribution limit.

The maximum aggregate annual contribution that can be made to an HSA would be 100 percent of the annual deductible under the high deductible plan.

The maximum aggregate annual contribution that could be made to an HSSA would be (1) $2,000 for (a) persons with self-only coverage and (b) uninsured individuals with no dependents who do not file a joint return, and (2) $4,000 for (a) individuals with family coverage and (b) uninsured individuals with dependents or who file a joint return. In the case of individuals age 55 and older, the $2,000 and $4,000 HSSA annual contribution limits would be increased by $500 in 2004, $600 in 2005, $700 in 2006, $800 in 2007, $900 in 2008, and $1,000 in 2009 and thereafter.

The maximum annual contribution limits for the health accounts would be coordinated so that contributions to one type of health account would reduce the annual contribution limit for the other type of health account.

An excise tax would apply to contributions in excess of the maximum contribution amount for the health account. The excise tax would generally be equal to six percent of the cumulative amount of excess contributions that would not be distributed from the health account to the contributor.

Amounts could be rolled over into a health account from an Archer MSA or a health FSA on a tax-free basis. Amounts could be rolled over into an HSA from another HSA or HSSA and into an HSSA from another HSSA on a tax-free basis. Rollovers from an HSA into an HSSA would not be permitted.

If an employer would make contributions to employees' health accounts, the employer would have to make available comparable contributions on behalf of all employees with comparable coverage during the same period.

TAXATION OF DISTRIBUTIONS

Distributions from a health account for qualified medical expenses of the individual and his or her spouse or dependents generally would be excludable from gross income. In general, amounts in a health account could be used for qualified medical expenses even if the individual would not be eligible for contributions to the health account.

Qualified medical expenses, generally would be defined as under section 212(d) and would include expenses for diagnosis, cure, mitigation, treatment, or prevention of disease, including prescription drugs, transportation primarily for and essential to such care, and qualified long-term care expenses. Qualified medical expenses would not include expenses for insurance other than for (1) long-term care insurance, (2) premiums for health coverage during any period of continuation coverage required by Federal law, and (3) premiums for health care coverage while an individual is receiving unemployment compensation under Federal or State law. In the case of HSSAs, qualified medical expenses also would include (1) health insurance meeting the minimum deductible requirements if no portion of the cost of the insurance is paid by the employer or former employer of the individual or the individual's spouse, and (2) health insurance for individuals who are older than age 65.

Distributions from a health account that are not for qualified medical expenses would be includible in gross income. Distributions includible in gross income would also be subject to an additional 15-percent tax unless made after death, disability, or the individual attains the age of Medicare eligibility.

TAX TREATMENT OF HSAs AND HSSAs AFTER DEATH

Upon death, any balance remaining in the decedent's health account would be includible in his or her gross estate.

If the health account holder's surviving spouse is the named beneficiary of the health account, then, after the death of the health account holder, the health account would become the health account of the surviving spouse and the amount of the health account balance may be deducted in computing the decedent's taxable estate, pursuant to the estate tax marital deduction. The surviving spouse would not be required to include any amount in gross income as a result of the death. The surviving spouse could exclude from gross income amounts withdrawn from the health account for expenses incurred by the decedent prior to death, to the extent they otherwise would be qualified medical expenses.

If there is no named beneficiary of the decedent's health account, the health account would cease to be a health account as of the date of death, and the fair market value of the assets in the health account as of such date would be includible in the decedent's gross income for the year of the death.

H.R. 2738 (Mr. DeLay); Public Law 108-77; app. Sept. 3, 2003.

H.R. 2738, the United States—Chile Free Trade Agreement Implementation Act, passed the House on July 24, 2003, by a vote of 270-156. The President transmitted the legislation to Congress on July 15, 2003, under the procedures of the Bipartisan Trade Promotion Authority of 2002. Under the terms of that Act, the legislation is nonamendable once it has been transmitted. To consider possible amendments, the Committee held an informal markup on July 10, 2003 of draft legislation, and the Committee informally approved H.R. 2738 by voice vote. The bill was ordered reported on July 17, 2003 by a vote of 33 yeas, 5 nays. The Committee on the Judiciary ordered the bill reported by voice vote on July 16, 2003. H.R. 2738 was reported to the House on July 21, 2003, by the Ways and Means Committee, H.Rept. 108-224, pt. 1. The bill was reported by the Judiciary Committee on July 22, 2003, H.Rept. 108-224, pt. 2. H.R. 2738 passed the House on July 24, 2003, by a vote of 270-156. On July 31, 2003, the bill passed the Senate, without amendment, by a vote of 66-31. H.R. 2738 was signed into law by the President on Sept. 3, 2003, as P.L. 108-77.

The Act approves the United States—Chile Free Trade Agreement entered into on June 6, 2003, with the Government of Chile, and the statement of administrative action proposed to implement the Agreement, both submittted to the Congress on July 15, 2003.

The Act authorizes the President to proclaim such actions, and other appropriate officers of the U.S. Government to issue such regulations, as may be necesssary to ensure that any provision of this Act that takes effect on the date other Agreement enters into force is appropriately implemented.

The Act provides for (1) administration of dispute settlement proceedings; (2) arbitration of claims; (3) specified tariff modifications; (4) drawbacks for specified goods (5) enforcement of textile and apparel rules of origin; (6) actions for relief from imports benefiting from the Agreement; (7) certain textile and apparel safeguard measures; (8) temporary entry into the United States of Chilean business persons, including nonimmigrant traders, investors, and professionals; and (9) denial of admission as nonimmigrants to certain Chileans and family if there is in progress a labor dispute in the occupational classification at the place or intended place of employment.

H.R. 2739 (Mr. DeLay); Public Law 108-78; app. Sept. 3, 2003.

H.R. 2739, the United States–Singapore Free Trade Agreement Impementation Act, passed the House on July 24, 2003, by a vote of 272-155. The President transmitted the legislation to Congress on July 15, 2003, under the procedures of the Bipartisan Trade Promotion Authority of 2002. Under the terms of that Act, the legislation is nonamendable once it has been transmitted. To consider possible amendments, the Committee held an informal markup on July 10, 2003 of draft legislation, and the Committee informally approved H.R. 2739 by voice vote. The bill was ordered reported on July 17, 2003 by a vote of 32 yeas, 5 nays. The Committee on the Judiciary ordered the bill reported by voice vote on July 16, 2003. H.R. 2739 was reported to the House on July 21, 2003, by the Ways and Means Committee, H.Rept. 108-225, pt. 1. The bill was reported by the Judiciary Committee on July 22, 2003, H.Rept. 108-225, pt. 2. H.R. 2739 passed the House on July 24, 2003, by a vote of 272-155. On July 31, 2003, the bill passed the Senate, without amendment, by a vote of 66-32. H.R. 2739 was signed into law by the President on Sept. 3, 2003, as P.L. 108-78.

Title I of the Act provides the general Congressional approval of the Agreement and procedures for the President to follow in order to execute his authority to implement the Agreement such as consultation with Congress, layover, and advice from advisory committees.

Title II provides authority for the President to proclaim tariff modifications to carry out the Agreement and sets out the rules of origin for goods to qualify for preferential treatment. In particular, the Agreement calls for a "yarn forward" requirement for textile and apparel goods.

Included in the Act, is a unique rule of origin provision that deems certain goods (identified in Annex 3B of the Agreement) to be considered of Singaporean origin when transshipped through Singapore to the United States. These goods are referred to as Integrated Sourcing Initiative (ISI) goods and are predominantly information technology-related. They already enter the United States duty free regardless of source, so the impact of the provision is to streamline customs procedures and eliminate the merchandise processing fee. No goods can be added to the ISI list without future Congressional approval.

Other provisions in the Act provide for the exemption from the Customs merchandise processing fee for Singapore goods and enforcement authority to prevent circumvention of textile or apparel requirements.

Title III provides a temporary mechanism to impose import relief when increased quantities of Singapore imports are a substantial cause of serious injury or threat of serious injury to the domestic industry. Another provision provides a special safeguard relief procedure for textile and apparel import cases. Finally when conducting a global safeguard action under Section 201 of the Trade Act of 1974, the President is able to exclude Singapore imports if they are not a substantial cause of serious injury or threat to the industry.

H.R. 2768 (Mr. Bachus); Public Law 108-290; app. Aug. 6, 2004.

H.R. 2768, John Marshall Commemorative Coin Act, was ordered reported by the Committee on Financial Services by voice vote on Mar. 17, 2004 The bill was reported to the House on Apr. 27, 2004 (H.Rept. 108-473, pt. 1). H.R. 2768 was referred sequentially to the Committee on Ways and Means for a period ending not later than July 6, 2004. The Ways and Means Committee reported to the House, amended, on July 6, 2004 (H.Rept. 108-473, pt. 2). The bill passed the House, amended, under suspension of the rule, on July 14, 2004. H.R 2768, passed the Senate, without amendment, by unanimous consent on July 20, 2004. H.R. 2768 was signed into law by the President on Aug. 6, 2004, as P.L. 108-290.

H.R. 2768 provides for the issuance of a $1 coin with a $10 surcharge to commemorate the 250th anniversary of Chief Justice John Marshall's birth. The coins will be issued in calendar year 2005. Surcharges will be used to support historical research about the Supreme Court and the Constitution, support fellowship programs, internships and docents at the Supreme Court, and collect and preserve related antiquities, artifacts and other historical items.

The Act provides that surcharges with respect to the coin, will not be collected if at the time of issuance there are two commemorative coin programs in place, and therefore, violate the annual limit provided under the Commemorative Coin Reform Act of 1996 (P.L. 104-208).

H.R. 2896 (Mr. Thomas); reported to the House Nov. 21, 2003.

H.R. 2896, American Jobs Creation Act of 2003, was ordered reported by a vote of 24-15, on Oct. 28, 2003. The legislation was reported, amended, to the House on Nov. 21, 2003. H.Rept. 108-393.

U.S. Manufacturing and Production Tax Rate Cut

The corporate tax rate on U.S. manufacturing and production income would be reduced by 3 percentage points (from 35 percent to 32 percent). The tax rate cut would apply to property that is manufactured, produced, grown or extracted in the United States, including tangible personal property, agriculture, softwood timber, processed food, construction, architectural and engineering services for construction projects built in the United States, extracted items, software, movies, music, and oil and gas refining and production. The rate cut schedule would be the following: 2004-2006 at 34 percent, and 2007 and after at 32 percent.

Across-the-board Tax Rate Cut

In addition to the manufacturing and production rate cut, the bill would provide a new reduced 32 percent top corporate tax rate for all corporations with less than $20 million of taxable income. The across-the-board rate cut is not limited to manufacturing and production income. The small business rate schedule would be the following:

-- 2004-2006 -- 33 percent (under $1 million of taxable income),

-- 2007-2008 -- 32 percent (under $1 million of taxable income),

-- 2009-2010 -- 32 percent (under $5 million of taxable income), and

-- 2012 & after -- 32 percent (under $20 million of taxable income).

Section 179 Expensing

The expansion of small business expensing that was enacted in the Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27) section 179 provision increases the amount of capital purchases that small- and medium-sized businesses can expense (immediately deduct) from $25,000 to $100,000 and increases the size of companies eligible for the provision by doubling the capital expenditure cap from $200,000 to $400,000 (Both amounts are indexed for inflation).

Depreciation Relief

The 39 year leasehold and restaurant depreciation lives would be reduced to 15 years. The provisions would sunset on Dec. 31, 2005.

AMT Relief

The bill contains several provisions that would greatly reduce the corporate alternative minimum tax (AMT). These provisions follow:

-- Would expand the size of companies exempt from AMT from $7.5 million of gross receipts to $20 million of gross receipts.

-- Would eliminate the 90 percent limitation on the use of net operating loses (NOLs) against AMT.

-- Would eliminate the 90 percent limitation on the use of foreign tax credits against AMT, and

-- Would coordinate farmer income averaging and the AMT.

S Corporation Reforms

The bill contains various provisions to simplify the taxation of S corporations and expands S corporation eligibility. The bill would treat three generations of family members as one shareholder. It would expand the maximum number of S corporation shareholders from 75 to 100. It would also liberalize and simplify the taxation of S corporations such as treating individual retirement accounts as eligible S corporation shareholders and modifying the treatment of qualifying direct shares.

Repeal of the Extraterritorial Income Exclusion Act of 2000 (ETI)

The bill would repeal the ETI regime, but would provide the following transition relief, as follows:

-- 100 percent of their ETI benefits in 2003,

-- 80 percent of their ETI benefits in 2004,

-- 80 percent of their ETI benefits in 2005,

-- 60 percent of their ETI benefits in 2006, and

--Binding contracts in effect prior to Jan. 14, 2002, would retain FSC and ETI benefits.

Competitive Taxation of Global Earnings

The bill contains several provisions that would make U.S. companies globally competitive, and, thus, enable them to increase their U.S. manufacturing and U.S. exports including, treating the European Union as one country for purposes of the anti-deferral base company sales and services rules, repealing the anit-deferral foreign shipping income rules, providing that active income would continue to be treated as active income, when a controlled foreign corporation sells an interest in a partnership or makes a payment to another controlled foreign corporation, repealing the duplicative foreign personal holding company and foreign investment company rules, modifying the treatment of commodities transactions entered into in the ordinary course of business to manage price or currency fluctuations, treating active oil and gas pipeline transportation income as active income and partially excluding royalty payments paid to the United States on certain domestic made films.

Prevention of Double Taxation

The bill contains several provisions that would reduce the double taxation of earnings including, reducing the number of foreign tax credit baskets from 9 to 2, modifying the overall domestic loss rules, modifying the interest allocation rules, fixing the rules that limit the ability of company's to use foreign tax credits when it owns more than 10 percent, but less than 50 percent of another company, repealing the secondary withholding tax, modifying provisions to facilitate the ability of U.S. mutual funds located in the United States to attract foreign investors, treating the sale and lease of intangibles the same for purposes of the foreign tax credit, providing an election to allow the taxpayer to use actual versus average exchange rate for foreign tax payments, treating stock owned by partnerships as proportionally owned by its partners for purposes of the foreign tax credit, and providing equal treatment for interest paid by foreign partnerships and foreign corporations.

Provisions to Prevent Erosion of U.S. Tax Base

The bill would require inverting (or expatriating) companies to pay the full U.S. tax on the transfer of U.S. assets to a foreign country, would equalize the treatment of shareholders and corporate executives and insiders by imposing a 15 percent excise tax on stock options held by corporate executives and insiders when a company inverts, and would tighten current law to prevent companies from improperly eroding the U.S. tax base through excessive interest payments to foreign related parties.

Individual Expatriation

The provision would provide an objective test (rather than current law's subjective test) to determine if a taxpayer is subject to the U.S. expatriation rules.

Tax Shelters

The bill would require increased disclosure of abusive transactions and increased penalities on those that promote and engage in abusive tax shelters.

Protecting Employee Benefits

The bill would create rules to govern the tax treatment of nonqualified deferred compensation to ensure that tax is deferred only in situations where the compensation is truly at risk, and the employee does not have access or control over the deferred amounts. The bill would clarify that statutory stock options are not subject to payroll tax when the option is exercised. The bill would also extend for 5 years the ability to transfer excess defined benefit pension assets to retiree health accounts.

Reform Provisions

The bill would adopt a number of reform provisions including, preventing partnership losses from being deducted more than once, repealing special Financial Asset Securitization Investment Trusts (FASIT) rules, limiting transfer of built-in losses on Real Estate Mortgage Investment Conduit (REMIC) residuals, modifying treatment of stripped interest in bond and preferred stock funds, requiring a minimum withholding period for foreign tax credit on withholding tax, clarifying what is a banking business for purposes of determining investment if earning in U.S. property, modifying exemption from tax for small property and casualty insurance companies, preventing mismatching of deductions and income inclusions in transactions with related foreign persons, and excluding like-kind exchange property from nonrecognition treatment on the sale or exchange of a principal residence.

Internal Revenue Service (IRS) User Fees and Other IRS Provisions

The bill would extend the IRS users fees through 2013, authorize the IRS to enter into installment agreements that provide for partial payment, modify rules to allow deposits to stop running of interest on potential underpayments, clarify rules for payment of estimated tax for deemed asset sales, deny deduction for interest paid to the IRS on underpayments involving certain tax motivated transactions, and exclude from gross income interest on overpayments of income tax by individuals.

Farm and Small Business Provisions

The bill would provide special reinvestment rules for livestock sold on account of weather-related conditions, provide for payment of dividends on stock of cooperatives without reducing patronage dividends. The legislation would add Hepatitis A to list of taxable vaccines, expand human clinical trial expenses qualifying for the orphan drug tax credit. The bill would modify rules to provide that distributions from publicly traded partnerships are treated as qualifying income for regulated investment companies. Real estate and investment trust provisions would be modified and simplified. The excise tax on bows and arrows to prevent foreign bow and arrow manufacturers from avoiding the tax would be modified. The bill would repeal the excise tax imposed on tackle boxes and sonar fish-finding devices, and would provide a tax credit for carrying tax paid distilled spirits. The bill would provide capital gains treatment to the outright sale of timber, clarify that environmental "settlement funds" meeting certain requirements are beneficially owned by the U.S. government and, therefore, are not subject to the Federal income tax. In addition, the bill would suspend, until June 30, 2007, the occupational taxes relating to distilled spirits, wine and beer.

Extension of Customs User Fees

The bill would extend Customs User Fees until 2013. These fees would be more closely linked to the critical commercial services that Customs provides to importers such as the processing of merchandise, commercial inspections, and modernization of Customs' computer system.

H.R. 2971 (Mr. Shaw with cosponsors); reported to the House Sept. 14, 2004.

H.R. 2971, Social Seurity Number Privacy and Identity Theft Prevention Act of 2003, was ordered reported, amended, on July 21, 2004, by a vote of 33-0. The bill was reported to the House, amended, on Sept. 14, 2004 (H.Rept. 108-685, pt.1).

Title I - Social Security numbers (SSNs)

The bill would prohibit Federal, State, and local governments from selling SSNs (limited exceptions would be made to facilitate law enforcement and national security, to ensure the accuracy of credit and insurance underwriting information, for tax purposes, for research purposes, and to the extent authorized by the Social Security Act (P.L. 74-271)). In addition, the bill would prohibit the displaying of SSNs to the general public as well as on checks issued for payment and accompanying documents. Other restrictions on SSNs would include prohibiting their display on driver's licenses, motor vehicle registrations, or other identification documents issued by State departments of motor vehicles. Identification cards and tags issued to employees or their families would also lack SSNs. Federal, State, and local governments would be prohibited from employing prisoners in jobs that provide them with access to SSNs as well as requiring the transmission of SSNs over the Internet without encryption or other security measures.

The bill would prohibit the private sector from selling or purchasing SSNs (limited exceptions would be made for law enforcement (including child support enforcement), national security, public health, health or safety emergency situations, tax purposes, research, or with the individual's written consent.) In addition, the private sector would be prohibited from displaying SSNs to the general public (except with the individual's written consent), and requiring the transmission of SSNs over the Internet without encryption or other security measures. Other actions that would be prohibited include making unneccessary disclosures of another individual's SSN to governmnent agencies, displaying the SSN on cards or tags issued to employees, their family members, or other individuals, and displaying the SSN on cards or tags issued to access goods, services, or benefits.

Public and private sectors would be required to safeguard SSNs they have in their possession from unauthorized access by employees and others. Sale, purchase, or display of SSNs in the public or private sector would be permitted by the U.S. Attorney General in other circumstances, when appropriate. In making this determination, the Attorney General would consider the costs and burdens to the public, government, and businesses. If sale, purchase, or display were to be authorized, the Attorney General would provide for restrictions to prevent identity theft, fraud, deception, crime, and risk of bodily, emotional, or financial harm. A person would be prohibited from obtaining another person's SSN to locate or identify the individual with the intent to physically injure, harm, or use the individual's identity for an illegal purpose. Businesses would be discouraged from denying services to individuals who refuse to provide their SSNs, unless required by law, by subjecting them to penalties under Federal law. The SSN would be included in the definition of "credit report" under the Fair Credit Reporting Act (P.L. 91-508), so that the SSN receives the same privacy protections as other consumer credit information.

Title II - Applications for SSNs and replacement of Social Security cards

The bill would require the verification of birth records in support of applications for SSNs. The process of issuing SSNs to newborns would be strengthened. Replacement SSN cards would be limited to 3 per year and 10 over a lifetime, with exceptions where there is minimal opportunity for fraud. The Commissioner of Social Security would be required to conduct studies to evaluate requiring photo identification at the time of benefit, SSN or SSN replacement card application, and modifying the SSN to show work authorization status.

Title III - Enforcement

H.R. 2971 would create new criminal (up to 5 years imprisonment and fine up to $250,000), and civil (up to $5,000 per incident) penalties for violations of the law relating to the display, sale, purchase, or misuse of the SSN, offering to acquire an additional SSN for a fee, and for selling or transferring one's own SSN. The bill would enhance prison sentences for SSN misuse associated with repeat offenders (up to 10 years), drug trafficking or crimes of violence (up to 20 years), or terrorism (up to 25 years). The bill would create new criminal (as much as 20 years in prison and fine up to $250,000), and civil (up to $5,000 per incident) penalties for Social Security Administration employees who fraudulently sell or transfer SSNs or Social Security cards.

H.R. 3087 (Mr. Young of Alaska); Public Law 108-88; app. Sept. 30, 2003.

H.R. 3087, Surface Transportation Extension Act of 2003, was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Resources, the Budget, Ways and Means, and Science. None of the Committees of jurisdiction acted on the legislation. H.R. 3087 passed the House, amended, under suspension of the rules, on Sept. 24, 2003, by voice vote. On Sept. 26, 2003, the Senate passed the bill, without amendment, by unanimous consent. H.R. 3087 was signed into law by the President on Sept. 30, 2003, as P.L. 108-88.

The Act extends Federal highway, highway safety, motor carrier safety, transit, and other programs funded out of the Highway Trust Fund for five months, and authorizes appropriations, through Feb. 29, 2004. The Secretary of Transportation is directed to apportion funds made available for Federal-aid highway programs under the Transportation Equity Act of the 21st Century (TEA-21) to each State according to the ratio of the State's fiscal year 2003 obligation authority to the FY 2003 obligation authority for all States.

The Act also amends the Balandced Budget and Emergency Deficit Control Act of 1985 and TEA-21 to set related discretionary spending limits and obligation limitations for fiscal year 2004.

H.R. 3108 (Mr. Boehner with cosponsors); Public Law 108-218; app. Apr. 10, 2004.

H.R. 3108, Pension Funding Equity Act of 2004, passed the House, amended, on Oct. 8, 2003, by a vote of 397-2. The bill passed the Senate, amended, on Jan. 28, 2004 by a vote of 86-9. The Senate insisted on its amendment and asked for a conference on Feb. 12, 2004. The House disagreed to the Senate amendment and agreed to a conference on Mar. 4, 2004. The conference report was filed in the House on Apr. 1, 2004 (H.Rept. 108-457), and agreed to on Apr. 2, 2004, by a vote of 336 yeas, 69 nays. The Senate agreed to the conference report on Apr. 8, 2004 by a vote of 78-19. H.R. 3108 was signed into law by the President on Apr. 10, 2004, as P.L. 108-218.

The Act amends the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code to temporarily replace (for plan year 2004 and 2005) the 30-year Treasury rate with a rate based on long-term corporate bonds for certain pension plan funding requirements.

H.R. 3108 temporarily replaces the 30-year Treasury bond rate with an interest rate based on long-term conservative corporate bonds. The Act provides funding relief for both single employer and multiemployer pension plans. The relief is targeted to plans that were financially healthy prior to the decline in the stock market, but are now struggling financially due to no fault of their own. Certain single employer plans are allowed to waive 80% of their deficit reduction contribution (DRC) in 2004 and 2005. The relief applies to airlines, steel companies, and the Transportation Communications Union plan. Plans are not eligible if they had to pay the DRC in 2000.

Certain multiemployer plans are allowed to defer up to 80% of their 2002 amortization payments for up to two years. To qualify, the plan must have had investment losses of 10% or more in 2002, and the plan's actuary must certify that the plan is expected to have a funding deficiency during or before 2006. Plans are not eligible for the relief if they were delinquent on past funding payments or benefited from funding waivers or funding holidays in the previous 10 years.

Plans that elect the relief must send notices to plan participants and the PBGC notifying them that the relief has been taken and that their benefits are guaranteed, up to certain levels, by the PBGC. Plans that elect the relief are prohibited from increasing benefits during the 2-year relief period unless: (1) the increase is required under an existing collective bargaining agreement or (2) contributions to the plan will exceed the benefit charges.

The Act creates new reforms by requiring multiemployer plans to send annual notices to participants, union representatives and the PBGC informing them of the plan's financial status, the rules governing insolvent plans and a description of the benefits guaranteed by the PBGC and the limits on such guarantees.

The Act permanently extends the suspension of section 809 a tax on mutual life insurance companies.

The Act is fully offset with two provisions to provide for revenue neutrality. One, the ability to transfer excess pension offsets from a defined benefit pension plan to retiree health accounts is extended for 5 years, and, two, the Act closes a loophole that allows certain entities to abusively claim tax-exempt status under section 501(c)(15) of the Code, a section intended for small property and casualty insurance companies.

H.R. 3146 (Mr. Thomas); Public Law 108-89; app. Oct. 1, 2003.

H.R. 3146, to extend the Temporary Assistance for Needy Families (TANF) block grant program, and certain tax and trade programs, passed the House, amended, under suspension of the rules by voice vote on Sept. 24, 2003. The bill passed the Senate, with an amendment, by unanimous consent on Sept. 30, 2003. The House agreed to the Senate amendment without objection on Sept. 30, 2003. H.R. 3146 was signed into law by the President on Oct. 1, 2003, as P.L. 108-89.

Extension of TANF and Related Welfare Programs

The Act extends through Mar. 31, 2004 TANF grants to States, territories, and Indian tribes, TANF supplemental grants provided to certain States, as well as other related provisions. It also extends funding for mandatory child care, abstinence education, and transitional medical assistance (TMA) for this period.

Extension of IRS User Fees

The Act extends for 15 months authority for the IRS to charge specified fees for the service of providing a ruling in advance on the tax treatment of a proposed transaction or the tax status of a tax exempt entity. These fees have been authorized by statute since 1987. The Act does not change the authorizing language, nor does it alter the statutory minimum fee levels. The new authority expires on Dec. 31, 2004.

Income Contingent Student Loan Related Disclosure

The Act extends for 15 months statutory authority that allows the IRS to share tax return information with the Department of Education for the purpose of administering income-contingent student loans. This allows the Department of Education to check adjusted gross income, filing status, and identify information. The Act makes no changes other than extending the expiration date to Dec. 31, 2004.

Extension of Customs User Fees

The Act extends for six months statutory authority that allows the Customs and Border Protection Agency to collect fees related to processing passengers and cargo entering the United States. The Act makes no changes other than extending the expiration date to Mar. 31, 2004.

Extension of Medicare Cost-Sharing

The Act amends the Social Security Act, title XIX, to provide the extension through Mar. 31, 2003, of Medicare cost-sharing for certain low-inocme individuals.

In addition, the Act amends the Miscellaneous Appropriations Act of 2003, to extend from Sept. 30, 2003, through Mar. 31, 2004, the requirement that rural standardized payment amounts under the Medicare Inpatient Hospital Prospective Payment System be increased to an amount equal to the standardized amount otherwise applicable for hospitals in a large urban area.

H.R. 3182 (Mr. Camp with cosponsors); Public Law 108-145; app. Dec. 2, 2003.

H.R. 3182, Adoption Promotion Act of 2003, passed the House, under suspension of the rules, by voice vote on Oct. 8, 2003. On Nov. 14, 2003, the Senate Committee on Finance was discharged, and H.R. 3182 passed the Senate, without amendment, by unanimous consent. H.R. 3182 was signed into law by the President on Dec. 2, 2003, as P.L. 108-145.

The Act reauthorizes the Adoption Incentives program. Prior to enactment, the Adoption Incentives program provided awards to States of $4,000 per child adopted above prior levels and an additional $2,000 per special needs child adopted above prior year levels. The Act reauthorizes the prior Adoption Incentive program. The Act reauthorizes the program at $43 million per year for each of fiscal years 2004 through 2008. The Act retains incentive awards provided to States to promote adoption, and the data that is used to calculate the incentive awards will be updated, making it more likely that States will qualify for incentive awards and provide for larger payments.

To promote adoption of older children, the Act adds an additional incentive award to States of $4,000 per child age 9 or older adopted above prior year levels. The Act also reauthorizes the original $10 million authorization of appropriations for technical assistance for fiscal year 2004 through 2006. The Act requests a report from the Department of Health and Human Services (HHS) highlighting State efforts to promote adoption for children and will give HHS authority to impose small financial penalties on States who do not submit timely and complete foster care and adoption data.

H.R. 3277 (Mr. Murtha with cosponsors); Public Law 108-291; app. Aug. 6, 2004.

H.R. 3277, Marine Corps 230th Anniversary Commemorative Coin Act, was ordered reported by the Committee on Financial Services by voice vote on Mar. 17, 2004. The bill was reported to the House on Apr. 27, 2004 (H.Rept. 108-474, pt. 1). H.R. 3277 was referred sequentially to the Committee on Ways and Means for a period ending not later than July 6, 2004, on Apr. 27, 2004. The Committee on Ways and Means reported to the House, amended, on July 6, 2004 (H.Rept. 108-474, pt. 2). H.R. 3277 passed the House, under suspension of the rules, on July 14, 2004, by voice vote. H.R. 3277 passed the Senate, without amendment, by unanimous consent on July 20, 2004. H.R. 3277 was signed into law by the President on Aug. 6, 2004, as P.L. 108-291.

The Act provides for the issuance of a $1 coin with a $10 surcharge to commemorate the 230th anniversary of the Marine Corps. The coins will be issued in calendar year 2005. Surcharges will be used for the construction of the Marine Corps Heritage Center.

The Act provides that surcharges with respect to the coin, would not be collected if at the time of issuance there are two commemorative coin programs in place, and therefore, violate the annual limit provided under the Commemorative Coin Reform Act of 1996 (P.L. 104-208).

H.R. 3365 (Mr. Renzi with cosponsors); Public Law 108-121; app. Nov. 11, 2003.

H.R. 3365, Military Family Tax Relief Act of 2003, passed the House, under suspension of the rules, by a vote of 413-0, on Oct. 29, 2003. The Senate passed the bill, amended, on Nov. 3, 2003, by unanimous consent. On Nov. 5, 2003, the House agreed to the Senate amendments, under suspension of the rules, by a vote of 420-0. H.R. 3665 was signed into law by the President on Nov. 11, 2003, as P.L. 108-121.

The Act increases the death gratuity payment to survivors of members of the military from the prior $6,000 death gratuity payment to a payment of $12,000. The higher payment would be effective for deaths occurring after Sept. 10, 2001. Under prior law, only the first $3,000 of death gratuity benefits was tax-free. The Act provides that the full $12,000 payment is tax free.

The Act improves the tax equity for military personnel to authorize a member of the uniformed services or the Foreign Service serving on "qualified official extended duty", to extend for ten years the five-year period utilized in determining full exclusion of gain from the sale of a principal residence. The Act includes among the uniformed services: (1) the armed forces; (2) the commissioned corps of the National Oceanic and Atmospheric Administration; and (3) the commissioned corps of the Public Health Service.

The Act exempts amounts received under the Homeowners Assistance Program from inclusion as gross income, and extends combat zone filing rules to contingency operations. In addition, the Act includes ancestors or lineal descendants of past or present members of the armed forces as qualifying members of veterans' organizations for purposes of such organizations' tax-exempt status determination. The Act includes dependent care assistance provided under a dependent care assistance program for a member of the uniformed services by reason of such member's status or service as an income-excludable qualified military benefit.

The Act suspends the tax-exempt status of a designated terrorist organization and denies: (1) deduction for contributions made to such an organization; and (2) administrative or judicial challenge to such suspension or denial.

A deduction is provided for itemizers and non-itemizers for unreimbursed overnight travel, meals, and lodging expenses of National Guard and Reserve members who must travel more than 100 miles away from home and stay overnight as part of their official duties.

The Act provides tax relief for families of the Columbia Space Shuttle by making the tax relief provisions applicable to terrorist attack victims applicable to the Columbia Space Shuttle.

The Act extends customs user fee authority until Mar. 31, 2005.

H.R. 3463 (Mr. Herger with cosponsors); Public Law 108-295; app. Aug. 9, 2004.

H.R. 3463, SUTA Dumping Prevention Act of 2004, passed the House, under suspension of the rules, amended, by voice vote on July 14, 2004. On July 22, 2004, the Senate passed the bill, without amendment, by unanimous consent. H.R. 3463 was signed into law by the President on Aug. 9, 2004, as P.L. 108-295.

The Act is designed to prevent abusive manipulation of state unemployment tax rates (a practice called SUTA dumping). States have lost millions of dollars because of this practice. The Act requires state laws to deter employer tax rate manipulation by transferring tax rate-related unemployment experience when a business is transferred to another employer and imposes penalties upon those who violate, or advise others to violate, these laws. The Act authorizes State Employment Security Agencies access to nationwide information from the National Directory of New Hires to ensure that unemployment benefits are not fraudulently paid to those who have already returned to work.

H.R. 3521 (Mr. Thomas); passed the House Nov. 20, 2003.

H.R. 3521, Tax Relief Extension Act of 2003, passed the House, under suspension of the rules, by voice vote, on Nov. 20, 2003.

H.R. 3521 would extend specified expiring tax provisions concerning: (1) the allowance of nonrefundable personal credits against regular and minimum tax liability; (2) the work opportunity credit; (3) the welfare-to-work credit; (4) certain expenses of elementary and secondary school teachers; (5) charitable contributions of computer technology and equipment used for education pruposes; (6) the expensing of environmental remediations costs (7) the availability of medical savings account; (8) qualified zone academy bods; (9) the District of Columbia enterprise zone and capital gains; (10) the work opportunity credit with respect to New York Liberty Zone; (11) disclosures relating to terrorist activities; and (12) the cover over tax on distilled spirits.

Provisions relating to pensions include two year replacement of 30-year Treasury rate, and two year contribution relief for airlines.

The bill also includes miscellaneous trade provisions. The bill would provide for: (1) miscellaneous duty suspensions, reliquidations; (2) elimination of ship repair record keeping; (3) Generalized System of Preference benefits for certain hand-made rugs; (4) reinstatement of duty drawback on Harbor Maintenance Tax; (5) wine import standards; (6) technical corrections; (7) Virgin Islands duty exemption increase to $1,600; (8) special 301 intellectual property amendment; and (9) permanent Normal Trade Relations for Armenia.

H.R. 3550 (Mr. Young of Alaska with cosponsors); passed the House Apr. 2, 2004.

H.R. 3550, Transportation Equity Act: A Legacy for Users, was reported to the House, by the Transportation and Infrastructure Committee, amended, on Mar. 29, 2004 (H.Rept. 108-452, pt. 1). H.Res. 593, the rule for consideration of H.R. 3550 was reported to the House on Apr. 1, 2004 (H.Rept. 108-456). H.Res. 593 incorporates H.R. 3971, Highway Reauthorization Tax Act of 2004, which was reported from the Committee on Ways and Means. H.R. 3550 passed the House, amended, on Apr. 2, 2004 by a vote of 357-65. On May 19, 2004, the Senate struck all after the enacting clause and inserted the text of S. 1072, amended. The Senate passed the bill, amended, by unanimous consent on May 19, 2004. For a description of the provisions in H.R. 3550, under the jurisdiction of the Committee on Ways and Means, see the summary for H.R. 3971.

H.R. 3652 (Mr. Paul Ryan of Wisconsin); passed the House Dec. 8, 2003.

H.R. 3652, Archery Revenue Reform and Opportunity for Workers Act, was introduced on Dec. 8, 2003. That same day, the Committee on Ways and Means was discharged, and the bill was considered by unanimous consent and passed the House without objection on Dec. 8, 2003.

H.R. 3652 would modify the taxation of imported archery products. The bill would impose on the sale by the manufacturer, producer, or importer of any bow which has a peak draw weight of 30 pounds or more, a tax equal to 11 percent of the price for which it is sold. In addition, a tax would be imposed on the sale by the manufacturer, producer, or importer of any arrow, a tax equal to 12 percent of the price for which it was sold.

H.R. 3850 (Mr. Yount of Alaska with cosponsor); Public Law 108-202; app. Feb. 28 2004.

H.R. 3850, Surface Transportation Extension Act of 2004, passed the House without objection and was considered by unanimous consent, on Feb. 26, 2004. The bill was brought directly to the floor for consideration and the committees of jurisdiction were discharged. On Feb. 27, 2004, the bill passed the Senate, without amendment by unanimous consent. H.R. 3850 was signed into law by the President on Feb. 28, 2004, as P.L. 108-202.

The Act extends Federal highway, highway safety, motor carrier safety, and transit programs for five months, and authorizes appropriations, through Apr. 30, 2004. The Act amends the Internal Revenue Code to extend through Apr. 30, 2004, the authorization for the use of the Highway Trust Fund and the Aquatic Resources Trust Fund, including the sport fish restoration account and the boat safety account.

H.R. 3971 (Mr. Thomas); reported to House Mar. 23, 2004.

H.R. 3971, Highway Reauthorization Tax Act of 2004, was ordered reported, amended, on Mar. 17 2004 by voice vote. The bill was reported to the House, amended, on Mar. 23, 2004 (H.Rept. 108-444). On Apr. 1, 2004, H.Res. 593, providing for consideration of H.R. 3550, was reported to the House (H.Rept. 108-456). H.Res. 593 provides for H.R. 3971, as reported from the Committee on Ways and Means to be incorporated into H.R. 3550. See H.R. 3550 for further legislative action related to H.R. 3971. Below is a description of H.R. 3971 as it was incorporated into H.R. 3550.

Compensate Highway Trust Fund or Ethanol Subsidies

Under current law, the Highway Trust Fund (HTF) loses resources because ethanol blenders pay a lower tax on the fuel they buy to blend with ethanol. The bill would repeal the reduced tax rate for ethanol blenders and replace it with a tax credit funded out of general revenues. Thus, the HTF would receive the full fuels tax, and ethanol blenders would receive the full value of their tax benefit. The bill also would extend ethanol subsidies through 2010. The provisions would increase HTF receipts by $9.4 billion over 6 years.

Transfer Full Fuels Tax to the Highway Trust Fund

Under current law, 2.5 cents-per-gallon of the fuel taxes generated from the sale of gasoline and 4.8 cents-per-gallon of the fuel taxes generated from use in motorboats and small engine equipment are retained in the General Fund. The bill would repeal these requirements so that the full fuel tax is transferred to the HTF. The 4.8 cents-per-gallon tax would be subsequently transferred to the Acquatic Resources Trust Fund, as required under current law. Over 6 years, the provision would increase HTF receipts by $4.8 billion and increase Aquatic Resources Trust Fund receipts by $0.5 billion.

Codify and Reform Mobile Machinery Exemption

Under current law, highway vehicles may be subject to four highway excise taxes (fuels tax, heavy vehicle use tax, heavy vehicle retail tax, and heavy tire tax). Treasury regulations provide an exemption for off-highway vehicles (such as farm vehicles) and "mobile machinery."

The mobile machinery exemption is intended to benefit jobsite equipment (such as cranes) that use the roads incidentally to get from one job site to another. However, many vehicles that travel on the roads regularly are claiming the exemption. On June 6, 2002, the U. S. Department of the Treasury issued proposed regulations that would eliminate the mobile machinery exemption. The proposed regulations were later withdrawn to give Congress the opportunity to address the issue in the context of a highway bill.

The bill would codify the exemption for mobile machinery. A 7,500 mile use test would be created for purposes of the fuels tax. Thus, vehicles that drive more than 7,500 miles annually would be required to pay fuel taxes (but not the other three excise taxes). The provision would increase HTF receipts by $660 million over 6 years.

Eliminate Quarterly Installment Method for Heavy Vehicle Use Tax

Under current law, heavy vehicles (i.e., those weighing more than 55,000 pounts) must pay a use tax of $100 - $550 annually, depending on the vehicle's weight. Taxpayers are allowed to pay the tax in quarterly installments. Evasion occurs because taxpayers receive their registration after paying only one installment of the tax. The bill would require the tax to be paid in one annual installment. Pro-rated refunds would be allowed if the vehicle is stolen, sold, or destroyed. The provision would increase HTF receipts by $1 billion over 6 years.

Other Fuel Fraud Provisions

Tax Jet Fuel at Terminal Rack-- The bill would tax jet fuel at the terminal rack in the same manner as all other fuel. Exceptions would be provided if the fuel is delivered to an airport by pipeline, where the opportunities for diversion are reduced.

Require Mechanical Dyeing-- Under current law, taxpayers can purchase fuel tax-free if it is going to be blended with red dye (and ultimately used for a tax-free purpose). The bill would eliminate manual dyeing and would require mechanical systems in which the fuel is dyed when it leaves the terminal.

IRS Authority to Inspect on-Site Records-- Under current law, the IRS is authorized to enter any place where taxable fuel is produced or stored in order to inspect books and records. The bill would allow the IRS to also examine shipping papers and other documents related to the taxable fuel.

Allow IRS Access to Customs Bonds for Imported Fuel-- The bill would close a loophole under current law that makes it difficult for the IRS to collect tax from unregistered importers of fuel.

Require Farms to Take Delivery of Dyed Fuel-- Under current law, refunds may be claimed for taxes paid on fuel that is used for farming purposes. Evasion may occur if refunds are claimed on fuel that is diverted to taxable uses (such as diesel trucks). The bill would prohibit refunds in excess of 250 gallons (so that farmers must purchase dyed diesel fuel if buying more than 250 gallons).

Highway Excise Tax Reform and Simplification Provisions

Conform Rules Relating to Fuel Tax Refunds-- The bill would reform the rules relating to procedures for filing fuel tax refunds on gasoline, kerosene, and diesel. It also would clarify that credit card issuers are eligible to claim tax refunds on tax-exempt sales to State and local governments. This provision would have a negligible effect on revenues.

Two-Party Exchanges-- The bill would clarify that the receiving party (rather than the delivering party) is liable for tax under a two-party exchange. Two-party exchanges are common transactions in which one oil company will serve another company's customers under an exchange agreement. This provision would have a negligible effect on revenues.

Simplification of Tire Excise Tax-- The bill would simplify the administration of the excise tax on heavy tires and would have no effect on revenues.

H.R. 4103 (Mr. Thomas with cosponsors); Public Law 108-274; app. July 13, 2004.

H.R. 4103, AGOA Acceleration Act of 2004, was ordered reported, amended, on May 5, 2004 by voice vote. The bill was reported to the House, amended, on May 19, 2004 (H.Rept. 108-501). H.R. 4103 passed the House on June 14, 2004, by voice vote. The bill passed the Senate, without amendment, by unanimous consent on June 24, 2004. H.R. 4103 was signed into law by the President on July 13, 2004, as P.L. 108-274.

The African Growth and Opportunity Act (AGOA) (P.L. 106-200) extension-- AGOA is granted a 7-year extension to 2015 from its prior expiration date of 2008. This extends the duty-free treatment for all products under the U.S. Generalized System of Preferences (GSP) as well as the additional 1,800 GSP products available only to AGOA-eligible countries. The Act also grants a 3-year extension to the Special Rule provision governing the use of third-country fabrics, which was due to expires Sept. 30, 2004.

Other Apparel Provisions-- The Act allows AGOA-qualifying apparel to incorporate collars and cuffs, drawstrings, shoulder pads and padding, waistbands, belts attached to garments, elastic straps, and elbow patches made from non-U.S. and non-AGOA fabrics. The Secretary of the Treasury is required to liquidate or reliquidate as free of duty entries of certain articles made on or after Oct. 1, 2000, and before July 13, 2004. The Act expands the "de minimis" threshold from 7 to 10 percent. This Act expresses the sense of Congress that the apparel provisions should be interpreted broadly by the Administration. Finally, the Act makes a number of other technical corrections.

Infrastructure development-- The Act encourages the President to support increased ecotourism and trade capacity and development in transportation, energy, agriculture, and telecommunications infrastructure.

Transportation facilitation-- The Act directs the President to foster improved port-to-port and airport-to-airport relationships (and trade through air services) by increasing coordination between customs services, chambers of commerce, freight forwarders, and customs brokers in the United States and sub-Saharan Africa.

Agricultural technical assistance-- The Act requires the President to identify no fewer than 10 eligible sub-Saharan African countries as having the greatest potential to increase marketable exports of agricultural products to the United States and the greatest need for technical assistance. These countries should be provided technical assistance to improve their compliance with U.S. trade laws.

Other activities-- The Act requires the President to conduct a development study on each eligible sub-Saharan African country which identifies: sectors of the economy of each country with the greatest potential for growth, and domestic and international barriers that impede growth in such sectors. The Act also requires the President to convene the Trade Advisory Committee on Africa to maintain ongoing discussions on African trade.

Findings-- The Congress finds that AGOA has had a positive effect on economic growth and reforms in sub-Saharan Africa through increases in foreign investment and job creation, that Africa continues to face challenges such as inadequate infrastructure and HIV/AIDS, and that African countries continue to need trade capacity assistance.

Statement of policy-- The Congress supports increasing trade and investment between the United States and sub-Saharan Africa, decreasing barriers to trade between the United States sub-Saharan Africa, development of infrastructure in sub-Saharan Africa, international efforts to fight HIV/AIDS and other serious health problems, the U.S.-Southern Africa Customs Union Free Trade Agreement negotiations, and economic diversification and regional integration in sub-Saharan Africa.

Sense of Congress-- The Act provides the sense of Congress that eligible sub-Saharan African countries would greatly enhance their preferential market access opportunities by implementing their World Trade Organization obligations and supporting mutual trade liberalization. Congress would urge certain agencies of the executive branch to interpret and implement the provisions relating to preferential treatment of textile and apparel articles more broadly.

H.R. 4109 (Mr. Burns with cosponsors); passed the House June 2, 2004.

H.R. 4109, Simple Tax for Seniors Act, passed the House, amended, under suspension of the rules, on June 2, 2004, by a vote of 418-0.

The bill would permit taxpayers, age 65 and over, who do not itemize their deductions, to file their taxes using a new 1040SR income tax return, to be developed by the Department of the Treasury.

Under the measure, the new 1040SR form would be available for use by individuals who were at least 65 years old during the tax year for which they are filing and would be similar in style to the 1040EZ form. A senior citizen would not be prohibited from using the form based on receiving Social Security benefits or retirement plan distributions, or by the amount of the taxpayer's taxable interest income or taxable income.

H.R. 4181 (Mr. Gerlach with cosponsors); passed the House Apr. 28, 2004.

H.R. 4181, to permanently extend the marriage penalty relief provided under the Economic Growth and Tax Relief Reconciliation Act of 2001, passed the House on Apr. 28, 2004, by a vote of 323-95.

The bill would make permanent the Economic Growth and Tax Relief Reconciliation Act of 2001 and would increase the phase out of the earned income credit for joint filers. In addition, H.R. 4181 would make permanent the increased standard deduction and the broader 15% bracket for joint filers. Under current law, the phase out range for joint files will increase by $2,000 in 2005, 2006 and 2007 and to $3,000 for tax years after 2007. The earned income credit phase out would sunset under the 2001 Act in 2010.

H.R. 4193 (Mr. Istook); passed the House May 17, 2004.

H.R. 4193, to allow for the expansion of areas designated as renewal communities based on 2000 census data and to treat certain census tracts with low populations as low-income communities for purposes of the new markets tax credit, passed the House, under suspension of the rule, by voice vote, on May 17, 2004.

H.R. 4193 would permit the expansion of renewal communities that currently do not meet certain population or poverty rate requirements for designation as a renewal community. Under the bill, a renewal community could be expanded if the area met the requirements for designation using 1990 census data, and the area has a 2000 census poverty rate that exceeds the 1990 census poverty rate for the area, even if the area does not meet certain population requirements for designation as a renewal community.

Under the measure, a renewal community could be expanded if the area either has no population according to the 2000 census, or if the Census Bureau, using 2000 census data, did not determine a poverty rate for the area; the area is one of general distress; and the boundary of the area is continuous and is within the jurisdiction of one or more local governments.

The bill would permit an area with a population of less than 2,000 to be treated as a low-income community eligible for the New Markets Tax Credit if the area is within an empowerment zone and is contiguous to one or more low-income communities.

H.R. 4200 (Mr. Hunter with cosponsors); Public Law 108-375; app. Oct. 28, 2004.

H.R. 4200, National Defense Authorization Act, was reported, amended, by the Committee on Armed Services May 14, 2004 (H.Rept. 108-491). H.R. 4200 passed the House on May 20, 2004, by a vote of 391-34. On June 23, 2004, the Senate struck all after the enacting clause and substituted the language of S. 2400, amended, and passed H.R. 4200 by unanimous consent. Members of the Committee on Ways and Means were appointed as conferees for sec. 585 of the House bill, and sec. 653 of the Senate amendment. The conference report was filed in Oct. 8, 2004 (H.Rept. 108-767). The conference report was agreed to in the House on Oct. 9, 2004, by a vote of 359-14. The Senate agreed to the conference report by unanimous consent on Oct. 9, 2004. H.R. 4200 was signed into law by the President on Oct. 28, 2004 as P.L. 108-375.

The Act, as pased the House, contains a provision granting the Department of Defense authority to accept donations of frequent flier miles to facilitate rest and recuperation travel of deployed members and their families. The Act clarifies that any such donation will not be included in the gross income of the recipient, but remained silent on the deductibility of the donation for the donee.

H.R. 4219 (Mr. Petri with cosponsors); Public Law 108-224; app. Apr. 30, 2004.

H.R. 4219, Surface Transportation Extension Act of 2004, Part II, was considered by the House, under suspension of the rules, on Apr. 28, 2004. The bill passed the House that same day by a vote of 410-0. H.R. 4219 passed the Senate, without amendment, by unanimous consent on Apr. 29, 2004. H.R. 4219 was signed into law by the President on Apr. 30, 2004, as P.L. 108-224.

The Act provides an extension through June 30, 2004 of highway, highway safety, motor carrier safety, transit, and other programs funded out of the Highway Trust Fund pending enactment of a law reauthorizaing the Transportation Equity Act for the 21st Century.

H.R. 4227 (Mr. Simmons with cosponsors); passed the House May 5, 2004.

H.R. 4227, Middle-Class Alternative Minimum Tax Relief Act of 2004, passed the House on May 5, 2004, by a vote of 333-89.

H.R. 4227 would extend through 2005 the higher Alternative Minimum Tax exemptions amounts enacted in the Jobs and Growth Tax Relief Reconciliation Act of 2003, and would adjust these amounts for inflation to protect their value. As a result, the exemption amounts for 2005 would be: joint filers, $58,950; and single taxpayers, $40,000. The current exemption amounts will automatically fall in 2005 to $45,000 for married couples and to $33,750 for single taxpayers.

H.R. 4275 (Mr. Sessions with cosponsor); passed the House May 13, 2004.

H.R. 4275, to permanently extend to 10-percent individual income tax rate bracket, passed the House on May 13, 2004, by a vote of 344-76.

The bill would make permanent the increased upper limit amounts for the ten percent income tax rate bracket for individual taxpayers ($14,000 for married taxpayers filing joint tax returns and surviving spouses, $10,000 for heads of household and $7,000 for unmarried individuals and married individuals filing separately). The bill would allow an inflation adjustment to such amounts for married taxpayers filing joint tax returns, surviving spouses, and heads of household for taxable years beginning after 2003 based on the difference from the Consumer Price Index for 2002.

H.R. 4279 (Mr. McCrery with cosponsor); passed the House May 12, 2004.

H.R. 4279, to provide for the disposition of unused health benefits in cafeteria plans and flexible spending arrangements, passed the House on May 12, 2004, by a vote of 273-152. H.Res. 638, providing for consideration of H.R. 4279, was reported to the House on May 11, 2004 (H.Rept. 108-484). H.Res. 638 was agreed to in the House on May 12, 2004 by a vote of 224-203. The Rule provided for the engrossment of H.R. 4280 and H.R. 4281 into H.R. 4279. The title of H.R. 4279 is conformed to reflect the addition of the text of H.R. 4280 and H.R. 4281. Conformed so as to read: to amend the Internal Revenue Code of 1986 to provide for the disposition of unused health benefits in cafeteria plans and flexible spending arrangements, to improve patient access to health care services and provide improved medical care by reducing the excessive burden the liability system places on the health care delivery system, and to amend title I of the Employee Retirement Income Security Acct of 1974 to improve access and choice for entrepreneurs with small businesses with respect to medical care for their employees. A summary of the provisions under the jurisdiction of the Committee on Ways and Means (H.R. 4279 prior to engrossment of H.R. 4280 and H.R. 4281) follow.

The bill would permit up to $500 of unused health benefits in a plan or other arrangement that provides for a health flexible spending arrangement to be carried forward to the next year of such health flexible spending arrangement or be contributed to a health savings account without affecting the status of such plan or arrangement as a tax-exempt employee benefit cafeteria plan.

H.R. 4359 (Mr. Porter with cosponsors); passed the House May 20, 2004.

H.R. 4359, Child Credit Preservation and Expansion Act of 2004, passed the House on May 20, 2004, by a vote of 271-139.

H.R. 4359 would make permanent the $1,000 child tax credit. The credit will otherwise decline from $1,000 to $700 per child in each of the next four years, $800 in 2009 and would revert back to the level provided for - $500 - before enactment of the Economic Growth and Tax Relief Reconciliation Act (P.L. 107-16). The bill would permanently allow the child credit to offset Alternative Minimum Tax liability. The measure would accelerate the increase, currently scheduled for 2005, in the amount of earned income used to calcualte the refundable child tax credit. Under the measure, the amount would increase from 10% of earned income over $10,500 to 15% of earned income begining this year.

The measure would increase from $75,000 to $125,000 for single individuals and from $110,000 to $250,000 for married couples filing jointly, the amount of income a taxpayer may earn before the tax credit begins to phase out.

In addition, H.R. 4359, would allow combat pay to be treated as earned income for the purposes of calculating the refundable portion of the child credit.

H.R. 4372 (Mr. Cantor with cosponsor); passed the House June 22, 2004.

H.R. 4372, Working Families Assistance Act of 2004, passed the House, under suspension of the rules, by voice vote.

H.R. 4372 would amend the Internal Revenue Code of 1986 to provide for the carryforward of $500 of unused benefits in cafeteria plans and flexible spending arrangements for dependent care assistance.

H.R. 4418 (Mr. Crane with cosponsors); passed the House July 14, 2004.

H.R. 4418, Customs Border Security and Trade Agencies Authorization Act of 2004, was ordered reported, amended, by the Subcommittee on Trade to the full Committee, by voice vote on June 24, 2004. The bill was ordered reported to the House, amended, by a vote of 33-0 on July 8, 2004. The legislation was reported to the House, amended, on July 13, 2004 (H.Rept. 108-598, pt. 1). H.R. 4418 passed the House amended, under suspension of the rules, by a vote of 341-85 on July 14, 2004.

H.R. 4418 would authorize appropriations for U.S. Customs and Border Protection (CBP) of $6.203 billion for fiscal year 2005 and $6.466 billion for fiscal year 2006. It would further authorize appropriations for U.S. Immigration and Customs Enforcement (ICE) of $4.011 billion for fiscal year 2005 and $4.336 billion for fiscal year 2006.

The bill would require CBP and ICE to establish cost accounting systems that can distinguish between commercial and noncommerical operations. Section 103 would require the Comptroller General to conduct a study and report to Congress on the extent to which the amount of the customs user fees approximates the cost of services provided. Section 104 would require the Commissioner of Customs to report to Congress on the One Face at the Border initiative.

Additional provisions would allow for the filing of reconfigured entries, designate the San Antonio International Airport for customs processing of private aircraft, require the Commissioner of CBP to seek to establish Integrated Border Inspection Areas on either side of the United States-Canada border, and express the sense of Congress that CBP should interpret provisions of the African Growth and Opportunity Act (P.L. 106-200), the Andean Preference Act (P.L. 102-182), and the Caribbean Basin Economic Recovery Act (P.L. 98-67) relating to preferential treatment of textile and apparel articles broadly in order to expand trade by maximizing opportunities for imports of such articles from eligible beneficiary countries.

The bill would authorize appropriations for fiscal years 2005 and 2006 for the Office of the United States Trade Representative (USTR) of $39.6 million per year. It would authorize an additional $2 million per year for the appointment of additional staff in the Office of the General Counsel and the Office of Monitoring and Enforcement of USTR.

H.R. 4418 would authorize appropriations for the U.S. International Commission of $61.7 million for fiscal year 2005 and $65.3 million for fiscal year 2006.

H.R. 4503 (Mr. Barton); passed the House June 15, 2004.

H.R. 4503, Energy Policy Act of 2004, was introduced on June 3, 2004, and passed the House by a vote of 244 yeas, 178 nays on June 15, 2004.

The bill would set forth a program to spur diverse energy research and development including the following: (1) energy efficiency; (2) renewable energy; (3) oil and gas; (4) coal; (5) Indian energy; (6) nuclear matters and security; (7) vehicles and motor fuels, including ethanol; (8) hydrogen; (9) electricity; and (10) energy tax incentives.

H.R. 4503 would modify statutory requirements governing Federal coal leases, including acreage limitations, mining plans, and advance royalty payments. It would set forth a transportation fuels program that uses: (1) alternative fuels for dual-fueled vehicles; (2) fuel credits for medium and heavy duty dedicated vehicles; and (3) lease condensates, and sets forth impementation guidelines for pilot programs that target: (1) alternative fueled vehicles; (3) advanced vehicles; and (4) hybrid vehicles.

The legislation would authorize the Federal Trade Commission (FTC) to issue rules that prohibit in the absense of consumer consent: (1) the change of selection of an electric utility ("slamming"); (2) the sale of goods and services to an electric consumer ("cramming"). H.R. 4503 would also amend the Internal Revenue Code to establish energy tax credits affecting: (1) residential and business property; (2) alternative motor vehicles and fuels; (3) low sulfur diesel fuel; (4) clean coal technology units; and (5) certain alternative minimum tax provisions.

H.R. 4504 (Mr. DeLay with cosponsor); passed the House Oct. 5, 2004.

H.R. 4504, Orderly and Timely Interstate Placement of Foster Children Act of 2004, passed the House, under suspension of the rules by voice vote, on Oct. 5, 2004.

H.R. 4504 would establish Federal deadlines for completing and responding to interstate home studies. The bill would authorize incentive payments of $1,500 for each interstate home study that a State completes in 30 days which is required to facilitate the placement of a foster care child with a relative or for adoption. The bill would encourage, for children who will not be reunified with their parents, identificaiton and consideration of interstate placement options as part of currently required permanency planning activities. The bill would require all States to follow Federal criminal background check procedures for prospective foster and adoptive parents, including, in the case of children for whom the Sate intends to claim Title IV-E funding, mandatory disapproval of placement with prospective foster or adoptive parents who have been convicted of specified felonies. H.R. 4504 would allow the few States that currently opt out of these background check requirements to continue to avoid the stronger Federal requirements until Sept. 30, 2006.

The bill would require all States to conduct child abuse registry checks on prospective foster and adoptive parents, and any adult living with the prospective foster or adoptive parents, before placing any foster child in their care. In addition, the bill would require courts to notify any foster parents, pre-adoptive parents, and relative care givers of a child in foster care of any court proceeding to be held concerning the child. The bill would require States to give children aging out of foster care a free copy of their health and education record.

H.R. 4520 (Mr. Thomas with cosponsor); Public Law 108-357; app. Oct. 22, 2004.

H.R. 4520, American Jobs Creation Act of 2004, was ordered reported, amended, by a vote of 27-9 on June 14, 2004. The bill was reported to the House, amended, on June 16, 2004 (H.Rept. 108-548, pt. 1). On June 16, 2004, H.R. 4520 passed the House by a vote of 251-178. The Senate passed the bill, with an amendment in the nature of a substitute, by voice vote on July 15, 2004, On Oct. 7, 2004, the conference report was filed in the House (H.Rept. 108-755). The conference report was agreed to in the House on Oct. 7, 2004 by a vote of 280-141. The Senate agreed to the conference report on Oct. 11, 2004 by a vote of 69-17. H.R. 4520 was signed into law by the President on Oct. 22, 2004 as P.L. 108-357.

I. Extraterritorial Income Tax Rules (ETI)

The Act ends sanctions on manufacturers and farmers by repealing Foreign Sales Corporation-Extraterritorial Income Tax Rules (FSC-ETI). The legislation provides $8.4 billion of FSC/ETI transition relief over three years (2004-2006). In addition, the Act grandfathers binding contracts entered ito before Sept. 18, 2003.

II. Tax Deduction for Domestic Manufacturing

The Act provides a 9% tax deduction (equivalent to a 3% rate cut) on all domestic manufacturing activity. The deduction is fully phased in by 2010 and is capped at 50% of wages paid. The deduction is available to C corporations, S corporations, partnerships, sole proprietorships, cooperatives, and estates and trusts. An AMT hold harmless ensures that businesses benefit from the full value of the deduction.

III. Tax Incentives for Businesses and Job Creators

The Act extends enhanced section 179 expensing so that small businesses can immediately expense up to $100,000 of new investments through 2007 The Act reduces the depreciation period for restaurants and leasehold improvements from 39 year to 15 years (expires after two years). The law provides 10 provisions to simplify the tax treatment of S corporations and to make it easier for businesses to qaulify as S corporations. Community revitalization incentives in economically distressed regions are enhanced by enhancing eligibility criteria for Renewal Communities and the New Markets Tax Credit.

The 4.3-cent fuel excise tax on railroads and barges are pahsed out. This is the only fuel excise tax that is retained in the General Fund rather than dedicated to a Trust Fund.

The Act clarifies that broad-based stock options are not subject to payroll taxes, and clarifies current law relating to Real Estate Investment Trusts (REITs) and provides intermeidate sanctions for REITs so they do not immediately lose their REIT status.

Two benefits are provided for film production: (1 reforms movie income forecast accounting method for films and (2) allows taxpayers to immediately deduct up to $15 million of costs incurred for domestic film and television production (up to $20 million of the expenses are incurred in certain distressed areas). The act provides a 50% tax credit for railroad track maintenance (through 2007). The special occupational tax related to distilled spirits, wine, and beer is temporarily suspended (through 2008). The unrelated business income limitation on investment in certain small business investment companies is modified. The Act allows taxpayers to apy tax on their internaitonal shipping oncome on a tonnage basis.

IV. Tax Relief for Farmers

Volumetric Ethnol Excise Tax Credit (VEETC) extends ethanol subsidies through 2010 and fully compensates the Highway Trust Fund for the cost of these subsidies. New biodiesel tax subsidies (similar to current ethanol subsidies) are created through 2006. The Act provides that the small producer ethanol tax credit can be passed through to the members of a cooperative. The reinvestment period for livestock sold on account of drought is increased from two years to four years. This provision ensures that farmers are not taxed when they are forced to sell their livestock because of weather-related conditions that persist for long periods of time. The Act prevents farmer cooperatives from being double and triple-taxed on certain income paid out to their farmer patrons. The Act ensures that farmers are not hit by the Alternative Minimum Tax (AMT) when they use income averaging for tax purposes. This provision extends the same benefits to fisherman who can also experience significant fluctuations in their incomes from year to year.

The Act provides several tax relief provisions for timber: (1) capital gains treatment on the outright sale of timber by a landowner, (2) estabnlishes a safe harbor rule for timber REITs to sell property without being deemed a real estate dealer, (3) allows taxpayers to expense up to $10,000 of reforestation costs, and (4) allows taxpayers to treat the cutting of timber as sale or exchange.

Cooperative marketing rules will include value-added processing, and declaratory judgment procedures to farmers' cooperatives is extended. The Act makes publicly-traded partnership distributions qualified income for mutual funds. Tax-exempt cooperatives are allowed to receive income from nonmembers and to participate in open access transactions without losing their tax-exempt status.

The Act provides a "safety net" tax credit of up to $3/barrel to maintain marginal well oil production when prices are low. The credit phases out when prices reach $18/barrel.

An itemized deduction for unreimbursed expenses incurred by rural letter carriers is allowed (subject ot the 2-percent floor for miscellaneous expenses). Under prior law, nurses who work in underserved areas may receive assistance under the National Health Service Corps (NHSC) Loan Repayment Program. The Act encourages nurses to serve in rural areas by ensuring that their loan repayments are not taxed.

V. Tax Relief for Small Manufacturers

The Act increases the number of small manufacturers eligible for Industrial Development Bond financing by increasing the capital expenditure limit from $10 million to $20 million. The tax treatment of arrows is changed to ensure that overseas arrow manufacturers cannot evade the arrow excise tax, and exempts recreational bows from the excise tax. The excise tax on tackle boxes is reduced from 10 percent to 3 percent. The provisions improves equity because identical utility boxes are not subject to any excise tax at all. The excise tax on LED sonar fish finding devices is repealed. The provision levels the playing field because all other fish finding technologies are already exempt for the tax.

The Act allows a tax deduction (up to $10,000) for expenses related to Native American subsistence whaling.

The Act extends 50-percent bonus depreciation for small aircraft by one year (through 2005). bonus depreciaiton is alredy available to large aircraft through this time period. The Act also clarifies the availability of 50-percent bonus depreciated for syndicated property.

Small business refiners are permitted to expense up to 75 percent of the costs paid to comply with the Environmental Protection Agency's sulfur regulations. In addition, these refiners may claim a credit equal to 5 cents per gallon for low sulfer diesel produced.

Under law, small shipbuilders may use an accounting method that results in more favorable income tax treatment when reporting their income from shipbuilding contracts. The Act provides comparable tax treatment to naval shipbuilders.

In addition, the Act authorizes the issuance of $2 billion of tax-exempt facility bonds to finance the construction of certain green buildings and sustainable design projects.

VI. Tax Reform and Simplification for U.S. Businesses

The Act includes several provisions to reduce the double taxation of U.S.-based companies. The most significant provisions would: (1) replace the prior-law method for interest expense allocation with a worldwide fungibility approach, (2) recharacterize overall domestic losses, (3) reduce the nine foreign tax credit (FTC) baskets in current law to two: a general basket and a passive basket, and (4) allow companies to carryforward their foreign tax credit for 10 years instead of five. The Act provides AMT relief by repealing the 90-percent limitation on the use of FTCs against the AMT. In addition, the Act encourages companies to reinvest foreign earnings in the United States by temporarily taxing repatriated income at 5.25 percent.

VII. Deduction for State and Local Sales Taxes

The Act allows taxpayers to deduct state and local sales taxes instead of state income taxxes for 2004 and 2005. Taxpayers may deduct their actual sales taxes or use IRS-published tables.

VIII. Repeal Governemnt Tobacco Quota Program

The Act repeals the governement-run tobacco quota program. The program is not replaced with any kind of price support program or production licensing system. Tobacco farmers and quota holders receive transitional assistance payments over 10 years. The payments are fully financed with a quarterly assessment on tobacco importers and manufacturers of tobacco products. Cost of the program is capped at $10.14 billion.

IX. Miscellaneous Provisions

The Act expands the section 45 electricity production credit to include open-loop biomass, geothermal and solar energy, small irrigation power, landfill gas, trash combustion and refined coal production. In addition, the credit is allowed against the AMT.

A deduction for attorney's fees and court costs incurred in connection with an unlawful discromination claim is allowed.

A 7-ear depreciation for racetrack facilities (the same treatment as them and amusement park facilities) is provided.

The Act suspends sec. 815 for two years. Sec. 815 imposes income tax on distributions to shareholders from the policy holder's surplus account of a life insurance company.

A 7-year depreciation for certain Alaska natural gas pipelines is allowed, and the enhanced oil recovery credit to Alaskan gas treatmnet plans is enhanced.

The Act modifies the minimum cost requirements for transfers of excess pension assets to retiree health accounts.

Primary and secondary medical strategis for individuals with sickle cell disease as medical assistance under Medicaid.

The Act suspends (through 2006) the dutues on ceiling fans, steam generators, and reactor vessel heads and pressures.

X. Revenue Provisions

The Act is revenue neutral. The costs are offset by: (1) Reducing tax avoidance through corporate inversions and individual expatriation, (2) Shutting down abusive tax shelters; (3) Closing corporate tax loopholes, (4) Combating fuel tax evasion, (5) clarifying the tax treatment of executive deferred compensation plans, (6) Extending IRS user fees, and (7) Extending customs user fees.

H.R. 4589 (Mr. Herger); Public Law 108-262; app. June 30, 2004.

H.R. 4589, TANF and Related Programs Continuation Act of 2004, passed the House, under suspension of the rules, by voice vote on June 22, 2004. The bill passed the Senate by unanimous consent on June 22, 2004. H.R. 4589 was signed into law by the President on June 30, 2004, as P.L. 108-262.

The Act extends through Sept. 30, 2004, the Temporary Assistance for Needy Families (TANF) program, which was authorized through June 30, 2004. The extension continues TANF grants to States, territories, and Indian tribes, supplemental grants provided to certain States, as well as other provisions. It also extends funding for mandatory child care, abstinence education, and transitional medical assistance (TMA) for this period.

H.R. 4635 (Mr. Young with cosponsors); Public Law 108-263; app. June 30, 2004.

H.R. 4635, Surface Transportation Extension Act of 2004, Part III, passed the House, under suspension of the rules by a vote of 418-0, on June 23, 2004. The Senate agreed to the measure without amendment by unanimous consent on June 23, 2004. H.R. 4635 was signed into law by the President on June 30, 2004 as P.L. 108-263.

The Act extends Federal highway, highway safety, motor carrier safety, and transit programs, and authorizes appropriations, through July 31, 2004. The Act amends the Internal Revenue Code to extend through Aug. 1, 2004, the authorization for the use of the Highway Trust Fund and the Aquatic Resources Trust Fund, including the sport fish restoration account and the boat safety account.

H.R. 4759 (Mr. DeLay by request); Public Law 108-286; app. Aug. 3, 2004.

H.R. 4759, United States-Australia Free Trade Agreement Implementation Act, was ordered reported to the House by voice vote, on July 8, 2004. The bill was reported to the House on July 12, 2004 (H.Rept. 108-597). On July 14, 2004, the bill passed the House by a vote of 314-109. The Senate passed the bill, without amendment, on July 15, 2004, by a vote of 80-16. H.R. 4759 was signed into law by the President on Aug. 3, 2004 as P.L. 108-286.

The Act provides the general congressional approval of the Agreement and procedures for the President to follow in order to execute his authority to implement the Agreement, such as consultation with Congress, layover and advice from advisory committees.

The Act provides authority for the President to proclaim tariff modifications to carry out the Agreement and sets out rules of origin for goods to qualify for preferential treatment. In particular, the Agreement would require a "yarn forward" rule of origin for most textile and apparel goods.

The Agreement would permit the United States to impose an agricultural safeguard measure, in the form of additional duties, on certain agricultural imports from Australia. Section 202 would provide for three different types of agricultural safeguards. The first would apply to certain horticulture goods. The second would apply to certain beef goods imported into the United States above specified quantities during the period from January 1, 2013, through December 31, 2022. The third would aply to the same categories of beef goods imported into the United States above specified quantities and if the monthly average index price in the United States falls below the specified "trigger" price beginning January 1, 2023. The United States Trade Representative may waive the application of beef safeguards if he determines that extraordinary market conditions demonstrate that a waiver would be in the U.S. national interest, after notice and consultation with the House Committee on Ways and Means and the Senate Committee on Finance, as well as the appropriate private sector advisory committees.

Other provisions in the Act provide for the exemption from the Customs merchandise processing fee for Australian goods and enforcement authority to prevent circumvention of textile or apparel requirements.

The Act provides a temporary mechanism to impose import relief when increased quantities of Australian imports are a substantial cause of serious injury or threat of serious injury to the domestic industry. Another provision provides a special safeguard relief procedure for textile and apparel imports. Finally, when conducting a global safeguard action under Section 201 of the Trade Act of 1974 (P.L. 93-618), the President is able to exclude Australian imports if they are not a substantial cause of serious injury or threat of serious injury to the industry.

With respect to the procurement obligations in the Agreement, Title IV would amend the term "eligible product" in section 308(4)(A) of the Trade Agreements Act of 1979 (P.L. 96-39) to provide that, for a party to a free trade agreement that entered into force for the United States after December 31, 2003, and prior to January 2, 2005, an "eligible product" means "a product or service of that country or instrumentality which is covered under the free trade agreement for procurement by the United States." This amended definition, coupled with the President's exercise of his authority under section 301(a) of the Trade Agreement Act, would allow procurement of products and services of Australia and other parties to free trade agreements that entered into force during the specified time period.

H.R. 4840 (Mr. Crane with cosponsors); passed the House July 21, 2004.

H.R. 4840, Tax Simplification for America's Job Creators Act of 2004, passed the House, under suspension of the rules, by a vote of 424-0, on July 21, 2004.

The bill's provisions would adress tax simplification for business taxpayers. The bill would extend the expanded Section 179 expensing for small businesses for an additional two years (2006-2007). It would also allow more businesses to use the less complicated "cash basis" method of accounting. The Jobs and Growth Tax Relief Reconciliation Act of 2003 incresed the amount of equipment that small businesses may expense from $25,000 annually to $100,000. The 2003 law also increased the phase-out range from $200,000 of capital expenditures to $400,000, so that more small businesses can qualify for Section 179 expensing. Both amounts are indexed for inflation. H.R. 4840 would extend these provisions for two additional years (through 2007).

The bill would preserve cash accounting method for small businesses. Under current law, corporations with $5 millin or more in gross receipts must switch from the cash method of accounting to the accrual method. H.R. 4840 would preserve the value of the $5 million limit by indexing it for inflation, so that more small businesses will not be forced to use the more complicated accrual method.

The bill would remove various corporate tax provisions that are no longer operative. This would include deleting references to repealed programs or acts, eliminating transitional rules that are no longer applicable, and removing references to dates that are sufficiently in the past that their inclusion in the statues would no longer appear to be relevant.

H.R. 4841 (Mr. Burns); passed the House July 21, 2004.

H.R. 4841, Tax Simplification for Americans Act of 2004, passed the House, under suspension of the rules, by voice vote July 21, 2004.

H.R. 4841 would simplify the tax code by clarifying definitions, increasing access to easier-to-use forms and removing obsolete language. The bill would codify a rule for determining when an individual attains his or her next age. The bill would also rename the filing status of "head of household" to "single head of household." Another provision would allow more taxpayers to file tax returns using the shorter versions of Form 1040 -- Forms 1040EZ and 1040A. Currently, one reason that a taxpayer will not qualify to file either short form is if he or she has more than $50,000 in taxable income. The bill would increase the threshold to $100,000, and adjust this amount for inflation. H.R. 4841 would amend various Internal Revenue Code sections that affect individual taxpayers by deleting references to repealed acts, eliminating inoperative transitional rules, and removing references to dates that are no longer necessary.

H.R. 4842 (Mr. DeLay by request); Public Law 108-302; app. Aug. 17, 2004.

H.R. 4842, United States-Morocco Free Trade Agreement Implementation Act, was reported to the House on July 21, 2004 (H.Rept. 108-627). On July 14, 2004, the Committee on Ways and Means informally approved draft legislation to implement the U.S.-Morocco free trade agreement by a vote of 23-1. H.R. 4842 was introduced on July 15, 2004. The bill was ordered reported on July 20, 2004, by a vote of 26-0. The bill passed the House by a vote of 323-99. The bill passed the Senate by unanimous consent on July 22, 2004. H.R. 4842 was signed into law by the President on Aug. 17, 2004, as P.L. 108-302.

The Act provides the general congressional approval of the Agreement and procedures for the President to follow in order to execute his authority to implement the Agreement, such as consultation with Congress, layover, and advice from advisory committees.

The Act provides authority for the President to proclaim tariff modifications to carry out the Agreement and sets out the rules of origin for goods to qualify for preferential treatment. In particular, the Agreement requires a "yarn forward" rule of origin for most textile and apparel goods.

The Agreement permits the United States to impose an agricultural safeguard measure, in the form of additional duties, on certain horticultural goods from Morocco.

Other provisions in the bill provide enforcement authority to prevent circumvention of textile or apparel requirements.

The Act provides a temporary mechanism to impose import relief when increased quantities of Moroccan imports are a substantial cause of serious injury or threat of serious injury to the domestic industry. Another provision provides a special safeguard relief procedure for textile and apparel imports.

H.R. 4916 (Mr. Young with cosponsors); Public Law 108-280; app. July 30, 2004.

H.R. 4916, Surface Transportation Extension Act of 2004, Part IV, passed the House, under suspension of the rules by unanimous consent, on July 22, 2004. The Senate agreed to the measure without amendment by unanimous consent on July 22, 2004. H.R. 4916 was signed into law by the President on July 30 2004, as P.L. 108-280.

The Act extends Federal highway, highway safety, motor carrier safety, and transit programs, and authorizes appropriations, through fiscal year 2004. The Act amends the Internal Revenue Code to extend through Oct. 1, 2004, the authorization for the use of the Highway Trust Fund and the Aquatic Resources Trust Fund, including the sport fish restoration account and the boat safety account.

H.R. 5149 (Mr. Herger); Public Law 108-308; app. Sept. 30, 2004.

H.R. 5149, Welfare Reform Extension Act, Part VIII, passed the House, under suspension, by a vote of 416-0, on Sept. 30, 2004. On Sept, 30, 2004, the Senate passed the bill, without amendment by unanimous consent. H.R. 5149 was signed into law by the President on Sept. 30, 2004 as P.L. 108-308.

The Act continues through Mar. 31, 2005, in the manner authorized for FY 2004, any activities authorized by Temporary Assistance to Needy Families, as well as: (1) the separate program for abstinence education, (2) the entitlement of U.S. territories to matching grants for aid and services to needy families with children and for child-welfare services under title IV, (3) extensions of eligibility for Medicaid under the Social Security Act title XIX, (4) supplemental grants for population increases in certain States, and (5) extension of the National Random Sample Study of child welfare and child welfare waiver authority. The Act allows grants and payments made pursuant to this authority through the second quarter of FY 2005 to be at the level provided for such activities through the second quarter of FY 2004.

H.R. 5183 (Mr. Young with cosponsors); Public Law 108-310; app. Sept. 30, 2004.

H.R. 5183, Surface Transportation Extension Act of 2004, Part V, passed the House on Sept. 30, 2004 by a vote of 409-8. The Senate passed the bill by unanimous consent the same day. H.R. 5183 was signed into law by the President on Sept. 30, 2004, as P.L. 108-310.

The Act provides an extension of highway, highway safety, motor carrier safety, transit and other programs funded out of the Highway Trust Fund pending enactment of a law reauthorizing the Transportation Equity Act of the 21st Century (TEA-21). There are two tax-related provisions in the Act. The Act extends funding for expenditures to curb highway use tax evasion until June 1, 2005. The Act extends authorization of the use of the Highway Trust Fund, the Mass Transit Account, and the Aquatic Resources Trust Fund for obligations under TEA-21 before June 1, 2005.

H.R. 5213 (Mr. Bilirakis with cosponsors); Public Law 108-427; app. Nov. 30, 2004.

H.R. 5213, Research Review Act of 2004, passed the House, under suspension of the rules, by a vote of 418-0 on Oct. 7, 2004. The Senate passed the bill without amendment by unanimous consent on Nov. 16, 2004. H.R. 5213 was signed into law by the President on Nov. 30, 2004, as P.L. 108-427.

The Act requires the Comptroller General of the United States to study and report to Congress on: (1) Medicare and Medicaid coverage standards that apply to patients with inflammatory bowel disease for specified therapies, taking into account appropriate outpatient or home health care delivery settings; and (2) the problems patients encounter when applying for disability insurance benefits under title II of the Social Security Act and recommendations for improving the application process for patients with inflammatory bowel disease.

H.R. 5365 (Mr. English); Public Law 108-476; app. Dec. 21, 2004.

H.R. 5365, to treat certain aggrangements maintained by the YMCA Retirement Fund as church plans for the pruposes of certain provisions of the Internal Revenue Code of 1986, passed the House, under suspension of the rules, by voice vote on Nov. 19, 2004. The bill passed the Senate, by unanimous consent, without amendment, on Dec. 7, 2004. H.R. 5365 was signed into law by the President on Dec. 21, 2004, as P.L. 108-476.

The Act provides that any retirement plan maintained by the Young Men's Christian Association (YMCA) Retirement Fund as of Jan. 1, 2003, should be treated as a church plan under provisions relating to tax-exempt pension and other employee benefit plans of the Internal Revenue Code.

The Act exempts YMCA retirement plans from certain limitations applicable to church plans. The Act allows YMCA retirement plans to qualify for tax treatment as money pruchase pension plans and church self-funded death benefit plans.

H.R. 5394 (Mr. Ryan with cospnsor); Public Law 108-493; app. Dec. 23, 2004.

H.R. 5394, to amend the Internal Revenue Code of 1986 to modify the taxation of arrow components, passed the House, under suspension of the rule, by voice vote on Dec. 6, 2004. The bill passed the Senate, without amendment, by unanimous consent on Dec. 8, 2004. H.R. 5394 was signed into law by the President on Dec. 23, 2004, as P.L. 108-173.

The Act imposes a flat tax of 39 cents on the sale by the manufacturer, producer, or importer of any arrow shaft, whether sold separately or as part of an assembled arrow. The 39 cent rate is indexed for inflation after 2005. No other arrow components are taxed.

H.J.Res. 51; Public Law 108-24; app. May 27, 2003.

H.J.Res. 51, increasing the statutory limit on the public debt, was deemed passed on Apr. 11, 2003 by the House. On May 23, the Senate passed the measure without amendment by a vote of 53-44. H.J.Res. 51

was signed into law by the President on May 27, 2003, as Public Law 108-24.

Pursuant to Rule XXVII, as a result of the adoption by the House and the Senate of the conference report on H.Con.Res. 95, H.J. Res. 51 was engrossed and deemed to have passed the House. The conference report began the process of increasing the limit on the public debt from its prior level of $6.4 trillion to $7.384 trillion. The Act states that the debt subject to limit is increased to $12.0 trillion by FY 2013 under the spending and revenue levels in the budget resolution.

H.J.Res. 97 (Mr. Lantos with cosponsors); PublicLaw 108-272; app. July 7, 2004.

H.J.Res. 97, approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, passed the House on June 14, 2004. The bill passed the Senate, without amendment on June 24, 2004. H.J.Res. 97 was signed into law by the President on July 7, 2004, as P.L. 108-272.

Last year Congress passed the Burmese Freedom and Democracy Act of 2003 (P.L. 108-61), which imposed a one-year import ban on products of Burma. The pegislation provides that the import sanctions will expire on July 28, 2004 unless Congress approves a joint resolution to continue the sanctions for another year. H.J.Res. 97 extends the sanctions for another year.

Items in the sanctions include among other provisions:

-- The import sanctions against Burma will sunset after one year unless there is a vote under a privileged resolution to maintain the santions. The import sanctions are co pletely terminated after three years.

-- The Administration is required to submit a yearly report on whether the sanctions have been effective in improving conditions in Burma and in furthering U.S. policy objectives, along with the impact of sanctions on other U.S. national security, economic and foreign policy interests.

-- The law grants the President the authority to waive the sanctions if it is in the national interest and clarifies the rule of origin so the sanctions can be administered.

-- The law directs the President to craft a multilateral sanctions regime against Burma in order to pressure the government to improve human rights in Buram.

H.Con.Res. 95 (Mr. Nussle); conference report argeed to Apr. 11, 2003.

H.Con.Res. 95, establishing the congressional budget for the United States Government for fiscal year 2004 and setting forth appropriate budgetary levels for fiscal years 2003 and 2005 through 2013, was reported as an original measure by the Budget Committee on Mar. 17, 2003, (H.Rept. 108-37). On Mar. 21, 2003, the House passed H.Con.Res. 95 by a vote of 215-212. The Senate passed the resolution in lieu of S.Con.Res. 23, with an amendment by unanimous consent. The conference report was filed on Apr. 10, 2003, (H.Rept. 108-71), and agreed to in the House by a vote of 216-211. The Senate agreed to the conference report on Apr. 11, 2003, by a vote of 51-50. The conference agreement on H.Con.Res. 95 contains the following major elements:

Tax cuts-- The measure calls for tax cuts of $1.2 trillion over 11 years, but provides reconciliation protection to only $550 billion of this amount.

Reconciliation -- The agreement includes reconciliation instructions to the Ways and Means Committee and the Senate Finance Committee to report reconciliation legislation cutting taxes by $550 billion over 11 years. But it also limits the amount of the tax cut that could be intitally considered on the Senate floor to $350 billion. However, this limitation would not apply to conference report on a reconciliation tax bill, thereby permitting the Senate to consider a conference report providing up to $550 billion under reconciliation protection. The agreement does not include any reconciliation instructions to reduce mandatory spending.

Medicare Prescription Drug Benefit-- The agreement establishes a reserve fund for a Medicare prescription drug benefit and modernization program that would provide $400 billion over 10 years.

Debt Limit Increase -- Under House rules, once Congress agrees to a conference report on a budget resolution, the House is considered to have passed a joint resolution increasing the limit on the public debt by the amount specified in the conference agreement. The statement of managers specifies a $984 billion increase in the public debt, from its present level of $6.4 trillion to $7.384 trillion. The agreement specifies that the debt subject to limit would increase to $12.0 trillion by FY 2013 under the spending and revenue levels in the agreement.

H.Con.Res. 141 (Mr. Kingston); passed the House Apr. 10, 2003.

H.Con.Res. 141, expressing the sense of the Congress that the Internal Revenue Code of 1986 should be fundamentally reformed to be fairer, simpler, and less costly and to encourage economic growth, individual liberty, and investment in American jobs, passed the House, under suspension of the rules, by a vote of 424-0, on Apr. 10, 2003.

This resolution would express the sense of Congress that the Internal Revenue Code should be fundamentally reformed. The resolution would encourage and support a national debate on fundamental reform of the Internal Revenue Code. The resolution would agree with the President's most recent economic report that identifies reducing complexity, improving economic incentives and achieving fairness as key objectives of fundamentally reforming the tax code. As part of the national debate, Congress would begin a series of hearings to examine the case for, and the possible options for, fundamental reform of the code.

H.Con.Res. 528 (Mr. Young of Florida); passed the Senate Nov. 20, 2004.

H.Con.Res. 528, directing the Clerk of the House of Representatives to make corrections in the enrollment of H.R. 4818, was introduced Nov. 20, 2004. The resolution passed and was agreed to in the House pursuant to the provisions of H.Res.866, the rule for consideration of H.R. 4818, Consolidated Appropriations Act, 2005. On Nov. 20, 2004 the Senate considered the resolution and an amendment was agreed to strike section 222 of Title of Division H, by unanimous consent. The resolution was agreed to in the Senate, amended, by unanimous consent. The language striken would have allowed appropriators and their staff to access personal tax returns, with no penalty for publicly revealing information on the returns.

H.Res. 252 (Mr. Blunt with cosponsors); passed the House June 10, 2003.

H.Res. 252, expressing the sense of the House of Representatives supporting the United States in its efforts within the World Trade Organization to end the European Union's protectionist and discriminatory trade practices of the past five years regarding agriculture biotechnology, passed the House, amended, under suspension of the rules, on June 10, 2003, by a vote of 339-80.

H.Res. 252 supports and applauds the efforts of the Administration on behalf of the Nation's farmers and sound science by challenging the longstanding, unwarranted moratorium imposed in the European Union on agriculture and food biotech products. The Resolution also encourages the President to continue to press this issue.

H.Res. 414 (Mr. English with cosponsors); passed House Oct. 29, 2003.

H.Res. 414, to encourage the People's Republic of China to fulfill its commitments under international trade agreements, support the United States manufacturing sector, and establish monetary and financial market reforms, passed the House, under suspension of the rules, by a vote of 411-1, on Oct. 29, 2003.

H.Res. 414 commends the President and the Administration for continued efforts to engage and encourage China to fulfill its World Trade Organizaiton commitments and encourage China to meet its commitments to international trade rules and principles. It also states that the Chinese economy would benefit from a market-determined exchange rate and affirms that the House will monitor closely and work with the Administration to encourage China's efforts to modernize its financial system, establish a more flexible exchange rate, and comply with trade agreement obligations. The resolution urges the Administration to continue its intensive discussions with Chinese government officials on moving to a market-based valuation of the Chinese currency, a relaxation of capital controls, and a reform of the banking sector. Finally, H.Res. 414 expresses support for the U.S. manufacturing sector and states that the U.S. government should intensify its efforts to promote innovation, reduce costs, and level the international playing field for this sector.

H.Res. 705 (Mr. English with cosponsors); passed House July 14, 2004.

H.Res. 705, urging the President to resolve the disparate treatment of direct and indirect taxes presently provided by the World Trade Organization (WTO), passed the House under suspension of the rules by a vote of 423-1, on July 14, 2004.

H.Res. 705 declares that the distinction between direct and indirect taxation is arbitrary and results in a competitive advantage for businesses and workers in a country with a border-adjustable VAT.

H.Res. 705 resolves that the President should report to Congress on the progress in pursuing trade negotiations to eliminate barriers regarding the disadvantages to countries relying on direct taxes versus indirect taxes (as required by the Trade Act of 2002, PL 107-210).

H.Res. 705 resolves that the President should report on proposed alternatives to the disparate treatment of the direct/indirect distinction as well as other proposals redressing the tax disadvantage to the U.S., including reducing the corporate rate, a territorial system, and a border-adjustable system as already allowed under the WTO rules.

H.Res. 776 (Mr. Rangel with cosponsors); reported to the House Oct. 7, 2004.

H.Res. 776, of inquiry requesting the President and directing the Secretary of Health and Human Services provide certain documents to the House of Representatives relating to estimates and analyses of the cost of the Medicare prescripton drug legislation, was adversely reported by the Committee on Ways and Means on Oct. 7, 2004 (H.Rept. 108-754, pt.1). The Committee on Energy and Commerce reported the bill, adversely, on Oct 8, 2004 (H.Rept. 108-754, pt 2.).

H.Res. 776 would request the President and direct the Secretary of the U.S. Department of Health and Human Services to provide certain documents to the U.S. House of Representatives relating to estimates and anaylses of the cost of the Medicare prescription drug law (P.L. 108-173).

S. 23 (Senator Fitzgerald with cosponsor); Public Law 108-1; app. Jan. 8, 2003.

S. 23, was introduced in the Senate on Jan. 7, 2003, and passed that same day by unanimous consent without amendment. The House passed the measure on Jan. 8, 2003, by a vote of 416-4 without amendment. S. 23 was signed into law by the President on Jan. 8, 2003, as P.L. 108-1.

The Act amends the Temporary Extended Unemployment Compensation Act of 2002, to extend the temporary extended unemployment compensation program for five months, through weeks of unemployment ending before June 1, 2003. In addition, the Act provides for a transition period of continuing payments to individuals with amounts remaining in their temporary extended unemployment compensation account after May 31, 2003, for weeks beginning before Aug. 30, 2003.

S. 2231 (Senator Grassley with cosponsor); Public Law 108-210; app. Mar. 31, 2004.

S. 2231, Welfare Reform Extension Act of 2004, was introduced and passed the Senate without amendment by unanimous consent on Mar. 25, 2004. The bill passed the House, without amendment, under suspension of the rules, by voice vote on Mar. 30, 2004. S. 2231 was signed into law by the President on Mar. 31, 2004, as P.L. 108-210.

The Act extends through June 30, 2004, the program of Temporary Assistance for Needy Families (TANF), which was authorized only through Mar. 31, 2004. The extension continues TANF grants to States, territories, and Indian tribes, supplemental grants provided to certain States, as well as other related provisions. It also extends funding for mandatory child care, and abstinence education, and makes appropriations for such purposes. The Act authorizes grants and payments pursuant to such authority through the third quarter of FY 2004 at the level provided for such activities through the third quarter of FY 2002.

S. 2845 (Senator Collins); Conferees appointed Oct. 16, 2004.

S. 2845, National Intelligence Reform Act of 2004, passed the Senate, with amendments, on Oct. 6, 2004. H.R. 10 passed the House, amended, on Oct. 8, 2004. H.Res. 827, the rule under which H.R. 10 was considered, provided that the House shall be considered to have inserted H.R. 10, as passed the House, in S. 2845, and insisted on its amendment to S. 2845, and request a conference with the Senate on S. 2845. On Oct. 16, 2004, a message on the Senate action was sent to the House. Pursuant to H.Res. 827 (rule for consideration of H.R. 10), the House was considered to have taken S. 2845 , stricken all after the enacting clause and inserted the text of H.R. 10 as passed the House. In addition, H.Res. 827 provided that the House insisted on its amendment and ask for a conference. On Oct. 16, 2004, the Senate disagreed to the House amendment and agreed to a request for a conference.

Sections 2071 through 2076 of HR. 10, would enhance the integrity and privacy of Social Security numbers (SSN) and serve to prevent identity fraud by terrorists and other criminals. In addition, the bill would require Stte departments of motor vehicles to verify an individual's SSN or verify tht the individual does not qualify for an SSN. Authority for State departmetns of motor vehicles to require disclosure of SSNs is in the Social Security Act and would create administrative duties for the Social Security Administration (SSA). The bill would require the SSA to consult with the Secretary of Health and Human Services to establish standardized birth and death registration systems.

S. 2986 (Senator Frist); Public Law 108-415; app. Nov. 19, 2004.

S. 2986, to increase the public debt limit, passed the Senate, without amendment, by a vote of 52044, on Nov. 17, 2004. The House passed the measure on Nov. 18, 2004, by a vote of 208-204. S. 2986 was signed into law by the President on Nov. 19, 2004, as P.L. 108-415.

The Act amends Federal law to increase the statutory limit on the public debt from $7.384 trillion to $8.184 trillion.

S.Con.Res. 95 (Senator Nickles); Conference Report agreed to in the House May 19, 2004.

S.Con.Res. 95, setting forth the congressional budget for the United States Government for fiscal year 2005 and including the appropriate budgetary levels for fiscal years 2006 through 2009. The legislation was reported to the Senate, without written report, on Mar. 5, 2004, and agreed to in the Senate on Mar. 12, 2004, by a vote of 51-45. The resolution was agreed to in the House on Mar. 29, 2004, without objection. On May 19, the conference report was filed in the House (H.Rept. 108-495). The House agreed to the conference report on May 19, 2004 by a vote of 216-213.

The conference report on S.Con.Res. 95 would cover only one year. The agreement projects a spending level of $2.4 trillion in FY 2005 and a revenue level of $2 trillion. These spending and revenue levels are projected to produce a deficit of $367.4 billion in FY 2005. This deficit is calculated by using the surpluses in the Social Security trust fund to offset spending on other programs. If these Social Security surpluses are not counted, the projected deficit in FY 2005 would be $541.4 billion. The agreement includes pay-as-you-go procedures that would require tax cuts and increases in mandatory spending to be offset in the Senate, unless 60 Senators vote to waive the requirement. However, these pay-as-you-go procedures would be in effect until next April, and would not apply to tax cuts contained in a reconciliation bill.

The conference agreement would begin the process of increasing the limit on the public debt by $690 billion. Under House rules, once the House and Senate adopt a conference report on the budget resolution, the House is deemed to have passed and sent to the Senate a joint resolution increasing the statutory limit on the public debt by the amount specified in the resolution, in this case $690 billion, bringing the debt limit to $8.074 trillion. The agreement also includes a reconciliation instruction to the Senate Finance Committee to report legislation increasing the limit on the public debt by $690 billion.

The conference agreement calls for a total of $55.2 billion in tax cuts. This total would include $22.9 billion in tax cuts and $4.6 billion in outlays, for refundable tax credits, which are to be included in a tax reconciliaiton bill. This tax cut would permit the extension for one-year of three middle-class tax cuts: 1) the $1,000 child tax credit, 2) so-called marriage penalty, and 3) an expanded 10% income tax bracket. The agreement also calls for additional $27.7 billion in tax cuts. The measure would call for significant increases in appropriations for defense and homeland security, but would call for holding appropriations for all other programs at the FY 2004 levels.

S.Con.Res. 95 would instruct the Ways and Means Committee to report legislation by Sept. 30, 2004, that would reduce taxes by $22.9 billion and increase outlays by not more than $4.6 billion.