

105TH CONGRESS
1ST SESSION

S. 243

To provide for a short term reinstatement of expired Airport and Airway
Trust Fund taxes, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 30, 1997

Mr. MCCAIN (for himself, Mr. HOLLINGS, Mr. FORD, and Mr. GORTON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for a short term reinstatement of expired Airport
and Airway Trust Fund taxes, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Airport and Airway
5 Trust Fund Taxes Short Term Reinstatement Act”.

6 **SEC. 2. TEMPORARY REINSTATEMENT OF AIRPORT AND**
7 **AIRWAY TRUST FUND TAXES.**

8 (a) FUEL TAX.—

(1) Subparagraph (A) of section 4091(b)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

“(A) The rate of tax specified in paragraph (1) shall be 4.3 cents per gallon—

“(i) after December 31, 1996, and before the date which is 7 calendar days after the date of the enactment of the Airport and Airway Trust Fund Taxes Short Term Reinstatement Act; and

“(ii) after September 29, 1997.”

(2) Paragraph (2) of section 4081(d) of such Code is amended to read as follows:

“(2) AVIATION GASOLINE.—The rate of tax specified in clause (i) of subsection (a)(2)(A) shall be 4.3 cents per gallon—

“(A) after December 31, 1996, and before the date which is 7 calendar days after the date of the enactment of the Airport and Airway Trust Fund Taxes Short Term Reinstatement Act; and

“(B) after September 29, 1997.”.

(3) The second paragraph (3) of section 4081(d) of such Code is repealed.

1 (4) Section 4041(c)(5) of such Code is amended
2 to read as follows:

3 “(5) TERMINATION.—The taxes imposed by
4 paragraphs (1) and (2) shall apply during the fol-
5 lowing periods:

6 “(A) The period beginning on August 27,
7 1996, and ending on December 31, 1996.

8 “(B) The period beginning on the date
9 which is 7 calendar days after the date of the
10 enactment of the Airport and Airway Trust
11 Fund Taxes Short Term Reinstatement Act
12 and ending on September 29, 1997.”.

13 (b) TICKET TAXES.—Sections 4261(g) and 4271(d)
14 are each amended by striking “1997.” and inserting
15 “1997, and to transportation beginning on or after the
16 date which is 7 days after the date of enactment of the
17 Airport and Airway Trust Fund Taxes Short Term Rein-
18 statement Act, and before September 30, 1997.”;

19 (c) TRANSFER TO AIRPORT AND AIRWAY TRUST
20 FUND.—

21 (1) Subsection (b) of section 9502 is amended
22 by striking “January 1, 1997,” each place it ap-
23 pears and inserting “September 30, 1997,”.

24 (2) Paragraph (3) of section 9502(f) is amend-
25 ed to read as follows:

“(3) TERMINATION.—Notwithstanding the preceding provisions of this subsection, the Airport and Airway Trust Fund financing rate shall be zero with respect to—

“(A) taxes imposed after December 31, 1996, and before the date which is 7 calendar days after the date of the enactment of the Airport and Airway Trust Fund Taxes Short Term Reinstatement Act; and

“(B) taxes imposed after September 29, 1997.”

(d) FLOOR STOCKS TAXES ON AVIATION FUEL.—

(1) IMPOSITION OF TAX.—In the case of aviation fuel on which tax was imposed under section 4091 of the Internal Revenue Code of 1986 before the tax-increase date described in paragraph (3)(A)(i) and which is held on that date by any person, there is hereby imposed a floor stocks tax of 17.5 cents per gallon.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding aviation fuel on a tax-increase date to which the tax imposed by paragraph (1) applies shall be liable for that tax.

1 (B) METHOD OF PAYMENT.—The tax im-
 2 posed by paragraph (1) shall be paid in the
 3 manner the Secretary prescribes.

4 (C) TIME FOR PAYMENT.—The tax im-
 5 posed by paragraph (1) with respect to any tax-
 6 increase date shall be paid on or before the first
 7 day of the 7th month beginning after that tax-
 8 increase date.

9 (3) DEFINITIONS.—For purposes of this sub-
 10 section—

11 (A) THE CODE.—The term “the Code”
 12 means the Internal Revenue Code of 1986.

13 (B) TAX INCREASE DATE.—The term “tax-
 14 increase date” means the date which is 7 cal-
 15 endar days after the date of enactment of this
 16 Act.

17 (C) AVIATION FUEL.—The term “aviation
 18 fuel” has the meaning given that term by sec-
 19 tion 4093 of the Code.

20 (D) HELD BY A PERSON.—Aviation fuel
 21 shall be considered as “held by a person” if
 22 title thereto has passed to that person (whether
 23 or not delivery to the person has been made).

1 (E) SECRETARY.—The term “Secretary”
2 means the Secretary of the Treasury or his del-
3 egate.

4 (4) EXCEPTION FOR CERTAIN USES.—The tax
5 imposed by paragraph (1) shall not apply to aviation
6 fuel held by any person on the tax-increase date ex-
7 clusively for any use for which a credit or refund of
8 the entire tax imposed by section 4091 of the Code
9 is allowable for aviation fuel purchased on or after
10 the tax-increase date for that use.

11 (5) EXCEPTION FOR CERTAIN AMOUNTS OF
12 FUEL.—

13 (A) IN GENERAL.—No tax shall be im-
14 posed by paragraph (1) on aviation fuel held on
15 the tax-increase date by any person if the ag-
16 gregate amount of aviation fuel held by that
17 person on that date does not exceed 2,000 gal-
18 lons. The preceding sentence shall apply only if
19 that person submits to the Secretary (at the
20 time and in the manner required by the Sec-
21 retary) such information as the Secretary shall
22 require for purposes of this paragraph.

23 (B) EXEMPT FUEL.—For purposes of sub-
24 paragraph (A), there shall not be taken into ac-
25 count fuel held by any person which is exempt

from the tax imposed by paragraph (1) by reason of paragraph (4).

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

(i) CORPORATIONS.—

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

(II) CONTROLLED GROUP.—The term “controlled group” has the meaning given to that term by subsection (a) of section 1563 of the Code; except that for these purposes the phrase “more than 50 percent” shall be substituted for the phrase “at least 80 percent” each place it appears in that subsection.

(ii) NONINCORPORATED PERSONS UNDER COMMON CONTROL.—Under regulations prescribed by the Secretary, principles similar to the principles of clause (i) shall apply to a group of persons under common control where 1 or more of those persons is not a corporation.

1 (6) OTHER LAW APPLICABLE.—All provisions of
 2 law, including penalties, applicable with respect to
 3 the taxes imposed by section 4091 of the Code shall,
 4 insofar as applicable and not inconsistent with the
 5 provisions of this subsection, apply with respect to
 6 the floor stock taxes imposed by paragraph (1) to
 7 the same extent as if those taxes were imposed by
 8 section 4091 of the Code.

9 (d) EFFECTIVE DATE.—

10 (1) IN GENERAL.—The amendments made by
 11 this section take effect 7 days after the date of en-
 12 actment of this Act.

13 (2) TRANSPORTATION USING TICKETS PUR-
 14 CHASED DURING LAPSE PERIOD.—The taxes im-
 15 posed by sections 4261 and 4271 of the Internal
 16 Revenue Code of 1986 do not apply to amounts paid
 17 for taxable transportation (as defined in section
 18 4262 and 4272 of the Code, respectively) after De-
 19 cember 31, 1996, and before the effective date of the
 20 amendments made by this section.

21 **SEC. 3. TAXES COLLECTED DURING TAXABLE PERIOD TO**
 22 **BE TRANSFERRED REGARDLESS OF WHEN**
 23 **PAID.**

24 (a) IN GENERAL.—Section 9502(b) of the Code is
 25 amended by adding at the end thereof the following:

1 “Any amount received in the Treasury after the later of
2 the 2 dates set forth in paragraphs (1), (2), and (4), and
3 on or after the date set forth in paragraph (3), shall be
4 treated as received on the day before such date (regardless
5 of when received) if the amount relates to a tax that de-
6 scribed in this subsection that was in effect on the day
7 before such date.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies with respect to amounts received
10 after December 31, 1995.

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