

106TH CONGRESS
1ST SESSION

H. R. 2020

To amend the Internal Revenue Code of 1986 to provide marriage penalty relief, incentives to encourage health coverage, and increased child care assistance, to extend certain expiring tax provisions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 7, 1999

Mrs. JOHNSON of Connecticut (for herself, Mr. HOUGHTON, Mr. CAMP, Mr. ENGLISH, Mr. FOLEY, Mr. UPTON, Mr. LAZIO, Mr. BOEHLERT, Mr. GREENWOOD, Mr. LEACH, Mr. SHAYS, Mr. EHLERS, Mr. LOBIONDO, Mr. GILCHREST, Mr. BASS, Mr. HORN, Mr. BILBRAY, Mr. KOLBE, Mr. QUINN, Ms. PRYCE of Ohio, Mr. FRELINGHUYSEN, Mr. MANZULLO, Mr. OSE, Mr. SMITH of Michigan, Mr. HOEKSTRA, Mr. DREIER, Mrs. KELLY, and Mrs. ROUKEMA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide marriage penalty relief, incentives to encourage health coverage, and increased child care assistance, to extend certain expiring tax provisions, 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 (a) SHORT TITLE.—This Act may be cited as the
5 “Tax Relief for Working Americans Act of 1999”.

1 (b) TABLE OF CONTENTS.—

Sec. 1. Short title.

TITLE I—MARRIAGE PENALTY RELIEF

Sec. 101. Basic standard deduction for married individuals to be twice the deduction for unmarried individuals.

TITLE II—ADJUSTMENT OF SOCIAL SECURITY EARNING LIMIT

Sec. 201. Adjustment in monthly exempt amount for purposes of the social security earnings test.

TITLE III—INCENTIVES FOR HEALTH AND LONG-TERM CARE COVERAGE

Sec. 301. Credit for health insurance costs of previously uninsured individuals and individuals with COBRA coverage.

Sec. 302. Deduction for health insurance costs of employees and self-employed individuals.

Sec. 303. Credit for taxpayers with long-term care needs.

TITLE IV—EXPANSION OF DEPENDENT CARE TAX CREDIT

Sec. 401. Expansion of dependent care tax credit.

TITLE V—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 501. Nonrefundable personal credits allowed against alternative minimum tax.

Sec. 502. Income averaging for farmers not to increase alternative minimum tax liability.

TITLE VI—ELIMINATION OF 60-MONTH LIMIT ON STUDENT LOAN INTEREST DEDUCTION

Sec. 601. Elimination of 60-month limit on student loan interest deduction.

TITLE VII—INCREASE IN LOW-INCOME HOUSING CREDIT STATE CEILING

Sec. 701. Increase in State ceiling on low-income housing credit.

TITLE VIII—FARM AND RANCH RISK MANAGEMENT ACCOUNTS

Sec. 801. Farm and ranch risk management accounts.

TITLE IX—INCENTIVES FOR URBAN REVITALIZATION AND OPEN SPACE

Sec. 901. Expensing of environmental remediation costs expanded to contaminated sites outside of targeted areas.

Sec. 902. Modifications to encourage contributions of capital gain real property made for conservation purposes and of qualified conservation contributions.

TITLE X—EXTENSION OF CERTAIN EXPIRING PROVISIONS

Sec. 1001. Research credit.

Sec. 1002. Work opportunity credit.

Sec. 1003. Permanent subpart F exemption for active financing income.

Sec. 1004. Credit for electricity produced from renewable resources.

TITLE I—MARRIAGE PENALTY RELIEF

SEC. 101. BASIC STANDARD DEDUCTION FOR MARRIED INDIVIDUALS TO BE TWICE THE DEDUCTION FOR UNMARRIED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (2) of section 63(c) of the Internal Revenue Code of 1986 (relating to standard deduction) is amended—

- (1) by striking “\$5,000” in subparagraph (A) and inserting “twice the dollar amount in effect under subparagraph (C) for the taxable year”,
- (2) by adding “or” at the end of subparagraph (B),
- (3) by striking “in the case of” and all that follows in subparagraph (C) and inserting “in any other case.”, and
- (4) by striking subparagraph (D).

(b) TECHNICAL AMENDMENT.—Subparagraph (B) of section 1(f)(6) of such Code is amended by striking “(other than with” and all that follows through “shall be applied” and inserting “(other than sections 63(c)(4) and 151(d)(4)(A)) shall be applied”.

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

4 **TITLE II—ADJUSTMENT OF SO-**
 5 **CIAL SECURITY EARNING**
 6 **LIMIT**

7 **SEC. 201. ADJUSTMENT IN MONTHLY EXEMPT AMOUNT FOR**
 8 **PURPOSES OF THE SOCIAL SECURITY EARN-**
 9 **INGS TEST.**

10 (a) INCREASE IN MONTHLY EXEMPT AMOUNT FOR
 11 INDIVIDUALS WHO HAVE ATTAINED RETIREMENT
 12 AGE.—Section 203(f)(8)(D) of the Social Security Act (42
 13 U.S.C. 403(f)(8)(D)) is amended—

14 (1) in clause (iii), by inserting “and” at the
 15 end; and

16 (2) by striking clauses (iv) through (vii) and in-
 17 serting the following new clause:

18 “(iv) for each month of any taxable
 19 year ending after 1999 and before 2001,
 20 \$2,500.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 203(f)(8)(B)(ii) of such Act (42
 23 U.S.C. 403(f)(8)(B)(ii)) is amended—

1 (A) by striking “after 2001 and before
 2 2003” and inserting “after 1999 and before
 3 2001”; and

4 (B) in subclause (II), by striking “2001”
 5 and inserting “1998”.

6 (2) The second sentence of section 223(d)(4)(A)
 7 of such Act (42 U.S.C. 423(d)(4)(A)) is amended by
 8 inserting “and section 201 of the Tax Relief for
 9 Working Americans Act of 1999” after “1996”.

10 (c) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply with respect to taxable years begin-
 12 ning after 1999.

13 **TITLE III—INCENTIVES FOR** 14 **HEALTH AND LONG-TERM** 15 **CARE COVERAGE**

16 **SEC. 301. CREDIT FOR HEALTH INSURANCE COSTS OF PRE-** 17 **VIOUSLY UNINSURED INDIVIDUALS AND IN-** 18 **DIVIDUALS WITH COBRA COVERAGE.**

19 (a) IN GENERAL.—Subpart A of part IV of sub-
 20 chapter A of chapter 1 of the Internal Revenue Code of
 21 1986 (relating to nonrefundable personal credits) is
 22 amended by inserting after section 25A the following new
 23 section:

1 **“SEC. 25B. HEALTH INSURANCE COSTS OF PREVIOUSLY UN-**
 2 **INSURED INDIVIDUALS AND INDIVIDUALS**
 3 **WITH COBRA COVERAGE.**

4 “(a) IN GENERAL.—In the case of an individual,
 5 there shall be allowed as a credit against the tax imposed
 6 by this chapter for the taxable year an amount equal to
 7 60 percent of the amount paid during the taxable year
 8 for coverage for the taxpayer, his spouse, and dependents
 9 under qualified health insurance.

10 “(b) DOLLAR LIMITATION.—

11 “(1) IN GENERAL.—The amount allowed as a
 12 credit under subsection (a) to the taxpayer for the
 13 taxable year shall not exceed the sum of the monthly
 14 limitations for eligible months during such taxable
 15 year.

16 “(2) MONTHLY LIMITATION.—The monthly lim-
 17 itation for any eligible month is the amount equal to
 18 $\frac{1}{12}$ of—

19 “(A) \$1,200 if, as of the first day of such
 20 month, the taxpayer has self-only coverage
 21 under qualified health insurance, and

22 “(B) \$2,400 if, as of the first day of such
 23 month, the taxpayer has family coverage under
 24 qualified health insurance.

25 “(3) ELIGIBLE MONTH.—For purposes of this
 26 subsection—

1 “(A) IN GENERAL.—The term ‘eligible
2 month’ means any month which begins at least
3 1 year after the most recent month that the
4 individual—

5 “(i) was eligible to participate in any
6 group health plan of an employer which
7 provided qualified health insurance (deter-
8 mined without regard to subsection
9 (d)(2)), or

10 “(ii) participated in any group health
11 plan of any other entity which provided
12 such insurance.

13 “(B) JOINT RETURNS.—In the case of a
14 joint return, a month shall be treated as an eli-
15 gible month only if it is an eligible month of
16 each spouse, determined by applying this para-
17 graph separately to each spouse.

18 “(4) CERTAIN OTHER COVERAGE.—Amounts
19 paid for coverage of an individual for any month
20 shall not be taken into account under subsection (a)
21 if, as of the first day of such month, such individual
22 is covered under any medical care program described
23 in—

24 “(A) title XVIII, XIX, or XXI of the So-
25 cial Security Act,

1 “(B) chapter 55 of title 10, United States
2 Code,

3 “(C) chapter 17 of title 38, United States
4 Code,

5 “(D) chapter 89 of title 5, United States
6 Code, or

7 “(E) the Indian Health Care Improvement
8 Act.

9 “(5) SPECIAL RULE FOR MARRIED INDIVID-
10 UALS.—In the case of an individual—

11 “(A) who is married (within the meaning
12 of section 7703) as of the close of the taxable
13 year but does not file a joint return for such
14 year, and

15 “(B) who does not live apart from such in-
16 dividual’s spouse at all times during the taxable
17 year,

18 the limitation under paragraph (2)(A) (and not the
19 limitation under paragraph (2)(B)) shall apply to
20 such individual.

21 “(c) LIMITATION BASED ON ADJUSTED GROSS IN-
22 COME.—

23 “(1) IN GENERAL.—The aggregate amount
24 which would (but for this subsection) be allowed as
25 a credit under this section shall be reduced (but not

1 below zero) by the amount determined under para-
2 graph (2).

3 “(2) AMOUNT OF REDUCTION.—

4 “(A) IN GENERAL.—The amount deter-
5 mined under this paragraph shall be the
6 amount which bears the same ratio to such ag-
7 gregate amount as—

8 “(i) the excess of—

9 “(I) the taxpayer’s modified ad-
10 justed gross income for such taxable
11 year, over

12 “(II) the applicable dollar
13 amount, bears to

14 “(ii) \$10,000.

15 “(B) MODIFIED ADJUSTED GROSS IN-
16 COME.—For purposes of this paragraph, the
17 term ‘modified adjusted gross income’ means
18 adjusted gross income increased by any amount
19 excluded from gross income under section 911,
20 931, or 933.

21 “(C) ROUNDING.—Any amount determined
22 under subparagraph (A) which is not a multiple
23 of \$10 shall be rounded to the next lowest \$10.

1 “(3) APPLICABLE DOLLAR AMOUNT.—For pur-
2 poses of paragraph (2), the term ‘applicable dollar
3 amount’ means—

4 “(A) \$60,000 in the case of a taxpayer
5 whose qualified health insurance coverage cov-
6 ers more than 1 individual referred to in sub-
7 section (a), and

8 “(B) \$30,000—

9 “(i) in any case not described in sub-
10 paragraph (A), and

11 “(ii) in the case of a married indi-
12 vidual filing a separate return.

13 For purposes of this paragraph, marital status shall
14 be determined under section 7703.

15 “(d) QUALIFIED HEALTH INSURANCE.—For pur-
16 poses of this section—

17 “(1) IN GENERAL.—Except as otherwise pro-
18 vided in this paragraph, the term ‘qualified health
19 insurance’ means insurance which constitutes med-
20 ical care, as defined in section 213(d) without regard
21 to—

22 “(A) paragraph (1)(C) thereof, and

23 “(B) so much of paragraph (1)(D) thereof
24 as relates to qualified long-term care insurance
25 contracts.

1 “(2) EXCLUSION OF COVERAGE PROVIDED
2 UNDER GROUP HEALTH PLANS, ETC.—Such term
3 shall not include insurance provided through any
4 group health plan of an employer or any other enti-
5 ty.

6 “(3) EXCLUSION OF CERTAIN OTHER CON-
7 TRACTS.—Such term shall not include insurance if a
8 substantial portion of its benefits are excepted bene-
9 fits (as defined in section 9832(c)).

10 “(e) INDIVIDUALS WITH COBRA CONVERGE.—In
11 the case of continuation coverage under a group health
12 plan which is required to be provided by Federal law for
13 an individual during the period specified in section
14 4980B(f)(2)(B), notwithstanding subsection (d)—

15 “(1) such coverage shall be treated as qualified
16 health insurance, and

17 “(2) the term ‘eligible month’ includes months
18 of such coverage.

19 “(f) SPECIAL RULES.—

20 “(1) COORDINATION WITH OTHER DEDUC-
21 TIONS.—No credit shall be allowed under this sec-
22 tion for the taxable year if any amount paid for
23 qualified health insurance is taken into account in
24 determining the deduction allowed for such year
25 under section 213 or 222.

1 “(2) DENIAL OF CREDIT TO DEPENDENTS.—No
 2 credit shall be allowed under this section to any indi-
 3 vidual with respect to whom a deduction under sec-
 4 tion 151 is allowable to another taxpayer for a tax-
 5 able year beginning in the calendar year in which
 6 such individual’s taxable year begins.

7 “(3) INFLATION ADJUSTMENT.—

8 “(A) IN GENERAL.—In the case of a tax-
 9 able year beginning after 2000, each dollar
 10 amount in subsection (c)(3) shall be increased
 11 by an amount equal to—

12 “(i) such dollar amount, multiplied by

13 “(ii) the cost-of-living adjustment de-
 14 termined under section 1(f)(3) for the cal-
 15 endar year in which the taxable year be-
 16 gins, determined by substituting ‘calendar
 17 year 1999’ for ‘calendar year 1992’ in sub-
 18 paragraph (B) thereof.

19 “(B) ROUNDING.—If any amount as ad-
 20 justed under subparagraph (A) is not a multiple
 21 of \$100, such amount shall be rounded to the
 22 next lowest multiple of \$100.”

23 (b) CLERICAL AMENDMENT.—The table of sections
 24 for subpart A part IV of subchapter A of chapter 1 of

1 such Code is amended by inserting after the item relating
 2 to section 25A the following new item:

“Sec. 25B. Health insurance costs of previously uninsured individuals and individuals with COBRA coverage.”

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

6 **SEC. 302. DEDUCTION FOR HEALTH INSURANCE COSTS OF**
 7 **EMPLOYEES AND SELF-EMPLOYED INDIVID-**
 8 **UALS.**

9 (a) IN GENERAL.—Part VII of subchapter B of chap-
 10 ter 1 of the Internal Revenue Code of 1986 (relating to
 11 additional itemized deductions) is amended by redesignig-
 12 nating section 222 as section 223 and by inserting after
 13 section 221 the following new section:

14 **“SEC. 222. COSTS OF HEALTH INSURANCE AND LONG-TERM**
 15 **CARE INSURANCE.**

16 “(a) IN GENERAL.—In the case of an individual,
 17 there shall be allowed as a deduction an amount equal to
 18 the sum of—

19 “(1) the applicable health care percentage of
 20 the amount paid during the taxable year for cov-
 21 erage for the taxpayer, his spouse, and dependents
 22 under qualified health insurance, and

23 “(2) the applicable long-term care percentage of
 24 the amount of eligible long-term care premiums (as

1 defined in section 213(d)(10)) paid during the tax-
 2 able year for coverage for the taxpayer, his spouse,
 3 and dependents under a qualified long-term care in-
 4 surance contract (as defined in section 7702B(b)).

5 “(b) APPLICABLE PERCENTAGES.—For purposes of
 6 subsection (a)—

7 “(1) APPLICABLE HEALTH CARE PERCENT-
 8 AGE.—

9 “(A) IN GENERAL.—Except as provided in
 10 subparagraph (B), the applicable health care
 11 percentage shall be determined in accordance
 12 with the following table:

“For taxable years beginning in calendar year—	The applicable health care percentage is—
2000	60
2001	70
2002	80
2003	90
2004 and thereafter	100.

13 “(B) SPECIAL RULE.—In the case of an
 14 individual who is an employee within the mean-
 15 ing of section 401(c)(1) and whose qualified
 16 health insurance is not provided through a
 17 group health plan of an employer, subparagraph
 18 (A) shall be applied by substituting ‘100’ for
 19 ‘90’ but only with respect to the lesser of the
 20 taxpayer’s earned income (within the meaning
 21 of section 401(c)) or the payments referred to
 22 in subsection (a)(1).

1 “(2) APPLICABLE LONG-TERM CARE PERCENT-
2 AGE.—

3 “(A) IN GENERAL.—Except as otherwise
4 provided in this paragraph, the applicable long-
5 term care percentage shall be determined in ac-
6 cordance with the following table based on the
7 number of years of continuous coverage (as of
8 the close of the taxable year) of the individual
9 under a qualified long-term care insurance con-
10 tract (as defined in section 7702B(b)):

“If the number of years of continuous coverage is—	The applicable long-term care percentage is—
Less than 1	50
At least 1 but less than 2	60
At least 2 but less than 3	70
At least 3 but less than 4	80
At least 4 but less than 5	90
At least 5	100.

11 “(B) SPECIAL RULES FOR INDIVIDUALS
12 WHO HAVE ATTAINED AGE 60.—In the case of
13 an individual who has attained age 60 as of the
14 close of the taxable year, the following table
15 shall be substituted for the table in subpara-
16 graph (A).

“If the number of years of continuous coverage is—	The applicable long-term care percentage is—
Less than 1	60
At least 1 but less than 2	70
At least 2 but less than 3	85
At least 3	100.

17 “(C) ONLY COVERAGE AFTER 1999 TAKEN
18 INTO ACCOUNT.—Only coverage for periods

1 after December 31, 1999, shall be taken into
2 account under this paragraph.

3 “(D) CONTINUOUS COVERAGE.—An indi-
4 vidual shall not fail to be treated as having con-
5 tinuous coverage if the aggregate breaks in cov-
6 erage during any 1-year period are less than 60
7 days.

8 “(E) SELF-EMPLOYED INDIVIDUALS.—In
9 the case of an individual who is an employee
10 within the meaning of section 401(c)(1) and
11 whose qualified long-term care insurance con-
12 tract (as defined in section 7702B(b)) is not
13 provided through a group health plan of an em-
14 ployer, the applicable long-term care percentage
15 shall be—

16 “(i) 100 percent with respect to the
17 lesser of—

18 “(I) the eligible long-term care
19 premiums (as defined in section
20 213(d)(10)) referred to in subsection
21 (a)(2), or

22 “(II) the excess of the taxpayer’s
23 earned income (within the meaning of
24 section 401(c)) for the taxable year

1 over the payments referred to in sub-
2 section (a)(1), and

3 “(ii) the percentage determined under
4 the other provisions of this paragraph with
5 respect to the remainder of such premiums
6 (determined by treating the premiums
7 taken into account under clause (i) as
8 being attributable to individuals in the
9 order of their ages, beginning with the old-
10 est).

11 “(c) EXCLUSION OF SUBSIDIZED COVERAGE.—Sub-
12 section (a) shall not apply to any taxpayer for any cal-
13 endar month for which the taxpayer participates in any
14 group health plan of an employer or any other entity if
15 less than 50 percent of the cost of the taxpayer’s coverage
16 under such plan is borne by the taxpayer. The preceding
17 sentence shall be applied separately with respect to para-
18 graphs (1) and (2) of subsection (a).

19 “(d) QUALIFIED HEALTH INSURANCE.—For pur-
20 poses of this section—

21 “(1) IN GENERAL.—The term ‘qualified health
22 insurance’ has the meaning given such term by sec-
23 tion 25B(d) determined without regard to paragraph
24 (2) thereof.

25 “(2) SPECIAL RULE.—

1 “(A) IN GENERAL.—In the case of an indi-
 2 vidual who is an employee within the meaning
 3 of section 401(c)(1) and whose qualified health
 4 insurance (without regard to this paragraph) is
 5 not provided through a group health plan of an
 6 employer, paragraph (3) of section 25B(d) shall
 7 not apply for purposes of this section.

8 “(B) LIMITATION.—The amount taken
 9 into account under subsection (a)(1) by reason
 10 of subparagraph (A) shall not exceed the excess
 11 of—

12 “(i) the taxpayer’s earned income
 13 (within the meaning of section 401(c)),
 14 over

15 “(ii) the amount which would (without
 16 regard to this paragraph) be taken into ac-
 17 count under subsection (a)(1).

18 “(e) SPECIAL RULES.—

19 “(1) COORDINATION WITH MEDICAL DEDUC-
 20 TION, ETC.—Any amount paid by a taxpayer for in-
 21 surance to which subsection (a) applies shall not be
 22 taken into account in computing the amount allow-
 23 able to the taxpayer as a deduction under section
 24 213(a).

8 (1) Subsection (l) of section 162 of such Code
9 is hereby repealed.

13 “(18) COSTS OF HEALTH INSURANCE AND
14 LONG-TERM CARE INSURANCE.—The deduction al-
15 lowed by section 222.”

“Sec. 223. Cross reference.”

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1 **SEC. 303. CREDIT FOR TAXPAYERS WITH LONG-TERM CARE**
2 **NEEDS.**

3 (a) ALLOWANCE OF CREDIT.—

4 (1) IN GENERAL.—Section 24(a) of the Internal
5 Revenue Code of 1986 (relating to allowance of child
6 tax credit) is amended to read as follows:

7 “(a) ALLOWANCE OF CREDIT.—There shall be al-
8 lowed as a credit against the tax imposed by this chapter
9 for the taxable year an amount equal to the sum of—

10 “(1) \$500 multiplied by the number of quali-
11 fying children of the taxpayer, plus

12 “(2) \$1,000 multiplied by the number of appli-
13 cable individuals with respect to whom the taxpayer
14 is an eligible caregiver for the taxable year.

15 In any case in which the applicable individual and the eli-
16 gible caregiver are the same individual, the credit allowed
17 by paragraph (2) with respect to such individual shall not
18 exceed the aggregate amount paid by the taxpayer during
19 the taxable year (not compensated for by insurance or oth-
20 erwise) for qualified long-term care services (as defined
21 in section 7702B(c)) for such individual.”

22 (2) ADDITIONAL CREDIT FOR TAXPAYER WITH
23 3 OR MORE SEPARATE CREDIT AMOUNTS.—So much
24 of section 24(d) of such Code as precedes paragraph
25 (1)(A) thereof is amended to read as follows:

1 “(d) ADDITIONAL CREDIT FOR TAXPAYERS WITH 3
2 OR MORE SEPARATE CREDIT AMOUNTS.—

3 “(1) IN GENERAL.—If the sum of the number
4 of qualifying children of the taxpayer and the num-
5 ber of applicable individuals with respect to which
6 the taxpayer is an eligible caregiver is 3 or more for
7 any taxable year, the aggregate credits allowed
8 under subpart C shall be increased by the lesser
9 of—”.

10 (3) CONFORMING AMENDMENTS.—

11 (A) The heading for section 32(n) of such
12 Code is amended by striking “CHILD” and in-
13 serting “FAMILY CARE”.

14 (B) The heading for section 24 is amended
15 to read as follows:

16 **“SEC. 24. FAMILY CARE CREDIT.”**

17 (C) The table of sections for subpart A of
18 part IV of subchapter A of chapter 1 of such
19 Code is amended by striking the item relating
20 to section 24 and inserting the following new
21 item:

“Sec. 24. Family care credit.”.

22 (b) DEFINITIONS.—Section 24(c) of such Code (de-
23 fining qualifying child) is amended to read as follows:

24 “(c) DEFINITIONS.—For purposes of this section—

25 “(1) QUALIFYING CHILD.—

1 “(A) IN GENERAL.—The term ‘qualifying
2 child’ means any individual if—

3 “(i) the taxpayer is allowed a deduc-
4 tion under section 151 with respect to such
5 individual for the taxable year,

6 “(ii) such individual has not attained
7 the age of 17 as of the close of the cal-
8 endar year in which the taxable year of the
9 taxpayer begins, and

10 “(iii) such individual bears a relation-
11 ship to the taxpayer described in section
12 32(c)(3)(B).

13 “(B) EXCEPTION FOR CERTAIN NONCITI-
14 ZENS.—The term ‘qualifying child’ shall not in-
15 clude any individual who would not be a de-
16 pendent if the first sentence of section
17 152(b)(3) were applied without regard to all
18 that follows ‘resident of the United States’.

19 “(2) APPLICABLE INDIVIDUAL.—

20 “(A) IN GENERAL.—The term ‘applicable
21 individual’ means, with respect to any taxable
22 year, any individual who has been certified, be-
23 fore the due date for filing the return of tax for
24 the taxable year (without extensions), by a phy-
25 sician (as defined in section 1861(r)(1) of the

1 Social Security Act) as being an individual with
2 long-term care needs described in subparagraph
3 (B) for a period—

4 “(i) which is at least 180 consecutive
5 days, and

6 “(ii) a portion of which occurs within
7 the taxable year.

8 Such term shall not include any individual oth-
9 erwise meeting the requirements of the pre-
10 ceding sentence unless within the 39½ month
11 period ending on such due date (or such other
12 period as the Secretary prescribes) a physician
13 (as so defined) has certified that such indi-
14 vidual meets such requirements.

15 “(B) INDIVIDUALS WITH LONG-TERM CARE
16 NEEDS.—An individual is described in this sub-
17 paragraph if the individual meets any of the fol-
18 lowing requirements:

19 “(i) The individual is at least 6 years
20 of age and—

21 “(I) is unable to perform (with-
22 out substantial assistance from an-
23 other individual) at least 3 activities
24 of daily living (as defined in section

1 7702B(c)(2)(B)) due to a loss of
2 functional capacity, or

3 “(II) requires substantial super-
4 vision to protect such individual from
5 threats to health and safety due to se-
6 vere cognitive impairment and is un-
7 able to preform, without reminding or
8 cuing assistance, at least 1 activity of
9 at least 1 activity of daily living (as so
10 defined) or to the extent provided in
11 regulations prescribed by the Sec-
12 retary (in consultation with the Sec-
13 retary of Health and Human Serv-
14 ices), is unable to engage in age ap-
15 propriate activities.

16 “(ii) The individual is at least 2 but
17 not 6 years of age and is unable due to a
18 loss of functional capacity to perform
19 (without substantial assistance from an-
20 other individual) at least 2 of the following
21 activities: eating, transferring, or mobility.

22 “(iii) The individual is under 2 years
23 of age and requires specific durable med-
24 ical equipment by reason of a severe health
25 condition or requires a skilled practitioner

1 trained to address the individual's condi-
2 tion to be available if the individual's par-
3 ents or guardians are absent.

4 “(3) ELIGIBLE CAREGIVER.—

5 “(A) IN GENERAL.—A taxpayer shall be
6 treated as an eligible caregiver for any taxable
7 year with respect to the following individuals:

8 “(i) The taxpayer.

9 “(ii) The taxpayer's spouse.

10 “(iii) An individual with respect to
11 whom the taxpayer is allowed a deduction
12 under section 151 for the taxable year.

13 “(iv) An individual who would be de-
14 scribed in clause (iii) for the taxable year
15 if section 151(c)(1)(A) were applied by
16 substituting for the exemption amount an
17 amount equal to the sum of the exemption
18 amount, the standard deduction under sec-
19 tion 63(c)(2)(C), and any additional stand-
20 ard deduction under section 63(c)(3) which
21 would be applicable to the individual if
22 clause (iii) applied.

23 “(v) An individual who would be de-
24 scribed in clause (iii) for the taxable year
25 if—

1 “(I) the requirements of clause
2 (iv) are met with respect to the indi-
3 vidual, and

4 “(II) the requirements of sub-
5 paragraph (B) are met with respect to
6 the individual in lieu of the support
7 test of section 152(a).

8 “(B) RESIDENCY TEST.—The require-
9 ments of this subparagraph are met if an indi-
10 vidual has as his principal place of abode the
11 home of the taxpayer and—

12 “(i) in the case of an individual who
13 is an ancestor or descendant of the tax-
14 payer or the taxpayer’s spouse, is a mem-
15 ber of the taxpayer’s household for over
16 half the taxable year, or

17 “(ii) in the case of any other indi-
18 vidual, is a member of the taxpayer’s
19 household for the entire taxable year.

20 “(C) SPECIAL RULES WHERE MORE THAN
21 1 ELIGIBLE CAREGIVER.—

22 “(i) IN GENERAL.—If more than 1 in-
23 dividual is an eligible caregiver with re-
24 spect to the same applicable individual for
25 taxable years ending with or within the

1 same calendar year, a taxpayer shall be
2 treated as the eligible caregiver if each
3 such individual (other than the taxpayer)
4 files a written declaration (in such form
5 and manner as the Secretary may pre-
6 scribe) that such individual will not claim
7 such applicable individual for the credit
8 under this section.

9 “(ii) NO AGREEMENT.—If each indi-
10 vidual required under clause (i) to file a
11 written declaration under clause (i) does
12 not do so, the individual with the highest
13 modified adjusted gross income (as defined
14 in section 32(c)(5)) shall be treated as the
15 eligible caregiver.

16 “(iii) MARRIED INDIVIDUALS FILING
17 SEPARATELY.—In the case of married indi-
18 viduals filing separately, the determination
19 under this subparagraph as to whether the
20 husband or wife is the eligible caregiver
21 shall be made under the rules of clause (ii)
22 (whether or not one of them has filed a
23 written declaration under clause (i)).”.

24 (c) IDENTIFICATION REQUIREMENTS.—

1 (1) IN GENERAL.—Section 24(e) of such Code
 2 is amended by adding at the end the following new
 3 sentence: “No credit shall be allowed under this sec-
 4 tion to a taxpayer with respect to any applicable in-
 5 dividual unless the taxpayer includes the name and
 6 taxpayer identification number of such individual,
 7 and the identification number of the physician certi-
 8 fying such individual, on the return of tax for the
 9 taxable year.”.

10 (2) ASSESSMENT.—Section 6213(g)(2)(I) of
 11 such Code is amended—

12 (A) by inserting “or physician identifica-
 13 tion” after “correct TIN”, and

14 (B) by striking “child” and inserting
 15 “family care”.

16 (d) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to taxable years beginning after
 18 December 31, 1999.

19 **TITLE IV—EXPANSION OF** 20 **DEPENDENT CARE TAX CREDIT**

21 **SEC. 401. EXPANSION OF DEPENDENT CARE TAX CREDIT.**

22 (a) INCREASE IN PERCENTAGE OF EMPLOYMENT-
 23 RELATED EXPENSES ALLOWED AS CREDIT.—Paragraph
 24 (2) of section 21(a) of the Internal Revenue Code of 1986

1 (defining applicable percentage) is amended to read as fol-
 2 lows:

3 “(2) APPLICABLE PERCENTAGE DEFINED.—

4 “(A) IN GENERAL.—For purposes of para-
 5 graph (1), the term ‘applicable percentage’
 6 means 50 percent reduced (but not below 20
 7 percent) by each \$2,000 (or fraction thereof) by
 8 which the taxpayers’s adjusted gross income for
 9 the taxable year exceeds \$30,000.

10 “(B) PHASEIN.—In the case of taxable
 11 years beginning before January 1, 2004, the
 12 percentage determined under the following table
 13 shall be substituted for ‘50 percent’:

“For taxable years beginning in calendar year—	The percentage is—
2000	30
2001	35
2002	40
2003	45.”

14 (b) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME
 15 PARENTS.—Subsection (e) of section 21 of such Code (re-
 16 lating to special rules) is amended by adding at the end
 17 the following:

18 “(11) MINIMUM CREDIT ALLOWED FOR STAY-
 19 AT-HOME PARENTS.—Notwithstanding subsection
 20 (d), in the case of any taxpayer with one or more
 21 qualifying individuals described in subsection
 22 (b)(1)(A) under the age of 1 at any time during the

1 taxable year, such taxpayer shall be deemed to have
 2 employment-related expenses with respect to such
 3 qualifying individuals in an amount equal to the
 4 greater of—

5 “(A) the amount of employment-related ex-
 6 penses incurred for such qualifying individuals
 7 for the taxable year (determined under this sec-
 8 tion without regard to this paragraph), or

9 “(B) \$120 for each month in such taxable
 10 year during which such qualifying individual is
 11 under the age of 1.”

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section apply to taxable years beginning after Decem-
 14 ber 31, 1999.

15 **TITLE V—ALTERNATIVE** 16 **MINIMUM TAX RELIEF**

17 **SEC. 501. NONREFUNDABLE PERSONAL CREDITS ALLOWED** 18 **AGAINST ALTERNATIVE MINIMUM TAX.**

19 (a) IN GENERAL.—Subsection (a) of section 26 of the
 20 Internal Revenue Code of 1986 is amended to read as fol-
 21 lows:

22 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
 23 aggregate amount of credits allowed by this subpart for
 24 the taxable year shall not exceed the sum of—

1 “(1) the taxpayer’s regular tax liability for the
 2 taxable year reduced the foreign tax credit allowable
 3 under section 27(a), and

4 “(2) the tax imposed for the taxable year by
 5 section 55(a).”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Subsection (d) of section 24 of such Code
 8 is amended by striking paragraph (2) and by redes-
 9 ignating paragraph (3) as paragraph (2).

10 (2) Section 904 of such Code is amended by
 11 striking subsection (h) and by redesignating sub-
 12 sections (i), (j), and (k) as subsections (h), (i), and
 13 (j), respectively.

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

17 **SEC. 502. INCOME AVERAGING FOR FARMERS NOT TO IN-**
 18 **CREASE ALTERNATIVE MINIMUM TAX LIABIL-**
 19 **ITY.**

20 (a) IN GENERAL.—Section 55(c) of the Internal Rev-
 21 enue Code of 1986 (defining regular tax) is amended by
 22 redesignating paragraph (2) as paragraph (3) and by in-
 23 serting after paragraph (1) the following new paragraph:

24 “(2) COORDINATION WITH INCOME AVERAGING
 25 FOR FARMERS.—Solely for purposes of this section,

1 section 1301 (relating to averaging of farm income)
 2 shall not apply in computing the regular tax.”

3 (b) EFFECTIVE DATE.—The amendment made by
 4 this section shall apply to taxable years beginning after
 5 December 31, 1998.

6 **TITLE VI—ELIMINATION OF 60-**
 7 **MONTH LIMIT ON STUDENT**
 8 **LOAN INTEREST DEDUCTION**

9 **SEC. 601. ELIMINATION OF 60-MONTH LIMIT ON STUDENT**
 10 **LOAN INTEREST DEDUCTION.**

11 (a) IN GENERAL.—Section 221 of the Internal Rev-
 12 enue Code of 1986 (relating to interest on education
 13 loans) is amended by striking subsection (d) and by redes-
 14 ignating subsections (e), (f), and (g) as subsections (d),
 15 (e), and (f), respectively.

16 (b) CONFORMING AMENDMENT.—Section 6050(e) of
 17 the Internal Revenue Code of 1986 is amended by striking
 18 “section 221(e)(1)” and inserting “section 221(d)(1)”.

19 (c) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply with respect to any loan interest
 21 paid after December 31, 1997.

1 **TITLE VII—INCREASE IN LOW-IN-**
 2 **COME HOUSING CREDIT**
 3 **STATE CEILING**

4 **SEC. 701. INCREASE IN STATE CEILING ON LOW-INCOME**
 5 **HOUSING CREDIT.**

6 (a) IN GENERAL.—Clause (i) of section 42(h)(3)(C)
 7 of the Internal Revenue Code of 1986 (relating to State
 8 housing credit ceiling) is amended by striking “\$1.25” and
 9 inserting “\$1.75”.

10 (b) ADJUSTMENT OF STATE CEILING FOR IN-
 11 CREASES IN COST-OF-LIVING.—Paragraph (3) of section
 12 42(h) of such Code (relating to housing credit dollar
 13 amount for agencies) is amended by adding at the end
 14 the following new subparagraph:

15 “(H) COST-OF-LIVING ADJUSTMENT.—

16 “(i) IN GENERAL.—In the case of a
 17 calendar year after 2000, the dollar
 18 amount contained in subparagraph (C)(i)
 19 shall be increased by an amount equal to—

20 “(I) such dollar amount, multi-
 21 plied by

22 “(II) the cost-of-living adjust-
 23 ment determined under section 1(f)(3)
 24 for such calendar year by substituting
 25 ‘calendar year 1999’ for ‘calendar

1 year 1992' in subparagraph (B) there-
 2 of.

3 “(ii) ROUNDING.—If any increase
 4 under clause (i) is not a multiple of 5
 5 cents, such increase shall be rounded to
 6 the next lowest multiple of 5 cents.”.

7 (c) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to calendar years after 1999.

9 **TITLE VIII—FARM AND RANCH**
 10 **RISK MANAGEMENT ACCOUNTS**

11 **SEC. 801. FARM AND RANCH RISK MANAGEMENT AC-**
 12 **COUNTS.**

13 (a) IN GENERAL.—Subpart C of part II of sub-
 14 chapter E of chapter 1 of the Internal Revenue Code of
 15 1986 (relating to taxable year for which deductions taken)
 16 is amended by inserting after section 468B the following
 17 new section:

18 **“SEC. 468C. FARM AND RANCH RISK MANAGEMENT AC-**
 19 **COUNTS.**

20 “(a) DEDUCTION ALLOWED.—In the case of an indi-
 21 vidual engaged in an eligible farming business, there shall
 22 be allowed as a deduction for any taxable year the amount
 23 paid in cash by the taxpayer during the taxable year to
 24 a Farm and Ranch Risk Management Account (herein-
 25 after referred to as the ‘FARRM Account’).

1 “(b) LIMITATION.—The amount which a taxpayer
2 may pay into the FARRM Account for any taxable year
3 shall not exceed 20 percent of so much of the taxable in-
4 come of the taxpayer (determined without regard to this
5 section) which is attributable (determined in the manner
6 applicable under section 1301) to any eligible farming
7 business.

8 “(c) ELIGIBLE FARMING BUSINESS.—For purposes
9 of this section, the term ‘eligible farming business’ means
10 any farming business (as defined in section 263A(e)(4))
11 which is not a passive activity (within the meaning of sec-
12 tion 469(c)) of the taxpayer.

13 “(d) FARRM ACCOUNT.—For purposes of this
14 section—

15 “(1) IN GENERAL.—The term ‘FARRM Ac-
16 count’ means a trust created or organized in the
17 United States for the exclusive benefit of the tax-
18 payer, but only if the written governing instrument
19 creating the trust meets the following requirements:

20 “(A) No contribution will be accepted for
21 any taxable year in excess of the amount al-
22 lowed as a deduction under subsection (a) for
23 such year.

24 “(B) The trustee is a bank (as defined in
25 section 408(n)) or another person who dem-

1 onstrates to the satisfaction of the Secretary
2 that the manner in which such person will ad-
3 minister the trust will be consistent with the re-
4 quirements of this section.

5 “(C) The assets of the trust consist en-
6 tirely of cash or of obligations which have ade-
7 quate stated interest (as defined in section
8 1274(c)(2)) and which pay such interest not
9 less often than annually.

10 “(D) All income of the trust is distributed
11 currently to the grantor.

12 “(E) The assets of the trust will not be
13 commingled with other property except in a
14 common trust fund or common investment
15 fund.

16 “(2) ACCOUNT TAXED AS GRANTOR TRUST.—
17 The grantor of a FARRM Account shall be treated
18 for purposes of this title as the owner of such Ac-
19 count and shall be subject to tax thereon in accord-
20 ance with subpart E of part I of subchapter J of
21 this chapter (relating to grantors and others treated
22 as substantial owners).

23 “(e) INCLUSION OF AMOUNTS DISTRIBUTED.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), there shall be includible in the gross in-
3 come of the taxpayer for any taxable year—

4 “(A) any amount distributed from a
5 FARRM Account of the taxpayer during such
6 taxable year, and

7 “(B) any deemed distribution under—

8 “(i) subsection (f)(1) (relating to de-
9 posits not distributed within 5 years),

10 “(ii) subsection (f)(2) (relating to ces-
11 sation in eligible farming business), and

12 “(iii) subparagraph (A) or (B) of sub-
13 section (f)(3) (relating to prohibited trans-
14 actions and pledging account as security).

15 “(2) EXCEPTIONS.—Paragraph (1)(A) shall not
16 apply to—

17 “(A) any distribution to the extent attrib-
18 utable to income of the Account, and

19 “(B) the distribution of any contribution
20 paid during a taxable year to a FARRM Ac-
21 count to the extent that such contribution ex-
22 ceeds the limitation applicable under subsection
23 (b) if requirements similar to the requirements
24 of section 408(d)(4) are met.

1 For purposes of subparagraph (A), distributions
 2 shall be treated as first attributable to income and
 3 then to other amounts.

4 “(3) EXCLUSION FROM SELF-EMPLOYMENT
 5 TAX.—Amounts included in gross income under this
 6 subsection shall not be included in determining net
 7 earnings from self-employment under section 1402.

8 “(f) SPECIAL RULES.—

9 “(1) TAX ON DEPOSITS IN ACCOUNT WHICH
 10 ARE NOT DISTRIBUTED WITHIN 5 YEARS.—

11 “(A) IN GENERAL.—If, at the close of any
 12 taxable year, there is a nonqualified balance in
 13 any FARRM Account—

14 “(i) there shall be deemed distributed
 15 from such Account during such taxable
 16 year an amount equal to such balance, and

17 “(ii) the taxpayer’s tax imposed by
 18 this chapter for such taxable year shall be
 19 increased by 10 percent of such deemed
 20 distribution.

21 The preceding sentence shall not apply if an
 22 amount equal to such nonqualified balance is
 23 distributed from such Account to the taxpayer
 24 before the due date (including extensions) for
 25 filing the return of tax imposed by this chapter

1 for such year (or, if earlier, the date the tax-
2 payer files such return for such year).

3 “(B) NONQUALIFIED BALANCE.—For pur-
4 poses of subparagraph (A), the term ‘non-
5 qualified balance’ means any balance in the Ac-
6 count on the last day of the taxable year which
7 is attributable to amounts deposited in such Ac-
8 count before the 4th preceding taxable year.

9 “(C) ORDERING RULE.—For purposes of
10 this paragraph, distributions from a FARRM
11 Account shall be treated as made from deposits
12 in the order in which such deposits were made,
13 beginning with the earliest deposits. For pur-
14 poses of the preceding sentence, income of such
15 an Account shall be treated as a deposit made
16 on the date such income is received by the Ac-
17 count.

18 “(2) CESSATION IN ELIGIBLE FARMING BUSI-
19 NESS.—At the close of the first disqualification pe-
20 riod after a period for which the taxpayer was en-
21 gaged in an eligible farming business, there shall be
22 deemed distributed from the FARRM Account (if
23 any) of the taxpayer an amount equal to the balance
24 in such Account at the close of such disqualification
25 period. For purposes of the preceding sentence, the

1 term ‘disqualification period’ means any period of 2
2 consecutive taxable years for which the taxpayer is
3 not engaged in an eligible farming business.

4 “(3) CERTAIN RULES TO APPLY.—Rules similar
5 to the following rules shall apply for purposes of this
6 section:

7 “(A) Section 408(e)(2) (relating to loss of
8 exemption of account where individual engages
9 in prohibited transaction).

10 “(B) Section 408(e)(4) (relating to effect
11 of pledging account as security).

12 “(C) Section 408(g) (relating to commu-
13 nity property laws).

14 “(D) Section 408(h) (relating to custodial
15 accounts).

16 “(4) TIME WHEN PAYMENTS DEEMED MADE.—
17 For purposes of this section, a taxpayer shall be
18 deemed to have made a payment to a FARRM Ac-
19 count on the last day of a taxable year if such pay-
20 ment is made on account of such taxable year and
21 is made within 3½ months after the close of such
22 taxable year.

23 “(5) INDIVIDUAL.—For purposes of this sec-
24 tion, the term ‘individual’ shall not include an estate
25 or trust.

1 “(g) REPORTS.—The trustee of a FARRM Account
 2 shall make such reports regarding such Account to the
 3 Secretary and to the person for whose benefit the Account
 4 is maintained with respect to contributions, distributions,
 5 and such other matters as the Secretary may require
 6 under regulations. The reports required by this subsection
 7 shall be filed at such time and in such manner and fur-
 8 nished to such persons at such time and in such manner
 9 as may be required by those regulations.”.

10 (b) DEDUCTION ALLOWED IN COMPUTING AD-
 11 JUSTED GROSS INCOME.—Subsection (a) of section 62 of
 12 such Code (defining adjusted gross income) is amended
 13 by inserting after paragraph (18) the following new para-
 14 graph:

15 “(19) CONTRIBUTIONS TO FARM AND RANCH
 16 RISK MANAGEMENT ACCOUNTS.—The deduction al-
 17 lowed by section 468C(a).”

18 (c) TAX ON EXCESS CONTRIBUTIONS.—

19 (1) Subsection (a) of section 4973 of such Code
 20 (relating to tax on certain excess contributions) is
 21 amended by striking “or” at the end of paragraph
 22 (3), by redesignating paragraph (4) as paragraph
 23 (5), and by inserting after paragraph (3) the fol-
 24 lowing new paragraph:

1 “(4) a FARRM Account (within the meaning of
2 section 468C(d)), or”.

3 (2) Section 4973 of such Code is amended by
4 adding at the end the following new subsection:

5 “(g) EXCESS CONTRIBUTIONS TO FARRM AC-
6 COUNTS.—For purposes of this section, in the case of a
7 FARRM Account (within the meaning of section
8 468C(d)), the term ‘excess contributions’ means the
9 amount by which the amount contributed for the taxable
10 year to the Account exceeds the amount which may be con-
11 tributed to the Account under section 468C(b) for such
12 taxable year. For purposes of this subsection, any con-
13 tribution which is distributed out of the FARRM Account
14 in a distribution to which section 468C(e)(2)(B) applies
15 shall be treated as an amount not contributed.”.

16 (3) The section heading for section 4973 of
17 such Code is amended to read as follows:

18 **“SEC. 4973. EXCESS CONTRIBUTIONS TO CERTAIN AC-
19 COUNTS, ANNUITIES, ETC.”.**

20 (4) The table of sections for chapter 43 of such
21 Code is amended by striking the item relating to sec-
22 tion 4973 and inserting the following new item:

“Sec. 4973. Excess contributions to certain accounts, annuities,
etc.”.

23 (d) TAX ON PROHIBITED TRANSACTIONS.—

1 (1) Subsection (c) of section 4975 of such Code
 2 (relating to prohibited transactions) is amended by
 3 adding at the end the following new paragraph:

4 “(6) SPECIAL RULE FOR FARRM ACCOUNTS.—
 5 A person for whose benefit a FARRM Account
 6 (within the meaning of section 468C(d)) is estab-
 7 lished shall be exempt from the tax imposed by this
 8 section with respect to any transaction concerning
 9 such Account (which would otherwise be taxable
 10 under this section) if, with respect to such trans-
 11 action, the account ceases to be a FARRM Account
 12 by reason of the application of section 468C(f)(3)(A)
 13 to such Account.”.

14 (2) Paragraph (1) of section 4975(e) of such
 15 Code is amended by redesignating subparagraphs
 16 (E) and (F) as subparagraphs (F) and (G), respec-
 17 tively, and by inserting after subparagraph (D) the
 18 following new subparagraph:

19 “(E) a FARRM Account described in sec-
 20 tion 468C(d),”.

21 (e) FAILURE TO PROVIDE REPORTS ON FARRM AC-
 22 COUNTS.—Paragraph (2) of section 6693(a) of such Code
 23 (relating to failure to provide reports on certain tax-fa-
 24 vored accounts or annuities) is amended by redesignating
 25 subparagraphs (C) and (D) as subparagraphs (D) and

1 (E), respectively, and by inserting after subparagraph (B)
 2 the following new subparagraph:

3 “(C) section 468C(g) (relating to FARRM
 4 Accounts).”.

5 (f) CLERICAL AMENDMENT.—The table of sections
 6 for subpart C of part II of subchapter E of chapter 1 of
 7 such Code is amended by inserting after the item relating
 8 to section 468B the following new item:

“Sec. 468C. Farm and Ranch Risk Management Accounts.”.

9 (g) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 the date of the enactment of this Act.

12 **TITLE IX—INCENTIVES FOR** 13 **URBAN REVITALIZATION AND** 14 **OPEN SPACE**

15 **SEC. 901. EXPENSING OF ENVIRONMENTAL REMEDIATION** 16 **COSTS EXPANDED TO CONTAMINATED SITES** 17 **OUTSIDE OF TARGETED AREAS.**

18 (a) IN GENERAL.—Clause (ii) of section 198(c)(1)(A)
 19 of the Internal Revenue Code of 1986 (relating to quali-
 20 fied contaminated sites) is amended to read as follows:

21 “(ii) which is within the United
 22 States, and”.

23 (b) EXPENSE TREATMENT MADE PERMANENT.—
 24 Section 198 of such Code is amended by striking sub-
 25 section (h).

1 (c) CONFORMING AMENDMENT.—Paragraph (2) of
 2 section 198(c) of such Code is amended to read as follows:

3 “(2) NATIONAL PRIORITIES LISTED SITES NOT
 4 INCLUDED.—Such term shall not include any site
 5 which is on, or proposed for, the national priorities
 6 list under section 105(a)(8)(B) of the Comprehen-
 7 sive Environmental Response, Compensation, and
 8 Liability Act of 1980 (as in effect on the date of the
 9 enactment of this section).”

10 (d) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to expenditures paid or incurred
 12 after the date of the enactment of this Act in taxable years
 13 ending after such date.

14 **SEC. 902. MODIFICATIONS TO ENCOURAGE CONTRIBU-**
 15 **TIONS OF CAPITAL GAIN REAL PROPERTY**
 16 **MADE FOR CONSERVATION PURPOSES AND**
 17 **OF QUALIFIED CONSERVATION CONTRIBU-**
 18 **TIONS.**

19 (a) CONTRIBUTIONS OF CAPITAL GAIN REAL PROP-
 20 erty MADE FOR CONSERVATION PURPOSES AND OF
 21 QUALIFIED CONSERVATION CONTRIBUTIONS NOT SUB-
 22 JECT TO SPECIAL LIMITATION ON CONTRIBUTIONS OF
 23 CAPITAL GAIN PROPERTY.—Subparagraph (C) of section
 24 170(b)(1) of the Internal Revenue Code of 1986 (relating
 25 to special limitation with respect to contributions de-

1 scribed in subparagraph (A) of capital gain property) is
2 amended by redesignating clause (iv) as clause (v) and by
3 inserting after clause (iii) the following new clause:

4 “(iv) In the case of charitable con-
5 tributions described in subparagraph (A)
6 of capital gain property, clauses (i) and (ii)
7 shall not apply to—

8 “(I) any qualified conservation
9 contribution (as defined in section
10 170(h)), or

11 “(II) any other contribution of
12 capital gain property which is real
13 property if the contribution is of the
14 donor’s entire interest in such prop-
15 erty and is to a qualified organization
16 (as defined in section 170(h)(3))
17 which is organized for conservation
18 purposes (as defined in section
19 170(h)(4)(A)) and which provides the
20 taxpayer, at the time of such dona-
21 tion, a letter of intent which contains
22 an acknowledgment of the donee’s in-
23 tent that the property is being ac-
24 quired for any such conservation pur-
25 pose.”.

1 (b) UNLIMITED CARRYOVER FOR CONTRIBUTIONS OF
 2 CAPITAL GAIN REAL PROPERTY FOR CONSERVATION
 3 PURPOSES AND OF QUALIFIED CONSERVATION CON-
 4 TRIBUTIONS OF CAPITAL GAIN PROPERTY.—Paragraph
 5 (1) of section 170(d) of such Code is amended by adding
 6 at the end the following new subparagraph:

7 “(C) UNLIMITED CARRYOVER FOR CON-
 8 TRIBUTIONS OF CAPITAL GAIN REAL PROPERTY
 9 FOR CONSERVATION PURPOSES AND OF QUALI-
 10 FIED CONSERVATION CONTRIBUTIONS OF CAP-
 11 ITAL GAIN PROPERTY.—The 5 taxable year lim-
 12 itation in subparagraph (A) shall not apply to
 13 any charitable contribution to which clauses (i)
 14 and (ii) of subsection (b)(1)(C) do not apply by
 15 reason of clause (iv) thereof. For purposes of
 16 this paragraph, the excess described in the ma-
 17 terial preceding clause (i) of subparagraph (A)
 18 shall be treated as attributable to contributions
 19 described in the preceding sentence of this sub-
 20 paragraph to the extent of such contributions.”.

21 (c) EFFECTIVE DATE.—The amendment made by
 22 this section shall apply to contributions made in taxable
 23 years beginning after the date of the enactment of this
 24 Act.

1 **TITLE X—EXTENSION OF**
2 **CERTAIN EXPIRING PROVISIONS**

3 **SEC. 1001. RESEARCH CREDIT.**

4 (a) CREDIT MADE PERMANENT.—

5 (1) IN GENERAL.—Section 41 of the Internal
6 Revenue Code of 1986 (relating to credit for increas-
7 ing research activities) is amended by striking sub-
8 section (h).

9 (2) CONFORMING AMENDMENT.—Paragraph (1)
10 section 45C(b) of such Code is amended by striking
11 subparagraph (D).

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

15 (b) INCREASE IN PERCENTAGES UNDER ALTER-
16 NATIVE INCREMENTAL CREDIT.—

17 (1) IN GENERAL.—Subparagraph (A) of section
18 41(c)(4) of such Code is amended—

19 (A) by striking “1.65 percent” and insert-
20 ing “2.65 percent”,

21 (B) by striking “2.2 percent” and inserting
22 “3.2 percent”, and

23 (C) by striking “2.75 percent” and insert-
24 ing “3.75 percent”.

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

4 **SEC. 1002. WORK OPPORTUNITY CREDIT.**

5 (a) CREDIT MADE PERMANENT.—Subsection (c) of
6 section 51 of the Internal Revenue Code of 1986 is amend-
7 ed by striking paragraph (4).

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to individuals who begin work
10 for the employer after June 30, 1999.

11 **SEC. 1003. PERMANENT SUBPART F EXEMPTION FOR AC-**
12 **TIVE FINANCING INCOME.**

13 (a) BANKING, FINANCING, OR SIMILAR BUSI-
14 NESSES.—Subsection (h) of section 954 of the Internal
15 Revenue Code of 1986 (relating to special rule for income
16 derived in the active conduct of banking, financing, or
17 similar businesses) is amended by striking paragraph (9).

18 (b) INSURANCE BUSINESSES.—Subsection (a) of sec-
19 tion 953 of such Code (defining insurance income) is
20 amended by striking paragraph (10) and by redesignating
21 paragraph (11) as paragraph (10).

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years of a foreign cor-
24 poration beginning after December 31, 1998, and to tax-

1 able years of United States shareholders with or within
 2 which such taxable years of such foreign corporation end.

3 **SEC. 1004. CREDIT FOR ELECTRICITY PRODUCED FROM RE-**
 4 **NEWABLE RESOURCES.**

5 (a) EXTENSION AND MODIFICATION OF PLACED-IN-
 6 SERVICE RULES.—Paragraph (3) of section 45(c) of the
 7 Internal Revenue Code of 1986 is amended to read as fol-
 8 lows:

9 “(3) QUALIFIED FACILITY.—

10 “(A) WIND FACILITIES.—In the case of a
 11 facility using wind to produce electricity, the
 12 term ‘qualified facility’ means any facility
 13 owned by the taxpayer which is originally
 14 placed in service after December 31, 1993, and
 15 before July 1, 2004.

16 “(B) BIOMASS FACILITIES.—In the case of
 17 a facility using biomass to produce electricity,
 18 the term ‘qualified facility’ means, with respect
 19 to any month, any facility owned by the tax-
 20 payer which is originally placed in service before
 21 July 1, 2004, if, for such month—

22 “(i) biomass comprises not less than
 23 75 percent (on a Btu basis) of the average
 24 monthly fuel input of the facility for the
 25 taxable year which includes such month, or

1 “(ii) in the case of a facility prin-
2 cipally using coal to produce electricity,
3 biomass comprises not more than 25 per-
4 cent (on a Btu basis) of the average
5 monthly fuel input of the facility for the
6 taxable year which includes such month.

7 “(C) SPECIAL RULES.—

8 “(i) In the case of a qualified facility
9 described in subparagraph (B)(i)—

10 “(I) the 10-year period referred
11 to in subsection (a) shall be treated as
12 beginning no earlier than the date of
13 the enactment of this paragraph, and

14 “(II) subsection (b)(3) shall not
15 apply to any such facility originally
16 placed in service before January 1,
17 1997.

18 “(ii) In the case of a qualified facility
19 described in subparagraph (B)(ii)—

20 “(I) the 10-year period referred
21 to in subsection (a) shall be treated as
22 beginning no earlier than the date of
23 the enactment of this paragraph, and

24 “(II) the amount of the credit
25 determined under subsection (a) with

1 respect to any project for any taxable
 2 year shall be adjusted by multiplying
 3 such amount (determined without re-
 4 gard to this clause) by 0.59.”.

5 (b) CREDIT NOT TO APPLY TO ELECTRICITY SOLD
 6 TO UTILITIES UNDER CERTAIN CONTRACTS.—Subsection
 7 (b) of section 45 of such Code is amended by adding at
 8 the end the following new paragraph:

9 “(4) CREDIT NOT TO APPLY TO ELECTRICITY
 10 SOLD TO UTILITIES UNDER CERTAIN CONTRACTS.—

11 “(A) IN GENERAL.—The credit determined
 12 under subsection (a) shall not apply to
 13 electricity—

14 “(i) produced at a qualified facility
 15 placed in service by the taxpayer after
 16 June 30, 1999, and

17 “(ii) sold to a utility pursuant to a
 18 contract originally entered into before Jan-
 19 uary 1, 1987 (whether or not amended or
 20 restated after that date).

21 “(B) .—Subparagraph (A) shall not apply
 22 if—

23 “(i) the prices for energy and capacity
 24 from such facility are established pursuant

1 to an amendment to the contract referred
2 to in subparagraph (A)(ii);

3 “(ii) such amendment provides that
4 the prices set forth in the contract which
5 exceed avoided cost prices determined at
6 the time of delivery shall apply only to an-
7 nual quantities of electricity (prorated for
8 partial years) which do not exceed the
9 greater of—

10 “(I) the average annual quantity
11 of electricity sold to the utility under
12 the contract during calendar years
13 1994, 1995, 1996, 1997, and 1998,
14 or

15 “(II) the estimate of the annual
16 electricity production set forth in the
17 contract, or, if there is no such esti-
18 mate, the greatest annual quantity of
19 electricity sold to the utility under the
20 contract in any of the calendar years
21 1996, 1997, or 1998; and

22 “(iii) such amendment provides that
23 energy and capacity in excess of the limita-
24 tion in clause (ii) may be—

1 “(I) sold to the utility only at
 2 prices that do not exceed avoided cost
 3 prices determined at the time of deliv-
 4 ery, or

5 “(II) sold to a third party subject
 6 to a mutually agreed upon advance
 7 notice to the utility.

8 For purposes of this subparagraph, avoided cost
 9 prices shall be determined as provided for in 18
 10 CFR 292.304(d)(1) or any successor regula-
 11 tion.”.

12 (c) QUALIFIED FACILITIES INCLUDE ALL BIOMASS
 13 FACILITIES.—

14 (1) IN GENERAL.—Subparagraph (B) of section
 15 45(c)(1) of such Code is amended to read as follows:

16 “(B) biomass.”

17 (2) BIOMASS DEFINED.—Paragraph (2) of sec-
 18 tion 45(c) of such Code is amended to read as fol-
 19 lows:

20 “(2) BIOMASS.—The term ‘biomass’ means—

21 “(A) any organic material from a plant
 22 which is planted exclusively for purposes of
 23 being used at a qualified facility to produce
 24 electricity, and

1 “(B) any solid, nonhazardous, cellulosic
2 waste material, which is segregated from other
3 waste materials, and which is derived from—

4 “(i) any of the following forest-related
5 resources: mill residues, precommercial
6 thinnings, slash, and brush, but not includ-
7 ing old-growth timber,

8 “(ii) waste pallets, crates, and
9 dunnage, manufacturing and construction
10 wood wastes (other than pressure-treated,
11 chemically-treated, or painted wood
12 wastes), and landscape or right-of-way tree
13 trimmings, but not including unsegregated
14 municipal solid waste (garbage), or

15 “(iii) agriculture sources, including or-
16 chard tree crops, vineyard, grain, legumes,
17 sugar, and other crop by-products or resi-
18 dues.”

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to electricity produced after the
21 date of the enactment of this Act.

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