

Calendar No. 342

106TH CONGRESS
1ST SESSION

S. 1770

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

IN THE SENATE OF THE UNITED STATES

OCTOBER 22, 1999

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

OCTOBER 25, 1999

Read the second time and placed on the calendar

A BILL

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

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

3 **SECTION 1. SHORT TITLE; ETC.**

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

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—EXTENSION OF EXPIRING INCENTIVES

SEC. 101. PERMANENT EXTENSION OF RESEARCH AND DEVELOPMENT CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Section 41 (relating to credit for increasing research activities) is amended by striking subsection (h).

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

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

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT.—

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

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

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

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

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

10 (c) SPECIAL RULE.—

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

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

25 (3) EXPEDITED REFUNDS.—

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

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

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

- 15 (i) review the application,
16 (ii) determine the amount of the over-
17 payment, and
18 (iii) apply, credit, or refund such over-
19 payment,

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

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

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

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

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

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

1 **SEC. 102. EXTENSION OF MINIMUM TAX RELIEF FOR INDIVIDUALS.**
 2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **TITLE II—REVENUE OFFSET**

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

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

“1999	108.5
2000	106”.

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

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