

105TH CONGRESS
1ST SESSION

H. R. 160

To amend the Internal Revenue Code of 1986 to clarify the application
of the retail tax on heavy trucks and trailers.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. ENGLISH of Pennsylvania 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 clarify
the application of the retail tax on heavy trucks and trailers.

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. MODIFICATION OF RETAIL TAX ON HEAVY**
4 **TRUCKS AND TRAILERS.**

5 (a) **TRACTORS SUBJECT TO TAX ONLY IF SUITABLE**
6 **FOR USE WITH HEAVY TRAILERS OR SEMITRAILERS.—**

7 Paragraph (2) of section 4051(a) of the Internal Revenue
8 Code of 1986 (relating to exclusion for trucks weighing
9 33,000 pounds or less) is amended to read as follows:

1 “(2) EXCLUSION FOR TRUCKS, ETC., WEIGHING
2 33,000 POUNDS OR LESS.—The tax imposed by para-
3 graph (1) shall not apply to any article described in
4 subparagraph (A), (B), or (E) of paragraph (1)
5 which is suitable for use with a vehicle which has a
6 gross vehicle weight of 33,000 pounds or less (as de-
7 termined under regulations prescribed by the Sec-
8 retary).”

9 (b) CERTAIN REPAIRS AND MODIFICATIONS NOT
10 TREATED AS MANUFACTURE.—Section 4052 of such Code
11 is amended by redesignating the subsection defining a
12 long-term lease as subsection (e) and by adding at the end
13 the following new subsection:

14 “(f) CERTAIN REPAIRS AND MODIFICATIONS NOT
15 TREATED AS MANUFACTURE.—

16 “(1) IN GENERAL.—An article described in sec-
17 tion 4051(a)(1) shall not be treated as manufac-
18 tured or produced solely by reason of repairs or
19 modifications to the article (including any modifica-
20 tion which changes the transportation function of
21 the article or restores a wrecked article to a func-
22 tional condition) if the cost of such repairs and
23 modifications does not exceed 75 percent of the re-
24 tail price of a comparable new article.

1 “(2) EXCEPTION.—Paragraph (1) shall not
2 apply if the article (as repaired or modified) would,
3 if new, be taxable under section 4051 and the article
4 when new was not taxable under this section or the
5 corresponding provision of prior law.”

6 (c) CREDIT FOR TIRE TAX IN LIEU OF EXCLUSION
7 OF VALUE OF TIRES IN COMPUTING PRICE.—

8 (1) IN GENERAL.—Subsection (e) of section
9 4051 of such Code is amended to read as follows:

10 “(e) CREDIT AGAINST TAX FOR TIRE TAX.—If—

11 “(1) tires are sold on or in connection with the
12 sale of any article, and

13 “(2) tax is imposed by this subchapter on the
14 sale of such tires,

15 there shall be allowed as a credit against the tax imposed
16 by this subchapter an amount equal to the tax (if any)
17 imposed by section 4071 on such tires.”

18 (2) CONFORMING AMENDMENT.—Subparagraph
19 (B) of section 4052(b)(1) of such Code is amended
20 by striking clause (iii), by adding “and” at the end
21 of clause (ii), and by redesignating clause (iv) as
22 clause (iii).

23 (d) SIMPLIFICATION OF CERTIFICATION PROCE-
24 DURES WITH RESPECT TO SALES OF TAXABLE ARTI-
25 CLES.—

1 (1) REPEAL OF REGISTRATION REQUIRE-
2 MENT.—Subsection (d) of section 4052 of such Code
3 is amended by striking “rules of—” and all that fol-
4 lows through “shall apply” and inserting “rules of
5 subsections (c) and (d) of section 4216 (relating to
6 partial payments) shall apply”.

7 (2) REQUIREMENT TO MODIFY REGULA-
8 TIONS.—Section 4052 of such Code is amended by
9 adding at the end the following new subsection:

10 “(g) REGULATIONS.—The Secretary shall prescribe
11 regulations which permit, in lieu of any other certification,
12 persons who are purchasing articles taxable under this
13 subchapter for resale or leasing in a long-term lease to
14 execute a statement (made under penalties of perjury) on
15 the sale invoice that such sale is for resale. The Secretary
16 shall not impose any registration requirement as a condi-
17 tion of using such procedure.”

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect on January 1, 1998.

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