

107TH CONGRESS  
2D SESSION

# S. 2678

To amend the Internal Revenue Code of 1986 to transfer all excise taxes imposed on alcohol fuels to the Highway Trust Fund, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 25, 2002

Mr. BAUCUS (for himself, Mr. CRAPO, Mr. HARKIN, Mr. WARNER, Mr. DASCHLE, Mr. CRAIG, Mr. BOND, Mr. GRAHAM, Mrs. CARNAHAN, Mr. REID, Mr. THOMAS, Mr. ENZI, and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to transfer all excise taxes imposed on alcohol fuels to the Highway Trust Fund, 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 “Maximum Economic  
5 Growth for America Through the Highway Trust Fund  
6 Act” or the “MEGA Trust Act”.

1 **SEC. 2. ALL ALCOHOL FUELS TAXES TRANSFERRED TO**  
 2 **HIGHWAY TRUST FUND.**

3 (a) IN GENERAL.—Section 9503(b)(4) of the Internal  
 4 Revenue Code of 1986 (relating to certain taxes not trans-  
 5 ferred to Highway Trust Fund) is amended—

6 (1) by adding “or” at the end of subparagraph  
 7 (C),

8 (2) by striking the comma at the end of sub-  
 9 paragraph (D)(iii) and inserting a period, and

10 (3) by striking subparagraphs (E) and (F).

11 (b) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to taxes received in the Treasury  
 13 after September 30, 2003.

14 **SEC. 3. GENERAL FUND TRANSFER TO HIGHWAY TRUST**  
 15 **FUND OF AMOUNT EQUAL TO UNTAXED POR-**  
 16 **TION OF GASOHOL CONTAINING ETHANOL.**

17 (a) IN GENERAL.—Section 9503(b) of the Internal  
 18 Revenue Code of 1986 (relating to transfer to Highway  
 19 Trust Fund of amounts equivalent to certain taxes) is  
 20 amended—

21 (1) by redesignating paragraph (5) as para-  
 22 graph (6),

23 (2) by inserting after paragraph (4) the fol-  
 24 lowing new paragraph:

25 “(5) GENERAL REVENUE TRANSFER EQUAL TO  
 26 UNTAXED PORTION OF GASOHOL CONTAINING ETH-

1 ANOL.—There are hereby appropriated to the High-  
2 way Trust Fund with respect to any qualified alco-  
3 hol mixture described in section 4081(c)(4)(A)(i),  
4 amounts equivalent to the excess of the rate of tax  
5 which would (but for section 4081(c)) be determined  
6 under section 4081(a) over the alcohol mixture rate  
7 determined under section 4081(c)(4)(A)(i) and im-  
8 posed on such mixture, as determined by the Sec-  
9 retary, after consultation with the Secretary of  
10 Transportation. Such amounts shall be appropriated  
11 and transferred from the general fund in the man-  
12 ner in which taxes determined under section 4081(a)  
13 would have been transferred by the Secretary of the  
14 Treasury and such amounts shall be treated as taxes  
15 received in the Treasury under such section.”.

16 (b) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply with respect to the removal or  
18 entry of any mixture after September 30, 2003.

19 **SEC. 4. INTEREST CREDITED TO HIGHWAY TRUST FUND.**

20 (a) IN GENERAL.—Section 9503 of the Internal Rev-  
21 enue Code of 1986 (relating to Highway Trust Fund) is  
22 amended by striking subsection (f).

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply with respect to obligations held by  
25 the Highway Trust Fund after September 30, 2003.

1 **SEC. 5. EXTENSION OF HIGHWAY-RELATED TAXES AND**  
2 **TRUST FUND.**

3 (a) **EXTENSION OF TAXES.—**

4 (1) **IN GENERAL.—**The following provisions of  
5 the Internal Revenue Code of 1986 are each amend-  
6 ed by striking “2005” each place it appears and in-  
7 serting “2011”:

8 (A) Section 4041(a)(1)(C)(iii)(I) (relating  
9 to rate of tax on certain buses).

10 (B) Section 4041(a)(2)(B) (relating to rate  
11 of tax on special motor fuels).

12 (C) Section 4041(m)(1)(A) (relating to  
13 certain alcohol fuels).

14 (D) Section 4051(c) (relating to termi-  
15 nation of tax on heavy trucks and trailers).

16 (E) Section 4071(d) (relating to termi-  
17 nation of tax on tires).

18 (F) Section 4081(d)(1) (relating to termi-  
19 nation of tax on gasoline, diesel fuel, and ker-  
20 osene).

21 (G) Section 4481(e) (relating to period tax  
22 in effect).

23 (H) Section 4482(c)(4) (relating to taxable  
24 period).

1 (I) Section 4482(d) (relating to special  
2 rule for taxable period in which termination  
3 date occurs).

4 (2) FLOOR STOCKS REFUNDS.—Section  
5 6412(a)(1) of such Code (relating to floor stocks re-  
6 funds) is amended—

7 (A) by striking “2005” each place it ap-  
8 pears and inserting “2011”, and

9 (B) by striking “2006” each place it ap-  
10 pears and inserting “2012”.

11 (b) EXTENSION OF CERTAIN EXEMPTIONS.—The fol-  
12 lowing provisions of the Internal Revenue Code of 1986  
13 are each amended by striking “2005” and inserting  
14 “2011”:

15 (1) Section 4221(a) (relating to certain tax-free  
16 sales).

17 (2) Section 4483(g) (relating to termination of  
18 exemptions for highway use tax).

19 (c) EXTENSION OF DEPOSITS INTO, AND CERTAIN  
20 TRANSFERS FROM, TRUST FUND.—

21 (1) IN GENERAL.—Subsection (b), and para-  
22 graphs (2) and (3) of subsection (c), of section 9503  
23 of the Internal Revenue Code of 1986 (relating to  
24 the Highway Trust Fund) are each amended—

1 (A) by striking “2005” each place it ap-  
 2 pears and inserting “2011”, and

3 (B) by striking “2006” each place it ap-  
 4 pears and inserting “2012”.

5 (2) MOTORBOAT AND SMALL-ENGINE FUEL TAX  
 6 TRANSFERS.—

7 (A) IN GENERAL.—Paragraphs (4)(A)(i)  
 8 and (5)(A) of section 9503(c) of such Code are  
 9 each amended by striking “2005” and inserting  
 10 “2011”.

11 (B) CONFORMING AMENDMENTS TO LAND  
 12 AND WATER CONSERVATION FUND.—Section  
 13 201(b) of the Land and Water Conservation  
 14 Fund Act of 1965 (16 U.S.C. 460l–11(b)) is  
 15 amended—

16 (i) by striking “2003” and inserting  
 17 “2009”, and

18 (ii) by striking “2004” each place it  
 19 appears and inserting “2010”.

20 **SEC. 6. NATIONAL SURFACE TRANSPORTATION INFRA-**  
 21 **STRUCTURE FINANCING COMMISSION.**

22 (a) ESTABLISHMENT.—There is established a Na-  
 23 tional Surface Transportation Infrastructure Financing  
 24 Commission (in this section referred to as the “Commis-  
 25 sion”). The Commission shall hold its first meeting within

1 90 days of the appointment of the eighth individual to be  
2 named to the Commission.

3 (b) FUNCTION.—

4 (1) IN GENERAL.—The Commission shall—

5 (A) make a thorough investigation and  
6 study of revenues flowing into the Highway  
7 Trust Fund under current law, including the in-  
8 dividual components of the overall flow of such  
9 revenues;

10 (B) consider whether the amount of such  
11 revenues is likely to increase, decline, or remain  
12 unchanged, absent changes in the law, particu-  
13 larly by taking into account the impact of pos-  
14 sible changes in public vehicular choice, fuel  
15 use, or travel alternatives that could be ex-  
16 pected to reduce or increase revenues into the  
17 Highway Trust Fund;

18 (C) consider alternative approaches to gen-  
19 erating revenues for the Highway Trust Fund,  
20 and the level of revenues that such alternatives  
21 would yield;

22 (D) consider highway and transit needs  
23 and whether additional revenues into the High-  
24 way Trust Fund, or other Federal revenues  
25 dedicated to highway and transit infrastructure,

1           would be required in order to meet such needs;  
2           and

3           (E) study such other matters closely re-  
4           lated to the subjects described in the preceding  
5           subparagraphs as it may deem appropriate.

6           (2) TIME FRAME OF INVESTIGATION AND  
7           STUDY.—The time frame to be considered by the  
8           Commission shall extend through the year 2015, to  
9           the extent data is reasonably available.

10          (3) PREPARATION OF REPORT.—Based on such  
11          investigation and study, the Commission shall de-  
12          velop a final report, with recommendations and the  
13          bases for those recommendations, indicating policies  
14          that should be adopted, or not adopted, to achieve  
15          various levels of annual revenue for the Highway  
16          Trust Fund and to enable the Highway Trust Fund  
17          to receive revenues sufficient to meet highway and  
18          transit needs. Such recommendations shall address,  
19          among other matters as the Commission may deem  
20          appropriate—

21                  (A) what levels of revenue are required by  
22                  the Federal Highway Trust Fund in order for  
23                  it to meet needs to—

24                                  (i) maintain, and

1 (ii) improve the condition and per-  
2 formance of the Nation's highway and  
3 transit systems;

4 (B) what levels of revenue are required by  
5 the Federal Highway Trust Fund in order to  
6 ensure that Federal levels of investment in  
7 highways and transit do not decline in real  
8 terms; and

9 (C) the extent, if any, to which the High-  
10 way Trust Fund should be augmented by other  
11 mechanisms or funds as a Federal means of fi-  
12 nancing highway and transit infrastructure in-  
13 vestments.

14 (c) MEMBERSHIP.—

15 (1) APPOINTMENT.—The Commission shall be  
16 composed of 15 members, appointed as follows:

17 (A) 7 members appointed by the Secretary  
18 of Transportation, in consultation with the Sec-  
19 retary of the Treasury.

20 (B) 2 members appointed by the Chairman  
21 of the Committee on Ways and Means of the  
22 House of Representatives.

23 (C) 2 members appointed by the Ranking  
24 Minority Member of the Committee on Ways  
25 and Means of the House of Representatives.

1 (D) 2 members appointed by the Chairman  
2 of the Committee on Finance of the Senate.

3 (E) 2 members appointed by the Ranking  
4 Minority Member of the Committee on Finance  
5 of the Senate.

6 (2) QUALIFICATIONS.—Members appointed pur-  
7 suant to paragraph (1) shall be appointed from  
8 among individuals knowledgeable in the fields of  
9 public transportation finance or highway and transit  
10 programs, policy, and needs, and may include rep-  
11 resentatives of interested parties, such as State and  
12 local governments or other public transportation au-  
13 thorities or agencies, representatives of the transpor-  
14 tation construction industry (including suppliers of  
15 technology, machinery and materials), transportation  
16 labor (including construction and providers), trans-  
17 portation providers, the financial community, and  
18 users of highway and transit systems.

19 (3) TERMS.—Members shall be appointed for  
20 the life of the Commission.

21 (4) VACANCIES.—A vacancy in the Commission  
22 shall be filled in the manner in which the original  
23 appointment was made.

24 (5) TRAVEL EXPENSES.—Members shall serve  
25 without pay but shall receive travel expenses, includ-

1       ing per diem in lieu of subsistence, in accordance  
2       with sections 5702 and 5703 of title 5, United  
3       States Code.

4               (6) CHAIRMAN.—The Chairman of the Commis-  
5       sion shall be elected by the members.

6       (d) STAFF.—The Commission may appoint and fix  
7       the pay of such personnel as it considers appropriate.

8       (e) FUNDING.—Funding for the Commission shall be  
9       provided by the Secretary of the Treasury and by the Sec-  
10      retary of Transportation, out of funds available to those  
11      agencies for administrative and policy functions.

12      (f) STAFF OF FEDERAL AGENCIES.—Upon request  
13      of the Commission, the head of any department or agency  
14      of the United States may detail any of the personnel of  
15      that department or agency to the Commission to assist  
16      in carrying out its duties under this section.

17      (g) OBTAINING DATA.—The Commission may secure  
18      directly from any department or agency of the United  
19      States, information (other than information required by  
20      any law to be kept confidential by such department or  
21      agency) necessary for the Commission to carry out its du-  
22      ties under this section. Upon request of the Commission,  
23      the head of that department or agency shall furnish such  
24      nonconfidential information to the Commission. The Com-  
25      mission shall also gather evidence through such means as

1 it may deem appropriate, including through holding hear-  
2 ings and soliciting comments by means of Federal Reg-  
3 ister notices.

4 (h) REPORT.—Not later than 2 years after the date  
5 of its first meeting, the Commission shall transmit its final  
6 report, including recommendations, to the Secretary of  
7 Transportation, the Secretary of the Treasury, and the  
8 Committee on Ways and Means of the House of Rep-  
9 resentatives, the Committee on Finance of the Senate, the  
10 Committee on Transportation and Infrastructure of the  
11 House of Representatives, the Committee on Environment  
12 and Public Works of the Senate, and the Committee on  
13 Banking, Housing, and Urban Affairs of the Senate.

14 (i) TERMINATION.—The Commission shall terminate  
15 on the 180th day following the date of transmittal of the  
16 report under subsection (h). All records and papers of the  
17 Commission shall thereupon be delivered to the Adminis-  
18 trator of General Services for deposit in the National Ar-  
19 chives.

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