

HR 3971

Highway Reauthorization Tax Act of 2004

**Congress:** 108 (2003–2005, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Mar 16, 2004

**Current Status:** Placed on the Union Calendar, Calendar No. 257.

**Latest Action:** Placed on the Union Calendar, Calendar No. 257. (Mar 23, 2004)

**Official Text:** <https://www.congress.gov/bill/108th-congress/house-bill/3971>

Sponsor

**Name:** Rep. Thomas, William M. [R-CA-22]

**Party:** Republican • **State:** CA • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Transportation and Infrastructure Committee	House	Bills of Interest - Exchange of Letters	Sep 14, 2004
Ways and Means Committee	House	Reported By	Mar 24, 2004

Subjects & Policy Tags

**Policy Area:**

Taxation

Related Bills

Bill	Relationship	Last Action
108 HR 3967	Related bill	<b>Mar 12, 2004:</b> Referred to the House Committee on Ways and Means.

Highway Reauthorization Tax Act of 2004 - **Title I: Restructuring of Incentives for Alcohol Fuels, Etc.** - (Sec. 101) Amends the Internal Revenue Code to repeal provisions allowing for reductions in the excise tax on certain alcohol fuel mixtures. Allows taxpayers to apply the income tax credit for alcohol products used as fuel against their excise tax liability or to apply for payments to the extent that the amount of such credit exceeds their excise tax liability. Applies the credit only to alcohol with a proof of less than 190 and treats as alcohol the alcohol gallon equivalent of ethyl tertiary butyl ether or other ethers produced from such alcohol. Terminates the repeal of the excise tax reductions and the tax credit after December 31, 2010.

Allows taxpayers to file claims for alcohol fuel tax refunds for less than \$200 if those claims are filed electronically. Allows payment of interest on unpaid claims more than 45 days old (20 days if filed electronically).

Repeals provisions limiting the amount of certain alcohol fuel tax receipts that shall be transferred to the Highway Trust Fund. Provides that the amount of such receipts that shall be appropriated to the Fund shall include amounts equivalent to the excise tax credits allowed for alcohol fuel mixtures.

**Title II: Reduction of Fuel Tax Evasion** - (Sec. 201) Exempts mobile machinery from the excise tax on heavy trucks sold at retail, the use tax on highway vehicles, and tax on tires. Establishes a design-based test and a use-based test (less than 7,500 miles use on public highways per year) to determine whether certain equipment qualifies as mobile machinery for purposes of the tax exemption. Allows refunds of taxes paid on mobile machinery on an annual basis only.

(Sec. 202) Revises rules for the taxation of aviation-grade kerosene. Retains current tax rates on such fuel, but allows a reduced rate of 4.3 percent (as under current law) for fuel which is removed from any refinery or terminal directly into the fuel tank of a commercial aircraft. Treats certain refueler trucks, tankers and tank wagons as a terminal for purposes of the reduced tax rate on aviation-grade kerosene if specified conditions are met. Imposes an additional floor stocks tax on aviation-grade kerosene held by a person on October 1, 2004.

(Sec. 203) Changes the dyeing process for the diesel fuel and kerosene tax exemption from manual to mechanical injection. Requires the Secretary to issue regulations on mechanical dye injection systems, including standards for making such systems tamper resistant. Imposes a penalty for tampering with a mechanical dye injection system of the greater of \$25,000 or \$10 for each gallon of fuel involved. Imposes a penalty upon the operator of a mechanical dye injection system of \$1,000 for each failure to maintain security standards and \$1,000 for each day such operator fails to correct a violation.

(Sec. 204) Authorizes the Secretary to inspect any books, records, and shipping papers pertaining to taxable fuels (i.e. gasoline, diesel fuel, and kerosene) at locations where such fuels are produced or stored.

(Sec. 205) Extends the bulk transfer exemption from taxable fuels to registered pipeline or vessel operators. Requires the Secretary to publish a current list of persons registered for the exemption.

(Sec. 206) Requires every operator of a vessel who is required to register for the bulk transfer exemption to display proof of registration through a prescribed electronic identification device on each vessel used by such operator to transport any taxable fuel. Imposes a penalty on an operator of \$500 for each failure to display proof of registration, with increased penalties for multiple violations. Waives such penalties if an operator shows reasonable cause for failure to register.

(Sec. 207) Increases to \$10,000 certain civil and criminal penalties for failure to register or for falsely representing

registration status with respect to a taxable fuel.

Imposes a penalty of \$10,000 and daily penalties of \$1,000 for failure to register with respect to the excise taxes on special fuels, gasoline fuels and aviation fuels. Imposes a penalty of \$10,000 for failure to report required information. Waives such penalties upon a showing of reasonable cause.

(Sec. 208) Imputes to a registered importer of record liability for unpaid excise tax owed by an unregistered importer. Authorizes the Secretary to collect any unpaid tax from the custom bond posted by the registered importer.

(Sec. 209) Allows for the proration of the use tax on heavy vehicles (weighing more than 55,000 pounds) that are sold before the end of the taxable period. Repeals provisions allowing installment payments of such use tax. Requires a taxpayer with 25 or more heavy vehicles to file electronically. Repeals the reduced tax rate for Canadian and Mexican heavy vehicles.

(Sec. 210) Limits ultimate vendor claims for tax refunds for sales of diesel fuel or kerosene used on a farm for farming purposes to amounts less than 250 gallons.

(Sec. 211) Dedicates the penalties created and increased by this Act to the Highway Trust Fund.

**Title III: Other Excise Tax Provisions** - (Sec. 301) Provides that a registered vendor of taxable fuels on which excise tax has been paid shall be treated as the ultimate vendor for purposes of claiming credits and refunds of tax. Grants ultimate vendor status to credit card lenders for credit card purchases of diesel fuel or kerosene, including credit card purchases by State and local governments.

(Sec. 302) Exempts the delivering person from liability for the fuel excise tax in two-party exchanges. Defines "two-party exchange" as a transaction, other than a sale, in which taxable fuel is transferred from a delivering person to a receiving person where: (1) the transaction includes a transfer from the delivering person who holds the inventory position for taxable fuel in the terminal according to the records of the terminal operator; (2) the exchange transaction occurs before or contemporaneous with completion of removal across the rack from the terminal by the receiving person; (3) the terminal operator in its books and records treats the receiving person as the person that removes the taxable fuel across the terminal rack for purposes of reporting the transaction; and (4) the transaction is the subject of a written contract.

(Sec. 303) Revises the excise tax on tires to impose a tax at the rate of 9.4 cents (4.7 cents in the case of a biasply tire) for each 10 pounds of tire load capacity in excess of 3,500 pounds. Eliminates the exemption from such tax for tires with internal wire fastening. Exempts from such tax tires sold for the exclusive use of the Department of Defense or the Coast Guard.

## Actions Timeline

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- **Mar 23, 2004:** Reported (Amended) by the Committee on Ways and Means. H. Rept. 108-444.
- **Mar 23, 2004:** Reported (Amended) by the Committee on Ways and Means. H. Rept. 108-444.
- **Mar 23, 2004:** Placed on the Union Calendar, Calendar No. 257.
- **Mar 17, 2004:** Committee Consideration and Mark-up Session Held.
- **Mar 17, 2004:** Ordered to be Reported (Amended) by Voice Vote.
- **Mar 16, 2004:** Introduced in House
- **Mar 16, 2004:** Introduced in House
- **Mar 16, 2004:** Referred to the House Committee on Ways and Means.