

Preserving America's Transit and Highways ("PATH") Act

Summary of Provisions in the Chairman's Modification

1. Strike Modification to the Heavy Vehicle Use Tax

The Chairman's modification strikes the proposal in the Chairman's mark to increase the Heavy Vehicle Use Tax. *This provision is estimated to cost \$1.3 billion over 10 years.*

2. Modifications to the Required Distribution of Inherited IRAs

The Chairman's modification makes two changes to the IRA provision in the Chairman's mark. First, it eliminates the modification to the required beginning date for five-percent owners. The Chairman's modification would also eliminate the application of rollover rules for plans with delayed effective dates. *This modification has a negligible revenue effect.*

3. Liquefied Natural Gas ("LNG") Excise Tax Equalization

Currently, liquefied natural gas is taxed at the same rate as diesel fuel, at 24.3 cents per gallon. However, since LNG has a lower energy content than diesel fuel, it takes more LNG to travel the same distance. This results in LNG paying 170 percent of the diesel tax rate on an energy content basis. This provision structures the federal excise tax on LNG to be based on energy content, rather than volume, creating effective energy content parity. *This provision is estimated to cost \$34 million over 10 years.*

4. Grandfather Normal Retirement Age for Defined Benefit Pensions

To protect benefits promised to participants, the provision would grandfather private sector defined benefit pension plans with a normal retirement age of the earlier of a permissible age or at least 30 years of service as complying with the normal retirement age rules. However, for employees hired after January 1, 2017, these plans must be amended to comply with the relevant rules. *This provision has a negligible revenue effect.*

5. Transfer Funds from the Leaking Underground Storage Trust Fund

This provision transfers \$750 million from the Leaking Underground Storage Trust Fund into the Highway Trust Fund. *This provision has no revenue effect.*

6. Improve Compliance in the American Opportunity Tax Credit ("AOTC")

This provision requires paid tax return preparers who prepare Federal income tax returns on which an American Opportunity Tax Credit is claimed to meet due diligence requirements similar to those applicable to returns claiming an Earned Income Tax Credit. This provision is designed to improve tax compliance. *This provision is estimated to raise \$4 million over 10 years.*

7. Express the Sense of the Senate of the Need to Pass a Long-Term Transportation Funding Bill

This provision expresses the sense that the Senate should enact a long-term surface reauthorization bill to ensure the sustainability of the Highway Trust Fund and improve U.S. infrastructure. *This provision has no revenue effect.*