

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2315

To amend the Internal Revenue Code of 1986 to repeal certain tax subsidies related to energy and natural resources.

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IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 1995

Mr. STARK introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to repeal certain tax subsidies related to energy and natural resources.

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 “Termination of Energy  
5 and Natural Resource Tax Subsidies Act of 1995”.

1 **SEC. 2. REPEAL OF EXPENSING OF INTANGIBLE DRILLING**  
2 **AND DEVELOPMENT COSTS AND OF MINING**  
3 **EXPLORATION AND DEVELOPMENT COSTS.**

4 (a) INTANGIBLE DRILLING AND DEVELOPMENT  
5 COSTS.—Section 263(c) of the Internal Revenue Code of  
6 1986 is hereby repealed.

7 (b) DEVELOPMENT EXPENDITURES.—Section 616 of  
8 the Internal Revenue Code of 1986 (relating to develop-  
9 ment expenditures) is hereby repealed.

10 (c) EXPLORATION EXPENDITURES.—Subsection (i)  
11 of section 617 of such Code is amended to read as follows:

12 “(i) TERMINATION.—No deduction shall be allowed  
13 under this section for any expenditure paid or incurred  
14 in a taxable year beginning after the date of the enactment  
15 of this subsection.”

16 (d) CONFORMING AMENDMENTS.—

17 (1) Paragraph (2) of section 56(a) of such Code  
18 is hereby repealed.

19 (2) Subsection (a) of section 57 of such Code  
20 is amended by striking paragraph (2).

21 (3) Paragraph (2) of section 59(e) of such Code  
22 is amended by adding “and” at the end of subpara-  
23 graph (A), by striking the period at the end of sub-  
24 paragraph (B) and inserting a period, and by strik-  
25 ing subparagraphs (C), (D), and (E).

1           (4) Subparagraph (A) of section 59(e)(5) of  
2 such Code is amended by inserting before the period  
3 “, as in effect before the Termination of Energy and  
4 Natural Resource Tax Subsidies Act of 1995”.

5           (5) Subsection (c) of section 193 of such Code  
6 is amended to read as follows:

7           “(c) APPLICATION WITH OTHER DEDUCTIONS.—No  
8 deduction shall be allowed under subsection (a) with re-  
9 spect to any expenditure with respect to which a deduction  
10 is allowed or allowable to the taxpayer under any other  
11 provision of this chapter.”

12           (6) Paragraph (1) of section 263(a) of such  
13 Code is amended by striking subparagraph (A) and  
14 by redesignating the succeeding subparagraphs ac-  
15 cordingly.

16           (7) Section 263 of such Code is amended by  
17 striking subsection (i).

18           (8) Subsection (c) of section 263A of such Code  
19 is amended by striking paragraph (3) and by redesi-  
20 gnating the succeeding paragraphs accordingly.

21           (9) Paragraph (5) of section 263A(c) of such  
22 Code, as redesignated by paragraph (8), is amended  
23 by striking “subparagraphs (B), (C), (D), and (E)”  
24 and inserting “subparagraph (B)”.

1           (10) Section 291 of such Code is amended by  
2 striking subsection (b).

3           (11) Subsection (n) of section 312 of such Code  
4 is amended by striking paragraph (2).

5           (12) Clause (i) of section 1254(a)(1)(A) of such  
6 Code is amended—

7           (A) by inserting “(as in effect before the  
8 Termination of Energy and Natural Resource  
9 Tax Subsidies Act of 1995)” after “617”, and

10           (B) by adding at the end the following:  
11 “For purposes of clause (i), any deduction  
12 under section 291(b)(2) (as in effect before the  
13 Termination of Energy and Natural Resource  
14 Tax Subsidies Act of 1995) shall be treated as  
15 a deduction allowable under section 263, 616,  
16 or 617 (whichever is appropriate).”

17           (e) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to amounts paid or incurred in tax-  
19 able years beginning after the date of the enactment of  
20 this Act.

21 **SEC. 3. REPEAL OF PERCENTAGE DEPLETION.**

22           (a) IN GENERAL.—Section 613 of the Internal Reve-  
23 nue Code of 1986 (relating to limitations on percentage  
24 depletion in case of oil and gas wells) is amended by add-  
25 ing at the end the following new subsection:

1       “(f) TERMINATION.—The allowance under section  
2 611 shall be determined without regard to this section for  
3 taxable years beginning after the date of the enactment  
4 of this subsection.”

5       (b) TERMINATION OF SECTION 613A.—Section 613A  
6 of such Code is amended by adding at the end the follow-  
7 ing new subsection:

8       “(f) TERMINATION.—The allowance under section  
9 611 shall be determined without regard to this section for  
10 taxable years beginning after the date of the enactment  
11 of this subsection.”

12 **SEC. 4. REPEAL OF EXCEPTION FROM PASSIVE LOSS RULES**  
13 **FOR WORKING INTERESTS IN OIL AND GAS**  
14 **PROPERTY.**

15       (a) IN GENERAL.—Section 469(c)(3) of the Internal  
16 Revenue Code of 1986 is hereby repealed.

17       (b) CONFORMING AMENDMENT.—Paragraph (4) of  
18 section 469(c) of such Code is amended by striking “para-  
19 graphs (2) and (3)” each place it appears and inserting  
20 “paragraph (2)”.

21       (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 the date of the enactment of this Act.

1 **SEC. 5. TERMINATION OF CREDIT FOR PRODUCING FUEL**  
2 **FROM NONCONVENTIONAL SOURCE.**

3 Section 29 of the Internal Revenue Code of 1986 is  
4 amended by adding at the end the following new sub-  
5 section:

6 “(h) TERMINATION.—Notwithstanding any other  
7 provision of this section, no credit shall be allowed under  
8 this section with respect to any qualified fuels produced  
9 by a facility placed in service after the date of the enact-  
10 ment of this subsection.”

11 **SEC. 6. REPEAL OF TAX BENEFITS FOR ALCOHOL FUELS.**

12 (a) REPEAL OF ALCOHOL FUELS CREDIT.—

13 (1) IN GENERAL.—Section 40 of the Internal  
14 Revenue Code of 1986 (relating to alcohol used as  
15 fuel) is hereby repealed.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Subsection (b) of section 38 of such  
18 Code is amended by striking paragraph (3) and  
19 by redesignating the following paragraphs ac-  
20 cordingly.

21 (B) Section 87 of such Code is hereby re-  
22 pealed.

23 (C) Subsection (c) of section 196 of such  
24 Code is amended by striking paragraph (3) and  
25 by redesignating the following paragraphs ac-  
26 cordingly.

1 (D) Subsection (n) of section 6501 of such  
2 Code is amended by striking “40(f)”.

3 (E) The table of sections for subpart D of  
4 part IV of subchapter A of chapter 1 of such  
5 Code is amended by striking the item relating  
6 to section 40.

7 (F) The table of sections for part II of  
8 subchapter B of chapter 1 of such Code is  
9 amended by striking the item relating to section  
10 87.

11 (3) EFFECTIVE DATE.—The amendments made  
12 by this subsection shall apply to taxable years begin-  
13 ning after the date of the enactment of this Act.

14 (b) REPEAL OF REDUCED FUEL TAX RATES.—

15 (1) GASOLINE AND DIESEL FUEL.—Section  
16 4081 of such Code is amended by striking sub-  
17 section (c) and by redesignating subsections (d) and  
18 (e) as subsections (c) and (d), respectively.

19 (2) AVIATION FUEL.—Section 4091 of such  
20 Code is amended by striking subsection (c).

21 (3) SPECIAL MOTOR FUELS.—

22 (A) Section 4041 of such Code is amended  
23 by striking subsections (k) and (m).

24 (B) Subsection (b) of section 4041 of such  
25 Code is amended by striking paragraph (2).

1 (4) CONFORMING AMENDMENTS.—

2 (A) Section 6427 of such Code is amended  
3 by striking subsection (f).

4 (B) Subsection (i) of section 6427 of such  
5 Code is amended by striking paragraph (3) and  
6 by redesignating paragraphs (4) and (5) as  
7 paragraphs (3) and (4), respectively.

8 (C) Paragraph (4) of section 6427(i) of  
9 such Code, as redesignated by subparagraph  
10 (B), is amended by striking the last sentence of  
11 subparagraph (A) and inserting the following  
12 new flush sentence:

13 “Notwithstanding subsection (l)(1), if the Sec-  
14 retary has not paid pursuant to a claim filed  
15 under the preceding sentence within 20 days of  
16 the date of the filing of such claim, the claim  
17 shall be paid with interest from such date de-  
18 termined by using the overpayment rate and  
19 method under section 6621.”

20 (D) Section 9502 of such Code is amended  
21 by striking subsection (e).

22 (E) Subsection (f) of section 9502 of such  
23 Code is amended by striking paragraph (2) and  
24 by redesignating paragraph (3) as paragraph  
25 (2).

1           (F) Subsection (b) of section 9503 of such  
2 Code is amended by striking paragraph (5).

3           (G) Subsection (f) of section 9503 of such  
4 Code is amended by striking paragraph (3) and  
5 by redesignating paragraph (4) as paragraph  
6 (3).

7           (5) EFFECTIVE DATE.—The amendments made  
8 by this subsection shall take effect on the date of the  
9 enactment of this Act.

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