

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

# S. 665

To amend the Internal Revenue Code of 1986 to increase motor fuel taxes by 8 cents a gallon, the resulting revenues to be used for mass transit, AMTRAK, and interstate, State, and local roads and bridges, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 4 (legislative day, MARCH 27), 1995

Mr. SIMON 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 increase motor fuel taxes by 8 cents a gallon, the resulting revenues to be used for mass transit, AMTRAK, and interstate, State, and local roads and bridges, 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. INCREASE IN MOTOR FUEL TAXES.**

4       (a) IN GENERAL.—Subparagraph (A) of section  
5       4081(a)(2) of the Internal Revenue Code of 1986 (relating  
6       to imposition of tax on gasoline and diesel fuel) is  
7       amended—

1 (1) by striking “18.3 cents” and inserting  
2 “26.3 cents”, and

3 (2) by striking “24.3 cents” and inserting  
4 “32.3 cents”.

5 (b) TECHNICAL AMENDMENTS.—

6 (1) Subsection (c)(4)(A) of section 4081 of the  
7 Internal Revenue Code of 1986 is amended—

8 (A) by striking “5.4 cents” both places it  
9 appears and inserting “13.4 cents”,

10 (B) by striking “4.158 cents” both places  
11 it appears and inserting “12.158 cents”,

12 (C) by striking “3.078 cents” both places  
13 it appears and inserting “11.078 cents”,

14 (D) by striking “6 cents” and inserting  
15 “14 cents”,

16 (E) by striking “4.62 cents” and inserting  
17 “12.62 cents”, and

18 (F) by striking “3.42 cents” and inserting  
19 “11.42 cents”.

20 (2) Subsection (c)(5) of section 4081 of such  
21 Code is amended—

22 (A) by striking “5.4 cents” and inserting  
23 “13.4 cents”, and

24 (B) by striking “6 cents” and inserting  
25 “14 cents”.

1           (3) Clause (i) of section 4041(a)(1)(D) of such  
2 Code is amended by striking “24.3 cents” and in-  
3 sserting “32.3 cents”.

4           (4) Clause (i) of section 4041(b)(2)(A) of such  
5 Code is amended—

6                 (A) by striking “5.4 cents” and inserting  
7 “13.4 cents”, and

8                 (B) by striking “6 cents” and inserting  
9 “14 cents”.

10          (5) Clauses (i) and (ii) of section  
11 4041(m)(1)(A) of such Code are amended to read as  
12 follows:

13                     “(i) 11.3 cents per gallon after Sep-  
14 tember 30, 1993, and before October 1,  
15 1995,

16                     “(ii) 19.3 cents per gallon after Sep-  
17 tember 30, 1995, and before October 1,  
18 1999, and

19                     “(iii) 4.3 cents per gallon after Sep-  
20 tember 30, 1999, and”.

21          (6) Paragraph (1) of section 9503(f) of such  
22 Code is amended—

23                 (A) by striking “14 cents” in subpara-  
24 graph (A) and inserting “22 cents”, and

1 (B) by striking “20 cents” in subpara-  
2 graph (B) and inserting “28 cents”.

3 (7) Subparagraph (E) of section 9503(f)(2) of  
4 such Code is amended by striking “11.5 cents” and  
5 inserting “19.5 cents” and by striking “17.5 cents”  
6 and inserting “25.5 cents”.

7 (c) FLOOR STOCKS TAX.—

8 (1) IMPOSITION OF TAX.—In the case of gaso-  
9 line and diesel fuel on which tax was imposed under  
10 section 4081 or 4091 of the Internal Revenue Code  
11 of 1986 before October 1, 1995, and which is held  
12 on such date by any person, there is hereby imposed  
13 a floor stocks tax of 8 cents per gallon on such gaso-  
14 line and diesel fuel.

15 (2) LIABILITY FOR TAX AND METHOD OF PAY-  
16 MENT.—

17 (A) LIABILITY FOR TAX.—A person hold-  
18 ing gasoline or diesel fuel on October 1, 1995,  
19 to which the tax imposed by paragraph (1) ap-  
20 plies shall be liable for such tax.

21 (B) METHOD OF PAYMENT.—The tax im-  
22 posed by paragraph (1) shall be paid in such  
23 manner as the Secretary shall prescribe.

1 (C) TIME FOR PAYMENT.—The tax im-  
2 posed by paragraph (1) shall be paid on or be-  
3 fore December 31, 1995.

4 (3) DEFINITIONS.—For purposes of this sub-  
5 section—

6 (A) HELD BY A PERSON.—Gasoline or die-  
7 sel fuel shall be considered as “held by a per-  
8 son” if title thereto has passed to such person  
9 (whether or not delivery to the person has been  
10 made).

11 (B) GASOLINE.—The term “gasoline” has  
12 the meaning given such term by section 4082 of  
13 such Code.

14 (C) DIESEL FUEL.—The term “diesel fuel”  
15 has the meaning given such term by section  
16 4092 of such Code.

17 (E) SECRETARY.—The term “Secretary”  
18 means the Secretary of the Treasury or the  
19 Secretary’s delegate.

20 (4) EXCEPTION FOR EXEMPT USES.—The tax  
21 imposed by paragraph (1) shall not apply to gasoline  
22 or diesel fuel held by any person exclusively for any  
23 use to the extent a credit or refund of the tax im-  
24 posed by section 4081 or 4091 of such Code, as the  
25 case may be, is allowable for such use.

1           (5) EXCEPTION FOR FUEL HELD IN VEHICLE  
2 TANK.—No tax shall be imposed by paragraph (1)  
3 on gasoline or diesel fuel held in the tank of a motor  
4 vehicle or motorboat.

5           (6) EXCEPTION FOR CERTAIN AMOUNTS OF  
6 FUEL.—

7           (A) IN GENERAL.—No tax shall be im-  
8 posed by paragraph (1)—

9                   (i) on gasoline held on October 1,  
10                   1995, by any person if the aggregate  
11                   amount of gasoline held by such person on  
12                   such date does not exceed 4,000 gallons,  
13                   and

14                   (ii) on diesel fuel held on October 1,  
15                   1995, by any person if the aggregate  
16                   amount of diesel fuel held by such person  
17                   on such date does not exceed 2,000 gal-  
18                   lons.

19           The preceding sentence shall apply only if such  
20           person submits to the Secretary (at the time  
21           and in the manner required by the Secretary)  
22           such information as the Secretary shall require  
23           for purposes of this paragraph.

24           (B) EXEMPT FUEL.—For purposes of sub-  
25           paragraph (A), there shall not be taken into ac-

1 count fuel held by any person which is exempt  
2 from the tax imposed by paragraph (1) by rea-  
3 son of paragraph (4) or (5).

4 (C) CONTROLLED GROUPS.—For purposes  
5 of this paragraph—

6 (i) CORPORATIONS.—

7 (I) IN GENERAL.—All persons  
8 treated as a controlled group shall be  
9 treated as 1 person.

10 (II) CONTROLLED GROUP.—The  
11 term “controlled group” has the  
12 meaning given to such term by sub-  
13 section (a) of section 1563 of such  
14 Code; except that for such purposes  
15 the phrase “more than 50 percent”  
16 shall be substituted for the phrase “at  
17 least 80 percent” each place it ap-  
18 pears in such subsection.

19 (ii) NONINCORPORATED PERSONS  
20 UNDER COMMON CONTROL.—Under regula-  
21 tions prescribed by the Secretary, prin-  
22 ciples similar to the principles of clause (i)  
23 shall apply to a group of persons under  
24 common control where 1 or more of such  
25 persons is not a corporation.

1           (7) ARTICLES IN FOREIGN TRADE ZONES.—  
2       Notwithstanding the Act of June 18, 1934 (48 Stat.  
3       998, 19 U.S.C. 81a) and any other provision of law,  
4       any article which is located in a foreign trade zone  
5       on any tax-increase date shall be subject to the taxes  
6       imposed by paragraph (1) if—

7           (A) internal revenue taxes have been deter-  
8       mined, or customs duties liquidated, with re-  
9       spect to such article before such date pursuant  
10      to a request made under the 1st proviso of sec-  
11      tion 3(a) of such Act, or

12          (B) such article is held on such date under  
13      the supervision of a customs officer pursuant to  
14      the 2d proviso of such section 3(a).

15          (8) OTHER LAW APPLICABLE.—All provisions of  
16      law, including penalties, applicable with respect to  
17      the taxes imposed by section 4081 of such Code  
18      shall, insofar as applicable and not inconsistent with  
19      the provisions of this subsection, apply with respect  
20      to the floor stock taxes imposed by paragraph (1) to  
21      the same extent as if such taxes were imposed by  
22      such section 4081.

23          (d) USE OF RESULTING REVENUES.—

24              (1) MASS TRANSIT.—Paragraph (2) of section  
25      9503(e) of the Internal Revenue Code of 1986 (re-

1       lating to establishment of mass transit account) is  
2       amended by striking “2 cents” and inserting “4  
3       cents”.

4       (2) AMTRAK AND INTERSTATE, STATE, AND LOCAL  
5       ROADS AND BRIDGES.—Section 9503 of such Code (relat-  
6       ing to highway trust fund) is amended by redesignating  
7       subsection (f) as subsection (i) and by inserting after sub-  
8       section (e) the following new subsections:

9       “(f) ESTABLISHMENT OF AMTRAK ACCOUNT.—

10       “(1) CREATION OF ACCOUNT.—There is estab-  
11       lished in the Highway Trust Fund a separate ac-  
12       count to be known as the ‘AMTRAK Account’ con-  
13       sisting of such amounts as may be transferred or  
14       credited to the AMTRAK Account as provided in  
15       this subsection or section 9602(b).

16       “(2) TRANSFERS TO AMTRAK ACCOUNT.—The  
17       Secretary of the Treasury shall transfer to the AM-  
18       TRAK Account the AMTRAK portion of the  
19       amounts appropriated to the Highway Trust Fund  
20       under subsection (b) which are attributable to taxes  
21       under sections 4041 and 4081 imposed after Sep-  
22       tember 30, 1995. For purposes of the preceding sen-  
23       tence, the term ‘AMTRAK portion’ means an  
24       amount determined at the rate of 2 cents for each

1 gallon with respect to which tax was imposed under  
2 section 4041 or 4081.

3 “(3) EXPENDITURES FROM ACCOUNT.—  
4 Amounts in the AMTRAK Account shall be avail-  
5 able, as provided by appropriation Acts, for making  
6 capital or capital-related expenditures before October  
7 1, 1997 (including capital expenditures for new  
8 projects) for AMTRAK in accordance with section  
9 24104 of title 49, United States Code, as in effect  
10 on the date of the enactment of this subsection.

11 “(4) APPLICABLE RULES.—Rules similar to the  
12 rules of paragraphs (4) and (5) shall be applied.

13 “(g) ESTABLISHMENT OF INTERSTATE AND FED-  
14 ERAL-AID HIGHWAY ACCOUNT.—

15 “(1) CREATION OF ACCOUNT.—There is estab-  
16 lished in the Highway Trust Fund a separate ac-  
17 count to be known as the ‘Interstate and Federal-  
18 Aid Highway Account’ consisting of such amounts  
19 as may be transferred or credited to the Interstate  
20 and Federal-Aid Highway Account as provided in  
21 this subsection or section 9602(b).

22 “(2) TRANSFERS TO INTERSTATE AND FED-  
23 ERAL-AID HIGHWAY ACCOUNT.—The Secretary of  
24 the Treasury shall transfer to the Interstate and  
25 Federal-Aid Highway Account the interstate and

1 Federal-aid highway portion of the amounts appro-  
2 priated to the Highway Trust Fund under sub-  
3 section (b) which are attributable to taxes under sec-  
4 tions 4041 and 4081 imposed after September 30,  
5 1995. For purposes of the preceding sentence, the  
6 term ‘interstate and Federal-aid highway portion’  
7 means an amount determined at the rate of 2 cents  
8 for each gallon with respect to which tax was im-  
9 posed under section 4041 or 4081.

10 “(3) EXPENDITURES FROM ACCOUNT.—  
11 Amounts in the Interstate and Federal-Aid Highway  
12 Account shall be available, as provided by appropria-  
13 tion Acts, for making capital or capital-related ex-  
14 penditures before October 1, 1997 (including capital  
15 expenditures for new projects) for the Dwight D. Ei-  
16 senhower National System of Interstate and Defense  
17 Highways and the Federal-Aid Highway System in  
18 accordance with the Intermodal Surface Transpor-  
19 tation Efficiency Act of 1991, as in effect on the  
20 date of the enactment of this subsection.

21 “(4) APPLICABLE RULES.—Rules similar to the  
22 rules of paragraphs (4) and (5) shall be applied.

23 “(h) ESTABLISHMENT OF STATE AND LOCAL ROADS  
24 AND BRIDGES ACCOUNT.—

1           “(1) CREATION OF ACCOUNT.—There is estab-  
2           lished in the Highway Trust Fund a separate ac-  
3           count to be known as the ‘State and Local Roads  
4           and Bridges Account’ consisting of such amounts as  
5           may be transferred or credited to the State and  
6           Local Roads and Bridges Account as provided in  
7           this subsection or section 9602(b).

8           “(2) TRANSFERS TO STATE AND LOCAL ROADS  
9           AND BRIDGES ACCOUNT.—The Secretary of the  
10          Treasury shall transfer to the State and Local  
11          Roads and Bridges Account the State and local  
12          roads and bridges portion of the amounts appro-  
13          priated to the Highway Trust Fund under sub-  
14          section (b) which are attributable to taxes under sec-  
15          tions 4041 and 4081 imposed after September 30,  
16          1995. For purposes of the preceding sentence, the  
17          term ‘State and local roads and bridges portion’  
18          means an amount determined at the rate of 2 cents  
19          for each gallon with respect to which tax was im-  
20          posed under section 4041 or 4081.

21          “(3) EXPENDITURES FROM ACCOUNT.—  
22          Amounts in the State and Local Roads and Bridges  
23          Account shall be available, as provided by appropria-  
24          tion Acts, for making capital or capital-related ex-  
25          penditures before October 1, 1997 (including capital

1 expenditures for new projects) for any State or local  
2 road or bridge project in accordance with the Inter-  
3 modal Surface Transportation Efficiency Act of  
4 1991, as in effect on the date of the enactment of  
5 this subsection.

6 “(4) APPLICABLE RULES.—Rules similar to the  
7 rules of paragraphs (4) and (5) shall be applied.”

8 (e) EFFECTIVE DATE.—The amendments made by  
9 this section shall take effect on October 1, 1995.

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