

106TH CONGRESS
2^D SESSION

H. R. 4776

To amend the Internal Revenue Code of 1986 to suspend all motor fuel taxes until March 31, 2001, to permanently repeal the 4.3 cent per gallon increases in rail, barge, and aviation fuel taxes enacted in 1993, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2000

Mr. COLLINS (for himself, Mr. HAYWORTH, Mr. KINGSTON, Mr. SAM JOHNSON of Texas, Mr. BLUNT, Mr. McKEON, Mr. HOBSON, Mr. BISHOP, Mr. ENGLISH, Mr. LoBIONDO, Mr. LINDER, Mr. COBURN, Mr. HEFLEY, and Mr. NORWOOD) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to suspend all motor fuel taxes until March 31, 2001, to permanently repeal the 4.3 cent per gallon increases in rail, barge, and aviation fuel taxes enacted in 1993, 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 “Fuel Excise Tax Relief
5 Act”.

1 **SEC. 2. SUSPENSION OF FUEL TAXES THROUGH MARCH 31,**
2 **2001.**

3 (a) TEMPORARY SUSPENSION OF FUEL TAXES.—
4 During the suspension period, each rate of tax referred
5 to in subsection (b) shall be reduced to zero.

6 (b) RATES OF TAX.—The rates of tax referred to in
7 this subsection are the rates of tax otherwise applicable
8 under—

9 (1) paragraphs (1), (2), and (3) of section
10 4041(a) of the Internal Revenue Code of 1986 (re-
11 lating to diesel fuel and special motor fuels),

12 (2) subsection (m) of section 4041 of such Code
13 (relating to certain alcohol fuels),

14 (3) subparagraphs (A) and (C) of section
15 4042(b)(1) of such Code (relating to tax on fuel
16 used in commercial transportation on inland water-
17 ways),

18 (4) clauses (i), (ii), and (iii) of section
19 4081(a)(2)(A) of such Code (relating to gasoline,
20 diesel fuel, and kerosene),

21 (5) paragraph (1) of section 4091(b) of such
22 Code (relating to aviation fuel), and

23 (6) paragraph (2) of section 4092(b) of such
24 Code (relating to fuel used in commercial aviation).

25 (c) SUSPENSION PERIOD.—For purposes of this sec-
26 tion, the term “suspension period” means period begin-

1 ning on the date of the enactment of this Act and ending
2 on March 31, 2001.

3 **SEC. 3. REPEAL OF 1993 INCREASES IN CERTAIN MOTOR**
4 **FUEL TAXES.**

5 (a) DIESEL FUEL USED IN TRAINS.—Subparagraph
6 (C) of section 4041(a)(1) of the Internal Revenue Code
7 of 1986 is amended by striking clause (ii) and by redesi-
8 gnating clause (iii) as clause (ii).

9 (b) FUEL USED ON INLAND WATERWAYS.—

10 (1) Paragraph (1) of section 4042(b) of such
11 Code is amended by adding “and” at the end of sub-
12 paragraph (A), by striking “, and” at the end of
13 subparagraph (B) and inserting a period, and by
14 striking subparagraph (C).

15 (2) Paragraph (2) of section 4042(b) of such
16 Code is amended by striking subparagraph (C).

17 (c) GASOLINE USED IN TRAINS.—Clause (i) of sec-
18 tion 4081(a)(2)(A) of such Code is amended by inserting
19 before the comma at the end the following: “(14 cents in
20 the case of gasoline used in trains)”.

21 (d) AVIATION GASOLINE.—Clause (ii) of section
22 4081(a)(2)(A) of such Code is amended by striking “19.3
23 cents” and inserting “15 cents”.

1 (e) AVIATION FUEL.—Paragraph (1) of section
2 4091(b) of such Code is amended by striking “21.8 cents”
3 and inserting “17.5 cents”.

4 (f) TECHNICAL AMENDMENTS.—

5 (1) Subparagraph (A) of section 4041(a)(1) of
6 such Code is amended by striking “or a diesel-pow-
7 ered train” each place it appears and by striking “or
8 train”.

9 (2) Subparagraph (C) of section 4041(b)(1) of
10 such Code is amended by striking all that follows
11 “section 6421(e)(2)” and inserting a period.

12 (3) Subsection (d) of section 4041 of such Code
13 is amended by redesignating paragraph (3) as para-
14 graph (4) and by inserting after paragraph (2) the
15 following new paragraph:

16 “(3) DIESEL FUEL USED IN TRAINS.—There is
17 hereby imposed a tax of 0.1 cent per gallon on any
18 liquid other than gasoline (as defined in section
19 4083)—

20 “(A) sold by any person to an owner, les-
21 see, or other operator of a diesel-powered train
22 for use as a fuel in such train, or

23 “(B) used by any person as a fuel in a die-
24 sel-powered train unless there was a taxable
25 sale of such fuel under subparagraph (A).

1 No tax shall be imposed by this paragraph on the
2 sale or use of any liquid if tax was imposed on such
3 liquid under section 4081.”

4 (4) Paragraph (2) of section 4081(d) of such
5 Code is amended to read as follows:

6 “(2) AVIATION GASOLINE.—The rate of tax
7 specified in subsection (a)(2)(A)(ii) shall be zero
8 after September 30, 2007.”.

9 (5) Subsection (f) of section 4082 of such Code
10 is amended by striking “section 4041(a)(1)” and in-
11 sserting “subsections (d)(3) and (a)(1) of section
12 4041, respectively”.

13 (6) Paragraph (3) of section 4083(a) of such
14 Code is amended by striking “or a diesel-powered
15 train”.

16 (7) Subparagraph (A) of section 4091(b)(3) of
17 such Code is amended to read as follows:

18 “(A) The rate of tax specified in para-
19 graph (1) shall be zero after September 30,
20 2007.”

21 (8) Paragraph (1) of section 4091(c) of such
22 Code is amended—

23 (A) by striking “14 cents” and inserting
24 “9.7 cents”,

1 (B) by striking “13.3 cents” and inserting
2 “9 cents”,

3 (C) by striking “13.2 cents” and inserting
4 “8.9 cents”,

5 (D) by striking “13.1 cents” and inserting
6 “8.8 cents”, and

7 (E) by striking “13.4 cents” and inserting
8 “9.1 cents”.

9 (9) Subsection (c) of section 4091 of such Code
10 is amended by striking paragraph (4), and by redesi-
11 gnating paragraph (5) as paragraph (4).

12 (10) Subsection (b) of section 4092 of such
13 Code is amended by striking “attributable to” and
14 all that follows and inserting “attributable to the
15 Leaking Underground Storage Tank Trust Fund fi-
16 nancing rate imposed by such section. For purposes
17 of the preceding sentence, the term ‘commercial
18 aviation’ means any use of an aircraft other than in
19 noncommercial aviation (as defined in section
20 4041(c)(2)).”

21 (11) Subparagraph (B) of section 6421(f)(2) of
22 such Code is amended by striking “and,” and all
23 that follows and inserting a period.

24 (12) Paragraph (3) of section 6421(f) of such
25 Code is amended to read as follows:

1 “(3) GASOLINE USED IN TRAINS.—In the case
2 of gasoline used as a fuel in a train, this section
3 shall not apply with respect to the Leaking Under-
4 ground Storage Tank Trust Fund financing rate
5 under section 4081.”

6 (13) Paragraph (3) of section 6427(l) of such
7 Code is amended to read as follows:

8 “(3) REFUND OF CERTAIN TAXES ON FUEL
9 USED IN DIESEL-POWERED TRAINS.—For purposes
10 of this subsection, the term ‘nontaxable use’ includes
11 fuel used in a diesel-powered train. The preceding
12 sentence shall not apply to the tax imposed by sec-
13 tion 4041(d) and the Leaking Underground Storage
14 Tank Trust Fund financing rate under section 4081
15 except with respect to fuel sold for exclusive use by
16 a State or any political subdivision thereof.”

17 (14) Paragraph (4) of section 6427(l) of such
18 Code is amended by striking “attributable to” and
19 all that follows through the period and inserting “at-
20 tributable to the Leaking Underground Storage
21 Tank Trust Fund financing rate imposed by such
22 section.”

23 (g) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect on April 1, 2001.

1 **SEC. 4. FLOOR STOCK REFUNDS.**

2 (a) IN GENERAL.—If—

3 (1) before the tax suspension date, a tax re-
4 ferred to in section 2(b) has been imposed under the
5 Internal Revenue Code of 1986 on any liquid, and

6 (2) on such date such liquid is held by a dealer
7 and has not been used and is intended for sale,

8 there shall be credited or refunded (without interest) to
9 the person who paid such tax (hereafter in this section
10 referred to as the “taxpayer”) an amount equal to the ex-
11 cess of the tax paid by the taxpayer over the amount of
12 such tax which would be imposed on such liquid had the
13 taxable event occurred on such date.

14 (b) TIME FOR FILING CLAIMS.—No credit or refund
15 shall be allowed or made under this section unless—

16 (1) claim therefor is filed with the Secretary of
17 the Treasury before the date which is 6 months
18 after the tax suspension date, and

19 (2) in any case where liquid is held by a dealer
20 (other than the taxpayer) on the tax suspension
21 date—

22 (A) the dealer submits a request for refund
23 or credit to the taxpayer before the date which
24 is 3 months after the tax suspension date, and

25 (B) the taxpayer has repaid or agreed to
26 repay the amount so claimed to such dealer or

1 has obtained the written consent of such dealer
2 to the allowance of the credit or the making of
3 the refund.

4 (c) EXCEPTION FOR FUEL HELD IN RETAIL
5 STOCKS.—No credit or refund shall be allowed under this
6 section with respect to any liquid in retail stocks held at
7 the place where intended to be sold at retail.

8 (d) DEFINITIONS.—For purposes of this section—

9 (1) the terms “dealer” and “held by a dealer”
10 have the respective meanings given to such terms by
11 section 6412 of such Code; except that the term
12 “dealer” includes a producer, and

13 (2) the term “tax suspension date” means the
14 date on which the suspension period begins under
15 section 2(b).

16 (e) CERTAIN RULES TO APPLY.—Rules similar to the
17 rules of subsections (b) and (c) of section 6412 of such
18 Code shall apply for purposes of this section.

19 **SEC. 5. FLOOR STOCKS TAX.**

20 (a) IMPOSITION OF TAX.—In the case of any taxable
21 liquid which is held on the floor stocks tax date by any
22 person, there is hereby imposed a floor stocks tax equal
23 to the excess of the tax which would be imposed on such
24 liquid under any section of the Internal Revenue Code of
25 1986 referred to in section 2(b) had the taxable event oc-

1 curred on the floor stocks tax date over the tax paid under
2 any such section on such liquid.

3 (b) LIABILITY FOR TAX AND METHOD OF PAY-
4 MENT.—

5 (1) LIABILITY FOR TAX.—A person holding a
6 liquid on the floor stocks tax date to which the tax
7 imposed by subsection (a) applies shall be liable for
8 such tax.

9 (2) METHOD OF PAYMENT.—The tax imposed
10 by subsection (a) shall be paid in such manner as
11 the Secretary shall prescribe.

12 (3) TIME FOR PAYMENT.—The tax imposed by
13 subsection (a) shall be paid on or before the date
14 which is 6 months after the floor stocks tax date.

15 (c) DEFINITIONS.—For purposes of this section—

16 (1) HELD BY A PERSON.—A liquid shall be con-
17 sidered as “held by a person” if title thereto has
18 passed to such person (whether or not delivery to
19 the person has been made).

20 (2) TAXABLE LIQUID.—The term ‘taxable liq-
21 uid’ means any liquid on which a tax referred to in
22 section 2(b) is imposed on the floor stocks tax date.

23 (3) FLOOR STOCKS TAX DATE.—The term
24 “floor stocks tax date” means April 1, 2001.

1 (4) SECRETARY.—The term “Secretary” means
2 the Secretary of the Treasury or the Secretary’s del-
3 egate.

4 (d) EXCEPTION FOR EXEMPT USES.—The tax im-
5 posed by subsection (a) shall not apply to taxable liquid
6 held by any person exclusively for any use to the extent
7 a credit or refund of the tax imposed by a section of the
8 Code referred to in section 2(b) is allowable for such use.

9 (e) EXCEPTION FOR FUEL HELD IN VEHICLE
10 TANK.—No tax shall be imposed by subsection (a) on tax-
11 able liquid held in the tank of a motor vehicle or motor-
12 boat.

13 (f) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

14 (1) IN GENERAL.—No tax shall be imposed by
15 subsection (a) on any liquid held on the floor stocks
16 tax date by any person if the aggregate amount of
17 liquid held by such person on such date does not ex-
18 ceed 2,000 gallons. The preceding sentence shall
19 apply only if such person submits to the Secretary
20 (at the time and in the manner required by the Sec-
21 retary) such information as the Secretary shall re-
22 quire for purposes of this paragraph.

23 (2) EXEMPT FUEL.—For purposes of para-
24 graph (1), there shall not be taken into account fuel
25 held by any person which is exempt from the tax im-

1 posed by subsection (a) by reason of subsection (d)
2 or (e).

3 (3) CONTROLLED GROUPS.—For purposes of
4 this subsection—

5 (A) CORPORATIONS.—

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

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

17 (B) NONINCORPORATED PERSONS UNDER
18 COMMON CONTROL.—Under regulations pre-
19 scribed by the Secretary, principles similar to
20 the principles of subparagraph (A) shall apply
21 to a group of persons under common control
22 where 1 or more of such persons is not a cor-
23 poration.

24 (g) OTHER LAW APPLICABLE.—All provisions of law,
25 including penalties, applicable with respect to the taxes

1 imposed by chapter 31 or 32 of such Code shall, insofar
2 as applicable and not inconsistent with the provisions of
3 this section, apply with respect to the floor stock taxes
4 imposed by subsection (a) to the same extent as if such
5 taxes were imposed by such chapter.

6 **SEC. 6. MAINTENANCE OF TRUST FUND DEPOSITS.**

7 In determining the amounts to be appropriated to
8 any trust fund, an amount equal to the reduction in reve-
9 nues to the Treasury by reason of a reduction under this
10 Act in any rate shall be treated as taxes received in the
11 Treasury under such rate.

12 **SEC. 7. REPORTING REQUIREMENTS.**

13 (a) CHANGES IN FUEL PRICES.—Not later than 30
14 days after the date of the enactment of this Act, the Sec-
15 retary of Treasury, in consultation with the Secretary of
16 Energy, shall prepare and submit to the Committee on
17 Ways and Means of the House of Representatives and the
18 Committee on Finance of the Senate a study which specifi-
19 cally addresses the following issues:

20 (1) Changes in the price of gasoline, diesel fuel,
21 and other transportation fuels over the previous 12
22 months.

23 (2) The impact on fuel prices posed by the re-
24 formulated gas mandate of the Clean Air Act.

1 (3) The economic feasibility and appropriate-
2 ness of maintaining the reformulated gas mandate.

3 (b) PASS THROUGH OF TAX REDUCTION.—

4 (1) The Comptroller General of the United
5 States shall conduct a study of the reduction of
6 taxes under this Act to determine whether there has
7 been a pass through to consumers of such reduction.

8 (2) Not later than 60 days after the date of the
9 enactment of this Act, the Comptroller General shall
10 submit to the Committee on Ways and Means of the
11 House of Representatives and the Committee on Fi-
12 nance of the Senate a report containing the results
13 of the study conducted under paragraph (1).

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