

Calendar No. 466

106TH CONGRESS
2D SESSION**S. 2263**

To amend the Internal Revenue Code of 1986 to institute a Federal fuels tax holiday.

IN THE SENATE OF THE UNITED STATES

MARCH 21, 2000

Mr. LOTT introduced the following bill; which was read the first time

MARCH 22, 2000

Read the second time and placed on the calendar

A BILL

To amend the Internal Revenue Code of 1986 to institute a Federal fuels tax holiday.

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. TEMPORARY REDUCTION IN FUEL TAXES ON**
4 **GASOLINE, DIESEL FUEL, KEROSENE, AND**
5 **AVIATION FUEL.**

6 (a) IN GENERAL.—Section 4081 of the Internal Rev-
7 enue Code of 1986 (relating to imposition of tax on gaso-

1 line, diesel fuel, and kerosene) is amended by adding at
2 the end the following new subsection:

3 “(f) TEMPORARY REDUCTION IN TAXES ON GASO-
4 LINE, DIESEL FUEL, AND KEROSENE.—

5 “(1) IN GENERAL.—During the applicable pe-
6 riod, each rate of tax referred to in paragraph (2)
7 shall be reduced by the applicable cents per gallon.

8 “(2) RATES OF TAX.—The rates of tax referred
9 to in this paragraph are the rates of tax otherwise
10 applicable under—

11 “(A) clause (i), (ii), (iii) of subsection
12 (a)(2)(A) (relating to gasoline, diesel fuel, and
13 kerosene), and

14 “(B) paragraph (1) of section 4041(a) (re-
15 lating to diesel fuel) with respect to fuel sold
16 for use or used in a diesel-powered highway ve-
17 hicle.

18 “(3) APPLICABLE CENTS PER GALLON.—For
19 purposes of this subsection and section 4091(e)(1),
20 the applicable cents per gallon for each rate of tax
21 referred to in paragraph (2) and section 4091(b)(1)
22 shall be an amount determined by the Secretary,
23 after consultation with the Director of the Office of
24 Management and Budget, such that each such rate
25 of tax is reduced in a pro rata manner and that the

1 resulting aggregate reduction in revenues to the
2 Treasury shall not exceed the Federal on-line budget
3 surplus during the applicable period.

4 “(4) MAINTENANCE OF TRUST FUND DEPOS-
5 ITS.—In determining the amounts to be appro-
6 priated to the Highway Trust Fund under section
7 9503 and the Airport and Airway Trust Fund under
8 section 9502, an amount equal to the reduction in
9 revenues to the Treasury by reason of this sub-
10 section shall be treated as taxes received in the
11 Treasury under this section.

12 “(5) APPLICABLE PERIOD.—For purposes of
13 this subsection, the term ‘applicable period’ means
14 the period beginning after April 15, 2000, and end-
15 ing before January 1, 2001.”

16 (b) AVIATION FUEL.—Section 4091 of the Internal
17 Revenue Code of 1986 (relating to imposition of tax on
18 aviation fuel) is amended by adding at the end the fol-
19 lowing new subsection:

20 “(e) TEMPORARY REDUCTION IN TAX ON AVIATION
21 FUEL.—

22 “(1) IN GENERAL.—During the applicable pe-
23 riod, the rate of tax otherwise applicable under sub-
24 section (b)(1) shall be reduced by the applicable

1 cents per gallon determined under section
2 4081(f)(3).

3 “(2) MAINTENANCE OF TRUST FUND DEPOS-
4 ITS.—In determining the amounts to be appro-
5 priated to the Airport and Airway Trust Fund under
6 section 9502, an amount equal to the reduction in
7 revenues to the Treasury by reason of this sub-
8 section shall be treated as taxes received in the
9 Treasury under this section.

10 “(3) APPLICABLE PERIOD.—For purposes of
11 this subsection, the term ‘applicable period’ means
12 the period beginning after April 15, 2000, and end-
13 ing before January 1, 2001.”

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall take effect on the date of the enactment
16 of this Act.

17 **SEC. 2. FLOOR STOCK REFUNDS.**

18 (a) IN GENERAL.—If—

19 (1) before the tax reduction date, tax has been
20 imposed under section 4081 or 4091 of the Internal
21 Revenue Code of 1986 on any liquid, and

22 (2) on such date such liquid is held by a dealer
23 and has not been used and is intended for sale,
24 there shall be credited or refunded (without interest) to
25 the person who paid such tax (hereafter in this section

1 referred to as the “taxpayer”) an amount equal to the ex-
2 cess of the tax paid by the taxpayer over the amount of
3 such tax which would be imposed on such liquid had the
4 taxable event occurred on the tax reduction date.

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

7 (1) claim therefor is filed with the Secretary of
8 the Treasury before the date which is 6 months
9 after the tax reduction date, and

10 (2) in any case where liquid is held by a dealer
11 (other than the taxpayer) on the tax reduction
12 date—

13 (A) the dealer submits a request for refund
14 or credit to the taxpayer before the date which
15 is 3 months after the tax reduction date, and

16 (B) the taxpayer has repaid or agreed to
17 repay the amount so claimed to such dealer or
18 has obtained the written consent of such dealer
19 to the allowance of the credit or the making of
20 the refund.

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

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

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

5 (2) the term “tax reduction date” means April
6 16, 2000.

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

10 **SEC. 3. FLOOR STOCKS TAX.**

11 (a) IMPOSITION OF TAX.—In the case of any liquid
12 on which tax would have been imposed under section 4081
13 or 4091 of the Internal Revenue Code of 1986 during the
14 applicable period but for the amendments made by this
15 Act, and which is held on the floor stocks tax date by any
16 person, there is hereby imposed a floor stocks tax in an
17 amount equal to the tax which would be imposed on such
18 liquid had the taxable event occurred on the floor stocks
19 tax date.

20 (b) LIABILITY FOR TAX AND METHOD OF PAY-
21 MENT.—

22 (1) LIABILITY FOR TAX.—A person holding a
23 liquid on the floor stocks tax date to which the tax
24 imposed by subsection (a) applies shall be liable for
25 such tax.

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

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

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

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

12 (2) GASOLINE, DIESEL FUEL, AND AVIATION
13 FUEL.—The terms “gasoline”, “diesel fuel”, and
14 “aviation fuel” have the respective meanings given
15 such terms by sections 4083 and 4093 of such Code.

16 (3) FLOOR STOCKS TAX DATE.—The term
17 “floor stocks tax date” means January 1, 2001.

18 (4) APPLICABLE PERIOD.—The term “applica-
19 ble period” means the period beginning after April
20 15, 2000, and ending before January 1, 2001.

21 (5) SECRETARY.—The term “Secretary” means
22 the Secretary of the Treasury or the Secretary’s del-
23 egate.

24 (d) EXCEPTION FOR EXEMPT USES.—The tax im-
25 posed by subsection (a) shall not apply to gasoline, diesel

1 fuel, kerosene, or aviation fuel held by any person exclu-
2 sively for any use to the extent a credit or refund of the
3 tax imposed by section 4081 or 4091 of such Code is al-
4 lowable for such use.

5 (e) EXCEPTION FOR FUEL HELD IN VEHICLE
6 TANK.—No tax shall be imposed by subsection (a) on gas-
7 oline, diesel fuel, kerosene, or aviation fuel held in the tank
8 of a motor vehicle, motorboat, or aircraft.

9 (f) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—
10 (1) IN GENERAL.—No tax shall be imposed by
11 subsection (a)—

12 (A) on gasoline (other than aviation gaso-
13 line) held on the floor stocks tax date by any
14 person if the aggregate amount of gasoline held
15 by such person on such date does not exceed
16 4,000 gallons, and

17 (B) on aviation gasoline, diesel fuel, ker-
18 osene, or aviation fuel held on such date by any
19 person if the aggregate amount of aviation gas-
20 oline, diesel fuel, kerosene, or aviation fuel held
21 by such person on such date does not exceed
22 2,000 gallons.

23 The preceding sentence shall apply only if such per-
24 son submits to the Secretary (at the time and in the
25 manner required by the Secretary) such information

1 as the Secretary shall require for purposes of this
2 paragraph.

3 (2) EXEMPT FUEL.—For purposes of para-
4 graph (1), there shall not be taken into account fuel
5 held by any person which is exempt from the tax im-
6 posed by subsection (a) by reason of subsection (d)
7 or (e).

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

10 (A) CORPORATIONS.—

11 (i) IN GENERAL.—All persons treated
12 as a controlled group shall be treated as 1
13 person.

14 (ii) CONTROLLED GROUP.—The term
15 “controlled group” has the meaning given
16 to such term by subsection (a) of section
17 1563 of such Code; except that for such
18 purposes the phrase “more than 50 per-
19 cent” shall be substituted for the phrase
20 “at least 80 percent” each place it appears
21 in such subsection.

22 (B) NONINCORPORATED PERSONS UNDER
23 COMMON CONTROL.—Under regulations pre-
24 scribed by the Secretary, principles similar to
25 the principles of subparagraph (A) shall apply

1 to a group of persons under common control
2 where 1 or more of such persons is not a cor-
3 poration.

4 (g) OTHER LAW APPLICABLE.—All provisions of law,
5 including penalties, applicable with respect to the taxes
6 imposed by section 4081 or 4091 of such Code shall, inso-
7 far as applicable and not inconsistent with the provisions
8 of this subsection, apply with respect to the floor stock
9 taxes imposed by subsection (a) to the same extent as if
10 such taxes were imposed by such section 4081 or 4091.

11 **SEC. 4. BENEFITS OF TAX REDUCTION SHOULD BE PASSED**
12 **ON TO CONSUMERS.**

13 (a) PASSTHROUGH TO CONSUMERS.—

14 (1) SENSE OF CONGRESS.—It is the sense of
15 Congress that—

16 (A) consumers immediately receive the
17 benefit of the reduction in taxes under this Act,
18 and

19 (B) transportation motor fuels producers
20 and other dealers take such actions as nec-
21 essary to reduce transportation motor fuels
22 prices to reflect such reduction, including imme-
23 diate credits to customer accounts representing
24 tax refunds allowed as credits against excise tax

1 deposit payments under the floor stocks refund
2 provisions of this Act.

3 (2) STUDY.—

4 (A) IN GENERAL.—The Comptroller Gen-
5 eral of the United States shall conduct a study
6 of the reduction of taxes under this Act to de-
7 termine whether there has been a passthrough
8 of such reduction.

9 (B) REPORT.—Not later than September
10 30, 2000, the Comptroller General of the
11 United States shall report to the Committee on
12 Finance of the Senate and the Committee on
13 Ways and Means of the House of Representa-
14 tives the results of the study conducted under
15 subparagraph (A).

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