

106TH CONGRESS
2D SESSION

S. 3118

To amend the Internal Revenue Code of 1986 to impose a windfall profits adjustment on crude oil (and products thereof) and to fund heating assistance for consumers and small business owners.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 27 (legislative day, SEPTEMBER 22), 2000

Mr. LEAHY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to impose a windfall profits adjustment on crude oil (and products thereof) and to fund heating assistance for consumers and small business owners.

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 “Windfall Oil Profits
5 For Heating Assistance Act of 2000”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) The overall net income for the 14 major pe-
2 troleum companies more than doubled in the second
3 quarter of 2000 relative to the second quarter of
4 1999, to \$10,300,000,000.

5 (2) In the second quarter of 2000, BP Amoco
6 reported profits of \$2,870,000,000, Chevron Cor-
7 poration reported profits of \$1,140,000,000, Conoco
8 reported profits of \$460,000,000, Exxon Mobil Cor-
9 poration reported profits of \$4,530,000,000, Mara-
10 thon Oil Company reported profits of \$367,000,000,
11 Phillips Petroleum Company reported profits of
12 \$439,000,000, Royal Dutch/Shell Group reported
13 profits of \$3,150,000,000, and Texaco, Inc. reported
14 profits of \$641,000,000.

15 (3) When compared to the second quarter of
16 1999, the profits in the second quarter of 2000 in-
17 creased 133 percent for BP Amoco, 136 percent for
18 Chevron, 205 percent for Conoco, 123 percent for
19 Exxon Mobil, 208 percent for Marathon, 275 per-
20 cent for Phillips, 96 percent for Shell, and 124 per-
21 cent for Texaco.

22 (4) The profits in the second quarter of 2000
23 for BP Amoco, Chevron, Conoco, Exxon Mobil, and
24 Shell were record quarterly profits for these oil com-
25 panies.

1 (5) In the first quarter of 2000, ARCO re-
2 ported profits of \$333,000,000, BP Amoco reported
3 profits of \$2,680,000,000, Chevron reported profits
4 of \$1,100,000,000, Conoco reported profits of
5 \$391,000,000, Exxon Mobil reported profits of
6 \$3,350,000,000, Phillips reported profits of
7 \$250,000,000, Shell reported profits of
8 \$3,130,000,000, and Texaco reported profits of
9 \$602,000,000.

10 (6) When compared to the first quarter of
11 1999, the profits in the first quarter of 2000 in-
12 creased 136 percent for ARCO, 296 percent for BP
13 Amoco, 291 percent for Chevron, 371 percent for
14 Conoco, 108 percent for Exxon Mobil, 257 percent
15 for Phillips, 117 percent for Shell, and 473 percent
16 for Texaco.

17 (7) The profits in the first quarter of 2000 for
18 BP Amoco, Conoco, Exxon Mobil, and Shell were
19 record quarterly profits.

20 (8) On June 19, 2000, gasoline prices hit all-
21 time highs across the United States, with a national
22 average of \$1.68 per gallon, according to the Energy
23 Information Administration.

24 (9) On September 22, 2000, the Department of
25 Energy estimated that heating oil inventories nation-

1 wide are 36 percent lower than in 1999, in the East
 2 such inventories are 40 percent lower than in 1999,
 3 and in New England such inventories are 65 percent
 4 lower than in 1999.

5 (10) American consumers continue to pay sky-
 6 high gasoline prices and home heating oil prices are
 7 expected to hit an all-time high in the winter of
 8 2000–2001 while the oil industry continues to reap
 9 record profits.

10 (b) PURPOSE.—The purpose of this Act is to transfer
 11 windfall profits from the oil industry to fund heating as-
 12 sistance for consumers and small business owners.

13 **SEC. 3. WINDFALL PROFITS ADJUSTMENT.**

14 (a) IN GENERAL.—Subtitle E of the Internal Rev-
 15 enue Code of 1986 (relating to alcohol, tobacco, and cer-
 16 tain other excise taxes) is amended by adding at the end
 17 the following new chapter:

18 **“CHAPTER 55—WINDFALL PROFITS ON**
 19 **CRUDE OIL AND PRODUCTS THEREOF**

“Sec. 5886. Imposition of tax.

20 **“SEC. 5886. IMPOSITION OF TAX.**

21 “(a) IN GENERAL.—An excise tax is hereby imposed
 22 on the windfall profit from any domestic crude oil or other
 23 taxable product removed from the premises during the

1 taxable year at a rate equal to 100 percent of such wind-
2 fall profit.

3 “(b) DEFINITIONS.—For purposes of this section—

4 “(1) PREMISES.—The term ‘premises’ has the
5 same meaning as when used for purposes of deter-
6 mining gross income from property under section
7 613.

8 “(2) PRODUCER.—The term ‘producer’ means
9 the holder of the economic interest with respect to
10 the crude oil or taxable product.

11 “(3) REASONABLE PROFIT.—The term ‘reason-
12 able profit’ means the amount determined by the
13 Chairman of the Federal Trade Commission to be a
14 reasonable profit on the crude oil or taxable product.

15 “(4) TAXABLE PRODUCT.—The term ‘taxable
16 product’ means any fuel which is a product of crude
17 oil.

18 “(5) WINDFALL PROFIT.—The term ‘windfall
19 profit’ means, with respect to any removal of crude
20 oil or taxable product, so much of the profit on such
21 removal as exceeds a reasonable profit.

22 “(c) LIABILITY FOR PAYMENT OF TAX.—The tax im-
23 posed by subsection (a) shall be paid by the producer of
24 the crude oil or taxable product.

1 “(d) REGULATIONS.—The Secretary shall prescribe
2 such regulations as may be necessary or appropriate to
3 carry out the purposes of this section.”.

4 (b) CLERICAL AMENDMENT.—The table of chapters
5 for subtitle E of such Code is amended by adding at the
6 end the following new item:

“CHAPTER 55. Windfall profits on crude oil and products there-
of.”

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to crude oil or other products re-
9 moved from the premises on or after January 1, 2000.

10 **SEC. 4. FEDERAL TRADE COMMISSION INVESTIGATION AND**
11 **DETERMINATION OF REASONABLE PROFITS.**

12 (a) INVESTIGATION OF OIL INDUSTRY PROFITS.—
13 The Chairman of the Federal Trade Commission shall in-
14 vestigate the profits of the oil industry, including the 14
15 major petroleum companies, on the sale in the United
16 States of any crude oil or other taxable product (as de-
17 fined in section 5886(b) of the Internal Revenue Code of
18 1986) made after January 1, 1999.

19 (b) DETERMINATION OF REASONABLE OIL INDUS-
20 TRY PROFITS.—The Federal Trade Commission shall
21 make reasonable profit determinations for purposes of ap-
22 plying section 5886 of the Internal Revenue Code of 1986
23 (relating to windfall profit on crude oil and products there-
24 of).

1 (c) FUNDING.—There are authorized to be appro-
 2 priated to the Federal Trade Commission such funds as
 3 are necessary to carry out this section.

4 **SEC. 5. ALLOCATION OF REVENUES FROM WINDFALL OIL**
 5 **PROFITS ADJUSTMENT TO HEATING ASSIST-**
 6 **ANCE.**

7 (a) ESTABLISHMENT OF TRUST FUND.—Subchapter
 8 A of chapter 98 of subtitle I of the Internal Revenue Code
 9 of 1986 (relating to establishment of trust funds) is
 10 amended by adding at the end the following new section:

11 **“SEC. 9511. WINDFALL OIL PROFITS TRUST FUND.**

12 “(a) CREATION OF TRUST FUND.—There is estab-
 13 lished in the Treasury of the United States a trust fund
 14 to be known as the ‘Windfall Oil Profits Trust Fund’, con-
 15 sisting of such amounts as may be appropriated or cred-
 16 ited to the Windfall Oil Profits Trust Fund as provided
 17 in this section.

18 “(b) TRANSFERS TO WINDFALL OIL PROFITS TRUST
 19 FUND.—There are hereby appropriated to the Windfall
 20 Oil Profits Trust Fund amounts equivalent to the taxes
 21 received in the Treasury under section 5886.

22 “(c) EXPENDITURES FROM WINDFALL OIL PROFITS
 23 TRUST FUND.—Amounts in the Windfall Oil Profits
 24 Trust Fund shall be available, as provided by appropria-
 25 tions Acts, for making expenditures—

1 “(1) in an amount not to exceed 75 percent of
2 amounts transferred under subsection (b), for heat-
3 ing assistance for consumers, and

4 “(2) in an amount not to exceed 25 percent of
5 amounts transferred under subsection (b), for heat-
6 ing assistance for small businesses.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for subchapter A of chapter 98 of subtitle I of the Internal
9 Revenue Code of 1986 is amended by adding at the end
10 the following new item:

 “Sec. 9511. Windfall oil profits trust fund.”

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