

109TH CONGRESS
2D SESSION

S. 2636

To provide an immediate Federal income tax rebate to help taxpayers with higher fuel costs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 25, 2006

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

A BILL

To provide an immediate Federal income tax rebate to help taxpayers with higher fuel costs, 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 “Oil Company
5 Accountability Act”.

6 **SEC. 2. ENERGY TAX REBATE.**

7 (a) IN GENERAL.—Subchapter B of chapter 65 of the
8 Internal Revenue Code of 1986 (relating to rules of special
9 application in the case of abatements, credits, and re-

1 funds) is amended by adding at the end the following new
2 section:

3 **“SEC. 6430. ENERGY TAX REBATE.**

4 “(a) GENERAL RULE.—Except as otherwise provided
5 in this section, each individual shall be treated as having
6 made a payment against the tax imposed by chapter 1 for
7 the taxable year beginning in 2006 in an amount equal
8 to \$500.

9 “(b) REMITTANCE OF PAYMENT.—The Secretary
10 shall remit to each taxpayer the payment described in sub-
11 section (a) not later than 30 days after the date of the
12 enactment of this section.

13 “(c) CERTAIN PERSONS NOT ELIGIBLE.—This sec-
14 tion shall not apply to—

15 “(1) any individual who did not have any ad-
16 justed gross income for the preceding taxable year or
17 whose adjusted gross income for such preceding tax-
18 able year exceeded \$120,000,

19 “(2) any individual with respect to whom a de-
20 duction under section 151 is allowable to another
21 taxpayer for the taxable year beginning in 2006,

22 “(3) any estate or trust, or

23 “(4) any nonresident alien individual.”.

24 (b) CONFORMING AMENDMENT.—Section 1324(b)(2)
25 of title 31, United States Code, is amended by inserting

1 before the period “, or enacted by the Oil Company
2 Accountability Act”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for subchapter B of chapter 65 of the Internal Revenue
5 Code of 1986 is amended by adding at the end the fol-
6 lowing new item:

“Sec. 6430. Energy tax rebate.”.

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

10 **SEC. 3. REVALUATION OF LIFO INVENTORIES OF LARGE IN-**
11 **TEGRATED OIL COMPANIES.**

12 (a) GENERAL RULE.—Notwithstanding any other
13 provision of law, if a taxpayer is an applicable integrated
14 oil company for its last taxable year ending in calendar
15 year 2005, the taxpayer shall—

16 (1) increase, effective as of the close of such
17 taxable year, the value of each historic LIFO layer
18 of inventories of crude oil, natural gas, or any other
19 petroleum product (within the meaning of section
20 4611) by the layer adjustment amount, and

21 (2) decrease its cost of goods sold for such tax-
22 able year by the aggregate amount of the increases
23 under paragraph (1).

24 If the aggregate amount of the increases under paragraph
25 (1) exceed the taxpayer’s cost of goods sold for such tax-

1 able year, the taxpayer's gross income for such taxable
2 year shall be increased by the amount of such excess.

3 (b) LAYER ADJUSTMENT AMOUNT.—For purposes of
4 this section—

5 (1) IN GENERAL.—The term “layer adjustment
6 amount” means, with respect to any historic LIFO
7 layer, the product of—

8 (A) \$18.75, and

9 (B) the number of barrels of crude oil (or
10 in the case of natural gas or other petroleum
11 products, the number of barrel-of-oil equiva-
12 lents) represented by the layer.

13 (2) BARREL-OF-OIL EQUIVALENT.—The term
14 “barrel-of-oil equivalent” has the meaning given
15 such term by section 29(d)(5) (as in effect before its
16 redesignation by the Energy Tax Incentives Act of
17 2005).

18 (c) APPLICATION OF REQUIREMENT.—

19 (1) NO CHANGE IN METHOD OF ACCOUNTING.—
20 Any adjustment required by this section shall not be
21 treated as a change in method of accounting.

22 (2) UNDERPAYMENTS OF ESTIMATED TAX.—No
23 addition to the tax shall be made under section 6655
24 of the Internal Revenue Code of 1986 (relating to
25 failure by corporation to pay estimated tax) with re-

1 spect to any underpayment of an installment re-
2 quired to be paid with respect to the taxable year
3 described in subsection (a) to the extent such under-
4 payment was created or increased by this section.

5 (d) **APPLICABLE INTEGRATED OIL COMPANY.**—For
6 purposes of this section, the term “applicable integrated
7 oil company” means an integrated oil company (as defined
8 in section 291(b)(4) of the Internal Revenue Code of
9 1986) which has an average daily worldwide production
10 of crude oil of at least 500,000 barrels for the taxable
11 year and which had gross receipts in excess of
12 \$1,000,000,000 for its last taxable year ending during cal-
13 endar year 2005. For purposes of this subsection all per-
14 sons treated as a single employer under subsections (a)
15 and (b) of section 52 of the Internal Revenue Code of
16 1986 shall be treated as 1 person and, in the case of a
17 short taxable year, the rule under section 448(c)(3)(B)
18 shall apply.

19 **SEC. 4. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
20 **APPLICABLE TO LARGE INTEGRATED OIL**
21 **COMPANIES WHICH ARE DUAL CAPACITY**
22 **TAXPAYERS.**

23 (a) **IN GENERAL.**—Section 901 of the Internal Rev-
24 enue Code of 1986 (relating to credit for taxes of foreign
25 countries and of possessions of the United States) is

1 amended by redesignating subsection (m) as subsection
2 (n) and by inserting after subsection (l) the following new
3 subsection:

4 “(m) SPECIAL RULES RELATING TO LARGE INTE-
5 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
6 TAXPAYERS.—

7 “(1) GENERAL RULE.—Notwithstanding any
8 other provision of this chapter, any amount paid or
9 accrued by a dual capacity taxpayer which is a large
10 integrated oil company to a foreign country or pos-
11 session of the United States for any period shall not
12 be considered a tax—

13 “(A) if, for such period, the foreign coun-
14 try or possession does not impose a generally
15 applicable income tax, or

16 “(B) to the extent such amount exceeds
17 the amount (determined in accordance with reg-
18 ulations) which—

19 “(i) is paid by such dual capacity tax-
20 payer pursuant to the generally applicable
21 income tax imposed by the country or pos-
22 session, or

23 “(ii) would be paid if the generally ap-
24 plicable income tax imposed by the country

1 or possession were applicable to such dual
2 capacity taxpayer.

3 Nothing in this paragraph shall be construed to
4 imply the proper treatment of any such amount
5 not in excess of the amount determined under
6 subparagraph (B).

7 “(2) DUAL CAPACITY TAXPAYER.—For pur-
8 poses of this subsection, the term ‘dual capacity tax-
9 payer’ means, with respect to any foreign country or
10 possession of the United States, a person who—

11 “(A) is subject to a levy of such country or
12 possession, and

13 “(B) receives (or will receive) directly or
14 indirectly a specific economic benefit (as deter-
15 mined in accordance with regulations) from
16 such country or possession.

17 “(3) GENERALLY APPLICABLE INCOME TAX.—
18 For purposes of this subsection—

19 “(A) IN GENERAL.—The term ‘generally
20 applicable income tax’ means an income tax (or
21 a series of income taxes) which is generally im-
22 posed under the laws of a foreign country or
23 possession on income derived from the conduct
24 of a trade or business within such country or
25 possession.

1 “(B) EXCEPTIONS.—Such term shall not
2 include a tax unless it has substantial applica-
3 tion, by its terms and in practice, to—

4 “(i) persons who are not dual capacity
5 taxpayers, and

6 “(ii) persons who are citizens or resi-
7 dents of the foreign country or possession.

8 “(4) LARGE INTEGRATED OIL COMPANY.—For
9 purposes of this subsection, the term ‘large inte-
10 grated oil company’ means, with respect to any tax-
11 able year, an integrated oil company (as defined in
12 section 291(b)(4)) which—

13 “(A) had gross receipts in excess of
14 \$1,000,000,000 for such taxable year, and

15 “(B) has an average daily worldwide pro-
16 duction of crude oil of at least 500,000 barrels
17 for such taxable year.”

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall apply to taxes paid or accrued in
21 taxable years beginning after the date of the enact-
22 ment of this Act.

23 (2) CONTRARY TREATY OBLIGATIONS
24 UPHELD.—The amendments made by this section

- 1 shall not apply to the extent contrary to any treaty
- 2 obligation of the United States.

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