

**AMENDMENT TO H.R. 1229, AS ORDERED
REPORTED
OFFERED BY MR. SHULER OF NORTH CAROLINA**

Page 10, after line 9, add the following new title:

1 **TITLE III—SUSPENSION OF**
2 **HIGHWAY FUELS TAXES**

3 **SEC. 301. SUSPENSION OF FUEL TAXES ON HIGHWAY**
4 **MOTOR FUELS.**

5 (a) IN GENERAL.—Section 4081 of the Internal Rev-
6 enue Code of 1986 (relating to imposition of tax on motor
7 and aviation fuels) is amended by adding at the end the
8 following new subsection:

9 “(f) SUSPENSION OF HIGHWAY MOTOR FUEL
10 TAXES.—

11 “(1) IN GENERAL.—During the suspension pe-
12 riod, the tax imposed by section 4041 or 4081 on
13 highway motor fuel shall be suspended.

14 “(2) DEFINITIONS.—For purposes of this sub-
15 section—

16 “(A) SUSPENSION PERIOD.—The term
17 ‘suspension period’ means the 45-day period be-
18 ginning 7 days after the date of enactment of
19 this subsection.

1 “(B) HIGHWAY MOTOR FUEL.—The term
2 ‘highway motor fuel’ means any fuel subject to
3 tax under section 4041 or 4081 other than
4 aviation gasoline and aviation-grade kerosene.”.

5 (b) MAINTENANCE OF TRUST FUNDS DEPOSITS;
6 AMOUNTS APPROPRIATED TO TRUST FUNDS TREATED AS
7 TAXES.—

8 (1) IN GENERAL.—There is hereby appro-
9 priated (out of any money in the Treasury not other-
10 wise appropriated) to each trust fund which would
11 (but for this subsection) receive reduced revenues as
12 a result of a suspension in a rate of tax by reason
13 of section 4081(f)(1) of the Internal Revenue Code
14 of 1986 (as added by this section) an amount equal
15 to such reduction in revenues. Amounts appropriated
16 by the preceding sentence to any trust fund—

17 (A) shall be transferred from the general
18 fund at such times and in such manner as to
19 replicate to the extent possible the transfers
20 which would have occurred had subsection (a)
21 not been enacted, and

22 (B) shall be treated for all purposes of
23 Federal law as taxes received under the appro-
24 priate section referred to in such section
25 4081(f)(1).

1 (2) MITIGATION OF POTENTIAL IMPACT ON
2 TRUST FUNDS.—Appropriations by paragraph (1)
3 shall include such amounts as are necessary to miti-
4 gate potential impacts on such trust funds due to in-
5 ccurring costs associated with such reduction in reve-
6 nues.

7 (c) CONSUMERS TO BENEFIT FROM SUSPENSION.—
8 It is the sense of Congress that consumers should imme-
9 diately receive the benefit of the 18.4 cents per gallon tax
10 reduction by reason of the amendment made by section
11 (a).

12 (d) EFFECTIVE DATE.—The amendment made by
13 this section shall take effect on the date of the enactment
14 of this Act.

15 (e) FLOOR STOCK REFUNDS.—

16 (1) IN GENERAL.—If—

17 (A) before the tax suspension date, tax has
18 been imposed under section 4081 of the Inter-
19 nal Revenue Code of 1986 on any highway
20 motor fuel, and

21 (B) on such date such fuel is held by a
22 dealer and has not been used and is intended
23 for sale,

24 there shall be credited or refunded (without interest)
25 to the person who paid such tax (hereafter in this

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

5 (2) TIME FOR FILING CLAIMS.—No credit or re-
6 fund shall be allowed or made under this subsection
7 unless—

8 (A) claim therefor is filed with the Sec-
9 retary of the Treasury before the date which is
10 6 months after the tax suspension date based
11 on a request submitted to the taxpayer before
12 the date which is 3 months after the tax sus-
13 pension date by the dealer who held the high-
14 way motor fuel on such date, and

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

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

1 (4) DEFINITIONS.—For purposes of this sub-
2 section—

3 (A) TAX SUSPENSION DATE.—The term
4 “tax suspension date” means the first day of
5 any suspension period in effect under section
6 4081(f) of the Internal Revenue Code of 1986
7 (as added by subsection (a) of this section).

8 (B) OTHER TERMS.—The terms “dealer”
9 and “held by a dealer” have the respective
10 meanings given to such terms by section 6412
11 of such Code.

12 (5) CERTAIN RULES TO APPLY.—Rules similar
13 to the rules of subsections (b) and (c) of section
14 6412 of such Code shall apply for purposes of this
15 subsection.

16 (f) FLOOR STOCKS TAX.—

17 (1) IMPOSITION OF TAX.—In the case of any
18 highway motor fuel which is held on the tax restora-
19 tion date by any person, there is hereby imposed a
20 floor stocks tax equal to the excess of the tax which
21 would be imposed on such fuel had the taxable event
22 occurred on such date over the tax (if any) pre-
23 viously paid (and not credited or refunded) on such
24 fuel.

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

3 (A) LIABILITY FOR TAX.—The person
4 holding highway motor fuel on the tax restora-
5 tion date to which the tax imposed by para-
6 graph (1) applies shall be liable for such tax.

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

10 (C) TIME FOR PAYMENT.—The tax im-
11 posed by paragraph (1) shall be paid on or be-
12 fore the 45th day after the tax restoration date.

13 (3) DEFINITIONS.—For purposes of this sub-
14 section—

15 (A) TAX RESTORATION DATE.—The term
16 “tax restoration date” means the first day after
17 the end of the suspension period (as defined in
18 section 4081(f) of the Internal Revenue Code of
19 1986).

20 (B) HIGHWAY MOTOR FUEL.—The term
21 “highway motor fuel” has the meaning given to
22 such term by section 4081(f) of such Code.

23 (C) HELD BY A PERSON.—A highway
24 motor fuel shall be considered as held by a per-
25 son if title thereto has passed to such person

1 (whether or not delivery to the person has been
2 made).

3 (D) SECRETARY.—The term “Secretary”
4 means the Secretary of the Treasury or the
5 Secretary’s delegate.

6 (4) EXCEPTION FOR EXEMPT USES.—The tax
7 imposed by paragraph (1) shall not apply to any
8 highway motor fuel held by any person exclusively
9 for any use to the extent a credit or refund of the
10 tax is allowable for such use.

11 (5) EXCEPTION FOR CERTAIN AMOUNTS OF
12 FUEL.—

13 (A) IN GENERAL.—No tax shall be im-
14 posed by paragraph (1) on any highway motor
15 fuel held on the tax restoration date by any per-
16 son if the aggregate amount of such highway
17 motor fuel held by such person on such date
18 does not exceed 2,000 gallons. The preceding
19 sentence shall apply only if such person submits
20 to the Secretary (at the time and in the manner
21 required by the Secretary) such information as
22 the Secretary shall require for purposes of this
23 subparagraph.

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

1 count any highway motor fuel held by any per-
2 son which is exempt from the tax imposed by
3 paragraph (1) by reason of paragraph (4).

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

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 subpara-
23 graph (A) shall apply to a group of per-
24 sons under common control if 1 or more of
25 such persons is not a corporation.

1 (6) OTHER LAWS APPLICABLE.—All provisions
2 of law, including penalties, applicable with respect to
3 the taxes imposed by section 4081 of such Code
4 shall, insofar as applicable and not inconsistent with
5 the provisions of this subsection, apply with respect
6 to the floor stock taxes imposed by paragraph (1) to
7 the same extent as if such taxes were imposed by
8 such section.

9 **SEC. 302. AMORTIZATION OF GEOLOGICAL AND GEO-**
10 **PHYSICAL EXPENDITURES.**

11 (a) IN GENERAL.—Subparagraph (A) of section
12 167(h)(5) of the Internal Revenue Code of 1986 is amend-
13 ed by inserting “(and for the 1-year period beginning on
14 the date of enactment of the Putting the Gulf of Mexico
15 Back to Work Act, any company which is not a small,
16 independent oil and gas company)” after “major inte-
17 grated oil company,”.

18 (b) CONFORMING AMENDMENT.—The heading for
19 paragraph (5) of section 167(h) of such Code is amended
20 by inserting “AND OTHER LARGE TAXPAYERS”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to amounts paid or incurred after
23 the date of the enactment of this Act.

1 **SEC. 303. PRODUCING OIL AND GAS FROM MARGINAL**
2 **WELLS.**

3 (a) IN GENERAL.—Section 45I of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end the
5 following new subsection:

6 “(e) EXCEPTION FOR TAXPAYER WHO IS NOT
7 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

8 “(1) IN GENERAL.—In the case of the first tax-
9 able year beginning after the date of the enactment
10 of the Putting the Gulf of Mexico Back to Work Act,
11 subsection (a) shall not apply to any taxpayer which
12 is not a small, independent oil and gas company.

13 “(2) AGGREGATION RULE.—For purposes of
14 paragraph (1), all persons treated as a single em-
15 ployer under subsections (a) and (b) of section 52
16 shall be treated as 1 person.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall apply to credits determined for taxable
19 years beginning after the date of the enactment of this
20 Act.

21 **SEC. 304. ENHANCED OIL RECOVERY CREDIT.**

22 (a) IN GENERAL.—Section 43 of the Internal Rev-
23 enue Code of 1986 is amended by adding at the end the
24 following new subsection:

25 “(f) EXCEPTION FOR TAXPAYER WHO IS NOT
26 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to amounts paid or incurred in tax-
3 able years beginning after the date of the enactment of
4 this Act.

5 **SEC. 306. PERCENTAGE DEPLETION.**

6 (a) IN GENERAL.—Section 613A of the Internal Rev-
7 enue Code of 1986 is amended by adding at the end the
8 following new subsection:

9 “(f) EXCEPTION FOR TAXPAYER WHO IS NOT
10 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

11 “(1) IN GENERAL.—In the case of the first tax-
12 able year beginning after the date of the enactment
13 of the Putting the Gulf of Mexico Back to Work Act,
14 this section and section 611 shall not apply to any
15 taxpayer which is not a small, independent oil and
16 gas company.

17 “(2) AGGREGATION RULE.—For purposes of
18 paragraph (1), all persons treated as a single em-
19 ployer under subsections (a) and (b) of section 52
20 shall be treated as 1 person.”.

21 (b) CONFORMING AMENDMENT.—Section 613A(c)(1)
22 of such Code is amended by striking “subsection (d)” and
23 inserting “subsections (d) and (f)”.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

4 **SEC. 307. TERTIARY INJECTANTS.**

5 (a) IN GENERAL.—Section 193 of the Internal Rev-
6 enue Code of 1986 is amended by adding at the end the
7 following new subsection:

8 “(d) EXCEPTION FOR TAXPAYER WHO IS NOT
9 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

10 “(1) IN GENERAL.—In the case of the first tax-
11 able year beginning after the date of the enactment
12 of the Putting the Gulf of Mexico Back to Work
13 Act, subsection (a) shall not apply to any taxpayer
14 which is not a small, independent oil and gas com-
15 pany.

16 “(2) EXCEPTION FOR QUALIFIED CARBON DI-
17 OXIDE DISPOSED IN SECURE GEOLOGICAL STOR-
18 AGE.—Paragraph (1) shall not apply in the case of
19 any qualified tertiary injectant expense paid or in-
20 curred for any tertiary injectant is qualified carbon
21 dioxide (as defined in section 45Q(b)) which is dis-
22 posed of by the taxpayer in secure geological storage
23 (as defined by section 45Q(d)).

24 “(3) AGGREGATION RULE.—For purposes of
25 paragraph (1), all persons treated as a single em-

1 ployer under subsections (a) and (b) of section 52
2 shall be treated as 1 person.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to expenses incurred after the date
5 of the enactment of this Act.

6 **SEC. 308. PASSIVE ACTIVITY LOSSES AND CREDITS LIM-**
7 **ITED.**

8 (a) **IN GENERAL.**—Paragraph (3) of section 469(c)
9 of the Internal Revenue Code of 1986 is amended by add-
10 ing at the end the following:

11 “(C) **EXCEPTION FOR TAXPAYER WHO IS**
12 **NOT SMALL, INDEPENDENT OIL AND GAS COM-**
13 **PANY.**—

14 “(i) **IN GENERAL.**—In the case of the
15 first taxable year beginning after the date
16 of the enactment of the Putting the Gulf
17 of Mexico Back to Work Act, subpara-
18 graph (A) shall not apply to any taxpayer
19 which is not a small, independent oil and
20 gas company.

21 “(ii) **AGGREGATION RULE.**—For pur-
22 poses of clause (i), all persons treated as
23 a single employer under subsections (a)
24 and (b) of section 52 shall be treated as 1
25 person.”.

1 **SEC. 309. INCOME ATTRIBUTABLE TO DOMESTIC PRODUC-**
2 **TION ACTIVITIES.**

3 (a) IN GENERAL.—Section 199 of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end the
5 following new subsection:

6 “(e) EXCEPTION FOR TAXPAYER WHO IS NOT
7 SMALL, INDEPENDENT OIL AND GAS COMPANY.—In the
8 case of the first taxable year beginning after the date of
9 the enactment of the Putting the Gulf of Mexico Back to
10 Work Act, subsection (a) shall not apply to the income
11 derived from the production, transportation, or distribu-
12 tion of oil, natural gas, or any primary product (within
13 the meaning of subsection (d)(9)) thereof by any taxpayer
14 which is an oil and gas company which is not a small,
15 independent oil and gas company.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 the date of the enactment of this Act.

19 **SEC. 310. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**
20 **COUNTING FOR MAJOR INTEGRATED OIL**
21 **COMPANIES.**

22 (a) IN GENERAL.—Section 472 of the Internal Rev-
23 enue Code of 1986 is amended by adding at the end the
24 following new subsection:

25 “(h) CERTAIN OIL COMPANIES.—Notwithstanding
26 any other provision of this section, an oil and gas company

1 which is not a small, independent oil and gas company
2 may not use the method provided in subsection (b) in
3 inventorying of any goods.”.

4 (b) EFFECTIVE DATE AND SPECIAL RULE.—

5 (1) IN GENERAL.—The amendment made by
6 subsection (a) shall apply to taxable years beginning
7 after the date of the enactment of this Act.

8 (2) CHANGE IN METHOD OF ACCOUNTING.—In
9 the case of any taxpayer required by the amendment
10 made by this section to change its method of ac-
11 counting for its first taxable year beginning after the
12 date of the enactment of this Act—

13 (A) such change shall be treated as initi-
14 ated by the taxpayer,

15 (B) such change shall be treated as made
16 with the consent of the Secretary of the Treas-
17 ury, and

18 (C) the net amount of the adjustments re-
19 quired to be taken into account by the taxpayer
20 under section 481 of the Internal Revenue Code
21 of 1986 shall be taken into account ratably over
22 a period (not greater than 8 taxable years) be-
23 ginning with such first taxable year.

1 **SEC. 311. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
2 **APPLICABLE TO DUAL CAPACITY TAXPAYERS.**

3 (a) IN GENERAL.—Section 901 of the Internal Rev-
4 enue Code of 1986 is amended by redesignating subsection
5 (n) as subsection (o) and by inserting after subsection (m)
6 the following new subsection:

7 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY
8 TAXPAYERS.—

9 “(1) GENERAL RULE.—Notwithstanding any
10 other provision of this chapter, any amount paid or
11 accrued by a dual capacity taxpayer to a foreign
12 country or possession of the United States for any
13 period with respect to combined foreign oil and gas
14 income (as defined in section 907(b)(1)) shall not be
15 considered a tax to the extent such amount exceeds
16 the amount (determined in accordance with regula-
17 tions) which would have been required to be paid if
18 the taxpayer were not a dual capacity taxpayer.

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

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

25 “(B) receives (or will receive) directly or
26 indirectly a specific economic benefit (as deter-

1 mined in accordance with regulations) from
2 such country or possession.”.

3 (b) EFFECTIVE DATE.—

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

8 (2) CONTRARY TREATY OBLIGATIONS
9 UPHELD.—The amendments made by this section
10 shall not apply to the extent contrary to any treaty
11 obligation of the United States.

