AMENDMENT TO SENATE AMENDMENTS TO H.R. 22
OFFERED BY MR. BLUMENAUER OF OREGON

Page 11, insert after the item relating to section 51203 the following new item:

“Sec. 51024. Additional tax on motor fuels.”

Page 895, after line 13, insert the following:

SEC. 51204. ADDITIONAL TAX ON MOTOR FUELS.

(a) GASOLINE OTHER THAN AVIATION GASOLINE.—

Section 4081(a)(2)(A)(i) of the Internal Revenue Code of 1986 is amended to read as follows:

“(i) in the case of gasoline other than aviation gasoline—

“(I) for tax imposed before 2016, 18.3 cents per gallon,

“(II) for tax imposed during 2016, 26.3 cents per gallon,

“(III) for tax imposed during 2017, 30.3 cents per gallon, and

“(IV) for tax imposed after 2017 and before 2028, 33.3 cents per gallon,”.
(b) DIESEL FUEL OR KEROSENE.—Section 4081(a)(2)(A)(iii) of such Code is amended to read as follows:

“(iii) in the case of diesel fuel or kerosene—

“(I) for tax imposed before 2016, 24.3 cents per gallon,

“(II) for tax imposed during 2016, 32.3 cents per gallon,

“(III) for tax imposed during 2017, 36.3 cents per gallon, and

“(IV) for tax imposed after 2017 and before 2027, 39.3 cents per gallon,”.

(c) INCREASE FOR INFLATION.—Paragraph (2) of section 4081(a) of such Code is amended by adding at the end the following:

“(E) ADJUSTMENT FOR INFLATION.—In the case of any calendar year beginning after 2017, the rates of tax contained in clauses (i)(IV) and (iii)(IV) of subparagraph (A) shall each be increased by an amount equal to—

“(i) such rate, multiplied by

“(ii) the cost of living adjustment determined under section 1(f)(3) for the cal-
endar year, determined by substituting ‘calendar year 2016’ for ‘calendar year 1992’ in subparagraph (B) thereof.

Any increase under the preceding sentence shall be rounded to the nearest 0.1 cents.”.

(d) DIESEL-WATER FUEL EMULSION.—Section 4081(a)(2)(D) of such Code is amended by striking “19.7 cents” for “24.3 cents” and inserting “a rate equal to 71 percent of the rate in effect under subparagraph (A) (without regard to this subparagraph)”.

(e) TERMINATION.—Section 4081(d)(1) of such Code is amended by striking “September 30, 2016” and inserting “December 31, 2026”.

(f) ALLOCATION IN ACCOUNTS IN HIGHWAY TRUST FUND.—

(1) IN GENERAL.—Section 9503(e)(2)(A) of such Code is amended to read as follows:

“(A) except as otherwise provided in this sentence—

“(i) 2.86 cents per gallon with respect to taxes imposed during calendar year 2015,

“(ii) 3.86 cents per gallon with respect to taxes imposed during calendar year 2016,
“(iii) 4.86 cents per gallon with respect to taxes imposed during calendar year 2017, and

“(iv) 5.86 cents per gallon with respect to taxes imposed after calendar year 2017,”.

(2) ADJUSTMENT FOR INFLATION.—Section 9503(e) of such Code is amended by adding at the end the following new paragraph:

“(6) ADJUSTMENT FOR INFLATION.—In the case of any calendar year beginning after 2017, the rate of tax contained in paragraph (2)(A)(iv) shall be increased by an amount equal to—

“(A) such rate, multiplied by

“(B) the cost of living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2016’ for ‘calendar year 1992’ in subparagraph (B) thereof.

Any increase under the preceding sentence shall be rounded to the nearest 0.1 cents.”.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to fuels or liquids removed, entered, or sold after December 31, 2015.

(h) FLOOR STOCKS TAX.—
(1) **IMPOSITION OF TAX.**—In the case of any taxable liquid which is held on the floor stocks tax date by any person, there is hereby imposed a floor stocks tax equal to the excess of the tax which would be imposed on such liquid under section 4041 or 4081 of the Internal Revenue Code of 1986 had the taxable event occurred on the floor stocks tax date over the tax paid under any such section on such liquid.

(2) **LIABILITY FOR TAX AND METHOD OF PAYMENT.**—

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

   (B) **METHOD OF PAYMENT.**—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe.

   (C) **TIME OF PAYMENT.**—The tax imposed by paragraph (1) shall be paid on or before the date which is 6 months after the floor stocks tax date.

(3) **DEFINITIONS.**—For purposes of this section—
(A) HELD BY A PERSON.—A liquid shall be considered as held by a person if title thereto has passed to such person (whether or not delivery to the person has been made).

(B) TAXABLE LIQUID.—The term “taxable liquid” means diesel fuel and kerosene (other than aviation-grade kerosene).

(C) FLOOR STOCKS DATE.—The term “floor stocks tax date” means any January 1 of any calendar year beginning after the date of the enactment of this Act on which a rate of tax under section 4041 or 4081 of such Code increases pursuant to an amendment made by this section.

(D) SECRETARY.—The term “Secretary” means the Secretary of the Treasury.

(4) EXCEPTION FOR EXEMPT USES.—The tax imposed by paragraph (1) shall not apply to taxable liquid held by any person exclusively for any use to the extent a credit or refund of the tax imposed by a section of such Code is allowable for such use.

(5) EXCEPTION FOR FUEL HELD IN VEHICLE TANK.—No tax shall be imposed by paragraph (1) on taxable liquid held in the tank of a motor vehicle or motorboat.
(6) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

(A) IN GENERAL.—No tax shall be imposed by paragraph (1) on any liquid held on the floor stocks tax date by any person if the aggregate amount of liquid held by such person on such date does not exceed 2,000 gallons. The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this paragraph.

(B) EXEMPT FUEL.—For purposes of subparagraph (A), there shall not be taken into account fuel held by any person which is exempt from the tax imposed by paragraph (1) by reason of paragraph (4) or (5).

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

(i) CORPORATIONS.—

(I) IN GENERAL.—All persons treated as a controlled group shall be treated as 1 person.

(II) CONTROLLED GROUP.—The term “controlled group” has the
meaning given to such term by subsection (a) of section 1563 of such Code; except that for such purposes the phrase “more than 50 percent” shall be substituted for the phrase “at least 80 percent” each place it appears in such subsection.

(ii) Nonincorporated persons under common control.—Under regulations prescribed by the Secretary, principles similar to the principles of clause (i) shall apply to a group of persons under common control where one or more of such persons is not a corporation.

(7) Other laws applicable.—All provisions of law, including penalties, applicable with respect to the taxes imposed by chapter 31 or 32 of such Code shall, insofar as applicable and not inconsistent with the provisions of this section, apply with respect to the floor stock taxes imposed by paragraph (1) to the same extent as if such taxes were imposed by such chapter.