

AMENDMENT TO
RULES COMMITTEE PRINT 113-14, H.R. 1947
FEDERAL AGRICULTURE REFORM AND RISK
MANAGEMENT ACT OF 2013
OFFERED BY MS. BROWNLEY OF CALIFORNIA

In subtitle A of title IV, strike sections 4005, 4007, 4018, and 4027.

Page 258, line 5, strike “\$1,750,000,000” and insert “\$3,500,000,000”.

Page 381, line 20, strike “\$20,000,000” and insert “\$40,000,000”.

Page 382, line 1, strike “\$5,000,000” and insert “\$10,000,000”.

Page 384, line 8, strike “\$27,000,000” and insert “\$54,000,000”.

Page 384, line 13, strike “\$5,000,000” and insert “\$10,000,000”.

Page 385, line 17, strike “\$40,000,000” and insert “\$80,000,000”.

Page 386, line 16, strike “\$10,000,000” and insert “\$20,000,000”.

Page 390, line 15, strike “\$1,000,000” and insert “\$2,000,000”.

Page 390, line 21, strike “\$20,000,000” and insert “\$40,000,000”.

Page 391, line 3, strike “\$12,000,000” and insert “\$24,000,000”.

Page 391, line 14, strike “\$2,000,000” and insert “\$4,000,000”.

Page 391, line 23, strike “\$20,000,000” and insert “\$40,000,000”.

Page 444, strike lines 1 through 6, relating to funding of the specialty crop research initiative, and insert the following:

- 1 “(i) \$100,000,000 for fiscal years
- 2 2014 and 2015;
- 3 “(ii) \$110,000,000 for fiscal years
- 4 2016 and 2017; and
- 5 “(iii) \$130,000,000 for fiscal year
- 6 2018 and each fiscal year thereafter.”.

Page 531, strike lines 18, 19, and 20, relating to funding for specialty crop block grants, and insert the following:

1 “(D) \$145,000,000 for fiscal years 2014
2 through 2017; and
3 “(E) \$170,000,000 for fiscal year 2018.”;

Page 536, strike lines 10, 11, and 12, relating to
funding for plant pest and disease prevention, and insert
the following:

4 “(5) \$125,000,000 for fiscal years 2014
5 through 2017; and
6 “(6) \$150,000,000 for fiscal year 2018.”.

At the end, add the following:

7 **TITLE XIII—CLOSE BIG OIL TAX**
8 **LOOPHOLES**

9 **SEC. 13001. MODIFICATIONS OF FOREIGN TAX CREDIT**
10 **RULES APPLICABLE TO MAJOR INTEGRATED**
11 **OIL COMPANIES WHICH ARE DUAL CAPACITY**
12 **TAXPAYERS.**

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

17 “(n) SPECIAL RULES RELATING TO MAJOR INTE-
18 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
19 TAXPAYERS.—

1 “(1) GENERAL RULE.—Notwithstanding any
2 other provision of this chapter, any amount paid or
3 accrued by a dual capacity taxpayer which is a
4 major integrated oil company (within the meaning of
5 section 167(h)(5)) to a foreign country or possession
6 of the United States for any period shall not be con-
7 sidered a tax—

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

11 “(B) to the extent such amount exceeds
12 the amount (determined in accordance with reg-
13 ulations) which—

14 “(i) is paid by such dual capacity tax-
15 payer pursuant to the generally applicable
16 income tax imposed by the country or pos-
17 session, or

18 “(ii) would be paid if the generally ap-
19 plicable income tax imposed by the country
20 or possession were applicable to such dual
21 capacity taxpayer.

22 Nothing in this paragraph shall be construed to
23 imply the proper treatment of any such amount not
24 in excess of the amount determined under subpara-
25 graph (B).

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

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

7 “(B) receives (or will receive) directly or
8 indirectly a specific economic benefit (as deter-
9 mined in accordance with regulations) from
10 such country or possession.

11 “(3) GENERALLY APPLICABLE INCOME TAX.—
12 For purposes of this subsection—

13 “(A) IN GENERAL.—The term ‘generally
14 applicable income tax’ means an income tax (or
15 a series of income taxes) which is generally im-
16 posed under the laws of a foreign country or
17 possession on income derived from the conduct
18 of a trade or business within such country or
19 possession.

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

23 “(i) persons who are not dual capacity
24 taxpayers, and

1 “(ii) persons who are citizens or resi-
2 dents of the foreign country or posses-
3 sion.”.

4 (b) EFFECTIVE DATE.—

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

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

13 **SEC. 13002. LIMITATION ON SECTION 199 DEDUCTION AT-**
14 **TRIBUTABLE TO OIL, NATURAL GAS, OR PRI-**
15 **MARY PRODUCTS THEREOF.**

16 (a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-
17 tion 199(c) of the Internal Revenue Code of 1986 is
18 amended by adding at the end the following new subpara-
19 graph:

20 “(E) SPECIAL RULE FOR CERTAIN OIL
21 AND GAS INCOME.—In the case of any taxpayer
22 who is a major integrated oil company (within
23 the meaning of section 167(h)(5)) for the tax-
24 able year, the term ‘domestic production gross
25 receipts’ shall not include gross receipts from

1 the production, refining, processing, transpor-
2 tation, or distribution of oil, gas, or any pri-
3 mary product (within the meaning of subsection
4 (d)(9)) thereof.”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years beginning after
7 December 31, 2013.

8 **SEC. 13003. LIMITATION ON DEDUCTION FOR INTANGIBLE**
9 **DRILLING AND DEVELOPMENT COSTS; AMOR-**
10 **TIZATION OF DISALLOWED AMOUNTS.**

11 (a) IN GENERAL.—Section 263(c) of the Internal
12 Revenue Code of 1986 is amended to read as follows:

13 “(c) INTANGIBLE DRILLING AND DEVELOPMENT
14 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-
15 THERMAL WELLS.—

16 “(1) IN GENERAL.—Notwithstanding subsection
17 (a), and except as provided in subsection (i), regula-
18 tions shall be prescribed by the Secretary under this
19 subtitle corresponding to the regulations which
20 granted the option to deduct as expenses intangible
21 drilling and development costs in the case of oil and
22 gas wells and which were recognized and approved
23 by the Congress in House Concurrent Resolution 50,
24 Seventy-ninth Congress. Such regulations shall also
25 grant the option to deduct as expenses intangible

1 drilling and development costs in the case of wells
2 drilled for any geothermal deposit (as defined in sec-
3 tion 613(e)(2)) to the same extent and in the same
4 manner as such expenses are deductible in the case
5 of oil and gas wells. This subsection shall not apply
6 with respect to any costs to which any deduction is
7 allowed under section 59(e) or 291.

8 “(2) EXCLUSION.—

9 “(A) IN GENERAL.—This subsection shall
10 not apply to amounts paid or incurred by a tax-
11 payer in any taxable year in which such tax-
12 payer is a major integrated oil company (within
13 the meaning of section 167(h)(5)).

14 “(B) AMORTIZATION OF AMOUNTS NOT AL-
15 LOWABLE AS DEDUCTIONS UNDER SUBPARA-
16 GRAPH (A).—The amount not allowable as a de-
17 duction for any taxable year by reason of sub-
18 paragraph (A) shall be allowable as a deduction
19 ratably over the 60-month period beginning
20 with the month in which the costs are paid or
21 incurred. For purposes of section 1254, any de-
22 duction under this subparagraph shall be treat-
23 ed as a deduction under this subsection.”.

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 December 31, 2013.

4 **SEC. 13004. LIMITATION ON PERCENTAGE DEPLETION AL-**
5 **LOWANCE FOR OIL AND GAS WELLS.**

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) APPLICATION WITH RESPECT TO MAJOR INTE-
10 GRATED OIL COMPANIES.—In the case of any taxable year
11 in which the taxpayer is a major integrated oil company
12 (within the meaning of section 167(h)(5)), the allowance
13 for percentage depletion shall be zero.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to taxable years beginning after
16 December 31, 2013.

17 **SEC. 13005. LIMITATION ON DEDUCTION FOR TERTIARY**
18 **INJECTANTS.**

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

22 “(d) APPLICATION WITH RESPECT TO MAJOR INTE-
23 GRATED OIL COMPANIES.—

24 “(1) IN GENERAL.—This section shall not apply
25 to amounts paid or incurred by a taxpayer in any

1 taxable year in which such taxpayer is a major inte-
2 grated oil company (within the meaning of section
3 167(h)(5)).

4 “(2) AMORTIZATION OF AMOUNTS NOT ALLOW-
5 ABLE AS DEDUCTIONS UNDER PARAGRAPH (1).—The
6 amount not allowable as a deduction for any taxable
7 year by reason of paragraph (1) shall be allowable
8 as a deduction ratably over the 60-month period be-
9 ginning with the month in which the costs are paid
10 or incurred.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to amounts paid or incurred in tax-
13 able years beginning after December 31, 2013.

14 **SEC. 13006. MODIFICATION OF DEFINITION OF MAJOR IN-**
15 **TEGRATED OIL COMPANY.**

16 (a) IN GENERAL.—Paragraph (5) of section 167(h)
17 of the Internal Revenue Code of 1986 is amended by add-
18 ing at the end the following new subparagraph:

19 “(C) CERTAIN SUCCESSORS IN INTER-
20 EST.—For purposes of this paragraph, the term
21 ‘major integrated oil company’ includes any
22 successor in interest of a company that was de-
23 scribed in subparagraph (B) in any taxable
24 year, if such successor controls more than 50

1 percent of the crude oil production or natural
2 gas production of such company.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) IN GENERAL.—Subparagraph (B) of section
5 167(h)(5) of the Internal Revenue Code of 1986 is
6 amended by inserting “except as provided in sub-
7 paragraph (C),” after “For purposes of this para-
8 graph,”.

9 (2) TAXABLE YEARS TESTED.—Clause (iii) of
10 section 167(h)(5)(B) of such Code is amended—

11 (A) by striking “does not apply by reason
12 of paragraph (4) of section 613A(d)” and in-
13 serting “did not apply by reason of paragraph
14 (4) of section 613A(d) for any taxable year
15 after 2004”, and

16 (B) by striking “does not apply” in sub-
17 clause (II) and inserting “did not apply for the
18 taxable year”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2013.

