Amendment to Rules Committee Print 115-39

Offered by Mr. Ellison of Minnesota

At the end, add the following new title:

TITLE VI—END POLLUTER WELFARE

SEC. 6001. SHORT TITLE.

This title may be cited as the “End Polluter Welfare Act of 2017”.

SEC. 6002. FINDINGS.

Congress finds that—

(1) President Obama joined other world leaders from the Group of Twenty in 2009, and again in 2013, in pledging to phase out wasteful fossil fuel subsidies;

(2) the Environmental Law Institute found that from 2002 through 2008, Federal fossil fuel subsidies in the United States totaled over $72,000,000,000, while Federal renewable energy investments totaled $12,200,000,000;

(3) according to Taxpayers for Common Sense, the 5 largest oil corporations have made more than
$1,000,000,000,000 in profits during the period of 2005 to 2015;

(4) according to the Center for American Progress, the 5 largest oil corporations posted more than $89,700,000,000 in profits in 2014 alone;

(5) according to the Center for Responsive Politics, the oil and gas, coal, utility, and other natural resource extraction industries spent more than $1,800,000,000 on lobbying during the period of 2010 to 2014, which was an effective investment in protecting the extraordinary tax loopholes and subsidies available to those industries; and

(6) it is not in the national interest for taxpayers in the United States to subsidize highly profitable, polluting fossil fuel companies.

SEC. 6003. DEFINITION OF FOSSIL FUEL.

In this title, the term “fossil fuel” means coal, petroleum, natural gas, or any derivative of coal, petroleum, or natural gas that is used for fuel.

SEC. 6004. ROYALTY RELIEF.

(a) IN GENERAL.—

(1) OUTER CONTINENTAL SHELF LANDS ACT.—

Section 8(a)(3) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)) is amended—

(A) by striking subparagraph (B); and
(B) by redesignating subparagraph (C) as subparagraph (B).

(2) ENERGY POLICY ACT OF 2005.—

(A) INCENTIVES FOR NATURAL GAS PRODUCTION FROM DEEP WELLS IN THE SHALLOW WATERS OF THE GULF OF MEXICO.—Section 344 of the Energy Policy Act of 2005 (42 U.S.C. 15904) is repealed.

(B) DEEP WATER PRODUCTION.—Section 345 of the Energy Policy Act of 2005 (42 U.S.C. 15905) is repealed.

(b) FUTURE PROVISIONS.—Notwithstanding any other provision of law (including regulations), royalty relief shall not be permitted under a lease issued under section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337).

SEC. 6005. ROYALTIES UNDER MINERAL LEASING ACT.

(a) COAL LEASES.—Section 7(a) of the Mineral Leasing Act (30 U.S.C. 207(a)) is amended in the fourth sentence by striking “12 1⁄2 per centum” and inserting “18 3⁄4 percent”.

(b) LEASES ON LAND ON WHICH OIL OR NATURAL GAS IS DISCOVERED.—Section 14 of the Mineral Leasing Act (30 U.S.C. 223) is amended in the fourth sentence
by striking “12½ per centum” and inserting “18¾ percent”.

(c) Leases on Land Known or Believed To Contain Oil or Natural Gas.—Section 17 of the Mineral Leasing Act (30 U.S.C. 226) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A), in the fifth sentence, by striking “12.5 percent” and inserting “18¾ percent”; and

(B) in paragraph (2)(A)(ii), by striking “12½ per centum” and inserting “18¾ percent”;

(2) in subsection (c)(1), in the second sentence, by striking “12.5 percent” and inserting “18¾ percent”;

(3) in subsection (l), by striking “12½ per centum” each place it appears and inserting “18¾ percent”; and

(4) in subsection (n)(1)(C), by striking “12½ per centum” and inserting “18¾ percent”.

SEC. 6006. ELIMINATION OF INTEREST PAYMENTS FOR ROYALTY OVERPAYMENTS.

Section 111 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721) is amended by adding at the end the following:
“(k) PAYMENT OF INTEREST.—Interest shall not be paid on any overpayment.”.

SEC. 6007. REMOVAL OF LIMITS ON LIABILITY FOR OFF-SHORE FACILITIES AND PIPELINE OPERATORS.

Section 1004(a) of the Oil Pollution Act of 1990 (33 U.S.C. 2704(a)) is amended—

(1) in paragraph (3), by striking “plus $75,000,000; and” and inserting “and the liability of the responsible party under section 1002;”;

(2) in paragraph (4)—

(A) by inserting “(except an onshore pipeline transporting diluted bitumen, bituminous mixtures, or any oil manufactured from bitumen)” after “for any onshore facility”; and

(B) by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(5) for any onshore facility transporting diluted bitumen, bituminous mixtures, or any oil manufactured from bitumen, the liability of the responsible party under section 1002.”.
SEC. 6008. FUNDS TO WORLD BANK FOR FINANCING PROJECTS THAT SUPPORT FOSSIL FUEL.

(a) Rescission of Funds.—Except as provided in subsection (c), effective on the date of enactment of this Act, there are rescinded all unobligated balances of amounts made available by the United States to the International Bank for Reconstruction and Development and the International Development Association (collectively known as the “World Bank”), or any other international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act (22 U.S.C. 262r(e)(2))) to carry out any project that supports fossil fueled power plants.

(b) Future Funds.—Except as provided in subsection (c), notwithstanding any other provision of law, any amounts made available by the United States to the World Bank or any other international financial institution shall not be used to carry out any project that supports fossil fuel.

(c) Exception.—Subsections (a) and (b) shall not apply to a fossil fueled power plant project located in a least developed country (as that term is defined by the United Nations) if—

(1) no other economically feasible alternative exists; and
(2) the project uses the most efficient technology available.

SEC. 6009. OFFICE OF FOSSIL ENERGY RESEARCH AND DEVELOPMENT.

(a) In General.—Section 203(a)(2) of the Department of Energy Organization Act (42 U.S.C. 7133(a)(2)) is amended—

(1) in subparagraph (C), by inserting “and” after the semicolon at the end;

(2) by striking subparagraph (D); and

(3) by redesignating subparagraph (E) as subparagraph (D).

(b) Termination.—Notwithstanding any other provision of law, the Office of Fossil Energy Research and Development and the authority to carry out any program or activity of the Office (as in existence on the day before the date of enactment of this Act) is terminated.

SEC. 6010. ADVANCED RESEARCH PROJECTS AGENCY—ENERGY.

None of the funds made available to the Advanced Research Projects Agency—Energy shall be used to carry out any project that supports fossil fuel.

SEC. 6011. INCENTIVES FOR INNOVATIVE TECHNOLOGIES.

(a) In General.—Section 1703 of the Energy Policy Act of 2005 (42 U.S.C. 16513) is amended—
(1) in subsection (b)—

(A) by striking paragraph (2);

(B) by redesignating paragraphs (3) through (9) as paragraphs (2) through (8), respectively; and

(C) by striking paragraph (10);

(2) by striking subsection (c); and

(3) by redesignating subsections (d) and (e) as subsections (e) and (d), respectively.

(b) CONFORMING AMENDMENT.—Section 1704 of the Energy Policy Act of 2005 (42 U.S.C. 16514) is amended—

(1) by striking the section designation and heading and all that follows through “There are” in subsection (a) and inserting the following:

“SEC. 1704. AUTHORIZATION OF APPROPRIATIONS.

“There are”; and

(2) by striking subsection (b).

SEC. 6012. RURAL UTILITY SERVICE LOAN GUARANTEES.

Notwithstanding any other provision of law, the Secretary of Agriculture may not make a loan under title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) to an applicant for the purpose of carrying out any project that will use fossil fuel.
SEC. 6013. FUNDS TO THE OVERSEAS PRIVATE INVESTMENT CORPORATION OR THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR FINANCING PROJECTS, TRANSACTIONS, OR OTHER ACTIVITIES THAT SUPPORT FOSSIL FUEL.

(a) Rescission of Funds.—Except as provided in subsection (c), effective on the date of enactment of this Act, there are rescinded all unobligated balances of amounts made available to the Overseas Private Investment Corporation or the Export-Import Bank of the United States to carry out any project, transaction, or other activity that supports the production or use of fossil fuels.

(b) Future Funds.—Except as provided in subsection (c), notwithstanding any other provision of law, any amounts made available to the Overseas Private Investment Corporation or the Export-Import Bank of the United States shall not be used to carry out any project, transaction, or other activity that supports the production or use of fossil fuels.

(c) Exception.—Subsections (a) and (b) shall not apply to a fossil fueled power plant project located in a least developed country (as that term is defined by the United Nations) if—
(1) no other economically feasible alternative exists; and

(2) the project uses the most efficient technology available.

SEC. 6014. TRANSPORTATION FUNDS FOR GRANTS, LOANS, LOAN GUARANTEES, AND OTHER DIRECT ASSISTANCE.

Notwithstanding any other provision of law, any amounts made available to the Department of Transportation (including the Federal Railroad Administration) may not be used to award any grant, loan, loan guarantee, or provide any other direct assistance to any rail or port project that transports fossil fuel.

SEC. 6015. TERMINATION OF VARIOUS TAX EXPENDITURES RELATING TO FOSSIL FUELS.

(a) In General.—Subchapter C of chapter 80 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 7875. TERMINATION OF CERTAIN PROVISIONS RELATING TO FOSSIL-FUEL INCENTIVES.

“(a) In General.—The following provisions shall not apply to taxable years beginning after the date of the enactment of the End Polluter Welfare Act of 2017:

“(1) Section 43 (relating to enhanced oil recovery credit).
“(2) Section 45I (relating to credit for producing oil and natural gas from marginal wells).

“(3) Section 45K (relating to credit for producing fuel from a nonconventional source).

“(4) Section 193 (relating to tertiary injectants).

“(5) Section 199(d)(9) (relating to special rule for taxpayers with oil related qualified production activities income).

“(6) Section 461(i)(2) (relating to special rule for spudding of oil or natural gas wells).

“(7) Section 469(e)(3) (relating to working interests in oil and natural gas property).

“(8) Section 613A (relating to limitations on percentage depletion in case of oil and natural gas wells).

“(9) Section 617 (relating to deduction and recapture of certain mining exploration expenditures).

“(b) PROVISIONS RELATING TO PROPERTY.—The following provisions shall not apply to property placed in service after the date of the enactment of the End Polluter Welfare Act of 2017:

“(1) Subparagraph (C)(iii) of section 168(e)(3) (relating to classification of certain property).
“(2) Section 169 (relating to amortization of pollution control facilities) with respect to any atmospheric pollution control facility.

“(c) PROVISIONS RELATING TO COSTS AND EXPENSES.—The following provisions shall not apply to costs or expenses paid or incurred after the date of the enactment of the End Polluter Welfare Act of 2017:

“(1) Section 179B (relating to deduction for capital costs incurred in complying with Environmental Protection Agency sulfur regulations).

“(2) Section 263(c) (relating to intangible drilling and development costs) with respect to costs in the case of oil and natural gas wells.

“(3) Section 468 (relating to special rules for mining and solid waste reclamation and closing costs).

“(d) 5-YEAR CARRYBACK FOR MARGINAL OIL AND NATURAL GAS WELL PRODUCTION CREDIT.—Section 39(a)(3) (relating to 5-year carryback for marginal oil and natural gas well production credit) shall not apply to credits determined in taxable years beginning after the date of the enactment of the End Polluter Welfare Act of 2017.

“(e) CREDIT FOR CARBON DIOXIDE SEQUESTRATION.—Section 45Q (relating to credit for carbon dioxide sequestration) shall not apply to carbon dioxide captured
after the date of the enactment of the End Polluter Welfare Act of 2017.

“(f) ALLOCATED CREDITS.—No new credits shall be certified under section 48A (relating to qualifying advanced coal project credit) or section 48B (relating to qualifying gasification project credit) after the date of the enactment of the End Polluter Welfare Act of 2017.

“(g) ARBITRAGE BONDS.—Section 148(b)(4) (relating to safe harbor for prepaid natural gas) shall not apply to obligations issued after the date of the enactment of the End Polluter Welfare Act of 2017.”.

(b) CONFORMING AMENDMENT.—The table of sections for subchapter C of chapter 90 is amended by adding at the end the following new item:

“Sec. 7875. Termination of certain provisions.”.

SEC. 6016. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.

(a) IN GENERAL.—Section 167(h) of the Internal Revenue Code of 1986 is amended—

(1) by striking “24-month period” each place it appears in paragraphs (1) and (4) and inserting “7-year period”, and

(2) by striking paragraph (5).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.
SEC. 6017. NATURAL GAS GATHERING LINES TREATED AS 15-YEAR PROPERTY.

(a) In General.—Subparagraph (E) of section 168(e)(3) of the Internal Revenue Code of 1986 is amend-
ed by striking “and” at the end of clause (viii), by striking
the period at the end of clause (ix) and inserting “, and”,
and by adding at the end the following new clause:

“(x) any natural gas gathering line
the original use of which commences with
the taxpayer after the date of the enact-
ment of this clause.”.

(b) Alternative System.—The table contained in
section 168(g)(3)(B) of the Internal Revenue Code of
1986 is amended by inserting after the item relating to
subparagraph (E)(ix) the following new item:

“(E)(x) .................................................................................................... 22”.

(c) Conforming Amendment.—Clause (iv) of sec-
tion 168(e)(3)(C) of the Internal Revenue Code of 1986
is amended by inserting “and on or before the date of the
enactment of the End Polluter Welfare Act of 2017” after
“April 11, 2005”.

(d) Effective Date.—

(1) In General.—The amendments made by
this section shall apply to property placed in service
on and after the date of the enactment of this Act.
(2) EXCEPTION.—The amendments made by this section shall not apply to any property with respect to which the taxpayer or a related party has entered into a binding contract for the construction thereof on or before the date of the enactment of this Act, or, in the case of self-constructed property, has started construction on or before such date.

SEC. 6018. REPEAL OF DOMESTIC MANUFACTURING DEDUCTION FOR HARD MINERAL MINING.

(a) IN GENERAL.—Subparagraph (B) of section 199(c)(4) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of clause (ii), by striking the period at the end of clause (iii) and inserting “, or”, and by adding at the end the following new clause:

“(iv) the mining of any hard mineral.”.

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

SEC. 6019. LIMITATION ON DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION OF OIL, NATURAL GAS, OR PRIMARY PRODUCTS THEREOF.

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

“(E) SPECIAL RULE FOR OIL, NATURAL
GAS, AND COAL INCOME.—The term ‘domestic
production gross receipts’ shall not include
gross receipts from the production, refining,
processing, transportation, or distribution of oil,
natural gas, or coal, or any primary product
(within the meaning of subsection (d)(9)) there-
of.”.

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

SEC. 6020. TERMINATION OF LAST-IN, FIRST-OUT METHOD
OF INVENTORY FOR OIL, NATURAL GAS, AND
COAL COMPANIES.

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

“(h) TERMINATION FOR OIL, NATURAL GAS, AND
COAL COMPANIES.—Subsection (a) shall not apply to any
taxpayer that is in the trade or business of the production,
refining, processing, transportation, or distribution of oil,
natural gas, or coal for any taxable year beginning after
the date of enactment of the End Polluter Welfare Act of 2017.”.

(b) ADDITIONAL TERMINATION.—Section 473 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(h) TERMINATION FOR OIL, NATURAL GAS, AND COAL COMPANIES.—This section shall not apply to any taxpayer that is in the trade or business of the production, refining, processing, transportation, or distribution of oil, natural gas, or coal for any taxable year beginning after the date of enactment of the End Polluter Welfare Act of 2017.”.

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

SEC. 6021. REPEAL OF PERCENTAGE DEPLETION FOR COAL AND HARD MINERAL FOSSIL FUELS.

(a) IN GENERAL.—Section 613 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(f) TERMINATION WITH RESPECT TO COAL AND HARD MINERAL FOSSIL FUELS.—In the case of coal, lignite, and oil shale (other than oil shale described in subsection (b)(5)), the allowance for depletion shall be computed without reference to this section for any taxable
year beginning after the date of the enactment of the End
Polluter Welfare Act of 2017.”.

(b) CONFORMING AMENDMENTS.—

(1) COAL AND LIGNITE.—Section 613(b)(4) of
the Internal Revenue Code of 1986 is amended by
striking “coal, lignite,”.

(2) OIL SHALE.—Section 613(b)(2) of such
Code is amended to read as follows:
“(2) 15 PERCENT.—If, from deposits in the
United States, gold, silver, copper, and iron ore.”.

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

SEC. 6022. TERMINATION OF CAPITAL GAINS TREATMENT
FOR ROYALTIES FROM COAL.

(a) IN GENERAL.—Subsection (c) of section 631 of
the Internal Revenue Code of 1986 is amended—

(1) by striking “coal (including lignite), or iron
ore” and inserting “iron ore”,

(2) by striking “coal or iron ore” each place it
appears and inserting “iron ore”,

(3) by striking “iron ore or coal” each place it
appears and inserting “iron ore”, and

(4) by striking “COAL OR” in the heading.
(b) CONFORMING AMENDMENT.—The heading of section 631 of the Internal Revenue Code of 1986 is amended by striking “, COAL,”.

c) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions after the date of the enactment of this Act.

SEC. 6023. MODIFICATIONS OF FOREIGN TAX CREDIT RULES APPLICABLE TO OIL, NATURAL GAS, AND COAL COMPANIES WHICH ARE DUAL CAPACITY TAXPAYERS.

(a) IN GENERAL.—Section 901 of the Internal Revenue Code of 1986 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

“(n) SPECIAL RULES RELATING TO OIL, NATURAL GAS, AND COAL COMPANIES WHICH ARE DUAL CAPACITY TAXPAYERS.—

“(1) GENERAL RULE.—Notwithstanding any other provision of this chapter, any amount paid or accrued to a foreign country or possession of the United States for any period by a dual capacity taxpayer which is in the trade or business of the production, refining, processing, transportation, or distribution of oil, natural gas, or coal shall not be considered a tax—
“(A) if, for such period, the foreign country or possession does not impose a generally applicable income tax, or

“(B) to the extent such amount exceeds the amount (determined in accordance with regulations) which—

“(i) is paid by such dual capacity taxpayer pursuant to the generally applicable income tax imposed by the country or possession, or

“(ii) would be paid if the generally applicable income tax imposed by the country or possession were applicable to such dual capacity taxpayer.

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

“(2) DUAL CAPACITY TAXPAYER.—For purposes of this subsection, the term ‘dual capacity taxpayer’ means, with respect to any foreign country or possession of the United States, a person who—

“(A) is subject to a levy of such country or possession, and
“(B) receives (or will receive) directly or indirectly a specific economic benefit (as determined in accordance with regulations) from such country or possession.

“(3) Generally Applicable Income Tax.—For purposes of this subsection—

“(A) In General.—The term ‘generally applicable income tax’ means an income tax (or a series of income taxes) which is generally imposed under the laws of a foreign country or possession on income derived from the conduct of a trade or business within such country or possession.

“(B) Exceptions.—Such term shall not include a tax unless it has substantial application, by its terms and in practice, to—

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

“(ii) persons who are citizens or residents of the foreign country or possession.”.

(b) Effective Date.—

(1) In General.—The amendments made by this section shall apply to taxes paid or accrued in
taxable years beginning after the date of the enactment of this Act.

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

SEC. 6024. INCREASE IN OIL SPILL LIABILITY TRUST FUND FINANCING RATE.

(a) In General.—Subparagraph (B) of section 4611(c)(2) of the Internal Revenue Code of 1986 is amended—

(1) by striking “and” at the end of clause (i),

(2) in clause (ii)—

(A) by inserting “and before January 1, 2018,” after “December 31, 2016,”, and

(B) by striking the period and inserting “, and”, and

(3) by adding at the end the following new clause:

“(iii) in the case of crude oil received or petroleum products entered after December 31, 2017, 10 cents a barrel.”.

(b) Effective Date.—The amendments made by this section shall apply to crude oil received and petroleum
products entered after the date of the enactment of this Act.

SEC. 6025. APPLICATION OF CERTAIN ENVIRONMENTAL TAXES TO SYNTHETIC CRUDE OIL.

(a) In General.—Paragraph (1) of section 4612(a) of the Internal Revenue Code of 1986 is amended to read as follows:

“(1) Crude oil.—

“(A) In General.—The term ‘crude oil’ includes crude oil condensates, natural gasoline, and synthetic crude oil.

“(B) Synthetic crude oil.—For purposes of subparagraph (A), the term ‘synthetic crude oil’ means any bitumen and bituminous mixtures, any oil manufactured from bitumen and bituminous mixtures, and any liquid fuel manufactured from coal.”.

(b) Effective Date.—The amendment made by this section shall apply to oil and petroleum products received or entered during calendar quarters beginning more than 60 days after the date of the enactment of this Act.
SEC. 6026. DENIAL OF DEDUCTION FOR REMOVAL COSTS AND DAMAGES FOR CERTAIN OIL SPILLS.

(a) IN GENERAL.—Part IX of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 280I. EXPENSES FOR REMOVAL COSTS AND DAMAGES RELATING TO CERTAIN OIL SPILL LIABILITY.

“No deduction shall be allowed under this chapter for any amount paid or incurred with respect to any costs or damages for which the taxpayer is liable under section 1002 of the Oil Pollution Act of 1990 (33 U.S.C. 2702).”.

(b) CLERICAL AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 280I. Expenses for removal costs and damages relating to certain oil spill liability.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any liability arising in taxable years ending after the date of the enactment of this Act.

SEC. 6027. TAX ON CRUDE OIL AND NATURAL GAS PRODUCED FROM THE OUTER CONTINENTAL SHELF IN THE GULF OF MEXICO.

(a) IN GENERAL.—Subtitle E of the Internal Revenue Code of 1986 is amended by adding at the end the following new chapter:
CHAPTER 56—TAX ON SEVERANCE OF CRUDE OIL AND NATURAL GAS FROM THE OUTER CONTINENTAL SHELF IN THE GULF OF MEXICO

Sec. 5901. Imposition of tax.

Sec. 5902. Taxable crude oil or natural gas and removal price.

Sec. 5903. Special rules and definitions.

SEC. 5901. IMPOSITION OF TAX.

(a) In General.—In addition to any other tax imposed under this title, there is hereby imposed a tax equal to 13 percent of the removal price of any taxable crude oil or natural gas removed from the premises during any taxable period.

(b) Credit for Federal Royalties Paid.—

(1) In General.—There shall be allowed as a credit against the tax imposed by subsection (a) with respect to the production of any taxable crude oil or natural gas an amount equal to the aggregate amount of royalties paid under Federal law with respect to such production.

(2) Limitation.—The aggregate amount of credits allowed under paragraph (1) to any taxpayer for any taxable period shall not exceed the amount of tax imposed by subsection (a) for such taxable period.
“(c) Tax Paid by Producer.—The tax imposed by this section shall be paid by the producer of the taxable crude oil or natural gas.

“SEC. 5902. TAXABLE CRUDE OIL OR NATURAL GAS AND REMOVAL PRICE.

“(a) Taxable Crude Oil or Natural Gas.—For purposes of this chapter, the term ‘taxable crude oil or natural gas’ means crude oil or natural gas which is produced from Federal submerged lands on the outer Continental Shelf in the Gulf of Mexico pursuant to a lease entered into with the United States which authorizes the production.

“(b) Removal Price.—For purposes of this chapter—

“(1) In General.—Except as otherwise provided in this subsection, the term ‘removal price’ means—

“(A) in the case of taxable crude oil, the amount for which a barrel of such crude oil is sold, and

“(B) in the case of taxable natural gas, the amount per 1,000 cubic feet for which such natural gas is sold.

“(2) Sales between Related Persons.—In the case of a sale between related persons, the re-
moval price shall not be less than the constructive sales price for purposes of determining gross income from the property under section 613.

“(3) Oil or Natural Gas Removed from Property Before Sale.—If crude oil or natural gas is removed from the property before it is sold, the removal price shall be the constructive sales price for purposes of determining gross income from the property under section 613.

“(4) Refining Begun on Property.—If the manufacture or conversion of crude oil into refined products begins before such oil is removed from the property—

“(A) such oil shall be treated as removed on the day such manufacture or conversion begins, and

“(B) the removal price shall be the constructive sales price for purposes of determining gross income from the property under section 613.

“(5) Property.—The term ‘property’ has the meaning given such term by section 614.

“SEC. 5903. SPECIAL RULES AND DEFINITIONS.

“(a) Administrative Requirements.—
“(1) **Withholding and deposit of tax.**—

The Secretary shall provide for the withholding and deposit of the tax imposed under section 5901 on a quarterly basis.

“(2) **Records and information.**—Each taxpayer liable for tax under section 5901 shall keep such records, make such returns, and furnish such information (to the Secretary and to other persons having an interest in the taxable crude oil or natural gas) with respect to such oil as the Secretary may by regulations prescribe.

“(3) **Taxable periods; return of tax.**—

“(A) **Taxable period.**—Except as provided by the Secretary, each calendar year shall constitute a taxable period.

“(B) **Returns.**—The Secretary shall provide for the filing, and the time for filing, of the return of the tax imposed under section 5901.

“(b) **Definitions.**—For purposes of this chapter—

“(1) **Producer.**—The term ‘producer’ means the holder of the economic interest with respect to the crude oil or natural gas.

“(2) **Crude oil.**—The term ‘crude oil’ includes crude oil condensates and natural gasoline.
(3) PREMISES AND CRUDE OIL PRODUCT.—
The terms ‘premises’ and ‘crude oil product’ have the same meanings as when used for purposes of determining gross income from the property under section 613.

(c) ADJUSTMENT OF REMOVAL PRICE.—In determining the removal price of oil or natural gas from a property in the case of any transaction, the Secretary may adjust the removal price to reflect clearly the fair market value of oil or natural gas removed.

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

(b) DEDUCTIBILITY OF TAX.—The first sentence of section 164(a) of the Internal Revenue Code of 1986 is amended by inserting after paragraph (4) the following new paragraph:

“(5) The tax imposed by section 5901(a) (after application of section 5901(b)) on the severance of crude oil or natural gas from the outer Continental Shelf in the Gulf of Mexico.”.

(c) CLERICAL AMENDMENT.—The table of chapters for subtitle E is amended by adding at the end the following new item:

“CHAPTER 56. Tax on severance of crude oil and natural gas from the outer Continental Shelf in the Gulf of Mexico.”.

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(d) **Effective Date.**—The amendments made by this section shall apply to crude oil or natural gas removed after December 31, 2017.

**SEC. 6028. REPEAL OF CORPORATE INCOME TAX EXEMPTION FOR PUBLICLY TRADED PARTNERSHIPS WITH QUALIFYING INCOME AND GAINS FROM ACTIVITIES RELATING TO FOSSIL FUELS.**

(a) **In General.**—Section 7704(d)(1) of the Internal Revenue Code of 1986 is amended—

(1) by striking subparagraph (E),

(2) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively, and

(3) by striking the flush matter at the end.

(b) **Conforming Amendment.**—Section 988(c)(1)(E)(iii)(III) of the Internal Revenue Code of 1986 is amended by striking “or (G)” and inserting “or (F)”.

(c) **Effective Date.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 6029. POWDER RIVER BASIN.**

(a) **Designation of the Powder River Basin as a Coal Producing Region.**—The Director of the Bureau of Land Management shall designate the Powder River Basin as a coal producing region.
(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Director of the Bureau of Land Management shall submit to Congress a report that includes—

(1) a study of the fair market value and the amount of royalties paid on coal leases in the Powder River Basin compared to other national and international coal markets; and

(2) any policy recommendations to capture the future market value of the coal leases in the Powder River Basin.

SEC. 6030. REPORTS.

(a) DEFINITION OF FOSSIL FUEL PRODUCTION SUBSIDY.—In this section, the term “subsidy for fossil fuel production” means any direct funding, tax treatment or incentive, risk-reduction benefit, financing assistance or guarantee, royalty relief, or other provision that provides a financial benefit to a fossil-fuel company for the production of fossil fuels.

(b) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Treasury, in coordination with the Secretary of Energy, shall submit to Congress a report detailing each Federal law (including regulations), other than those amended by this Act, as in effect on the date on which the report
is submitted, that includes a subsidy for fossil fuel produc-
tion.

(c) REPORT ON MODIFIED RECOVERY PERIOD.—

(1) IN GENERAL.—Not later than 1 year after
the date of enactment of this Act, the Secretary, in
coordination with the Commissioner of Internal Rev-

e nue, shall submit to Congress a report on the appli-

cable recovery period under the accelerated cost re-

covery system provided in section 168 of the Inter-

nal Revenue Code of 1986 for each type of property
involved in fossil fuel production, including pipelines,
power generation property, refineries, and drilling
equipment, to determine if any assets are receiving
a subsidy for fossil fuel production.

(2) ELIMINATION OF SUBSIDY.—In the case of
any type of property that the Commissioner of Inter-

nal Revenue determines is receiving a subsidy for
fossil fuel production under such section 168, for
property placed in service in taxable years beginning
after the date of such determination, such section
168 shall not apply. The preceding sentence shall
not apply to any property with respect to a taxable
year unless such determination is published before
the first day of such taxable year.