

AMENDMENT TO RULES COMMITTEE PRINT 115-

39

OFFERED BY MR. ELLISON OF MINNESOTA

At the end, add the following new title:

1 **TITLE VI—END POLLUTER**
2 **WELFARE**

3 **SEC. 6001. SHORT TITLE.**

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

6 **SEC. 6002. FINDINGS.**

7 Congress finds that—

8 (1) President Obama joined other world leaders
9 from the Group of Twenty in 2009, and again in
10 2013, in pledging to phase out wasteful fossil fuel
11 subsidies;

12 (2) the Environmental Law Institute found that
13 from 2002 through 2008, Federal fossil fuel sub-
14 sidies in the United States totaled over
15 \$72,000,000,000, while Federal renewable energy in-
16 vestments totaled \$12,200,000,000;

17 (3) according to Taxpayers for Common Sense,
18 the 5 largest oil corporations have made more than

1 \$1,000,000,000,000 in profits during the period of
2 2005 to 2015;

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

6 (5) according to the Center for Responsive Poli-
7 tics, the oil and gas, coal, utility, and other natural
8 resource extraction industries spent more than
9 \$1,800,000,000 on lobbying during the period of
10 2010 to 2014, which was an effective investment in
11 protecting the extraordinary tax loopholes and sub-
12 sidies available to those industries; and

13 (6) it is not in the national interest for tax-
14 payers in the United States to subsidize highly prof-
15 itable, polluting fossil fuel companies.

16 **SEC. 6003. DEFINITION OF FOSSIL FUEL.**

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

20 **SEC. 6004. ROYALTY RELIEF.**

21 (a) IN GENERAL.—

22 (1) OUTER CONTINENTAL SHELF LANDS ACT.—

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

25 (A) by striking subparagraph (B); and

1 (B) by redesignating subparagraph (C) as
2 subparagraph (B).

3 (2) ENERGY POLICY ACT OF 2005.—

4 (A) INCENTIVES FOR NATURAL GAS PRO-
5 Duction FROM DEEP WELLS IN THE SHALLOW
6 WATERS OF THE GULF OF MEXICO.—Section
7 344 of the Energy Policy Act of 2005 (42
8 U.S.C. 15904) is repealed.

9 (B) DEEP WATER PRODUCTION.—Section
10 345 of the Energy Policy Act of 2005 (42
11 U.S.C. 15905) is repealed.

12 (b) FUTURE PROVISIONS.—Notwithstanding any
13 other provision of law (including regulations), royalty re-
14 lief shall not be permitted under a lease issued under sec-
15 tion 8 of the Outer Continental Shelf Lands Act (43
16 U.S.C. 1337).

17 **SEC. 6005. ROYALTIES UNDER MINERAL LEASING ACT.**

18 (a) COAL LEASES.—Section 7(a) of the Mineral
19 Leasing Act (30 U.S.C. 207(a)) is amended in the fourth
20 sentence by striking “12½ per centum” and inserting
21 “18¾ percent”.

22 (b) LEASES ON LAND ON WHICH OIL OR NATURAL
23 GAS IS DISCOVERED.—Section 14 of the Mineral Leasing
24 Act (30 U.S.C. 223) is amended in the fourth sentence

1 by striking “12½ per centum” and inserting “18¾ per-
2 cent”.

3 (c) LEASES ON LAND KNOWN OR BELIEVED TO
4 CONTAIN OIL OR NATURAL GAS.—Section 17 of the Min-
5 eral Leasing Act (30 U.S.C. 226) is amended—

6 (1) in subsection (b)—

7 (A) in paragraph (1)(A), in the fifth sen-
8 tence, by striking “12.5 percent” and inserting
9 “18¾ percent”; and

10 (B) in paragraph (2)(A)(ii), by striking
11 “12½ per centum” and inserting “18¾ per-
12 cent”;

13 (2) in subsection (c)(1), in the second sentence,
14 by striking “12.5 percent” and inserting “18¾ per-
15 cent”;

16 (3) in subsection (l), by striking “12½ per cen-
17 tum” each place it appears and inserting “18¾ per-
18 cent”; and

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

21 **SEC. 6006. ELIMINATION OF INTEREST PAYMENTS FOR**
22 **ROYALTY OVERPAYMENTS.**

23 Section 111 of the Federal Oil and Gas Royalty Man-
24 agement Act of 1982 (30 U.S.C. 1721) is amended by
25 adding at the end the following:

1 “(k) PAYMENT OF INTEREST.—Interest shall not be
2 paid on any overpayment.”.

3 **SEC. 6007. REMOVAL OF LIMITS ON LIABILITY FOR OFF-**
4 **SHORE FACILITIES AND PIPELINE OPERA-**
5 **TORS.**

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

8 (1) in paragraph (3), by striking “plus
9 \$75,000,000; and” and inserting “and the liability
10 of the responsible party under section 1002;”;

11 (2) in paragraph (4)—

12 (A) by inserting “(except an onshore pipe-
13 line transporting diluted bitumen, bituminous
14 mixtures, or any oil manufactured from bitu-
15 men)” after “for any onshore facility”; and

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

18 (3) by adding at the end the following:

19 “(5) for any onshore facility transporting di-
20 luted bitumen, bituminous mixtures, or any oil man-
21 ufactured from bitumen, the liability of the respon-
22 sible party under section 1002.”.

1 **SEC. 6008. FUNDS TO WORLD BANK FOR FINANCING**
2 **PROJECTS THAT SUPPORT FOSSIL FUEL.**

3 (a) **RESCISSION OF FUNDS.**—Except as provided in
4 subsection (c), effective on the date of enactment of this
5 Act, there are rescinded all unobligated balances of
6 amounts made available by the United States to the Inter-
7 national Bank for Reconstruction and Development and
8 the International Development Association (collectively
9 known as the “World Bank”), or any other international
10 financial institution (as defined in section 1701(c)(2) of
11 the International Financial Institutions Act (22 U.S.C.
12 262r(e)(2))) to carry out any project that supports fossil
13 fueled power plants.

14 (b) **FUTURE FUNDS.**—Except as provided in sub-
15 section (c), notwithstanding any other provision of law,
16 any amounts made available by the United States to the
17 World Bank or any other international financial institu-
18 tion shall not be used to carry out any project that sup-
19 ports fossil fuel.

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

24 (1) no other economically feasible alternative
25 exists; and

1 (2) the project uses the most efficient tech-
2 nology available.

3 **SEC. 6009. OFFICE OF FOSSIL ENERGY RESEARCH AND DE-**
4 **VELOPMENT.**

5 (a) IN GENERAL.—Section 203(a)(2) of the Depart-
6 ment of Energy Organization Act (42 U.S.C. 7133(a)(2))
7 is amended—

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

10 (2) by striking subparagraph (D); and

11 (3) by redesignating subparagraph (E) as sub-
12 paragraph (D).

13 (b) TERMINATION.—Notwithstanding any other pro-
14 vision of law, the Office of Fossil Energy Research and
15 Development and the authority to carry out any program
16 or activity of the Office (as in existence on the day before
17 the date of enactment of this Act) is terminated.

18 **SEC. 6010. ADVANCED RESEARCH PROJECTS AGENCY—EN-**
19 **ERGY.**

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

23 **SEC. 6011. INCENTIVES FOR INNOVATIVE TECHNOLOGIES.**

24 (a) IN GENERAL.—Section 1703 of the Energy Policy
25 Act of 2005 (42 U.S.C. 16513) is amended—

1 (1) in subsection (b)—

2 (A) by striking paragraph (2);

3 (B) by redesignating paragraphs (3)
4 through (9) as paragraphs (2) through (8), re-
5 spectively; and

6 (C) by striking paragraph (10);

7 (2) by striking subsection (c); and

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

10 (b) CONFORMING AMENDMENT.—Section 1704 of the
11 Energy Policy Act of 2005 (42 U.S.C. 16514) is amend-
12 ed—

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

16 **“SEC. 1704. AUTHORIZATION OF APPROPRIATIONS.**

17 “There are”; and

18 (2) by striking subsection (b).

19 **SEC. 6012. RURAL UTILITY SERVICE LOAN GUARANTEES.**

20 Notwithstanding any other provision of law, the Sec-
21 retary of Agriculture may not make a loan under title III
22 of the Rural Electrification Act of 1936 (7 U.S.C. 931
23 et seq.) to an applicant for the purpose of carrying out
24 any project that will use fossil fuel.

1 **SEC. 6013. FUNDS TO THE OVERSEAS PRIVATE INVEST-**
2 **MENT CORPORATION OR THE EXPORT-IM-**
3 **PORT BANK OF THE UNITED STATES FOR FI-**
4 **NANCING PROJECTS, TRANSACTIONS, OR**
5 **OTHER ACTIVITIES THAT SUPPORT FOSSIL**
6 **FUEL.**

7 (a) **RESCISSION OF FUNDS.**—Except as provided in
8 subsection (c), effective on the date of enactment of this
9 Act, there are rescinded all unobligated balances of
10 amounts made available to the Overseas Private Invest-
11 ment Corporation or the Export-Import Bank of the
12 United States to carry out any project, transaction, or
13 other activity that supports the production or use of fossil
14 fuels.

15 (b) **FUTURE FUNDS.**—Except as provided in sub-
16 section (c), notwithstanding any other provision of law,
17 any amounts made available to the Overseas Private In-
18 vestment Corporation or the Export-Import Bank of the
19 United States shall not be used to carry out any project,
20 transaction, or other activity that supports the production
21 or use of fossil fuels.

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

1 (1) no other economically feasible alternative
2 exists; and

3 (2) the project uses the most efficient tech-
4 nology available.

5 **SEC. 6014. TRANSPORTATION FUNDS FOR GRANTS, LOANS,**
6 **LOAN GUARANTEES, AND OTHER DIRECT AS-**
7 **SISTANCE.**

8 Notwithstanding any other provision of law, any
9 amounts made available to the Department of Transpor-
10 tation (including the Federal Railroad Administration)
11 may not be used to award any grant, loan, loan guarantee,
12 or provide any other direct assistance to any rail or port
13 project that transports fossil fuel.

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

16 (a) IN GENERAL.—Subchapter C of chapter 80 of the
17 Internal Revenue Code of 1986 is amended by adding at
18 the end the following new section:

19 **“SEC. 7875. TERMINATION OF CERTAIN PROVISIONS RELAT-**
20 **ING TO FOSSIL-FUEL INCENTIVES.**

21 “(a) IN GENERAL.—The following provisions shall
22 not apply to taxable years beginning after the date of the
23 enactment of the End Polluter Welfare Act of 2017:

24 “(1) Section 43 (relating to enhanced oil recov-
25 ery credit).

1 “(2) Section 45I (relating to credit for pro-
2 ducing oil and natural gas from marginal wells).

3 “(3) Section 45K (relating to credit for pro-
4 ducing fuel from a nonconventional source).

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

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

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

12 “(7) Section 469(c)(3) (relating to working in-
13 terests in oil and natural gas property).

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

17 “(9) Section 617 (relating to deduction and re-
18 capture of certain mining exploration expenditures).

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

23 “(1) Subparagraph (C)(iii) of section 168(e)(3)
24 (relating to classification of certain property).

1 “(2) Section 169 (relating to amortization of
2 pollution control facilities) with respect to any at-
3 mospheric pollution control facility.

4 “(c) PROVISIONS RELATING TO COSTS AND EX-
5 PENSES.—The following provisions shall not apply to costs
6 or expenses paid or incurred after the date of the enact-
7 ment of the End Polluter Welfare Act of 2017:

8 “(1) Section 179B (relating to deduction for
9 capital costs incurred in complying with Environ-
10 mental Protection Agency sulfur regulations).

11 “(2) Section 263(c) (relating to intangible drill-
12 ing and development costs) with respect to costs in
13 the case of oil and natural gas wells.

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

17 “(d) 5-YEAR CARRYBACK FOR MARGINAL OIL AND
18 NATURAL GAS WELL PRODUCTION CREDIT.—Section
19 39(a)(3) (relating to 5-year carryback for marginal oil and
20 natural gas well production credit) shall not apply to cred-
21 its determined in taxable years beginning after the date
22 of the enactment of the End Polluter Welfare Act of 2017.

23 “(e) CREDIT FOR CARBON DIOXIDE SEQUESTRA-
24 TION.—Section 45Q (relating to credit for carbon dioxide
25 sequestration) shall not apply to carbon dioxide captured

1 after the date of the enactment of the End Polluter Wel-
2 fare Act of 2017.

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

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

12 (b) CONFORMING AMENDMENT.—The table of sec-
13 tions for subchapter C of chapter 90 is amended by adding
14 at the end the following new item:

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

15 **SEC. 6016. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**
16 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

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

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

22 (2) by striking paragraph (5).

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

1 **SEC. 6017. NATURAL GAS GATHERING LINES TREATED AS**
2 **15-YEAR PROPERTY.**

3 (a) IN GENERAL.—Subparagraph (E) of section
4 168(e)(3) of the Internal Revenue Code of 1986 is amend-
5 ed by striking “and” at the end of clause (viii), by striking
6 the period at the end of clause (ix) and inserting “, and”,
7 and by adding at the end the following new clause:

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

12 (b) ALTERNATIVE SYSTEM.—The table contained in
13 section 168(g)(3)(B) of the Internal Revenue Code of
14 1986 is amended by inserting after the item relating to
15 subparagraph (E)(ix) the following new item:

“(E)(x) 22”.

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

21 (d) EFFECTIVE DATE.—

22 (1) IN GENERAL.—The amendments made by
23 this section shall apply to property placed in service
24 on and after the date of the enactment of this Act.

1 (2) EXCEPTION.—The amendments made by
2 this section shall not apply to any property with re-
3 spect to which the taxpayer or a related party has
4 entered into a binding contract for the construction
5 thereof on or before the date of the enactment of
6 this Act, or, in the case of self-constructed property,
7 has started construction on or before such date.

8 **SEC. 6018. REPEAL OF DOMESTIC MANUFACTURING DE-**
9 **DUCTION FOR HARD MINERAL MINING.**

10 (a) IN GENERAL.—Subparagraph (B) of section
11 199(c)(4) of the Internal Revenue Code of 1986 is amend-
12 ed by striking “or” at the end of clause (ii), by striking
13 the period at the end of clause (iii) and inserting “, or”,
14 and by adding at the end the following new clause:

15 “(iv) the mining of any hard min-
16 eral.”.

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

20 **SEC. 6019. LIMITATION ON DEDUCTION FOR INCOME AT-**
21 **TRIBUTABLE TO DOMESTIC PRODUCTION OF**
22 **OIL, NATURAL GAS, OR PRIMARY PRODUCTS**
23 **THEREOF.**

24 (a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-
25 tion 199(c) of the Internal Revenue Code of 1986 is

1 amended by adding at the end the following new subpara-
2 graph:

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

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

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

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

20 “(h) TERMINATION FOR OIL, NATURAL GAS, AND
21 COAL COMPANIES.—Subsection (a) shall not apply to any
22 taxpayer that is in the trade or business of the production,
23 refining, processing, transportation, or distribution of oil,
24 natural gas, or coal for any taxable year beginning after

1 the date of enactment of the End Polluter Welfare Act
2 of 2017.”.

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

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

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

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

18 (a) **IN GENERAL.**—Section 613 of the Internal Rev-
19 enue Code of 1986 is amended by adding at the end the
20 following new subsection:

21 “(f) **TERMINATION WITH RESPECT TO COAL AND**
22 **HARD MINERAL FOSSIL FUELS.**—In the case of coal, lig-
23 nite, and oil shale (other than oil shale described in sub-
24 section (b)(5)), the allowance for depletion shall be com-
25 puted without reference to this section for any taxable

1 year beginning after the date of the enactment of the End
2 Polluter Welfare Act of 2017.”.

3 (b) CONFORMING AMENDMENTS.—

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

7 (2) OIL SHALE.—Section 613(b)(2) of such
8 Code is amended to read as follows:

9 “(2) 15 PERCENT.—If, from deposits in the
10 United States, gold, silver, copper, and iron ore.”.

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

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

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

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

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

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

24 (4) by striking “COAL OR” in the heading.

1 (b) CONFORMING AMENDMENT.—The heading of sec-
2 tion 631 of the Internal Revenue Code of 1986 is amended
3 by striking “, **COAL**”.

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

7 **SEC. 6023. MODIFICATIONS OF FOREIGN TAX CREDIT**
8 **RULES APPLICABLE TO OIL, NATURAL GAS,**
9 **AND COAL COMPANIES WHICH ARE DUAL CA-**
10 **PACITY TAXPAYERS.**

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

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

18 “(1) GENERAL RULE.—Notwithstanding any
19 other provision of this chapter, any amount paid or
20 accrued to a foreign country or possession of the
21 United States for any period by a dual capacity tax-
22 payer which is in the trade or business of the pro-
23 duction, refining, processing, transportation, or dis-
24 tribution of oil, natural gas, or coal shall not be con-
25 sidered a tax—

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

4 “(B) to the extent such amount exceeds
5 the amount (determined in accordance with reg-
6 ulations) which—

7 “(i) is paid by such dual capacity tax-
8 payer pursuant to the generally applicable
9 income tax imposed by the country or pos-
10 session, or

11 “(ii) would be paid if the generally ap-
12 plicable income tax imposed by the country
13 or possession were applicable to such dual
14 capacity taxpayer.

15 Nothing in this paragraph shall be construed to
16 imply the proper treatment of any such amount not
17 in excess of the amount determined under subpara-
18 graph (B).

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

1 “(B) receives (or will receive) directly or
2 indirectly a specific economic benefit (as deter-
3 mined in accordance with regulations) from
4 such country or possession.

5 “(3) GENERALLY APPLICABLE INCOME TAX.—
6 For purposes of this subsection—

7 “(A) IN GENERAL.—The term ‘generally
8 applicable income tax’ means an income tax (or
9 a series of income taxes) which is generally im-
10 posed under the laws of a foreign country or
11 possession on income derived from the conduct
12 of a trade or business within such country or
13 possession.

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

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

19 “(ii) persons who are citizens or resi-
20 dents of the foreign country or posses-
21 sion.”.

22 (b) EFFECTIVE DATE.—

23 “(1) IN GENERAL.—The amendments made by
24 this section shall apply to taxes paid or accrued in

1 taxable years beginning after the date of the enact-
2 ment of this Act.

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

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

9 (a) IN GENERAL.—Subparagraph (B) of section
10 4611(c)(2) of the Internal Revenue Code of 1986 is
11 amended—

12 (1) by striking “and” at the end of clause (i),
13 (2) in clause (ii)—

14 (A) by inserting “and before January 1,
15 2018,” after “December 31, 2016,” and

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

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

20 “(iii) in the case of crude oil received
21 or petroleum products entered after De-
22 cember 31, 2017, 10 cents a barrel.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to crude oil received and petroleum

1 products entered after the date of the enactment of this
2 Act.

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

5 (a) IN GENERAL.—Paragraph (1) of section 4612(a)
6 of the Internal Revenue Code of 1986 is amended to read
7 as follows:

8 “(1) CRUDE OIL.—

9 “(A) IN GENERAL.—The term ‘crude oil’
10 includes crude oil condensates, natural gasoline,
11 and synthetic crude oil.

12 “(B) SYNTHETIC CRUDE OIL.—For pur-
13 poses of subparagraph (A), the term ‘synthetic
14 crude oil’ means any bitumen and bituminous
15 mixtures, any oil manufactured from bitumen
16 and bituminous mixtures, and any liquid fuel
17 manufactured from coal.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to oil and petroleum products re-
20 ceived or entered during calendar quarters beginning more
21 than 60 days after the date of the enactment of this Act.

1 **SEC. 6026. DENIAL OF DEDUCTION FOR REMOVAL COSTS**
2 **AND DAMAGES FOR CERTAIN OIL SPILLS.**

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

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

8 “No deduction shall be allowed under this chapter for
9 any amount paid or incurred with respect to any costs or
10 damages for which the taxpayer is liable under section
11 1002 of the Oil Pollution Act of 1990 (33 U.S.C. 2702).”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for part IX of subchapter B of chapter 1 of such Code
14 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.”.

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

19 **SEC. 6027. TAX ON CRUDE OIL AND NATURAL GAS PRO-**
20 **DUCED FROM THE OUTER CONTINENTAL**
21 **SHELF IN THE GULF OF MEXICO.**

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

1 **“CHAPTER 56—TAX ON SEVERANCE OF**
2 **CRUDE OIL AND NATURAL GAS FROM**
3 **THE OUTER CONTINENTAL SHELF IN**
4 **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.

5 **“SEC. 5901. IMPOSITION OF TAX.**

6 “(a) IN GENERAL.—In addition to any other tax im-
7 posed under this title, there is hereby imposed a tax equal
8 to 13 percent of the removal price of any taxable crude
9 oil or natural gas removed from the premises during any
10 taxable period.

11 “(b) CREDIT FOR FEDERAL ROYALTIES PAID.—

12 “(1) IN GENERAL.—There shall be allowed as a
13 credit against the tax imposed by subsection (a) with
14 respect to the production of any taxable crude oil or
15 natural gas an amount equal to the aggregate
16 amount of royalties paid under Federal law with re-
17 spect to such production.

18 “(2) LIMITATION.—The aggregate amount of
19 credits allowed under paragraph (1) to any taxpayer
20 for any taxable period shall not exceed the amount
21 of tax imposed by subsection (a) for such taxable pe-
22 riod.

1 removal price shall not be less than the constructive
2 sales price for purposes of determining gross income
3 from the property under section 613.

4 “(3) OIL OR NATURAL GAS REMOVED FROM
5 PROPERTY BEFORE SALE.—If crude oil or natural
6 gas is removed from the property before it is sold,
7 the removal price shall be the constructive sales
8 price for purposes of determining gross income from
9 the property under section 613.

10 “(4) REFINING BEGUN ON PROPERTY.—If the
11 manufacture or conversion of crude oil into refined
12 products begins before such oil is removed from the
13 property—

14 “(A) such oil shall be treated as removed
15 on the day such manufacture or conversion be-
16 gins, and

17 “(B) the removal price shall be the con-
18 structive sales price for purposes of determining
19 gross income from the property under section
20 613.

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

23 **“SEC. 5903. SPECIAL RULES AND DEFINITIONS.**

24 “(a) ADMINISTRATIVE REQUIREMENTS.—

1 “(1) WITHHOLDING AND DEPOSIT OF TAX.—
2 The Secretary shall provide for the withholding and
3 deposit of the tax imposed under section 5901 on a
4 quarterly basis.

5 “(2) RECORDS AND INFORMATION.—Each tax-
6 payer liable for tax under section 5901 shall keep
7 such records, make such returns, and furnish such
8 information (to the Secretary and to other persons
9 having an interest in the taxable crude oil or natural
10 gas) with respect to such oil as the Secretary may
11 by regulations prescribe.

12 “(3) TAXABLE PERIODS; RETURN OF TAX.—

13 “(A) TAXABLE PERIOD.—Except as pro-
14 vided by the Secretary, each calendar year shall
15 constitute a taxable period.

16 “(B) RETURNS.—The Secretary shall pro-
17 vide for the filing, and the time for filing, of the
18 return of the tax imposed under section 5901.

19 “(b) DEFINITIONS.—For purposes of this chapter—

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

23 “(2) CRUDE OIL.—The term ‘crude oil’ includes
24 crude oil condensates and natural gasoline.

1 “(3) PREMISES AND CRUDE OIL PRODUCT.—

2 The terms ‘premises’ and ‘crude oil product’ have
3 the same meanings as when used for purposes of de-
4 termining gross income from the property under sec-
5 tion 613.

6 “(c) ADJUSTMENT OF REMOVAL PRICE.—In deter-
7 mining the removal price of oil or natural gas from a prop-
8 erty in the case of any transaction, the Secretary may ad-
9 just the removal price to reflect clearly the fair market
10 value of oil or natural gas removed.

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

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

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

22 (c) CLERICAL AMENDMENT.—The table of chapters
23 for subtitle E is amended by adding at the end the fol-
24 lowing new item:

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

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to crude oil or natural gas removed
3 after December 31, 2017.

4 **SEC. 6028. REPEAL OF CORPORATE INCOME TAX EXEMP-**
5 **TION FOR PUBLICLY TRADED PARTNERSHIPS**
6 **WITH QUALIFYING INCOME AND GAINS FROM**
7 **ACTIVITIES RELATING TO FOSSIL FUELS.**

8 (a) IN GENERAL.—Section 7704(d)(1) of the Inter-
9 nal Revenue Code of 1986 is amended—

10 (1) by striking subparagraph (E),

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

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

14 (b) CONFORMING AMENDMENT.—Section
15 988(e)(1)(E)(iii)(III) of the Internal Revenue Code of
16 1986 is amended by striking “or (G)” and inserting “or
17 (F)”.

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

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

22 (a) DESIGNATION OF THE POWDER RIVER BASIN AS
23 A COAL PRODUCING REGION.—The Director of the Bu-
24 reau of Land Management shall designate the Powder
25 River Basin as a coal producing region.

1 (b) REPORT.—Not later than 1 year after the date
2 of enactment of this Act, the Director of the Bureau of
3 Land Management shall submit to Congress a report that
4 includes—

5 (1) a study of the fair market value and the
6 amount of royalties paid on coal leases in the Pow-
7 der River Basin compared to other national and
8 international coal markets; and

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

12 **SEC. 6030. REPORTS.**

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

20 (b) REPORT TO CONGRESS.—Not later than 1 year
21 after the date of enactment of this Act, the Secretary of
22 the Treasury, in coordination with the Secretary of En-
23 ergy, shall submit to Congress a report detailing each Fed-
24 eral law (including regulations), other than those amended
25 by this Act, as in effect on the date on which the report

1 is submitted, that includes a subsidy for fossil fuel produc-
2 tion.

3 (c) REPORT ON MODIFIED RECOVERY PERIOD.—

4 (1) IN GENERAL.—Not later than 1 year after
5 the date of enactment of this Act, the Secretary, in
6 coordination with the Commissioner of Internal Rev-
7 enue, shall submit to Congress a report on the appli-
8 cable recovery period under the accelerated cost re-
9 covery system provided in section 168 of the Inter-
10 nal Revenue Code of 1986 for each type of property
11 involved in fossil fuel production, including pipelines,
12 power generation property, refineries, and drilling
13 equipment, to determine if any assets are receiving
14 a subsidy for fossil fuel production.

15 (2) ELIMINATION OF SUBSIDY.—In the case of
16 any type of property that the Commissioner of Inter-
17 nal Revenue determines is receiving a subsidy for
18 fossil fuel production under such section 168, for
19 property placed in service in taxable years beginning
20 after the date of such determination, such section
21 168 shall not apply. The preceding sentence shall
22 not apply to any property with respect to a taxable
23 year unless such determination is published before
24 the first day of such taxable year.

