

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1
OFFERED BY MS. OMAR OF MINNESOTA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “End Polluter Welfare
3 Act of 2021”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definition of fossil fuel.
- Sec. 4. Royalty Relief.
- Sec. 5. Royalties under Mineral Leasing Act.
- Sec. 6. Elimination of interest payments for royalty overpayments.
- Sec. 7. Removal of limits on liability for offshore facilities and pipeline operators.
- Sec. 8. Restrictions on use of appropriated funds by international financial institutions for projects that support fossil fuel.
- Sec. 9. Fossil Energy Research and Development Program.
- Sec. 10. Advanced Research Projects Agency—Energy.
- Sec. 11. Incentives for innovative technologies.
- Sec. 12. Rural Utility Service loan guarantees.
- Sec. 13. Prohibition on use of funds by the United States International Development Finance Corporation or the Export-Import Bank of the United States for financing projects, transactions, or other activities that support fossil fuel.
- Sec. 14. Transportation funds for grants, loans, loan guarantees, and other direct assistance.
- Sec. 15. Elimination of exclusion of certain lenders as owners or operators under CERCLA.
- Sec. 16. Termination of various tax expenditures relating to fossil fuels.
- Sec. 17. Termination of certain deductions and credits related to fossil fuels.
- Sec. 18. Uniform seven-year amortization for geological and geophysical expenditures.
- Sec. 19. Natural gas gathering lines treated as 15-year property.

- Sec. 20. Termination of last-in, first-out method of inventory for oil, natural gas, and coal companies.
- Sec. 21. Repeal of percentage depletion for coal and hard mineral fossil fuels.
- Sec. 22. Termination of capital gains treatment for royalties from coal.
- Sec. 23. Modifications of foreign tax credit rules applicable to oil and gas industry taxpayers receiving specific economic benefits.
- Sec. 24. Increase in oil spill liability trust fund financing rate.
- Sec. 25. Application of certain environmental taxes to synthetic crude oil.
- Sec. 26. Denial of deduction for removal costs and damages for certain oil spills.
- Sec. 27. Tax on crude oil and natural gas produced from the outer Continental Shelf in the Gulf of Mexico.
- Sec. 28. Repeal of corporate income tax exemption for publicly traded partnerships with qualifying income and gains from activities relating to fossil fuels.
- Sec. 29. Amortization of qualified tertiary injectant expenses.
- Sec. 30. Amortization of development expenditures.
- Sec. 31. Amortization of certain mining exploration expenditures.
- Sec. 32. Amortization of intangible drilling and development costs in the case of oil and gas wells and geothermal wells.
- Sec. 33. Permanent excise tax rate for funding of Black Lung Disability Trust Fund.
- Sec. 34. Termination of renewable electricity production credit eligibility for refined coal.
- Sec. 35. Treatment of foreign oil related income as subpart F income.
- Sec. 36. Repeal of exclusion of foreign oil and gas extraction income from the determination of tested income.
- Sec. 37. Termination of credit for carbon oxide sequestration.
- Sec. 38. Powder River Basin.
- Sec. 39. Study and elimination of additional fossil fuel subsidies.

1 SEC. 3. DEFINITION OF FOSSIL FUEL.

2 In this Act, the term “fossil fuel” means coal, petro-
3 leum, natural gas, or any derivative of coal, petroleum,
4 or natural gas that is used for fuel.

5 SEC. 4. ROYALTY RELIEF.

6 (a) IN GENERAL.—

7 (1) OUTER CONTINENTAL SHELF LANDS ACT.—

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

10 (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, royalty relief shall not be permitted
14 under a lease issued under section 8 of the Outer Conti-
15 nental Shelf Lands Act (43 U.S.C. 1337).

16 **SEC. 5. ROYALTIES UNDER MINERAL LEASING ACT.**

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

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

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

4 (1) in subsection (b)—

5 (A) in paragraph (1)(A), in the fifth sen-
6 tence, by striking “12.5 percent” and inserting
7 “18³/₄ percent”; and

8 (B) in paragraph (2)(A)(ii), by striking
9 “12¹/₂ per centum” and inserting “18³/₄ per-
10 cent”;

11 (2) in subsection (c)(1), in the second sentence,
12 by striking “12.5 percent” and inserting “18³/₄ per-
13 cent”;

14 (3) in subsection (l), by striking “12¹/₂ per cen-
15 tum” each place it appears and inserting “18³/₄ per-
16 cent”; and

17 (4) in subsection (n)(1)(C), by striking “12¹/₂
18 per centum” and inserting “18³/₄ percent”.

19 **SEC. 6. ELIMINATION OF INTEREST PAYMENTS FOR ROY-**
20 **ALTY OVERPAYMENTS.**

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

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

1 **SEC. 7. REMOVAL OF LIMITS ON LIABILITY FOR OFFSHORE**
2 **FACILITIES AND PIPELINE OPERATORS.**

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

5 (1) in paragraph (3), by striking “plus
6 \$75,000,000; and” and inserting “and the liability
7 of the responsible party under section 1002;”;

8 (2) in paragraph (4)—

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

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

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

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

20 **SEC. 8. RESTRICTIONS ON USE OF APPROPRIATED FUNDS**
21 **BY INTERNATIONAL FINANCIAL INSTITU-**
22 **TIONS FOR PROJECTS THAT SUPPORT FOS-**
23 **SIL FUEL.**

24 (a) RESCISSION OF UNOBLIGATED FUNDS.—

25 (1) IN GENERAL.—Of the unobligated balance
26 of amounts appropriated or otherwise made available

1 for a contribution of the United States to an inter-
2 national financial institution, an amount specified in
3 paragraph (2) shall be rescinded if the institution
4 provides support for a project that supports the pro-
5 duction or use of fossil fuels.

6 (2) AMOUNT SPECIFIED.—The amount specified
7 in this paragraph is an amount the Secretary of the
8 Treasury determines to be equivalent to the amount
9 of support provided by an international financial in-
10 stitution described in paragraph (1) for a project
11 that supports the production or use of fossil fuels.

12 (b) PROHIBITION ON USE OF FUTURE FUNDS.—No
13 amounts appropriated or otherwise made available for a
14 contribution of the United States to an international fi-
15 nancial institution may be provided to the institution un-
16 less the institution agrees to not use the amount to provide
17 support for any project that supports the production or
18 use of fossil fuels.

19 (c) INTERNATIONAL FINANCIAL INSTITUTION DE-
20 FINED.—In this section, the term “international financial
21 institution” has the meaning given that term in section
22 1701(c) of the International Financial Institutions Act
23 (22 U.S.C. 262r(e)).

1 **SEC. 9. FOSSIL ENERGY RESEARCH AND DEVELOPMENT**
2 **PROGRAM.**

3 (a) **TERMINATION OF AUTHORITY.**—Notwithstanding
4 any other provision of law, the authority of the Secretary
5 of Energy to carry out the Fossil Energy Research and
6 Development Program of the Department of Energy is
7 terminated.

8 (b) **RESCISSION.**—Notwithstanding any other provi-
9 sion of law—

10 (1) all amounts made available for the Fossil
11 Energy Research and Development Program that re-
12 main unobligated as of the date of enactment of this
13 Act are rescinded; and

14 (2) no amounts made available after the date of
15 enactment of this Act for the Fossil Energy Re-
16 search and Development Program shall be expended,
17 other than such amounts as are necessary to cover
18 costs incurred in terminating ongoing research of
19 the Fossil Energy Research and Development Pro-
20 gram, as determined by the Secretary of Energy, in
21 consultation with other appropriate Federal agen-
22 cies.

1 **SEC. 10. ADVANCED RESEARCH PROJECTS AGENCY—EN-**
2 **ERGY.**

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

6 **SEC. 11. INCENTIVES FOR INNOVATIVE TECHNOLOGIES.**

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

9 (1) in subsection (b)—

10 (A) by striking paragraphs (2) and (10);

11 and

12 (B) by redesignating paragraphs (3), (4),
13 (5), (6), (7), (8), (9), (11), and (12) as para-
14 graphs (2), (3), (4), (5), (6), (7), (8), (9), and
15 (10), respectively;

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

17 (3) by redesignating subsections (d) through (f)
18 as subsections (c) through (e), respectively.

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

22 (1) by striking subsection (b); and

23 (2) by redesignating subsection (c) as sub-
24 section (b).

1 **SEC. 12. RURAL UTILITY SERVICE LOAN GUARANTEES.**

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

7 **SEC. 13. PROHIBITION ON USE OF FUNDS BY THE UNITED**
8 **STATES INTERNATIONAL DEVELOPMENT FI-**
9 **NANCE CORPORATION OR THE EXPORT-IM-**
10 **PORT BANK OF THE UNITED STATES FOR FI-**
11 **NANCING PROJECTS, TRANSACTIONS, OR**
12 **OTHER ACTIVITIES THAT SUPPORT FOSSIL**
13 **FUEL.**

14 Notwithstanding any other provision of law, no
15 amounts appropriated or otherwise made available for the
16 United States International Development Finance Cor-
17 poration or the Export-Import Bank of the United States
18 that are available for obligation on or after the date of
19 the enactment of this Act may be obligated or expended
20 to support any project, transaction, or other activity that
21 supports the production or use of fossil fuels.

22 **SEC. 14. TRANSPORTATION FUNDS FOR GRANTS, LOANS,**
23 **LOAN GUARANTEES, AND OTHER DIRECT AS-**
24 **SISTANCE.**

25 Notwithstanding any other provision of law, any
26 amounts made available to the Department of Transpor-

1 tation (including the Federal Railroad Administration)
2 may not be used to award any grant, loan, loan guarantee,
3 or provide any other direct assistance to any rail facility
4 or port project that transports fossil fuel.

5 **SEC. 15. ELIMINATION OF EXCLUSION OF CERTAIN LEND-**
6 **ERS AS OWNERS OR OPERATORS UNDER**
7 **CERCLA.**

8 Section 101(20)(F) of the Comprehensive Environ-
9 mental Response, Compensation, and Liability Act of
10 1980 (42 U.S.C. 9601(20)(F)) is amended by adding at
11 the end the following:

12 “(iii) INELIGIBLE LENDERS.—The ex-
13 clusions under clauses (i) and (ii) shall not
14 apply to a person that is a lender that is—

15 “(I) an investment company reg-
16 istered under the Investment Com-
17 pany Act of 1940 (15 U.S.C. 80a–1 et
18 seq.), investment adviser (as defined
19 in section 202(a) of the Investment
20 Advisers Act of 1940 (15 U.S.C. 80b–
21 2(a))), or broker or dealer (as those
22 terms are defined in section 3(a) of
23 the Securities Exchange Act of 1934
24 (15 U.S.C. 78c(a))) with

1 \$250,000,000,000 or more in assets
2 under management; or
3 “(II) a bank holding company (as
4 defined in section 2 of the Bank Hold-
5 ing Company Act of 1956 (12 U.S.C.
6 1841)) with \$10,000,000,000 or more
7 in total consolidated assets.”.

8 **SEC. 16. TERMINATION OF VARIOUS TAX EXPENDITURES**
9 **RELATING TO FOSSIL FUELS.**

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

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

15 “(a) IN GENERAL.—The following provisions shall
16 not apply to taxable years beginning after the date of the
17 enactment of the End Polluter Welfare Act of 2021:

18 “(1) Section 43 (relating to enhanced oil recov-
19 ery credit).

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

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

24 “(4) Section 469(c)(3)(A) (relating to working
25 interests in oil and natural gas property).

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

4 “(b) PROVISIONS RELATING TO PROPERTY.—The
5 following provisions shall not apply to property placed in
6 service after the date of the enactment of the End Polluter
7 Welfare Act of 2021:

8 “(1) Section 168(e)(3)(C)(iii) (relating to clas-
9 sification of certain property).

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

13 “(c) PROVISIONS RELATING TO COSTS AND EX-
14 PENSES.—The following provisions shall not apply to costs
15 or expenses paid or incurred after the date of the enact-
16 ment of the End Polluter Welfare Act of 2021:

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

20 “(2) Section 468 (relating to special rules for
21 mining and solid waste reclamation and closing
22 costs).

23 “(d) ALLOCATED CREDITS.—No new credits shall be
24 certified under section 48A (relating to qualifying ad-
25 vanced coal project credit) or section 48B (relating to

1 qualifying gasification project credit) after the date of the
2 enactment of the End Polluter Welfare Act of 2021.

3 “(e) ARBITRAGE BONDS.—Section 148(b)(4) (relat-
4 ing to safe harbor for prepaid natural gas) shall not apply
5 to obligations issued after the date of the enactment of
6 the End Polluter Welfare Act of 2021.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 613(d) of the Internal Revenue
9 Code of 1986 is amended by striking “Except as
10 provided in section 613A, in the case” and inserting
11 “In the case”.

12 (2) The table of sections for subchapter C of
13 chapter 90 of such Code is amended by adding at
14 the end the following new item:

“Sec. 7875. Termination of certain provisions relating to fossil-fuel incentives.”.

15 **SEC. 17. TERMINATION OF CERTAIN DEDUCTIONS AND**
16 **CREDITS RELATED TO FOSSIL FUELS.**

17 (a) SPECIAL ALLOWANCE FOR CERTAIN PROP-
18 erty.—Section 168(k) of the Internal Revenue Code of
19 1986 is amended by adding at the end the following:

20 “(11) FOSSIL FUEL PROPERTY.—

21 “(A) IN GENERAL.—This subsection shall
22 not apply with respect to any property which is
23 primarily used for fossil fuel activities and is
24 placed in service during any taxable year begin-

1 ning after the date of the enactment of the End
2 Polluter Welfare Act of 2021.

3 “(B) FOSSIL FUEL ACTIVITIES.—For pur-
4 poses of this paragraph, the term ‘fossil fuel ac-
5 tivities’ means the exploration, development,
6 mining or production, processing, refining,
7 transportation (including pipelines transporting
8 gas, oil, or products thereof), distribution, or
9 marketing of coal, petroleum, natural gas, or
10 any derivative of coal, petroleum, or natural gas
11 that is used for fuel.

12 “(C) EXCEPTION.—The property described
13 in subparagraph (A) shall not include any
14 motor vehicle service station or convenience
15 store which does not qualify as a retail motor
16 fuels outlet under subsection (e)(3)(E)(iii).”.

17 (b) QUALIFIED BUSINESS INCOME.—Section
18 199A(c)(3)(B) of the Internal Revenue Code of 1986 is
19 amended by adding at the end the following:

20 “(viii) Any item of gain or loss de-
21 rived from fossil fuel activities (as defined
22 in section 168(k)(11)(B)) during any tax-
23 able year beginning after the date of the
24 enactment of the End Polluter Welfare Act
25 of 2021.”.

1 (c) CREDIT FOR INCREASING RESEARCH ACTIVI-
2 TIES.—Section 41(d)(4) of the Internal Revenue Code of
3 1986 is amended by adding at the end the following:

4 “(I) FOSSIL FUEL ACTIVITIES.—Any re-
5 search related to fossil fuel activities (as defined
6 in section 168(k)(11)(B)) which is conducted
7 after the date of the enactment of the End Pol-
8 luter Welfare Act of 2021.”.

9 (d) FOREIGN-DERIVED INTANGIBLE INCOME.—Sub-
10 clause (V) of section 250(b)(3)(A)(i) of the Internal Rev-
11 enue Code of 1986 is amended to read as follows:

12 “(V) any income derived from
13 fossil fuel activities (as defined in sec-
14 tion 168(k)(11)(B)) during any tax-
15 able year beginning after the date of
16 the enactment of the End Polluter
17 Welfare Act of 2021, and”.

18 (e) EXCHANGE OF REAL PROPERTY HELD FOR PRO-
19 DUCTIVE USE OR INVESTMENT.—Section 1031(a)(2) of
20 the Internal Revenue Code of 1986 is amended to read
21 as follows:

22 “(2) EXCEPTIONS.—This subsection shall not
23 apply to—

24 “(A) any exchange of real property held
25 primarily for sale, or

1 “(B) any exchange of real property
2 which—

3 “(i) is used for fossil fuel activities (as
4 defined in section 168(k)(11)(B)), and

5 “(ii) occurs after the date of the en-
6 actment of the End Polluter Welfare Act
7 of 2021.”.

8 **SEC. 18. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**
9 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

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

12 (1) by striking “24-month period” each place it
13 appears in paragraphs (1) and (4) and inserting
14 “84-month period”;

15 (2) by striking paragraph (2) and inserting the
16 following:

17 “(2) **MID-MONTH CONVENTION.**—For purposes
18 of paragraph (1), any payment paid or incurred dur-
19 ing any month shall be treated as paid or incurred
20 on the mid-point of such month.”; and

21 (3) by striking paragraph (5).

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

1 **SEC. 19. NATURAL GAS GATHERING LINES TREATED AS 15-**
2 **YEAR PROPERTY.**

3 (a) IN GENERAL.—Section 168(e)(3)(E) of the Inter-
4 nal Revenue Code of 1986 is amended by striking “and”
5 at the end of clause (vi), by striking the period at the end
6 of clause (vii) and inserting “, and”, and by adding at
7 the end the following new clause:

8 “(viii) 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)(vii) the following new item:

“(E)(viii) 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 2021” 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 introduction of
6 this Act, or, in the case of self-constructed property,
7 has started construction on or before such date.

8 **SEC. 20. TERMINATION OF LAST-IN, FIRST-OUT METHOD OF**
9 **INVENTORY FOR OIL, NATURAL GAS, AND**
10 **COAL COMPANIES.**

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

14 “(h) TERMINATION FOR OIL, NATURAL GAS, AND
15 COAL COMPANIES.—Subsection (a) shall not apply to any
16 taxpayer that is in the trade or business of the production,
17 refining, processing, transportation, or distribution of oil,
18 natural gas, or coal for any taxable year beginning after
19 the date of enactment of the End Polluter Welfare Act
20 of 2021.”.

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

24 “(h) TERMINATION FOR OIL, NATURAL GAS, AND
25 COAL COMPANIES.—This section shall not apply to any

1 taxpayer that is in the trade or business of the production,
2 refining, processing, transportation, or distribution of oil,
3 natural gas, or coal for any taxable year beginning after
4 the date of enactment of the End Polluter Welfare Act
5 of 2021.”.

6 (c) CHANGE IN METHOD OF ACCOUNTING.—In the
7 case of any taxpayer required by the amendments made
8 by this section to change its method of accounting for its
9 first taxable year beginning after the date of enactment
10 of this Act—

11 (1) such change shall be treated as initiated by
12 the taxpayer; and

13 (2) such change shall be treated as made with
14 the consent of the Secretary of the Treasury.

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

18 **SEC. 21. REPEAL OF PERCENTAGE DEPLETION FOR COAL**

19 **AND HARD MINERAL FOSSIL FUELS.**

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

23 “(f) TERMINATION WITH RESPECT TO COAL AND
24 HARD MINERAL FOSSIL FUELS.—In the case of coal, lig-
25 nite, and oil shale (other than oil shale described in sub-

1 section (b)(5)), the allowance for depletion shall be com-
2 puted without reference to this section for any taxable
3 year beginning after the date of the enactment of the End
4 Polluter Welfare Act of 2021.”.

5 (b) CONFORMING AMENDMENTS.—

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

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

11 “(2) 15 PERCENT.—If, from deposits in the
12 United States, gold, silver, copper, and iron ore.”.

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

16 **SEC. 22. TERMINATION OF CAPITAL GAINS TREATMENT**
17 **FOR ROYALTIES FROM COAL.**

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

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

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

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

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

2 (b) CONFORMING AMENDMENTS.—

3 (1) The heading of section 631 of the Internal
4 Revenue Code of 1986 is amended by striking “,
5 **COAL,**”.

6 (2) Section 1231(b)(2) of such Code is amend-
7 ed by striking “, coal,”.

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

11 **SEC. 23. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
12 **APPLICABLE TO OIL AND GAS INDUSTRY TAX-**
13 **PAYERS RECEIVING SPECIFIC ECONOMIC**
14 **BENEFITS.**

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

19 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY
20 TAXPAYERS.—

21 “(1) GENERAL RULE.—Notwithstanding any
22 other provision of this chapter, any amount paid or
23 accrued to a foreign country or possession of the
24 United States for any period by a dual capacity tax-
25 payer which is in the trade or business of the pro-

1 duction, refining, processing, transportation, or dis-
2 tribution of fossil fuel shall not be considered a
3 tax—

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

7 “(B) to the extent such amount exceeds
8 the amount (determined in accordance with reg-
9 ulations) which—

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

14 “(ii) would be paid if no amount other
15 than the amount required to be paid by
16 such taxpayer under the generally applica-
17 ble income tax imposed by the country or
18 possession were paid or accrued by such
19 dual capacity taxpayer.

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

24 “(2) DUAL CAPACITY TAXPAYER.—For pur-
25 poses of this subsection, the term ‘dual capacity tax-

1 payer’ means, with respect to any foreign country or
2 possession of the United States, a person who—

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

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

9 “(3) GENERALLY APPLICABLE INCOME TAX.—
10 For purposes of this subsection—

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

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

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

23 “(ii) persons who are—

24 “(I) citizens or residents of the
25 foreign country or possession, or

1 “(II) organized or incorporated
2 under the laws of the foreign country
3 or possession.

4 “(4) FOSSIL FUEL.—For purposes of this sub-
5 section, the term ‘fossil fuel’ means coal, petroleum,
6 natural gas, or any derivative of coal, petroleum, or
7 natural gas that is used for fuel.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxes paid or accrued in taxable
10 years beginning after the date of the enactment of this
11 Act.

12 (c) SPECIAL RULE FOR TREATIES.—Notwith-
13 standing sections 894 or 7852(d) of the Internal Revenue
14 Code of 1986, the amendments made by this section shall
15 apply without regard to any treaty obligation of the
16 United States.

17 **SEC. 24. INCREASE IN OIL SPILL LIABILITY TRUST FUND FI-**
18 **NANCING RATE.**

19 (a) IN GENERAL.—Section 4611 of the Internal Rev-
20 enue Code of 1986 is amended—

21 (1) in subsection (c)(2)(B)—

22 (A) in clause (i), by striking “and” at the
23 end;

24 (B) in clause (ii), by striking the period at
25 the end and inserting “, and”; and

1 (C) by adding at the end the following:

2 “(iii) in the case of crude oil received
3 or petroleum products entered after De-
4 cember 31, 2021, 10 cents a barrel.”; and

5 (2) by striking subsection (f) and inserting the
6 following:

7 “(f) **APPLICATION OF OIL SPILL LIABILITY TRUST**
8 **FUND FINANCING RATE.**—The Oil Spill Liability Trust
9 Fund financing rate under subsection (c) shall apply on
10 and after April 1, 2006, or if later, the date which is 30
11 days after the last day of any calendar quarter for which
12 the Secretary estimates that, as of the close of that quar-
13 ter, the unobligated balance in the Oil Spill Liability Trust
14 Fund is less than \$2,000,000,000.”.

15 (b) **EFFECTIVE DATE.**—The amendments made by
16 this section shall apply to crude oil received and petroleum
17 products entered after December 31, 2021.

18 **SEC. 25. APPLICATION OF CERTAIN ENVIRONMENTAL**
19 **TAXES TO SYNTHETIC CRUDE OIL.**

20 (a) **IN GENERAL.**—Paragraph (1) of section 4612(a)
21 of the Internal Revenue Code of 1986 is amended to read
22 as follows:

23 “(1) **CRUDE OIL.**—

1 “(A) IN GENERAL.—The term ‘crude oil’
2 includes crude oil condensates, natural gasoline,
3 and synthetic crude oil.

4 “(B) SYNTHETIC CRUDE OIL.—For pur-
5 poses of subparagraph (A), the term ‘synthetic
6 crude oil’ means—

7 “(i) any bitumen and bituminous mix-
8 tures,

9 “(ii) any oil derived from bitumen and
10 bituminous mixtures (including oil derived
11 from tar sands),

12 “(iii) any liquid fuel derived from
13 coal, and

14 “(iv) any oil derived from kerogen-
15 bearing sources (including oil derived from
16 oil shale).”.

17 (b) REGULATORY AUTHORITY TO ADDRESS OTHER
18 TYPES OF CRUDE OIL AND PETROLEUM PRODUCTS.—

19 Subsection (a) of section 4612 of the Internal Revenue
20 Code of 1986 is amended by adding at the end the fol-
21 lowing:

22 “(10) REGULATORY AUTHORITY TO ADDRESS
23 OTHER TYPES OF CRUDE OIL AND PETROLEUM
24 PRODUCTS.—Under such regulations as the Sec-
25 retary may prescribe, the Secretary may include as

1 crude oil or as a petroleum product subject to tax
2 under section 4611, any fuel feedstock or finished
3 fuel product customarily transported by pipeline,
4 vessel, railcar, or tanker truck if the Secretary deter-
5 mines that—

6 “(A) the classification of such fuel feed-
7 stock or finished fuel product is consistent with
8 the definition of oil under the Oil Pollution Act
9 of 1990, and

10 “(B) such fuel feedstock or finished fuel
11 product is produced in sufficient commercial
12 quantities as to pose a significant risk of haz-
13 ard in the event of a discharge.”.

14 (c) TECHNICAL AMENDMENT.—Paragraph (2) of sec-
15 tion 4612(a) of the Internal Revenue Code of 1986 is
16 amended by striking “from a well located”.

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

21 **SEC. 26. DENIAL OF DEDUCTION FOR REMOVAL COSTS AND**
22 **DAMAGES FOR CERTAIN OIL SPILLS.**

23 (a) IN GENERAL.—Section 162(f) of the Internal
24 Revenue Code of 1986 is amended—

1 (1) by redesignating paragraph (5) as para-
2 graph (6); and

3 (2) by inserting after paragraph (4) the fol-
4 lowing:

5 “(5) EXPENSES FOR REMOVAL COSTS AND
6 DAMAGES RELATING TO CERTAIN OIL SPILL LIABIL-
7 ITY.—Notwithstanding paragraphs (2) and (3), no
8 deduction shall be allowed under this chapter for any
9 costs or damages for which the taxpayer is liable
10 under section 1002 of the Oil Pollution Act of 1990
11 (33 U.S.C. 2702)”.

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

16 **SEC. 27. TAX ON CRUDE OIL AND NATURAL GAS PRODUCED**
17 **FROM THE OUTER CONTINENTAL SHELF IN**
18 **THE GULF OF MEXICO.**

19 (a) IN GENERAL.—Subtitle E of the Internal Rev-
20 enue Code of 1986 is amended by adding at the end the
21 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 “(c) TAX PAID BY PRODUCER.—The tax imposed by
2 this section shall be paid by the producer of the taxable
3 crude oil or natural gas.

4 **“SEC. 5902. TAXABLE CRUDE OIL OR NATURAL GAS AND RE-**
5 **MOVAL PRICE.**

6 “(a) TAXABLE CRUDE OIL OR NATURAL GAS.—For
7 purposes of this chapter, the term ‘taxable crude oil or
8 natural gas’ means crude oil or natural gas which is pro-
9 duced from Federal submerged lands on the outer Conti-
10 nental Shelf in the Gulf of Mexico pursuant to a lease
11 entered into with the United States which authorizes the
12 production.

13 “(b) REMOVAL PRICE.—For purposes of this chap-
14 ter—

15 “(1) IN GENERAL.—Except as otherwise pro-
16 vided in this subsection, the term ‘removal price’
17 means—

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

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

24 “(2) SALES BETWEEN RELATED PERSONS.—In
25 the case of a sale between related persons, the re-

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, 2021.

4 **SEC. 28. REPEAL OF CORPORATE INCOME TAX EXEMPTION**
5 **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 by inserting “or
10 any coal, petroleum, natural gas, or any derivative of coal,
11 petroleum, or natural gas that is used for fuel” after “sec-
12 tion 613(b)(7)”.

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

16 **SEC. 29. AMORTIZATION OF QUALIFIED TERTIARY**
17 **INJECTANT EXPENSES.**

18 (a) IN GENERAL.—Section 193 of the Internal Rev-
19 enue Code of 1986 is amended—

20 (1) by striking subsection (a) and inserting the
21 following:

22 “(a) AMORTIZATION OF QUALIFIED TERTIARY
23 INJECTANT EXPENSES.—

24 “(1) IN GENERAL.—Any qualified tertiary
25 injectant expenses paid or incurred by the taxpayer

1 shall be allowed as a deduction ratably over the 84-
2 month period beginning on the date that such ex-
3 pense was paid or incurred.

4 “(2) MID-MONTH CONVENTION.—For purposes
5 of paragraph (1), any expenses paid or incurred dur-
6 ing any month shall be treated as paid or incurred
7 on the mid-point of such month.”; and

8 (2) by striking subsection (c) and inserting the
9 following:

10 “(c) EXCLUSIVE METHOD.—Except as provided in
11 this section, no depreciation or amortization deduction
12 shall be allowed with respect to qualified tertiary injectant
13 expenses.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to expenses paid or incurred in
16 taxable years beginning after the date of the enactment
17 of this Act.

18 **SEC. 30. AMORTIZATION OF DEVELOPMENT EXPENDI-**
19 **TURES.**

20 (a) IN GENERAL.—Section 616 of the Internal Rev-
21 enue Code of 1986 is amended to read as follows:

22 **“SEC. 616. AMORTIZATION OF DEVELOPMENT EXPENDI-**
23 **TURES.**

24 “(a) IN GENERAL.—Any expenditures paid or in-
25 curred for the development of a mine or other natural de-

1 posit (other than an oil or gas well) if paid or incurred
2 after the existence of ores or minerals in commercially
3 marketable quantities has been disclosed shall be allowed
4 as a deduction ratably over the 84-month period beginning
5 on the date that such expenditure was paid or incurred.

6 “(b) MID-MONTH CONVENTION.—For purposes of
7 subsection (a), any expenditures paid or incurred during
8 any month shall be treated as paid or incurred on the mid-
9 point of such month.

10 “(c) EXCLUSIVE METHOD.—Except as provided in
11 this section, no depreciation or amortization deduction
12 shall be allowed with respect to expenditures described in
13 subsection (a).

14 “(d) TREATMENT UPON ABANDONMENT.—If any
15 property with respect to which expenditures described in
16 subsection (a) are paid or incurred is retired or abandoned
17 during the 84-month period described in such subsection,
18 no deduction shall be allowed on account of such retire-
19 ment or abandonment and the amortization deduction
20 under this section shall continue with respect to such pay-
21 ment.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) The item relating to section 616 in the table
24 of sections for part I of subchapter I of chapter 1

1 of the Internal Revenue Code of 1986 is amended to
2 read as follows:

“Sec. 616. Amortization of development expenditures.”.

3 (2) Section 56(a)(2)(A) of such Code is amend-
4 ed by striking “616(a) or”.

5 (3) Section 59(e) of such Code is amended—

6 (A) in paragraph (2)—

7 (i) in subparagraph (C), by inserting
8 “or” at the end;

9 (ii) by striking subparagraph (D); and

10 (iii) by redesignating subparagraph
11 (E) as subparagraph (D); and

12 (B) in paragraph (5)(A), by striking “,
13 616(a),”.

14 (4) Section 263(a)(1) of such Code is amended
15 by striking subparagraph (A).

16 (5) Section 263A(c)(3) of such Code is amend-
17 ed by striking “616,”.

18 (6) Section 291(b) of such Code is amended—

19 (A) in paragraph (1)(B), by striking
20 “616(a) or”;

21 (B) in paragraph (2), by striking “,
22 616(a),”; and

23 (C) in paragraph (3), by striking “,
24 616(a),”.

1 (7) Section 312(n)(2)(B) of such Code is
2 amended by striking “616(a) or”.

3 (8) Section 381(c) of such Code is amended by
4 striking paragraph (10).

5 (9) Section 1016(a) of such Code is amended
6 by striking paragraph (9).

7 (10) Section 1254(a)(1)(A)(i) of such Code is
8 amended by striking “, 616,”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to expenditures paid or incurred
11 in taxable years beginning after the date of the enactment
12 of this Act.

13 **SEC. 31. AMORTIZATION OF CERTAIN MINING EXPLO-**
14 **RATION EXPENDITURES.**

15 (a) IN GENERAL.—Section 617 of the Internal Rev-
16 enue Code of 1986 is amended to read as follows:

17 **“SEC. 617. AMORTIZATION OF CERTAIN MINING EXPLO-**
18 **RATION EXPENDITURES.**

19 “(a) IN GENERAL.—Any expenditures paid or in-
20 curred for the purpose of ascertaining the existence, loca-
21 tion, extent, or quality of any deposit of ore or other min-
22 eral, and paid or incurred before the beginning of the de-
23 velopment stage of the mine, shall be allowed as a deduc-
24 tion ratably over the 84-month period beginning on the
25 date that such expense was paid or incurred.

1 “(b) MID-MONTH CONVENTION.—For purposes of
2 subsection (a), any expenditures paid or incurred during
3 any month shall be treated as paid or incurred on the mid-
4 point of such month.

5 “(c) EXCLUSIVE METHOD.—Except as provided in
6 this section, no depreciation or amortization deduction
7 shall be allowed with respect to expenditures described in
8 subsection (a).

9 “(d) TREATMENT UPON ABANDONMENT.—If any
10 property with respect to which expenditures described in
11 subsection (a) are paid or incurred is retired or abandoned
12 during the 84-month period described in such subsection,
13 no deduction shall be allowed on account of such retire-
14 ment or abandonment and the amortization deduction
15 under this section shall continue with respect to such pay-
16 ment.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) The item relating to section 617 in the table
19 of sections for part I of subchapter I of chapter 1
20 of the Internal Revenue Code of 1986 is amended to
21 read as follows:

“Sec. 617. Amortization of certain mining exploration expenditures.”.

22 (2) Section 56(a) of such Code, as amended by
23 section 30(b)(2), is amended by striking paragraph
24 (2).

1 (3) Section 59(e) of such Code, as amended by
2 section 30(b)(3), is amended—

3 (A) in paragraph (2)—

4 (i) in subparagraph (B), by inserting
5 “or” at the end;

6 (ii) in subparagraph (C), by striking
7 the comma at the end and inserting a pe-
8 riod; and

9 (iii) by striking subparagraph (D);
10 and

11 (B) by striking paragraph (5) and insert-
12 ing the following:

13 “(5) DISPOSITIONS.—In the case of any dis-
14 position of property to which section 1254 applies
15 (determined without regard to this section), any de-
16 duction under paragraph (1) with respect to
17 amounts which are allocable to such property shall,
18 for purposes of section 1254, be treated as a deduc-
19 tion allowable under section 263(c).”.

20 (4) Section 170(e) of such Code is amended—

21 (A) in paragraph (1), by striking
22 “617(d)(1),”; and

23 (B) in paragraph (3)(D), by striking
24 “617,”.

1 (5) Section 263A(c)(3) of such Code, as amend-
2 ed by section 30(b)(5), is amended by striking
3 “291(b)(2), or 617” and inserting “or 291(b)(2)”.

4 (6) Section 291(b) of such Code, as amended by
5 section 30(b)(6), is amended—

6 (A) in the heading, by striking “AND MIN-
7 ERAL EXPLORATION AND DEVELOPMENT
8 COSTS”;

9 (B) by striking paragraph (1) and insert-
10 ing the following:

11 “(1) IN GENERAL.—In the case of an inte-
12 grated oil company, the amount allowable as a de-
13 duction for any taxable year (determined without re-
14 gard to this section) under section 263(e) shall be
15 reduced by 30 percent.”;

16 (C) in paragraph (2), by striking “or
17 617(a) (as the case may be)”;

18 (D) in paragraph (3), by striking “or
19 617(a) (whichever is appropriate)”.

20 (7) Section 312(n), as amended by section
21 30(b)(7), is amended by striking paragraph (2) and
22 inserting the following:

23 “(2) INTANGIBLE DRILLING COSTS.—Any
24 amount allowable as a deduction under section
25 263(c) in determining taxable income (other than

1 costs incurred in connection with a nonproductive
2 well)—

3 “(A) shall be capitalized, and

4 “(B) shall be allowed as a deduction rat-
5 ably over the 60-month period beginning with
6 the month in which such amount was paid or
7 incurred.”.

8 (8) Section 703(b) of such Code is amended—

9 (A) in paragraph (1), by adding “or” at
10 the end;

11 (B) by striking paragraph (2); and

12 (C) by redesignating paragraph (3) as
13 paragraph (2).

14 (9) Section 751(c) of such Code is amended—

15 (A) by inserting “, as in effect on the day
16 before the date of the enactment of the End
17 Polluter Welfare Act of 2021” after “section
18 617(f)(2)”; and

19 (B) by striking “617(d)(1),”.

20 (10) Section 1254(a)(1)(A)(i) of such Code, as
21 amended by section 30(b)(10), is amended by strik-
22 ing “or 617”.

23 (11) Paragraph (2) of section 1363(c) of such
24 Code is amended to read as follows:

1 “(2) EXCEPTION.—In the case of an S corpora-
2 tion, elections under section 901 (relating to taxes of
3 foreign countries and possessions of the United
4 States) shall be made by each shareholder sepa-
5 rately.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to expenditures paid or incurred
8 in taxable years beginning after the date of the enactment
9 of this Act.

10 **SEC. 32. AMORTIZATION OF INTANGIBLE DRILLING AND**
11 **DEVELOPMENT COSTS IN THE CASE OF OIL**
12 **AND GAS WELLS AND GEOTHERMAL WELLS.**

13 (a) IN GENERAL.—Subsection (c) of section 263 of
14 the Internal Revenue Code of 1986 is amended to read
15 as follows:

16 “(c) INTANGIBLE DRILLING AND DEVELOPMENT
17 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-
18 THERMAL WELLS.—Notwithstanding subsection (a), and
19 except as provided in subsection (i), in the case of any
20 expenses paid or incurred in connection with intangible
21 drilling and development costs related to oil and gas wells
22 and wells drilled for any geothermal deposit (as defined
23 in section 613(e)(2))—

1 “(1) such expenses shall be allowed as a deduc-
2 tion ratably over the 84-month period beginning on
3 the date that such expense was paid or incurred,

4 “(2) any such expenses paid or incurred during
5 any month shall be treated as paid or incurred on
6 the mid-point of such month,

7 “(3) except as provided in this subsection, no
8 depreciation or amortization deduction shall be al-
9 lowed with respect to such expenses, and

10 “(4) if any property with respect to which such
11 intangible drilling and development costs are paid or
12 incurred is retired or abandoned during such 84-
13 month period, no deduction shall be allowed on ac-
14 count of such retirement or abandonment and the
15 amortization deduction under this subsection shall
16 continue with respect to such payment.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 57(a)(2)(B)(i) of the Internal Rev-
19 enue Code of 1986 is amended by striking “263(c)
20 or”.

21 (2) Section 59(e) of such Code, as amended by
22 sections 30 and 31, is amended—

23 (A) in paragraph (2)—

24 (i) in subparagraph (A), by inserting
25 “or” at the end;

1 (ii) in subparagraph (B), by striking
2 the comma at the end and inserting a pe-
3 riod; and

4 (iii) by striking subparagraph (C);
5 and
6 (B) by striking paragraph (5).

7 (3) Section 263A(c)(3) of such Code, as amend-
8 ed by sections 30 and 31, is amended by striking
9 “263(c),”.

10 (4) Section 291 of such Code, as amended by
11 sections 30 and 31, is amended by striking sub-
12 section (b).

13 (5) Section 312(n) of such Code, as amended
14 by sections 30 and 31, is amended by striking para-
15 graph (2).

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to expenditures paid or incurred
18 in taxable years beginning after the date of the enactment
19 of this Act.

20 **SEC. 33. PERMANENT EXCISE TAX RATE FOR FUNDING OF**
21 **BLACK LUNG DISABILITY TRUST FUND.**

22 (a) IN GENERAL.—Section 4121 of the Internal Rev-
23 enue Code of 1986 is amended—

24 (1) in subsection (b)—

1 (A) in paragraph (1), by striking “\$1.10”
2 and inserting “\$1.38”; and

3 (B) in paragraph (2), by striking “\$.55”
4 and inserting “\$0.69”; and
5 (2) by striking subsection (e).

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply on and after the first day of the
8 first calendar month beginning after the date of the enact-
9 ment of this Act.

10 **SEC. 34. TERMINATION OF RENEWABLE ELECTRICITY PRO-**
11 **DUCTION CREDIT ELIGIBILITY FOR REFINED**
12 **COAL.**

13 Section 45(e)(8)(A)(ii)(II) of the Internal Revenue
14 Code of 1986 is amended by inserting “and before the
15 date of enactment of the End Polluter Welfare Act of
16 2021” after “such taxable year”.

17 **SEC. 35. TREATMENT OF FOREIGN OIL RELATED INCOME**
18 **AS SUBPART F INCOME.**

19 (a) IN GENERAL.—Section 954(a) of the Internal
20 Revenue Code of 1986 is amended by striking “and” at
21 the end of paragraph (2), by striking the period at the
22 end of paragraph (3) and inserting “, and”, and by adding
23 at the end the following new paragraph:

24 “(4) the foreign base company oil related in-
25 come for the taxable year (determined under sub-

1 section (g) and reduced as provided in subsection
2 (b)(5)).”.

3 (b) FOREIGN BASE COMPANY OIL RELATED IN-
4 COME.—Section 954 of the Internal Revenue Code of 1986
5 is amended by inserting after subsection (e) the following
6 new subsection:

7 “(g) FOREIGN BASE COMPANY OIL RELATED IN-
8 COME.—For purposes of this section—

9 “(1) IN GENERAL.—Except as otherwise pro-
10 vided in this subsection, the term ‘foreign base com-
11 pany oil related income’ means foreign oil related in-
12 come (within the meaning of paragraphs (2) and (3)
13 of section 907(e)) other than income derived from a
14 source within a foreign country in connection with—

15 “(A) oil or gas which was extracted from
16 an oil or gas well located in such foreign coun-
17 try, or

18 “(B) oil, gas, or a primary product of oil
19 or gas which is sold by the foreign corporation
20 or a related person for use or consumption
21 within such country or is loaded in such coun-
22 try on a vessel or aircraft as fuel for such vessel
23 or aircraft.

1 Such term shall not include any foreign personal
2 holding company income (as defined in subsection
3 (c)).

4 “(2) PARAGRAPH (1) APPLIES ONLY WHERE
5 CORPORATION HAS PRODUCED 1,000 BARRELS PER
6 DAY OR MORE.—

7 “(A) IN GENERAL.—The term ‘foreign
8 base company oil related income’ shall not in-
9 clude any income of a foreign corporation if
10 such corporation is not a large oil producer for
11 the taxable year.

12 “(B) LARGE OIL PRODUCER.—For pur-
13 poses of subparagraph (A), the term ‘large oil
14 producer’ means any corporation if, for the tax-
15 able year or for the preceding taxable year, the
16 average daily production of foreign crude oil
17 and natural gas of the related group which in-
18 cludes such corporation equaled or exceeded
19 1,000 barrels.

20 “(C) RELATED GROUP.—The term ‘related
21 group’ means a group consisting of the foreign
22 corporation and any other person who is a re-
23 lated person with respect to such corporation.

24 “(D) AVERAGE DAILY PRODUCTION OF
25 FOREIGN CRUDE OIL AND NATURAL GAS.—For

1 purposes of this paragraph, the average daily
2 production of foreign crude oil or natural gas of
3 any related group for any taxable year (and the
4 conversion of cubic feet of natural gas into bar-
5 rels) shall be determined under rules similar to
6 the rules of section 613A (as in effect on the
7 day before the date of enactment of the End
8 Polluter Welfare Act of 2021) except that only
9 crude oil or natural gas from a well located out-
10 side the United States shall be taken into ac-
11 count.”.

12 (c) CONFORMING AMENDMENTS.—

13 (1) Section 952(c)(1)(B)(iii) of the Internal
14 Revenue Code of 1986 is amended by redesignating
15 subclauses (I) through (IV) as subclause (II)
16 through (V), respectively, and by inserting before
17 subclause (II) (as so redesignated) the following:

18 “(I) foreign base company oil re-
19 lated income.”.

20 (2) Section 954(b) of such Code is amended—

21 (A) by inserting at the end of paragraph
22 (4) the following: “The preceding sentence shall
23 not apply to foreign base company oil-related
24 income described in subsection (a)(4).”;

1 (B) by striking “and the foreign base com-
2 pany services income” in paragraph (5) and in-
3 serting “the foreign base company services in-
4 come, and the foreign base company oil related
5 income”; and

6 (C) by adding at the end the following new
7 paragraph:

8 “(6) FOREIGN BASE COMPANY OIL RELATED IN-
9 COME NOT TREATED AS ANOTHER KIND OF BASE
10 COMPANY INCOME.—Income of a corporation which
11 is foreign base company oil related income shall not
12 be considered foreign base company income of such
13 corporation under paragraph (2) or (3) of subsection
14 (a).”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years of foreign corpora-
17 tions beginning after the date of the enactment of this
18 Act and to taxable years of United States shareholders
19 ending with or within which such taxable years of foreign
20 corporations end.

21 **SEC. 36. REPEAL OF EXCLUSION OF FOREIGN OIL AND GAS**
22 **EXTRACTION INCOME FROM THE DETER-**
23 **MINATION OF TESTED INCOME.**

24 (a) IN GENERAL.—Section 951A(c)(2)(A)(i) of the
25 Internal Revenue Code of 1986 is amended—

1 (1) by adding “and” at the end of subclause
2 (III);

3 (2) by striking “and” at the end of subclause
4 (IV) and inserting “over”; and

5 (3) by striking subclause (V).

6 (b) **EFFECTIVE DATE.**—The amendments made by
7 this section shall apply to taxable years of foreign corpora-
8 tions beginning after the date of enactment of this Act,
9 and to taxable years of United States shareholders in
10 which or with which such taxable years of foreign corpora-
11 tions end.

12 **SEC. 37. TERMINATION OF CREDIT FOR CARBON OXIDE SE-**
13 **QUESTRATION.**

14 (a) **IN GENERAL.**—Section 45Q of the Internal Rev-
15 enue Code of 1986 is amended by adding at the end the
16 following:

17 “(i) **TERMINATION.**—This section shall not apply
18 with respect to any qualified carbon oxide captured after
19 the date of enactment of the End Polluter Welfare Act
20 of 2021.”.

21 (b) **REPORT.**—

22 (1) **IN GENERAL.**—Not later than 6 months
23 after the date of enactment of this Act, the Sec-
24 retary of the Treasury, or the Secretary’s delegate,
25 shall submit a report to Congress, to be made avail-

1 able to available to the public, which provides the
2 following information:

3 (A) The taxpayer identity information of
4 any taxpayer for which the carbon oxide seques-
5 tration credit under section 45Q of the Internal
6 Revenue Code of 1986 was allowed for any tax-
7 able year following the enactment of such sec-
8 tion.

9 (B) The total amount of the credit allowed
10 pursuant to such section to each taxpayer de-
11 scribed in subparagraph (A).

12 (C) With respect to the amount described
13 in subparagraph (B), the amount of such credit
14 allowed with respect to each of the following:

15 (i) Qualified carbon oxide which was
16 captured and disposed of by the taxpayer
17 in secure geological storage and not used
18 by the taxpayer as described in clause (ii)
19 or (iii).

20 (ii) Qualified carbon oxide which was
21 captured and used by the taxpayer as a
22 tertiary injectant in a qualified enhanced
23 oil or natural gas recovery project and dis-
24 posed of by the taxpayer in secure geologi-
25 cal storage.

1 (iii) Qualified carbon oxide which was
2 captured and utilized by the taxpayer in a
3 manner described in section 45Q(f)(5) of
4 the Internal Revenue Code of 1986.

5 (2) EXCEPTION FROM RULES REGARDING CON-
6 FIDENTIALITY AND DISCLOSURE OF RETURNS AND
7 RETURN INFORMATION.—Section 6103(l) of the In-
8 ternal Revenue Code of 1986 is amended by adding
9 at the end the following:

10 “(23) DISCLOSURE OF RETURN INFORMATION
11 FOR PUBLIC REPORT ON CARBON OXIDE SEQUES-
12 TRATION CREDIT.—The Secretary may disclose tax-
13 payer identity information and return information to
14 the extent the Secretary deems necessary for pur-
15 poses of the report issued pursuant to section 37 of
16 the End Polluter Welfare Act of 2021.”.

17 **SEC. 38. POWDER RIVER BASIN.**

18 (a) DESIGNATION OF THE POWDER RIVER BASIN AS
19 A COAL PRODUCING REGION.—As soon as practicable
20 after the date of enactment of this Act, the Director of
21 the Bureau of Land Management shall designate the Pow-
22 der River Basin as a coal producing region.

23 (b) REPORT.—Not later than 1 year after the date
24 of enactment of this Act, the Director of the Bureau of

1 Land Management shall submit to Congress a report that
2 includes—

3 (1) a study of the fair market value and the
4 amount and effective rate of royalties paid on coal
5 leases in the Powder River Basin compared to other
6 national and international coal basins and markets;
7 and

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

11 **SEC. 39. STUDY AND ELIMINATION OF ADDITIONAL FOSSIL**
12 **FUEL SUBSIDIES.**

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 or the Secretary’s delegate (referred to in
23 this section as the “Secretary”), in coordination with the
24 Secretary of Energy, shall submit to Congress a report
25 detailing each Federal law (including regulations), other

1 than those amended by this Act, as in effect on the date
2 on which the report is submitted, that includes a subsidy
3 for fossil-fuel production.

4 (c) REPORT ON MODIFIED RECOVERY PERIOD.—

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

16 (2) ELIMINATION OF SUBSIDY.—In the case of
17 any type of property that the Secretary determines
18 is receiving a subsidy for fossil-fuel production under
19 such section 168, for property placed in service in
20 taxable years beginning after the date of such deter-
21 mination, such section 168 shall not apply. The pre-
22 ceding sentence shall not apply to any property with
23 respect to a taxable year unless such determination

1 is published before the first day of such taxable
2 year.

