

AMENDMENT TO H.R. 4
OFFERED BY MR. POLIS OF COLORADO

Page 37, after line 6, insert the following:

1 **TITLE VIII—END BIG OIL TAX**
2 **SUBSIDIES**

3 **SEC. 801. SHORT TITLE.**

4 This title may be cited as the “End Big Oil Tax Sub-
5 sidies Act of 2014”.

6 **SEC. 802. AMORTIZATION OF GEOLOGICAL AND GEO-**
7 **PHYSICAL EXPENDITURES.**

8 (a) IN GENERAL.—Subparagraph (A) of section
9 167(h)(5) of the Internal Revenue Code of 1986 is amend-
10 ed by striking “major integrated oil company” and insert-
11 ing “covered large oil company”.

12 (b) COVERED LARGE OIL COMPANY.—Paragraph (5)
13 of section 167(h) of such Act is amended by redesignating
14 subparagraph (B) as subparagraph (C) and by inserting
15 after subparagraph (A) the following new subparagraph:

16 “(B) COVERED LARGE OIL COMPANY.—
17 For purposes of this paragraph, the term ‘cov-
18 ered large oil company’ means a taxpayer
19 which—

1 “(i) is a major integrated oil com-
2 pany, or

3 “(ii) has gross receipts in excess of
4 \$50,000,000 for the taxable year.

5 For purposes of clause (ii), all persons treated
6 as a single employer under subsections (a) and
7 (b) of section 52 shall be treated as 1 person.”.

8 (c) CONFORMING AMENDMENT.—The heading for
9 paragraph (5) of section 167(h) of such Code is amended
10 by inserting “AND OTHER LARGE TAXPAYERS”.

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

14 **SEC. 803. PRODUCING OIL AND GAS FROM MARGINAL**
15 **WELLS.**

16 (a) IN GENERAL.—Section 45I of the Internal Rev-
17 enue Code of 1986 is amended by adding at the end the
18 following new subsection:

19 “(e) EXCEPTION FOR TAXPAYER WHO IS NOT
20 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

21 “(1) IN GENERAL.—Subsection (a) shall not
22 apply to any taxpayer which is not a small, inde-
23 pendent oil and gas company for the taxable year.

24 “(2) AGGREGATION RULE.—For purposes of
25 paragraph (1), all persons treated as a single em-

1 ployer under subsections (a) and (b) of section 52
2 shall be treated as 1 person.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to credits determined for taxable
5 years beginning after December 31, 2013.

6 **SEC. 804. ENHANCED OIL RECOVERY CREDIT.**

7 (a) IN GENERAL.—Section 43 of the Internal Rev-
8 enue Code of 1986 is amended by adding at the end the
9 following new subsection:

10 “(f) EXCEPTION FOR TAXPAYER WHO IS NOT
11 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

12 “(1) IN GENERAL.—Subsection (a) shall not
13 apply to any taxpayer which is not a small, inde-
14 pendent oil and gas company for the taxable year.

15 “(2) AGGREGATION RULE.—For purposes of
16 paragraph (1), all persons treated as a single em-
17 ployer under subsections (a) and (b) of section 52
18 shall be treated as 1 person.”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to amounts paid or incurred in tax-
21 able years beginning after December 31, 2013.

22 **SEC. 805. INTANGIBLE DRILLING AND DEVELOPMENT**
23 **COSTS IN THE CASE OF OIL AND GAS WELLS.**

24 (a) IN GENERAL.—Subsection (c) of section 263 of
25 the Internal Revenue Code of 1986 is amended by adding

1 at the end the following new sentence: “This subsection
2 shall not apply to amounts paid or incurred by a taxpayer
3 in any taxable year in which such taxpayer is not a small,
4 independent oil and gas company, determined by deeming
5 all persons treated as a single employer under subsections
6 (a) and (b) of section 52 as 1 person.”.

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

10 **SEC. 806. PERCENTAGE DEPLETION.**

11 (a) IN GENERAL.—Section 613A of the Internal Rev-
12 enue Code of 1986 is amended by adding at the end the
13 following new subsection:

14 “(f) EXCEPTION FOR TAXPAYER WHO IS NOT
15 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

16 “(1) IN GENERAL.—This section and section
17 611 shall not apply to any taxpayer which is not a
18 small, independent oil and gas company for the tax-
19 able year.

20 “(2) AGGREGATION RULE.—For purposes of
21 paragraph (1), all persons treated as a single em-
22 ployer under subsections (a) and (b) of section 52
23 shall be treated as 1 person.”.

1 (b) CONFORMING AMENDMENT.—Section 613A(e)(1)
2 of such Code is amended by striking “subsection (d)” and
3 inserting “subsections (d) and (f)”.

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

7 **SEC. 807. TERTIARY INJECTANTS.**

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

11 “(d) EXCEPTION FOR TAXPAYER WHO IS NOT
12 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

13 “(1) IN GENERAL.—Subsection (a) shall not
14 apply to any taxpayer which is not a small, inde-
15 pendent oil and gas company for the taxable year.

16 “(2) EXCEPTION FOR QUALIFIED CARBON DI-
17 OXIDE DISPOSED IN SECURE GEOLOGICAL STOR-
18 AGE.—Paragraph (1) shall not apply in the case of
19 any qualified tertiary injectant expense paid or in-
20 curred for any tertiary injectant that is qualified
21 carbon dioxide (as defined in section 45Q(b)) which
22 is disposed of by the taxpayer in secure geological
23 storage (as defined by section 45Q(d)).

24 “(3) AGGREGATION RULE.—For purposes of
25 paragraph (1), all persons treated as a single em-

1 ployer under subsections (a) and (b) of section 52
2 shall be treated as 1 person.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to expenses incurred after Decem-
5 ber 31, 2013.

6 **SEC. 808. PASSIVE ACTIVITY LOSSES AND CREDITS LIM-**
7 **ITED.**

8 (a) **IN GENERAL.**—Paragraph (3) of section 469(c)
9 of the Internal Revenue Code of 1986 is amended by add-
10 ing at the end the following:

11 “(C) **EXCEPTION FOR TAXPAYER WHO IS**
12 NOT SMALL, INDEPENDENT OIL AND GAS COM-
13 PANY.—

14 “(i) **IN GENERAL.**—Subparagraph (A)
15 shall not apply to any taxpayer which is
16 not a small, independent oil and gas com-
17 pany for the taxable year.

18 “(ii) **AGGREGATION RULE.**—For pur-
19 poses of clause (i), all persons treated as
20 a single employer under subsections (a)
21 and (b) of section 52 shall be treated as 1
22 person.”.

1 **SEC. 809. INCOME ATTRIBUTABLE TO DOMESTIC PRODUC-**
2 **TION ACTIVITIES.**

3 (a) IN GENERAL.—Section 199 of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end the
5 following new subsection:

6 “(e) EXCEPTION FOR TAXPAYER WHO IS NOT
7 SMALL, INDEPENDENT OIL AND GAS COMPANY.—Sub-
8 section (a) shall not apply to the income derived from the
9 production, transportation, or distribution of oil, natural
10 gas, or any primary product (within the meaning of sub-
11 section (d)(9)) thereof by any taxpayer which for the tax-
12 able year is an oil and gas company which is not a small,
13 independent oil and gas company.”.

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

17 **SEC. 810. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**
18 **COUNTING FOR MAJOR INTEGRATED OIL**
19 **COMPANIES.**

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

23 “(h) MAJOR INTEGRATED OIL COMPANIES.—Not-
24 withstanding any other provision of this section, a major
25 integrated oil company (as defined in section 167(h)) may

1 not use the method provided in subsection (b) in
2 inventorying of any goods.”.

3 (b) EFFECTIVE DATE AND SPECIAL RULE.—

4 (1) IN GENERAL.—The amendment made by
5 subsection (a) shall apply to taxable years beginning
6 after December 31, 2013.

7 (2) CHANGE IN METHOD OF ACCOUNTING.—In
8 the case of any taxpayer required by the amendment
9 made by this section to change its method of ac-
10 counting for its first taxable year beginning after the
11 date of the enactment of this Act—

12 (A) such change shall be treated as initi-
13 ated by the taxpayer,

14 (B) such change shall be treated as made
15 with the consent of the Secretary of the Treas-
16 ury, and

17 (C) the net amount of the adjustments re-
18 quired to be taken into account by the taxpayer
19 under section 481 of the Internal Revenue Code
20 of 1986 shall be taken into account ratably over
21 a period (not greater than 8 taxable years) be-
22 ginning with such first taxable year.

1 **SEC. 811. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
2 **APPLICABLE TO DUAL CAPACITY TAXPAYERS.**

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

7 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY
8 TAXPAYERS.—

9 “(1) GENERAL RULE.—Notwithstanding any
10 other provision of this chapter, any amount paid or
11 accrued by a dual capacity taxpayer to a foreign
12 country or possession of the United States for any
13 period with respect to combined foreign oil and gas
14 income (as defined in section 907(b)(1)) shall not be
15 considered a tax to the extent such amount exceeds
16 the amount (determined in accordance with regula-
17 tions) which would have been required to be paid if
18 the taxpayer were not a dual capacity taxpayer.

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

25 “(B) receives (or will receive) directly or
26 indirectly a specific economic benefit (as deter-

1 mined in accordance with regulations) from
2 such country or possession.”.

3 (b) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section shall apply to taxes paid or accrued in
6 taxable years beginning after December 31, 2013.

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

