AMENDMENT TO H.R. 1229, AS ORDERED
REPORTED
OFFERED BY MR. SHULER OF NORTH CAROLINA

Page 10, after line 9, add the following new title:

TITLE III—SUSPENSION OF HIGHWAY FUELS TAXES

SEC. 301. SUSPENSION OF FUEL TAXES ON HIGHWAY MOTOR FUELS.

(a) IN GENERAL.—Section 4081 of the Internal Revenue Code of 1986 (relating to imposition of tax on motor and aviation fuels) is amended by adding at the end the following new subsection:

“(f) SUSPENSION OF HIGHWAY MOTOR FUEL TAXES.—

“(1) IN GENERAL.—During the suspension period, the tax imposed by section 4041 or 4081 on highway motor fuel shall be suspended.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) SUSPENSION PERIOD.—The term ‘suspension period’ means the 45-day period beginning 7 days after the date of enactment of this subsection.
“(B) HIGHWAY MOTOR FUEL.—The term ‘highway motor fuel’ means any fuel subject to tax under section 4041 or 4081 other than aviation gasoline and aviation-grade kerosene.”.

(b) MAINTENANCE OF TRUST FUNDS DEPOSITS; AMOUNTS APPROPRIATED TO TRUST FUNDS TREATED AS TAXES.—

(1) IN GENERAL.—There is hereby appropriated (out of any money in the Treasury not otherwise appropriated) to each trust fund which would (but for this subsection) receive reduced revenues as a result of a suspension in a rate of tax by reason of section 4081(f)(1) of the Internal Revenue Code of 1986 (as added by this section) an amount equal to such reduction in revenues. Amounts appropriated by the preceding sentence to any trust fund—

(A) shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred had subsection (a) not been enacted, and

(B) shall be treated for all purposes of Federal law as taxes received under the appropriate section referred to in such section 4081(f)(1).
(2) MITIGATION OF POTENTIAL IMPACT ON TRUST FUNDS.—Appropriations by paragraph (1) shall include such amounts as are necessary to mitigate potential impacts on such trust funds due to incurring costs associated with such reduction in revenues.

(e) CONSUMERS TO BENEFIT FROM SUSPENSION.—It is the sense of Congress that consumers should immediately receive the benefit of the 18.4 cents per gallon tax reduction by reason of the amendment made by section (a).

(d) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

(e) FLOOR STOCK REFUNDS.—

(1) IN GENERAL.—If—

(A) before the tax suspension date, tax has been imposed under section 4081 of the Internal Revenue Code of 1986 on any highway motor fuel, and

(B) on such date such fuel is held by a dealer and has not been used and is intended for sale,

there shall be credited or refunded (without interest) to the person who paid such tax (hereafter in this
subsection referred to as the “taxpayer”) an amount equal to the excess of the tax paid by the taxpayer over the tax which would be imposed on such fuel had the taxable event occurred on such date.

(2) TIME FOR FILING CLAIMS.—No credit or refund shall be allowed or made under this subsection unless—

   (A) claim therefor is filed with the Secretary of the Treasury before the date which is 6 months after the tax suspension date based on a request submitted to the taxpayer before the date which is 3 months after the tax suspension date by the dealer who held the highway motor fuel on such date, and

   (B) the taxpayer has repaid or agreed to repay the amount so claimed to such dealer or has obtained the written consent of such dealer to the allowance of the credit or the making of the refund.

(3) EXCEPTION FOR FUEL HELD IN RETAIL STOCKS.—No credit or refund shall be allowed under this subsection with respect to any highway motor fuel in retail stocks held at the place where intended to be sold at retail.
(4) **DEFINITIONS.**—For purposes of this subsection—

(A) **TAX SUSPENSION DATE.**—The term “tax suspension date” means the first day of any suspension period in effect under section 4081(f) of the Internal Revenue Code of 1986 (as added by subsection (a) of this section).

(B) **OTHER TERMS.**—The terms “dealer” and “held by a dealer” have the respective meanings given to such terms by section 6412 of such Code.

(5) **CERTAIN RULES TO APPLY.**—Rules similar to the rules of subsections (b) and (c) of section 6412 of such Code shall apply for purposes of this subsection.

(f) **FLOOR STOCKS TAX.**—

(1) **IMPOSITION OF TAX.**—In the case of any highway motor fuel which is held on the tax restoration date by any person, there is hereby imposed a floor stocks tax equal to the excess of the tax which would be imposed on such fuel had the taxable event occurred on such date over the tax (if any) previously paid (and not credited or refunded) on such fuel.
(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—The person holding highway motor fuel on the tax restoration date to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe.

(C) TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid on or before the 45th day after the tax restoration date.

(3) DEFINITIONS.—For purposes of this subsection—

(A) TAX RESTORATION DATE.—The term “tax restoration date” means the first day after the end of the suspension period (as defined in section 4081(f) of the Internal Revenue Code of 1986).

(B) HIGHWAY MOTOR FUEL.—The term “highway motor fuel” has the meaning given to such term by section 4081(f) of such Code.

(C) HELD BY A PERSON.—A highway motor fuel shall be considered as held by a person if title thereto has passed to such person
(whether or not delivery to the person has been made).

(D) SECRETARY.—The term “Secretary” means the Secretary of the Treasury or the Secretary’s delegate.

(4) EXCEPTION FOR EXEMPT USES.—The tax imposed by paragraph (1) shall not apply to any highway motor fuel held by any person exclusively for any use to the extent a credit or refund of the tax is allowable for such use.

(5) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

(A) IN GENERAL.—No tax shall be imposed by paragraph (1) on any highway motor fuel held on the tax restoration date by any person if the aggregate amount of such highway motor fuel held by such person on such date does not exceed 2,000 gallons. The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this subparagraph.

(B) EXEMPT FUEL.—For purposes of subparagraph (A), there shall not be taken into ac-
count any highway motor fuel held by any person which is exempt from the tax imposed by paragraph (1) by reason of paragraph (4).

(C) CONTROLLED GROUPS.—For purposes of this subsection—

(i) CORPORATIONS.—

(I) IN GENERAL.—All persons
treated as a controlled group shall be
treated as 1 person.

(II) CONTROLLED GROUP.—The
term “controlled group” has the
meaning given to such term by sub-
section (a) of section 1563 of such
Code; except that for such purposes
the phrase “more than 50 percent”
shall be substituted for the phrase “at
least 80 percent” each place it ap-
ppears in such subsection.

(ii) NONINCORPORATED PERSONS
UNDER COMMON CONTROL.—Under regula-
tions prescribed by the Secretary, prin-
ciples similar to the principles of subpara-
graph (A) shall apply to a group of per-
sons under common control if 1 or more of
such persons is not a corporation.
(6) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4081 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply with respect to the floor stock taxes imposed by paragraph (1) to the same extent as if such taxes were imposed by such section.

SEC. 302. AMORTIZATION OF GEOLOGICAL AND GEO-
PHYSICAL EXPENDITURES.

(a) IN GENERAL.—Subparagraph (A) of section 167(h)(5) of the Internal Revenue Code of 1986 is amended by inserting “(and for the 1-year period beginning on the date of enactment of the Putting the Gulf of Mexico Back to Work Act, any company which is not a small, independent oil and gas company)” after “major inte-
grated oil company,”.

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.
SEC. 303. PRODUCING OIL AND GAS FROM MARGINAL WELLS.

(a) In General.—Section 45I of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(e) Exception for Taxpayer Who Is Not Small, Independent Oil and Gas Company.—

“(1) In General.—In the case of the first taxable year beginning after the date of the enactment of the Putting the Gulf of Mexico Back to Work Act, subsection (a) shall not apply to any taxpayer which is not a small, independent oil and gas company.

“(2) Aggregation Rule.—For purposes of paragraph (1), all persons treated as a single employer under subsections (a) and (b) of section 52 shall be treated as 1 person.”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to credits determined for taxable years beginning after the date of the enactment of this Act.

SEC. 304. ENHANCED OIL RECOVERY CREDIT.

(a) In General.—Section 43 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(f) Exception for Taxpayer Who Is Not Small, Independent Oil and Gas Company.—
“(1) IN GENERAL.—In the case of the first taxable year beginning after the date of the enactment of the Putting the Gulf of Mexico Back to Work Act, subsection (a) shall not apply to any taxpayer which is not a small, independent oil and gas company.

“(2) AGGREGATION RULE.—For purposes of paragraph (1), all persons treated as a single employer under subsections (a) and (b) of section 52 shall be treated as 1 person.”.

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

SEC. 305. INTANGIBLE DRILLING AND DEVELOPMENT COSTS IN THE CASE OF OIL AND GAS WELLS.

(a) IN GENERAL.—Subsection (c) of section 263 of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: “This subsection shall not apply to amounts paid or incurred by a taxpayer for the 1-year period beginning on the date of the enactment of the Putting the Gulf of Mexico Back to Work Act which is not a small, independent oil and gas company, determined by deeming all persons treated as a single employer under subsections (a) and (b) of section 52 as 1 person.”.
(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred in taxable years beginning after the date of the enactment of this Act.

SEC. 306. PERCENTAGE DEPLETION.

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

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

“(1) IN GENERAL.—In the case of the first taxable year beginning after the date of the enactment of the Putting the Gulf of Mexico Back to Work Act, this section and section 611 shall not apply to any taxpayer which is not a small, independent oil and gas company.

“(2) AGGREGATION RULE.—For purposes of paragraph (1), all persons treated as a single employer under subsections (a) and (b) of section 52 shall be treated as 1 person.”.

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


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

**SEC. 307. TERTIARY INJECTANTS.**

(a) **In General.**—Section 193 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(d) **Exception for Taxpayer Who Is Not Small, Independent Oil and Gas Company.**—

“(1) **In General.**—In the case of the first taxable year beginning after the date of the enactment of the Putting the Gulf of Mexico Back to Work Act, subsection (a) shall not apply to any taxpayer which is not a small, independent oil and gas company.

“(2) **Exception for Qualified Carbon Dioxide Disposed in Secure Geological Storage.**—Paragraph (1) shall not apply in the case of any qualified tertiary injectant expense paid or incurred for any tertiary injectant is qualified carbon dioxide (as defined in section 45Q(b)) which is disposed of by the taxpayer in secure geological storage (as defined by section 45Q(d)).

“(3) **Aggregation Rule.**—For purposes of paragraph (1), all persons treated as a single em-
ployer under subsections (a) and (b) of section 52 shall be treated as 1 person.”.

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

SEC. 308. PASSIVE ACTIVITY LOSSES AND CREDITS LIMITED.

(a) IN GENERAL.—Paragraph (3) of section 469(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

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

“(i) IN GENERAL.—In the case of the first taxable year beginning after the date of the enactment of the Putting the Gulf of Mexico Back to Work Act, subparagraph (A) shall not apply to any taxpayer which is not a small, independent oil and gas company.

“(ii) AGGREGATION RULE.—For purposes of clause (i), all persons treated as a single employer under subsections (a) and (b) of section 52 shall be treated as 1 person.”.
SEC. 309. INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES.

(a) In General.—Section 199 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(e) Exception for Taxpayer Who Is Not Small, Independent Oil and Gas Company.—In the case of the first taxable year beginning after the date of the enactment of the Putting the Gulf of Mexico Back to Work Act, subsection (a) shall not apply to the income derived from the production, transportation, or distribution of oil, natural gas, or any primary product (within the meaning of subsection (d)(9)) thereof by any taxpayer which is an oil and gas company which is not a small, independent oil and gas company."

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

SEC. 310. PROHIBITION ON USING LAST-IN, FIRST-OUT ACCOUNTING FOR MAJOR INTEGRATED OIL COMPANIES.

(a) In General.—Section 472 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(h) Certain Oil Companies.—Notwithstanding any other provision of this section, an oil and gas company
which is not a small, independent oil and gas company
may not use the method provided in subsection (b) in
inventorying of any goods.”.

(b) Effective Date and Special Rule.—

(1) In general.—The amendment made by
subsection (a) shall apply to taxable years beginning
after the date of the enactment of this Act.

(2) Change in Method of Accounting.—In
the case of any taxpayer required by the amendment
made by this section to change its method of ac-
counting for its first taxable year beginning after the
date of the enactment of this Act—

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

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

(C) the net amount of the adjustments re-
quired to be taken into account by the taxpayer
under section 481 of the Internal Revenue Code
of 1986 shall be taken into account ratably over
a period (not greater than 8 taxable years) be-
ning with such first taxable year.
SEC. 311. MODIFICATIONS OF FOREIGN TAX CREDIT RULES

APPLICABLE TO DUAL CAPACITY TAXPAYERS.

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

the following new subsection:

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

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

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

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

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

(b) **Effective Date.**—

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

(2) **Contrary Treaty Obligations Upheld.**—The amendments made by this section shall not apply to the extent contrary to any treaty obligation of the United States.