

Calendar No. 337

112TH CONGRESS
2D SESSION**S. 2204**

To eliminate unnecessary tax subsidies and promote renewable energy and energy conservation.

IN THE SENATE OF THE UNITED STATES

MARCH 19, 2012

Mr. MENENDEZ (for himself and Mr. REID) introduced the following bill;
which was read the first time

MARCH 20, 2012

Read the second time and placed on the calendar

A BILL

To eliminate unnecessary tax subsidies and promote renewable energy and energy conservation.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Repeal Big Oil Tax
5 Subsidies Act”.

1 **TITLE I—TAX EXTENSIONS**
2 **RELATING TO ENERGY**

3 **SEC. 101. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**
4 **EXISTING HOMES.**

5 (a) **IN GENERAL.**—Paragraph (2) of section 25C(g)
6 of the Internal Revenue Code of 1986 is amended by strik-
7 ing “December 31, 2011” and inserting “December 31,
8 2012”.

9 (b) **EFFECTIVE DATE.**—The amendment made by
10 this section shall apply to property placed in service after
11 December 31, 2011.

12 **SEC. 102. EXTENSION OF CREDIT FOR CERTAIN PLUG-IN**
13 **ELECTRIC VEHICLES.**

14 (a) **IN GENERAL.**—Subsection (f) of section 30 of the
15 Internal Revenue Code of 1986 is amended by striking
16 “December 31, 2011” and inserting “December 31,
17 2012”.

18 (b) **EFFECTIVE DATE.**—The amendment made by
19 this section shall apply to vehicles acquired after Decem-
20 ber 31, 2011.

21 **SEC. 103. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**
22 **VEHICLE REFUELING PROPERTY.**

23 (a) **EXTENSION.**—Paragraph (2) of section 30C(g) of
24 the Internal Revenue Code of 1986 is amended by striking

1 “December 31, 2011.” and inserting “December 31,
2 2012”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to property placed in service after
5 December 31, 2011.

6 **SEC. 104. EXTENSION OF CELLULOSIC BIOFUEL PRODUCER**
7 **CREDIT.**

8 (a) IN GENERAL.—Subparagraph (H) of section
9 40(b)(6) of the Internal Revenue Code of 1986 is amended
10 to read as follows:

11 “(H) APPLICATION OF PARAGRAPH.—

12 “(i) IN GENERAL.—This paragraph
13 shall apply with respect to qualified cellu-
14 losic biofuel production after December 31,
15 2008, and before January 1, 2014.

16 “(ii) NO CARRYOVER TO CERTAIN
17 YEARS AFTER EXPIRATION.—If this para-
18 graph ceases to apply for any period by
19 reason of clause (i), rules similar to the
20 rules of subsection (e)(2) shall apply.”.

21 (b) CONFORMING AMENDMENT.—

22 (1) IN GENERAL.—Paragraph (2) of section
23 40(e) of the Internal Revenue Code of 1986 is
24 amended by striking “or subsection (b)(6)(H)”.

1 (2) EFFECTIVE DATE.—The amendment made
 2 by this subsection shall take effect as if included in
 3 section 15321(b) of the Heartland, Habitat, and
 4 Horticulture Act of 2008.

5 **SEC. 105. ALGAE TREATED AS A QUALIFIED FEEDSTOCK**
 6 **FOR PURPOSES OF THE CELLULOSIC**
 7 **BIOFUEL PRODUCER CREDIT, ETC.**

8 (a) IN GENERAL.—Subclause (I) of section
 9 40(b)(6)(E)(i) of the Internal Revenue Code of 1986 is
 10 amended to read as follows:

11 “(I) is derived by, or from, quali-
 12 fied feedstocks, and”.

13 (b) QUALIFIED FEEDSTOCK; SPECIAL RULES FOR
 14 ALGAE.—Paragraph (6) of section 40(b) of the Internal
 15 Revenue Code of 1986 is amended by redesignating sub-
 16 paragraphs (F), (G), and (H), as amended by this Act,
 17 as subparagraphs (H), (I), and (J), respectively, and by
 18 inserting after subparagraph (E) the following new sub-
 19 paragraphs:

20 “(F) QUALIFIED FEEDSTOCK.—For pur-
 21 poses of this paragraph, the term ‘qualified
 22 feedstock’ means—

23 “(i) any lignocellulosic or
 24 hemicellulosic matter that is available on a
 25 renewable or recurring basis, and

1 “(ii) any cultivated algae,
2 cyanobacteria, or lemna.

3 “(G) SPECIAL RULES FOR ALGAE.—In the
4 case of fuel which is derived by, or from, feed-
5 stock described in subparagraph (F)(ii) and
6 which is sold by the taxpayer to another person
7 for refining by such other person into a fuel
8 which meets the requirements of subparagraph
9 (E)(i)(II) and the refined fuel is not excluded
10 under subparagraph (E)(iii)—

11 “(i) such sale shall be treated as de-
12 scribed in subparagraph (C)(i),

13 “(ii) such fuel shall be treated as
14 meeting the requirements of subparagraph
15 (E)(i)(II) and as not being excluded under
16 subparagraph (E)(iii) in the hands of such
17 taxpayer, and

18 “(iii) except as provided in this sub-
19 paragraph, such fuel (and any fuel derived
20 from such fuel) shall not be taken into ac-
21 count under subparagraph (C) with respect
22 to the taxpayer or any other person.”.

23 (c) ALGAE TREATED AS A QUALIFIED FEEDSTOCK
24 FOR PURPOSES OF BONUS DEPRECIATION FOR BIOFUEL
25 PLANT PROPERTY.—

1 (1) IN GENERAL.—Subparagraph (A) of section
2 168(l)(2) of the Internal Revenue Code of 1986 is
3 amended by striking “solely to produce cellulosic
4 biofuel” and inserting “solely to produce second gen-
5 eration biofuel (as defined in section 40(b)(6)(E))”.

6 (2) CONFORMING AMENDMENTS.—Subsection
7 (l) of section 168 of such Code is amended—

8 (A) by striking “cellulosic biofuel” each
9 place it appears in the text thereof and insert-
10 ing “second generation biofuel”,

11 (B) by striking paragraph (3) and redesignig-
12 nating paragraphs (4) through (8) as para-
13 graphs (3) through (7), respectively,

14 (C) by striking “CELLULOSIC” in the
15 heading of such subsection and inserting “SEC-
16 OND GENERATION”, and

17 (D) by striking “CELLULOSIC” in the head-
18 ing of paragraph (2) and inserting “SECOND
19 GENERATION”.

20 (d) CONFORMING AMENDMENTS.—

21 (1) Section 40 of the Internal Revenue Code of
22 1986, as amended by subsection (b), is amended—

23 (A) by striking “cellulosic biofuel” each
24 place it appears in the text thereof and insert-
25 ing “second generation biofuel”,

1 (B) by striking “CELLULOSIC” in the
2 headings of subsections (b)(6), (b)(6)(E), and
3 (d)(3)(D) and inserting “SECOND GENERA-
4 TION”, and

5 (C) by striking “CELLULOSIC” in the head-
6 ings of subsections (b)(6)(C), (b)(6)(D),
7 (b)(6)(H), (d)(6), and (e)(3) and inserting
8 “SECOND GENERATION”.

9 (2) Clause (ii) of section 40(b)(6)(E) of such
10 Code is amended by striking “Such term shall not”
11 and inserting “The term ‘second generation biofuel’
12 shall not”.

13 (3) Paragraph (1) of section 4101(a) of such
14 Code is amended by striking “cellulosic biofuel” and
15 inserting “second generation biofuel”.

16 (e) EFFECTIVE DATES.—

17 (1) IN GENERAL.—Except as provided in para-
18 graph (2), the amendments made by this section
19 shall apply to fuels sold or used after the date of the
20 enactment of this Act.

21 (2) APPLICATION TO BONUS DEPRECIATION.—
22 The amendments made by subsection (c) shall apply
23 to property placed in service after the date of the en-
24 actment of this Act.

1 **SEC. 106. EXTENSION OF INCENTIVES FOR BIODIESEL AND**
2 **RENEWABLE DIESEL.**

3 (a) CREDITS FOR BIODIESEL AND RENEWABLE DIE-
4 SEL USED AS FUEL.—Subsection (g) of section 40A of
5 the Internal Revenue Code of 1986 is amended by striking
6 “December 31, 2011” and inserting “December 31,
7 2012”.

8 (b) EXCISE TAX CREDITS AND OUTLAY PAYMENTS
9 FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIX-
10 TURES.—

11 (1) Paragraph (6) of section 6426(c) of the In-
12 ternal Revenue Code of 1986 is amended by striking
13 “December 31, 2011” and inserting “December 31,
14 2012”.

15 (2) Subparagraph (B) of section 6427(e)(6) of
16 such Code is amended by striking “December 31,
17 2011” and inserting “December 31, 2012”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to fuel sold or used after December
20 31, 2011.

21 **SEC. 107. EXTENSION OF PRODUCTION CREDIT FOR RE-**
22 **FINED COAL.**

23 (a) IN GENERAL.—Subparagraph (B) of section
24 45(d)(8) of the Internal Revenue Code of 1986 is amended
25 by striking “January 1, 2012” and inserting “January 1,
26 2013”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to facilities placed in service after
3 December 31, 2011.

4 **SEC. 108. EXTENSION OF PRODUCTION CREDIT.**

5 (a) IN GENERAL.—Section 45(d) of the Internal Rev-
6 enue Code of 1986 is amended by striking “January 1,
7 2014” each place it appears in paragraphs (2), (3), (4),
8 (6), (7), (9), and (11) and inserting “January 1, 2015”.

9 (b) WIND FACILITIES.—Paragraph (1) of section
10 45(d) of the Internal Revenue Code of 1986 is amended
11 by striking “January 1, 2013” and inserting “January 1,
12 2014”.

13 (c) INCREASED CREDIT AMOUNT FOR INDIAN COAL
14 FACILITIES PLACED IN SERVICE BEFORE 2009.—Sub-
15 paragraph (A) of section 45(e)(10) of the Internal Rev-
16 enue Code of 1986 is amended by striking “7-year period”
17 each place it appears and inserting “8-year period”.

18 (d) CONFORMING AMENDMENTS.—Subsection (e) of
19 section 1603 of division B of the American Recovery and
20 Reinvestment Act of 2009 is amended—

21 (1) by striking “January 1, 2013” in paragraph
22 (1) and inserting “January 1, 2014”, and

23 (2) by striking “January 1, 2014” in paragraph
24 (2) and inserting “January 1, 2015”.

25 (e) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to facilities placed in service after De-
4 cember 31, 2012.

5 (2) INDIAN COAL.—The amendment made by
6 subsection (c) shall take effect on the date of the en-
7 actment of this Act.

8 **SEC. 109. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**
9 **NEW HOMES.**

10 (a) IN GENERAL.—Subsection (g) of section 45L of
11 the Internal Revenue Code of 1986 is amended by striking
12 “December 31, 2011” and inserting “December 31,
13 2012”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to homes acquired after December
16 31, 2011.

17 **SEC. 110. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**
18 **APPLIANCES.**

19 (a) IN GENERAL.—Section 45M(b) of the Internal
20 Revenue Code of 1986 is amended by striking “2011”
21 each place it appears other than in the provisions specified
22 in subsection (b), and inserting “2011 or 2012”.

23 (b) PROVISIONS SPECIFIED.—The provisions of sec-
24 tion 45M(b) of the Internal Revenue Code of 1986 speci-

1 fied in this subsection are subparagraph (C) of paragraph
2 (1) and subparagraph (E) of paragraph (2).

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to appliances produced after De-
5 cember 31, 2011.

6 **SEC. 111. EXTENSION OF ELECTION OF INVESTMENT TAX**

7 **CREDIT IN LIEU OF PRODUCTION CREDIT.**

8 (a) IN GENERAL.—Clause (ii) of section 48(a)(5)(C)
9 of the Internal Revenue Code of 1986 is amended by strik-
10 ing “or 2013” and inserting “2013, or 2014”.

11 (b) WIND FACILITIES.—Clause (i) of section
12 48(a)(5)(C) of the Internal Revenue Code of 1986 is
13 amended by striking “Any qualified facility” and all that
14 follows and inserting “Any facility which is—

15 “(I) a qualified facility (within
16 the meaning of section 45) described
17 in paragraph (1) of section 45(d) if
18 such facility is placed in service in
19 2009, 2010, 2011, 2012, or 2013, or

20 “(II) a qualifying offshore wind
21 facility, if such facility is placed in
22 service in 2012, 2013, or 2014.”.

23 (c) QUALIFYING OFFSHORE WIND FACILITY.—Para-
24 graph (5) of section 48(a) of the Internal Revenue Code

1 of 1986 is amended by adding at the end the following
2 new subparagraph:

3 “(E) QUALIFYING OFFSHORE WIND FACIL-
4 ITY.—For purposes of this paragraph—

5 “(i) IN GENERAL.—The term ‘quali-
6 fying offshore wind facility’ means an off-
7 shore facility using wind to produce elec-
8 tricity.

9 “(ii) OFFSHORE FACILITY.—The term
10 ‘offshore facility’ means any facility located
11 in the inland navigable waters of the
12 United States, including the Great Lakes,
13 or in the coastal waters of the United
14 States, including the territorial seas of the
15 United States, the exclusive economic zone
16 of the United States, and the Outer Conti-
17 nental Shelf of the United States. For pur-
18 poses of the preceding sentence, the term
19 ‘United States’ has the meaning given in
20 section 638(1).”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to facilities placed in service after
23 December 31, 2011.

1 **SEC. 112. EXPANSION OF QUALIFYING ADVANCED ENERGY**
2 **PROJECT CREDIT.**

3 (a) IN GENERAL.—Subparagraph (B) of section
4 48C(d)(1) of the Internal Revenue Code of 1986 is amend-
5 ed by striking “\$2,300,000,000” and inserting
6 “\$4,600,000,000”.

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

10 **SEC. 113. EXTENSION OF SPECIAL ALLOWANCE FOR CELLU-**
11 **LOSIC BIOFUEL PLANT PROPERTY.**

12 (a) IN GENERAL.—Subparagraph (D) of section
13 168(l)(2) of the Internal Revenue Code of 1986 is amend-
14 ed by striking “January 1, 2013” and inserting “January
15 1, 2014”.

16 (b) CONFORMING AMENDMENT.—Paragraph (4) of
17 section 168(l) of the Internal Revenue Code of 1986, as
18 redesignated by this Act, is amended—

19 (1) by striking “and” at the end of subpara-
20 graph (A),

21 (2) by redesignating subparagraph (B) as sub-
22 paragraph (C), and

23 (3) by inserting after subparagraph (A) the fol-
24 lowing new subparagraph:

25 “(B) by substituting ‘January 1, 2014’ for
26 ‘January 1, 2013’ in clause (i) thereof, and”.

1 **SEC. 114. EXTENSION OF SUSPENSION OF LIMITATION ON**
2 **PERCENTAGE DEPLETION FOR OIL AND GAS**
3 **FROM MARGINAL WELLS.**

4 (a) IN GENERAL.—Clause (ii) of section
5 613A(c)(6)(H) of the Internal Revenue Code of 1986 is
6 amended by striking “January 1, 2012” and inserting
7 “January 1, 2013”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 December 31, 2011.

11 **SEC. 115. EXTENSION OF ALTERNATIVE FUELS EXCISE TAX**
12 **CREDITS.**

13 (a) IN GENERAL.—Sections 6426(d)(5), 6426(e)(3),
14 and 6427(e)(6)(C) of the Internal Revenue Code of 1986
15 are each amended by striking “December 31, 2011” and
16 inserting “December 31, 2012”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to fuel sold or used after December
19 31, 2011.

20 **SEC. 116. EXTENSION OF GRANTS FOR SPECIFIED ENERGY**
21 **PROPERTY IN LIEU OF TAX CREDITS.**

22 (a) IN GENERAL.—Subsection (a) of section 1603 of
23 division B of the American Recovery and Reinvestment
24 Act of 2009, as amended by section 707 of the Tax Relief,
25 Unemployment Insurance Reauthorization, and Job Cre-
26 ation Act of 2010, is amended—

1 (1) by striking “or 2011” in paragraph (1) and
2 inserting “2011, or 2012”, and

3 (2) in paragraph (2)—

4 (A) by striking “after 2011” and inserting
5 “after 2012”, and

6 (B) by striking “or 2011” and inserting
7 “2011, or 2012”.

8 (b) CONFORMING AMENDMENT.—Subsection (j) of
9 section 1603 of division B of such Act, as so amended,
10 is amended by striking “2012” and inserting “2013”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to property placed in service after
13 December 31, 2011.

14 **SEC. 117. EXTENSION OF MINE RESCUE TEAM TRAINING**
15 **CREDIT.**

16 (a) IN GENERAL.—Subsection (e) of section 45N of
17 the Internal Revenue Code of 1986 is amended by striking
18 “December 31, 2011” and inserting “December 31,
19 2012”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2011.

1 **SEC. 118. EXTENSION OF ELECTION TO EXPENSE MINE**
 2 **SAFETY EQUIPMENT.**

3 (a) IN GENERAL.—Subsection (g) of section 179E of
 4 the Internal Revenue Code of 1986 is amended by striking
 5 “December 31, 2011” and inserting “December 31,
 6 2012”.

7 (b) EFFECTIVE DATE.—The amendment made by
 8 this section shall apply to property placed in service after
 9 December 31, 2011.

10 **TITLE II—REPEAL OF OIL AND**
 11 **GAS SUBSIDIES**
 12 **Subtitle A—Close Big Oil Tax**
 13 **Loopholes**

14 **SEC. 201. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
 15 **APPLICABLE TO MAJOR INTEGRATED OIL**
 16 **COMPANIES WHICH ARE DUAL CAPACITY**
 17 **TAXPAYERS.**

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

22 “(n) SPECIAL RULES RELATING TO MAJOR INTE-
 23 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
 24 TAXPAYERS.—

25 “(1) GENERAL RULE.—Notwithstanding any
 26 other provision of this chapter, any amount paid or

1 accrued by a dual capacity taxpayer which is a
2 major integrated oil company (as defined in section
3 167(h)(5)(B)) to a foreign country or possession of
4 the United States for any period shall not be consid-
5 ered a tax—

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

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

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

16 “(ii) would be paid if the generally ap-
17 plicable income tax imposed by the country
18 or possession were applicable to such dual
19 capacity taxpayer.

20 Nothing in this paragraph shall be construed to
21 imply the proper treatment of any such amount not
22 in excess of the amount determined under subpara-
23 graph (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 citizens or resi-
24 dents of the foreign country or posses-
25 sion.”.

1 (b) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall apply to taxes paid or accrued in
4 taxable years beginning after the date of the enact-
5 ment of this Act.

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

10 **SEC. 202. LIMITATION ON SECTION 199 DEDUCTION ATTRIB-**
11 **UTABLE TO OIL, NATURAL GAS, OR PRIMARY**
12 **PRODUCTS THEREOF.**

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

17 “(E) SPECIAL RULE FOR CERTAIN OIL
18 AND GAS INCOME.—In the case of any taxpayer
19 who is a major integrated oil company (as de-
20 fined in section 167(h)(5)(B)) for the taxable
21 year, the term ‘domestic production gross re-
22 ceipts’ shall not include gross receipts from the
23 production, transportation, or distribution of
24 oil, natural gas, or any primary product (within
25 the meaning of subsection (d)(9)) thereof.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2011.

4 **SEC. 203. LIMITATION ON DEDUCTION FOR INTANGIBLE**
5 **DRILLING AND DEVELOPMENT COSTS.**

6 (a) IN GENERAL.—Section 263(c) of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following new sentence: “This subsection shall not
9 apply to amounts paid or incurred by a taxpayer in any
10 taxable year in which such taxpayer is a major integrated
11 oil company (as defined in section 167(h)(5)(B)).”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to amounts paid or incurred in tax-
14 able years beginning after December 31, 2011.

15 **SEC. 204. LIMITATION ON PERCENTAGE DEPLETION AL-**
16 **LOWANCE FOR OIL AND GAS WELLS.**

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

20 “(f) APPLICATION WITH RESPECT TO MAJOR INTE-
21 GRATED OIL COMPANIES.—In the case of any taxable year
22 in which the taxpayer is a major integrated oil company
23 (as defined in section 167(h)(5)(B)), the allowance for
24 percentage depletion shall be zero.”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2011.

4 **SEC. 205. LIMITATION ON DEDUCTION FOR TERTIARY**
 5 **INJECTANTS.**

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

9 “(d) APPLICATION WITH RESPECT TO MAJOR INTE-
 10 GRATED OIL COMPANIES.—This section shall not apply to
 11 amounts paid or incurred by a taxpayer in any taxable
 12 year in which such taxpayer is a major integrated oil com-
 13 pany (as defined in section 167(h)(5)(B)).”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 this section shall apply to amounts paid or incurred in tax-
 16 able years beginning after December 31, 2011.

17 **Subtitle B—Outer Continental**
 18 **Shelf Oil and Natural Gas**

19 **SEC. 211. REPEAL OF OUTER CONTINENTAL SHELF DEEP**
 20 **WATER AND DEEP GAS ROYALTY RELIEF.**

21 (a) IN GENERAL.—Sections 344 and 345 of the En-
 22 ergy Policy Act of 2005 (42 U.S.C. 15904, 15905) are
 23 repealed.

24 (b) ADMINISTRATION.—The Secretary of the Interior
 25 shall not be required to provide for royalty relief in the

1 lease sale terms beginning with the first lease sale held
2 on or after the date of enactment of this Act for which
3 a final notice of sale has not been published.

4 **TITLE III—BUDGETARY EFFECTS**

5 **SEC. 301. DEFICIT REDUCTION.**

6 The net amount of any savings realized as a result
7 of the enactment of this Act and the amendments made
8 by this Act (after any expenditures authorized by this Act
9 and the amendments made by this Act) shall be deposited
10 in the Treasury and used for Federal budget deficit reduc-
11 tion or, if there is no Federal budget deficit, for reducing
12 the Federal debt in such manner as the Secretary of the
13 Treasury considers appropriate.

14 **SEC. 302. BUDGETARY EFFECTS.**

15 The budgetary effects of this Act, for the purpose of
16 complying with the Statutory Pay-As-You-Go Act of 2010,
17 shall be determined by reference to the latest statement
18 titled “Budgetary Effects of PAYGO Legislation” for this
19 Act, submitted for printing in the Congressional Record
20 by the Chairman of the Senate Budget Committee, pro-
21 vided that such statement has been submitted prior to the
22 vote on passage.

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