

113TH CONGRESS
2D SESSION

H. R. 4848

To amend the Internal Revenue Code of 1986 to repeal the gas tax and rebuild our roads and bridges.

IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 2014

Mr. DEFAZIO introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to repeal the gas tax and rebuild our roads and bridges.

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 and Rebuild
5 Act of 2014”.

6 **SEC. 2. REPEAL OF EXCISE TAX ON GASOLINE.**

7 (a) IN GENERAL.—Section 4081(a)(2)(A)(i) of the
8 Internal Revenue Code of 1986 is amended by striking
9 “18.3 cents per gallon” and inserting “0 cents per gallon”.

10 (b) CONFORMING AMENDMENTS.—

1 (1) Section 4081(d)(1) of the Internal Revenue
2 Code of 1986 is amended by striking “clauses (i)
3 and” and inserting “clause”.

4 (2) Section 4041(a)(2)(B)(i) of the Internal
5 Revenue Code of 1986 is amended by striking “the
6 rate of tax specified in section 4081(a)(2)(A)(i)
7 which is in effect at the time of such sale or use,”
8 and inserting “18.3 cents per gallon”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to fuel sold or used after December
11 31, 2014.

12 **SEC. 3. REPEAL OF EXCISE TAX ON TIRES.**

13 (a) IN GENERAL.—Subchapter A of chapter 32 of
14 subtitle D of the Internal Revenue Code of 1986 is amend-
15 ed by striking part II (relating to tires).

16 (b) CONFORMING AMENDMENTS.—

17 (1) The table of parts for subchapter A of chap-
18 ter 32 of subtitle D of the Internal Revenue Code
19 of 1986 is amended by striking the item relating to
20 part II.

21 (2) Section 9503(b)(1) of the Internal Revenue
22 Code of 1986 is amended by striking subparagraph
23 (C) and redesignating subparagraphs (D) and (E) as
24 subparagraphs (C) and (D), respectively.

1 (3) Section 6412(a)(1) of the Internal Revenue
2 Code of 1986 is amended—

3 (A) in the text by striking “4071 or”, and

4 (B) in the heading by striking “TIRES AND
5 TAXABLE” and inserting “TAXABLE”.

6 (4) Section 6416 of the Internal Revenue Code
7 of 1986 is amended by striking subparagraph (C) of
8 subsection (b)(1).

9 (5) Section 4218 of the Internal Revenue Code
10 of 1986 is amended—

11 (A) in subsection (a) by striking “(other
12 than a tire taxable under section 4071)”, and

13 (B) by striking subsection (b) and redesignig-
14 nating subsection (c) as subsection (b).

15 (6) Section 4221 of the Internal Revenue Code
16 of 1986 is amended—

17 (A) in subsection (a) by striking “or
18 4071,”, and

19 (B) in subsection (e) by striking paragraph
20 (2).

21 (7) Section 4051 of the Internal Revenue Code
22 of 1986 is amended by striking subsection (e).

23 (c) EFFECTIVE DATE.—

1 (1) Except as provided by paragraph (2), the
2 amendments made by this section shall apply to
3 sales after December 31, 2014.

4 (2) The amendments made by paragraphs (3),
5 (4), (5), and (6) of subsection (b) shall apply to
6 taxes imposed after December 31, 2014.

7 (d) **SPECIAL RULE FOR FLOOR STOCKS REFUNDS**
8 **RELATING TO TIRES AND TAXABLE FUELS.**—In the case
9 of an article subject to the tax imposed by section 4071
10 or 4081 before January 1, 2015, which has been sold,
11 held, and not used and is intended for sale in the manner
12 specified by section 6412(a)(1) of the Internal Revenue
13 Code of 1986, such section shall be applied by sub-
14 stituting—

15 (1) “January 1, 2015” for “October 1, 2016”,

16 (2) “July 1, 2015” for “January 1, 2017”, and

17 (3) “October 1, 2015” for “March 31, 2017”.

18 **SEC. 4. DOUBLE INDEXATION OF DIESEL FUELS TAX.**

19 (a) **IN GENERAL.**—Paragraph (2) of section 4081(a)
20 of the Internal Revenue Code of 1986 is amended by add-
21 ing at the end the following new subparagraph:

22 “(E) **INDEX FOR HIGHWAY CONSTRUCTION**
23 **COST INFLATION AND FUEL EFFICIENCY.**—

24 “(i) **IN GENERAL.**—In the case of any
25 calendar year after 2014, the 24.3 cents

1 rate in subparagraph (A)(iii) and the 19.7
2 cents rate in subparagraph (D), shall each
3 be increased by an amount equal to—

4 “(I) such dollar amount, multi-
5 plied by

6 “(II) the double indexation for
7 the calendar year.

8 Any increase determined under subpara-
9 graph (A) shall be rounded to the nearest
10 tenth of a cent.

11 “(ii) EXCEPTION FOR FUEL USED IN
12 AVIATION.—The adjustment under clause
13 (i) shall not apply with respect to the rate
14 of tax under subparagraph (A)(iii) by rea-
15 son of subparagraph (C).

16 “(iii) DOUBLE INDEXATION.—For
17 purposes of clause (i), the double index-
18 ation for any calendar year is the sum of—

19 “(I) the highway construction
20 cost adjustment, and

21 “(II) the CAFE fuel saved ad-
22 justment.

23 “(iv) HIGHWAY CONSTRUCTION COST
24 ADJUSTMENT.—For purposes of clause
25 (iii), the highway construction cost adjust-

1 ment for any calendar year is the percent-
2 age (if any) by which—

3 “(I) the National Highway Con-
4 struction Cost Index for the preceding
5 calendar year, exceeds

6 “(II) the National Highway Con-
7 struction Cost Index for calendar year
8 2013.

9 “(v) NATIONAL HIGHWAY CONSTRUC-
10 TION COST INDEX FOR ANY CALENDAR
11 YEAR.—For purposes of clause (iv), the
12 National Highway Construction Cost Index
13 for any calendar year is the average of the
14 National Highway Construction Cost Index
15 as of the close of the 12-month period end-
16 ing on August 31 of such calendar year.

17 “(vi) NATIONAL HIGHWAY CONSTRUC-
18 TION COST INDEX.—For purposes of clause
19 (iv), the term ‘National Highway Construc-
20 tion Cost Index’ means the last National
21 Highway Construction Cost Index pub-
22 lished by the Department of Transpor-
23 tation.

24 “(vii) CAFE FUEL SAVED ADJUST-
25 MENT.—For purposes of clause (iii), the

1 CAFE fuel saved adjustment for a cal-
2 endar year is the percentage (if any) by
3 which annual motor fuel use is reduced by
4 the estimated CAFE fuel saved for that
5 calendar year from the annual motor fuel
6 use for the prior calendar year.

7 “(viii) ESTIMATED CAFE FUEL
8 SAVED.—The term ‘estimated CAFE fuel
9 saved’ for a calendar year means the com-
10 bined fuel saved estimates issued by the
11 National Highway Traffic Safety Adminis-
12 tration and the Environmental Protection
13 Agency for passenger automobiles and
14 light trucks and published in the Federal
15 Register on May 7, 2010, and October 15,
16 2012, as part of final rules to implement
17 corporate average fuel economy standards,
18 and such successor estimates included in
19 successor rules.

20 “(ix) ANNUAL MOTOR FUEL USE.—
21 The term ‘annual motor fuel use’ means
22 the total number of gallons of gasoline
23 used in a calendar year in highway use, as
24 published by the Federal Highway Admin-

1 istration as part of its annual motor fuel
2 use survey.

3 “(x) NOTICE.—Not later than Decem-
4 ber 15, 2014, and annually thereafter, the
5 Secretary shall publish the rates of tax as
6 adjusted under this subparagraph for the
7 succeeding calendar year.”.

8 (b) RETAIL FUEL EXCISE TAX.—Subsection (a) of
9 section 4041 of the Internal Revenue Code of 1986 is
10 amended by adding at the end the following new para-
11 graph:

12 “(4) HIGHWAY INFLATION ADJUSTMENT.—

13 “(A) IN GENERAL.—In the case of any cal-
14 endar year after 2014, each dollar amount in
15 paragraphs (1)(C)(iii)(I), (2)(B)(ii), and (3)(A)
16 of this subsection and in subsections
17 (b)(2)(A)(i), (b)(2)(C)(i), and (m)(1) shall be
18 increased by an amount equal to—

19 “(i) such dollar amount, multiplied by

20 “(ii) the double indexation determined
21 under section 4081(a)(2)(E) for the cal-
22 endar year.

23 “(B) ROUNDING.—Any increase deter-
24 mined under subparagraph (A) shall be rounded
25 to the nearest tenth of a cent.”.

1 (c) CONFORMING AMENDMENT.—Subparagraph (A)
2 of section 4081(a)(2) of the Internal Revenue Code of
3 1986 is amended by striking “The rate” and inserting
4 “Except as provided in subparagraph (C), the rate”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to periods beginning after Decem-
7 ber 31, 2014.

8 **SEC. 5. INCREASE IN TAX ON PETROLEUM; TRANSFER TO**
9 **HIGHWAY TRUST FUND.**

10 (a) IN GENERAL.—Paragraph (1) of section 4611(c)
11 of the Internal Revenue Code of 1986 is amended by strik-
12 ing “and” at the end of subparagraph (A), by striking
13 the period at the end of subparagraph (B) and inserting
14 “, and”, and by inserting after subparagraph (B) the fol-
15 lowing new subparagraph:

16 “(C) the Highway Trust Fund financing
17 rate.”.

18 (b) RATES.—

19 (1) IN GENERAL.—Paragraph (2) of section
20 4611(c) of the Internal Revenue Code of 1986 is
21 amended by striking “and” at the end of subpara-
22 graph (A), by striking the period at the end of sub-
23 paragraph (B) and inserting “, and”, and by insert-
24 ing after subparagraph (B) the following new sub-
25 paragraph:

1 “(C) the Highway Trust Fund financing
2 rate is \$6.75 a barrel.”.

3 (2) ADJUSTMENT FOR INFLATION.—Section
4 4611(e) of the Internal Revenue Code of 1986 is
5 amended by adding at the end the following:

6 “(3) HIGHWAY TRUST FUND FINANCING RATE
7 INFLATION ADJUSTMENT.—

8 “(A) IN GENERAL.—In the case of any cal-
9 endar year after 2014, the dollar amount in
10 paragraph (2)(C) shall be increased by an
11 amount equal to—

12 “(i) such dollar amount, multiplied by

13 “(ii) the double indexation determined
14 under section 4081(a)(2)(E) for the cal-
15 endar year.

16 “(B) ROUNDING.—Any increase deter-
17 mined under subparagraph (A) shall be rounded
18 to the nearest tenth of a cent.”.

19 (3) CREDIT FOR MANUFACTURERS TAX.—Sec-
20 tion 4611 of the Internal Revenue Code of 1986 is
21 amended by adding at the end the following:

22 “(g) CREDIT FOR MANUFACTURERS TAX.—

23 “(1) IN GENERAL.—Under regulations pre-
24 scribed by the Secretary, there shall be allowed to
25 the person liable for the tax under subsection (d) a

1 credit against so much of the tax imposed by sub-
2 section (a) as relates to the Highway Trust Fund fi-
3 nancing rate for each gallon of fuel—

4 “(A) produced, removed (within the mean-
5 ing of section 4083(c)), or sold (as the case
6 may be) with respect to the barrel of crude oil
7 or petroleum on which tax is imposed under
8 subsection (a), and

9 “(B) on which tax is imposed under sec-
10 tion 4081(a).

11 “(2) NOT APPLICABLE TO GASOLINE.—Para-
12 graph (1) shall not apply to gasoline (as defined in
13 section 4083(a)(2)).

14 “(3) AMOUNT OF CREDIT.—The amount of the
15 credit allowable under paragraph (1) with respect to
16 a gallon of a type of fuel produced from a barrel
17 shall be the product of—

18 “(A) the Highway Trust Fund financing
19 rate (as defined in section 4611(c)(2)) multi-
20 plied by $\frac{1}{42}$,

21 “(B) the sum of—

22 “(i) 1, plus

23 “(ii) the absolute value of the proc-
24 essing gain from the refinery yield (ex-
25 pressed as a decimal number) for the sec-

1 ond calendar year preceding the year in
2 which payment under paragraph (1) is
3 made, as determined by the Energy Infor-
4 mation Administration of the Department
5 of Energy, and

6 “(C) the refinery yield for a product (ex-
7 pressed as a decimal number) for the second
8 calendar year preceding the year in which pay-
9 ment under paragraph (1) is made, as deter-
10 mined by the Energy Information Administra-
11 tion of the Department of Energy.”.

12 (4) LEAKING UNDERGROUND STORAGE TANK
13 TRUST FUND TAX.—Section 4611 of the Internal
14 Revenue Code of 1986, as amended by paragraph
15 (3), is amended by adding at the end the following:

16 “(h) LEAKING UNDERGROUND STORAGE TANK
17 TRUST FUND TAX.—The rate of tax specified in sub-
18 section (c)(1)(C) shall be increased by 0.1 cent per gallon
19 equivalent. For purposes of the preceding sentence, the
20 per gallon equivalent shall be determined in accordance
21 with section 4611(g)(3) by inserting 0.1 cent per gallon
22 for the Highway Trust Fund financing rate in subpara-
23 graph (A) thereof. The increase in tax under this sub-
24 section shall in this title be added to and treated as part

1 of the Leaking Underground Storage Tank Trust Fund
2 financing rate under section 4081(a)(2)(B).”.

3 (c) CREDIT FOR ALCOHOL FUEL, BIODIESEL, AND
4 ALTERNATIVE FUEL MIXTURES.—Section 6426(a) of the
5 Internal Revenue Code of 1986 is amended by striking
6 “and” at the end of paragraph (1), by striking the period
7 at the end of paragraph (2) and inserting “, and”, and
8 by inserting after paragraph (2) the following:

9 “(3) against so much of the tax imposed by sec-
10 tion 4611 as is attributable to subsection (c)(1)(C)
11 an amount equal to the sum of the credits described
12 in subsections (b), (c), and (e), determined on the
13 same fraction of the amount of such tax as the gal-
14 lon of taxable fuel is of the whole barrel.”.

15 (d) CONFORMING AMENDMENT.—Section 34(a) of
16 the Internal Revenue Code of 1986 is amended by striking
17 “and” at the end of paragraph (2), by striking the period
18 at the end of paragraph (3), and by inserting after para-
19 graph (3) the following new paragraph:

20 “(4) under section 4611(g)(3).”.

21 (e) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on January 1, 2015.

23 **SEC. 6. TRANSPORTATION BONDS.**

24 (a) ISSUANCE.—The Secretary of the Treasury shall,
25 pursuant to subchapter I of chapter 31 of title 31, United

1 States Code, issue bonds which meet the terms and condi-
2 tions of subsection (b), and the bond revenue (other than
3 capitalized interest described in subsection (b)(2)) shall be
4 transferred to the Highway Trust Fund and allocated be-
5 tween the Highway Account and the Mass Transit Ac-
6 count using the same ratio as provided under section
7 9503(e)(2) of the Internal Revenue Code of 1986.

8 (b) TERMS AND CONDITIONS.—The terms and condi-
9 tions of bonds referred to in this subsection are the fol-
10 lowing:

11 (1) TERM.—Bonds issued under subsection (a)
12 shall have a term of 10 years.

13 (2) INTEREST.—Interest shall be paid from the
14 Temporary Transportation Bond Repayment Ac-
15 count.

16 (3) CAPITALIZED INTEREST.—The Secretary of
17 the Treasury may include capitalized interest in the
18 principal amount of bonds issued under subsection
19 (a) to pay the interest that the issuer estimates will
20 become due and payable on the bonds prior to the
21 receipt of sufficient transfers under section
22 9503(g)(2) of the Internal Revenue Code of 1986 to
23 the Temporary Transportation Bond Repayment Ac-
24 count. Capitalized interest shall be deposited into the

1 Transportation Bond Repayment Account and ap-
2 plied to interest on such bonds.

3 (4) AMOUNT OUTSTANDING.—The total face
4 amount of bonds issued under this section may not
5 exceed the amount the Secretary of the Treasury de-
6 termines can be redeemed, taking into account this
7 section and section 9503(g) of the Internal Revenue
8 Code of 1986.

9 (c) TRANSFERS OF TRANSPORTATION BOND PRO-
10 CEEDS.—Section 9503(b) of the Internal Revenue Code
11 of 1986 is amended by adding at the end the following
12 new paragraph:

13 “(7) TRANSFERS OF TRANSPORTATION BOND
14 PROCEEDS.—There are hereby appropriated to the
15 Highway Trust Fund amounts equivalent to the pro-
16 ceeds received in the Treasury before October 1,
17 2016, under section 6(a) of the Repeal and Rebuild
18 Act of 2014.”.

19 (d) TEMPORARY TRANSPORTATION BOND REPAY-
20 MENT ACCOUNT.—Section 9503 of the Internal Revenue
21 Code of 1986 is amended by adding at the end the fol-
22 lowing new subsection:

23 “(g) ESTABLISHMENT OF TEMPORARY TRANSPOR-
24 TATION BOND REPAYMENT ACCOUNT.—

1 “(1) CREATION OF ACCOUNT.—There is estab-
2 lished in the Highway Trust Fund a separate ac-
3 count to be known as the ‘Temporary Transpor-
4 tation Bond Repayment Account’ consisting of such
5 amounts as may be transferred or credited to the
6 Temporary Transportation Bond Repayment Ac-
7 count as provided in this section.

8 “(2) TRANSFERS TO TEMPORARY TRANSPOR-
9 TATION BOND REPAYMENT ACCOUNT.—The Sec-
10 retary of the Treasury shall transfer to the Tem-
11 porary Transportation Bond Repayment Account the
12 excess of—

13 “(A) the portion of the amounts appro-
14 priated to the Highway Trust Fund under sub-
15 section (b) which are attributable to the in-
16 crease in taxes under—

17 “(i) section 4041 by reason of section
18 4041(a)(4),

19 “(ii) section 4081 by reason of section
20 4081(a)(2)(E), and

21 “(iii) section 4461 by reason of sec-
22 tion 4611(c)(2)(C) and after the applica-
23 tion of section 4461(g), over

24 “(B) the amount estimated by the Sec-
25 retary which would have been collected under

1 section 4081(a)(2)(A)(i) and part II of sub-
2 chapter A of chapter 32 if such provisions had
3 not been repealed.

4 “(3) EXPENDITURES FROM ACCOUNT.—
5 Amounts in the Temporary Transportation Bond
6 Repayment Account shall be available for redeeming
7 bonds issued under section 6 of the Repeal and Re-
8 build Act of 2014.

9 “(4) TERMINATION.—The Temporary Trans-
10 portation Bond Repayment Account shall close after
11 all bonds issued under section 6 of the Repeal and
12 Rebuild Act of 2014 have been redeemed and all
13 amounts in the account and all future revenue that
14 would have transferred to the account shall be trans-
15 ferred to the Highway Trust Fund and allocated be-
16 tween the Highway Account and the Mass Transit
17 Account in the same ratio as provided under sub-
18 section (e)(2).”.

19 (e) CONFORMING AMENDMENT.—Section
20 9503(e)(5)(B) of the Internal Revenue Code of 1986 is
21 amended by inserting “or the Temporary Transportation
22 Bond Repayment Account” before the period at the end.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to periods after December 31,
3 2014.

○