To amend the Internal Revenue Code of 1986 to impose a tax on coal, oil, and natural gas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 17, 2015

Mr. McNerney 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 impose a tax on coal, oil, and natural gas, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Consumers Rebate to ban Emissions and Boost Alternative Energy Act” or the “Consumers REBATE Act”.

SEC. 2. EXCISE TAX ON CARBON DIOXIDE CONTENT OF COAL, OIL, AND NATURAL GAS.

(a) IN GENERAL.—The Internal Revenue Code of 1986 is amended by adding at the end the following:
“Subtitle L—Carbon Dioxide Content of Coal, Oil, and Natural Gas

“Sec. 9901. Imposition of tax.
“Sec. 9902. Carbon equivalency fee.
“Sec. 9903. Definitions.
“Sec. 9904. Special rules.

“SEC. 9901. IMPOSITION OF TAX.

“(a) IN GENERAL.—There is hereby imposed a tax on producing at the wellhead or mine in the United States, or importing, a taxable carbon substance.

“(b) RATE OF TAX.—

“(1) IN GENERAL.—The tax imposed under subsection (a) shall be the applicable amount per ton of carbon dioxide content of the life-cycle emissions from the taxable carbon substance.

“(2) APPLICABLE AMOUNT.—For purposes of paragraph (1)—

“(A) For calendar year 2016, the term ‘applicable amount’ means $15.

“(B) For a calendar year after 2016, the term ‘applicable amount’ means the amount in effect under subparagraph (A) for the preceding calendar plus $15.

“(3) TARGET ATTAINMENT YEAR.—

“(A) IN GENERAL.—For any calendar year that is a target attainment year, paragraph
(2)(B) shall be applied by substituting ‘zero dollars’ for ‘$15’.

“(B) TARGET ATTAINMENT YEAR.—For purposes of subparagraph (A), the term ‘target attainment year’ means any calendar year for which the Secretary of the Treasury, in consultation with the Administrator of the Environmental Protection Agency, determines that the life-cycle emissions from taxable carbon substances in the United States is 50 percent of the life-cycle emissions from taxable carbon substances in the United States in 2005. Each determination under the preceding year shall be made not later than 180 days before the beginning of the calendar year to which it relates.

“(c) BY WHOM PAID.—The tax imposed by subsection (a) shall be paid by the producer, miner, or importer of the taxable carbon substance.

“(d) REGULATIONS.—The Secretary shall issue such regulations as may be necessary or appropriate to carry out this subtitle, including regulations relating to the timely and efficient issuance of permits and collection of payments for such permits.
“SEC. 9902. CARBON EQUIVALENCY FEE.

“(a) PURPOSE.—The purpose of this section is to ensure the environmental effectiveness of this subtitle.

“(b) IMPORTS.—The Secretary shall impose carbon equivalency fees to be collected by the Commissioner responsible for U.S. Customs and Border Control on imports of goods containing or produced using a taxable carbon substance. The amount of the carbon equivalency fee with respect to the import of any good shall be equal to the cost that domestic producers of a comparable good incur as a result of—

“(1) the tax imposed under section 9901, and

“(2) carbon equivalency fees imposed under this subsection on any goods used in the production of such good.

“(c) EXPIRATION.—This section shall cease to have effect at such time as and to the extent that—

“(1) an international agreement requiring countries that emit carbon dioxide or produce goods containing or using taxable carbon substances to adopt equivalent measures comes into effect, or

“(2) the country of export has implemented equivalent measures, as determined by the Secretary, in consultation with the Secretary of State.

“SEC. 9903. DEFINITIONS.

“For purposes of this subtitle—
“(1) **TAXABLE CARBON SUBSTANCE.**—The term ‘taxable carbon substance’ means—

“(A) coal,

“(B) oil, and

“(C) natural gas.

“(2) **COAL.**—The term ‘coal’ includes lignite, anthracite, bituminous, subbituminous, peat or other forms of what is commonly referred to as coal produced from a mine.

“(3) **OIL.**—The term ‘oil’ includes crude oil condensates, natural gasoline, shale oil, any bitumen or bituminous mixture, any oil derived from a bitumen or bituminous mixture, and any oil derived from kerogen-bearing sources.

“(4) **NATURAL GAS.**—The term ‘natural gas’ means either natural gas unmixed, or any mixture of natural and artificial gas.

“(5) **LIFE-CYCLE EMISSIONS.**—The term ‘life-cycle emissions’ means total life-cycle emissions of carbon dioxide from a taxable carbon substance which shall be determined by the Administrator of the Environmental Protection Agency.

“(6) **UNITED STATES.**—The term ‘United States’ means the States, and territory or possession of the United States, and the District of Columbia.
“SEC. 9904. SPECIAL RULES.

“(a) EXPORT.—For purposes of this subtitle—

“(1) IN GENERAL.—No tax shall be imposed under section 9901 on the production or mining of a taxable carbon substance which is intended for export, including the sale or resale by a purchaser to a second purchaser for export.

“(2) PROOF OF EXPORT REQUIRED.—Rules similar to the rules of section 4221(b) shall apply for purposes of paragraph (1).

“(3) CREDIT OR REFUND WHERE TAX PAID.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), if—

“(i) tax under section 9901 was paid with respect to any taxable carbon substance, and

“(ii)(I) such substance was exported by any person, or

“(II) such substance was used as a material in the manufacture or production of a substance which was exported by any person and which, at the time of export, was a taxable carbon substance (as defined in section 9902(1)),

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credit or refund (without interest) of such tax shall be allowed or made to the person who paid such tax.

“(B) Condition to allowance.—No credit or refund shall be allowed or made under subparagraph (A) unless the person who paid the tax establishes that he—

“(i) has repaid or agreed to repay the amount of the tax to the person who exported the taxable chemical or taxable substance (as so defined), or

“(ii) has obtained the written consent of such exporter to the allowance of the credit or the making of the refund.

“(4) Refunds directly to exporter.—The Secretary shall provide, in regulations, the circumstances under which a credit or refund (without interest) of the tax under section 9901 shall be allowed or made to the person who exported the taxable carbon substance, where—

“(A) the person who paid the tax waives his claim to the amount of such credit or refund, and
“(B) the person exporting the taxable carbon substance provides such information as the Secretary may require in such regulations.

“(5) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.”.

(b) Quarterly Payments to Eligible Individuals.—

(1) In general.—From amounts deposited in the Treasury of the United States pursuant to section 9901 of the Internal Revenue Code of 1986, the Secretary shall make a payment for each calendar quarter to each eligible individual.

(2) Quarterly payment.—For purposes of paragraph (1), the amount of each payment with respect to an eligible individual shall be the amount determined by the Secretary by dividing—

(A) for the years 2017 through 2026—

(i) the total amount deposited in the Treasury of the United States pursuant to section 9901 of the Internal Revenue Code of 1986 for the preceding calendar quarter,
(ii) the total number of eligible individuals for such preceding calendar quarter, and

(B) for year 2027 and subsequent years—

(i) the smaller of—

(I) the average of the total amounts deposited in the Treasury of the United States pursuant to section 9901 of the Internal Revenue Code of 1986 for the four quarters of 2026, and

(II) the total amount deposited in the Treasury of the United States pursuant to section 9901 of the Internal Revenue Code of 1986 for the preceding calendar quarter, by

(ii) the total number of eligible individuals for such preceding calendar quarter.

(3) Eligible Individual.—For purposes of this subsection, the term “eligible individual” means, with respect to any quarter, any individual with a valid social security number (other than a non-resident undocumented individual) who is lawfully present in the United States for such quarter, as de-
terminated and verified by the Secretary in consultation with any other Federal entity the Secretary determines appropriate.

(4) UNITED STATES.—For purposes of this subsection, the term “United States” means the States, and territory or possession of the United States, and the District of Columbia.

(c) CONFORMING AND CLERICAL AMENDMENTS.—

(1) The table of subtitles for the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Subtitle L. Carbon Dioxide Content of Coal, Oil, and Natural Gas”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2017.