

114TH CONGRESS
1ST SESSION

H. R. 4283

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.

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 “Consumers Rebate to
5 ban Emissions and Boost AlTernative Energy Act” or the
6 “Consumers REBATE Act”.

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

9 (a) IN GENERAL.—The Internal Revenue Code of
10 1986 is amended by adding at the end the following:

1 **“Subtitle L—Carbon Dioxide Con-**
2 **tent of Coal, Oil, and Natural**
3 **Gas**

“Sec. 9901. Imposition of tax.

“Sec. 9902. Carbon equivalency fee.

“Sec. 9903. Definitions.

“Sec. 9904. Special rules.

4 **“SEC. 9901. IMPOSITION OF TAX.**

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

8 “(b) RATE OF TAX.—

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

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

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

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

21 “(3) TARGET ATTAINMENT YEAR.—

22 “(A) IN GENERAL.—For any calendar year
23 that is a target attainment year, paragraph

1 (2)(B) shall be applied by substituting ‘zero
2 dollars’ for ‘\$15’.

3 “(B) TARGET ATTAINMENT YEAR.—For
4 purposes of subparagraph (A), the term ‘target
5 attainment year’ means any calendar year for
6 which the Secretary of the Treasury, in con-
7 sultation with the Administrator of the Envi-
8 ronmental Protection Agency, determines that
9 the life-cycle emissions from taxable carbon
10 substances in the United States is 50 percent
11 of the life-cycle emissions from taxable carbon
12 substances in the United States in 2005. Each
13 determination under the preceding year shall be
14 made not later than 180 days before the begin-
15 ning of the calendar year to which it relates.

16 “(c) BY WHOM PAID.—The tax imposed by sub-
17 section (a) shall be paid by the producer, miner, or im-
18 porter of the taxable carbon substance.

19 “(d) REGULATIONS.—The Secretary shall issue such
20 regulations as may be necessary or appropriate to carry
21 out this subtitle, including regulations relating to the time-
22 ly and efficient issuance of permits and collection of pay-
23 ments for such permits.

1 **“SEC. 9902. CARBON EQUIVALENCY FEE.**

2 “(a) PURPOSE.—The purpose of this section is to en-
3 sure the environmental effectiveness of this subtitle.

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

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

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

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

18 “(1) an international agreement requiring coun-
19 tries that emit carbon dioxide or produce goods con-
20 taining or using taxable carbon substances to adopt
21 equivalent measures comes into effect, or

22 “(2) the country of export has implemented
23 equivalent measures, as determined by the Sec-
24 retary, in consultation with the Secretary of State.

25 **“SEC. 9903. DEFINITIONS.**

26 “For purposes of this subtitle—

1 “(1) TAXABLE CARBON SUBSTANCE.—The term
2 ‘taxable carbon substance’ means—

3 “(A) coal,

4 “(B) oil, and

5 “(C) natural gas.

6 “(2) COAL.—The term ‘coal’ includes lignite,
7 anthracite, bituminous, subbituminous, peat or other
8 forms of what is commonly referred to as coal pro-
9 duced from a mine.

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

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

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

23 “(6) UNITED STATES.—The term ‘United
24 States’ means the States, and territory or possession
25 of the United States, and the District of Columbia.

1 **“SEC. 9904. SPECIAL RULES.**

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

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

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

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

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

14 “(i) tax under section 9901 was paid
15 with respect to any taxable carbon sub-
16 stance, and

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

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

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

4 “(B) CONDITION TO ALLOWANCE.—No
5 credit or refund shall be allowed or made under
6 subparagraph (A) unless the person who paid
7 the tax establishes that he—

8 “(i) has repaid or agreed to repay the
9 amount of the tax to the person who ex-
10 ported the taxable chemical or taxable sub-
11 stance (as so defined), or

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

15 “(4) REFUNDS DIRECTLY TO EXPORTER.—The
16 Secretary shall provide, in regulations, the cir-
17 cumstances under which a credit or refund (without
18 interest) of the tax under section 9901 shall be al-
19 lowed or made to the person who exported the tax-
20 able carbon substance, where—

21 “(A) the person who paid the tax waives
22 his claim to the amount of such credit or re-
23 fund, and

1 “(B) the person exporting the taxable car-
2 bon substance provides such information as the
3 Secretary may require in such regulations.

4 “(5) REGULATIONS.—The Secretary shall pre-
5 scribe such regulations as may be necessary to carry
6 out the purposes of this subsection.”.

7 (b) QUARTERLY PAYMENTS TO ELIGIBLE INDIVID-
8 UALS.—

9 (1) IN GENERAL.—From amounts deposited in
10 the Treasury of the United States pursuant to sec-
11 tion 9901 of the Internal Revenue Code of 1986, the
12 Secretary shall make a payment for each calendar
13 quarter to each eligible individual.

14 (2) QUARTERLY PAYMENT.—For purposes of
15 paragraph (1), the amount of each payment with re-
16 spect to an eligible individual shall be the amount
17 determined by the Secretary by dividing—

18 (A) for the years 2017 through 2026—

19 (i) the total amount deposited in the
20 Treasury of the United States pursuant to
21 section 9901 of the Internal Revenue Code
22 of 1986 for the preceding calendar quarter,
23 by

1 (ii) the total number of eligible indi-
2 viduals for such preceding calendar quar-
3 ter, and

4 (B) for year 2027 and subsequent years—

5 (i) the smaller of—

6 (I) the average of the total
7 amounts deposited in the Treasury of
8 the United States pursuant to section
9 9901 of the Internal Revenue Code of
10 1986 for the four quarters of 2026,
11 and

12 (II) the total amount deposited in
13 the Treasury of the United States
14 pursuant to section 9901 of the Inter-
15 nal Revenue Code of 1986 for the pre-
16 ceding calendar quarter, by

17 (ii) the total number of eligible indi-
18 viduals for such preceding calendar quar-
19 ter.

20 (3) ELIGIBLE INDIVIDUAL.—For purposes of
21 this subsection, the term “eligible individual” means,
22 with respect to any quarter, any individual with a
23 valid social security number (other than a non-
24 resident undocumented individual) who is lawfully
25 present in the United States for such quarter, as de-

1 terminated and verified by the Secretary in consulta-
2 tion with any other Federal entity the Secretary de-
3 termines appropriate.

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

8 (c) CONFORMING AND CLERICAL AMENDMENTS.—

9 (1) The table of subtitles for the Internal Rev-
10 enue Code of 1986 is amended by adding at the end
11 the following new item:

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

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

○