To amend the Internal Revenue Code of 1986 to impose an excise tax on fuel based on the carbon content of such fuel, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 17, 2019

Mr. SEAN PATRICK MALONEY of New York 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 an excise tax on fuel based on the carbon content of such fuel, 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 “Carbon Reduction and Tax Credit Act”.

SEC. 2. EXCISE TAX ON CARBON CONTENT OF FUELS.

(a) IN GENERAL.—Chapter 38 of the Internal Revenue Code of 1986 is amended by adding at the end thereof of the following new subchapter:
“Subchapter E—Carbon Content Fee

"Sec. 4691. Carbon content.

"SEC. 4691. CARBON CONTENT.

“(a) In General.—In the case of a coal mine or an oil or gas well, there is hereby imposed a tax equal to $40 per ton of carbon contained in fuel produced—

“(1) at such mine or well located in the United States, or

“(2) entered into the United States for consumption, use, or warehousing.

“(b) Adjustment for Years After 2020.—

“(1) In General.—In the case of any calendar year after 2020, the amount under subsection (a) shall be increased by an amount equal to—

“(A) such amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined—

“(i) by substituting ‘calendar year 2019’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof, and

“(ii) by substituting for the C–CPI–U referred to in section 1(f)(3)(A) the amount that such CPI would have been if the annual percentage increase in CPI with
respect to each year after 2019 had been
one percentage point greater.

“(2) TERMS RELATED TO CPI.—

“(A) ANNUAL PERCENTAGE INCREASE.—

For purposes of subparagraph (B)(ii)(II), the
term ‘annual percentage increase’ means the
percentage (if any) by which C–CPI–U for any
year exceeds the C–CPI–U for the prior year.

“(B) OTHER TERMS.—Terms used in this
paragraph which are also used in section
1(f)(3) shall have the same meanings as when
used in such section.

“(3) ROUNDED.—Any increase determined
under subparagraph (B) shall be rounded to the
nearest multiple of $50.”.

(b) CLERICAL AMENDMENT.—The table of sub-
chapters for chapter 38 of the Internal Revenue Code of
1986 is amended by adding at the end the following new
item:

“SUBCHAPTER E—CARBON CONTENT FEE”.

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to fuel produced after December
31, 2019.

SEC. 3. CREDIT.

(a) IN GENERAL.—Subpart C of part IV of sub-
chapter A of chapter 1 of the Internal Revenue Code of
1986 (relating to refundable credits) is amended by inserting after section 36B the following new section:

“SEC. 36C. CREDIT FOR TAXPAYERS.

“(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each taxpayer who is an individual and each dependent of the taxpayer an amount equal to $1,000.

“(b) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by $100 for each $1,000 (or fraction thereof) by which the taxpayer’s adjusted gross income exceeds $314,000 ($157,000 in the case of a return other than a joint return).

“(c) INFLATION ADJUSTMENT.—In the case of a taxable year beginning after 2020, the dollar amounts in subsections (a) and (b) shall be increased by an amount equal to—

“(1) such dollar amount, multiplied by

“(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2019’ for ‘2016’ in subparagraph (A)(ii) thereof.
If any increase under this clause is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.

“(d) **NONRESIDENT ALIEN INELIGIBLE FOR CREDIT.**—No credit shall be allowed under this section to any nonresident alien.”.

**(b) CONFORMING AMENDMENTS.—**

(1) Section 6211(b)(4)(A) of such Code is amended by inserting “36C,” after “36B,”.

(2) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting “36C,” after “36B,”.

(3) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 36C the following new item:

“Sec. 36C. Credit for taxpayers.”

**(c) EFFECTIVE DATE.—**The amendments made by this section shall apply to taxable years beginning after December 31, 2019.