

106TH CONGRESS  
1ST SESSION

# H. R. 1204

To amend the Internal Revenue Code of 1986 to impose a tax on the  
importation of crude oil and petroleum products.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1999

Mr. STENHOLM (for himself and Mr. WATKINS) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose  
a tax on the importation of crude oil and petroleum products.

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 “Environmental Equali-  
5       zation and Energy Security Act of 1999”.

6       **SEC. 2. EXCISE TAX ON IMPORTED CRUDE OIL AND PETRO-**  
7       **LEUM PRODUCTS.**

8       (a) IN GENERAL.—Subtitle E of the Internal Rev-  
9       enue Code of 1986 (relating to alcohol, tobacco, and cer-

tain other excise taxes) is amended by adding at the end thereof the following new chapter:

**“CHAPTER 55—IMPORTED CRUDE OIL AND  
PETROLEUM PRODUCTS**

“Sec. 5891. Imposition of tax.  
“Sec. 5892. Determination of prices.  
“Sec. 5893. Definitions.  
“Sec. 5894. Registration.  
“Sec. 5895. Procedures; returns; penalties.

**5 “SEC. 5891. IMPOSITION OF TAX.**

“(a) IMPOSITION OF TAX.—In addition to any other tax imposed under this title, an excise tax is hereby imposed on—

“(1) the first sale within the United States of—

“(A) any crude oil, or

“(B) any petroleum product,

that has been imported into the United States, and

“(2) the use within the United States of—

“(A) any crude oil, or

“(B) any petroleum product,

that has been imported into the United States if no tax has been imposed with respect to such crude oil or petroleum product prior to such use.

“(b) RATES OF TAX.—

“(1) CRUDE OIL.—The taxes imposed by paragraph (1)(A) and (2)(A) of subsection (a) shall be imposed at the rate equal to the applicable environmental equalization fee per barrel of crude oil.

1           “(2) PETROLEUM PRODUCTS.—The taxes im-  
2           posed by paragraph (1)(B) and (2)(B) of subsection  
3           (a) shall be imposed at the rate equal to the applica-  
4           ble environmental equalization fee per barrel of pe-  
5           troleum products.

6           “(3) FRACTIONAL PARTS OF BARRELS.—In the  
7           case of a fraction of a barrel, the taxes imposed by  
8           subsection (a) shall be the same fraction of the  
9           amount of such tax imposed on the whole barrel.

10          “(c) LIABILITY FOR PAYMENT OF TAX.—

11                 “(1) SALES.—The taxes imposed by subsection  
12           (a)(1) shall be paid by the first person who sells the  
13           crude oil or petroleum product within the United  
14           States.

15                 “(2) USE.—The taxes imposed by subsection  
16           (a)(2) shall be paid by the person who uses the  
17           crude oil or petroleum product.

18          “(d) EXEMPTIONS.—

19                 “(1) EXPORTS.—

20                         “(A) IN GENERAL.—Under regulations  
21           prescribed by the Secretary, no tax shall be im-  
22           posed under this chapter on the sale of crude  
23           oil or petroleum products for export or for re-  
24           sale by the purchaser to a second purchaser for  
25           export.

1           “(B) PROOF OF EXPORT.—Where any  
 2           crude oil or petroleum product has been sold  
 3           free of tax under subparagraph (A), such sub-  
 4           paragraph shall cease to apply with respect to  
 5           the sale of such crude oil or petroleum product  
 6           unless, within the 6-month period which begins  
 7           on the date of the sale, the seller receives proof  
 8           that the crude oil or petroleum product has  
 9           been exported.

10          “(2) PRODUCTS IN THE NATIONAL INTER-  
 11          EST.—No tax shall be imposed under this chapter on  
 12          the sale or use of any petroleum product during any  
 13          period if the President determines that it is in the  
 14          national interest not to impose the tax under this  
 15          chapter on such product during such period.

16          “(3) PRODUCTS FROM CANADA.—No tax shall  
 17          be imposed by this chapter on the sale or use of—

18                 “(A) any crude oil produced from a well lo-  
 19                 cated in Canada, or

20                 “(B) any petroleum product produced from  
 21                 crude oil described in subparagraph (A).

22   **“SEC. 5892. DETERMINATION OF ENVIRONMENTAL EQUALI-**  
 23                 **ZATION FEE.**

24          “(a) ENVIRONMENTAL EQUALIZATION FEE.—For  
 25          purposes of this chapter, the environmental equalization

1 fee is the amount determined by the Secretary of Energy  
2 under subsection (b).

3 “(b) DETERMINATION BY SECRETARY OF ENERGY.—

4 The Secretary of Energy, after conducting a study and  
5 in consultation with the Administrator of the Environ-  
6 mental Protection Agency and representatives from the  
7 domestic petroleum industry, shall from time to time de-  
8 termine the amount of the environmental equalization fee.

9 The amount shall be the Secretary’s estimate—

10 “(1) in the case of crude oil, of the average  
11 amount per barrel of the price of domestic crude oil  
12 which is attributable to costs of complying with envi-  
13 ronmental laws and regulations of the United States;  
14 and

15 “(2) in the case of petroleum products, of the  
16 average amount per barrel of the price of domestic  
17 petroleum products which is attributable to such  
18 costs.

19 **“SEC. 5893. DEFINITIONS.**

20 “For purposes of this chapter—

21 “(1) CRUDE OIL.—The term ‘crude oil’ means  
22 crude oil (as defined in section 4612(a)(1)) other  
23 than crude oil produced from a well located in the  
24 United States (as defined in section 4612(a)(4)).

1           “(2) DOMESTIC CRUDE OIL.—The term ‘domes-  
 2       tic crude oil’ means crude oil produced from a well  
 3       located in the United States.

4           “(3) BARREL.—The term ‘barrel’ means 42  
 5       United States gallons.

6           “(4) PETROLEUM PRODUCT.—The term ‘petro-  
 7       leum product’ has the meaning given such term  
 8       under section 4612(a)(3).

9           “(5) EXPORT.—The term ‘export’ includes ship-  
 10      ment to a possession of the United States, and the  
 11      term ‘exported’ includes shipment to a possession of  
 12      the United States.

13   **“SEC. 5894. REGISTRATION.**

14       “Every person subject to tax under section 5891  
 15   shall, before incurring any liability for tax under such sec-  
 16   tion, register with the Secretary.”.

17       (b) CONFORMING AMENDMENT.—The table of chap-  
 18   ters for subtitle E of such Code is amended by adding  
 19   at the end thereof the following new item:

          “Chapter 55. Imported crude oil and petroleum products.”

20       (c) DEDUCTIBILITY OF IMPORTED CRUDE OIL  
 21   TAX.—The first sentence of section 164(a) of such Code  
 22   (relating to deduction for taxes) is amended by inserting  
 23   after paragraph (5) the following new paragraph:

24           “(6) The taxes imposed by section 5891 (relat-  
 25      ing to imported crude oil and petroleum products).”

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this Act shall take effect on the 30th day after the date  
3 of the enactment of this Act.

