

106TH CONGRESS
2D SESSION

H. R. 3749

To amend the Internal Revenue Code of 1986 to temporarily reduce the rates of tax on highway gasoline, diesel fuel, and kerosene by 10 cents per gallon.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 29, 2000

Mr. RAMSTAD 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 temporarily reduce the rates of tax on highway gasoline, diesel fuel, and kerosene by 10 cents per gallon.

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. TEMPORARY REDUCTION OF 10 CENTS PER**
4 **GALLON IN FUEL TAXES ON HIGHWAY GASO-**
5 **LINE, DIESEL FUEL, AND KEROSENE.**

6 (a) IN GENERAL.—Section 4081 of the Internal Rev-
7 enue Code of 1986 (relating to imposition of tax on gaso-
8 line, diesel fuel, and kerosene) is amended by adding at
9 the end the following new subsection:

1 “(f) TEMPORARY 10-CENT REDUCTION IN TAXES ON
2 HIGHWAY GASOLINE, DIESEL FUEL, AND KEROSENE.—

3 “(1) IN GENERAL.—During the applicable pe-
4 riod, each rate of tax referred to in paragraph (2)
5 shall be reduced by 10 cents per gallon.

6 “(2) RATES OF TAX.—The rates of tax referred
7 to in this paragraph are the rates of tax otherwise
8 applicable under—

9 “(A) clause (i) or (iii) of subsection
10 (a)(2)(A) (relating to highway gasoline, diesel
11 fuel, and kerosene), and

12 “(B) paragraph (1) of section 4041(a) (re-
13 lating to diesel fuel) with respect to fuel sold
14 for use or used in a diesel-powered highway ve-
15 hicle.

16 “(3) COMPARABLE TREATMENT UNDER CER-
17 TAIN REFUND RULE.—In the case of fuel on which
18 tax is imposed during the applicable period, the rate
19 specified in section 6427(b)(2)(A) shall be reduced
20 to zero.

21 “(4) MAINTENANCE OF HIGHWAY TRUST FUND
22 DEPOSITS.—In determining the amounts to be ap-
23 propriated to the Highway Trust Fund under sec-
24 tion 9503, an amount equal to the reduction in reve-
25 nues to the Treasury by reason of this subsection

1 shall be treated as taxes received in the Treasury
2 under this section.

3 “(5) APPLICABLE PERIOD.—For purposes of
4 this subsection, the term ‘applicable period’ means
5 the 180-day period beginning on the 7th day after
6 the date of the enactment of this subsection.”

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on the date of the enactment
9 of this Act.

10 **SEC. 2. FLOOR STOCK REFUNDS.**

11 (a) IN GENERAL.—If—

12 (1) before the tax reduction date, tax has been
13 imposed under section 4081 of the Internal Revenue
14 Code of 1986 on any liquid other than aviation gaso-
15 line, and

16 (2) on such date such liquid is held by a dealer
17 and has not been used and is intended for sale,
18 there shall be credited or refunded (without interest) to
19 the person who paid such tax (hereafter in this section
20 referred to as the “taxpayer”) an amount equal to the ex-
21 cess of the tax paid by the taxpayer over the amount of
22 such tax which would be imposed on such liquid had the
23 taxable event occurred on the tax reduction date.

24 (b) TIME FOR FILING CLAIMS.—No credit or refund
25 shall be allowed or made under this section unless—

1 (1) claim therefor is filed with the Secretary of
2 the Treasury before the date which is 6 months
3 after the tax reduction date, and

4 (2) in any case where liquid is held by a dealer
5 (other than the taxpayer) on the tax reduction
6 date—

7 (A) the dealer submits a request for refund
8 or credit to the taxpayer before the date which
9 is 3 months after the tax reduction date, and

10 (B) the taxpayer has repaid or agreed to
11 repay the amount so claimed to such dealer or
12 has obtained the written consent of such dealer
13 to the allowance of the credit or the making of
14 the refund.

15 (c) EXCEPTION FOR FUEL HELD IN RETAIL
16 STOCKS.—No credit or refund shall be allowed under this
17 section with respect to any liquid in retail stocks held at
18 the place where intended to be sold at retail.

19 (d) DEFINITIONS.—For purposes of this section—

20 (1) the terms “dealer” and “held by a dealer”
21 have the respective meanings given to such terms by
22 section 6412 of such Code; except that the term
23 “dealer” includes a producer, and

24 (2) the term “tax reduction date” means the
25 7th day after the date of the enactment of this Act.

1 (e) CERTAIN RULES TO APPLY.—Rules similar to the
2 rules of subsections (b) and (c) of section 6412 of such
3 Code shall apply for purposes of this section.

4 **SEC. 3. FLOOR STOCKS TAX.**

5 (a) IMPOSITION OF TAX.—In the case of any liquid
6 on which tax was imposed under section 4081 of the Inter-
7 nal Revenue Code of 1986 (other than aviation gasoline)
8 during the applicable period, and which is held on the floor
9 stocks tax date by any person, there is hereby imposed
10 a floor stocks tax of 10 cents per gallon.

11 (b) LIABILITY FOR TAX AND METHOD OF PAY-
12 MENT.—

13 (1) LIABILITY FOR TAX.—A person holding a
14 liquid on the floor stocks tax date to which the tax
15 imposed by subsection (a) applies shall be liable for
16 such tax.

17 (2) METHOD OF PAYMENT.—The tax imposed
18 by subsection (a) shall be paid in such manner as
19 the Secretary shall prescribe.

20 (3) TIME FOR PAYMENT.—The tax imposed by
21 subsection (a) shall be paid on or before the date
22 which is 6 months after the floor stocks tax date.

23 (c) DEFINITIONS.—For purposes of this section—

24 (1) HELD BY A PERSON.—A liquid shall be con-
25 sidered as “held by a person” if title thereto has

1 passed to such person (whether or not delivery to
2 the person has been made).

3 (2) GASOLINE AND DIESEL FUEL.—The terms
4 “gasoline” and “diesel fuel” have the respective
5 meanings given such terms by section 4083 of such
6 Code.

7 (3) FLOOR STOCKS TAX DATE.—The term
8 “floor stocks tax date” means the day after the end
9 of the applicable period.

10 (4) APPLICABLE PERIOD.—The term “applica-
11 ble period” means the 180-day period beginning on
12 the 7th day after the date of the enactment of this
13 Act.

14 (5) SECRETARY.—The term “Secretary” means
15 the Secretary of the Treasury or the Secretary’s del-
16 egate.

17 (d) EXCEPTION FOR EXEMPT USES.—The tax im-
18 posed by subsection (a) shall not apply to gasoline, diesel
19 fuel, or kerosene held by any person exclusively for any
20 use to the extent a credit or refund of the tax imposed
21 by section 4081 of such Code is allowable for such use.

22 (e) EXCEPTION FOR FUEL HELD IN VEHICLE
23 TANK.—No tax shall be imposed by subsection (a) on gas-
24 oline, diesel fuel, or kerosene held in the tank of a motor
25 vehicle or motorboat.

1 (f) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

2 (1) IN GENERAL.—No tax shall be imposed by
3 subsection (a)—

4 (A) on gasoline held on the floor stocks tax
5 date by any person if the aggregate amount of
6 gasoline held by such person on such date does
7 not exceed 4,000 gallons, and

8 (B) on diesel fuel or kerosene held on such
9 date by any person if the aggregate amount of
10 diesel fuel or kerosene fuel held by such person
11 on such date does not exceed 2,000 gallons.

12 The preceding sentence shall apply only if such per-
13 son submits to the Secretary (at the time and in the
14 manner required by the Secretary) such information
15 as the Secretary shall require for purposes of this
16 paragraph.

17 (2) EXEMPT FUEL.—For purposes of para-
18 graph (1), there shall not be taken into account fuel
19 held by any person which is exempt from the tax im-
20 posed by subsection (a) by reason of subsection (d)
21 or (e).

22 (3) CONTROLLED GROUPS.—For purposes of
23 this subsection—

24 (A) CORPORATIONS.—

1 (i) IN GENERAL.—All persons treated
2 as a controlled group shall be treated as 1
3 person.

4 (ii) CONTROLLED GROUP.—The term
5 “controlled group” has the meaning given
6 to such term by subsection (a) of section
7 1563 of such Code; except that for such
8 purposes the phrase “more than 50 per-
9 cent” shall be substituted for the phrase
10 “at least 80 percent” each place it appears
11 in such subsection.

12 (B) NONINCORPORATED PERSONS UNDER
13 COMMON CONTROL.—Under regulations pre-
14 scribed by the Secretary, principles similar to
15 the principles of subparagraph (A) shall apply
16 to a group of persons under common control
17 where 1 or more of such persons is not a cor-
18 poration.

19 (g) OTHER LAW APPLICABLE.—All provisions of law,
20 including penalties, applicable with respect to the taxes
21 imposed by section 4081 of such Code shall, insofar as
22 applicable and not inconsistent with the provisions of this
23 subsection, apply with respect to the floor stock taxes im-
24 posed by subsection (a) to the same extent as if such taxes
25 were imposed by such section 4081.

1 **SEC. 4. BENEFITS OF TAX REDUCTION SHOULD BE PASSED**
2 **ON TO CONSUMERS.**

3 (a) PASSTHROUGH TO CONSUMERS.—

4 (1) SENSE OF CONGRESS.—It is the sense of
5 Congress that—

6 (A) consumers immediately receive the
7 benefit of the 10-cent reduction in taxes under
8 this Act, and

9 (B) transportation motor fuels producers
10 and other dealers take such actions as nec-
11 essary to reduce transportation motor fuels
12 prices to reflect such reduction, including imme-
13 diate credits to customer accounts representing
14 tax refunds allowed as credits against excise tax
15 deposit payments under the floor stocks refund
16 provisions of this Act.

17 (2) STUDY.—

18 (A) IN GENERAL.—The Comptroller Gen-
19 eral of the United States shall conduct a study
20 of the 10-cent reduction of taxes under this Act
21 to determine whether there has been a pass-
22 through of such reduction.

23 (B) REPORT.—Not later than 1 year after
24 the date of the enactment of this Act, the
25 Comptroller General of the United States shall
26 report to the Committee on Finance of the Sen-

1 ate and the Committee on Ways and Means of
2 the House of Representatives the results of the
3 study conducted under subparagraph (A).

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