

107TH CONGRESS  
1ST SESSION

# H. R. 1915

To amend the Internal Revenue Code of 1986 to suspend for six months the 4.3 cent increase in motor fuel taxes enacted in 1993.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2001

Mr. SMITH of Michigan 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 suspend for six months the 4.3 cent increase in motor fuel taxes enacted in 1993.

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 “Gas Affordability Act  
5       of 2001”.

6       **SEC. 2. SIX-MONTH SUSPENSION OF 1993 4.3 CENT IN-  
7       CREASE IN FUEL TAXES.**

8       (a) SIX-MONTH SUSPENSION OF FUEL TAXES.—Sec-  
9       tion 4081 of the Internal Revenue Code of 1986 (relating  
10      to imposition of tax on gasoline, diesel fuel, and kerosene)

1 is amended by adding at the end the following new sub-  
2 section:

3       “(f) TEMPORARY SUSPENSION OF FUEL TAXES.—

4           “(1) IN GENERAL.—During the suspension pe-  
5           riod, each rate of tax referred to in paragraph (2)  
6           shall be reduced by 4.3 cents per gallon.

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

10           “(A) subsection (a)(2)(A) (relating to gas-  
11           oline, diesel fuel, and kerosene),

12           “(B) sections 4091(b)(3)(A) (relating to  
13           aviation fuel),

14           “(C) section 4042(b)(2)(C) (relating to  
15           fuel used on inland waterways),

16           “(D) paragraph (1) or (2) of section  
17           4041(a) (relating to diesel fuel, special fuels,  
18           and compressed natural gas), and

19           “(E) section 4041(m)(1)(A)(i) (relating to  
20           certain methanol or ethanol fuels).

21           “(3) COMPARABLE TREATMENT FOR COM-  
22           PRESSED NATURAL GAS.—No tax shall be imposed  
23           by section 4041(a)(3) on any sale or use during the  
24           applicable period.

1                 “(4) COMPARABLE TREATMENT UNDER CER-  
2 TAIN REFUND RULES.—In the case of fuel on which  
3 tax is imposed during the applicable period, each of  
4 the rates specified in sections 6421(f)(2)(B),  
5 6421(f)(3)(B)(iii), 6427(b)(2)(A), 6427(l)(3)(B)(iii),  
6 and 6427(l)(4)(B) shall be reduced by 4.3 cents per  
7 gallon.

8                 “(5) SUSPENSION PERIOD.—For purposes of  
9 this subsection, the term ‘suspension period’ means  
10 the period beginning on July 1, 2001, and ending on  
11 December 31, 2001.”

12                 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall take effect on the date of the enactment  
14 of this Act.

15 **SEC. 3. FLOOR STOCK REFUNDS.**

16                 (a) IN GENERAL.—If—

17                     (1) before the tax suspension date, tax has been  
18 imposed under section 4081 or 4091 of the Internal  
19 Revenue Code of 1986 on any liquid, and

20                     (2) on such date such liquid is held by a dealer  
21 and has not been used and is intended for sale,

22 there shall be credited or refunded (without interest) to  
23 the person who paid such tax (hereafter in this section  
24 referred to as the “taxpayer”) an amount equal to the ex-  
25 cess of the tax paid by the taxpayer over the amount of

1 such tax which would be imposed on such liquid had the  
2 taxable event occurred on such date.

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

5 (1) claim therefor is filed with the Secretary of  
6 the Treasury before the date which is 6 months  
7 after the tax suspension date, and

8 (2) in any case where liquid is held by a dealer  
9 (other than the taxpayer) on the tax suspension  
10 date—

11 (A) the dealer submits a request for refund  
12 or credit to the taxpayer before the date which  
13 is 3 months after the tax suspension date, and

14 (B) the taxpayer has repaid or agreed to  
15 repay the amount so claimed to such dealer or  
16 has obtained the written consent of such dealer  
17 to the allowance of the credit or the making of  
18 the refund.

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

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

24 (1) the terms “dealer” and “held by a dealer”  
25 have the respective meanings given to such terms by

1       section 6412 of such Code; except that the term  
2       “dealer” includes a producer, and

3               (2) the term “tax suspension date” means the  
4       date on which the suspension period begins under  
5       section 4081(f) of the Internal Revenue Code of  
6       1986 (as added by section 2).

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

10 **SEC. 4. FLOOR STOCKS TAX.**

11       (a) IMPOSITION OF TAX.—In the case of any taxable  
12       liquid which is held on the floor stocks tax date by any  
13       person, there is hereby imposed a floor stocks tax equal  
14       to the excess of the tax which would be imposed under  
15       section 4041, 4081, or 4091 of the Internal Revenue Code  
16       of 1986 on such liquid had the taxable event occurred on  
17       the floor stocks tax date over the tax paid under such sec-  
18       tions on such liquid.

19       (b) LIABILITY FOR TAX AND METHOD OF PAY-  
20       MENT.—

21               (1) LIABILITY FOR TAX.—A person holding a  
22       liquid on the floor stocks tax date to which the tax  
23       imposed by subsection (a) applies shall be liable for  
24       such tax.

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

12 (2) TAXABLE LIQUID.—The term ‘taxable liq-  
13 uid’ means any liquid on which tax is imposed under  
14 section 4041, 4081, or 4091 of the Internal Revenue  
15 Code of 1986 on the floor stocks tax date.

1 of the suspension period under section 4081(f) of  
2 such Code (as added by section 2).

3 (6) SECRETARY.—The term “Secretary” means  
4 the Secretary of the Treasury or the Secretary’s del-  
5 egate.

6 (d) EXCEPTION FOR EXEMPT USES.—The tax im-  
7 posed by subsection (a) shall not apply to taxable liquid  
8 held by any person exclusively for any use to the extent  
9 a credit or refund of the tax imposed by section 4041,  
10 4081, or 4091 of such Code is allowable for such use.

11 (e) EXCEPTION FOR FUEL HELD IN VEHICLE  
12 TANK.—No tax shall be imposed by subsection (a) on tax-  
13 able liquid held in the tank of a motor vehicle or motor-  
14 boat.

15 (f) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—  
16 (1) IN GENERAL.—No tax shall be imposed by  
17 subsection (a)—

18 (A) on gasoline held on the floor stocks tax  
19 date by any person if the aggregate amount of  
20 gasoline held by such person on such date does  
21 not exceed 4,000 gallons, and

22 (B) on diesel fuel, kerosene, or aviation  
23 fuel held on such date by any person if the ag-  
24 gregate amount of diesel fuel, kerosene, or avia-

3       The preceding sentence shall apply only if such per-  
4       son submits to the Secretary (at the time and in the  
5       manner required by the Secretary) such information  
6       as the Secretary shall require for purposes of this  
7       paragraph.

15 (A) CORPORATIONS.—

16 (i) IN GENERAL.—All persons treated  
17 as a controlled group shall be treated as 1  
18 person.

19 (ii) CONTROLLED GROUP.—The term  
20 “controlled group” has the meaning given  
21 to such term by subsection (a) of section  
22 1563 of such Code; except that for such  
23 purposes the phrase “more than 50 per-  
24 cent” shall be substituted for the phrase

1                   “at least 80 percent” each place it appears  
2                   in such subsection.

3                   (B) NONINCORPORATED PERSONS UNDER  
4                   COMMON CONTROL.—Under regulations pre-  
5                   scribed by the Secretary, principles similar to  
6                   the principles of subparagraph (A) shall apply  
7                   to a group of persons under common control  
8                   where 1 or more of such persons is not a cor-  
9                   poration.

10                  (g) OTHER LAW APPLICABLE.—All provisions of law,  
11                  including penalties, applicable with respect to the taxes  
12                  imposed by section 4041(a)(2) of such Code in the case  
13                  of special fuels; by section 4081 of such Code in the case  
14                  of gasoline, diesel fuel, and kerosene; and by section 4091  
15                  of such Code in the case of aviation fuel shall, insofar as  
16                  applicable and not inconsistent with the provisions of this  
17                  subsection, apply with respect to the floor stock taxes im-  
18                  posed by subsection (a) to the same extent as if such taxes  
19                  were imposed by such section 4041, 4081, or 4091.

20 **SEC. 5. PROTECTION OF HIGHWAY TRUST FUND.**

21                  The amounts transferred to the Highway Trust Fund  
22                  under section 9503 of the Internal Revenue Code of 1986  
23                  shall be determined as if this Act had not been acted.

