

109TH CONGRESS
1ST SESSION

H. R. 3664

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to appropriate the proceeds for the Low-Income Home Energy Assistance Program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 7, 2005

Mr. KANJORSKI introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Appropriations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to appropriate the proceeds for the Low-Income Home Energy Assistance Program.

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 “Consumer Reasonable
5 Energy Price Protection Act of 2005”.

1 **SEC. 2. WINDFALL PROFITS TAX.**

2 (a) IN GENERAL.—Subtitle E of the Internal Rev-
 3 enue Code of 1986 (relating to alcohol, tobacco, and cer-
 4 tain other excise taxes) is amended by adding at the end
 5 thereof the following new chapter:

6 **“CHAPTER 56—WINDFALL PROFIT ON**
 7 **CRUDE OIL, NATURAL GAS, AND PROD-**
 8 **UCTS THEREOF**

“Sec. 5896. Imposition of tax.

9 **“SEC. 5896. IMPOSITION OF TAX.**

10 “(a) IN GENERAL.—In addition to any other tax im-
 11 posed under this title, there is hereby imposed an excise
 12 tax on the sale in the United States of any crude oil, nat-
 13 ural gas, or other taxable product a tax equal to the appli-
 14 cable percentage of the windfall profit on such sale.

15 “(b) DEFINITIONS.—For purposes of this section—

16 “(1) TAXABLE PRODUCT.—The term ‘taxable
 17 product’ means any fuel which is a product of crude
 18 oil or natural gas.

19 “(2) WINDFALL PROFIT.—The term ‘windfall
 20 profit’ means, with respect to any sale, so much of
 21 the profit on such sale as exceeds a reasonable prof-
 22 it.

23 “(3) APPLICABLE PERCENTAGE.—The term
 24 ‘applicable percentage’ means—

1 “(A) 50 percent to the extent that the
 2 profit on the sale exceeds 100 percent of the
 3 reasonable profit on the sale but does not ex-
 4 ceed 102 percent of the reasonable profit on the
 5 sale,

6 “(B) 75 percent to the extent that the
 7 profit on the sale exceeds 102 percent of the
 8 reasonable profit on the sale but does not ex-
 9 ceed 105 percent of the reasonable profit on the
 10 sale, and

11 “(C) 100 percent to the extent that the
 12 profit on the sale exceeds 105 percent of the
 13 reasonable profit on the sale.

14 “(4) REASONABLE PROFIT.—The term ‘reason-
 15 able profit’ means the amount determined by the
 16 Reasonable Profits Board to be a reasonable profit
 17 on the sale.

18 “(c) LIABILITY FOR PAYMENT OF TAX.—The taxes
 19 imposed by subsection (a) shall be paid by the seller.”.

20 (b) CLERICAL AMENDMENT.—The table of chapters
 21 for subtitle E of such Code is amended by adding at the
 22 end the following new item:

“CHAPTER 56. WINDFALL PROFIT ON CRUDE OIL AND REFINED PETROLEUM
 PRODUCTS”.

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

4 **SEC. 3. REASONABLE PROFITS BOARD.**

5 (a) ESTABLISHMENT.—There is established an inde-
 6 pendent board to be known as the “Reasonable Profits
 7 Board” (hereafter in this section referred to as the
 8 “Board”).

9 (b) DUTIES.—The Board shall make reasonable prof-
 10 it determinations for purposes of applying section 5896
 11 of the Internal Revenue Code of 1986 (relating to windfall
 12 profit on crude oil, natural gas, and products thereof).

13 (c) ADVISORY COMMITTEE.—The Board shall be con-
 14 sidered an advisory committee within the meaning of the
 15 Federal Advisory Committee Act (5 U.S.C. App.).

16 (d) APPOINTMENT.—

17 (1) MEMBERS.—The Board shall be composed
 18 of 3 members appointed by the President of the
 19 United States.

20 (2) TERM.—Members of the Board shall be ap-
 21 pointed for a term of 3 years.

22 (3) BACKGROUND.—The members shall have no
 23 financial interests in any of the businesses for which
 24 reasonable profits are determined by the Board.

25 (e) PAY AND TRAVEL EXPENSES.—

1 (1) PAY.—Notwithstanding section 7 of the
2 Federal Advisory Committee Act (5 U.S.C. App.),
3 members of the Board shall be paid at a rate equal
4 to the daily equivalent of the minimum annual rate
5 of basic pay for level IV of the Executive Schedule
6 under section 5315 of title 5, United States Code,
7 for each day (including travel time) during which the
8 member is engaged in the actual performance of du-
9 ties vested in the Board.

10 (2) TRAVEL EXPENSES.—Members shall receive
11 travel expenses, including per diem in lieu of subsist-
12 ence, in accordance with section 5702 and 5703 of
13 title 5, United States Code.

14 (f) DIRECTOR OF STAFF.—

15 (1) QUALIFICATIONS.—The Board shall appoint
16 a Director who has no financial interests in any of
17 the businesses for which reasonable profits are de-
18 termined by the Board.

19 (2) PAY.—Notwithstanding section 7 of the
20 Federal Advisory Committee Act (5 U.S.C. App.),
21 the Director shall be paid at the rate of basic pay
22 payable for level IV of the Executive Schedule under
23 section 5315 of title 5, United States Code.

24 (g) STAFF.—

1 (1) ADDITIONAL PERSONNEL.—The Director,
2 with the approval of the Board, may appoint and fix
3 the pay of additional personnel.

4 (2) APPOINTMENTS.—The Director may make
5 such appointments without regard to the provisions
6 of title 5, United States Code, governing appoint-
7 ments in the competitive service, and any personnel
8 so appointed may be paid without regard to the pro-
9 visions of chapter 51 and subchapter III of chapter
10 53 of that title relating to classification and General
11 Schedule pay rates.

12 (3) DETAILEES.—Upon the request of the Di-
13 rector, the head of any Federal department or agen-
14 cy may detail any of the personnel of that depart-
15 ment or agency to the Board to assist the Board in
16 accordance with an agreement entered into with the
17 Board.

18 (4) ASSISTANCE.—The Comptroller General of
19 the United States may provide assistance, including
20 the detailing of employees, to the Board in accord-
21 ance with an agreement entered into with the Board.

22 (h) OTHER AUTHORITY.—

23 (1) EXPERTS AND CONSULTANTS.—The Board
24 may procure by contract, to the extent funds are
25 available, the temporary or intermittent services of

1 experts or consultants pursuant to section 3109 of
2 title 5, United States Code.

3 (2) LEASING.—The Board may lease space and
4 acquire personal property to the extent that funds
5 are available.

6 (i) FUNDING.—There are authorized to be appro-
7 priated such funds as are necessary to carry out this sec-
8 tion.

9 **SEC. 4. LOW-INCOME HOME ENERGY ASSISTANCE PRO-**
10 **GRAM.**

11 In addition to amounts appropriated pursuant to sec-
12 tion 2602 of the Low-Income Home Energy Assistance
13 Act of 1981 (42 U.S.C. 8621), there are hereby appro-
14 priated to the Secretary of Health and Human Services
15 amounts equivalent to the taxes received in the Treasury
16 under section 5896 of the Internal Revenue Code of 1986.
17 Amounts appropriated under the preceding sentence shall
18 be available for allocation under section 2604(a)(1)(A) of
19 such Act (42 U.S.C. 8623(a)(1)(A)).

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