

109TH CONGRESS
1ST SESSION

H. R. 3924

To amend the Internal Revenue Code of 1986 to provide tax incentives for oil refineries, oil and gas pipelines, and petroleum storage facilities.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2005

Mr. TIAHRT 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 provide tax incentives for oil refineries, oil and gas pipelines, and petroleum storage facilities.

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 “Refinery Expansion
5 Act of 2005”.

1 **SEC. 2. 100 PERCENT EXPENSING OR 5-YEAR DEPRECIA-**
2 **TION OF COSTS OF REFINERY PROPERTY**
3 **WHICH INCREASE REFINERY OUTPUT BY AT**
4 **LEAST 5 PERCENT.**

5 (a) EXPENSING.—Subsection (a) of section 179C of
6 the Internal Revenue Code of 1986 (relating to election
7 to expense certain refineries) is amended to read as fol-
8 lows:

9 “(a) TREATMENT AS EXPENSES.—

10 “(1) IN GENERAL.—Except in the case of refin-
11 ery property to which subsection (e) applies, a tax-
12 payer may elect to treat 50 percent of the cost of
13 qualified refinery property as an expense which is
14 not chargeable to capital account. Any cost so treat-
15 ed shall be allowed as a deduction for the taxable
16 year in which the qualified refinery property is
17 placed in service.

18 “(2) PROPERTY TO WHICH SUBSECTION (e) AP-
19 PLIES.—In the case of refinery property to which
20 subsection (e) applies, a taxpayer may elect to treat
21 100 percent of the cost of such property as an ex-
22 pense which is not chargeable to capital account.
23 Any cost so treated shall be allowed as a deduction
24 for the taxable year in which such cost is paid or in-
25 curred by the taxpayer.”.

1 (b) 5-YEAR DEPRECIATION.—Subparagraph (B) of
 2 section 168(e)(3) of such Code (relating to classification
 3 of property) is amended by striking “and” at the end of
 4 clause (v), by striking the period at the end clause (vi)
 5 and inserting “, and”, and by inserting after clause (vi)
 6 the following new clause:

7 “(vii) refinery property the cost of
 8 which would have been eligible for expens-
 9 ing under section 179C(a)(2) but for the
 10 absence of an election under section
 11 179C.”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall take effect as if included in the amend-
 14 ments made by section 1323 of the Energy Policy Act of
 15 2005.

16 **SEC. 3. DEPRECIATION RECOVERY PERIOD FOR OIL AND**
 17 **GAS PIPELINES REDUCED TO 7 YEARS.**

18 (a) IN GENERAL.—Subparagraph (C) of section
 19 168(e)(3) of the Internal Revenue Code of 1986 (relating
 20 to classification of property) is amended by striking “and”
 21 at the end of clause (iv), by redesignating clause (v) as
 22 clause (vi), and by inserting after clause (iv) the following
 23 new clause:

24 “(v) any oil or natural gas distribu-
 25 tion line the original use of which com-

1 mences with the taxpayer after April 11,
 2 2005, and which is placed in service before
 3 January 1, 2011, and”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Subparagraph (E) of section 168(e)(3) of
 6 such Code is amended by adding “and” at the end
 7 of clause (vi), by striking “, and” at the end of
 8 clause (vii) and inserting a period, and by striking
 9 clause (viii).

10 (2) The table contained in section 168(g)(3)(B)
 11 of such Code (relating to special rule for certain
 12 property assigned to classes) is amended—

13 (A) by striking the item relating to sub-
 14 paragraph (E)(viii), and

15 (B) by inserting after the item relating to
 16 subparagraph (C)(vii) the following new item:

“(C)(v) 35”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall take effect as if included in section 1325
 19 of the Energy Policy Act of 2005.

20 **SEC. 4. 5-YEAR DEPRECIATION RECOVERY PERIOD FOR PE-**
 21 **TROLEUM STORAGE FACILITIES.**

22 (a) IN GENERAL.—Subparagraph (B) of section
 23 168(e)(3) of the Internal Revenue Code of 1986 (relating
 24 to classification of property), as amended by section 2, is
 25 amended by striking “and” at the end of clause (vi), by

1 striking the period at the end clause (vii) and inserting
2 “, and”, and by inserting after clause (vii) the following
3 new clause:

4 “(viii) a storage facility (not including
5 a building and its structural components)
6 used in connection with the distribution of
7 petroleum or any primary product of petro-
8 leum if—

9 “(I) the original use of such fa-
10 cility commences with the taxpayer
11 after the date of the enactment of this
12 clause, and

13 “(II) such facility is placed in
14 service before January 1, 2011.”.

15 (b) EFFECTIVE DATE.—

16 (1) IN GENERAL.—The amendments made by
17 this section shall apply to property placed in service
18 after the date of the enactment of this Act.

19 (2) EXCEPTION.—The amendments made by
20 this section shall not apply to any property with re-
21 spect to which the taxpayer or a related party has
22 entered into a binding contract for the construction
23 thereof on or before such date, or, in the case of
24 self-constructed property, has started construction
25 on or before such date.

1 **SEC. 5. TEMPORARY SUSPENSION OF DEPRECIATION RE-**
 2 **CAPTURE ON SECTION 1245 REFINERY PROP-**
 3 **ERTY.**

4 (a) IN GENERAL.—Subsection (b) of section 1245 of
 5 the Internal Revenue Code of 1986 (relating to exceptions
 6 and limitations) is amended by adding at the end the fol-
 7 lowing new paragraph:

8 “(9) REFINERY PROPERTY BEING UP-
 9 GRADED.—Subsection (a) shall not apply to prop-
 10 erty—

11 “(A) which, before the date of the enact-
 12 ment of this paragraph, was used by the tax-
 13 payer in the processing liquid fuel from crude
 14 oil or qualified fuels (as defined in section
 15 45K(c)) at a refinery located in the United
 16 States,

17 “(B) which is disposed of before January
 18 1, 2012, and

19 “(C) which is replaced by the taxpayer
 20 with upgraded equipment which increases the
 21 refinery’s overall output, decreases the refin-
 22 ery’s pollution output, or results in cleaner-
 23 burning fuel.”.

24 (b) EFFECTIVE DATE.—The amendment made by
 25 this section shall apply to dispositions after the date of

- 1 the enactment of this Act in taxable years ending after
- 2 such date.

