

109TH CONGRESS  
1ST SESSION

# H. R. 4004

To reduce the price of gasoline by allowing for offshore drilling, eliminating Federal obstacles to constructing refineries and providing incentives for investment in refineries, suspending Federal fuel taxes when gasoline prices reach a benchmark amount, and promoting free trade.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 6, 2005

Mr. PAUL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Resources and Financial Services, 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

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## A BILL

To reduce the price of gasoline by allowing for offshore drilling, eliminating Federal obstacles to constructing refineries and providing incentives for investment in refineries, suspending Federal fuel taxes when gasoline prices reach a benchmark amount, and promoting free trade.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Affordable Gas Price Act”.

6 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Termination of restrictions on oil and natural gas development on Federal lands.
- Sec. 4. Limitation of suits under National Environmental Policy Act of 1969.
- Sec. 5. Incentives for investment in oil refineries.
- Sec. 6. Suspension of fuel taxes on highway motor fuels when weekly United States retail gasoline prices exceed benchmark.
- Sec. 7. Increase in mileage reimbursement rates.
- Sec. 8. Termination of application of title IV of the Trade Act of 1974 to the Russian Federation and Kazakhstan.
- Sec. 9. Study on effects of oil prices on monetary policy.

## 1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) In recent months gas prices across the  
4 country have risen to as much as over \$4 per gallon.

5 (2) High fuel costs retard economic growth and  
6 diminish the quality of life for all Americans.

7 (3) The trucking industry is particularly hard  
8 hit by high fuel prices.

9 (4) Attempts to address the issue of high gaso-  
10 line costs by increasing government involvement in  
11 the market through measures such as price controls  
12 will only lead to shortages, rationing, and a return  
13 of gasoline lines.

14 (5) The Federal regulations restricting drilling  
15 impose prohibitive costs on the development of new  
16 sources of energy, artificially inflating the price of  
17 gas.

18 (6) Federal gas tax inflate the price of oil thus  
19 burdening American families, business, and truckers.

1           (7) Allowing private parties to delay, or even  
2           halt, the construction of new refineries through liti-  
3           gation over the National Environmental Protection  
4           Act's Environmental Impact Statement requirement  
5           reduces the supply of gas thus raising gas prices.

6           (8) The so-called Jackson-Vanik ("freedom-of-  
7           emigration") amendment (section 402) of the Trade  
8           Act of 1974 was a United States reaction to the So-  
9           viet Union's highly restrictive emigration policy of  
10          the time.

11          (9) By 2005, some 15 years after the end of  
12          communist rule over the USSR, successor states  
13          Russia and Kazakhstan allow their citizens the right  
14          and opportunity to emigrate, free of any heavy tax  
15          on the visas or other documents required for emigra-  
16          tion and free of any other tax, levy, fine, fee, or  
17          other charge on any citizens as a consequence of the  
18          desire of such citizens to emigrate to the country of  
19          their choice.

20          (10) Elimination of the Jackson-Vanik amend-  
21          ment's threat of trade-restricting provisions would  
22          increase the United States access to oil supplies  
23          from non-Arab countries, thus lowering gas prices.

1           (11) The adoption of a monetary system of fiat  
2           currency unbacked by any ties to gold may have con-  
3           tributed to the raise in gas prices.

4 **SEC. 3. TERMINATION OF RESTRICTIONS ON OIL AND NAT-**  
5 **URAL GAS DEVELOPMENT ON FEDERAL**  
6 **LANDS.**

7           (a) OUTER CONTINENTAL SHELF.—

8           (1) TERMINATION OF LAWS PROHIBITING EX-  
9           PENDITURES FOR NATURAL GAS LEASING AND  
10          PRELEASING ACTIVITIES.—All provisions of existing  
11          Federal law prohibiting the spending of appropriated  
12          funds to conduct oil or natural gas leasing and  
13          preleasing activities for any area of the Outer Conti-  
14          nental Shelf shall have no force or effect.

15          (2) REVOCATION OF EXISTING PRESIDENTIAL  
16          WITHDRAWALS.—All existing withdrawals by the  
17          President under the authority of section 12 of the  
18          Outer Continental Shelf Lands Act (43 U.S.C.  
19          1341) are hereby revoked and are no longer in effect  
20          with respect to the leasing of areas for exploration  
21          for, and development and production of, oil or nat-  
22          ural gas.

23          (b) COASTAL PLAIN OF ALASKA.—Sections 1002(i)  
24          and 1003 of the Alaska National Interest Lands Con-  
25          servation Act (16 U.S.C. 3142(i) and 3143) are repealed.

1 **SEC. 4. LIMITATION OF SUITS UNDER NATIONAL ENVIRON-**  
 2 **MENTAL POLICY ACT OF 1969.**

3 Section 102 of the National Environmental Policy  
 4 Act of 1969 (42 U.S.C. 4332) is amended by inserting  
 5 “(a) IN GENERAL.—” before the first sentence, and by  
 6 adding at the end the following:

7 “(b) LIMITATION ON SUITS.—A statement required  
 8 under subsection (a)(2)(C) is not subject to judicial re-  
 9 view.”.

10 **SEC. 5. INCENTIVES FOR INVESTMENT IN OIL REFINERIES.**

11 (a) INCREASE OF EXPENSING FOR REFINERIES.—

12 (1) IN GENERAL.—Subsection (a) of section  
 13 179C of the Internal Revenue Code of 1986 (relat-  
 14 ing to election to expense certain refineries) is  
 15 amended by striking “50 percent” and inserting  
 16 “100 percent”.

17 (2) EFFECTIVE DATE.—The amendments made  
 18 by this subsection shall take effect as if included in  
 19 section 1323 of the Energy Policy Act of 2005.

20 (b) CLASS LIFE FOR REFINERIES.—

21 (1) IN GENERAL.—Subparagraph (B) of section  
 22 168(e)(3) of the Internal Revenue Code of 1986 (re-  
 23 lating to 5-year property) is amended by striking  
 24 “and” at the end of clause (v), by striking the pe-  
 25 riod at the end of clause (vi) and inserting “, and”,  
 26 and by adding at the end the following new clause:

1                   “(vii) any petroleum refining prop-  
2                   erty.”.

3                   (2) PETROLEUM REFINING ASSET.—Section  
4                   168(i) of such Code is amended by adding at the  
5                   end the following new paragraph:

6                   “(17) PETROLEUM REFINING PROPERTY.—

7                   “(A) IN GENERAL.—The term ‘petroleum  
8                   refining property’ means any asset for petro-  
9                   leum refining, including assets used for the dis-  
10                  tillation, fractionation, and catalytic cracking of  
11                  crude petroleum into gasoline and its other  
12                  components.

13                  “(B) ASSET MUST MEET ENVIRONMENTAL  
14                  LAWS.—Such term shall not include any asset  
15                  which does not meet all applicable environ-  
16                  mental laws in effect on the date such asset was  
17                  placed in service. For purposes of the preceding  
18                  sentence, a waiver under the Clean Air Act  
19                  shall not be taken into account in determining  
20                  whether the applicable environmental laws have  
21                  been met.

22                  “(C) SPECIAL RULE FOR MERGERS AND  
23                  ACQUISITIONS.—Such term shall not include  
24                  any asset with respect to which a deduction was

1 taken under subsection (e)(3)(B) by any other  
 2 taxpayer in any preceding year.”.

3 (3) EFFECTIVE DATE.—

4 (A) IN GENERAL.—The amendments made  
 5 by this subsection shall apply to refineries  
 6 placed in service after the date of the enact-  
 7 ment of this Act.

8 (B) EXCEPTION.—The amendments made  
 9 by this section shall not apply to any refinery  
 10 with respect to which the taxpayer has entered  
 11 into a binding contract for the construction  
 12 thereof on or before the date of the enactment  
 13 of this Act.

14 **SEC. 6. SUSPENSION OF FUEL TAXES ON HIGHWAY MOTOR**  
 15 **FUELS WHEN WEEKLY UNITED STATES RE-**  
 16 **TAIL GASOLINE PRICES EXCEED BENCH-**  
 17 **MARK.**

18 (a) IN GENERAL.—Section 4081 of the Internal Rev-  
 19 enue Code of 1986 (relating to imposition of tax on motor  
 20 and aviation fuels) is amended by adding at the end the  
 21 following new subsection:

22 “(f) SUSPENSION OF HIGHWAY MOTOR FUEL TAXES  
 23 WHEN RETAIL GASOLINE EXCEEDS BENCHMARK.—

1           “(1) IN GENERAL.—During any suspension pe-  
 2           riod, the tax imposed by section 4041 or 4081 on  
 3           highway motor fuel shall be suspended.

4           “(2) DEFINITIONS AND SPECIAL RULE.—For  
 5           purposes of this subsection—

6                   “(A) SUSPENSION PERIOD.—The term  
 7                   ‘suspension period’ means the period—

8                           “(i) beginning on the date on which  
 9                           the weekly United States retail gasoline  
 10                          price, regular grade (as published by the  
 11                          Energy Information Administration, De-  
 12                          partment of Energy), inclusive of such tax,  
 13                          is greater than \$3.00 per gallon, and

14                           “(ii) ending on the date on which such  
 15                          price (as so published), without regard to  
 16                          this subsection, does not exceed \$3.00 per  
 17                          gallon.

18                   “(B) HIGHWAY MOTOR FUEL.—The term  
 19                   ‘highway motor fuel’ means any fuel subject to  
 20                   tax under section 4041 or 4081 other than  
 21                   aviation gasoline and aviation-grade kerosene.”.

22           (b) MAINTENANCE OF TRUST FUNDS DEPOSITS;  
 23           AMOUNTS APPROPRIATED TO TRUST FUNDS TREATED AS  
 24           TAXES.—



1           (1) IN GENERAL.—There is hereby appro-  
2           priated (out of any money in the Treasury not other-  
3           wise appropriated) to each trust fund which would  
4           (but for this subsection) receive reduced revenues as  
5           a result of a suspension in a rate of tax by reason  
6           of section 4081(f)(1) of the Internal Revenue Code  
7           of 1986 (as added by this section) an amount equal  
8           to such reduction in revenues. Amounts appropriated  
9           by the preceding sentence to any trust fund—

10                   (A) shall be transferred from the general  
11                   fund at such times and in such manner as to  
12                   replicate to the extent possible the transfers  
13                   which would have occurred had subsection (a)  
14                   not been enacted, and

15                   (B) shall be treated for all purposes of  
16                   Federal law as taxes received under the appro-  
17                   priate section referred to in such section  
18                   4081(f)(1).

19           (c) EFFECTIVE DATE.—The amendment made by  
20           this section shall take effect on the date of the enactment  
21           of this Act.

22           (d) FLOOR STOCK REFUNDS.—

23                   (1) IN GENERAL.—If—

24                           (A) before the tax suspension date, tax has  
25                           been imposed under section 4081 of the Inter-

1           nal Revenue Code of 1986 on any highway  
2           motor fuel, and

3                 (B) on such date such fuel is held by a  
4           dealer and has not been used and is intended  
5           for sale,

6           there shall be credited or refunded (without interest)  
7           to the person who paid such tax (hereafter in this  
8           subsection referred to as the “taxpayer”) an amount  
9           equal to the excess of the tax paid by the taxpayer  
10          over the tax which would be imposed on such fuel  
11          had the taxable event occurred on such date.

12                 (2) TIME FOR FILING CLAIMS.—No credit or re-  
13          fund shall be allowed or made under this subsection  
14          unless—

15                 (A) claim therefor is filed with the Sec-  
16          retary of the Treasury before the date which is  
17          6 months after the tax suspension date based  
18          on a request submitted to the taxpayer before  
19          the date which is 3 months after the tax sus-  
20          pension date by the dealer who held the high-  
21          way motor fuel on such date, and

22                 (B) the taxpayer has repaid or agreed to  
23          repay the amount so claimed to such dealer or  
24          has obtained the written consent of such dealer

1 to the allowance of the credit or the making of  
2 the refund.

3 (3) EXCEPTION FOR FUEL HELD IN RETAIL  
4 STOCKS.—No credit or refund shall be allowed under  
5 this subsection with respect to any highway motor  
6 fuel in retail stocks held at the place where intended  
7 to be sold at retail.

8 (4) DEFINITIONS.—For purposes of this sub-  
9 section—

10 (A) TAX SUSPENSION DATE.—The term  
11 “tax suspension date” means the first day of  
12 any suspension period in effect under section  
13 4081(f) of the Internal Revenue Code of 1986  
14 (as added by subsection (a) of this section).

15 (B) OTHER TERMS.—The terms “dealer”  
16 and “held by a dealer” have the respective  
17 meanings given to such terms by section 6412  
18 of such Code.

19 (5) CERTAIN RULES TO APPLY.—Rules similar  
20 to the rules of subsections (b) and (c) of section  
21 6412 of such Code shall apply for purposes of this  
22 subsection.

23 (e) FLOOR STOCKS TAX.—

24 (1) IMPOSITION OF TAX.—In the case of any  
25 highway motor fuel which is held on the tax restora-

tion date by any person, there is hereby imposed a floor stocks tax equal to the excess of the tax which would be imposed on such fuel had the taxable event occurred on such date over the tax (if any) previously paid (and not credited or refunded) on such fuel.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—The person holding highway motor fuel on the tax restoration date to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe.

(C) TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid on or before the 45th day after the tax restoration date.

(3) DEFINITIONS.—For purposes of this subsection—

(A) TAX RESTORATION DATE.—The term “tax restoration date” means the first day after the suspension period (as defined in section 4081(f) of the Internal Revenue Code of 1986).

1 (B) HIGHWAY MOTOR FUEL.—The term  
2 “highway motor fuel” has the meaning given to  
3 such term by section 4081(f) of such Code.

4 (C) HELD BY A PERSON.—A highway  
5 motor fuel shall be considered as held by a per-  
6 son if title thereto has passed to such person  
7 (whether or not delivery to the person has been  
8 made).

9 (D) SECRETARY.—The term “Secretary”  
10 means the Secretary of the Treasury or the  
11 Secretary’s delegate.

12 (4) EXCEPTION FOR EXEMPT USES.—The tax  
13 imposed by paragraph (1) shall not apply to any  
14 highway motor fuel held by any person exclusively  
15 for any use to the extent a credit or refund of the  
16 tax is allowable for such use.

17 (5) EXCEPTION FOR CERTAIN AMOUNTS OF  
18 FUEL.—

19 (A) IN GENERAL.—No tax shall be im-  
20 posed by paragraph (1) on any highway motor  
21 fuel held on the tax restoration date by any per-  
22 son if the aggregate amount of such highway  
23 motor fuel held by such person on such date  
24 does not exceed 2,000 gallons. The preceding  
25 sentence shall apply only if such person submits

1 to the Secretary (at the time and in the manner  
2 required by the Secretary) such information as  
3 the Secretary shall require for purposes of this  
4 subparagraph.

5 (B) EXEMPT FUEL.—For purposes of sub-  
6 paragraph (A), there shall not be taken into ac-  
7 count any highway motor fuel held by any per-  
8 son which is exempt from the tax imposed by  
9 paragraph (1) by reason of paragraph (4).

10 (C) CONTROLLED GROUPS.—For purposes  
11 of this subsection—

12 (i) CORPORATIONS.—

13 (I) IN GENERAL.—All persons  
14 treated as a controlled group shall be  
15 treated as 1 person.

16 (II) CONTROLLED GROUP.—The  
17 term “controlled group” has the  
18 meaning given to such term by sub-  
19 section (a) of section 1563 of such  
20 Code; except that for such purposes  
21 the phrase “more than 50 percent”  
22 shall be substituted for the phrase “at  
23 least 80 percent” each place it ap-  
24 pears in such subsection.

1 (ii) NONINCORPORATED PERSONS  
2 UNDER COMMON CONTROL.—Under regula-  
3 tions prescribed by the Secretary, prin-  
4 ciples similar to the principles of subpara-  
5 graph (A) shall apply to a group of per-  
6 sons under common control if 1 or more of  
7 such persons is not a corporation.

8 (6) OTHER LAWS APPLICABLE.—All provisions  
9 of law, including penalties, applicable with respect to  
10 the taxes imposed by section 4081 of such Code shall,  
11 insofar as applicable and not inconsistent with the  
12 provisions of this subsection, apply with respect to  
13 the floor stock taxes imposed by paragraph (1) to  
14 the same extent as if such taxes were imposed by  
15 such section.

16 **SEC. 7. INCREASE IN MILEAGE REIMBURSEMENT RATES.**

17 (a) BUSINESS.—For purposes of the Internal Rev-  
18 enue Code of 1986, after the date of the enactment of  
19 this Act, the optional standard mileage rates to be used  
20 for computing the deductible costs of operating an auto-  
21 mobile for business purposes shall be not less than 70  
22 cents per mile.

23 (b) MEDICAL, MOVING, AND CHARITABLE CON-  
24 TRIBUTION RATES.—For any day during the period under

1 which highway motor fuel taxes are suspended under sec-  
 2 tion 4081(f) of the Internal Revenue Code of 1986—

3 (1) the optional standard mileage rates to be  
 4 used for computing the deductible costs of operating  
 5 an automobile for medical, moving, and charitable  
 6 purposes shall be the same rate which is in effect for  
 7 such day for business purposes, and

8 (2) the rate under section 170(i) shall not  
 9 apply.

10 **SEC. 8. TERMINATION OF APPLICATION OF TITLE IV OF**  
 11 **THE TRADE ACT OF 1974 TO THE RUSSIAN**  
 12 **FEDERATION AND KAZAKHSTAN.**

13 (a) PRESIDENTIAL DETERMINATIONS AND EXTEN-  
 14 SIONS OF NONDISCRIMINATORY TREATMENT.—Notwith-  
 15 standing any provision of title IV of the Trade Act of 1974  
 16 (19 U.S.C. 2431 et seq.), the President may—

17 (1) determine that such title should no longer  
 18 apply to both the Russian Federation and  
 19 Kazakhstan; and

20 (2) after making a determination under para-  
 21 graph (1) with respect to the Russian Federation  
 22 and Kazakhstan, proclaim the extension of non-  
 23 discriminatory treatment (normal trade relations  
 24 treatment) to the products of those countries.



1 (b) TERMINATION OF APPLICATION OF TITLE IV.—  
2 On and after the effective date of the extension under sub-  
3 section (a)(2) of nondiscriminatory treatment to the prod-  
4 ucts of the Russian Federation and Kazakhstan, title IV  
5 of the Trade Act of 1974 shall cease to apply to those  
6 countries.

7 **SEC. 9. STUDY ON EFFECTS OF OIL PRICES ON MONETARY**  
8 **POLICY.**

9 Not later than six months after the enactment of this  
10 Act, the Secretary of the Treasury and the Board of Gov-  
11 ernors of the Federal Reserve System shall produce a  
12 study on the relationship between the increase price of oil  
13 and the monetary system of fiat currency. The results of  
14 this study shall be presented to the Chair of the Com-  
15 mittee on Financial Services of the House of Representa-  
16 tives and the Chair of the Committee on Banking, Hous-  
17 ing, and Urban Affairs of the Senate.

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