

109TH CONGRESS
2D SESSION

H. R. 5302

To amend the Internal Revenue Code of 1986 to suspend the highway fuels taxes, to provide for suspension of royalty relief, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2006

Mr. KENNEDY of Minnesota (for himself, Mr. MILLER of Florida, Mr. GERLACH, Mr. RAMSTAD, Mr. DOOLITTLE, and Mr. ENGLISH of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Resources, 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 suspend the highway fuels taxes, to provide for suspension of royalty relief, and for other purposes.

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 “Summer Relief for Mo-
5 torists Act of 2006”.

1 **SEC. 2. SENSE OF CONGRESS.**

2 It is the sense of Congress that the States, with an
3 average gas tax of 20.8 cents per gallon, also possess the
4 ability to provide significant immediate relief to motorists
5 by temporarily suspending their own motor fuel excise
6 taxes. While Congress believes such action is appropriate,
7 Congress also believes that the States should find offsets
8 for such temporary motor fuel excise tax suspensions in
9 order to maintain their commitment to transportation in-
10 frastructure investment.

11 **SEC. 3. SUSPENSION OF HIGHWAY FUEL TAXES.**

12 (a) SUSPENSION OF HIGHWAY FUEL TAXES ON GAS-
13 OLINE, DIESEL FUEL, AND KEROSENE.—

14 (1) IN GENERAL.—Section 4081 of the Internal
15 Revenue Code of 1986 (relating to imposition of tax
16 on gasoline, diesel fuel, and kerosene) is amended by
17 adding at the end the following new subsection:

18 “(f) SUSPENSION OF TAXES ON GASOLINE, DIESEL
19 FUEL, AND KEROSENE.—

20 “(1) IN GENERAL.—During the suspension pe-
21 riod, each rate of tax referred to in paragraph (2)
22 shall be reduced to zero cents per gallon.

23 “(2) RATES OF TAX.—The rates of tax referred
24 to in this paragraph are the rates of tax otherwise
25 applicable under—

1 “(A) clauses (i) and (iii) of subsection
2 (a)(2)(A) (relating to gasoline, diesel fuel, and
3 kerosene), determined after application of sub-
4 section (a)(2)(B) and without regard to sub-
5 section (a)(2)(C), and

6 “(B) paragraph (1) of section 4041(a) (re-
7 lating to diesel fuel and kerosene) with respect
8 to fuel sold for use or used in a diesel-powered
9 highway vehicle.

10 “(3) SUSPENSION PERIOD.—For purposes of
11 this subsection, the term ‘suspension period’ means
12 the period beginning on May 29, 2006 (or, if later,
13 the date of the enactment of this subsection) and
14 ending on September 4, 2006.

15 “(4) MAINTENANCE OF TRUST FUND DEPOS-
16 ITS.—In determining the amounts to be appro-
17 priated to the Highway Trust Fund under section
18 9503 and to the Leaking Underground Storage
19 Tank Trust Fund under section 9508, an amount
20 equal to the reduction in revenues to the Treasury
21 by reason of this subsection shall be treated as taxes
22 received in the Treasury under this section or sec-
23 tion 4041.”.

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

4 (b) FLOOR STOCK REFUNDS.—

5 (1) IN GENERAL.—If—

6 (A) before the tax suspension date, tax has
7 been imposed under section 4081 of the Inter-
8 nal Revenue Code of 1986 on any highway
9 motor fuel, and

10 (B) on such date such fuel is held by a
11 dealer and has not been used and is intended
12 for sale,

13 there shall be credited or refunded (without interest)
14 to the person who paid such tax (hereafter in this
15 subsection referred to as the “taxpayer”) an amount
16 equal to the excess of the tax paid by the taxpayer
17 over the tax which would be imposed on such fuel
18 had the taxable event occurred on such date.

19 (2) TIME FOR FILING CLAIMS.—No credit or re-
20 fund shall be allowed or made under this subsection
21 unless—

22 (A) claim therefor is filed with the Sec-
23 retary of the Treasury before the date which is
24 6 months after the tax suspension date based
25 on a request submitted to the taxpayer before

1 the date which is 3 months after the tax sus-
2 pension date by the dealer who held the high-
3 way motor fuel on such date, and

4 (B) the taxpayer has repaid or agreed to
5 repay the amount so claimed to such dealer or
6 has obtained the written consent of such dealer
7 to the allowance of the credit or the making of
8 the refund.

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

14 (4) DEFINITIONS.—For purposes of this sub-
15 section—

16 (A) TAX SUSPENSION DATE.—The term
17 “tax suspension date” means the first day of
18 the suspension period in effect under section
19 4081(f) of the Internal Revenue Code of 1986
20 (as added by subsection (a) of this section).

21 (B) HIGHWAY MOTOR FUEL.—The term
22 “highway motor fuel” has the meaning given
23 such term for purposes of subsection (c).

24 (C) OTHER TERMS.—The terms “dealer”
25 and “held by a dealer” have the respective

1 meanings given to such terms by section 6412
2 of such Code.

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

7 (c) FLOOR STOCKS TAX.—

8 (1) IMPOSITION OF TAX.—In the case of any
9 highway motor fuel which is held on the tax restora-
10 tion date by any person, there is hereby imposed a
11 floor stocks tax equal to the excess of the tax which
12 would be imposed on such fuel had the taxable event
13 occurred on such date over the tax (if any) pre-
14 viously paid (and not credited or refunded) on such
15 fuel.

16 (2) LIABILITY FOR TAX AND METHOD OF PAY-
17 MENT.—

18 (A) LIABILITY FOR TAX.—The person
19 holding highway motor fuel on the tax restora-
20 tion date to which the tax imposed by para-
21 graph (1) applies shall be liable for such tax.

22 (B) METHOD OF PAYMENT.—The tax im-
23 posed by paragraph (1) shall be paid in such
24 manner as the Secretary shall prescribe.

1 (C) TIME FOR PAYMENT.—The tax im-
2 posed by paragraph (1) shall be paid on or be-
3 fore the 45th day after the tax restoration date.

4 (3) DEFINITIONS.—For purposes of this sub-
5 section—

6 (A) TAX RESTORATION DATE.—The term
7 “tax restoration date” means the first day after
8 the suspension period (as defined in section
9 4081(f) of the Internal Revenue Code of 1986).

10 (B) HIGHWAY MOTOR FUEL.—The term
11 “highway motor fuel” means any liquid on
12 which tax would have been imposed under sec-
13 tion 4081 of the Internal Revenue Code of 1986
14 during the suspension period in effect under
15 section 4081(f) of such Code but for the
16 amendments made by subsection (a).

17 (C) HELD BY A PERSON.—A highway
18 motor fuel shall be considered as held by a per-
19 son if title thereto has passed to such person
20 (whether or not delivery to the person has been
21 made).

22 (D) SECRETARY.—The term “Secretary”
23 means the Secretary of the Treasury or the
24 Secretary’s delegate.

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

6 (5) EXCEPTION FOR CERTAIN AMOUNTS OF
7 FUEL.—

8 (A) IN GENERAL.—No tax shall be im-
9 posed by paragraph (1) on any highway motor
10 fuel held on the tax restoration date by any per-
11 son if the aggregate amount of such highway
12 motor fuel held by such person on such date
13 does not exceed 2,000 gallons. The preceding
14 sentence shall apply only if such person submits
15 to the Secretary (at the time and in the manner
16 required by the Secretary) such information as
17 the Secretary shall require for purposes of this
18 subparagraph.

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

24 (C) CONTROLLED GROUPS.—For purposes
25 of this subsection—

1 (i) CORPORATIONS.—

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

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

14 (ii) NONINCORPORATED PERSONS
15 UNDER COMMON CONTROL.—Under regula-
16 tions prescribed by the Secretary, prin-
17 ciples similar to the principles of subpara-
18 graph (A) shall apply to a group of per-
19 sons under common control if 1 or more of
20 such persons is not a corporation.

21 (6) OTHER LAWS APPLICABLE.—All provisions
22 of law, including penalties, applicable with respect to
23 the taxes imposed by section 4081 of such Code
24 shall, insofar as applicable and not inconsistent with
25 the provisions of this subsection, apply with respect

1 to the floor stock taxes imposed by paragraph (1) to
2 the same extent as if such taxes were imposed by
3 such section.

4 **SEC. 4. SUSPENSION OF ROYALTY RELIEF.**

5 (a) NEW LEASES.—

6 (1) REQUIREMENT.—The Secretary of the Inte-
7 rior (referred to in this title as the “Secretary”)
8 shall suspend the application of any provision of
9 Federal law under which a person would otherwise
10 be provided relief from a requirement to pay a roy-
11 alty for the production of oil or natural gas from
12 Federal land (including submerged land) occurring
13 on or after the date of enactment of this Act during
14 a period in which—

15 (A) for the production of oil, the average
16 price of crude oil in the United States during
17 the 4-week period immediately preceding the
18 suspension is greater than \$35.86 per barrel;
19 and

20 (B) for the production of natural gas, the
21 average wellhead price of natural gas in the
22 United States during the 4-week period imme-
23 diately preceding the suspension is greater than
24 \$4.48 per 1,000 cubic feet.

1 (2) DETERMINATION OF AVERAGE PRICES.—

2 For purposes of paragraph (1), the Secretary shall
3 determine average prices, taking into consideration
4 the most recent data reported by the Energy Infor-
5 mation Administration.

6 (b) RENEGOTIATION OF EXISTING LEASES.—

7 (1) REQUIREMENT.—The Secretary shall, to
8 the maximum extent practicable, renegotiate each
9 lease authorizing production of oil or natural gas on
10 Federal land (including submerged land) issued by
11 the Secretary before the date of the enactment of
12 this Act as the Secretary determines to be necessary
13 to modify the terms of the lease to ensure that a
14 suspension of a requirement to pay royalties under
15 the lease does not apply to production described in
16 subsection (a)(1).

17 (2) FAILURE TO RENEGOTIATE AND MODIFY.—

18 (A) IN GENERAL.—Beginning on the date
19 that is 1 year after the date of enactment of
20 this Act, a lessee that does not renegotiate a
21 lease described in paragraph (1) in accordance
22 with that paragraph shall not be eligible to
23 enter into a new lease authorizing production of
24 oil or natural gas on Federal land (including
25 submerged land).

1 (B) TRANSFERS.—A lessee shall not be eli-
2 gible to obtain by sale or other transfer any
3 lease described in paragraph (1) issued before
4 the date of enactment of this Act, unless the
5 lessee—

6 (i) renegotiates the lease; and

7 (ii) enters into an agreement with the
8 Secretary to modify the terms of the lease
9 in accordance with paragraph (1).

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