

109TH CONGRESS
1ST SESSION

S. 1809

To amend the Internal Revenue Code of 1986 to impose a temporary windfall profit tax on crude oil and to use the proceeds of the tax collected to offset the cost of supplemental spending bills that are targeted to aid victims of Hurricanes Katrina and Rita, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 3, 2005

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to impose a temporary windfall profit tax on crude oil and to use the proceeds of the tax collected to offset the cost of supplemental spending bills that are targeted to aid victims of Hurricanes Katrina and Rita, 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 “Recapture Excess
5 Profits and Invest in Relief (REPAIR) Act of 2005”.

1 **SEC. 2. TEMPORARY 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—TEMPORARY WINDFALL**
 7 **PROFITS ON CRUDE OIL**

“Sec. 5896. Imposition of tax.

“Sec. 5897. Windfall profit; etc.

“Sec. 5898. Special rules and definitions.

8 **“SEC. 5896. IMPOSITION OF TAX.**

9 “(a) IN GENERAL.—In addition to any other tax im-
 10 posed under this title, there is hereby imposed on any ap-
 11 plicable taxpayer an excise tax in an amount equal to 50
 12 percent of the windfall profit of such taxpayer for any tax-
 13 able year beginning during 2005 or 2006.

14 “(b) APPLICABLE TAXPAYER.—For purposes of this
 15 chapter, the term ‘applicable taxpayer’ means, with re-
 16 spect to operations in the United States—

17 “(1) any integrated oil company (as defined in
 18 section 291(b)(4)), and

19 “(2) any other producer or refiner of crude oil
 20 with gross receipts from the sale of such crude oil
 21 or refined oil products for the taxable year exceeding
 22 \$100,000,000.

1 **“SEC. 5897. WINDFALL PROFIT; ETC.**

2 “(a) GENERAL RULE.—For purposes of this chapter,
3 the term ‘windfall profit’ means the excess of the adjusted
4 taxable income of the applicable taxpayer for the taxable
5 year over the reasonably inflated average profit for such
6 taxable year.

7 “(b) ADJUSTED TAXABLE INCOME.—For purposes of
8 this chapter, with respect to any applicable taxpayer, the
9 adjusted taxable income for any taxable year is equal to
10 the taxable income for such taxable year (within the mean-
11 ing of section 63 and determined without regard to this
12 subsection)—

13 “(1) increased by any interest expense deduc-
14 tion, charitable contribution deduction, and any net
15 operating loss deduction carried forward from any
16 prior taxable year, and

17 “(2) reduced by any interest income, dividend
18 income, and net operating losses to the extent such
19 losses exceed taxable income for the taxable year.

20 In the case of any applicable taxpayer which is a foreign
21 corporation, the adjusted taxable income shall be deter-
22 mined with respect to such income which is effectively con-
23 nected with the conduct of a trade or business in the
24 United States.

25 “(c) REASONABLY INFLATED AVERAGE PROFIT.—
26 For purposes of this chapter, with respect to any applica-

1 ble taxpayer, the reasonably inflated average profit for any
2 taxable year is an amount equal to the average of the ad-
3 justed taxable income of such taxpayer for taxable years
4 beginning during the 2000–2004 taxable year period (de-
5 termined without regard to the taxable year with the high-
6 est adjusted taxable income in such period) plus 10 per-
7 cent of such average.

8 **“SEC. 5898. SPECIAL RULES AND DEFINITIONS.**

9 “(a) WITHHOLDING AND DEPOSIT OF TAX.—The
10 Secretary shall provide such rules as are necessary for the
11 withholding and deposit of the tax imposed under section
12 5896.

13 “(b) RECORDS AND INFORMATION.—Each taxpayer
14 liable for tax under section 5896 shall keep such records,
15 make such returns, and furnish such information as the
16 Secretary may by regulations prescribe.

17 “(c) RETURN OF WINDFALL PROFIT TAX.—The Sec-
18 retary shall provide for the filing and the time of such
19 filing of the return of the tax imposed under section 5896.

20 “(d) CRUDE OIL.—The term ‘crude oil’ includes
21 crude oil condensates and natural gasoline.

22 “(e) BUSINESSES UNDER COMMON CONTROL.—For
23 purposes of this chapter, all members of the same con-
24 trolled group of corporations (within the meaning of sec-
25 tion 267(f)) and all persons under common control (within

1 the meaning of section 52(b) but determined by treating
 2 an interest of more than 50 percent as a controlling inter-
 3 est) shall be treated as 1 person.

4 “(f) REGULATIONS.—The Secretary shall prescribe
 5 such regulations as may be necessary or appropriate to
 6 carry out the purposes of this chapter.”.

7 (b) CLERICAL AMENDMENT.—The table of chapters
 8 for subtitle E of the Internal Revenue Code of 1986 is
 9 amended by adding at the end the following new item:

“CHAPTER 56. Temporary Windfall Profit on Crude Oil.”.

10 (c) DEDUCTIBILITY OF WINDFALL PROFIT TAX.—
 11 The first sentence of section 164(a) of the Internal Rev-
 12 enue Code of 1986 (relating to deduction for taxes) is
 13 amended by inserting after paragraph (5) the following
 14 new paragraph:

15 “(6) The windfall profit tax imposed by section
 16 5896.”.

17 (d) HURRICANE RELIEF TRUST FUND.—

18 (1) IN GENERAL.—Subchapter A of chapter 98
 19 of the Internal Revenue Code of 1986 (relating to
 20 trust fund code) is amended by adding at the end
 21 the following new section:

22 **“SEC. 9511. HURRICANE RELIEF TRUST FUND.**

23 “(a) ESTABLISHMENT.—There is established in the
 24 Treasury of the United States a trust fund to be known
 25 as the ‘Hurricane Relief Trust Fund’, consisting of such

1 amounts as may be appropriated or credited to such Fund
 2 as provided in this section or section 9602(b).

3 “(b) TRANSFERS TO FUND.—There are hereby ap-
 4 propriated to the Hurricane Relief Trust Fund amounts
 5 equivalent to the taxes received in the Treasury under sec-
 6 tion 5896.

7 “(c) EXPENDITURES.—Amounts in the Hurricane
 8 Relief Trust Fund shall be available, without further ap-
 9 propriation, to offset the supplemental spending bills that
 10 are targeted to aid victims of Hurricanes Katrina and Rita
 11 enacted after the date of the enactment of this section and
 12 before January 1, 2008. Any funds that have not been
 13 expended by December 31, 2008, shall be credited back
 14 to the General Fund as regular tax receipts.”.

15 (2) CLERICAL AMENDMENT.—The table of sec-
 16 tions for such subchapter is amended by adding at
 17 the end the following new item:

“Sec. 9511. Hurricane Relief Trust Fund.”.

18 (e) EFFECTIVE DATES.—

19 (1) IN GENERAL.—Except as provided in para-
 20 graph (2), the amendments made by this section
 21 shall apply to taxable years beginning in 2005 and
 22 2006.

1 (2) SUBSECTION (c).—The amendments made
2 by subsection (d) shall take effect on the date of the
3 enactment of this Act.

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