

109TH CONGRESS  
2D SESSION

# S. 2636

To provide an immediate Federal income tax rebate to help taxpayers with higher fuel costs, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 25, 2006

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

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## A BILL

To provide an immediate Federal income tax rebate to help taxpayers with higher fuel costs, 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 “Oil Company  
5       Accountability Act”.

6       **SEC. 2. ENERGY TAX REBATE.**

7       (a) IN GENERAL.—Subchapter B of chapter 65 of the  
8       Internal Revenue Code of 1986 (relating to rules of special  
9       application in the case of abatements, credits, and re-

1 funds) is amended by adding at the end the following new  
 2 section:

3 **“SEC. 6430. ENERGY TAX REBATE.**

4       “(a) GENERAL RULE.—Except as otherwise provided  
 5 in this section, each individual shall be treated as having  
 6 made a payment against the tax imposed by chapter 1 for  
 7 the taxable year beginning in 2006 in an amount equal  
 8 to \$500.

9       “(b) REMITTANCE OF PAYMENT.—The Secretary  
 10 shall remit to each taxpayer the payment described in sub-  
 11 section (a) not later than 30 days after the date of the  
 12 enactment of this section.

13       “(c) CERTAIN PERSONS NOT ELIGIBLE.—This sec-  
 14 tion shall not apply to—

15               “(1) any individual who did not have any ad-  
 16 justed gross income for the preceding taxable year or  
 17 whose adjusted gross income for such preceding tax-  
 18 able year exceeded \$120,000,

19               “(2) any individual with respect to whom a de-  
 20 duction under section 151 is allowable to another  
 21 taxpayer for the taxable year beginning in 2006,

22               “(3) any estate or trust, or

23               “(4) any nonresident alien individual.”.

24       (b) CONFORMING AMENDMENT.—Section 1324(b)(2)  
 25 of title 31, United States Code, is amended by inserting

1 before the period “, or enacted by the Oil Company  
2 Accountability Act”.

3 (c) CLERICAL AMENDMENT.—The table of sections  
4 for subchapter B of chapter 65 of the Internal Revenue  
5 Code of 1986 is amended by adding at the end the fol-  
6 lowing new item:

“Sec. 6430. Energy tax rebate.”.

7 (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall take effect on the date of the enactment  
9 of this Act.

10 **SEC. 3. REVALUATION OF LIFO INVENTORIES OF LARGE IN-**  
11 **TEGRATED OIL COMPANIES.**

12 (a) GENERAL RULE.—Notwithstanding any other  
13 provision of law, if a taxpayer is an applicable integrated  
14 oil company for its last taxable year ending in calendar  
15 year 2005, the taxpayer shall—

16 (1) increase, effective as of the close of such  
17 taxable year, the value of each historic LIFO layer  
18 of inventories of crude oil, natural gas, or any other  
19 petroleum product (within the meaning of section  
20 4611) by the layer adjustment amount, and

21 (2) decrease its cost of goods sold for such tax-  
22 able year by the aggregate amount of the increases  
23 under paragraph (1).

24 If the aggregate amount of the increases under paragraph  
25 (1) exceed the taxpayer’s cost of goods sold for such tax-

1 able year, the taxpayer's gross income for such taxable  
 2 year shall be increased by the amount of such excess.

3 (b) LAYER ADJUSTMENT AMOUNT.—For purposes of  
 4 this section—

5 (1) IN GENERAL.—The term “layer adjustment  
 6 amount” means, with respect to any historic LIFO  
 7 layer, the product of—

8 (A) \$18.75, and

9 (B) the number of barrels of crude oil (or  
 10 in the case of natural gas or other petroleum  
 11 products, the number of barrel-of-oil equiva-  
 12 lents) represented by the layer.

13 (2) BARREL-OF-OIL EQUIVALENT.—The term  
 14 “barrel-of-oil equivalent” has the meaning given  
 15 such term by section 29(d)(5) (as in effect before its  
 16 redesignation by the Energy Tax Incentives Act of  
 17 2005).

18 (c) APPLICATION OF REQUIREMENT.—

19 (1) NO CHANGE IN METHOD OF ACCOUNTING.—  
 20 Any adjustment required by this section shall not be  
 21 treated as a change in method of accounting.

22 (2) UNDERPAYMENTS OF ESTIMATED TAX.—No  
 23 addition to the tax shall be made under section 6655  
 24 of the Internal Revenue Code of 1986 (relating to  
 25 failure by corporation to pay estimated tax) with re-

1       spect to any underpayment of an installment re-  
 2       quired to be paid with respect to the taxable year  
 3       described in subsection (a) to the extent such under-  
 4       payment was created or increased by this section.

5       (d) APPLICABLE INTEGRATED OIL COMPANY.—For  
 6       purposes of this section, the term “applicable integrated  
 7       oil company” means an integrated oil company (as defined  
 8       in section 291(b)(4) of the Internal Revenue Code of  
 9       1986) which has an average daily worldwide production  
 10      of crude oil of at least 500,000 barrels for the taxable  
 11      year and which had gross receipts in excess of  
 12      \$1,000,000,000 for its last taxable year ending during cal-  
 13      endar year 2005. For purposes of this subsection all per-  
 14      sons treated as a single employer under subsections (a)  
 15      and (b) of section 52 of the Internal Revenue Code of  
 16      1986 shall be treated as 1 person and, in the case of a  
 17      short taxable year, the rule under section 448(c)(3)(B)  
 18      shall apply.

19   **SEC. 4. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**  
 20                   **APPLICABLE TO LARGE INTEGRATED OIL**  
 21                   **COMPANIES WHICH ARE DUAL CAPACITY**  
 22                   **TAXPAYERS.**

23      (a) IN GENERAL.—Section 901 of the Internal Rev-  
 24      enue Code of 1986 (relating to credit for taxes of foreign  
 25      countries and of possessions of the United States) is

1 amended by redesignating subsection (m) as subsection  
 2 (n) and by inserting after subsection (l) the following new  
 3 subsection:

4 “(m) SPECIAL RULES RELATING TO LARGE INTE-  
 5 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY  
 6 TAXPAYERS.—

7 “(1) GENERAL RULE.—Notwithstanding any  
 8 other provision of this chapter, any amount paid or  
 9 accrued by a dual capacity taxpayer which is a large  
 10 integrated oil company to a foreign country or pos-  
 11 session of the United States for any period shall not  
 12 be considered a tax—

13 “(A) if, for such period, the foreign coun-  
 14 try or possession does not impose a generally  
 15 applicable income tax, or

16 “(B) to the extent such amount exceeds  
 17 the amount (determined in accordance with reg-  
 18 ulations) which—

19 “(i) is paid by such dual capacity tax-  
 20 payer pursuant to the generally applicable  
 21 income tax imposed by the country or pos-  
 22 session, or

23 “(ii) would be paid if the generally ap-  
 24 plicable income tax imposed by the country

1                   or possession were applicable to such dual  
2                   capacity taxpayer.

3                   Nothing in this paragraph shall be construed to  
4                   imply the proper treatment of any such amount  
5                   not in excess of the amount determined under  
6                   subparagraph (B).

7                   “(2) DUAL CAPACITY TAXPAYER.—For pur-  
8                   poses of this subsection, the term ‘dual capacity tax-  
9                   payer’ means, with respect to any foreign country or  
10                  possession of the United States, a person who—

11                   “(A) is subject to a levy of such country or  
12                  possession, and

13                   “(B) receives (or will receive) directly or  
14                  indirectly a specific economic benefit (as deter-  
15                  mined in accordance with regulations) from  
16                  such country or possession.

17                  “(3) GENERALLY APPLICABLE INCOME TAX.—  
18                  For purposes of this subsection—

19                   “(A) IN GENERAL.—The term ‘generally  
20                  applicable income tax’ means an income tax (or  
21                  a series of income taxes) which is generally im-  
22                  posed under the laws of a foreign country or  
23                  possession on income derived from the conduct  
24                  of a trade or business within such country or  
25                  possession.

1           “(B) EXCEPTIONS.—Such term shall not  
2           include a tax unless it has substantial applica-  
3           tion, by its terms and in practice, to—

4                   “(i) persons who are not dual capacity  
5                   taxpayers, and

6                   “(ii) persons who are citizens or resi-  
7                   dents of the foreign country or possession.

8           “(4) LARGE INTEGRATED OIL COMPANY.—For  
9           purposes of this subsection, the term ‘large inte-  
10          grated oil company’ means, with respect to any tax-  
11          able year, an integrated oil company (as defined in  
12          section 291(b)(4)) which—

13                   “(A) had gross receipts in excess of  
14                   \$1,000,000,000 for such taxable year, and

15                   “(B) has an average daily worldwide pro-  
16                   duction of crude oil of at least 500,000 barrels  
17                   for such taxable year.”

18          (b) EFFECTIVE DATE.—

19                   (1) IN GENERAL.—The amendments made by  
20                   this section shall apply to taxes paid or accrued in  
21                   taxable years beginning after the date of the enact-  
22                   ment of this Act.

23                   (2) CONTRARY TREATY OBLIGATIONS  
24                   UPHELD.—The amendments made by this section



- 1 shall not apply to the extent contrary to any treaty
- 2 obligation of the United States.

