

110TH CONGRESS
1ST SESSION

H. R. 2372

To amend the Internal Revenue Code of 1986 to impose a temporary windfall profit tax on crude oil, to make the revenues from such tax available for investments in renewable energy and energy efficiency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2007

Ms. DELAURO (for herself, Ms. KAPTUR, Mr. COHEN, and Mr. FATTAH) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget and Rules, 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 impose a temporary windfall profit tax on crude oil, to make the revenues from such tax available for investments in renewable energy and energy efficiency, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Windfall Energy Alter-
3 natives for the Nation (WEAN) Off of Oil Act of 2007”
4 or the “WEAN Off of Oil Act of 2007”.

5 **SEC. 2. WINDFALL PROFITS TAX.**

6 (a) IN GENERAL.—Subtitle E of the Internal Rev-
7 enue Code of 1986 (relating to alcohol, tobacco, and cer-
8 tain other excise taxes) is amended by adding at the end
9 thereof the following new chapter:

10 **“CHAPTER 56—WINDFALL PROFITS ON**
11 **CRUDE OIL**

“Sec. 5896. Imposition of tax.

“Sec. 5897. Windfall profit; removal price; adjusted base price; qualified invest-
ment.

“Sec. 5898. Special rules and definitions.

12 **“SEC. 5896. IMPOSITION OF TAX.**

13 “(a) IN GENERAL.—In addition to any other tax im-
14 posed under this title, there is hereby imposed on any
15 major integrated oil company (as defined in section
16 167(h)(5)(B)) an excise tax equal to the excess of—

17 “(1) the amount equal to 50 percent of the
18 windfall profit from all barrels of taxable crude oil
19 removed from the property during each taxable year,
20 over

21 “(2) the amount of qualified investment by such
22 company during such taxable year.

1 “(3) OIL REMOVED FROM PROPERTY BEFORE
2 SALE.—If crude oil is removed from the property be-
3 fore it is sold, the removal price shall be the con-
4 structive sales price for purposes of determining
5 gross income from the property under section 613.

6 “(4) REFINING BEGUN ON PROPERTY.—If the
7 manufacture or conversion of crude oil into refined
8 products begins before such oil is removed from the
9 property—

10 “(A) such oil shall be treated as removed
11 on the day such manufacture or conversion be-
12 gins, and

13 “(B) the removal price shall be the con-
14 structive sales price for purposes of determining
15 gross income from the property under section
16 613.

17 “(5) PROPERTY.—The term ‘property’ has the
18 meaning given such term by section 614.

19 “(c) ADJUSTED BASE PRICE DEFINED.—

20 “(1) IN GENERAL.—For purposes of this chap-
21 ter, the term ‘adjusted base price’ means \$50 for
22 each barrel of taxable crude oil plus an amount
23 equal to—

24 “(A) such base price, multiplied by

1 “(B) the inflation adjustment for the cal-
2 endar year in which the taxable crude oil is re-
3 moved from the property.

4 The amount determined under the preceding sen-
5 tence shall be rounded to the nearest cent.

6 “(2) INFLATION ADJUSTMENT.—

7 “(A) IN GENERAL.—For purposes of para-
8 graph (1), the inflation adjustment for any cal-
9 endar year after 2008 is the percentage by
10 which—

11 “(i) the implicit price deflator for the
12 gross national product for the preceding
13 calendar year, exceeds

14 “(ii) such deflator for the calendar
15 year ending December 31, 2007.

16 “(B) FIRST REVISION OF PRICE DEFLATOR
17 USED.—For purposes of subparagraph (A), the
18 first revision of the price deflator shall be used.

19 “(d) QUALIFIED INVESTMENT.—For purposes of this
20 chapter—

21 “(1) IN GENERAL.—The term ‘qualified invest-
22 ment’ means any amount paid or incurred with re-
23 spect to—

24 “(A) section 263(c) costs,

1 “(B) qualified refinery property (as defined
2 in section 179C(c) and determined without re-
3 gard to any termination date),

4 “(C) any qualified facility described in
5 paragraph (1), (2), (3), or (4) of section 45(d)
6 (determined without regard to any placed in
7 service date), and

8 “(D) any facility for the production of al-
9 cohol used as a fuel (within the meaning of sec-
10 tion 40) or biodiesel or agri-biodiesel used as a
11 fuel (within the meaning of section 40A).

12 “(2) SECTION 263(c) COSTS.—For purposes of
13 this subsection, the term ‘section 263(c) costs’
14 means intangible drilling and development costs in-
15 curred by the taxpayer which (by reason of an elec-
16 tion under section 263(c)) may be deducted as ex-
17 penses for purposes of this title (other than this
18 paragraph). Such term shall not include costs in-
19 curred in drilling a nonproductive well.

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

21 “(a) WITHHOLDING AND DEPOSIT OF TAX.—The
22 Secretary shall provide such rules as are necessary for the
23 withholding and deposit of the tax imposed under section
24 5896 on any taxable crude oil.

1 “(b) RECORDS AND INFORMATION.—Each taxpayer
2 liable for tax under section 5896 shall keep such records,
3 make such returns, and furnish such information (to the
4 Secretary and to other persons having an interest in the
5 taxable crude oil) with respect to such oil as the Secretary
6 may by regulations prescribe.

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

10 “(d) DEFINITIONS.—For purposes of this chapter—

11 “(1) PRODUCER.—The term ‘producer’ means
12 the holder of the economic interest with respect to
13 the crude oil.

14 “(2) CRUDE OIL.—

15 “(A) IN GENERAL.—The term ‘crude oil’
16 includes crude oil condensates and natural gas-
17 oline.

18 “(B) EXCLUSION OF NEWLY DISCOVERED
19 OIL.—Such term shall not include any oil pro-
20 duced from a well drilled after the date of the
21 enactment of the WEAN Off of Oil Act of
22 2007, except with respect to any oil produced
23 from a well drilled after such date on any prov-
24 en oil or gas property (within the meaning of
25 section 613A(c)(9)(A)).

1 “(3) BARREL.—The term ‘barrel’ means 42
2 United States gallons.

3 “(e) ADJUSTMENT OF REMOVAL PRICE.—In deter-
4 mining the removal price of oil from a property in the case
5 of any transaction, the Secretary may adjust the removal
6 price to reflect clearly the fair market value of oil removed.

7 “(f) REGULATIONS.—The Secretary shall prescribe
8 such regulations as may be necessary or appropriate to
9 carry out the purposes of this chapter.

10 “(g) TERMINATION.—This section shall not apply to
11 taxable crude oil removed after the date which is 3 years
12 after the date of the enactment of this section.”.

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

 “CHAPTER 56. WINDFALL PROFIT ON CRUDE OIL.”.

16 (c) DEDUCTIBILITY OF WINDFALL PROFIT TAX.—
17 The first sentence of section 164(a) of the Internal Rev-
18 enue Code of 1986 (relating to deduction for taxes) is
19 amended by inserting after paragraph (5) the following
20 new paragraph:

21 “(6) The windfall profit tax imposed by section
22 5896.”.

23 (d) EFFECTIVE DATE.—

24 (1) IN GENERAL.—The amendments made by
25 this section shall apply to crude oil removed after

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

3 (2) TRANSITIONAL RULES.—For the period
4 ending December 31, 2007, the Secretary of the
5 Treasury or the Secretary’s delegate shall prescribe
6 rules relating to the administration of chapter 56 of
7 the Internal Revenue Code of 1986. To the extent
8 provided in such rules, such rules shall supplement
9 or supplant for such period the administrative provi-
10 sions contained in chapter 56 of such Code (or in so
11 much of subtitle F of such Code as relates to such
12 chapter 56).

13 **SEC. 3. STRATEGIC ENERGY EFFICIENCY AND RENEW-**
14 **ABLES RESERVE FOR INVESTMENTS IN RE-**
15 **NEWABLE ENERGY AND ENERGY EFFI-**
16 **CIENCY.**

17 (a) IN GENERAL.—For budgetary purposes, the addi-
18 tional Federal receipts by reason of the enactment of this
19 Act shall be held in a separate account to be known as
20 the “Strategic Energy Efficiency and Renewables Re-
21 serve”. The Strategic Energy Efficiency and Renewables
22 Reserve shall be available to offset the cost of subsequent
23 legislation—

24 (1) to accelerate the use of clean domestic re-
25 newable energy resources and alternative fuels;

1 (2) to promote the utilization of energy-efficient
2 products and practices and conservation; and

3 (3) to increase research, development, and de-
4 ployment of clean renewable energy and efficiency
5 technologies.

6 (b) PROCEDURE FOR ADJUSTMENTS.—

7 (1) BUDGET COMMITTEE CHAIRMAN.—After the
8 reporting of a bill or joint resolution, or the offering
9 of an amendment thereto or the submission of a con-
10 ference report thereon, providing funding for the
11 purposes set forth in subsection (a) in excess of the
12 amounts provided for those purposes for fiscal year
13 2007, the chairman of the Committee on the Budget
14 of the applicable House of Congress shall make the
15 adjustments set forth in paragraph (2) for the
16 amount of new budget authority and outlays in that
17 measure and the outlays flowing from that budget
18 authority.

19 (2) MATTERS TO BE ADJUSTED.—The adjust-
20 ments referred to in paragraph (1) are to be made
21 to—

22 (A) the discretionary spending limits, if
23 any, set forth in the appropriate concurrent res-
24 olution on the budget;

1 (B) the allocations made pursuant to the
2 appropriate concurrent resolution on the budget
3 pursuant to section 302(a) of the Congressional
4 Budget Act of 1974; and

5 (C) the budget aggregates contained in the
6 appropriate concurrent resolution on the budget
7 as required by section 301(a) of the Congres-
8 sional Budget Act of 1974.

9 (3) AMOUNTS OF ADJUSTMENTS.—The adjust-
10 ments referred to in paragraphs (1) and (2) shall
11 not exceed the receipts estimated by the Congres-
12 sional Budget Office that are attributable to this Act
13 for the fiscal year in which the adjustments are
14 made.

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