

114TH CONGRESS
1ST SESSION

H. R. 309

To amend the Internal Revenue Code of 1986 to provide for repealing the gas tax and establishing a carbon tax on highway fuels, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 2015

Mr. HUFFMAN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, 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 provide for repealing the gas tax and establishing a carbon tax on highway fuels, 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 “Gas Tax Replacement
5 Act of 2015”.

1 **SEC. 2. REPEAL OF EXCISE TAX ON GASOLINE AND DIESEL**
2 **FUEL.**

3 (a) **MANUFACTURERS TAX.**—Section 4081(a)(2)(A)
4 of the Internal Revenue Code of 1986 is amended—

5 (1) in clause (i) by striking “18.3 cents per gal-
6 lon” and inserting “0 cents per gallon”, and

7 (2) in clause (ii) by striking “24.3 cents per
8 gallon” and inserting “0 cents per gallon”.

9 (b) **RETAIL TAX.**—Section 4041(a) of the Internal
10 Revenue Code of 1986 is amended by striking paragraph
11 (1).

12 (c) **CONFORMING AMENDMENTS.**—

13 (1) Section 4081 of the Internal Revenue Code
14 of 1986 is amended—

15 (A) in subsection (a)(2) by striking sub-
16 paragraph (D),

17 (B) by striking subsection (c), and

18 (C) in subsection (d) by striking paragraph
19 (1).

20 (2) Section 4041 of the Internal Revenue Code
21 of 1986 is amended—

22 (A) by amending the heading of subsection
23 (a) to read as follows: “**SPECIAL MOTOR**
24 **FUELS**”, and

25 (B) in subsection (a)(2)(B)(i) by striking
26 “the rate of tax specified in section

1 4081(a)(2)(A)(i) which is in effect at the time
 2 of such sale or use,” and inserting “18.3 cents
 3 per gallon”.

4 (d) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to fuel sold or used after December
 6 31, 2016.

7 **SEC. 3. CARBON TAX ON HIGHWAY FUELS.**

8 (a) IN GENERAL.—Paragraph (1) of section 4611(c)
 9 of the Internal Revenue Code of 1986 is amended by strik-
 10 ing “and” at the end of subparagraph (A), by striking
 11 the period at the end of subparagraph (B) and inserting
 12 “, and”, and by inserting after subparagraph (B) the fol-
 13 lowing new subparagraph:

14 “(C) the carbon dioxide equivalent rate.”.

15 (b) RATES.—

16 (1) IN GENERAL.—Paragraph (2) of section
 17 4611(c) of the Internal Revenue Code of 1986 is
 18 amended by striking “and” at the end of subpara-
 19 graph (A), by striking the period at the end of sub-
 20 paragraph (B) and inserting “, and”, and by insert-
 21 ing after subparagraph (B) the following new sub-
 22 paragraph:

23 “(C) the carbon dioxide equivalent rate
 24 is—

1 “(i) \$50 per metric ton (or portion
2 thereof) of total life-cycle emissions of car-
3 bon dioxide, and

4 “(ii) an equivalent amount per metric
5 ton (or portion thereof) of total life-cycle
6 emissions of any other greenhouse gas de-
7 termined on a ratio of the amount such
8 other greenhouse gas per metric ton as the
9 amount of carbon dioxide per metric ton,
10 in the crude oil or petroleum product (as the
11 case may be) subject to tax under subsection
12 (a) which is to be refined into gasoline or diesel
13 fuel.

14 For purposes of subparagraph (C), total life-cycle
15 emissions of carbon dioxide and other greenhouse
16 gases shall be determined by the Administrator of
17 the Environmental Protection Agency pursuant to
18 section 4 of the Gas Tax Replacement Act of
19 2015.”.

20 (2) ADJUSTMENT FOR INFLATION.—Section
21 4611(c) of the Internal Revenue Code of 1986 is
22 amended by adding at the end the following:

23 “(3) CARBON DIOXIDE EQUIVALENT RATE IN-
24 FLATION ADJUSTMENT.—

1 “(A) IN GENERAL.—In the case of any cal-
 2 endar year after 2015, the dollar amount in
 3 paragraph (2)(C) shall be increased by an
 4 amount equal to—

5 “(i) such dollar amount, multiplied by

6 “(ii) the cost-of-living adjustment de-
 7 termined under section 1(f)(3) for the cal-
 8 endar year, determined by substituting
 9 “calendar year 2014” for “calendar year
 10 1992” in subparagraph (B) thereof.

11 “(B) ROUNDING.—If any amount as in-
 12 creased under subparagraph (A) is not a mul-
 13 tiple of \$1, such amount shall be rounded to the
 14 nearest multiple of \$1.”.

15 (c) ALTERNATIVE FUELS PRODUCER EXCISE TAX.—

16 (1) IN GENERAL.—Subchapter A of chapter 38
 17 of the Internal Revenue Code of 1986 is amended by
 18 inserting after section 4611 the following:

19 **“SEC. 4611A. CERTAIN ALTERNATIVE FUELS.**

20 “(a) GENERAL RULE.—There is hereby imposed a
 21 tax at the rate specified in subsection (b) on—

22 “(1) methanol, ethanol, and biodiesel produced
 23 in the United States by the producer thereof, and

1 “(2) methanol, ethanol, and biodiesel, and any
2 blended product thereof, entered into the United
3 States for consumption, use, or warehousing.

4 “(b) RATE OF TAX.—The rate of the tax imposed by
5 this section is—

6 “(1) \$50 per metric ton (or portion thereof) of
7 total life-cycle emissions of carbon dioxide, and

8 “(2) an equivalent amount per metric ton (or
9 portion thereof) of total life-cycle emissions of any
10 other greenhouse gas determined on a ratio of the
11 amount such other greenhouse gas per metric ton as
12 the amount of carbon dioxide per metric ton,

13 in methanol, ethanol, and biodiesel, and any blended prod-
14 uct thereof, produced or entered into in the United States.

15 For purposes of the preceding sentence, total life-cycle
16 emissions of carbon dioxide and other greenhouse gases
17 shall be determined by the Administrator of the Environ-
18 mental Protection Agency pursuant to section 4 of the Gas
19 Tax Replacement Act of 2015.

20 “(c) PERSONS LIABLE FOR TAX.—

21 “(1) UNITED STATES PRODUCTION.—The tax
22 imposed by subsection (a)(1) shall be paid by the
23 producer of the product on which such tax is im-
24 posed.

1 “(2) IMPORTED PRODUCTS.—The tax imposed
2 by subsection (a)(2) shall be paid by the person en-
3 tering the product for consumption, use, or
4 warehousing.”.

5 (2) CLERICAL AMENDMENT.—The table of sec-
6 tions for subchapter A of chapter 38 of the Internal
7 Revenue Code of 1986 is amended by inserting after
8 the item relating to section 4611 the following new
9 item:

“Sec. 4611A. Certain alternative fuels.”.

10 (d) CREDITS AND PAYMENTS FOR NONTAXABLE
11 USES.—

12 (1) GASOLINE USED ON FARMS.—Section 6420
13 of the Internal Revenue Code of 1986 is amended by
14 inserting after subsection (g) the following:

15 “(h) SPECIAL RULE FOR CARBON DIOXIDE EQUIVA-
16 LENT RATE OF TAX.—For purposes of this section, a gal-
17 lon of gasoline refined from a barrel of crude oil or petro-
18 leum product on which tax was imposed under section
19 4611 at the carbon dioxide equivalent rate under sub-
20 section (c)(1)(C) thereof and used for a purpose described
21 in subsection (a)—

22 “(1) shall be treated as a gallon of gasoline to
23 which this section applies, and

24 “(2) the rate at which tax was imposed under
25 section 4611 with respect to such gallon shall be the

1 same fraction of so much of the tax imposed under
 2 section 4611 as is attributable to subsection
 3 (c)(1)(C) thereof on such barrel as the fraction of
 4 such gallon of gas is of the whole barrel.”.

5 (2) GASOLINE USED FOR CERTAIN NON-
 6 HIGHWAY PURPOSES, ETC.—Section 6421 of the In-
 7 ternal Revenue Code of 1986 is amended by redesign-
 8 ating subsection (j) as subsection (k) and by insert-
 9 ing after subsection (i) the following:

10 “(j) SPECIAL RULE FOR CARBON DIOXIDE EQUIVA-
 11 LENT RATE OF TAX.—For purposes of this section, in the
 12 case of a gallon of gasoline refined from a barrel of crude
 13 oil or petroleum product on which tax was imposed under
 14 section 4611 at the carbon dioxide equivalent rate under
 15 subsection (c)(1)(C) thereof—

16 “(1) if such gallon is used for a purpose de-
 17 scribed in subsection (a) or (b) or is sold for a pur-
 18 pose described in subsection (c), such gallon shall be
 19 treated as a gallon of gasoline to which this section
 20 applies, and

21 “(2) the rate at which tax was imposed under
 22 section 4611 with respect to such gallon shall be the
 23 same fraction of so much of the tax imposed under
 24 section 4611 as is attributable to subsection

1 (c)(1)(C) thereof on such barrel as the fraction of
2 such gallon of gas is of the whole barrel.”.

3 (3) CREDIT FOR ALCOHOL FUEL, BIODIESEL,
4 AND ALTERNATIVE FUEL MIXTURES.—Section
5 6426(a) of the Internal Revenue Code of 1986 is
6 amended by striking “and” at the end of paragraph
7 (1), by striking the period at the end of paragraph
8 (2) and inserting a comma, and by inserting after
9 paragraph (2) the following:

10 “(3) against so much of the tax imposed by sec-
11 tion 4611 as is attributable to the carbon dioxide
12 equivalent rate of tax under subsection (c)(1)(C) an
13 amount equal to the credit described in subsection
14 (c), determined on the same fraction of the amount
15 of such tax as the number of gallons of diesel used
16 by the taxpayer in producing any biodiesel mixture
17 for sale or use in a trade or business of the tax-
18 payer, and

19 “(4) against the tax imposed by section 4611A
20 an amount equal to the sum of the credits described
21 in subsections (b), (c), and (e), determined on the
22 same fraction of the amount of such tax as the num-
23 ber of gallons of alcohol, biodiesel, or alternative fuel
24 used by the taxpayer in producing any fuel mixture
25 of taxable fuel.”.

1 (4) FUELS NOT USED FOR TAXABLE PUR-
2 POSES.—Section 6427 of the Internal Revenue Code
3 of 1986 is amended by redesignating subsection (p)
4 as subsection (q) and by inserting after subsection
5 (o) the following:

6 “(p) SPECIAL RULE FOR CARBON DIOXIDE EQUIVA-
7 LENT RATE.—For purposes of this section, in the case of
8 a gallon of fuel refined from a barrel of crude oil or petro-
9 leum product on which tax was imposed under section
10 4611 at the carbon dioxide equivalent rate of tax under
11 subsection (c)(1)(C) thereof, or produced from methanol,
12 ethanol, or biodiesel on which tax was imposed under sec-
13 tion 4611A, if the sale or use of such fuel would give rise
14 to a payment under this section but for the fact that such
15 fuel was taxed under section 4611 or 4611A and not sec-
16 tion 4041 or 4081—

17 “(1) this section shall be applied as if such fuel
18 had been taxed under section 4041 or 4081, and

19 “(2) the rate at which tax was imposed under
20 section 4611 or 4611A with respect to such fuel
21 shall be—

22 “(A) in the case of tax imposed under sec-
23 tion 4611(c)(1)(C), the same fraction of such
24 tax on such barrel as the fraction of a gallon
25 of such fuel is of the whole barrel, and

1 “(B) in the case of tax imposed under sec-
2 tion 4611A, the same fraction of the amount of
3 such tax as the amount of fuel giving rise to a
4 payment under this section.”.

5 (e) EFFECTIVE DATE.—The amendments made by
6 this section shall take effect on January 1, 2015.

7 **SEC. 4. LIFE-CYCLE EMISSIONS.**

8 (a) CARBON DIOXIDE EMISSIONS REPORT.—Not
9 later than the first January 1st occurring at least 1 year
10 after the date of enactment of this Act, the Administrator
11 shall transmit to the Internal Revenue Service and make
12 public a report on the total life-cycle emissions of carbon
13 dioxide for each covered transportation fuel, expressed in
14 tons of carbon dioxide emissions per barrel of fuel or an
15 appropriate alternate measure. Such report shall take into
16 account the differences in carbon dioxide emissions per
17 barrel of fuel across different regions and countries due
18 to means of resource extraction and production, transpor-
19 tation, and other factors, with each covered transportation
20 fuel being as regionally specific as determined by the Ad-
21 ministrator.

22 (b) ADDITION OF COVERED TRANSPORTATION
23 FUEL.—The Administrator shall—

24 (1) from time to time determine which trans-
25 portation fuels have achieved a sufficient share of

1 the on-road transportation fuel market to warrant
2 being considered a covered transportation fuel, and

3 (2) update the report transmitted under sub-
4 section (a), and transmit such updated report to
5 Congress, with the specifications on the total life-
6 cycle emissions of carbon dioxide and other green-
7 house gases for each fuel newly determined under
8 paragraph (1) to be considered a covered transpor-
9 tation fuel.

10 (c) DEFINITIONS.—In this section:

11 (1) ADMINISTRATOR.—The term “Adminis-
12 trator” means the Administrator of the Environ-
13 mental Protection Agency.

14 (2) BIOFUEL.—The term “biofuel” means the
15 biofuel component of a transportation fuel.

16 (3) COVERED TRANSPORTATION FUEL.—The
17 term “covered transportation fuel” means gasoline,
18 diesel fuel, biofuel, and any other fuel the Adminis-
19 trator determines has achieved a sufficient share of
20 the on-road transportation fuel market to warrant
21 regulation under this section.

22 (4) GREENHOUSE GAS.—The term “greenhouse
23 gas” has the same meaning given the term in sec-
24 tion 211(o)(1) of the Clean Air Act (42 U.S.C.
25 7545(o)(1)).

1 (5) LIFE-CYCLE EMISSIONS.—The term “life-
2 cycle emissions” means emissions from all activities
3 included in the production, transport, storage, and
4 use of a fuel, including land use changes, means of
5 resource extraction and production, transportation
6 systems, and leakages.

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