

115TH CONGRESS
2D SESSION

H. R. 7375

To eliminate certain tax breaks and benefits and use the savings for investment in affordable housing for extremely low- and very low-income families, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 2018

Ms. JONES of Michigan (for herself and Mrs. LAWRENCE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Natural Resources, Financial Services, and the Budget, 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 eliminate certain tax breaks and benefits and use the savings for investment in affordable housing for extremely low- and very low-income families, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Stronger, Healthier Environment for Low-Income Ten-

1 ants and Economic Renewal Act of 2018” or the “SHEL-
2 TER Act of 2018”.

3 (b) TABLE OF CONTENTS.—The table of contents for
4 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—ELIMINATING FOSSIL FUEL TAX BREAKS

Sec. 101. Modifications of foreign tax credit rules applicable to major inte-
grated oil companies which are dual capacity taxpayers.

Sec. 102. Limitation on deduction for intangible drilling and development costs;
amortization of disallowed amounts.

Sec. 103. Limitation on percentage depletion allowance for oil and gas wells.

Sec. 104. Limitation on deduction for tertiary injectants.

Sec. 105. Modification of definition of major integrated oil company.

TITLE II—OUTER CONTINENTAL SHELF OIL AND NATURAL GAS

Sec. 201. Repeal of outer Continental Shelf deep water and deep gas royalty
relief.

TITLE III—INVESTMENT IN AFFORDABLE HOUSING

Sec. 301. Use of savings for Housing Trust Fund investment.

Sec. 302. Treatment of area median incomes and income ceilings.

TITLE IV—BUDGETARY EFFECTS

Sec. 401. Compliance with Pay-Go.

5 **TITLE I—ELIMINATING FOSSIL** 6 **FUEL TAX BREAKS**

7 **SEC. 101. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**

8 **APPLICABLE TO MAJOR INTEGRATED OIL** 9 **COMPANIES WHICH ARE DUAL CAPACITY** 10 **TAXPAYERS.**

11 (a) IN GENERAL.—Section 901 of the Internal Rev-
12 enue Code of 1986 is amended by redesignating subsection
13 (n) as subsection (o) and by inserting after subsection (m)
14 the following new subsection:

1 “(n) SPECIAL RULES RELATING TO MAJOR INTE-
2 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
3 TAXPAYERS.—

4 “(1) GENERAL RULE.—Notwithstanding any
5 other provision of this chapter, any amount paid or
6 accrued by a dual capacity taxpayer which is a
7 major integrated oil company (within the meaning of
8 section 167(h)(5)) to a foreign country or possession
9 of the United States for any period shall not be con-
10 sidered a tax—

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

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

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

21 “(ii) would be paid if the generally ap-
22 plicable income tax imposed by the country
23 or possession were applicable to such dual
24 capacity taxpayer.

1 Nothing in this paragraph shall be construed to
2 imply the proper treatment of any such amount not
3 in excess of the amount determined under subpara-
4 graph (B).

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

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

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

15 “(3) GENERALLY APPLICABLE INCOME TAX.—
16 For purposes of this subsection—

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

9 (b) EFFECTIVE DATE.—

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

14 (2) CONTRARY TREATY OBLIGATIONS
15 UPHELD.—The amendments made by this section
16 shall not apply to the extent contrary to any treaty
17 obligation of the United States.

18 **SEC. 102. LIMITATION ON DEDUCTION FOR INTANGIBLE**
19 **DRILLING AND DEVELOPMENT COSTS; AMOR-**
20 **TIZATION OF DISALLOWED AMOUNTS.**

21 (a) IN GENERAL.—Section 263(c) of the Internal
22 Revenue Code of 1986 is amended to read as follows:

23 “(c) INTANGIBLE DRILLING AND DEVELOPMENT
24 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-
25 THERMAL WELLS.—

1 “(1) IN GENERAL.—Notwithstanding subsection
2 (a), and except as provided in subsection (i), regula-
3 tions shall be prescribed by the Secretary under this
4 subtitle corresponding to the regulations which
5 granted the option to deduct as expenses intangible
6 drilling and development costs in the case of oil and
7 gas wells and which were recognized and approved
8 by the Congress in House Concurrent Resolution 50,
9 Seventy-ninth Congress. Such regulations shall also
10 grant the option to deduct as expenses intangible
11 drilling and development costs in the case of wells
12 drilled for any geothermal deposit (as defined in sec-
13 tion 613(e)(2)) to the same extent and in the same
14 manner as such expenses are deductible in the case
15 of oil and gas wells. This subsection shall not apply
16 with respect to any costs to which any deduction is
17 allowed under section 59(e) or 291.

18 “(2) EXCLUSION.—

19 “(A) IN GENERAL.—This subsection shall
20 not apply to amounts paid or incurred by a tax-
21 payer in any taxable year in which such tax-
22 payer is a major integrated oil company (within
23 the meaning of section 167(h)(5)).

24 “(B) AMORTIZATION OF AMOUNTS NOT AL-
25 LOWABLE AS DEDUCTIONS UNDER SUBPARA-

1 GRAPH (A).—The amount not allowable as a de-
 2 duction for any taxable year by reason of sub-
 3 paragraph (A) shall be allowable as a deduction
 4 ratably over the 60-month period beginning
 5 with the month in which the costs are paid or
 6 incurred. For purposes of section 1254, any de-
 7 duction under this subparagraph shall be treat-
 8 ed as a deduction under this subsection.”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall apply to amounts paid or incurred in tax-
 11 able years beginning after December 31, 2018.

12 **SEC. 103. LIMITATION ON PERCENTAGE DEPLETION AL-**
 13 **LOWANCE FOR OIL AND GAS WELLS.**

14 (a) IN GENERAL.—Section 613A of the Internal Rev-
 15 enue Code of 1986 is amended by adding at the end the
 16 following new subsection:

17 “(f) APPLICATION WITH RESPECT TO MAJOR INTE-
 18 GRATED OIL COMPANIES.—In the case of any taxable year
 19 in which the taxpayer is a major integrated oil company
 20 (within the meaning of section 167(h)(5)), the allowance
 21 for percentage depletion shall be zero.”.

22 (b) EFFECTIVE DATE.—The amendment made by
 23 this section shall apply to taxable years beginning after
 24 December 31, 2018.

1 **SEC. 104. LIMITATION ON DEDUCTION FOR TERTIARY**
2 **INJECTANTS.**

3 (a) IN GENERAL.—Section 193 of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end the
5 following new subsection:

6 “(d) APPLICATION WITH RESPECT TO MAJOR INTE-
7 GRATED OIL COMPANIES.—

8 “(1) IN GENERAL.—This section shall not apply
9 to amounts paid or incurred by a taxpayer in any
10 taxable year in which such taxpayer is a major inte-
11 grated oil company (within the meaning of section
12 167(h)(5)).

13 “(2) AMORTIZATION OF AMOUNTS NOT ALLOW-
14 ABLE AS DEDUCTIONS UNDER PARAGRAPH (1).—The
15 amount not allowable as a deduction for any taxable
16 year by reason of paragraph (1) shall be allowable
17 as a deduction ratably over the 60-month period be-
18 ginning with the month in which the costs are paid
19 or incurred.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to amounts paid or incurred in tax-
22 able years beginning after December 31, 2018.

1 **SEC. 105. MODIFICATION OF DEFINITION OF MAJOR INTE-**
2 **GRATED OIL COMPANY.**

3 (a) IN GENERAL.—Paragraph (5) of section 167(h)
4 of the Internal Revenue Code of 1986 is amended by add-
5 ing at the end the following new subparagraph:

6 “(C) CERTAIN SUCCESSORS IN INTER-
7 EST.—For purposes of this paragraph, the term
8 ‘major integrated oil company’ includes any
9 successor in interest of a company that was de-
10 scribed in subparagraph (B) in any taxable
11 year, if such successor controls more than 50
12 percent of the crude oil production or natural
13 gas production of such company.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) IN GENERAL.—Subparagraph (B) of section
16 167(h)(5) of the Internal Revenue Code of 1986 is
17 amended by inserting “except as provided in sub-
18 paragraph (C),” after “For purposes of this para-
19 graph,”.

20 (2) TAXABLE YEARS TESTED.—Clause (iii) of
21 section 167(h)(5)(B) of such Code is amended—

22 (A) by striking “does not apply by reason
23 of paragraph (4) of section 613A(d)” and in-
24 serting “did not apply by reason of paragraph
25 (4) of section 613A(d) for any taxable year
26 after 2004”; and

1 (B) by striking “does not apply” in sub-
2 clause (II) and inserting “did not apply for the
3 taxable year”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2018.

7 **TITLE II—OUTER CONTINENTAL**
8 **SHELF OIL AND NATURAL GAS**

9 **SEC. 201. REPEAL OF OUTER CONTINENTAL SHELF DEEP**
10 **WATER AND DEEP GAS ROYALTY RELIEF.**

11 (a) IN GENERAL.—Sections 344 and 345 of the En-
12 ergy Policy Act of 2005 (42 U.S.C. 15904, 15905) are
13 repealed.

14 (b) ADMINISTRATION.—The Secretary of the Interior
15 shall not be required to provide for royalty relief in the
16 lease sale terms beginning with the first lease sale held
17 on or after the date of enactment of this Act for which
18 a final notice of sale has not been published.

19 **TITLE III—INVESTMENT IN**
20 **AFFORDABLE HOUSING**

21 **SEC. 301. USE OF SAVINGS FOR HOUSING TRUST FUND IN-**
22 **VESTMENT.**

23 (a) USE OF SAVINGS.—For each of the years 2019
24 through 2028, the Secretary of the Treasury shall deter-
25 mine the amount of revenues accruing to the general fund

1 of the Treasury by reason of the enactment of titles I and
2 II of this Act and shall credit an amount equal to such
3 revenues to the Housing Trust Fund established under
4 section 1338 of the Federal Housing Enterprises Finan-
5 cial Safety and Soundness Act of 1992 (12 U.S.C. 4568).

6 (b) ENVIRONMENTAL REHABILITATION ACTIVI-
7 TIES.—Of any amount credited to the Housing Trust
8 Fund for a year pursuant to subsection (a), 10 percent
9 shall be allocated for and distributed to States, in accord-
10 ance with the formula established pursuant to subsection
11 (c)(3) of such section 1338, for use only to conduct activi-
12 ties to remediate environmental hazards, including activi-
13 ties for reduction, elimination, and abatement of lead-
14 based paint hazards, in housing for extremely low- and
15 very low-income households.

16 (c) CHILDHOOD LEAD PREVENTION.—Section 1338
17 (g)(2)(D) of the Federal Housing Enterprises Financial
18 Safety and Soundness Act of 1992 (12 U.S.C.
19 4568(g)(2)(D)) is amended—

20 (1) in clause (v), by striking “and” at the end;

21 (2) in clause (vi), by striking the period at the
22 end and inserting “; and”; and

23 (3) by adding at the end the following new
24 clause:

1 “(vii) the ratio of children living in an
 2 applicant’s jurisdiction that suffer from
 3 blood lead levels higher than 5 micrograms
 4 per deciliter.”.

5 **SEC. 302. TREATMENT OF AREA MEDIAN INCOMES AND IN-**
 6 **COME CEILINGS.**

7 Subparagraph (D) of section 3(b)(2) of the United
 8 States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)(D))
 9 is amended—

10 (1) in the second sentence, by inserting “and
 11 Wayne County in the State of Michigan,” after
 12 “State of New York,”;

13 (2) in the third sentence, by striking “such
 14 metropolitan statistical area” and inserting “the
 15 metropolitan statistical area in which Westchester
 16 and Rockland Counties are located but”; and

17 (3) by inserting after the period at the end of
 18 the third sentence the following: “In determining
 19 such area median incomes or establishing such in-
 20 come ceilings or limits for the portion of the metro-
 21 politan statistical area in which Wayne County is lo-
 22 cated but that does not include Wayne County, the
 23 Secretary shall determine or establish area median
 24 incomes and income ceilings and limits as if such
 25 portion included Wayne County. In determining such

1 income ceilings or limits for the portion of such met-
2 ropolitan statistical areas that include Detroit,
3 Michigan, the Secretary shall determine for units in
4 Detroit such income ceilings or limits exclusive of
5 Livonia, Michigan.”.

6 **TITLE IV—BUDGETARY EFFECTS**

7 **SEC. 401. COMPLIANCE WITH PAY-GO.**

8 The budgetary effects of this Act, for the purpose of
9 complying with the Statutory Pay-As-You-Go Act of 2010,
10 shall be determined by reference to the latest statement
11 titled “Budgetary Effects of PAYGO Legislation” for this
12 Act, submitted for printing in the Congressional Record
13 by the Chairman of the Senate Budget Committee, pro-
14 vided that such statement has been submitted prior to the
15 vote on passage.

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