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119TH CONGRESS
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# S. 4111

To amend the Internal Revenue Code of 1986 to impose a windfall profits excise tax on crude oil and to rebate the tax collected back to individual taxpayers, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MARCH 17, 2026

Mr. WHITEHOUSE (for himself, Ms. BALDWIN, Mr. BLUMENTHAL, Mr. BOOKER, Mr. KAINE, Mr. MARKEY, Mr. MERKLEY, Mr. MURPHY, Mr. REED, Mr. SANDERS, Ms. SMITH, and Ms. WARREN) introduced the following bill; which was read twice and referred to the Committee on Finance

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# A BILL

To amend the Internal Revenue Code of 1986 to impose a windfall profits excise tax on crude oil and to rebate the tax collected back to individual taxpayers, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Big Oil Windfall Profits Tax Act''.

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

(a) IN GENERAL.—Subtitle E of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new chapter:

# "CHAPTER 56—WINDFALL PROFITS ON CRUDE OIL

"Sec. 5896. Imposition of tax.
"Sec. 5897. Definitions and special rules.

**"SEC. 5896. IMPOSITION OF TAX.**

"(a) IN GENERAL.—In addition to any other tax imposed under this title, in each calendar quarter there is hereby imposed on any covered taxpayer an excise tax at the rate determined under subsection (b) on—

"(1) each barrel of taxable crude oil extracted by the taxpayer within the United States and removed from the property of such taxpayer during the calendar quarter, and

"(2) each barrel of taxable crude oil entered into the United States during the calendar quarter by the taxpayer for consumption, use, or warehousing.

"(b) RATE OF TAX.—

"(1) IN GENERAL.—The rate of tax imposed by this section on any barrel of taxable crude oil for any calendar quarter is the product of—

"(A) 50 percent, and

''(B) the excess (if any) of—

''(i) the average price of a barrel of Brent crude oil over the covered calendar quarter, over

''(ii) the average price of a barrel of Brent crude oil over the period beginning on January 1, 2025, and ending on December 31, 2025.

''(2) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of a calendar quarter beginning in any taxable year beginning after 2026, the amount determined under paragraph (1)(B)(ii) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2025' for '2016' in subparagraph (A)(ii) thereof.

''(B) ROUNDING.—If any dollar amount, after being increased under subparagraph (A), is not a multiple of $0.50, such dollar amount shall be rounded to the next lowest multiple of $0.01.

''(c) FRACTIONAL PART OF BARREL.—In the case of a fraction of a barrel, the tax imposed by subsection (a) shall be the same fraction of the amount of such tax imposed on the whole barrel.

**"SEC. 5897. DEFINITIONS AND SPECIAL RULES.**

''(a) DEFINITIONS.—For purposes of this chapter—

''(1) COVERED TAXPAYER.—

''(A) IN GENERAL.—The term 'covered taxpayer' means, with respect to any calendar quarter, any taxpayer if—

''(i) the average daily number of barrels of taxable crude oil extracted and imported by the taxpayer for calendar year 2025 exceeded 300,000 barrels, or

''(ii) the average daily number of barrels of taxable crude oil extracted and imported by the taxpayer for the calendar quarter exceeds 300,000.

''(B) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as one person for purposes of paragraph (1).

''(2) TAXABLE CRUDE OIL.—The term 'taxable crude oil' includes crude oil, crude oil condensates, and natural gasoline.

''(3) BARREL.—The term 'barrel' means 42 United States gallons.

''(4) UNITED STATES.—The term 'United States' has the same meaning given such term under section 4612.

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

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

''(d) RETURN OF WINDFALL PROFIT TAX.—The Secretary shall provide for the filing and the time of such filing of the return of the tax imposed under section 5896.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this chapter.''.

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

"CHAPTER 56. WINDFALL PROFIT ON CRUDE OIL".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to crude oil removed or entered after December 31, 2025, in calendar quarters ending after such date.

(2) SPECIAL RULE FOR CERTAIN QUARTERS DURING 2026.—In the case of any calendar quarter ending before July 1, 2026, the tax imposed under section 5896 of the Internal Revenue Code of 1986 (as added by this section) shall not be due before September 30, 2026.

**SEC. 3. GASOLINE PRICE REBATES.**

(a) IN GENERAL.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

**"SEC. 6436. GASOLINE PRICE REBATES.**

''(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by subtitle A for each taxable year beginning after December 31, 2025, an amount equal to the sum of the gasoline price rebate amount for calendar quarters beginning in such taxable year.

''(b) GASOLINE PRICE REBATE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'gasoline price rebate amount' means, with respect to any taxpayer for any calendar quarter beginning in a taxable year, an amount determined by the Secretary not later than 30 days after the end of such calendar quarter taking into account the number of eligible individuals and the amount of revenues in the Protect Consumers from Gas Hikes Fund resulting from the tax imposed by section 5896 for the preceding calendar quarter.

''(2) SPECIAL RULE FOR JOINT RETURNS.—In the case of an eligible individual filing a joint return, the gasoline price rebate amount shall be 150 percent of the amount determined under paragraph (1) with respect to other taxpayers.

''(3) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The amount of the credit allowed by subsection (a) (determined without regard to this subsection and subsection (e)) shall be reduced (but not below zero) by 5 percent of so much of the eligible individual's adjusted gross income as exceeds—

''(A) $150,000 in the case of a joint return,

''(B) $112,500 in the case of a head of household, and

''(C) $75,000 in any other case.

''(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term 'eligible individual' means any individual other than—

''(1) any nonresident alien individual,

''(2) any individual who is a dependent of another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, and

''(3) an estate or trust.

''(d) DEFINITIONS AND SPECIAL RULES.—

''(1) DEPENDENT DEFINED.—For purposes of this section, the term 'dependent' has the meaning given such term by section 152.

''(2) IDENTIFICATION NUMBER REQUIREMENT.—

''(A) IN GENERAL.—In the case of a return other than a joint return, the gasoline price rebate amount in subsection (b)(1) shall be treated as being zero unless the taxpayer includes the valid identification number of the taxpayer on the return of tax for the taxable year.

"(B) JOINT RETURNS.—In the case of a joint return, the gasoline price rebate amount in subsection (b)(1) shall be treated as being—

"(i) 50 percent of the amount otherwise determined without regard to this paragraph if the valid identification number of only 1 spouse is included on the return of tax for the taxable year, and

"(ii) zero if the valid identification number of neither spouse is so included.

"(C) VALID IDENTIFICATION NUMBER.—For purposes of this paragraph, the term 'valid identification number' means a social security number issued to an individual by the Social Security Administration on or before the due date for filing the return for the taxable year.

"(D) SPECIAL RULE FOR MEMBERS OF THE ARMED FORCES.—Subparagraph (B) shall not apply in the case where at least 1 spouse was a member of the Armed Forces of the United States at any time during the taxable year and the valid identification number of at least 1 spouse is included on the return of tax for the taxable year.

''(E) COORDINATION WITH CERTAIN ADVANCE PAYMENTS.—In the case of any payment determined pursuant to subsection (f)(6), a valid identification number shall be treated for purposes of this paragraph as included on the taxpayer's return of tax if such valid identification number is available to the Secretary as described in such subsection.

''(F) MATHEMATICAL OR CLERICAL ERROR AUTHORITY.—Any omission of a correct valid identification number required under this paragraph shall be treated as a mathematical or clerical error for purposes of applying section 6213(g)(2) to such omission.

''(3) CREDIT TREATED AS REFUNDABLE.—The credit allowed by subsection (a) shall be treated as allowed by subpart C of part IV of subchapter A of chapter 1.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section.

''(f) OUTREACH.—The Secretary shall carry out a robust and comprehensive outreach program to ensure that all taxpayers learn of their eligibility for the credits al-

lowed under this section and are provided assistance in claiming such credits.''.

(b) TREATMENT OF CERTAIN POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS WITH MIRROR CODE TAX SYSTEMS.—The Secretary of the Treasury shall pay to each possession of the United States which has a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the amendments made by this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(2) PAYMENTS TO OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits (if any) that would have been provided to residents of such possession by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply unless the respective possession has a plan, which has been approved by the Secretary of the Treasury, under

which such possession will promptly distribute such payments to its residents.

(3) INCLUSION OF ADMINISTRATIVE EXPENSES.—The Secretary of the Treasury shall pay to each possession of the United States to which the Secretary makes a payment under paragraph (1) or (2) an amount equal to the increase (if any) of the administrative expenses of such possession—

(A) in the case of a possession described in paragraph (1), by reason of the amendments made by this section, and

(B) in the case of a possession described in paragraph (2), by reason of carrying out the plan described in such paragraph, or

the amount described in subparagraph (A) shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(4) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed against United States income taxes under section 6434 of the Internal Revenue Code of 1986 (as added by this section) to any person—

(A) to whom a credit is allowed against taxes imposed by the possession by reason of the amendments made by this section, or

(B) who is eligible for a payment under a plan described in paragraph (2).

(5) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term ''mirror code tax system'' means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(6) TREATMENT OF PAYMENTS.—For purposes of section 1324 of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

(c) ADMINISTRATIVE PROVISIONS.—

(1) DEFINITION OF DEFICIENCY.—Section 6211(b)(4)(A) of the Internal Revenue Code of 1986 is amended by striking ''and 6433'' and inserting ''6433, and 6436,''.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ''6436,'' after ''6433,''.

(B) The table of sections for subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Sec. 6436. Gasoline price rebates.''.

**SEC. 4. PROTECT CONSUMERS FROM GAS PRICE HIKES FUND.**

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

**''SEC. 9512. PROTECT CONSUMERS FROM GAS PRICE HIKES FUND.**

''(a) ESTABLISHMENT AND FUNDING.—There is hereby established in the Treasury of the United States a trust fund to be referred to as the 'Protect Consumers from Gas Hikes Fund', consisting of such amounts as may be appropriated or credited to such trust fund as provided for in this section and section 9602(b).

''(b) TRANSFERS TO THE PROTECT CONSUMERS FROM GAS PRICE HIKES FUND.—There are hereby appropriated to the Protect Consumers from Gas Hikes Fund amounts equivalent to the taxes received in the Treasury under section 5896.

"(c) USE OF FUNDS.—The Secretary shall pay from time to time from the Protect Consumers from Gas Price Hikes Fund to the general fund of the Treasury amounts equal to the amounts of refunds provided under section 6436.".

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding at the end the following new item:

"Sec. 9512. Protect Consumers from Gas Price Hikes Fund.".

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