

104TH CONGRESS
2D SESSION

H. R. 3395

To amend the Internal Revenue Code of 1986 to provide a temporary suspension of 4.3 cents per gallon in the rates of tax on gasoline and diesel fuel.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 1996

Mr. BENTSEN introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a temporary suspension of 4.3 cents per gallon in the rates of tax on gasoline and diesel fuel.

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. TEMPORARY 4.3-CENT REDUCTION IN CERTAIN**
4 **FUEL TAX RATES.**

5 (a) IN GENERAL.—Section 4081 of the Internal Rev-
6 enue Code of 1986 (relating to imposition of tax on gaso-
7 line and diesel fuel) is amended by adding at the end the
8 following new subsection:

1 “(f) TEMPORARY 4.3-CENT REDUCTION IN CERTAIN
2 FUEL TAX RATES.—

3 “(1) IN GENERAL.—During the temporary rate
4 reduction period, each rate of tax referred to in
5 paragraph (2) shall be reduced by 4.3 cents per gal-
6 lon.

7 “(2) RATE OF TAX.—The rates of tax referred
8 to in this paragraph are—

9 “(A) each rate of tax under subsection
10 (a)(2)(A) (relating to gasoline and diesel fuel),

11 “(B) each rate of tax under paragraph (1)
12 or (2) of section 4041(a) (relating to diesel fuel
13 and special fuels), and

14 “(C) the rate of tax under section
15 4041(m)(1)(A)(i) (relating to certain methanol
16 or ethanol fuels).

17 “(3) COMPARABLE TREATMENT FOR COM-
18 PRESSED NATURAL GAS.—No tax shall be imposed
19 by section 4041(a)(3) on any sale or use during the
20 temporary rate reduction period.

21 “(4) COMPARABLE TREATMENT UNDER CER-
22 TAIN REFUND RULES.—In the case of fuel on which
23 tax is imposed during the temporary rate reduction
24 period, each of the rates specified in sections
25 6421(f)(3)(B)(ii), 6427(b)(2)(A), and

1 6427(l)(3)(B)(ii) shall be reduced by 4.3 cents per
2 gallon.

3 “(5) COORDINATION WITH HIGHWAY TRUST
4 FUND DEPOSITS.—In the case of fuel on which tax
5 is imposed during the temporary rate reduction pe-
6 riod, each of the rates specified in subparagraphs
7 (A)(i) and (C)(i) of section 9503(f)(3) shall be re-
8 duced by 4.3 cents per gallon.

9 “(6) TEMPORARY RATE REDUCTION PERIOD.—
10 For purposes of this subsection, the term ‘temporary
11 rate reduction period’ means the period after the
12 date of the enactment of this subsection and before
13 January 1, 1997.”

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall take effect on the date of the enactment
16 of this Act.

17 **SEC. 2. FLOOR STOCK REFUNDS.**

18 (a) IN GENERAL.—If—

19 (1) before the date of the enactment of this
20 Act, tax has been imposed under section 4081 of the
21 Internal Revenue Code of 1986 on any liquid, and

22 (2) on such date such liquid is held by a dealer
23 and has not been used and is intended for sale,

24 there shall be credited or refunded (without interest) to
25 the person who paid such tax (hereafter in this section

1 referred to as the “taxpayer”) an amount equal to the ex-
2 cess of the tax paid by the taxpayer over the amount of
3 such tax which would be imposed on such liquid had the
4 taxable event occurred on such date.

5 (b) TIME FOR FILING CLAIMS.—No credit or refund
6 shall be allowed or made under this section unless—

7 (1) claim therefor is filed with the Secretary of
8 the Treasury before the date which is 6 months
9 after the date of the enactment of this Act, based
10 on a request submitted to the taxpayer before the
11 date which is 3 months after such date of enact-
12 ment, by the dealer who held the liquid on such date
13 of enactment, and

14 (2) the taxpayer has repaid or agreed to repay
15 the amount so claimed to such dealer or has ob-
16 tained the written consent of such dealer to the al-
17 lowance of the credit or the making of the refund.

18 (c) EXCEPTION FOR FUEL HELD IN RETAIL
19 STOCKS.—No credit or refund shall be allowed under this
20 section with respect to any liquid in retail stocks held at
21 the place where intended to be sold at retail.

22 (d) DEFINITIONS.—For purposes of this section, the
23 terms “dealer” and “held by a dealer” have the respective
24 meanings given to such terms by section 6412 of such
25 Code.

1 (e) CERTAIN RULES TO APPLY.—Rules similar to the
2 rules of subsections (b) and (c) of section 6412 of such
3 Code shall apply for purposes of this section.

4 **SEC. 3. FLOOR STOCKS TAX.**

5 (a) IMPOSITION OF TAX.—In the case of gasoline or
6 diesel fuel on which tax was imposed under section 4081
7 of the Internal Revenue Code of 1986 before January 1,
8 1997, and which is held on such date by any person, there
9 is hereby imposed a floor stocks tax of 4.3 cents per gal-
10 lon.

11 (b) LIABILITY FOR TAX AND METHOD OF PAY-
12 MENT.—

13 (1) LIABILITY FOR TAX.—A person holding
14 gasoline or diesel fuel on January 1, 1997, to which
15 the tax imposed by subsection (a) applies shall be
16 liable for such tax.

17 (2) METHOD OF PAYMENT.—The tax imposed
18 by subsection (a) shall be paid in such manner as
19 the Secretary shall prescribe.

20 (3) TIME FOR PAYMENT.—The tax imposed by
21 subsection (a) shall be paid on or before June 30,
22 1997.

23 (c) DEFINITIONS.—For purposes of this section—

24 (1) HELD BY A PERSON.—Gasoline and diesel
25 fuel shall be considered as “held by a person” if title

1 thereto has passed to such person (whether or not
2 delivery to the person has been made).

3 (2) GASOLINE AND DIESEL FUEL.—The terms
4 “gasoline” and diesel fuel have the respective mean-
5 ings given such terms by section 4082 of such Code.

6 (3) SECRETARY.—The term “Secretary” means
7 the Secretary of the Treasury or his delegate.

8 (d) EXCEPTION FOR EXEMPT USES.—The tax im-
9 posed by subsection (a) shall not apply to gasoline or die-
10 sel fuel held by any person exclusively for any use to the
11 extent a credit or refund of the tax imposed by section
12 4081 of such Code is allowable for such use.

13 (e) EXCEPTION FOR FUEL HELD IN VEHICLE
14 TANK.—No tax shall be imposed by subsection (a) on gas-
15 oline or diesel fuel held in the tank of a motor vehicle or
16 motorboat.

17 (f) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

18 (1) IN GENERAL.—No tax shall be imposed by
19 subsection (a)—

20 (A) on gasoline held on January 1, 1997,
21 by any person if the aggregate amount of gaso-
22 line held by such person on such date does not
23 exceed 4,000 gallons, and

24 (B) on diesel fuel held on such date by any
25 person if the aggregate amount of diesel fuel

1 held by such person on such date does not ex-
2 ceed 2,000 gallons.

3 The preceding sentence shall apply only if such per-
4 son submits to the Secretary (at the time and in the
5 manner required by the Secretary) such information
6 as the Secretary shall require for purposes of this
7 paragraph.

8 (2) EXEMPT FUEL.—For purposes of para-
9 graph (1), there shall not be taken into account fuel
10 held by any person which is exempt from the tax im-
11 posed by subsection (a) by reason of subsection (d)
12 or (e).

13 (3) CONTROLLED GROUPS.—For purposes of
14 this subsection—

15 (A) CORPORATIONS.—

16 (i) IN GENERAL.—All persons treated
17 as a controlled group shall be treated as 1
18 person.

19 (ii) CONTROLLED GROUP.—The term
20 “controlled group” has the meaning given
21 to such term by subsection (a) of section
22 1563 of such Code; except that for such
23 purposes the phrase “more than 50 per-
24 cent” shall be substituted for the phrase

1 “at least 80 percent” each place it appears
2 in such subsection.

3 (B) NONINCORPORATED PERSONS UNDER
4 COMMON CONTROL.—Under regulations pre-
5 scribed by the Secretary, principles similar to
6 the principles of subparagraph (A) shall apply
7 to a group of persons under common control
8 where 1 or more of such persons is not a cor-
9 poration.

10 (g) OTHER LAW APPLICABLE.—All provisions of law,
11 including penalties, applicable with respect to the taxes
12 imposed by section 4081 of such Code shall, insofar as
13 applicable and not inconsistent with the provisions of this
14 subsection, apply with respect to the floor stock taxes im-
15 posed by subsection (a) to the same extent as if such taxes
16 were imposed by such section 4081.

17 **SEC. 4. REPEAL OF BENEFITS FOR ALCOHOL FUELS.**

18 (a) REPEAL OF ALCOHOL FUELS CREDIT.—

19 (1) IN GENERAL.—Section 40 of the Internal
20 Revenue Code of 1986 (relating to alcohol used as
21 fuel) is hereby repealed.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Subsection (b) of section 38 of such
24 Code is amended by striking paragraph (3) and

1 by redesignating paragraphs (4) through (8) as
2 paragraphs (3) through (7), respectively.

3 (B) Section 87 of such Code is hereby re-
4 pealed.

5 (C) Subsection (c) of section 196 of such
6 Code is amended by striking paragraph (3) and
7 by redesignating paragraphs (4) and (5) as
8 paragraphs (3) and (4), respectively.

9 (D) Subsection (n) of section 6501 of such
10 Code is amended by striking “40(f)”.

11 (E) The table of sections for subpart D of
12 part IV of subchapter A of chapter 1 of such
13 Code is amended by striking the item relating
14 to section 40.

15 (F) The table of sections for part II of
16 subchapter B of chapter 1 of such Code is
17 amended by striking the item relating to section
18 87.

19 (3) EFFECTIVE DATE.—The amendments made
20 by this subsection shall apply to taxable years begin-
21 ning after the date of the enactment of this Act

22 (b) REPEAL OF REDUCED FUEL TAX RATES.—

23 (1) GASOLINE AND DIESEL FUEL.—Section
24 4081 of such Code is amended by striking sub-

1 section (c) and by redesignating subsections (d) and
2 (e) as subsections (e) and (d), respectively.

3 (2) AVIATION FUEL.—Section 4091 of such
4 Code is amended by striking subsection (e).

5 (3) SPECIAL MOTOR FUELS.—

6 (A) Section 4041 of such Code is amended
7 by striking subsections (k) and (m).

8 (B) Subsection (b) of section 4041 of such
9 Code is amended by striking paragraph (2).

10 (4) CONFORMING AMENDMENTS.—

11 (A) Section 6427 of such Code is amended
12 by striking subsection (f).

13 (B) Subsection (i) of section 6427 of such
14 Code is amended by striking paragraph (3) and
15 by redesignating paragraph (4) as paragraph
16 (3).

17 (C)(i) Subsection (e) of section 9502 of
18 such Code is amended by striking paragraph
19 (2).

20 (ii) Subsection (f) of section 9502 of such
21 Code is amended by striking paragraph (2) and
22 by redesignating paragraph (3) as paragraph
23 (2).—

24 (D) Subsection (f) of section 9503 of such
25 Code is amended by striking paragraph (3) and

1 by redesignating paragraph (4) as paragraph
2 (3).

3 (5) EFFECTIVE DATE.—The amendments made
4 by this subsection shall take effect on the date of the
5 enactment of this Act.

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