

106TH CONGRESS  
2D SESSION

# S. 2285

Instituting a Federal fuels tax holiday.

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IN THE SENATE OF THE UNITED STATES

MARCH 23, 2000

Mr. LOTT (for himself, Mr. MURKOWSKI, Mr. CRAIG, Ms. SNOWE, Mrs. HUTCHISON, Mr. ABRAHAM, and Mr. GRAMS) introduced the following bill; which was read the first time

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## A BILL

Instituting a Federal fuels tax holiday.

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 REDUCTION IN FUEL TAXES ON**  
4 **GASOLINE, DIESEL FUEL, KEROSENE, AND**  
5 **AVIATION FUEL, BY 4.3 CENTS, OR TO ZERO.**

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

10 “(f) TEMPORARY REDUCTION IN TAXES ON GASO-  
11 LINE, DIESEL FUEL, AND KEROSENE.—

1           “(1) IN GENERAL.—During the applicable pe-  
2           riod, each rate of tax referred to in paragraph (2)—

3                   “(A) shall be reduced by 4.3 cents per gal-  
4           lon, and

5                   “(B) if at any time during the applicable  
6           period the national average price of unleaded  
7           regular gasoline is at least \$2.00 per gallon (as  
8           determined by the Secretary of Energy), shall  
9           be reduced to zero beginning on the date which  
10          is 7 days after such determination and for the  
11          remainder of the applicable period, subject to  
12          paragraph (3).

13          “(2) RATES OF TAX.—The rates of tax referred  
14          to in this paragraph are the rates of tax otherwise  
15          applicable under—

16                   “(A) clause (i), (ii), (iii) of subsection  
17          (a)(2)(A) (relating to gasoline, diesel fuel, and  
18          kerosene), and

19                   “(B) paragraph (1) of section 4041(a) (re-  
20          lating to diesel fuel) with respect to fuel sold  
21          for use or used in a diesel-powered highway ve-  
22          hicle.

23          “(3) PROTECTING SOCIAL SECURITY TRUST  
24          FUND.—If upon the determination described in  
25          paragraph (1)(B), the Secretary, after consultation

1 with the Director of the Office of Management and  
2 Budget, determines that such reduction would result  
3 in an aggregate reduction in revenues to the Treas-  
4 ury exceeding the Federal on-budget surplus during  
5 the remainder of the applicable period, the Secretary  
6 shall modify such reduction such that each rate of  
7 tax referred to in paragraph (2) and section  
8 4091(e)(1) is reduced in a pro rata manner and  
9 such aggregate reduction does not exceed such sur-  
10 plus.

11 “(4) MAINTENANCE OF TRUST FUND DEPOS-  
12 ITS.—In determining the amounts to be appro-  
13 priated to the Highway Trust Fund under section  
14 9503 and the Airport and Airway Trust Fund under  
15 section 9502, an amount equal to the reduction in  
16 revenues to the Treasury by reason of this sub-  
17 section shall be treated as taxes received in the  
18 Treasury under this section.

19 “(5) APPLICABLE PERIOD.—For purposes of  
20 this subsection, the term ‘applicable period’ means  
21 the period beginning after April 15, 2000, and end-  
22 ing before January 1, 2001.”

23 (b) AVIATION FUEL.—Section 4091 of the Internal  
24 Revenue Code of 1986 (relating to imposition of tax on

1 aviation fuel) is amended by adding at the end the fol-  
2 lowing new subsection:

3 “(e) TEMPORARY REDUCTION IN TAX ON AVIATION  
4 FUEL.—

5 “(1) IN GENERAL.—During the applicable pe-  
6 riod, the rate of tax otherwise applicable under sub-  
7 section (b)(1) shall be reduced as provided in section  
8 4081(f)(1).

9 “(2) MAINTENANCE OF TRUST FUND DEPOS-  
10 ITS.—In determining the amounts to be appro-  
11 priated to the Airport and Airway Trust Fund under  
12 section 9502, an amount equal to the reduction in  
13 revenues to the Treasury by reason of this sub-  
14 section shall be treated as taxes received in the  
15 Treasury under this section.

16 “(3) APPLICABLE PERIOD.—For purposes of  
17 this subsection, the term ‘applicable period’ means  
18 the period beginning after April 15, 2000, and end-  
19 ing before January 1, 2001.”

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall take effect on the date of the enactment  
22 of this Act.

23 **SEC. 2. FLOOR STOCK REFUNDS.**

24 (a) IN GENERAL.—If—

1           (1) before the tax reduction date, tax has been  
2           imposed under section 4081 or 4091 of the Internal  
3           Revenue Code of 1986 on any liquid, and

4           (2) on such date such liquid is held by a dealer  
5           and has not been used and is intended for sale,  
6           there shall be credited or refunded (without interest) to  
7           the person who paid such tax (hereafter in this section  
8           referred to as the “taxpayer”) an amount equal to the ex-  
9           cess of the tax paid by the taxpayer over the amount of  
10          such tax which would be imposed on such liquid had the  
11          taxable event occurred on the tax reduction date.

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

14               (1) claim therefor is filed with the Secretary of  
15               the Treasury before the date which is 6 months  
16               after the tax reduction date, and

17               (2) in any case where liquid is held by a dealer  
18               (other than the taxpayer) on the tax reduction  
19               date—

20                       (A) the dealer submits a request for refund  
21                       or credit to the taxpayer before the date which  
22                       is 3 months after the tax reduction date, and

23                       (B) the taxpayer has repaid or agreed to  
24                       repay the amount so claimed to such dealer or  
25                       has obtained the written consent of such dealer

1 to the allowance of the credit or the making of  
2 the refund.

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

7 (d) DEFINITIONS.—For purposes of this section—

8 (1) the terms “dealer” and “held by a dealer”  
9 have the respective meanings given to such terms by  
10 section 6412 of such Code; except that the term  
11 “dealer” includes a producer, and

12 (2) the term “tax reduction date” means April  
13 16, 2000.

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

17 **SEC. 3. FLOOR STOCKS TAX.**

18 (a) IMPOSITION OF TAX.—In the case of any liquid  
19 on which tax would have been imposed under section 4081  
20 or 4091 of the Internal Revenue Code of 1986 during the  
21 applicable period but for the amendments made by this  
22 Act, and which is held on the floor stocks tax date by any  
23 person, there is hereby imposed a floor stocks tax in an  
24 amount equal to the tax which would be imposed on such

1 liquid had the taxable event occurred on the floor stocks  
2 tax date.

3 (b) LIABILITY FOR TAX AND METHOD OF PAY-  
4 MENT.—

5 (1) LIABILITY FOR TAX.—A person holding a  
6 liquid on the floor stocks tax date to which the tax  
7 imposed by subsection (a) applies shall be liable for  
8 such tax.

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

12 (3) TIME FOR PAYMENT.—The tax imposed by  
13 subsection (a) shall be paid on or before the date  
14 which is 6 months after the floor stocks tax date.

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

16 (1) HELD BY A PERSON.—A liquid shall be con-  
17 sidered as “held by a person” if title thereto has  
18 passed to such person (whether or not delivery to  
19 the person has been made).

20 (2) GASOLINE, DIESEL FUEL, AND AVIATION  
21 FUEL.—The terms “gasoline”, “diesel fuel”, and  
22 “aviation fuel” have the respective meanings given  
23 such terms by sections 4083 and 4093 of such Code.

24 (3) FLOOR STOCKS TAX DATE.—The term  
25 “floor stocks tax date” means January 1, 2001.

1           (4) APPLICABLE PERIOD.—The term “applica-  
2           ble period” means the period beginning after April  
3           15, 2000, and ending before January 1, 2001.

4           (5) SECRETARY.—The term “Secretary” means  
5           the Secretary of the Treasury or the Secretary’s del-  
6           egate.

7           (d) EXCEPTION FOR EXEMPT USES.—The tax im-  
8           posed by subsection (a) shall not apply to gasoline, diesel  
9           fuel, kerosene, or aviation fuel held by any person exclu-  
10          sively for any use to the extent a credit or refund of the  
11          tax imposed by section 4081 or 4091 of such Code is al-  
12          lowable 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, diesel fuel, kerosene, or aviation fuel held in the tank  
16          of a motor vehicle, motorboat, or aircraft.

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 (other than aviation gaso-  
21                       line) held on the floor stocks tax date by any  
22                       person if the aggregate amount of gasoline held  
23                       by such person on such date does not exceed  
24                       4,000 gallons, and



1           (B) on aviation gasoline, diesel fuel, ker-  
2           osene, or aviation fuel held on such date by any  
3           person if the aggregate amount of aviation gas-  
4           oline, diesel fuel, kerosene, or aviation fuel held  
5           by such person on such date does not exceed  
6           2,000 gallons.

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

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

17          (3) CONTROLLED GROUPS.—For purposes of  
18          this subsection—

19                (A) CORPORATIONS.—

20                   (i) IN GENERAL.—All persons treated  
21                   as a controlled group shall be treated as 1  
22                   person.

23                   (ii) CONTROLLED GROUP.—The term  
24                   “controlled group” has the meaning given  
25                   to such term by subsection (a) of section

1           1563 of such Code; except that for such  
2           purposes the phrase “more than 50 per-  
3           cent” shall be substituted for the phrase  
4           “at least 80 percent” each place it appears  
5           in such subsection.

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

13          (g) OTHER LAW APPLICABLE.—All provisions of law,  
14          including penalties, applicable with respect to the taxes  
15          imposed by section 4081 or 4091 of such Code shall, inso-  
16          far as applicable and not inconsistent with the provisions  
17          of this subsection, apply with respect to the floor stock  
18          taxes imposed by subsection (a) to the same extent as if  
19          such taxes were imposed by such section 4081 or 4091.

20       **SEC. 4. BENEFITS OF TAX REDUCTION SHOULD BE PASSED**  
21                               **ON TO CONSUMERS.**

22          (a) PASSTHROUGH TO CONSUMERS.—

23               (1) SENSE OF CONGRESS.—It is the sense of  
24          Congress that—

1 (A) consumers immediately receive the  
2 benefit of the reduction in taxes under this Act,  
3 and

4 (B) transportation motor fuels producers  
5 and other dealers take such actions as nec-  
6 essary to reduce transportation motor fuels  
7 prices to reflect such reduction, including imme-  
8 diate credits to customer accounts representing  
9 tax refunds allowed as credits against excise tax  
10 deposit payments under the floor stocks refund  
11 provisions of this Act.

12 (2) STUDY.—

13 (A) IN GENERAL.—The Comptroller Gen-  
14 eral of the United States shall conduct a study  
15 of the reduction of taxes under this Act to de-  
16 termine whether there has been a passthrough  
17 of such reduction.

18 (B) REPORT.—Not later than September  
19 30, 2000, the Comptroller General of the  
20 United States shall report to the Committee on  
21 Finance of the Senate and the Committee on  
22 Ways and Means of the House of Representa-  
23 tives the results of the study conducted under  
24 subparagraph (A).

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