

Calendar No. 473

106TH CONGRESS
2D SESSION**S. 2285**

Instituting a Federal fuels tax holiday.

 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

MARCH 27, 2000

Read the second time and placed on the calendar

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-

1 line, diesel fuel, and kerosene) is amended by adding at
2 the end the following new subsection:

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

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

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

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

17 “(2) RATES OF TAX.—The rates of tax referred
18 to in this paragraph are the rates of tax otherwise
19 applicable under—

20 “(A) clause (i), (ii), (iii) of subsection
21 (a)(2)(A) (relating to gasoline, diesel fuel, and
22 kerosene), and

23 “(B) paragraph (1) of section 4041(a) (re-
24 lating to diesel fuel).

1 “(3) PROTECTING SOCIAL SECURITY TRUST
2 FUNDS.—If upon the determination described in
3 paragraph (1)(B), the Secretary, after consultation
4 with the Director of the Office of Management and
5 Budget, determines that such reduction would result
6 in an aggregate reduction in revenues to the Treas-
7 ury exceeding the Federal on-budget surplus during
8 the remainder of the applicable period, the Secretary
9 shall modify such reduction such that each rate of
10 tax referred to in paragraph (2), subparagraphs (A)
11 and (C) of section 4042(b)(1), and section
12 4091(e)(1) is reduced in a pro rata manner and
13 such aggregate reduction does not exceed such sur-
14 plus.

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

23 “(5) APPLICABLE PERIOD.—For purposes of
24 this subsection, the term ‘applicable period’ means

1 the period beginning after April 15, 2000, and end-
2 ing before January 1, 2001.”

3 (b) FUEL USED IN COMMERCIAL TRANSPORTATION
4 ON INLAND WATERWAYS.—Section 4042 of the Internal
5 Revenue Code of 1986 (relating to imposition of tax on
6 fuel used in commercial transportation on inland water-
7 ways) is amended by adding at the end the following new
8 subsection:

9 “(f) TEMPORARY REDUCTION IN TAX.—

10 “(1) IN GENERAL.—During the applicable pe-
11 riod, the rate of tax otherwise applicable under sub-
12 paragraphs (A) and (C) of subsection (b)(1) shall be
13 reduced as provided in section 4081(f)(1).

14 “(2) MAINTENANCE OF TRUST FUND DEPOS-
15 ITS.—In determining the amounts to be appro-
16 priated to the Inland Waterways Trust Fund under
17 section 9506, an amount equal to the reduction in
18 revenues to the Treasury by reason of this sub-
19 section shall be treated as taxes received in the
20 Treasury under this section.

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

1 (c) AVIATION FUEL.—Section 4091 of the Internal
2 Revenue Code of 1986 (relating to imposition of tax on
3 aviation fuel) is amended by adding at the end the fol-
4 lowing new subsection:

5 “(e) TEMPORARY REDUCTION IN TAX ON AVIATION
6 FUEL.—

7 “(1) IN GENERAL.—During the applicable pe-
8 riod, the rate of tax otherwise applicable under sub-
9 section (b)(1) shall be reduced as provided in section
10 4081(f)(1).

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

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

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on the date of the enactment
24 of this Act.

1 **SEC. 2. FLOOR STOCK REFUNDS.**

2 (a) IN GENERAL.—If—

3 (1) before the tax reduction date, tax has been
4 imposed under section 4042, 4081, or 4091 of the
5 Internal Revenue Code of 1986 on any liquid, and

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

8 there shall be credited or refunded (without interest) to
9 the person who paid such tax (hereafter in this section
10 referred to as the “taxpayer”) an amount equal to the ex-
11 cess of the tax paid by the taxpayer over the amount of
12 such tax which would be imposed on such liquid had the
13 taxable event occurred on the tax reduction date.

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

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

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

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

25 (B) the taxpayer has repaid or agreed to
26 repay the amount so claimed to such dealer or

1 has obtained the written consent of such dealer
2 to the allowance of the credit or the making of
3 the refund.

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

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

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

13 (2) the term “tax reduction date” means April
14 16, 2000.

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

18 **SEC. 3. FLOOR STOCKS TAX.**

19 (a) IMPOSITION OF TAX.—In the case of any liquid
20 on which tax would have been imposed under section 4042,
21 4081, or 4091 of the Internal Revenue Code of 1986 dur-
22 ing the applicable period but for the amendments made
23 by this Act, and which is held on the floor stocks tax date
24 by any person, there is hereby imposed a floor stocks tax
25 in an amount equal to the tax which would be imposed

1 on such liquid had the taxable event occurred on the floor
2 stocks 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 4042, 4081, or 4091 of such Code
12 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, diesel fuel, kerosene, or aviation fuel held in the tank
16 of a motor vehicle, motorboat, vessel, 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 4042, 4081, or 4091 of such Code
16 shall, insofar as applicable and not inconsistent with the
17 provisions of this subsection, apply with respect to the
18 floor stock taxes imposed by subsection (a) to the same
19 extent as if such taxes were imposed by such section 4042,
20 4081, or 4091.

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

23 (a) PASSTHROUGH TO CONSUMERS.—

24 (1) SENSE OF CONGRESS.—It is the sense of
25 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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