

107TH CONGRESS
1ST SESSION

H. R. 1833

To amend the Internal Revenue Code of 1986 to suspend all motor fuel taxes for six months.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2001

Mr. SMITH of Michigan 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 suspend all motor fuel taxes for six months.

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.**

4 This Act may be cited as the “Gas Tax Fairness Act
5 of 2001”.

6 **SEC. 2. SIX-MONTH SUSPENSION OF FUEL TAXES.**

7 (a) SIX-MONTH SUSPENSION OF FUEL TAXES.—Sec-
8 tion 4081 of the Internal Revenue Code of 1986 (relating
9 to imposition of tax on gasoline, diesel fuel, and kerosene)

1 is amended by adding at the end the following new sub-
2 section:

3 “(f) TEMPORARY SUSPENSION OF FUEL TAXES.—

4 “(1) IN GENERAL.—During the suspension pe-
5 riod, each rate of tax referred to in paragraph (2)
6 shall be reduced to zero.

7 “(2) RATES OF TAX.—The rates of tax referred
8 to in this paragraph are the rates of tax otherwise
9 applicable under—

10 “(A) subsection (a)(2)(A) (relating to gas-
11 oline, diesel fuel, and kerosene),

12 “(B) sections 4091(b)(3)(A) (relating to
13 aviation fuel),

14 “(C) section 4042(b)(2)(C) (relating to
15 fuel used on inland waterways),

16 “(D) paragraph (1), (2), or (3) of section
17 4041(a) (relating to diesel fuel, special fuels,
18 and compressed natural gas), and

19 “(E) section 4041(m)(1)(A)(i) (relating to
20 certain methanol or ethanol fuels).

21 “(3) SUSPENSION PERIOD.—For purposes of
22 this subsection, the term ‘suspension period’ means
23 the period beginning on July 1, 2001, and ending on
24 December 31, 2001.”

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on the date of the enactment
3 of this Act.

4 **SEC. 3. FLOOR STOCK REFUNDS.**

5 (a) IN GENERAL.—If—

6 (1) before the tax suspension date, tax has been
7 imposed under section 4081 or 4091 of the Internal
8 Revenue Code of 1986 on any liquid, and

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

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

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

19 (1) claim therefor is filed with the Secretary of
20 the Treasury before the date which is 6 months
21 after the tax suspension date, and

22 (2) in any case where liquid is held by a dealer
23 (other than the taxpayer) on the tax suspension
24 date—

1 (A) the dealer submits a request for refund
2 or credit to the taxpayer before the date which
3 is 3 months after the tax suspension date, and

4 (B) the taxpayer has repaid or agreed to
5 repay the amount so claimed to such dealer or
6 has obtained the written consent of such dealer
7 to the allowance of the credit or the making of
8 the refund.

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

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

14 (1) the terms “dealer” and “held by a dealer”
15 have the respective meanings given to such terms by
16 section 6412 of such Code; except that the term
17 “dealer” includes a producer, and

18 (2) the term “tax suspension date” means the
19 date on which the suspension period begins under
20 section 4081(f) of the Internal Revenue Code of
21 1986 (as added by section 2).

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

1 **SEC. 4. FLOOR STOCKS TAX.**

2 (a) IMPOSITION OF TAX.—In the case of any taxable
3 liquid which is held on the floor stocks tax date by any
4 person, there is hereby imposed a floor stocks tax equal
5 to the excess of the tax which would be imposed under
6 section 4041, 4081, or 4091 of the Internal Revenue Code
7 of 1986 on such liquid had the taxable event occurred on
8 the floor stocks tax date over the tax paid under such sec-
9 tions on such liquid.

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

12 (1) LIABILITY FOR TAX.—A person holding a
13 liquid on the floor stocks tax date to which the tax
14 imposed by subsection (a) applies shall be liable for
15 such tax.

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

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

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

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

1 (2) TAXABLE LIQUID.—The term ‘taxable liq-
2 uid’ means any liquid on which tax is imposed under
3 section 4041, 4081, or 4091 of the Internal Revenue
4 Code of 1986 on the floor stocks tax date.

5 (3) GASOLINE AND DIESEL FUEL.—The terms
6 “gasoline” and “diesel fuel” have the respective
7 meanings given such terms by section 4083 of such
8 Code.

9 (4) AVIATION FUEL.—The term “aviation fuel”
10 has the meaning given such term by section 4093 of
11 such Code.

12 (5) FLOOR STOCKS TAX DATE.—The term
13 “floor stocks tax date” means the day after the end
14 of the suspension period under section 4081(f) of
15 such Code (as added by section 2).

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

19 (d) EXCEPTION FOR EXEMPT USES.—The tax im-
20 posed by subsection (a) shall not apply to taxable liquid
21 held by any person exclusively for any use to the extent
22 a credit or refund of the tax imposed by section 4041,
23 4081, or 4091 of such Code is allowable for such use.

24 (e) EXCEPTION FOR FUEL HELD IN VEHICLE
25 TANK.—No tax shall be imposed by subsection (a) on tax-

1 able liquid held in the tank of a motor vehicle or motor-
2 boat.

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

4 (1) IN GENERAL.—No tax shall be imposed by
5 subsection (a)—

6 (A) on gasoline held on the floor stocks tax
7 date by any person if the aggregate amount of
8 gasoline held by such person on such date does
9 not exceed 4,000 gallons, and

10 (B) on diesel fuel, kerosene, or aviation
11 fuel held on such date by any person if the ag-
12 gregate amount of diesel fuel, kerosene, or avia-
13 tion fuel held by such person on such date does
14 not exceed 2,000 gallons.

15 The preceding sentence shall apply only if such per-
16 son submits to the Secretary (at the time and in the
17 manner required by the Secretary) such information
18 as the Secretary shall require for purposes of this
19 paragraph.

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

1 (3) CONTROLLED GROUPS.—For purposes of
2 this subsection—

3 (A) CORPORATIONS.—

4 (i) IN GENERAL.—All persons treated
5 as a controlled group shall be treated as 1
6 person.

7 (ii) CONTROLLED GROUP.—The term
8 “controlled group” has the meaning given
9 to such term by subsection (a) of section
10 1563 of such Code; except that for such
11 purposes the phrase “more than 50 per-
12 cent” shall be substituted for the phrase
13 “at least 80 percent” each place it appears
14 in such subsection.

15 (B) NONINCORPORATED PERSONS UNDER
16 COMMON CONTROL.—Under regulations pre-
17 scribed by the Secretary, principles similar to
18 the principles of subparagraph (A) shall apply
19 to a group of persons under common control
20 where 1 or more of such persons is not a cor-
21 poration.

22 (g) OTHER LAW APPLICABLE.—All provisions of law,
23 including penalties, applicable with respect to the taxes
24 imposed by section 4041(a)(2) of such Code in the case
25 of special fuels; by section 4081 of such Code in the case

1 of gasoline, diesel fuel, and kerosene; and by section 4091
2 of such Code in the case of aviation fuel shall, insofar as
3 applicable and not inconsistent with the provisions of this
4 subsection, apply with respect to the floor stock taxes im-
5 posed by subsection (a) to the same extent as if such taxes
6 were imposed by such section 4041, 4081, or 4091.

7 **SEC. 5. PROTECTION OF HIGHWAY TRUST FUND.**

8 The amounts transferred to the Highway Trust Fund
9 under section 9503 of the Internal Revenue Code of 1986
10 shall be determined as if this Act had not been acted.

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