

109TH CONGRESS
1ST SESSION

H. R. 4276

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to use the proceeds of the windfall profit tax collected to carry out the Low-Income Home Energy Assistance Act and for medical services provided by the Department of Veterans Affairs.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 2005

Mr. LARSON of Connecticut (for himself and Ms. DELAURO) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Education and the Workforce, and Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to use the proceeds of the windfall profit tax collected to carry out the Low-Income Home Energy Assistance Act and for medical services provided by the Department of Veterans Affairs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Consumer Windfall
3 Excess Oil Profits Protection Act of 2005”.

4 **SEC. 2. WINDFALL PROFITS TAX ON CRUDE OIL, NATURAL
5 GAS, AND PRODUCTS THEREOF.**

6 (a) IN GENERAL.—Subtitle E of the Internal Rev-
7 enue Code of 1986 (relating to alcohol, tobacco, and cer-
8 tain other excise taxes) is amended by adding at the end
9 thereof the following new chapter:

10 **“CHAPTER 56—WINDFALL PROFITS ON
11 CRUDE OIL, NATURAL GAS, AND PROD-
12 UCTS THEREOF**

“Sec. 5896. Imposition of tax.

“Sec. 5897. Windfall profit; etc.

“Sec. 5898. Special rules and definitions.

13 **“SEC. 5896. IMPOSITION OF TAX.**

14 “In addition to any other tax imposed under this title,
15 there is hereby imposed on every taxpayer an excise tax
16 in an amount equal to 50 percent of the windfall profit
17 for any taxable year from—

18 “(1) sales of any crude oil, natural gas, or other
19 taxable product thereof, and

20 “(2) net gains from transactions of an interest
21 the price of which is determined in whole or in part
22 by reference to the price of crude oil, natural gas,
23 or other taxable product thereof.

1 **“SEC. 5897. WINDFALL PROFIT; ETC.**

2 “(a) GENERAL RULE.—For purposes of this chapter,
3 the term ‘windfall profit’ means the excess of—

4 “(1) the adjusted taxable income of the tax-
5 payer for the taxable year, over

6 “(2) the reasonably inflated average profit for
7 such taxable year.

8 “(b) ADJUSTED TAXABLE INCOME.—For purposes of
9 this chapter, with respect to any taxpayer, the adjusted
10 taxable income for any taxable year is equal to the taxable
11 income for such taxable year (within the meaning of sec-
12 tion 63 and determined without regard to this sub-
13 section)—

14 “(1) increased by any interest expense deduc-
15 tion, charitable contribution deduction, and any net
16 operating loss deduction carried forward from any
17 prior taxable year, and

18 “(2) reduced by any interest income, dividend
19 income, and net operating losses to the extent such
20 losses exceed taxable income for the taxable year.

21 In the case of any taxpayer which is a foreign corporation,
22 the adjusted taxable income shall be determined with re-
23 spect to such income which is effectively connected with
24 the conduct of a trade or business in the United States.

25 “(c) REASONABLY INFLATED AVERAGE PROFIT.—
26 For purposes of this chapter, with respect to any applica-

1 ble taxpayer, the reasonably inflated average profit for any
2 taxable year is an amount equal to the average of the ad-
3 justed taxable income of such taxpayer for taxable years
4 beginning during the 2000–2004 taxable year period (de-
5 termined without regard to the taxable year with the high-
6 est adjusted taxable income in such period) plus 10 per-
7 cent of such average.

8 “(d) TAXABLE PRODUCT THEREOF.—The term ‘tax-
9 able product thereof’ means any fuel which is a product
10 of crude oil or natural gas.

11 **“SEC. 5898. SPECIAL RULES AND DEFINITIONS.**

12 “(a) WITHHOLDING AND DEPOSIT OF TAX.—The
13 Secretary shall provide such rules as are necessary for the
14 withholding and deposit of the tax imposed under section
15 5896.

16 “(b) RECORDS AND INFORMATION.—Each taxpayer
17 liable for tax under section 5896 shall keep such records,
18 make such returns, and furnish such information as the
19 Secretary may by regulations prescribe.

20 “(c) RETURN OF WINDFALL PROFIT TAX.—The Sec-
21 retary shall provide for the filing and the time of such
22 filing of the return of the tax imposed under section 5896.

23 “(d) BUSINESSES UNDER COMMON CONTROL.—For
24 purposes of this chapter, all members of the same con-
25 trolled group of corporations (within the meaning of sec-

1 tion 267(f)) and all persons under common control (within
2 the meaning of section 52(b) but determined by treating
3 an interest of more than 50 percent as a controlling inter-
4 est) shall be treated as 1 person.

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

8 (b) CLERICAL AMENDMENT.—The table of chapters
9 for subtitle E of such Code is amended by adding at the
10 end the following new item:

“CHAPTER 56. WINDFALL PROFITS ON CRUDE OIL, NATURAL GAS, AND
PRODUCTS THEREOF”.

11 (c) DEDUCTIBILITY OF WINDFALL PROFIT TAX.—
12 The first sentence of section 164(a) of such Code (relating
13 to deduction for taxes) is amended by inserting after para-
14 graph (5) the following new paragraph:

15 “(6) The windfall profit tax imposed by section
16 5896.”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning in 2005
19 or 2006.

1 **SEC. 3. USE OF PROCEEDS FROM WINDFALL PROFITS ON**
2 **CRUDE OIL, NATURAL GAS, AND PRODUCTS**
3 **THEREOF.**

4 There are hereby appropriated amounts equivalent to
5 the taxes received in the Treasury under chapter 56 of
6 the Internal Revenue Code of 1986, as follows:

7 (1) 50 percent of such amounts, which shall be
8 available only for carrying out the Low-Income
9 Home Energy Assistance Act of 1981, and

10 (2) 50 percent of such amounts, which shall be
11 credited to the current appropriation of the Depart-
12 ment of Veterans Affairs that is available for med-
13 ical services.

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