

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3784

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to allow an income tax credit for purchases of fuel-efficient passenger vehicles, and to allow grants for mass transit.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 2012

Mr. KUCINICH (for himself, Ms. WOOLSEY, Mr. CONYERS, Mr. LANGEVIN, Ms. FUDGE, and Mr. FILNER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Transportation and Infrastructure, 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

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## 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 allow an income tax credit for purchases of fuel-efficient passenger vehicles, and to allow grants for mass transit.

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 Price Spike Act  
5 of 2012”.

1 **SEC. 2. WINDFALL PROFITS TAX.**

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

6 **“CHAPTER 56—WINDFALL PROFIT ON**  
 7 **CRUDE OIL, NATURAL GAS, AND PROD-**  
 8 **UCTS THEREOF**

“Sec. 5896. Imposition of tax.

9 **“SEC. 5896. IMPOSITION OF TAX.**

10 “(a) IN GENERAL.—In addition to any other tax im-  
 11 posed under this title, there is hereby imposed an excise  
 12 tax on the sale in the United States of any crude oil, nat-  
 13 ural gas, or other taxable product a tax equal to the appli-  
 14 cable percentage of the windfall profit on such sale.

15 “(b) DEFINITIONS.—For purposes of this section—

16 “(1) TAXABLE PRODUCT.—The term ‘taxable  
 17 product’ means any fuel which is a product of crude  
 18 oil or natural gas.

19 “(2) WINDFALL PROFIT.—The term ‘windfall  
 20 profit’ means, with respect to any sale, so much of  
 21 the profit on such sale as exceeds a reasonable prof-  
 22 it.

23 “(3) APPLICABLE PERCENTAGE.—The term  
 24 ‘applicable percentage’ means—

1           “(A) 50 percent to the extent that the  
2 profit on the sale exceeds 100 percent of the  
3 reasonable profit on the sale but does not ex-  
4 ceed 102 percent of the reasonable profit on the  
5 sale,

6           “(B) 75 percent to the extent that the  
7 profit on the sale exceeds 102 percent of the  
8 reasonable profit on the sale but does not ex-  
9 ceed 105 percent of the reasonable profit on the  
10 sale, and

11           “(C) 100 percent to the extent that the  
12 profit on the sale exceeds 105 percent of the  
13 reasonable profit on the sale.

14           “(4) REASONABLE PROFIT.—The term ‘reason-  
15 able profit’ means the amount determined by the  
16 Reasonable Profits Board to be a reasonable profit  
17 on the sale.

18           “(c) LIABILITY FOR PAYMENT OF TAX.—The taxes  
19 imposed by subsection (a) shall be paid by the seller.”.

20           “(b) CLERICAL AMENDMENT.—The table of chapters  
21 for subtitle E of such Code is amended by adding at the  
22 end the following new item:

“CHAPTER 56. WINDFALL PROFIT ON CRUDE OIL AND REFINED  
PETROLEUM PRODUCTS.”.

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

4 **SEC. 3. CREDIT FOR PURCHASING FUEL EFFICIENT AMER-**  
5 **ICAN-MADE PASSENGER VEHICLES.**

6 (a) IN GENERAL.—Subpart A of part IV of sub-  
7 chapter A of chapter 1 of the Internal Revenue Code of  
8 1986 (relating to nonrefundable personal credits) is  
9 amended by inserting after section 25D the following new  
10 section:

11 **“SEC. 25E. PURCHASE OF FUEL-EFFICIENT AMERICAN-**  
12 **MADE PASSENGER VEHICLES.**

13 “(a) IN GENERAL.—In the case of an individual,  
14 there shall be allowed as a credit against the tax imposed  
15 by this chapter for the taxable year an amount equal to  
16 the cost of any qualified passenger vehicle purchased by  
17 the taxpayer during the taxable year.

18 “(b) MAXIMUM CREDIT.—

19 “(1) IN GENERAL.—The credit allowed by this  
20 section for the taxable year shall be—

21 “(A) \$3,000 in the case of a qualified pas-  
22 senger vehicle not described in subparagraph  
23 (B) or (C) if the vehicle’s fuel economy is with-  
24 in the 10 percent most fuel efficient range,

1           “(B) \$4,500 in the case of a qualified pas-  
2           senger vehicle not described in subparagraph  
3           (C) if the vehicle’s fuel economy is within the  
4           5 percent most fuel efficient range, and

5           “(C) \$6,000 in the case of a qualified pas-  
6           senger vehicle the fuel economy of which is at  
7           least 65 miles per gallon.

8           “(2) DETERMINATION OF RANGES.—

9           “(A) IN GENERAL.—A vehicle sold during  
10          a calendar year is within the 10 percent most  
11          fuel efficient range if the fuel economy for such  
12          vehicle is equal to or greater than the lowest  
13          fuel economy of a vehicle included in the group  
14          consisting of the 10 percent of the vehicles sold  
15          during the preceding calendar year with the  
16          highest fuel economy. A similar rule shall be  
17          applied to determine the 5 percent most fuel ef-  
18          ficient range.

19          “(B) SEPARATE DETERMINATION.—The 5  
20          and 10 percent most fuel efficient ranges shall  
21          be determined separately for—

22                 “(i) trucks and sport utility vehicles  
23                 as a group, and

24                 “(ii) other qualified vehicles as a  
25                 group.

1           “(C) RANGES TO BE PUBLISHED BEFORE  
2 BEGINNING OF YEAR.—Before the beginning of  
3 each calendar year, the Secretary shall publish  
4 in the Federal Register the 5 and 10 percent  
5 most fuel efficient ranges which apply for such  
6 calendar year. In the case of ranges for cal-  
7 endar year 2011, such ranges shall be published  
8 as soon as possible.

9           “(c) QUALIFIED PASSENGER VEHICLE.—For pur-  
10 poses of this section—

11           “(1) IN GENERAL.—The term ‘qualified auto-  
12 mobile’ means any automobile (as defined in section  
13 4064(b))—

14           “(A) which is purchased after the date of  
15 the enactment of this section,

16           “(B) which is assembled in the United  
17 States by individuals employed under a collec-  
18 tive bargaining agreement,

19           “(C) the original use of which begins with  
20 the taxpayer,

21           “(D) substantially all of the use of which  
22 is for personal, nonbusiness purposes, and

23           “(E) the fuel economy of such automobile  
24 is within the 10 percent most fuel efficient  
25 range.

1           “(2) FUEL ECONOMY.—Fuel economy shall be  
2 determined in accordance with section 4064.

3           “(d) SPECIAL RULES.—

4           “(1) BASIS REDUCTION.—The basis of any  
5 property for which a credit is allowable under sub-  
6 section (a) shall be reduced by the amount of such  
7 credit.

8           “(2) PROPERTY USED OUTSIDE UNITED STATES  
9 NOT QUALIFIED.—No credit shall be allowed under  
10 subsection (a) with respect to any property referred  
11 to in section 50(b).”.

12          (b) CLERICAL AMENDMENT.—The table of sections  
13 for such subpart A is amended by inserting after the item  
14 relating to section 25D the following new item:

“Sec. 25E. Purchase of fuel-efficient American-made passenger vehicles.”.

15          (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years ending after the  
17 date of the enactment of this Act.

18 **SEC. 4. MASS TRANSIT FARE REDUCTIONS DURING GAS**  
19 **PRICE SPIKES.**

20          (a) IN GENERAL.—The Secretary of Transportation  
21 may make grants to the operator of a mass transit system  
22 to assist the operator in reducing fares paid by passengers  
23 using the system.

24          (b) USE OF GRANTS.—Grants received under the  
25 program shall be used solely for implementing a fare re-

1 duction described in subsection (a) that is applied equally  
2 to all passengers using the mass transit system.

3 (c) MASS TRANSIT SYSTEM DEFINED.—In this sec-  
4 tion, the term “mass transit system” includes bus and  
5 commuter rail systems.

6 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
7 authorized to be appropriated to carry out this section in  
8 a fiscal year amounts equivalent to the excess (if any) of—

9 (1) the revenues received during the preceding  
10 fiscal year pursuant to chapter 56 of the Internal  
11 Revenue Code of 1986 (relating to windfall profit on  
12 crude oil and refined petroleum products), over

13 (2) the revenue cost for such fiscal year of sec-  
14 tion 25E of such Code (relating to purchase of fuel-  
15 efficient American-made passenger vehicles).

16 Amounts authorized under the preceding sentence shall re-  
17 main available until expended.

18 **SEC. 5. REASONABLE PROFITS BOARD.**

19 (a) ESTABLISHMENT.—There is established an inde-  
20 pendent board to be known as the “Reasonable Profits  
21 Board” (hereafter in this section referred to as the  
22 “Board”).

23 (b) DUTIES.—The Board shall make reasonable prof-  
24 it determinations for purposes of applying section 5896

1 of the Internal Revenue Code of 1986 (relating to windfall  
2 profit on crude oil, natural gas, and products thereof).

3 (c) ADVISORY COMMITTEE.—The Board shall be con-  
4 sidered an advisory committee within the meaning of the  
5 Federal Advisory Committee Act (5 U.S.C. App.).

6 (d) APPOINTMENT.—

7 (1) MEMBERS.—The Board shall be composed  
8 of 3 members appointed by the President of the  
9 United States.

10 (2) TERM.—Members of the Board shall be ap-  
11 pointed for a term of 3 years.

12 (3) BACKGROUND.—The members shall have no  
13 financial interests in any of the businesses for which  
14 reasonable profits are determined by the Board.

15 (e) PAY AND TRAVEL EXPENSES.—

16 (1) PAY.—Notwithstanding section 7 of the  
17 Federal Advisory Committee Act (5 U.S.C. App.),  
18 members of the Board shall be paid at a rate equal  
19 to the daily equivalent of the minimum annual rate  
20 of basic pay for level IV of the Executive Schedule  
21 under section 5315 of title 5, United States Code,  
22 for each day (including travel time) during which the  
23 member is engaged in the actual performance of du-  
24 ties vested in the Board.

1           (2) TRAVEL EXPENSES.—Members shall receive  
2 travel expenses, including per diem in lieu of subsist-  
3 ence, in accordance with section 5702 and 5703 of  
4 title 5, United States Code.

5           (f) DIRECTOR OF STAFF.—

6           (1) QUALIFICATIONS.—The Board shall appoint  
7 a Director who has no financial interests in any of  
8 the businesses for which reasonable profits are de-  
9 termined by the Board.

10           (2) PAY.—Notwithstanding section 7 of the  
11 Federal Advisory Committee Act (5 U.S.C. App.),  
12 the Director shall be paid at the rate of basic pay  
13 payable for level IV of the Executive Schedule under  
14 section 5315 of title 5, United States Code.

15           (g) STAFF.—

16           (1) ADDITIONAL PERSONNEL.—The Director,  
17 with the approval of the Board, may appoint and fix  
18 the pay of additional personnel.

19           (2) APPOINTMENTS.—The Director may make  
20 such appointments without regard to the provisions  
21 of title 5, United States Code, governing appoint-  
22 ments in the competitive service, and any personnel  
23 so appointed may be paid without regard to the pro-  
24 visions of chapter 51 and subchapter III of chapter

1 53 of that title relating to classification and General  
2 Schedule pay rates.

3 (3) DETAILEES.—Upon the request of the Di-  
4 rector, the head of any Federal department or agen-  
5 cy may detail any of the personnel of that depart-  
6 ment or agency to the Board to assist the Board in  
7 accordance with an agreement entered into with the  
8 Board.

9 (4) ASSISTANCE.—The Comptroller General of  
10 the United States may provide assistance, including  
11 the detailing of employees, to the Board in accord-  
12 ance with an agreement entered into with the Board.

13 (h) OTHER AUTHORITY.—

14 (1) EXPERTS AND CONSULTANTS.—The Board  
15 may procure by contract, to the extent funds are  
16 available, the temporary or intermittent services of  
17 experts or consultants pursuant to section 3109 of  
18 title 5, United States Code.

19 (2) LEASING.—The Board may lease space and  
20 acquire personal property to the extent that funds  
21 are available.

22 (i) FUNDING.—There are authorized to be appro-  
23 priated such funds as are necessary to carry out this sec-  
24 tion.

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