

113TH CONGRESS  
1ST SESSION

# H. R. 2956

To eliminate unnecessary oil tax credits and subsidies for major oil companies to reduce the national debt.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2013

Mr. MURPHY of Florida (for himself, Mr. BLUMENAUER, Ms. ESTY, and Mr. BARBER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Natural Resources, 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 eliminate unnecessary oil tax credits and subsidies for major oil companies to reduce the national debt.

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 “End Welfare for Big  
5 Oil Act of 2013”.

1     **TITLE I—REPEAL OF OIL AND**  
2                     **GAS SUBSIDIES**  
3             **Subtitle A—Close Big Oil Tax**  
4                     **Loopholes**

5     **SEC. 101. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**  
6                     **APPLICABLE TO MAJOR INTEGRATED OIL**  
7                     **COMPANIES WHICH ARE DUAL CAPACITY**  
8                     **TAXPAYERS.**

9             (a) IN GENERAL.—Section 901 of the Internal Rev-  
10     enue Code of 1986 is amended by redesignating subsection  
11     (n) as subsection (o) and by inserting after subsection (m)  
12     the following new subsection:

13             “(n) SPECIAL RULES RELATING TO MAJOR INTE-  
14     GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY  
15     TAXPAYERS.—

16             “(1) GENERAL RULE.—Notwithstanding any  
17     other provision of this chapter, any amount paid or  
18     accrued by a dual capacity taxpayer which is a  
19     major integrated oil company (as defined in section  
20     167(h)(5)(B)) to a foreign country or possession of  
21     the United States for any period shall not be consid-  
22     ered a tax—

23             “(A) if, for such period, the foreign coun-  
24     try or possession does not impose a generally  
25     applicable income tax, or

1           “(B) to the extent such amount exceeds  
2           the amount (determined in accordance with reg-  
3           ulations) which—

4                   “(i) is paid by such dual capacity tax-  
5                   payer pursuant to the generally applicable  
6                   income tax imposed by the country or pos-  
7                   session, or

8                   “(ii) would be paid if the generally ap-  
9                   plicable income tax imposed by the country  
10                  or possession were applicable to such dual  
11                  capacity taxpayer.

12           Nothing in this paragraph shall be construed to  
13           imply the proper treatment of any such amount not  
14           in excess of the amount determined under subpara-  
15           graph (B).

16           “(2) DUAL CAPACITY TAXPAYER.—For pur-  
17           poses of this subsection, the term ‘dual capacity tax-  
18           payer’ means, with respect to any foreign country or  
19           possession of the United States, a person who—

20                   “(A) is subject to a levy of such country or  
21                   possession, and

22                   “(B) receives (or will receive) directly or  
23                   indirectly a specific economic benefit (as deter-  
24                   mined in accordance with regulations) from  
25                   such country or possession.

1           “(3) GENERALLY APPLICABLE INCOME TAX.—

2           For purposes of this subsection—

3                   “(A) IN GENERAL.—The term ‘generally  
4                   applicable income tax’ means an income tax (or  
5                   a series of income taxes) which is generally im-  
6                   posed under the laws of a foreign country or  
7                   possession on income derived from the conduct  
8                   of a trade or business within such country or  
9                   possession.

10                   “(B) EXCEPTIONS.—Such term shall not  
11                   include a tax unless it has substantial applica-  
12                   tion, by its terms and in practice, to—

13                           “(i) persons who are not dual capacity  
14                           taxpayers, and

15                           “(ii) persons who are citizens or resi-  
16                           dents of the foreign country or posses-  
17                           sion.”.

18           (b) EFFECTIVE DATE.—

19                   (1) IN GENERAL.—The amendments made by  
20                   this section shall apply to taxes paid or accrued in  
21                   taxable years beginning after the date of the enact-  
22                   ment of this Act.

23                   (2) CONTRARY TREATY OBLIGATIONS  
24                   UPHELD.—The amendments made by this section

1 shall not apply to the extent contrary to any treaty  
2 obligation of the United States.

3 **SEC. 102. LIMITATION ON SECTION 199 DEDUCTION ATTRIB-**  
4 **UTABLE TO OIL, NATURAL GAS, OR PRIMARY**  
5 **PRODUCTS THEREOF.**

6 (a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-  
7 tion 199(c) of the Internal Revenue Code of 1986 is  
8 amended by adding at the end the following new subpara-  
9 graph:

10 “(E) SPECIAL RULE FOR CERTAIN OIL  
11 AND GAS INCOME.—In the case of any taxpayer  
12 who is a major integrated oil company (as de-  
13 fined in section 167(h)(5)(B)) for the taxable  
14 year, the term ‘domestic production gross re-  
15 ceipts’ shall not include gross receipts from the  
16 production, transportation, or distribution of  
17 oil, natural gas, or any primary product (within  
18 the meaning of subsection (d)(9)) thereof.”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to taxable years beginning after  
21 December 31, 2013.

22 **SEC. 103. LIMITATION ON DEDUCTION FOR INTANGIBLE**  
23 **DRILLING AND DEVELOPMENT COSTS.**

24 (a) IN GENERAL.—Section 263(c) of the Internal  
25 Revenue Code of 1986 is amended by adding at the end

1 the following new sentence: “This subsection shall not  
 2 apply to amounts paid or incurred by a taxpayer in any  
 3 taxable year in which such taxpayer is a major integrated  
 4 oil company (as defined in section 167(h)(5)(B)).”.

5 (b) EFFECTIVE DATE.—The amendment made by  
 6 this section shall apply to amounts paid or incurred in tax-  
 7 able years beginning after December 31, 2013.

8 **SEC. 104. LIMITATION ON PERCENTAGE DEPLETION AL-**  
 9 **LOWANCE FOR OIL AND GAS WELLS.**

10 (a) IN GENERAL.—Section 613A of the Internal Rev-  
 11 enue Code of 1986 is amended by adding at the end the  
 12 following new subsection:

13 “(f) APPLICATION WITH RESPECT TO MAJOR INTE-  
 14 GRATED OIL COMPANIES.—In the case of any taxable year  
 15 in which the taxpayer is a major integrated oil company  
 16 (as defined in section 167(h)(5)(B)), the allowance for  
 17 percentage depletion shall be zero.”.

18 (b) EFFECTIVE DATE.—The amendment made by  
 19 this section shall apply to taxable years beginning after  
 20 December 31, 2013.

21 **SEC. 105. LIMITATION ON DEDUCTION FOR TERTIARY**  
 22 **INJECTANTS.**

23 (a) IN GENERAL.—Section 193 of the Internal Rev-  
 24 enue Code of 1986 is amended by adding at the end the  
 25 following new subsection:

1       “(d) APPLICATION WITH RESPECT TO MAJOR INTE-  
2 GRATED OIL COMPANIES.—This section shall not apply to  
3 amounts paid or incurred by a taxpayer in any taxable  
4 year in which such taxpayer is a major integrated oil com-  
5 pany (as defined in section 167(h)(5)(B)).”.

6       (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to amounts paid or incurred in tax-  
8 able years beginning after December 31, 2013.

9                   **Subtitle B—Outer Continental**  
10                   **Shelf Oil and Natural Gas**

11 **SEC. 111. REPEAL OF OUTER CONTINENTAL SHELF DEEP**  
12                   **WATER AND DEEP GAS ROYALTY RELIEF.**

13       (a) IN GENERAL.—Sections 344 and 345 of the En-  
14 ergy Policy Act of 2005 (42 U.S.C. 15904, 15905) are  
15 repealed.

16       (b) LIMITATION ON APPLICATION.—The repeal under  
17 subsection (a) shall not affect the application of the re-  
18 pealed sections with respect to any lease sale for which  
19 a notice of sale is published before the date of enactment  
20 of this Act.

21                   **TITLE II—BUDGETARY EFFECTS**

22 **SEC. 201. DEFICIT REDUCTION.**

23       The net amount of any savings realized as a result  
24 of the enactment of this Act and the amendments made  
25 by this Act (after any expenditures authorized by this Act

1 and the amendments made by this Act) shall be deposited  
2 in the Treasury and used for Federal budget deficit reduc-  
3 tion or, if there is no Federal budget deficit, for reducing  
4 the Federal debt in such manner as the Secretary of the  
5 Treasury considers appropriate.

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