

113TH CONGRESS  
1ST SESSION

# H. R. 3636

To amend the Internal Revenue Code of 1986 to increase the excise tax on gasoline, diesel, and kerosene fuels.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 2013

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the excise tax on gasoline, diesel, and kerosene fuels.

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 “Update, Promote, and  
5 Develop America’s Transportation Essentials Act of  
6 2013”.

7 **SEC. 2. FINDINGS; SENSE OF CONGRESS.**

8 (a) FINDINGS.—The Congress finds the following:

9 (1) Since the passage of SAFETEA-LU, Con-  
10 gress has transferred over \$50 billion from the Gen-

1       eral Fund to the Highway Trust Fund, in order to  
2       maintain solvency.

3               (2) The Congressional Budget Office estimates  
4       after the end of Fiscal year 2014, annual General  
5       Fund transfers of approximately \$15 billion will be  
6       necessary in order to maintain current Highway  
7       Trust Fund spending levels.

8               (3) The Congressional Budget Office also esti-  
9       mates that in order to provide funding for surface  
10      transportation projects where the Federal benefit  
11      outweighs the cost, an additional \$83 billion a year  
12      would need to be allocated to the Highway and  
13      Transit Trust Funds.

14              (4) The American Society for Civil Engineers  
15      estimates that in order to meet our economic and  
16      transportation needs, the United States should in-  
17      vest at least an additional \$500 billion in our sur-  
18      face transportation system by 2020.

19              (5) The National Commission on Fiscal Reform  
20      and Responsibility report, often referred to as the  
21      “Simpson-Bowles” plan, includes a recommendation  
22      to raise the gas tax by fifteen cents.

23              (6) The National Surface Transportation Infra-  
24      structure Financing Commission recommended, in  
25      their 2009 report, that Congress take action to pre-

1 vent the Highway Trust Fund from becoming insol-  
2 vent, and to avoid any reductions in infrastructure  
3 spending. The Commission also noted that a Federal  
4 funding system based on a vehicle miles traveled sys-  
5 tem, is the consensus choice for the future.

6 (b) SENSE OF CONGRESS REGARDING REPLACEMENT  
7 OF GAS TAX.—It is the sense of Congress that by 2024  
8 the gas tax should be repealed and replaced with a more  
9 sustainable, stable funding source.

10 **SEC. 3. TAX ON MOTOR FUELS.**

11 (a) GASOLINE OTHER THAN AVIATION GASOLINE.—  
12 Section 4081(a)(2)(A)(i) of the Internal Revenue Code of  
13 1986 is amended to read as follows:

14 “(i) in the case of gasoline other than  
15 aviation gasoline—

16 “(I) for tax imposed before 2014,  
17 18.3 cents per gallon,

18 “(II) for tax imposed during  
19 2014, 26.3 cents per gallon,

20 “(III) for tax imposed during  
21 2015, 30.3 cents per gallon, and

22 “(IV) for tax imposed after 2015  
23 and before 2025, 33.3 cents per gal-  
24 lon.”.

1 (b) DIESEL FUEL OR KEROSENE.—Section  
 2 4081(a)(2)(A)(iii) of the Internal Revenue Code of 1986  
 3 is amended to read as follows:

4 “(iii) in the case of diesel fuel or ker-  
 5 osene—

6 “(I) for tax imposed before 2014,  
 7 24.3 cents per gallon,

8 “(II) for tax imposed during  
 9 2014, 32.3 cents per gallon,

10 “(III) for tax imposed during  
 11 2015, 36.3 cents per gallon, and

12 “(IV) for tax imposed after 2015  
 13 and before 2025, 39.3 cents per gal-  
 14 lon.”.

15 (c) INCREASE FOR INFLATION.—Paragraph (2) of  
 16 section 4081(a) of such Code is amended by adding at  
 17 the end the following:

18 “(E) ADJUSTMENT FOR INFLATION.—In  
 19 the case of any calendar year beginning after  
 20 2016, the rates of tax contained in clauses  
 21 (i)(IV) and (iii)(IV) of subparagraph (A) shall  
 22 each be increased by an amount equal to—

23 “(i) such rate, multiplied by

24 “(ii) the cost of living adjustment de-  
 25 termined under section 1(f)(3) for the cal-

1           endar year, determined by substituting  
2           ‘calendar year 2015’ for ‘calendar year  
3           1992’ in subparagraph (B) thereof.

4           Any increase under the preceding sentence shall  
5           be rounded to the nearest 0.1 cents.”.

6           (d) **DIESEL-WATER FUEL EMULSION.**—Section  
7 4081(a)(2)(D) of the Internal Revenue Code of 1986 is  
8 amended by striking “19.7 cents” for “24.3 cents” and  
9 inserting “a rate equal to 71 percent of the rate in effect  
10 under subparagraph (A) (without regard to this subpara-  
11 graph)”.

12          (e) **TERMINATION.**—Section 4081(d)(1) of the Inter-  
13 nal Revenue Code of 1986 is amended by striking “Sep-  
14 tember 30, 2016” and inserting “December 31, 2024”.

15          (f) **EFFECTIVE DATE.**—The amendments made by  
16 this section shall apply to fuels or liquids removed, en-  
17 tered, or sold after December 31, 2013.

18 **SEC. 4. FLOOR STOCKS TAX.**

19          (a) **IMPOSITION OF TAX.**—In the case of any taxable  
20 liquid which is held on the floor stocks tax date by any  
21 person, there is hereby imposed a floor stocks tax equal  
22 to the excess of the tax which would be imposed on such  
23 liquid under section 4041 or 4081 of the Internal Revenue  
24 Code of 1986 had the taxable event occurred on the floor

1 stocks tax date over the tax paid under any such section  
2 on such liquid.

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 OF 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) TAXABLE LIQUID.—The term “taxable liq-  
21 uid” means diesel fuel and kerosene (other than  
22 aviation-grade kerosene).

23 (3) FLOOR STOCKS DATE.—The term “floor  
24 stocks tax date” means any January 1 of any cal-  
25 endar year beginning after the date of the enactment

1 of this Act on which a rate of tax under section  
2 4041 or 4081 of such Code increases pursuant to an  
3 amendment made by section 2.

4 (4) SECRETARY.—The term “Secretary” means  
5 the Secretary of the Treasury.

6 (d) EXCEPTION FOR EXEMPT USES.—The tax im-  
7 posed by subsection (a) shall not apply to taxable liquid  
8 held by any person exclusively for any use to the extent  
9 a credit or refund of the tax imposed by a section of such  
10 Code is allowable for such use.

11 (e) EXCEPTION FOR FUEL HELD IN VEHICLE  
12 TANK.—No tax shall be imposed by subsection (a) on tax-  
13 able liquid held in the tank of a motor vehicle or motor-  
14 boat.

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

16 (1) IN GENERAL.—No tax shall be imposed by  
17 subsection (A) on any liquid held on the floor stocks  
18 tax date by any person if the aggregate amount of  
19 liquid held by such person on such date does not ex-  
20 ceed 2,000 gallons. The preceding sentence shall  
21 apply only if such person submits to the Secretary  
22 (at the time and in the manner required by the Sec-  
23 retary) such information as the Secretary shall re-  
24 quire for purposes of this paragraph.

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

6           (3) CONTROLLED GROUPS.—For purposes of  
7 this section—

8           (A) CORPORATIONS.—

9           (i) IN GENERAL.—All persons treated  
10 as a controlled group shall be treated as 1  
11 person.

12           (ii) CONTROLLED GROUP.—The term  
13 “controlled group” has the meaning given  
14 to such term by subsection (a) of section  
15 1563 of such Code; except that for such  
16 purposes the phrase “more than 50 per-  
17 cent” shall be substituted for the phrase  
18 “at least 80 percent” each place it appears  
19 in such subsection.

20           (B) NONINCORPORATED PERSONS UNDER  
21 COMMON CONTROL.—Under regulations pre-  
22 scribed by the Secretary, principles similar to  
23 the principles of clause (i) shall apply to a  
24 group of persons under common control where



1           one or more of such persons is not a corpora-  
2           tion.

3           (g) OTHER LAWS APPLICABLE.—All provisions of  
4 law, including penalties, applicable with respect to the  
5 taxes imposed by chapter 31 or 32 of such Code shall,  
6 insofar as applicable and not inconsistent with the provi-  
7 sions of this section, apply with respect to the floor stock  
8 taxes imposed by subsection (a) to the same extent as if  
9 such taxes were imposed by such chapter.

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