

113TH CONGRESS
2D SESSION

H. R. 4753

To amend the Internal Revenue Code of 1986 to provide incentives for clean energy and to repeal fossil fuel subsidies for big oil companies.

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 2014

Mr. McDERMOTT (for himself, Mr. WAXMAN, Mr. LARSON of Connecticut, Mr. BLUMENAUER, and Mr. PASCRELL) 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 provide incentives for clean energy and to repeal fossil fuel subsidies for big oil companies.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Investing to Modernize the Production of American
6 Clean Energy and Technology Act of 2014” or as the
7 “IMPACT Act of 2014”.

8 (b) TABLE OF CONTENTS.—The table of contents of
9 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—CLEAN ENERGY INCENTIVES

Subtitle A—Renewable Energy

- Sec. 101. Extension of renewable energy credits.
 Sec. 102. Extension of election of investment tax credit in lieu of production credit.
 Sec. 103. Extension of qualifying advanced energy project credit.
 Sec. 104. Extension of credit for energy-efficient new homes.
 Sec. 105. Extension of credit for energy-efficient appliances.

Subtitle B—Electric, Natural Gas, and Hydrogen Vehicles

- Sec. 111. Increase and expansion of credit for qualified plug-in electric drive motor vehicles.
 Sec. 112. Extension of new qualified alternative fuel motor vehicle credit for heavy natural gas vehicles.
 Sec. 113. Modification of credit for alternative fuel vehicle refueling property for vehicles powered by electricity, natural gas, or hydrogen.
 Sec. 114. Electric, natural gas, and hydrogen vehicle refueling property tax credit bonds.

TITLE II—REPEAL OF FOSSIL FUEL SUBSIDIES FOR BIG OIL COMPANIES

- Sec. 201. Prohibition on using last-in, first-out accounting for major integrated oil companies.
 Sec. 202. Modifications of foreign tax credit rules applicable to major integrated oil companies which are dual capacity taxpayers.
 Sec. 203. Limitation on section 199 deduction attributable to oil, natural gas, or primary products thereof.
 Sec. 204. Limitation on deduction for intangible drilling and development costs.
 Sec. 205. Limitation on percentage depletion allowance for oil and gas wells.
 Sec. 206. Limitation on deduction for tertiary injectants.

- 1 **TITLE I—CLEAN ENERGY**
 2 **INCENTIVES**
 3 **Subtitle A—Renewable Energy**
 4 **SEC. 101. EXTENSION OF RENEWABLE ENERGY CREDITS.**
 5 (a) WIND, BIOMASS, GEOTHERMAL, SMALL IRRIGA-
 6 TION, LANDFILL GAS, HYDROPOWER, MARINE, AND
 7 HYDROKINETIC.—Each of the following provisions of sec-
 8 tion 45(d) of such Code is amended by striking “January

1 1, 2014” each place it appears and inserting “January
2 1, 2024”:

3 (1) Paragraph (1).

4 (2) Clauses (i) and (ii) of paragraph (2)(A).

5 (3) Clauses (i)(I) and (ii) of paragraph (3)(A).

6 (4) Paragraph (4).

7 (5) Paragraph (6).

8 (6) Subparagraphs (A) and (C) of paragraph
9 (9).

10 (7) Subparagraph (B) of paragraph (11).

11 (b) EARLY TERMINATION IN EVENT OF FEDERAL
12 RENEWABLE ELECTRICITY REQUIREMENT.—Subsection
13 (d) of section 45 of the Internal Revenue Code of 1986
14 is amended by adding at the end the following new para-
15 graph:

16 “(12) TERMINATION IN EVENT OF FEDERAL
17 RENEWABLE ELECTRICITY REQUIREMENT.—Not-
18 withstanding any other provision of this section, the
19 term ‘qualified facility’ shall not include any prop-
20 erty which is placed in service after the date which
21 is 1 year after the date on which the Secretary of
22 Energy makes a public declaration that a Federal
23 law is in effect which requires retail electric sup-
24 pliers in the United States to supply minimum and
25 significant amounts of electric energy which is gen-

1 erated from renewable sources to customers for pur-
2 poses other than resale.”.

3 **SEC. 102. EXTENSION OF ELECTION OF INVESTMENT TAX**
4 **CREDIT IN LIEU OF PRODUCTION CREDIT.**

5 (a) IN GENERAL.—Clause (ii) of section 48(a)(5)(C)
6 of the Internal Revenue Code of 1986 is amended by strik-
7 ing “January 1, 2014” and inserting “January 1, 2024”.

8 (b) LIMITATION.—Paragraph (5) of section 48(a) of
9 such Code is amended by adding at the end the following
10 new subparagraphs:

11 “(E) LIMITATION.—In the case of a quali-
12 fying offshore wind facility to which this para-
13 graph applies and the total megawatt name-
14 plate capacity of which exceeds 3,000
15 megawatts, the basis which would (but for this
16 subparagraph) be taken into account under sub-
17 section (a) with respect to such facility shall not
18 exceed the amount which bears the same ratio
19 to such basis as—

20 “(i) 3000 megawatts, bears to

21 “(ii) the total megawatt nameplate ca-
22 pacity of such facility.

23 “(F) QUALIFYING OFFSHORE WIND FACIL-
24 ITY.—For purposes of this paragraph—

1 “(i) IN GENERAL.—The total amount
2 of credits that may be allocated under the
3 program shall be increased by
4 \$5,000,000,000.

5 “(ii) APPLICATIONS.—Notwith-
6 standing the deadline for submitting appli-
7 cations specified in paragraph (2)(A), an
8 applicant for certification with respect to
9 credits allocated pursuant to clause (i) may
10 submit an application to the Secretary at
11 such time and in such manner as the Sec-
12 retary may provide.

13 “(iii) REVIEW, REDISTRIBUTION, AND
14 REALLOCATION.—Notwithstanding the
15 deadline for review specified in paragraph
16 (4)(A), the Secretary shall review the cred-
17 its allocated pursuant to clause (i) at such
18 time as the Secretary determines appro-
19 priate.”.

20 **SEC. 104. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**
21 **NEW HOMES.**

22 (a) IN GENERAL.—Subsection (g) of section 45L of
23 the Internal Revenue Code of 1986 is amended by striking
24 “December 31, 2013” and inserting “December 31,
25 2016”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to homes acquired after December
3 31, 2013.

4 **SEC. 105. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**
5 **APPLIANCES.**

6 (a) IN GENERAL.—Section 45M(b) of the Internal
7 Revenue Code of 1986 is amended by striking “or 2013”
8 each place it appears and inserting “2013, 2014, 2015,
9 or 2016”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to appliances produced after De-
12 cember 31, 2013.

13 **Subtitle B—Electric, Natural Gas,**
14 **and Hydrogen Vehicles**

15 **SEC. 111. INCREASE AND EXPANSION OF CREDIT FOR**
16 **QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR**
17 **VEHICLES.**

18 (a) INCREASE IN DOLLAR LIMITATION.—Paragraph
19 (2) of section 30D(b) of the Internal Revenue Code of
20 1986 is amended by striking “\$2,500” and inserting
21 “\$5,000”.

22 (b) INCREASE IN LIMITATION ON NUMBER OF VEHI-
23 CLES ELIGIBLE FOR CREDIT.—Paragraph (2) of section
24 30D(e) of such Code is amended by striking “200,000”
25 and inserting “400,000”.

1 (c) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to vehicles acquired after the date
 3 of the enactment of this Act.

4 **SEC. 112. EXTENSION OF NEW QUALIFIED ALTERNATIVE**
 5 **FUEL MOTOR VEHICLE CREDIT FOR HEAVY**
 6 **NATURAL GAS VEHICLES.**

7 (a) IN GENERAL.—Paragraph (4) of section 30B(k)
 8 of the Internal Revenue Code of 1986 is amended by in-
 9 serting “(December 31, 2018, in the case of a vehicle pow-
 10 ered by compressed or liquefied natural gas and weighing
 11 more than 8,500 pounds)” before the period at the end.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 this section shall apply to vehicles purchased after the date
 14 of the enactment of this Act.

15 **SEC. 113. MODIFICATION OF CREDIT FOR ALTERNATIVE**
 16 **FUEL VEHICLE REFUELING PROPERTY FOR**
 17 **VEHICLES POWERED BY ELECTRICITY, NAT-**
 18 **URAL GAS, OR HYDROGEN.**

19 (a) SPECIAL RULES FOR PROPERTY PLACED IN
 20 SERVICE BEFORE JANUARY 1, 2021.—Subsection (e) of
 21 section 30C of the Internal Revenue Code of 1986 is
 22 amended by adding at the end the following new para-
 23 graph:

24 “(7) PROPERTY FOR RECHARGING VEHICLES
 25 POWERED BY ELECTRICITY, NATURAL GAS, OR HY-

1 DROGEN.—In the case of property placed in service
2 after December 31, 2013, and before January 1,
3 2021, which relates to electricity, natural gas, or hy-
4 drogen—

5 “(A) subsection (a) shall be applied by
6 substituting ‘50 percent’ for ‘30 percent’,

7 “(B) subsection (b)(1) shall be applied by
8 substituting ‘\$50,000’ for ‘\$30,000’, and

9 “(C) subsection (b)(2) shall be applied by
10 substituting ‘\$2,000’ for ‘\$1,000’.”.

11 (b) INSTALLATION COSTS.—Subsection (e) of section
12 30C of such Code, as amended by subsection (a), is
13 amended by adding at the end the following:

14 “(8) INSTALLATION COSTS.—The cost of any
15 qualified alternative fuel vehicle refueling property
16 which relates to electricity, natural gas, or hydrogen
17 shall include the cost of the original installation of
18 such property.”.

19 (c) TERMINATION OF CREDIT.—Paragraph (1) of
20 section 30C(g) of such Code is amended to read as follows:

21 “(1) in the case of property relating to elec-
22 tricity, natural gas, or hydrogen, after December 31,
23 2020, and”.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to property placed in service after
 3 December 31, 2013.

4 **SEC. 114. ELECTRIC, NATURAL GAS, AND HYDROGEN VEHI-**
 5 **CLE REFUELING PROPERTY TAX CREDIT**
 6 **BONDS.**

7 (a) IN GENERAL.—Paragraph (1) of section 54A(d)
 8 of the Internal Revenue Code of 1986 is amended by strik-
 9 ing “or” at the end of subparagraph (D), by inserting
 10 “or” at the end of subparagraph (E), and by inserting
 11 after subparagraph (E) the following new subparagraph:

12 “(F) a qualified electric, natural gas, and
 13 hydrogen vehicle refueling property bond.”.

14 (b) QUALIFIED PURPOSE.—Subparagraph (C) of sec-
 15 tion 54A(d)(2) of such Code is amended by striking “and”
 16 at the end of clause (iv), by striking the period at the end
 17 of clause (v) and inserting “, and”, and by adding at the
 18 end the following new clause:

19 “(vi) in the case of a qualified electric,
 20 natural gas, and hydrogen vehicle refueling
 21 property bond, a purpose specified in sec-
 22 tion 54G(a)(1).”.

23 (c) BONDS ALLOWED.—Subpart I of part IV of sub-
 24 chapter A of chapter 1 of such Code is amended by adding
 25 at the end the following new section:

1 **“SEC. 54G. QUALIFIED ELECTRIC, NATURAL GAS, AND HY-**
2 **DROGEN VEHICLE REFUELING PROPERTY**
3 **BONDS.**

4 “(a) QUALIFIED ELECTRIC, NATURAL GAS, AND HY-
5 DROGEN VEHICLE REFUELING PROPERTY BOND.—For
6 purposes of this subpart, the term ‘qualified electric, nat-
7 ural gas, and hydrogen vehicle refueling property bond’
8 means any bond issued as part of an issue if—

9 “(1) 100 percent of the available project pro-
10 ceeds of such issue are to be used for capital expend-
11 itures incurred by a qualified issuer for 1 or more
12 qualified electric, natural gas, and hydrogen vehicle
13 refueling properties,

14 “(2) the bond is issued by a qualified issuer,
15 and

16 “(3) the issuer designates such bond for pur-
17 poses of this section.

18 “(b) REDUCED CREDIT AMOUNT.—Notwithstanding
19 paragraph (2) of section 54A(b), the annual credit deter-
20 mined with respect to any qualified electric, natural gas,
21 and hydrogen vehicle refueling property bond is 70 percent
22 of the amount which would (but for this subsection) other-
23 wise be determined under such paragraph with respect to
24 such bond.

25 “(c) LIMITATION ON AMOUNT OF BONDS DES-
26 IGNATED.—The maximum aggregate face amount of

1 bonds which may be designated under subsection (a) by
2 any issuer shall not exceed the limitation amount allocated
3 to such issuer under subsection (e).

4 “(d) NATIONAL LIMITATION ON AMOUNT OF BONDS
5 DESIGNATED.—There is a national qualified electric, nat-
6 ural gas, and hydrogen vehicle refueling property bond
7 limitation of \$750,000,000.

8 “(e) ALLOCATIONS.—The Secretary shall make allo-
9 cations of the amount of the national qualified electric,
10 natural gas, and hydrogen vehicle refueling property bond
11 limitation described in subsection (d) among purposes de-
12 scribed in subsection (a)(1) in such manner as the Sec-
13 retary determines appropriate.

14 “(f) DEFINITIONS.—For purposes of this section—

15 “(1) QUALIFIED ELECTRIC, NATURAL GAS, AND
16 HYDROGEN VEHICLE REFUELING PROPERTY.—The
17 term ‘qualified electric, natural gas, and hydrogen
18 vehicle refueling property’ means any qualified alter-
19 native fuel vehicle refueling property (within the
20 meaning of section 30C) which relates to electricity,
21 natural gas, or hydrogen.

22 “(2) QUALIFIED ISSUER.—

23 “(A) IN GENERAL.—The term ‘qualified
24 issuer’ means a public power provider, a cooper-
25 ative electric company, or a governmental body.

1 “(B) GOVERNMENTAL BODY.—The term
2 ‘governmental body’ means any State or Indian
3 tribal government, or any political subdivision
4 thereof.

5 “(C) PUBLIC POWER PROVIDER.—The
6 term ‘public power provider’ means a State util-
7 ity that has a service obligation to end-users or
8 to a distribution utility (within the meaning of
9 section 217 of the Federal Power Act, as in ef-
10 fect on the date of the enactment of this sec-
11 tion).

12 “(D) COOPERATIVE ELECTRIC COMPANY.—
13 The term ‘cooperative electric company’ means
14 a mutual or cooperative electric company de-
15 scribed in section 501(c)(12) or an organization
16 described in section 1381(a)(2)(C).”.

17 (d) CLERICAL AMENDMENT.—The table of sections
18 for subpart I of part IV of subchapter A of chapter 1 of
19 the Internal Revenue Code of 1986 is amended by adding
20 at the end the following new item:

 “Sec. 54G. Qualified electric, natural gas, and hydrogen vehicle refueling prop-
 erty bonds.”.

21 (e) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to obligations issued after the date
23 of the enactment of this Act.

1 **TITLE II—REPEAL OF FOSSIL**
2 **FUEL SUBSIDIES FOR BIG OIL**
3 **COMPANIES**

4 **SEC. 201. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**
5 **COUNTING FOR MAJOR INTEGRATED OIL**
6 **COMPANIES.**

7 (a) IN GENERAL.—Section 472 of the Internal Rev-
8 enue Code of 1986 is amended by adding at the end the
9 following new subsection:

10 “(h) MAJOR INTEGRATED OIL COMPANIES.—Not-
11 withstanding any other provision of this section, a major
12 integrated oil company (as defined in section
13 167(h)(5)(B)) may not use the method provided in sub-
14 section (b) in inventorying of any goods.”.

15 (b) EFFECTIVE DATE AND SPECIAL RULE.—

16 (1) IN GENERAL.—The amendment made by
17 subsection (a) shall apply to taxable years beginning
18 after the date of the enactment of this Act.

19 (2) CHANGE IN METHOD OF ACCOUNTING.—In
20 the case of any taxpayer required by the amendment
21 made by this section to change its method of ac-
22 counting for its first taxable year beginning after the
23 date of the enactment of this Act—

24 (A) such change shall be treated as initi-
25 ated by the taxpayer,

1 (B) such change shall be treated as made
 2 with the consent of the Secretary of the Treas-
 3 ury, and

4 (C) the net amount of the adjustments re-
 5 quired to be taken into account by the taxpayer
 6 under section 481 of the Internal Revenue Code
 7 of 1986 shall be taken into account ratably over
 8 a period (not greater than 8 taxable years) be-
 9 ginning with such first taxable year.

10 **SEC. 202. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**

11 **APPLICABLE TO MAJOR INTEGRATED OIL**
 12 **COMPANIES WHICH ARE DUAL CAPACITY**
 13 **TAXPAYERS.**

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

18 “(n) SPECIAL RULES RELATING TO MAJOR INTE-
 19 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
 20 TAXPAYERS.—

21 “(1) GENERAL RULE.—Notwithstanding any
 22 other provision of this chapter, any amount paid or
 23 accrued by a dual capacity taxpayer which is a
 24 major integrated oil company (as defined in section
 25 167(h)(5)(B)) to a foreign country or possession of

1 the United States for any period shall not be consid-
2 ered a tax—

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

6 “(B) to the extent such amount exceeds
7 the amount (determined in accordance with reg-
8 ulations) which—

9 “(i) is paid by such dual capacity tax-
10 payer pursuant to the generally applicable
11 income tax imposed by the country or pos-
12 session, or

13 “(ii) would be paid if the generally ap-
14 plicable income tax imposed by the country
15 or possession were applicable to such dual
16 capacity taxpayer.

17 Nothing in this paragraph shall be construed to
18 imply the proper treatment of any such amount not
19 in excess of the amount determined under subpara-
20 graph (B).

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

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

3 “(B) receives (or will receive) directly or
4 indirectly a specific economic benefit (as deter-
5 mined in accordance with regulations) from
6 such country or possession.

7 “(3) GENERALLY APPLICABLE INCOME TAX.—
8 For purposes of this subsection—

9 “(A) IN GENERAL.—The term ‘generally
10 applicable income tax’ means an income tax (or
11 a series of income taxes) which is generally im-
12 posed under the laws of a foreign country or
13 possession on income derived from the conduct
14 of a trade or business within such country or
15 possession.

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

19 “(i) persons who are not dual capacity
20 taxpayers, and

21 “(ii) persons who are citizens or resi-
22 dents of the foreign country or posses-
23 sion.”.

24 (b) EFFECTIVE DATE.—

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

5 (2) CONTRARY TREATY OBLIGATIONS
6 UPHELD.—The amendments made by this section
7 shall not apply to the extent contrary to any treaty
8 obligation of the United States.

9 **SEC. 203. LIMITATION ON SECTION 199 DEDUCTION ATTRIB-**
10 **UTABLE TO OIL, NATURAL GAS, OR PRIMARY**
11 **PRODUCTS THEREOF.**

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

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

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

4 **SEC. 204. LIMITATION ON DEDUCTION FOR INTANGIBLE**
5 **DRILLING AND DEVELOPMENT COSTS.**

6 (a) IN GENERAL.—Section 263(c) of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following new sentence: “This subsection shall not
9 apply to amounts paid or incurred by a taxpayer in any
10 taxable year in which such taxpayer is a major integrated
11 oil company (as defined in section 167(h)(5)(B)).”.

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

15 **SEC. 205. LIMITATION ON PERCENTAGE DEPLETION AL-**
16 **LOWANCE FOR OIL AND GAS WELLS.**

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

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

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

4 **SEC. 206. LIMITATION ON DEDUCTION FOR TERTIARY**
5 **INJECTANTS.**

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

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

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

○