

114TH CONGRESS  
1ST SESSION

# H. R. 1930

To eliminate certain subsidies for fossil-fuel production.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2015

Mr. ELLISON introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Transportation and Infrastructure, Natural Resources, Science, Space, and Technology, Energy and Commerce, Agriculture, Appropriations, Financial Services, and Foreign 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

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## A BILL

To eliminate certain subsidies for fossil-fuel production.

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 Polluter Welfare  
5 Act of 2015”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) President Obama joined other world leaders  
9 from the Group of Twenty in 2009, and again in

1 2013, in pledging to phase out wasteful fossil-fuel  
2 subsidies;

3 (2) the Environmental Law Institute found that  
4 from 2002 through 2008, Federal fossil-fuel sub-  
5 sidies in the United States totaled over  
6 \$72,000,000,000, while Federal renewable-energy in-  
7 vestments totaled \$12,200,000,000;

8 (3) according to Taxpayers for Common Sense,  
9 the 5 largest oil corporations have made more than  
10 \$1,000,000,000,000 in profits during the past dec-  
11 ade;

12 (4) according to the Center for American  
13 Progress, the 5 largest oil corporations posted more  
14 than \$89,700,000,000 in profits in 2014 alone;

15 (5) according to the Center for Responsive Poli-  
16 tics, the oil and gas, coal, utility, and other natural  
17 resource extraction industries spent more than  
18 \$1,800,000,000 on lobbying during the period of  
19 2010 to 2014, which was an effective investment in  
20 protecting their extraordinary tax loopholes and sub-  
21 sidies; and

22 (6) it is not in the national interest for tax-  
23 payers in the United States to subsidize highly prof-  
24 itable, polluting fossil-fuel companies.

1 **SEC. 3. DEFINITION OF FOSSIL FUEL.**

2 In this Act, the term “fossil fuel” means coal, petro-  
3 leum, natural gas, or any derivative of coal, petroleum,  
4 or natural gas that is used for fuel.

5 **SEC. 4. ROYALTY RELIEF.**

6 (a) IN GENERAL.—

7 (1) OUTER CONTINENTAL SHELF LANDS ACT.—

8 Section 8(a)(3) of the Outer Continental Shelf  
9 Lands Act (43 U.S.C. 1337(a)(3)) is amended—

10 (A) by striking subparagraph (B); and

11 (B) by redesignating subparagraph (C) as  
12 subparagraph (B).

13 (2) ENERGY POLICY ACT OF 2005.—

14 (A) INCENTIVES FOR NATURAL GAS PRO-  
15 Duction FROM DEEP WELLS IN THE SHALLOW  
16 WATERS OF THE GULF OF MEXICO.—Section  
17 344 of the Energy Policy Act of 2005 (42  
18 U.S.C. 15904) is repealed.

19 (B) DEEP WATER PRODUCTION.—Section  
20 345 of the Energy Policy Act of 2005 (42  
21 U.S.C. 15905) is repealed.

22 (b) FUTURE PROVISIONS.—Notwithstanding any  
23 other provision of law (including regulations), royalty re-  
24 lief shall not be permitted under a lease issued under sec-  
25 tion 8 of the Outer Continental Shelf Lands Act (43  
26 U.S.C. 1337).

1 **SEC. 5. ROYALTIES UNDER MINERAL LEASING ACT.**

2 (a) COAL LEASES.—Section 7(a) of the Mineral  
3 Leasing Act (30 U.S.C. 207(a)) is amended by striking  
4 “12½” and inserting “18¾”.

5 (b) LEASES ON LAND ON WHICH OIL OR NATURAL  
6 GAS IS DISCOVERED.—Section 14 of the Mineral Leasing  
7 Act (30 U.S.C. 223) is amended by striking “12½” and  
8 inserting “18¾”.

9 (c) LEASES ON LAND KNOWN OR BELIEVED TO  
10 CONTAIN OIL OR NATURAL GAS.—Section 17 of the Min-  
11 eral Leasing Act (30 U.S.C. 226) is amended—

12 (1) in subsection (b)—

13 (A) in paragraph (1)(A), by striking  
14 “12.5” and inserting “18¾”; and

15 (B) in paragraph (2)(A)(ii), by striking  
16 “12½” and inserting “18¾”;

17 (2) in subsection (c)(1), by striking “12.5” and  
18 inserting “18¾”;

19 (3) in subsection (l), by striking “12½” each  
20 time it appears and inserting “18¾”; and

21 (4) in subsection (n)(1)(C), by striking “12½”  
22 and inserting “18¾”.

23 **SEC. 6. ELIMINATION OF INTEREST PAYMENTS FOR ROY-**  
24 **ALTY OVERPAYMENTS.**

25 Section 111 of the Federal Oil and Gas Royalty Man-  
26 agement Act of 1982 (30 U.S.C. 1721) is amended—

1 (1) by striking subsections (h) and (i) and in-  
2 serting the following:

3 “(h) PAYMENT OF INTEREST.—Interest shall not be  
4 paid on any overpayment.”; and

5 (2) by redesignating subsections (j), (k), and (l)  
6 as subsections (i), (j), and (k), respectively.

7 **SEC. 7. REMOVAL OF LIMITS ON LIABILITY FOR OFFSHORE**  
8 **FACILITIES AND PIPELINE OPERATORS.**

9 Section 1004(a) of the Oil Pollution Act of 1990 (33  
10 U.S.C. 2704(a)) is amended—

11 (1) in paragraph (3), by striking “plus  
12 \$75,000,000; and” and inserting “and the liability  
13 of the responsible party under section 1002;”;

14 (2) in paragraph (4)—

15 (A) by inserting “(except an onshore pipe-  
16 line transporting diluted bitumen, bituminous  
17 mixtures, or any oil manufactured from bitu-  
18 men)” after “for any onshore facility”; and

19 (B) by striking the period at the end and  
20 inserting “; and”; and

21 (3) by adding at the end the following:

22 “(5) for any onshore facility transporting di-  
23 luted bitumen, bituminous mixtures, or any oil man-  
24 ufactured from bitumen, the liability of the respon-  
25 sible party under section 1002.”.

1 **SEC. 8. FUNDS TO WORLD BANK FOR FINANCING**  
2 **PROJECTS THAT SUPPORT FOSSIL FUEL.**

3 (a) **RESCISSION OF FUNDS.**—Except as provided in  
4 subsection (c), effective on the date of enactment of this  
5 Act, there are rescinded all unobligated balances of the  
6 amounts made available to the International Bank for Re-  
7 construction and Development and the International De-  
8 velopment Association (commonly known as the “World  
9 Bank”), and each other similar international financing en-  
10 tity that has received amounts from the United States,  
11 as determined by the Secretary of the Treasury, to carry  
12 out any project that supports fossil-fueled power plants.

13 (b) **FUTURE FUNDS.**—Except as provided in sub-  
14 section (c), notwithstanding any other provision of law,  
15 any amounts made available to the World Bank or any  
16 other international financing entity shall not be used to  
17 carry out any project that supports fossil fuel.

18 (c) **EXCEPTION.**—Subsections (a) and (b) shall not  
19 apply to a fossil-fueled power plant project located in a  
20 Least Developed Country (as that term is defined by the  
21 United Nations General Assembly), on the condition  
22 that—

23 (1) no other economically feasible alternative  
24 exists; and

25 (2) the project uses the most efficient tech-  
26 nology available.

1 **SEC. 9. OFFICE OF FOSSIL ENERGY RESEARCH AND DEVEL-**  
2 **OPMENT.**

3 (a) IN GENERAL.—Section 203(a)(2) of the Depart-  
4 ment of Energy Organization Act (42 U.S.C. 7133(a)(2))  
5 is amended—

6 (1) in subparagraph (C), by inserting “and”  
7 after the semicolon at the end;

8 (2) by striking subparagraph (D); and

9 (3) by redesignating subparagraph (E) as sub-  
10 paragraph (D).

11 (b) TERMINATION.—Notwithstanding any other pro-  
12 vision of law, the Office of Fossil Energy Research and  
13 Development and the authority to carry out any program  
14 or activity of the Office (as in existence on the day before  
15 the date of enactment of this Act) is terminated.

16 **SEC. 10. ADVANCED RESEARCH PROJECTS AGENCY—EN-**  
17 **ERGY.**

18 None of the funds made available to the Advanced  
19 Research Projects Agency—Energy shall be used to carry  
20 out any project that supports fossil fuel.

21 **SEC. 11. INCENTIVES FOR INNOVATIVE TECHNOLOGIES.**

22 (a) IN GENERAL.—Section 1703 of the Energy Policy  
23 Act of 2005 (42 U.S.C. 16513) is amended—

24 (1) in subsection (b)—

25 (A) by striking paragraph (2);

26 (B) by striking paragraph (10); and

1 (C) by redesignating paragraphs (3)  
2 through (9) as paragraphs (2) through (8) re-  
3 spectively;

4 (2) by striking subsection (c); and

5 (3) by redesignating subsections (d) and (e) as  
6 paragraphs (c) and (d) respectively.

7 (b) CONFORMING AMENDMENT.—Section 1704 of the  
8 Energy Policy Act of 2005 (42 U.S.C. 16514) is amend-  
9 ed—

10 (1) in subsection (a), by striking “(a) IN GEN-  
11 ERAL.—”; and

12 (2) by striking subsection (b).

13 **SEC. 12. RURAL UTILITY SERVICE LOAN GUARANTEES.**

14 The Secretary of Agriculture shall not make a loan  
15 under title III of the Rural Electrification Act of 1936  
16 (7 U.S.C. 931 et seq.) to an applicant for the purpose  
17 of carrying out any project that will use fossil fuel.

18 **SEC. 13. FUNDS TO THE OVERSEAS PRIVATE INVESTMENT**  
19 **CORPORATION OR THE EXPORT-IMPORT**  
20 **BANK OF THE UNITED STATES FOR FINANC-**  
21 **ING PROJECTS, TRANSACTIONS, OR OTHER**  
22 **ACTIVITIES THAT SUPPORT FOSSIL FUEL.**

23 (a) RESCISSION OF FUNDS.—Except as provided in  
24 subsection (c), effective on the date of enactment of this  
25 Act, there are rescinded all unobligated balances of the



1 amounts made available to the Overseas Private Invest-  
2 ment Corporation or the Export-Import Bank of the  
3 United States to carry out any project, transaction, or  
4 other activity that supports fossil-fuel production or use.

5 (b) FUTURE FUNDS.—Except as provided in sub-  
6 section (c), notwithstanding any other provision of law,  
7 any amounts made available to the Overseas Private In-  
8 vestment Corporation or the Export-Import Bank of the  
9 United States shall not be used to carry out any project,  
10 transaction, or other activity that supports fossil-fuel pro-  
11 duction or use.

12 (c) EXCEPTION.—Subsections (a) and (b) shall not  
13 apply to a fossil-fueled power plant project located in a  
14 Least Developed Country (as that term is defined by the  
15 United Nations General Assembly), on the condition  
16 that—

17 (1) no other economically feasible alternative  
18 exists; and

19 (2) the project uses the most efficient tech-  
20 nology available.

21 **SEC. 14. TRANSPORTATION FUNDS FOR GRANTS, LOANS,**  
22 **LOAN GUARANTEES, AND OTHER DIRECT AS-**  
23 **SISTANCE.**

24 Notwithstanding any other provision of law, any  
25 amounts made available to the Department of Transpor-

1 tation (including the Federal Railroad Administration)  
2 shall not be used to award any grant, loan, loan guarantee,  
3 or provide any other direct assistance to any rail or port  
4 project that transports fossil fuel.

5 **SEC. 15. TERMINATION OF VARIOUS TAX EXPENDITURES**  
6 **RELATING TO FOSSIL FUELS.**

7 (a) IN GENERAL.—Subchapter C of chapter 80 of the  
8 Internal Revenue Code of 1986 is amended by adding at  
9 the end the following new section:

10 **“SEC. 7875. TERMINATION OF CERTAIN PROVISIONS RELAT-**  
11 **ING TO FOSSIL-FUEL INCENTIVES.**

12 “(a) IN GENERAL.—The following provisions shall  
13 not apply to taxable years beginning after the date of the  
14 enactment of the End Polluter Welfare Act of 2015:

15 “(1) Section 43 (relating to enhanced oil recov-  
16 ery credit).

17 “(2) Section 45I (relating to credit for pro-  
18 ducing oil and natural gas from marginal wells).

19 “(3) Section 45K (relating to credit for pro-  
20 ducing fuel from a nonconventional source).

21 “(4) Section 193 (relating to tertiary  
22 injectants).

23 “(5) Section 199(d)(9) (relating to special rule  
24 for taxpayers with oil related qualified production  
25 activities income).

1           “(6) Section 461(i)(2) (relating to special rule  
2 for spudding of oil or natural gas wells).

3           “(7) Section 469(c)(3) (relating to working in-  
4 terests in oil and natural gas property).

5           “(8) Section 613A (relating to limitations on  
6 percentage depletion in case of oil and natural gas  
7 wells).

8           “(9) Section 617 (relating to deduction and re-  
9 capture of certain mining exploration expenditures).

10          “(b) PROVISIONS RELATING TO PROPERTY.—The  
11 following provisions shall not apply to property placed in  
12 service after the date of the enactment of the End Polluter  
13 Welfare Act of 2015:

14           “(1) Subparagraph (C)(iii) of section 168(e)(3)  
15 (relating to classification of certain property).

16           “(2) Section 169 (relating to amortization of  
17 pollution control facilities) with respect to any at-  
18 mospheric pollution control facility.

19          “(c) PROVISIONS RELATING TO COSTS AND EX-  
20 PENSES.—The following provisions shall not apply to costs  
21 or expenses paid or incurred after the date of the enact-  
22 ment of the End Polluter Welfare Act of 2015:

23           “(1) Section 179B (relating to deduction for  
24 capital costs incurred in complying with Environ-  
25 mental Protection Agency sulfur regulations).

1           “(2) Section 263(c) (relating to intangible drill-  
2           ing and development costs) with respect to costs in  
3           the case of oil and natural gas wells.

4           “(3) Section 468 (relating to special rules for  
5           mining and solid waste reclamation and closing  
6           costs).

7           “(d) 5-YEAR CARRYBACK FOR MARGINAL OIL AND  
8           NATURAL GAS WELL PRODUCTION CREDIT.—Section  
9           39(a)(3) (relating to 5-year carryback for marginal oil and  
10          natural gas well production credit) shall not apply to cred-  
11          its determined in taxable years beginning after the date  
12          of the enactment of the End Polluter Welfare Act of 2015.

13          “(e) CREDIT FOR CARBON DIOXIDE SEQUESTRA-  
14          TION.—Section 45Q (relating to credit for carbon dioxide  
15          sequestration) shall not apply to carbon dioxide captured  
16          after the date of the enactment of the End Polluter Wel-  
17          fare Act of 2015.

18          “(f) ALLOCATED CREDITS.—No new credits shall be  
19          certified under section 48A (relating to qualifying ad-  
20          vanced coal project credit) or section 48B (relating to  
21          qualifying gasification project credit) after the date of the  
22          enactment of the End Polluter Welfare Act of 2015.

23          “(g) ARBITRAGE BONDS.—Section 148(b)(4) (relat-  
24          ing to safe harbor for prepaid natural gas) shall not apply

1 to obligations issued after the date of the enactment of  
2 the End Polluter Welfare Act of 2015.”.

3 (b) CONFORMING AMENDMENT.—The table of sec-  
4 tions for subchapter C of chapter 90 is amended by adding  
5 at the end the following new item:

“Sec. 7875. Termination of certain provisions.”.

6 **SEC. 16. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**  
7 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

8 (a) IN GENERAL.—Section 167(h) of the Internal  
9 Revenue Code of 1986 is amended—

10 (1) by striking “24-month period” each place it  
11 appears in paragraphs (1) and (4) and inserting “7-  
12 year period”, and

13 (2) by striking paragraph (5).

14 (b) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to amounts paid or incurred after  
16 the date of the enactment of this Act.

17 **SEC. 17. NATURAL GAS GATHERING LINES TREATED AS 15-**  
18 **YEAR PROPERTY.**

19 (a) IN GENERAL.—Subparagraph (E) of section  
20 168(e)(3) of the Internal Revenue Code of 1986 is amend-  
21 ed by striking “and” at the end of clause (viii), by striking  
22 the period at the end of clause (ix) and inserting “, and”,  
23 and by adding at the end the following new clause:

24 “(x) any natural gas gathering line  
25 the original use of which commences with

1                   the taxpayer after the date of the enact-  
2                   ment of this clause.”.

3           (b) ALTERNATIVE SYSTEM.—The table contained in  
4 section 168(g)(3)(B) of the Internal Revenue Code of  
5 1986 is amended by inserting after the item relating to  
6 subparagraph (E)(ix) the following new item:

“ (E)(x) ..... 22”.

7           (c) CONFORMING AMENDMENT.—Clause (iv) of sec-  
8 tion 168(e)(3)(C) of the Internal Revenue Code of 1986  
9 is amended by inserting “and on or before the date of the  
10 enactment of the End Polluter Welfare Act of 2015” after  
11 “April 11, 2005”.

12          (d) EFFECTIVE DATE.—

13               (1) IN GENERAL.—The amendments made by  
14 this section shall apply to property placed in service  
15 on and after the date of the enactment of this Act.

16               (2) EXCEPTION.—The amendments made by  
17 this section shall not apply to any property with re-  
18 spect to which the taxpayer or a related party has  
19 entered into a binding contract for the construction  
20 thereof on or before the date of the enactment of  
21 this Act, or, in the case of self-constructed property,  
22 has started construction on or before such date.

1 **SEC. 18. REPEAL OF DOMESTIC MANUFACTURING DEDUC-**  
2 **TION FOR HARD MINERAL MINING.**

3 (a) **IN GENERAL.**—Subparagraph (B) of section  
4 199(c)(4) of the Internal Revenue Code of 1986 is amend-  
5 ed by striking “or” at the end of clause (ii), by striking  
6 the period at the end of clause (iii) and inserting “, or”,  
7 and by adding at the end the following new clause:

8 “(iv) the mining of any hard min-  
9 eral.”.

10 (b) **EFFECTIVE DATE.**—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 the date of the enactment of this Act.

13 **SEC. 19. LIMITATION ON DEDUCTION FOR INCOME ATTRIB-**  
14 **UTABLE TO DOMESTIC PRODUCTION OF OIL,**  
15 **NATURAL GAS, OR PRIMARY PRODUCTS**  
16 **THEREOF.**

17 (a) **DENIAL OF DEDUCTION.**—Paragraph (4) of sec-  
18 tion 199(c) of the Internal Revenue Code of 1986 is  
19 amended by adding at the end the following new subpara-  
20 graph:

21 “(E) **SPECIAL RULE FOR OIL, NATURAL**  
22 **GAS, AND COAL INCOME.**—The term ‘domestic  
23 production gross receipts’ shall not include  
24 gross receipts from the production, refining,  
25 processing, transportation, or distribution of oil,  
26 natural gas, or coal, or any primary product

1 (within the meaning of subsection (d)(9)) there-  
2 of.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to taxable years beginning after  
5 the date of the enactment of this Act.

6 **SEC. 20. TERMINATION OF LAST-IN, FIRST-OUT METHOD OF**  
7 **INVENTORY FOR OIL, NATURAL GAS, AND**  
8 **COAL COMPANIES.**

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

12 “(h) **TERMINATION FOR OIL, NATURAL GAS, AND**  
13 **COAL COMPANIES.**—Subsection (a) shall not apply to any  
14 taxpayer that is in the trade or business of the production,  
15 refining, processing, transportation, or distribution of oil,  
16 natural gas, or coal for any taxable year beginning after  
17 the date of enactment of the End Polluter Welfare Act  
18 of 2015.”.

19 (b) **ADDITIONAL TERMINATION.**—Section 473 of the  
20 Internal Revenue Code of 1986 is amended by adding at  
21 the end the following new subsection:

22 “(h) **TERMINATION FOR OIL, NATURAL GAS, AND**  
23 **COAL COMPANIES.**—This section shall not apply to any  
24 taxpayer that is in the trade or business of the production,  
25 refining, processing, transportation, or distribution of oil,



1 natural gas, or coal for any taxable year beginning after  
2 the date of enactment of the End Polluter Welfare Act  
3 of 2015.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 the date of enactment of this Act.

7 **SEC. 21. REPEAL OF PERCENTAGE DEPLETION FOR COAL**  
8 **AND HARD MINERAL FOSSIL FUELS.**

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

12 “(f) TERMINATION WITH RESPECT TO COAL AND  
13 HARD MINERAL FOSSIL FUELS.—In the case of coal, lig-  
14 nite, and oil shale (other than oil shale described in sub-  
15 section (b)(5)), the allowance for depletion shall be com-  
16 puted without reference to this section for any taxable  
17 year beginning after the date of the enactment of the End  
18 Polluter Welfare Act of 2015.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) COAL AND LIGNITE.—Section 613(b)(4) of  
21 the Internal Revenue Code of 1986 is amended by  
22 striking “coal, lignite,”.

23 (2) OIL SHALE.—Section 613(b)(2) of such  
24 Code is amended to read as follows:

1           “(2) 15 PERCENT.—If, from deposits in the  
2           United States, gold, silver, copper, and iron ore.”.

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 the date of the enactment of this Act.

6 **SEC. 22. TERMINATION OF CAPITAL GAINS TREATMENT**  
7                                   **FOR ROYALTIES FROM COAL.**

8           (a) IN GENERAL.—Subsection (c) of section 631 of  
9 the Internal Revenue Code of 1986 is amended—

10                   (1) by striking “coal (including lignite), or iron  
11                   ore” and inserting “iron ore”,

12                   (2) by striking “coal or iron ore” each place it  
13                   appears and inserting “iron ore”,

14                   (3) by striking “iron ore or coal” each place it  
15                   appears and inserting “iron ore”, and

16                   (4) by striking “COAL OR” in the heading.

17           (b) CONFORMING AMENDMENT.—The heading of sec-  
18 tion 631 of the Internal Revenue Code of 1986 is amended  
19 by striking “, **COAL,**”.

20           (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to dispositions after the date of  
22 the enactment of this Act.

1 **SEC. 23. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**  
2 **APPLICABLE TO OIL, NATURAL GAS, AND**  
3 **COAL COMPANIES WHICH ARE DUAL CAPAC-**  
4 **ITY TAXPAYERS.**

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

9 “(n) SPECIAL RULES RELATING TO OIL, NATURAL  
10 GAS, AND COAL COMPANIES WHICH ARE DUAL CAPACITY  
11 TAXPAYERS.—

12 “(1) GENERAL RULE.—Notwithstanding any  
13 other provision of this chapter, any amount paid or  
14 accrued to a foreign country or possession of the  
15 United States for any period by a dual capacity tax-  
16 payer which is in the trade or business of the pro-  
17 duction, refining, processing, transportation, or dis-  
18 tribution of oil, natural gas, or coal shall not be con-  
19 sidered a tax—

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

23 “(B) to the extent such amount exceeds  
24 the amount (determined in accordance with reg-  
25 ulations) which—

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

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

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

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

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

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

23          “(3) GENERALLY APPLICABLE INCOME TAX.—  
24          For purposes of this subsection—

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

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

11                   “(i) persons who are not dual capacity  
12                   taxpayers, and

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

16          (b) EFFECTIVE DATE.—

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

21           (2) CONTRARY TREATY OBLIGATIONS  
22           UPHELD.—The amendments made by this section  
23           shall not apply to the extent contrary to any treaty  
24           obligation of the United States.

1 **SEC. 24. INCREASE IN OIL SPILL LIABILITY TRUST FUND FI-**  
2 **NANCING RATE.**

3 (a) IN GENERAL.—Subparagraph (B) of section  
4 4611(c)(2) of the Internal Revenue Code of 1986 is  
5 amended to read as follows:

6 “(B) the Oil Spill Liability Trust Fund fi-  
7 nancing rate is—

8 “(i) in the case of crude oil received  
9 or petroleum products entered before Jan-  
10 uary 1, 2016, 8 cents a barrel,

11 “(ii) in the case of crude oil received  
12 or petroleum products entered after De-  
13 cember 31, 2015, and before January 1,  
14 2017, 9 cents a barrel, and

15 “(iii) in the case of crude oil received  
16 or petroleum products entered after De-  
17 cember 31, 2016, 10 cents a barrel.”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to crude oil received and petroleum  
20 products entered after the date of the enactment of this  
21 Act.

22 **SEC. 25. APPLICATION OF CERTAIN ENVIRONMENTAL**  
23 **TAXES TO SYNTHETIC CRUDE OIL.**

24 (a) IN GENERAL.—Paragraph (1) of section 4612(a)  
25 of the Internal Revenue Code of 1986 is amended to read  
26 as follows:

1 “(1) CRUDE OIL.—

2 “(A) IN GENERAL.—The term ‘crude oil’  
3 includes crude oil condensates, natural gasoline,  
4 and synthetic crude oil.

5 “(B) SYNTHETIC CRUDE OIL.—For pur-  
6 poses of subparagraph (A), the term ‘synthetic  
7 crude oil’ means any bitumen and bituminous  
8 mixtures, any oil manufactured from bitumen  
9 and bituminous mixtures, and any liquid fuel  
10 manufactured from coal.”.

11 (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall apply to oil and petroleum products re-  
13 ceived or entered during calendar quarters beginning more  
14 than 60 days after the date of the enactment of this Act.

15 **SEC. 26. DENIAL OF DEDUCTION FOR REMOVAL COSTS AND**  
16 **DAMAGES FOR CERTAIN OIL SPILLS.**

17 (a) IN GENERAL.—Part IX of subchapter B of chap-  
18 ter 1 of the Internal Revenue Code of 1986 is amended  
19 by adding at the end the following new section:

20 **“SEC. 280I. EXPENSES FOR REMOVAL COSTS AND DAMAGES**  
21 **RELATING TO CERTAIN OIL SPILL LIABILITY.**

22 “No deduction shall be allowed under this chapter for  
23 any amount paid or incurred with respect to any costs or  
24 damages for which the taxpayer is liable under section  
25 1002 of the Oil Pollution Act of 1990 (33 U.S.C. 2702).”.

1 (b) CLERICAL AMENDMENT.—The table of sections  
 2 for part IX of subchapter B of chapter 1 of such Code  
 3 is amended by adding at the end the following new item:

“Sec. 280I. Expenses for removal costs and damages relating to certain oil spill liability.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply with respect to any liability arising  
 6 in taxable years ending after the date of the enactment  
 7 of this Act.

8 **SEC. 27. TAX ON CRUDE OIL AND NATURAL GAS PRODUCED**  
 9 **FROM THE OUTER CONTINENTAL SHELF IN**  
 10 **THE GULF OF MEXICO.**

11 (a) IN GENERAL.—Subtitle E of the Internal Rev-  
 12 enue Code of 1986 is amended by adding at the end the  
 13 following new chapter:

14 **“CHAPTER 56—TAX ON SEVERANCE OF**  
 15 **CRUDE OIL AND NATURAL GAS FROM**  
 16 **THE OUTER CONTINENTAL SHELF IN**  
 17 **THE GULF OF MEXICO**

“Sec. 5901. Imposition of tax.

“Sec. 5902. Taxable crude oil or natural gas and removal price.

“Sec. 5903. Special rules and definitions.

18 **“SEC. 5901. IMPOSITION OF TAX.**

19 “(a) IN GENERAL.—In addition to any other tax im-  
 20 posed under this title, there is hereby imposed a tax equal  
 21 to 13 percent of the removal price of any taxable crude



1 oil or natural gas removed from the premises during any  
2 taxable period.

3 “(b) CREDIT FOR FEDERAL ROYALTIES PAID.—

4 “(1) IN GENERAL.—There shall be allowed as a  
5 credit against the tax imposed by subsection (a) with  
6 respect to the production of any taxable crude oil or  
7 natural gas an amount equal to the aggregate  
8 amount of royalties paid under Federal law with re-  
9 spect to such production.

10 “(2) LIMITATION.—The aggregate amount of  
11 credits allowed under paragraph (1) to any taxpayer  
12 for any taxable period shall not exceed the amount  
13 of tax imposed by subsection (a) for such taxable pe-  
14 riod.

15 “(c) TAX PAID BY PRODUCER.—The tax imposed by  
16 this section shall be paid by the producer of the taxable  
17 crude oil or natural gas.

18 **“SEC. 5902. TAXABLE CRUDE OIL OR NATURAL GAS AND RE-**

19 **MOVAL PRICE.**

20 “(a) TAXABLE CRUDE OIL OR NATURAL GAS.—For  
21 purposes of this chapter, the term ‘taxable crude oil or  
22 natural gas’ means crude oil or natural gas which is pro-  
23 duced from Federal submerged lands on the outer Conti-  
24 nental Shelf in the Gulf of Mexico pursuant to a lease

1 entered into with the United States which authorizes the  
2 production.

3 “(b) REMOVAL PRICE.—For purposes of this chap-  
4 ter—

5 “(1) IN GENERAL.—Except as otherwise pro-  
6 vided in this subsection, the term ‘removal price’  
7 means—

8 “(A) in the case of taxable crude oil, the  
9 amount for which a barrel of such crude oil is  
10 sold, and

11 “(B) in the case of taxable natural gas, the  
12 amount per 1,000 cubic feet for which such  
13 natural gas is sold.

14 “(2) SALES BETWEEN RELATED PERSONS.—In  
15 the case of a sale between related persons, the re-  
16 moval price shall not be less than the constructive  
17 sales price for purposes of determining gross income  
18 from the property under section 613.

19 “(3) OIL OR NATURAL GAS REMOVED FROM  
20 PROPERTY BEFORE SALE.—If crude oil or natural  
21 gas is removed from the property before it is sold,  
22 the removal price shall be the constructive sales  
23 price for purposes of determining gross income from  
24 the property under section 613.

1           “(4) REFINING BEGUN ON PROPERTY.—If the  
2           manufacture or conversion of crude oil into refined  
3           products begins before such oil is removed from the  
4           property—

5                   “(A) such oil shall be treated as removed  
6                   on the day such manufacture or conversion be-  
7                   gins, and

8                   “(B) the removal price shall be the con-  
9                   structive sales price for purposes of determining  
10                  gross income from the property under section  
11                  613.

12           “(5) PROPERTY.—The term ‘property’ has the  
13           meaning given such term by section 614.

14   **“SEC. 5903. SPECIAL RULES AND DEFINITIONS.**

15           “(a) ADMINISTRATIVE REQUIREMENTS.—

16                   “(1) WITHHOLDING AND DEPOSIT OF TAX.—  
17           The Secretary shall provide for the withholding and  
18           deposit of the tax imposed under section 5901 on a  
19           quarterly basis.

20                   “(2) RECORDS AND INFORMATION.—Each tax-  
21           payer liable for tax under section 5901 shall keep  
22           such records, make such returns, and furnish such  
23           information (to the Secretary and to other persons  
24           having an interest in the taxable crude oil or natural

1 gas) with respect to such oil as the Secretary may  
2 by regulations prescribe.

3 “(3) TAXABLE PERIODS; RETURN OF TAX.—

4 “(A) TAXABLE PERIOD.—Except as pro-  
5 vided by the Secretary, each calendar year shall  
6 constitute a taxable period.

7 “(B) RETURNS.—The Secretary shall pro-  
8 vide for the filing, and the time for filing, of the  
9 return of the tax imposed under section 5901.

10 “(b) DEFINITIONS.—For purposes of this chapter—

11 “(1) PRODUCER.—The term ‘producer’ means  
12 the holder of the economic interest with respect to  
13 the crude oil or natural gas.

14 “(2) CRUDE OIL.—The term ‘crude oil’ includes  
15 crude oil condensates and natural gasoline.

16 “(3) PREMISES AND CRUDE OIL PRODUCT.—  
17 The terms ‘premises’ and ‘crude oil product’ have  
18 the same meanings as when used for purposes of de-  
19 termining gross income from the property under sec-  
20 tion 613.

21 “(c) ADJUSTMENT OF REMOVAL PRICE.—In deter-  
22 mining the removal price of oil or natural gas from a prop-  
23 erty in the case of any transaction, the Secretary may ad-  
24 just the removal price to reflect clearly the fair market  
25 value of oil or natural gas removed.

1 “(d) REGULATIONS.—The Secretary shall prescribe  
2 such regulations as may be necessary or appropriate to  
3 carry out the purposes of this chapter.”.

4 (b) DEDUCTIBILITY OF TAX.—The first sentence of  
5 section 164(a) of the Internal Revenue Code of 1986 is  
6 amended by inserting after paragraph (4) the following  
7 new paragraph:

8 “(5) The tax imposed by section 5901(a) (after  
9 application of section 5901(b)) on the severance of  
10 crude oil or natural gas from the outer Continental  
11 Shelf in the Gulf of Mexico.”.

12 (c) CLERICAL AMENDMENT.—The table of chapters  
13 for subtitle E is amended by adding at the end the fol-  
14 lowing new item:

“CHAPTER 56. Tax on severance of crude oil and natural gas  
from the outer Continental Shelf in the Gulf of  
Mexico.”.

15 (d) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to crude oil or natural gas removed  
17 after December 31, 2015.

18 **SEC. 28. REPEAL OF CORPORATE INCOME TAX EXEMPTION**  
19 **FOR PUBLICLY TRADED PARTNERSHIPS**  
20 **WITH QUALIFYING INCOME AND GAINS FROM**  
21 **ACTIVITIES RELATING TO FOSSIL FUELS.**

22 (a) IN GENERAL.—Section 7704(d)(1) of the Inter-  
23 nal Revenue Code of 1986 is amended—

24 (1) by striking subparagraph (E),

1           (2) by redesignating subparagraphs (F) and  
2           (G) as subparagraphs (E) and (F), respectively, and  
3           (3) by striking the flush matter at the end.

4           (b)       CONFORMING        AMENDMENT.—Section  
5 988(c)(1)(E)(iii)(III) of the Internal Revenue Code of  
6 1986 is amended by striking “or (G)” and inserting “or  
7 (F)”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 the date of the enactment of this Act.

11 **SEC. 29. POWDER RIVER BASIN.**

12           (a) DESIGNATION OF THE POWDER RIVER BASIN AS  
13 A COAL PRODUCING REGION.—The Director of the Bu-  
14 reau of Land Management shall designate the Powder  
15 River Basin as a coal producing region.

16           (b) REPORT.—Not later than 1 year after the date  
17 of enactment of this Act, the Director of the Bureau of  
18 Land Management shall submit to Congress a report that  
19 includes—

20           (1) a study of the fair market value and the  
21 amount of royalties paid on coal leases in the Pow-  
22 der River Basin compared to other national and  
23 international coal markets; and

1           (2) any policy recommendations to capture the  
2           future market value of the coal leases in the Powder  
3           River Basin.

4 **SEC. 30. REPORTS.**

5           (a) DEFINITION OF FOSSIL-FUEL PRODUCTION SUB-  
6           SIDY.—In this section, the term “subsidy for fossil-fuel  
7           production” means any direct funding, tax treatment or  
8           incentive, risk-reduction benefit, financing assistance or  
9           guarantee, royalty relief, or other provision that provides  
10          a financial benefit to a fossil-fuel company for the produc-  
11          tion of fossil fuels.

12          (b) REPORT TO CONGRESS.—Not later than 1 year  
13          after the date of enactment of this Act, the Secretary of  
14          the Treasury, in coordination with the Secretary of En-  
15          ergy, shall submit to Congress a report detailing each Fed-  
16          eral law (including regulations), other than those amended  
17          by this Act, as in effect on the date on which the report  
18          is submitted, that includes a subsidy for fossil-fuel produc-  
19          tion.

20          (c) REPORT ON MODIFIED RECOVERY PERIOD.—

21                 (1) IN GENERAL.—Not later than 1 year after  
22                 the date of enactment of this Act, the Secretary, in  
23                 coordination with the Commissioner of Internal Rev-  
24                 enue, shall submit to Congress a report on the appli-  
25                 cable recovery period under the accelerated cost re-

1       covery system provided in section 168 of the Inter-  
2       nal Revenue Code of 1986 for each type of property  
3       involved in fossil-fuel production, including pipelines,  
4       power generation property, refineries, and drilling  
5       equipment, to determine if any assets are receiving  
6       a subsidy for fossil-fuel production.

7               (2) ELIMINATION OF SUBSIDY.—In the case of  
8       any type of property that the Commissioner of Inter-  
9       nal Revenue determines is receiving a subsidy for  
10      fossil-fuel production under such section 168, for  
11      property placed in service in taxable years beginning  
12      after the date of such determination, such section  
13      168 shall not apply. The preceding sentence shall  
14      not apply to any property with respect to a taxable  
15      year unless such determination is published before  
16      the first day of such taxable year.

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