

110TH CONGRESS
1ST SESSION

H. R. 2415

To reduce the price of gasoline by allowing for offshore drilling, eliminating Federal obstacles to constructing refineries and providing incentives for investment in refineries, suspending Federal fuel taxes when gasoline prices reach a benchmark amount, and promoting free trade.

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2007

Mr. PAUL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Natural Resources and Financial Services, 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

A BILL

To reduce the price of gasoline by allowing for offshore drilling, eliminating Federal obstacles to constructing refineries and providing incentives for investment in refineries, suspending Federal fuel taxes when gasoline prices reach a benchmark amount, and promoting free trade.

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 “Affordable Gas Price Act”.

6 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title; table of contents.
Sec. 2. Findings.
Sec. 3. Termination of restrictions on oil and natural gas development on Federal lands.
Sec. 4. Limitation of suits under National Environmental Policy Act of 1969.
Sec. 5. Incentives for investment in oil refineries.
Sec. 6. Suspension of fuel taxes on highway motor fuels when weekly United States retail gasoline prices exceed benchmark.
Sec. 7. Increase in mileage reimbursement rates.
Sec. 8. Termination of application of title IV of the Trade Act of 1974 to the Russian Federation and Kazakhstan.
Sec. 9. Study on effects of oil prices on monetary policy.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) In recent months gas prices across the
4 country have risen to as much as over \$4 per gallon.

5 (2) High fuel costs retard economic growth and
6 diminish the quality of life for all Americans.

7 (3) The trucking industry is particularly hard
8 hit by high fuel prices.

9 (4) Attempts to address the issue of high gaso-
10 line costs by increasing government involvement in
11 the market through measures such as price controls
12 will only lead to shortages, rationing, and a return
13 of gasoline lines.

14 (5) The Federal regulations restricting drilling
15 impose prohibitive costs on the development of new
16 sources of energy, artificially inflating the price of
17 gas.

18 (6) Federal gas taxes increase the price of oil
19 thus burdening American families, business, and
20 truckers.

1 (7) Allowing private parties to delay, or even
2 halt, the construction of new refineries through liti-
3 gation over the National Environmental Protection
4 Act’s Environmental Impact Statement requirement
5 reduces the supply of gas thus raising gas prices.

6 (8) The so-called Jackson-Vanik (“freedom-of-
7 emigration”) amendment (section 402 of the Trade
8 Act of 1974) was a United States reaction to the
9 Soviet Union’s highly restrictive emigration policy of
10 the time.

11 (9) By 2005, some 15 years after the end of
12 communist rule over the Soviet Union, successor
13 states Russia and Kazakhstan allow their citizens
14 the right and opportunity to emigrate, free of any
15 heavy tax on the visas or other documents required
16 for emigration and free of any other tax, levy, fine,
17 fee, or other charge on any citizens as a consequence
18 of the desire of such citizens to emigrate to the
19 country of their choice.

20 (10) Elimination of the Jackson-Vanik amend-
21 ment’s threat of trade-restricting provisions would
22 increase the United States access to oil supplies
23 from non-Arab countries, thus lowering gas prices.

1 (11) The adoption of a monetary system of fiat
2 currency unbacked by any ties to gold may have con-
3 tributed to the raise in gas prices.

4 **SEC. 3. TERMINATION OF RESTRICTIONS ON OIL AND NAT-**
5 **URAL GAS DEVELOPMENT ON FEDERAL**
6 **LANDS.**

7 (a) OUTER CONTINENTAL SHELF.—

8 (1) TERMINATION OF LAWS PROHIBITING EX-
9 PENDITURES FOR NATURAL GAS LEASING AND
10 PRELEASING ACTIVITIES.—All provisions of existing
11 Federal law prohibiting the spending of appropriated
12 funds to conduct oil or natural gas leasing and
13 preleasing activities for any area of the Outer Conti-
14 nental Shelf shall have no force or effect.

15 (2) REVOCATION OF EXISTING PRESIDENTIAL
16 WITHDRAWALS.—All existing withdrawals by the
17 President under the authority of section 12 of the
18 Outer Continental Shelf Lands Act (43 U.S.C.
19 1341) are hereby revoked and are no longer in effect
20 with respect to the leasing of areas for exploration
21 for, and development and production of, oil or nat-
22 ural gas.

23 (b) COASTAL PLAIN OF ALASKA.—Sections 1002(i)
24 and 1003 of the Alaska National Interest Lands Con-
25 servation Act (16 U.S.C. 3142(i) and 3143) are repealed.

1 **SEC. 4. LIMITATION OF SUITS UNDER NATIONAL ENVIRON-**
2 **MENTAL POLICY ACT OF 1969.**

3 Section 102 of the National Environmental Policy
4 Act of 1969 (42 U.S.C. 4332) is amended by inserting
5 “(a) IN GENERAL.—” before the first sentence, and by
6 adding at the end the following:

7 “(b) LIMITATION ON SUITS.—A statement required
8 under subsection (a)(2)(C) is not subject to judicial re-
9 view.”.

10 **SEC. 5. INCENTIVES FOR INVESTMENT IN OIL REFINERIES.**

11 (a) INCREASE OF EXPENSING FOR REFINERIES.—

12 (1) IN GENERAL.—Subsection (a) of section
13 179C of the Internal Revenue Code of 1986 (relat-
14 ing to election to expense certain refineries) is
15 amended by striking “50 percent” and inserting
16 “100 percent”.

17 (2) EFFECTIVE DATE.—The amendments made
18 by this subsection shall take effect as if included in
19 section 1323 of the Energy Policy Act of 2005.

20 (b) CLASS LIFE FOR REFINERIES.—

21 (1) IN GENERAL.—Subparagraph (B) of section
22 168(e)(3) of the Internal Revenue Code of 1986 (re-
23 lating to 5-year property) is amended by striking
24 “and” at the end of clause (v), by striking the pe-
25 riod at the end of clause (vi) and inserting “, and”,
26 and by adding at the end the following new clause:

1 “(vii) any petroleum refining prop-
2 erty.”.

3 (2) PETROLEUM REFINING ASSET.—Section
4 168(i) of such Code is amended by adding at the
5 end the following new paragraph:

6 “(18) PETROLEUM REFINING PROPERTY.—

7 “(A) IN GENERAL.—The term ‘petroleum
8 refining property’ means any asset for petro-
9 leum refining, including assets used for the dis-
10 tillation, fractionation, and catalytic cracking of
11 crude petroleum into gasoline and its other
12 components.

13 “(B) ASSET MUST MEET ENVIRONMENTAL
14 LAWS.—Such term shall not include any asset
15 which does not meet all applicable environ-
16 mental laws in effect on the date such asset was
17 placed in service. For purposes of the preceding
18 sentence, a waiver under the Clean Air Act
19 shall not be taken into account in determining
20 whether the applicable environmental laws have
21 been met.

22 “(C) SPECIAL RULE FOR MERGERS AND
23 ACQUISITIONS.—Such term shall not include
24 any asset with respect to which a deduction was

1 taken under subsection (e)(3)(B) by any other
2 taxpayer in any preceding year.”.

3 (3) EFFECTIVE DATE.—

4 (A) IN GENERAL.—The amendments made
5 by this subsection shall apply to refineries
6 placed in service after the date of the enact-
7 ment of this Act.

8 (B) EXCEPTION.—The amendments made
9 by this section shall not apply to any refinery
10 with respect to which the taxpayer has entered
11 into a binding contract for the construction
12 thereof on or before the date of the enactment
13 of this Act.

14 **SEC. 6. SUSPENSION OF FUEL TAXES ON HIGHWAY MOTOR**
15 **FUELS WHEN WEEKLY UNITED STATES RE-**
16 **TAIL GASOLINE PRICES EXCEED BENCH-**
17 **MARK.**

18 (a) IN GENERAL.—Section 4081 of the Internal Rev-
19 enue Code of 1986 (relating to imposition of tax on motor
20 and aviation fuels) is amended by adding at the end the
21 following new subsection:

22 “(f) SUSPENSION OF HIGHWAY MOTOR FUEL TAXES
23 WHEN RETAIL GASOLINE EXCEEDS BENCHMARK.—

1 “(1) IN GENERAL.—During any suspension pe-
2 riod, the tax imposed by this section or section 4041
3 on highway motor fuel shall be suspended.

4 “(2) DEFINITIONS AND SPECIAL RULE.—For
5 purposes of this subsection—

6 “(A) SUSPENSION PERIOD.—The term
7 ‘suspension period’ means the period—

8 “(i) beginning on the date on which
9 the weekly United States retail gasoline
10 price, regular grade (as published by the
11 Energy Information Administration, De-
12 partment of Energy), inclusive of such tax,
13 is greater than \$3.00 per gallon, and

14 “(ii) ending on the date on which such
15 price (as so published), without regard to
16 this subsection, does not exceed \$3.00 per
17 gallon.

18 “(B) HIGHWAY MOTOR FUEL.—The term
19 ‘highway motor fuel’ means any fuel subject to
20 tax under this section or section 4041 other
21 than aviation gasoline and aviation-grade ker-
22 osene.”.

23 (b) MAINTENANCE OF TRUST FUNDS DEPOSITS;
24 AMOUNTS APPROPRIATED TO TRUST FUNDS TREATED AS
25 TAXES.—

1 (1) IN GENERAL.—There is hereby appro-
2 priated (out of any money in the Treasury not other-
3 wise appropriated) to each trust fund which would
4 (but for this subsection) receive reduced revenues as
5 a result of a suspension in a rate of tax by reason
6 of section 4081(f)(1) of the Internal Revenue Code
7 of 1986 (as added by this section) an amount equal
8 to such reduction in revenues. Amounts appropriated
9 by the preceding sentence to any trust fund—

10 (A) shall be transferred from the general
11 fund at such times and in such manner as to
12 replicate to the extent possible the transfers
13 which would have occurred had such section
14 4081(f)(1) not been enacted, and

15 (B) shall be treated for all purposes of
16 Federal law as taxes received under the appro-
17 priate section referred to in such section
18 4081(f)(1).

19 (c) EFFECTIVE DATE.—The amendment made by
20 this section shall take effect on the date of the enactment
21 of this Act.

22 (d) FLOOR STOCK REFUNDS.—

23 (1) IN GENERAL.—If—

24 (A) before the tax suspension date, tax has
25 been imposed under section 4081 of the Inter-

1 nal Revenue Code of 1986 on any highway
2 motor fuel, and

3 (B) on such date such fuel is held by a
4 dealer and has not been used and is intended
5 for sale,

6 there shall be credited or refunded (without interest)
7 to the person who paid such tax (hereafter in this
8 subsection referred to as the “taxpayer”) an amount
9 equal to the excess of the tax paid by the taxpayer
10 over the tax which would be imposed on such fuel
11 had the taxable event occurred on such date.

12 (2) TIME FOR FILING CLAIMS.—No credit or re-
13 fund shall be allowed or made under this subsection
14 unless—

15 (A) claim therefor is filed with the Sec-
16 retary of the Treasury before the date which is
17 6 months after the tax suspension date based
18 on a request submitted to the taxpayer before
19 the date which is 3 months after the tax sus-
20 pension date by the dealer who held the high-
21 way motor fuel on such date, and

22 (B) the taxpayer has repaid or agreed to
23 repay the amount so claimed to such dealer or
24 has obtained the written consent of such dealer

1 to the allowance of the credit or the making of
2 the refund.

3 (3) EXCEPTION FOR FUEL HELD IN RETAIL
4 STOCKS.—No credit or refund shall be allowed under
5 this subsection with respect to any highway motor
6 fuel in retail stocks held at the place where intended
7 to be sold at retail.

8 (4) DEFINITIONS.—For purposes of this sub-
9 section—

10 (A) TAX SUSPENSION DATE.—The term
11 “tax suspension date” means the first day of
12 any suspension period in effect under section
13 4081(f) of the Internal Revenue Code of 1986
14 (as added by subsection (a) of this section).

15 (B) OTHER TERMS.—The terms “dealer”
16 and “held by a dealer” have the respective
17 meanings given to such terms by section 6412
18 of such Code.

19 (5) CERTAIN RULES TO APPLY.—Rules similar
20 to the rules of subsections (b) and (c) of section
21 6412 of such Code shall apply for purposes of this
22 subsection.

23 (e) FLOOR STOCKS TAX.—

24 (1) IMPOSITION OF TAX.—In the case of any
25 highway motor fuel which is held on the tax restora-

1 tion date by any person, there is hereby imposed a
2 floor stocks tax equal to the excess of the tax which
3 would be imposed on such fuel had the taxable event
4 occurred on such date over the tax (if any) pre-
5 viously paid (and not credited or refunded) on such
6 fuel.

7 (2) LIABILITY FOR TAX AND METHOD OF PAY-
8 MENT.—

9 (A) LIABILITY FOR TAX.—The person
10 holding highway motor fuel on the tax restora-
11 tion date to which the tax imposed by para-
12 graph (1) applies shall be liable for such tax.

13 (B) METHOD OF PAYMENT.—The tax im-
14 posed by paragraph (1) shall be paid in such
15 manner as the Secretary shall prescribe.

16 (C) TIME FOR PAYMENT.—The tax im-
17 posed by paragraph (1) shall be paid on or be-
18 fore the 45th day after the tax restoration date.

19 (3) DEFINITIONS.—For purposes of this sub-
20 section—

21 (A) TAX RESTORATION DATE.—The term
22 “tax restoration date” means the first day after
23 the suspension period (as defined in section
24 4081(f) of the Internal Revenue Code of 1986).

1 (B) HIGHWAY MOTOR FUEL.—The term
2 “highway motor fuel” has the meaning given to
3 such term by section 4081(f) of such Code.

4 (C) HELD BY A PERSON.—A highway
5 motor fuel shall be considered as held by a per-
6 son if title thereto has passed to such person
7 (whether or not delivery to the person has been
8 made).

9 (D) SECRETARY.—The term “Secretary”
10 means the Secretary of the Treasury or the
11 Secretary’s delegate.

12 (4) EXCEPTION FOR EXEMPT USES.—The tax
13 imposed by paragraph (1) shall not apply to any
14 highway motor fuel held by any person exclusively
15 for any use to the extent a credit or refund of the
16 tax is allowable for such use.

17 (5) EXCEPTION FOR CERTAIN AMOUNTS OF
18 FUEL.—

19 (A) IN GENERAL.—No tax shall be im-
20 posed by paragraph (1) on any highway motor
21 fuel held on the tax restoration date by any per-
22 son if the aggregate amount of such highway
23 motor fuel held by such person on such date
24 does not exceed 2,000 gallons. The preceding
25 sentence shall apply only if such person submits

1 to the Secretary (at the time and in the manner
2 required by the Secretary) such information as
3 the Secretary shall require for purposes of this
4 subparagraph.

5 (B) EXEMPT FUEL.—For purposes of sub-
6 paragraph (A), there shall not be taken into ac-
7 count any highway motor fuel held by any per-
8 son which is exempt from the tax imposed by
9 paragraph (1) by reason of paragraph (4).

10 (C) CONTROLLED GROUPS.—For purposes
11 of this subsection—

12 (i) CORPORATIONS.—

13 (I) IN GENERAL.—All persons
14 treated as a controlled group shall be
15 treated as 1 person.

16 (II) CONTROLLED GROUP.—The
17 term “controlled group” has the
18 meaning given to such term by sub-
19 section (a) of section 1563 of such
20 Code; except that for such purposes
21 the phrase “more than 50 percent”
22 shall be substituted for the phrase “at
23 least 80 percent” each place it ap-
24 pears in such subsection.

1 (ii) NONINCORPORATED PERSONS
2 UNDER COMMON CONTROL.—Under regula-
3 tions prescribed by the Secretary, prin-
4 ciples similar to the principles of subpara-
5 graph (A) shall apply to a group of per-
6 sons under common control if 1 or more of
7 such persons is not a corporation.

8 (6) OTHER LAWS APPLICABLE.—All provisions
9 of law, including penalties, applicable with respect to
10 the taxes imposed by section 4081 of such Code
11 shall, insofar as applicable and not inconsistent with
12 the provisions of this subsection, apply with respect
13 to the floor stock taxes imposed by paragraph (1) to
14 the same extent as if such taxes were imposed by
15 such section.

16 **SEC. 7. INCREASE IN MILEAGE REIMBURSEMENT RATES.**

17 (a) BUSINESS.—For purposes of the Internal Rev-
18 enue Code of 1986, after the date of the enactment of
19 this Act, the optional standard mileage rates to be used
20 for computing the deductible costs of operating an auto-
21 mobile for business purposes shall be not less than 70
22 cents per mile.

23 (b) MEDICAL, MOVING, AND CHARITABLE CON-
24 TRIBUTION RATES.—For any day during the period under

1 which highway motor fuel taxes are suspended under sec-
2 tion 4081(f) of the Internal Revenue Code of 1986—

3 (1) the optional standard mileage rates to be
4 used for computing the deductible costs of operating
5 an automobile for medical, moving, and charitable
6 purposes shall be the same rate which is in effect for
7 such day for business purposes, and

8 (2) the rate under section 170(i) shall not
9 apply.

10 **SEC. 8. TERMINATION OF APPLICATION OF TITLE IV OF**
11 **THE TRADE ACT OF 1974 TO THE RUSSIAN**
12 **FEDERATION AND KAZAKHSTAN.**

13 (a) **PRESIDENTIAL DETERMINATIONS AND EXTEN-**
14 **SIONS OF NONDISCRIMINATORY TREATMENT.**—Notwith-
15 standing any provision of title IV of the Trade Act of 1974
16 (19 U.S.C. 2431 et seq.), the President may—

17 (1) determine that such title should no longer
18 apply to both the Russian Federation and
19 Kazakhstan; and

20 (2) after making a determination under para-
21 graph (1) with respect to the Russian Federation
22 and Kazakhstan, proclaim the extension of non-
23 discriminatory treatment (normal trade relations
24 treatment) to the products of those countries.

1 (b) TERMINATION OF APPLICATION OF TITLE IV.—
2 On and after the effective date of the extension under sub-
3 section (a)(2) of nondiscriminatory treatment to the prod-
4 ucts of the Russian Federation and Kazakhstan, title IV
5 of the Trade Act of 1974 shall cease to apply to those
6 countries.

7 **SEC. 9. STUDY ON EFFECTS OF OIL PRICES ON MONETARY**
8 **POLICY.**

9 Not later than 6 months after the date of the enact-
10 ment of this Act, the Secretary of the Treasury and the
11 Board of Governors of the Federal Reserve System shall
12 produce a study on the relationship between the increase
13 in the price of oil and the monetary system of fiat cur-
14 rency. The results of this study shall be submitted to the
15 Chairman of the Committee on Financial Services of the
16 House of Representatives and the Chairman of the Com-
17 mittee on Banking, Housing, and Urban Affairs of the
18 Senate.

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