

103D CONGRESS  
1ST SESSION

# H. R. 804

To amend the Internal Revenue Code of 1986 to reduce emissions of carbon dioxide by imposing a tax on certain fuels based on their carbon content.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1993

Mr. STARK 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 reduce emissions of carbon dioxide by imposing a tax on certain fuels based on their carbon content.

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. IMPOSITION OF CARBON TAX ON PRIMARY FOS-**  
4 **SIL FUELS.**

5 (a) GENERAL RULE.—Chapter 38 of the Internal  
6 Revenue Code of 1986 (relating to environmental taxes)  
7 is amended by adding at the end thereof the following new  
8 subchapter:

1       **“Subchapter E—Carbon Tax on**  
 2                   **Primary Fossil Fuels**

“Sec. 4691. Tax on coal.

“Sec. 4692. Tax on petroleum.

“Sec. 4693. Tax on natural gas.

“Sec. 4694. Inflation adjustments.

3       **“SEC. 4691. TAX ON COAL.**

4           “(a) GENERAL RULE.—There is hereby imposed a  
 5 tax at the rate specified in subsection (b) on coal sold by  
 6 the producer or importer thereof.

7           “(b) RATE OF TAX.—

8                   “(1) IN GENERAL.—Except as provided in para-  
 9 graph (2), the rate of the tax imposed by subsection  
 10 (a) shall be \$18 per ton.

11                   “(2) PHASE-IN.—

<b>Effective during calendar year:</b>	<b>The rate of the tax imposed by subsection (a) shall be the fol- lowing amount per ton:</b>
1994 .....	\$3.60
1995 .....	\$7.20
1996 .....	\$10.80
1997 .....	\$14.40

12           “(c) DEFINITIONS AND SPECIAL RULES.—For pur-  
 13 poses of this section—

14                   “(1) COAL TO INCLUDE LIGNITE.—The term  
 15 ‘coal’ includes lignite.

16                   “(2) TON.—The term ‘ton’ means 2,000  
 17 pounds.

18                   “(3) USE TREATED AS SALE.—If the producer  
 19 or importer of any coal uses such coal, such pro-

1       ducer or importer shall be liable for tax under this  
 2       section in the same manner as if such coal were sold  
 3       by such producer or importer.

4       **“SEC. 4692. TAX ON PETROLEUM.**

5       “(a) GENERAL RULE.—There is hereby imposed a  
 6       tax at the rate specified in subsection (c) on any petroleum  
 7       with respect to which there is a taxable event.

8       “(b) TAXABLE EVENT.—For purposes of this section,  
 9       the term ‘taxable event’ means any event which would re-  
 10      sult in tax being imposed under section 4611 if—

11             “(1) such section were applied without regard  
 12             to subsections (b)(2), (e), and (f) thereof, and

13             “(2) section 4612(b) were applied by substitut-  
 14             ing ‘section 4692’ for ‘section 4611’.

15      “(c) AMOUNT OF TAX.—

16             “(1) IN GENERAL.—Except as provided in para-  
 17             graph (2), the rate of the tax imposed by subsection  
 18             (a) shall be \$3.90 per barrel.

19             “(2) PHASE-IN.—

<b>Effective during calendar year:</b>	<b>The rate of the tax imposed by subsection (a) shall be the fol- lowing amount per barrel:</b>
1994 .....	\$.78
1995 .....	\$1.56
1996 .....	\$2.34
1997 .....	\$3.12

20      “(d) PERSON LIABLE FOR TAX.—The person re-  
 21      quired to pay the tax imposed by this section on any petro-

1 leum shall be determined under the principles of section  
2 4611(d).

3 “(e) DEFINITIONS AND SPECIAL RULES.—For pur-  
4 poses of this section—

5 “(1) PETROLEUM.—The term ‘petroleum’  
6 means any petroleum product including crude oil.

7 “(2) BARREL.—The term ‘barrel’ means 42  
8 United States gallons.

9 “(3) FRACTION OF BARREL.—In the case of a  
10 fraction of a barrel, the tax imposed by this section  
11 shall be the same fraction of the amount of such tax  
12 imposed on a whole barrel.

13 “(4) CERTAIN RULES MADE APPLICABLE.—  
14 Rules similar to the rules of subsections (c) and (e)  
15 of section 4612 shall apply to the tax imposed by  
16 this section.

17 **“SEC. 4693. TAX ON NATURAL GAS.**

18 “(a) GENERAL RULE.—There is hereby imposed a  
19 tax at the rate specified in subsection (c) on—

20 “(1) natural gas received at a United States  
21 pipeline facility, and

22 “(2) natural gas entered into the United States  
23 for consumption, use, or warehousing.

24 “(b) TAX ON CERTAIN USES, ETC.—

25 “(1) IN GENERAL.—If—

1           “(A) any domestic natural gas is used in  
2           or exported from the United States, and

3           “(B) before such use or exportation, no tax  
4           was imposed on such natural gas under sub-  
5           section (a),

6           then a tax at the rate specified in subsection (c) is  
7           hereby imposed on such natural gas.

8           “(2) EXCEPTION FOR CERTAIN USES ON PREM-  
9           ISES WHERE PRODUCED.—Paragraph (1) shall not  
10          apply to any use of natural gas for extracting oil or  
11          natural gas on the premises where such natural gas  
12          was produced. The preceding sentence shall not  
13          apply to any use involving the combustion of the  
14          natural gas.

15          “(c) RATE OF TAX.—

16                 “(1) IN GENERAL.—Except as provided in para-  
17                 graph (2), the rate of the taxes imposed by this sec-  
18                 tion shall be 48 cents per MCF.

19                 “(2) PHASE-IN.—

<b>Effective during calendar year</b>	<b>The rate of the taxes imposed by subsection (a) shall be the fol- lowing amount per MCF</b>
1994 .....	\$.096
1995 .....	\$.192
1996 .....	\$.288
1997 .....	\$.384

20          “(d) PERSONS LIABLE FOR TAX.—

1           “(1) RECEIPT AT PIPELINE.—The tax imposed  
2           by subsection (a)(1) shall be paid by the operator of  
3           the United States pipeline facility.

4           “(2) IMPORTATION.—The tax imposed by sub-  
5           section (a)(2) shall be paid by the person entering  
6           the natural gas for consumption, use, or  
7           warehousing.

8           “(3) TAX ON USE OR EXPORTS.—The tax im-  
9           posed by subsection (b) shall be paid by the person  
10          using or exporting the natural gas, as the case may  
11          be.

12          “(e) DEFINITIONS.—For purposes of this section—

13           “(1) NATURAL GAS.—The term ‘natural gas’  
14           includes any natural gas liquid which is not treated  
15           as petroleum for purposes of the tax imposed by sec-  
16           tion 4692.

17           “(2) DOMESTIC NATURAL GAS.—The term ‘do-  
18           mestic natural gas’ means any natural gas produced  
19           from a well located in the United States.

20           “(3) UNITED STATES PIPELINE FACILITY.—The  
21           term ‘United States pipeline facility’ means any  
22           pipeline in the United States used for purposes of  
23           transporting natural gas (other than a pipeline  
24           which is part of a gathering system).

1           “(4) MCF.—The term ‘MCF’ means 1,000  
2 cubic feet.

3           “(5) OTHER DEFINITIONS.—The terms ‘United  
4 States’ and ‘premises’ have the respective meanings  
5 given such terms by section 4612(a).

6           “(6) FRACTIONAL PART OF MCF.—In the case  
7 of a fraction of an MCF, the tax imposed by this  
8 section shall be the same fraction of the amount of  
9 such tax imposed on a whole MCF.

10           “(7) CERTAIN RULES MADE APPLICABLE.—  
11 Rules similar to the rules of subsections (b), (c), and  
12 (e) of section 4612 shall apply to the tax imposed  
13 by this section.

14 **“SEC. 4694. INFLATION ADJUSTMENTS.**

15           “(a) GENERAL RULE.—Each rate of tax which would  
16 otherwise be in effect under this subchapter during any  
17 calendar year after 1994 shall be increased by the percent-  
18 age (if any) by which—

19           “(1) the CPI for the preceding calendar year  
20 (as defined in section 1(f)(4)), exceeds

21           “(2) the CPI for calendar year 1993 (as so de-  
22 fined).

23           “(b) ROUNDING.—Any increase under subsection (a)  
24 shall be rounded—

1           “(1) to the nearest multiple of 10 cents in the  
2 case of a rate in effect under section 4691,

3           “(2) to the nearest multiple of 1 cent in the  
4 case of a rate in effect under section 4692, and

5           “(3) to the nearest multiple of 1/10 cent in the  
6 case of a rate in effect under section 4693.”

7           (b) CLERICAL AMENDMENT.—The table of sub-  
8 chapters for chapter 38 of such Code is amended by add-  
9 ing at the end thereof the following new item:

                  “SUBCHAPTER E. Carbon tax on primary fossil fuels.”

10           (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall take effect on January 1, 1994.

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