

104TH CONGRESS
2D SESSION

H. R. 3420

To amend the Internal Revenue Code of 1986 to suspend the 4.3-cent general revenue portion of the fuel excise taxes.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 1996

Ms. JACKSON-LEE of Texas introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on National Security, 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 amend the Internal Revenue Code of 1986 to suspend the 4.3-cent general revenue portion of the fuel excise taxes.

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. TEMPORARY SUSPENSION OF 4.3 CENTS OF**
4 **FUEL TAX RATES.**

5 (a) IN GENERAL.—Section 4081 of the Internal Rev-
6 enue Code of 1986 (relating to imposition of tax on gaso-
7 line and diesel fuel) is amended by adding at the end the
8 following new subsection:

1 “(f) TEMPORARY SUSPENSION OF 4.3 CENTS OF
2 FUEL TAX RATES.—

3 “(1) IN GENERAL.—During the temporary rate
4 reduction period, each rate of tax referred to in
5 paragraph (2) shall be reduced by 4.3 cents per gal-
6 lon.

7 “(2) RATES OF TAX.—The rates of tax referred
8 to in this paragraph are the rates of tax otherwise
9 applicable under—

10 “(A) subsection (a)(2)(A) (relating to gas-
11 oline and diesel fuel),

12 “(B) sections 4091(b)(3)(A) and
13 4092(b)(2) (relating to aviation fuel),

14 “(C) section 4042(b)(2)(C) (relating to
15 fuel used on inland waterways),

16 “(D) paragraph (1) or (2) of section
17 4041(a) (relating to diesel fuel and special
18 fuels),

19 “(E) section 4041(c)(2) (relating to gaso-
20 line used in noncommercial aviation), and

21 “(F) section 4041(m)(1)(A)(i) (relating to
22 certain methanol or ethanol fuels).

23 “(3) COMPARABLE TREATMENT FOR COM-
24 PRESSED NATURAL GAS.—No tax shall be imposed

1 by section 4041(a)(3) on any sale or use during the
2 temporary rate reduction period.

3 “(4) COMPARABLE TREATMENT UNDER CER-
4 TAIN REFUND RULES.—In the case of fuel on which
5 tax is imposed during the temporary rate reduction
6 period, each of the rates specified in sections
7 6421(f)(2)(B), 6421(f)(3)(B)(ii), 6427(b)(2)(A),
8 6427(l)(3)(B)(ii), and 6427(l)(4)(B) shall be re-
9 duced by 4.3 cents per gallon.

10 “(5) COORDINATION WITH HIGHWAY TRUST
11 FUND DEPOSITS.—In the case of fuel on which tax
12 is imposed during the temporary rate reduction pe-
13 riod, each of the rates specified in subparagraphs
14 (A)(i) and (C)(i) of section 9503(f)(3) shall be re-
15 duced by 4.3 cents per gallon.

16 “(6) TEMPORARY RATE REDUCTION PERIOD.—
17 For purposes of this subsection, the term ‘temporary
18 rate reduction period’ means the period after the
19 date of the enactment of this subsection and before
20 January 1, 1997.”

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall take effect on the date of the enactment
23 of this Act.

24 **SEC. 2. FLOOR STOCK REFUNDS.**

25 (a) IN GENERAL.—If—

1 (1) before the date of the enactment of this
2 Act, tax has been imposed under section 4081 or
3 4091 of the Internal Revenue Code of 1986 on any
4 liquid, and

5 (2) on such date such liquid is held by a dealer
6 and has not been used and is intended for sale,
7 there shall be credited or refunded (without interest) to
8 the person who paid such tax (hereafter in this section
9 referred to as the “taxpayer”) an amount equal to the ex-
10 cess of the tax paid by the taxpayer over the amount of
11 such tax which would be imposed on such liquid had the
12 taxable event occurred on such date.

13 (b) TIME FOR FILING CLAIMS.—No credit or refund
14 shall be allowed or made under this section unless—

15 (1) claim therefor is filed with the Secretary of
16 the Treasury before the date which is 6 months
17 after the date of the enactment of this Act, based
18 on a request submitted to the taxpayer before the
19 date which is 3 months after such date of enact-
20 ment, by the dealer who held the liquid on such date
21 of enactment, and

22 (2) the taxpayer has repaid or agreed to repay
23 the amount so claimed to such dealer or has ob-
24 tained the written consent of such dealer to the al-
25 lowance of the credit or the making of the refund.

1 (c) EXCEPTION FOR FUEL HELD IN RETAIL
2 STOCKS.—No credit or refund shall be allowed under this
3 section with respect to any liquid in retail stocks held at
4 the place where intended to be sold at retail.

5 (d) DEFINITIONS.—For purposes of this section, the
6 terms “dealer” and “held by a dealer” have the respective
7 meanings given to such terms by section 6412 of such
8 Code.

9 (e) CERTAIN RULES TO APPLY.—Rules similar to the
10 rules of subsections (b) and (c) of section 6412 of such
11 Code shall apply for purposes of this section.

12 **SEC. 3. FLOOR STOCKS TAX.**

13 (a) IMPOSITION OF TAX.—In the case of any liquid
14 on which tax was imposed under section 4081 or 4091
15 of the Internal Revenue Code of 1986 before January 1,
16 1997, and which is held on such date by any person, there
17 is hereby imposed a floor stocks tax of 4.3 cents per gal-
18 lon.

19 (b) LIABILITY FOR TAX AND METHOD OF PAY-
20 MENT.—

21 (1) LIABILITY FOR TAX.—A person holding a
22 liquid on January 1, 1997, to which the tax imposed
23 by subsection (a) applies shall be liable for such tax.

1 (2) METHOD OF PAYMENT.—The tax imposed
2 by subsection (a) shall be paid in such manner as
3 the Secretary shall prescribe.

4 (3) TIME FOR PAYMENT.—The tax imposed by
5 subsection (a) shall be paid on or before June 30,
6 1997.

7 (c) DEFINITIONS.—For purposes of this section—

8 (1) HELD BY A PERSON.—A liquid shall be con-
9 sidered as “held by a person” if title thereto has
10 passed to such person (whether or not delivery to
11 the person has been made).

12 (2) GASOLINE AND DIESEL FUEL.—The terms
13 “gasoline” and “diesel fuel” have the respective
14 meanings given such terms by section 4083 of such
15 Code.

16 (3) AVIATION FUEL.—The term “aviation fuel”
17 has the meaning given such term by section 4093 of
18 such Code.

19 (4) SECRETARY.—The term “Secretary” means
20 the Secretary of the Treasury or his delegate.

21 (d) EXCEPTION FOR EXEMPT USES.—The tax im-
22 posed by subsection (a) shall not apply to gasoline, diesel
23 fuel, or aviation fuel held by any person exclusively for
24 any use to the extent a credit or refund of the tax imposed

1 by section 4081 or 4091 of such Code is allowable for such
2 use.

3 (e) EXCEPTION FOR FUEL HELD IN VEHICLE
4 TANK.—No tax shall be imposed by subsection (a) on gas-
5 oline or diesel fuel held in the tank of a motor vehicle or
6 motorboat.

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

8 (1) IN GENERAL.—No tax shall be imposed by
9 subsection (a)—

10 (A) on gasoline held on January 1, 1997,
11 by any person if the aggregate amount of gaso-
12 line held by such person on such date does not
13 exceed 4,000 gallons, and

14 (B) on diesel fuel or aviation fuel held on
15 such date by any person if the aggregate
16 amount of diesel fuel or aviation fuel held by
17 such person on such date does not exceed 2,000
18 gallons.

19 The preceding sentence shall apply only if such per-
20 son submits to the Secretary (at the time and in the
21 manner required by the Secretary) such information
22 as the Secretary shall require for purposes of this
23 paragraph.

24 (2) EXEMPT FUEL.—For purposes of para-
25 graph (1), there shall not be taken into account fuel

1 held by any person which is exempt from the tax im-
2 posed by subsection (a) by reason of subsection (d)
3 or (e).

4 (3) CONTROLLED GROUPS.—For purposes of
5 this subsection—

6 (A) CORPORATIONS.—

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

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

18 (B) NONINCORPORATED PERSONS UNDER
19 COMMON CONTROL.—Under regulations pre-
20 scribed by the Secretary, principles similar to
21 the principles of subparagraph (A) shall apply
22 to a group of persons under common control
23 where 1 or more of such persons is not a cor-
24 poration.

1 (g) OTHER LAW APPLICABLE.—All provisions of law,
2 including penalties, applicable with respect to the taxes
3 imposed by section 4081 of such Code in the case of gaso-
4 line and diesel fuel and section 4091 of such Code in the
5 case of aviation fuel shall, insofar as applicable and not
6 inconsistent with the provisions of this subsection, apply
7 with respect to the floor stock taxes imposed by subsection
8 (a) to the same extent as if such taxes were imposed by
9 such section 4081 or 4091.

10 **SEC. 4. OFFSETTING REDUCTIONS IN DEFENSE BUDGET**

11 **AUTHORITY.**

12 (a) REQUIRED REDUCTION.—Not later than 20 days
13 after the date of the enactment of this Act, the Secretary
14 of Defense shall cancel available budget authority in cur-
15 rent defense procurement accounts in such amounts as
16 may be necessary to achieve a reduction in the amount
17 of \$2,900,000,000 in outlays by the Department of De-
18 fense from such accounts during the period beginning on
19 the date of the enactment of this Act and ending at the
20 close of December 31, 1996.

21 (b) IDENTIFICATION OF PROGRAMS TO BE CUT.—
22 The Secretary of Defense shall submit to Congress a re-
23 port specifying the programs, projects, and activities of
24 the Department of Defense from which cancellations of
25 budget authority are made for the purposes of subsection

1 (a). Such report shall show the specific dollar amount of
2 budget authority cancelled from each such program,
3 project, or activity.

4 (c) EFFECT OF CANCELLATIONS.—Amounts can-
5 celled under this section shall not be available for obliga-
6 tion for any purpose.

7 (d) DEFINITIONS.—For purposes of this section:

8 (1) AVAILABLE BUDGET AUTHORITY.—The
9 term “available budget authority” means amounts
10 appropriated before the date of the enactment of
11 this Act for the Department of Defense that remain
12 available for obligation as of such date.

13 (2) CURRENT PROCUREMENT ACCOUNTS.—The
14 term “current defense procurement accounts” means
15 appropriation accounts provided under the major
16 heading “PROCUREMENT” in any Act making ap-
17 propriations for the Department of Defense that was
18 enacted before the date of the enactment of this Act
19 and for which, with respect to any such account, the
20 period of availability for obligation has not expired
21 as of such date.

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