

107TH CONGRESS
1ST SESSION

H. R. 2079

To amend the Internal Revenue Code of 1986 to impose a windfall profits tax on electric generating facilities having excess profits.

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2001

Mr. McDERMOTT 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 impose a windfall profits tax on electric generating facilities having excess profits.

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. WINDFALL PROFITS TAX ON ELECTRIC GENER-**
4 **ATING FACILITIES HAVING EXCESS PROFITS.**

5 (a) IN GENERAL.—Subtitle E of the Internal Rev-
6 enue Code of 1986 (relating to alcohol, tobacco, and cer-
7 tain other excise taxes) is amended by adding at the end
8 thereof the following new chapter:

1 **“CHAPTER 55—WINDFALL PROFITS TAX**
2 **ON ELECTRIC GENERATING FACILI-**
3 **TIES HAVING EXCESS PROFITS**

“Sec. 5886. Imposition of tax.

4 **“SEC. 5886. IMPOSITION OF TAX.**

5 “(a) IN GENERAL.—In addition to any other tax im-
6 posed under this title, there is hereby imposed an excise
7 tax equal to the windfall profit on the sale of electricity
8 by the person producing such electricity.

9 “(b) WINDFALL PROFIT.—For purposes of this sec-
10 tion, the term ‘windfall profit’ means, with respect to any
11 sale, so much of the profit on such sale as exceeds a 15
12 percent pretax rate of return.

13 “(c) LIABILITY FOR PAYMENT OF TAX.—The tax im-
14 posed by subsection (a) shall be paid by the seller.

15 “(d) EXEMPTION FOR ELECTRICITY GENERATED
16 USING RENEWABLE ENERGY.—This section shall not
17 apply to electricity produced from renewable sources. For
18 purposes of the preceding sentence, renewable sources are
19 wind, sun, or water power.

20 “(e) SALES TO RELATED PERSONS.—If a sale of elec-
21 tricity is to a related person (within the meaning of section
22 482), the sale shall be treated for purposes of this section
23 as being made at the price at which the electricity is first

1 sold to a person who is not a related person (as so de-
2 fined), minus transmission costs.”

3 (b) CLERICAL AMENDMENT.—The table of chapters
4 for subtitle E of such Code is amended by adding at the
5 end the following new item:

“Chapter 55. Windfall profits tax on electric generating facilities
having excess profits.”

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect on the date of the enactment
8 of this Act.

9 **SEC. 2. SENSE OF CONGRESS.**

10 It is the sense of the Congress that revenues from
11 the tax imposed by chapter 55 of the Internal Revenue
12 Code of 1986, as added by this Act, should be used—

13 (1) to provide an income tax reduction for con-
14 sumers that would help moderate the impact of high
15 prices on the poor or small businessmen, and

16 (2) to encourage the development of alternative
17 energy sources through tax credits for research in
18 renewable energy.

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