

103^D CONGRESS
2^D SESSION

H. R. 4588

To amend the Internal Revenue Code of 1986 to consolidate the retail level and refinery level taxes on aviation gasoline by imposing the entire tax at the refinery level.

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1994

Mr. HANCOCK (for himself, Mr. BREWSTER, Mr. ARCHER, Mr. MINETA, Mr. OBERSTAR, Mr. CLINGER, Mr. CARR of Michigan, Mr. HERGER, Mr. PARKER, Mr. LIGHTFOOT, Mr. PETE GEREN of Texas, Mr. INHOFE, Mr. MINGE, Mr. PETRI, Mr. SANGMEISTER, Mr. LEWIS of Florida, Mr. COSTELLO, Mr. YOUNG of Alaska, Mr. BALLENGER, Mr. GENE GREEN of Texas, Mr. ZELIFF, Mr. VALENTINE, Mr. SENSENBRENNER, and Mr. DEFazio) 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 consolidate the retail level and refinery level taxes on aviation gasoline by imposing the entire tax at the refinery level.

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. CONSOLIDATION OF TAXES ON AVIATION GASO-**

4 **LINE.**

5 (a) IN GENERAL.—Subparagraph (A) of section
6 4081(a)(2) of the Internal Revenue Code of 1986 (relating

1 to imposition of tax on gasoline and diesel fuel) is amend-
2 ed by redesignating clause (ii) as clause (iii) and by strik-
3 ing clause (i) and inserting the following:

4 “(i) in the case of gasoline other than
5 aviation gasoline, 18.3 cents per gallon,

6 “(ii) in the case of aviation gasoline,
7 19.3 cents per gallon, and”.

8 (b) TERMINATION.—Subsection (d) of section 4081
9 of such Code is amended by redesignating paragraph (2)
10 as paragraph (3) and by inserting after paragraph (1) the
11 following new paragraph:

12 “(2) AVIATION GASOLINE.—On and after Janu-
13 ary 1, 1996, the rate specified in subsection
14 (a)(2)(A)(ii) shall be 4.3 cents per gallon.”

15 (c) REPEAL OF RETAIL LEVEL TAX.—

16 (1) Subsection (c) of section 4041 of such Code
17 is amended by striking paragraphs (2) and (3) and
18 by redesignating paragraphs (4) and (5) as para-
19 graphs (2) and (3), respectively.

20 (2) Paragraph (3) of section 4041(c) of such
21 Code, as redesignated by paragraph (1), is amended
22 by striking “paragraphs (1) and (2)” and inserting
23 “paragraph (1)”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) Paragraph (1) of section 4041(k) of such
2 Code is amended by adding “and” at the end of sub-
3 paragraph (A), by striking “, and” at the end of
4 subparagraph (B) and inserting a period, and by
5 striking subparagraph (C).

6 (2) Paragraph (1) of section 4081(d) of such
7 Code is amended by striking “each rate of tax speci-
8 fied in subsection (a)(2)(A)” and inserting “the
9 rates of tax specified in clauses (i) and (iii) of sub-
10 section (a)(2)(A)”.

11 (3) Sections 6421(f)(2)(A) and 9502(f)(1)(A)
12 of such Code are each amended by striking “section
13 4041(c)(4)” and inserting “section 4041(c)(2)”.

14 (4) Paragraph (2) of section 9502(b) of such
15 Code is amended by striking “14 cents” and insert-
16 ing “15 cents”.

17 (e) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on October 1, 1994.

19 (f) FLOOR STOCKS TAX.—

20 (1) IMPOSITION OF TAX.—In the case of avia-
21 tion gasoline on which tax was imposed under sec-
22 tion 4081 of such Code before October 1, 1994, and
23 which is held on such date by any person, there is
24 hereby imposed a floor stocks tax of 1 cent per gal-
25 lon of such gasoline.

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

3 (A) LIABILITY FOR TAX.—A person hold-
4 ing aviation gasoline on October 1, 1994, to
5 which the tax imposed by paragraph (1) applies
6 shall be liable for such tax.

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

10 (C) TIME FOR PAYMENT.—The tax im-
11 posed by paragraph (1) shall be paid on or be-
12 fore March 31, 1995.

13 (3) DEFINITIONS.—For purposes of this sub-
14 section:

15 (A) HELD BY A PERSON.—Gasoline shall
16 be considered as “held by a person” if title
17 thereto has passed to such person (whether or
18 not delivery to the person has been made).

19 (B) SECRETARY.—The term ‘Secretary’
20 means the Secretary of the Treasury or his del-
21 egate.

22 (4) EXCEPTION FOR EXEMPT USES.—The tax
23 imposed by paragraph (1) shall not apply to gasoline
24 held by any person exclusively for any use to the ex-

1 tent a credit or refund of the tax imposed by section
2 4081 of such Code is allowable for such use.

3 (5) EXCEPTION FOR FUEL HELD IN AIRCRAFT
4 TANK.—No tax shall be imposed by paragraph (1)
5 on aviation gasoline held in the tank of an aircraft.

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

8 (A) IN GENERAL.—No tax shall be im-
9 posed by paragraph (1) on aviation gasoline
10 held on October 1, 1994, by any person if the
11 aggregate amount of aviation gasoline held by
12 such person on such date does not exceed 6,000
13 gallons. The preceding sentence shall apply only
14 if such person submits to the Secretary (at the
15 time and in the manner required by the Sec-
16 retary) such information as the Secretary shall
17 require for purposes of this paragraph.

18 (B) EXEMPT FUEL.—For purposes of sub-
19 paragraph (A), there shall not be taken into ac-
20 count fuel held by any person which is exempt
21 from the tax imposed by paragraph (1) by rea-
22 son of paragraph (4) or (5).

23 (C) CONTROLLED GROUPS.—

24 (i) CORPORATIONS.—In the case of a
25 controlled group, the 6,000 gallon amount

1 in subparagraph (A) shall be apportioned
2 among the component members of such
3 group in such manner as the Secretary
4 shall by regulations prescribe. For pur-
5 poses of the preceding sentence, the term
6 “controlled group” has the meaning given
7 to such term by subsection (a) of section
8 1563 of such Code; except that for such
9 purposes the phrase “more than 50 per-
10 cent” shall be substituted for the phrase
11 “at least 80 percent” each place it appears
12 in such subsection.

13 (ii) NONINCORPORATED PERSONS
14 UNDER COMMON CONTROL.—Under regula-
15 tions prescribed by the Secretary, prin-
16 ciples similar to the principles of clause (i)
17 shall apply to a group under common con-
18 trol where 1 or more of the members is not
19 a corporation.

20 (7) OTHER LAWS APPLICABLE.—All provisions
21 of law, including penalties, applicable with respect to
22 the taxes imposed by section 4081 of such Code
23 shall, insofar as applicable and not inconsistent with
24 the provisions of this subsection, apply with respect
25 to the floor stock taxes imposed by paragraph (1) to

1 the same extent as if such taxes were imposed by
2 such section 4081.

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