

# Calendar No. 465

106TH CONGRESS  
2D SESSION

# S. 2262

To amend the Internal Revenue Code of 1986 to institute a Federal fuels tax holiday.

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## IN THE SENATE OF THE UNITED STATES

MARCH 21, 2000

Mr. LOTT (for himself, Mr. MURKOWSKI, Mr. CRAIG, Mr. COVERDELL, Mrs. HUTCHISON, Ms. COLLINS, and Ms. SNOWE) introduced the following bill; which was read the first time

MARCH 22, 2000

Read the second time and placed on the calendar

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## A BILL

To amend the Internal Revenue Code of 1986 to institute a Federal fuels tax holiday.

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 REDUCTION OF 4.3 CENTS PER**  
4 **GALLON IN FUEL TAXES ON GASOLINE, DIE-**  
5 **SEL FUEL, KEROSENE, AND AVIATION FUEL.**

6 (a) IN GENERAL.—Section 4081 of the Internal Rev-  
7 enue Code of 1986 (relating to imposition of tax on gaso-

1 line, diesel fuel, and kerosene) is amended by adding at  
2 the end the following new subsection:

3 “(f) TEMPORARY 4.3-CENT REDUCTION IN TAXES  
4 ON GASOLINE, DIESEL FUEL, AND KEROSENE.—

5 “(1) IN GENERAL.—During the applicable pe-  
6 riod, each rate of tax referred to in paragraph (2)  
7 shall be reduced by 4.3 cents per gallon.

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

11 “(A) clause (i), (ii), (iii) of subsection  
12 (a)(2)(A) (relating to gasoline, diesel fuel, and  
13 kerosene), and

14 “(B) paragraph (1) of section 4041(a) (re-  
15 lating to diesel fuel) with respect to fuel sold  
16 for use or used in a diesel-powered highway ve-  
17 hicle.

18 “(3) MAINTENANCE OF TRUST FUND DEPOS-  
19 ITS.—In determining the amounts to be appro-  
20 priated to the Highway Trust Fund under section  
21 9503 and the Airport and Airway Trust Fund under  
22 section 9502, an amount equal to the reduction in  
23 revenues to the Treasury by reason of this sub-  
24 section shall be treated as taxes received in the  
25 Treasury under this section.

1           “(4) APPLICABLE PERIOD.—For purposes of  
2 this subsection, the term ‘applicable period’ means  
3 the period beginning after April 15, 2000, and end-  
4 ing before January 1, 2001.”

5           (b) AVIATION FUEL.—Section 4091 of the Internal  
6 Revenue Code of 1986 (relating to imposition of tax on  
7 aviation fuel) is amended by adding at the end the fol-  
8 lowing new subsection:

9           “(e) TEMPORARY 4.3-CENT REDUCTION IN TAX ON  
10 AVIATION FUEL.—

11           “(1) IN GENERAL.—During the applicable pe-  
12 riod, the rate of tax otherwise applicable under sub-  
13 section (b)(1) shall be reduced by 4.3 cents per gal-  
14 lon.

15           “(2) MAINTENANCE OF TRUST FUND DEPOS-  
16 ITS.—In determining the amounts to be appro-  
17 priated to the Airport and Airway Trust Fund under  
18 section 9502, an amount equal to the reduction in  
19 revenues to the Treasury by reason of this sub-  
20 section shall be treated as taxes received in the  
21 Treasury under this section.

22           “(3) APPLICABLE PERIOD.—For purposes of  
23 this subsection, the term ‘applicable period’ means  
24 the period beginning after April 15, 2000, and end-  
25 ing before January 1, 2001.”

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on the date of the enactment  
3 of this Act.

4 **SEC. 2. FLOOR STOCK REFUNDS.**

5 (a) IN GENERAL.—If—

6 (1) before the tax reduction date, tax has been  
7 imposed under section 4081 or 4091 of the Internal  
8 Revenue Code of 1986 on any liquid, and

9 (2) on such date such liquid is held by a dealer  
10 and has not been used and is intended for sale,

11 there shall be credited or refunded (without interest) to  
12 the person who paid such tax (hereafter in this section  
13 referred to as the “taxpayer”) an amount equal to the ex-  
14 cess of the tax paid by the taxpayer over the amount of  
15 such tax which would be imposed on such liquid had the  
16 taxable event occurred on the tax reduction date.

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

19 (1) claim therefor is filed with the Secretary of  
20 the Treasury before the date which is 6 months  
21 after the tax reduction date, and

22 (2) in any case where liquid is held by a dealer  
23 (other than the taxpayer) on the tax reduction  
24 date—

1 (A) the dealer submits a request for refund  
2 or credit to the taxpayer before the date which  
3 is 3 months after the tax reduction date, and

4 (B) the taxpayer has repaid or agreed to  
5 repay the amount so claimed to such dealer or  
6 has obtained the written consent of such dealer  
7 to the allowance of the credit or the making of  
8 the refund.

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

13 (d) DEFINITIONS.—For purposes of this section—

14 (1) the terms “dealer” and “held by a dealer”  
15 have the respective meanings given to such terms by  
16 section 6412 of such Code; except that the term  
17 “dealer” includes a producer, and

18 (2) the term “tax reduction date” means April  
19 16, 2000.

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

23 **SEC. 3. FLOOR STOCKS TAX.**

24 (a) IMPOSITION OF TAX.—In the case of any liquid  
25 on which tax was imposed under section 4081 or 4091

1 of the Internal Revenue Code of 1986 during the applica-  
2 ble period, and which is held on the floor stocks tax date  
3 by any person, there is hereby imposed a floor stocks tax  
4 of 4.3 cents per gallon.

5 (b) LIABILITY FOR TAX AND METHOD OF PAY-  
6 MENT.—

7 (1) LIABILITY FOR TAX.—A person holding a  
8 liquid on the floor stocks tax date to which the tax  
9 imposed by subsection (a) applies shall be liable for  
10 such tax.

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

14 (3) TIME FOR PAYMENT.—The tax imposed by  
15 subsection (a) shall be paid on or before the date  
16 which is 6 months after the floor stocks tax date.

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

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

22 (2) GASOLINE, DIESEL FUEL, AND AVIATION  
23 FUEL.—The terms “gasoline”, “diesel fuel”, and  
24 aviation fuel have the respective meanings given  
25 such terms by sections 4083 and 4093 of such Code.

1           (3) FLOOR STOCKS TAX DATE.—The term  
2 “floor stocks tax date” means January 1, 2001.

3           (4) APPLICABLE PERIOD.—The term “applica-  
4 ble period” means the period beginning after April  
5 15, 2000, and ending before January 1, 2001.

6           (5) SECRETARY.—The term “Secretary” means  
7 the Secretary of the Treasury or the Secretary’s del-  
8 egate.

9           (d) EXCEPTION FOR EXEMPT USES.—The tax im-  
10 posed by subsection (a) shall not apply to gasoline, diesel  
11 fuel, kerosene, or aviation fuel held by any person exclu-  
12 sively for any use to the extent a credit or refund of the  
13 tax imposed by section 4081 of such Code is allowable for  
14 such use.

15           (e) EXCEPTION FOR FUEL HELD IN VEHICLE  
16 TANK.—No tax shall be imposed by subsection (a) on gas-  
17 oline, diesel fuel, kerosene, or aviation fuel held in the tank  
18 of a motor vehicle, motorboat, or aircraft.

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

20               (1) IN GENERAL.—No tax shall be imposed by  
21 subsection (a)—

22                       (A) on gasoline (other than aviation gaso-  
23 line) held on the floor stocks tax date by any  
24 person if the aggregate amount of gasoline held

1 by such person on such date does not exceed  
2 4,000 gallons, and

3 (B) on aviation gasoline, diesel fuel, ker-  
4 osene, or aviation fuel held on such date by any  
5 person if the aggregate amount of aviation gas-  
6 oline, diesel fuel, kerosene, or aviation fuel held  
7 by such person on such date does not exceed  
8 2,000 gallons.

9 The preceding sentence shall apply only if such per-  
10 son submits to the Secretary (at the time and in the  
11 manner required by the Secretary) such information  
12 as the Secretary shall require for purposes of this  
13 paragraph.

14 (2) EXEMPT FUEL.—For purposes of para-  
15 graph (1), there shall not be taken into account fuel  
16 held by any person which is exempt from the tax im-  
17 posed by subsection (a) by reason of subsection (d)  
18 or (e).

19 (3) CONTROLLED GROUPS.—For purposes of  
20 this subsection—

21 (A) CORPORATIONS.—

22 (i) IN GENERAL.—All persons treated  
23 as a controlled group shall be treated as 1  
24 person.

1 (ii) CONTROLLED GROUP.—The term  
 2 “controlled group” has the meaning given  
 3 to such term by subsection (a) of section  
 4 1563 of such Code; except that for such  
 5 purposes the phrase “more than 50 per-  
 6 cent” shall be substituted for the phrase  
 7 “at least 80 percent” each place it appears  
 8 in such subsection.

9 (B) NONINCORPORATED PERSONS UNDER  
 10 COMMON CONTROL.—Under regulations pre-  
 11 scribed by the Secretary, principles similar to  
 12 the principles of subparagraph (A) shall apply  
 13 to a group of persons under common control  
 14 where 1 or more of such persons is not a cor-  
 15 poration.

16 (g) OTHER LAW APPLICABLE.—All provisions of law,  
 17 including penalties, applicable with respect to the taxes  
 18 imposed by section 4081 of such Code shall, insofar as  
 19 applicable and not inconsistent with the provisions of this  
 20 subsection, apply with respect to the floor stock taxes im-  
 21 posed by subsection (a) to the same extent as if such taxes  
 22 were imposed by such section 4081.

23 **SEC. 4. BENEFITS OF TAX REDUCTION SHOULD BE PASSED**  
 24 **ON TO CONSUMERS.**

25 (a) PASSTHROUGH TO CONSUMERS.—

1           (1) SENSE OF CONGRESS.—It is the sense of  
2 Congress that—

3           (A) consumers immediately receive the  
4 benefit of the 4.3-cent reduction in taxes under  
5 this Act, and

6           (B) transportation motor fuels producers  
7 and other dealers take such actions as nec-  
8 essary to reduce transportation motor fuels  
9 prices to reflect such reduction, including imme-  
10 diate credits to customer accounts representing  
11 tax refunds allowed as credits against excise tax  
12 deposit payments under the floor stocks refund  
13 provisions of this Act.

14           (2) STUDY.—

15           (A) IN GENERAL.—The Comptroller Gen-  
16 eral of the United States shall conduct a study  
17 of the 4.3-cent reduction of taxes under this  
18 Act to determine whether there has been a  
19 passthrough of such reduction.

20           (B) REPORT.—Not later than September  
21 30, 2000, the Comptroller General of the  
22 United States shall report to the Committee on  
23 Finance of the Senate and the Committee on  
24 Ways and Means of the House of Representa-

- 1 tives the results of the study conducted under
- 2 subparagraph (A).



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