

## Calendar No. 653

106TH CONGRESS  
2D SESSION**S. 2808**

To amend the Internal Revenue Code of 1986 to temporarily suspend the Federal fuels tax.

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IN THE SENATE OF THE UNITED STATES

JUNE 28, 2000

Mr. ABRAHAM (for himself, Mr. FITZGERALD, Mrs. HUTCHISON, and Mr. GRAMS) introduced the following bill; which was read the first time

JUNE 29, 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 temporarily suspend the Federal fuels tax.

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 IN HIGHWAY FUEL**  
4 **TAXES ON GASOLINE, DIESEL FUEL, KER-**  
5 **OSENE, AND SPECIAL FUELS TO ZERO.**

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 REDUCTION IN TAXES ON GASO-  
4 LINE, DIESEL FUEL, KEROSENE, AND SPECIAL FUELS.—

5 “(1) HOLDING HARMLESS THE HIGHWAY  
6 TRUST FUND AND STATES’ HIGHWAY APPORTION-  
7 MENTS.—In determining the amounts to be appro-  
8 priated to the Highway Trust Fund under section  
9 9503 an amount equal to the reduction in revenues  
10 to the Treasury by reason of this subsection shall be  
11 treated as taxes received in the Treasury under this  
12 section. Nothing in this subsection may be construed  
13 as authorizing a reduction in the apportionments of  
14 such Trust Fund to the States as a result of the  
15 temporary reduction in rates of tax under paragraph  
16 (3).

17 “(2) PROTECTING SOCIAL SECURITY TRUST  
18 FUND.—If the Secretary, after consultation with the  
19 Director of the Office of Management and Budget,  
20 determines that such reduction would result in an  
21 aggregate reduction in revenues to the Treasury ex-  
22 ceeding the Federal on-budget surplus during the re-  
23 mainder of the applicable period, the Secretary shall  
24 modify such reduction such that each rate of tax re-  
25 ferred to in paragraph (4) is reduced in a pro rata

1 manner and such aggregate reduction does not ex-  
2 ceed such surplus.

3 “(3) TEMPORARY REDUCTION IN RATES OF  
4 CERTAIN TAXES.—During the applicable period,  
5 each rate of tax referred to in paragraph (4) shall  
6 be reduced to zero.

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

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

13 “(B) paragraphs (1), (2), and (3) of sec-  
14 tion 4041(a) (relating to diesel fuel and special  
15 fuels) and section 4041(m) (relating to certain  
16 alcohol fuels) with respect to fuel sold for use  
17 or used in a highway vehicle.

18 “(5) SPECIAL REDUCTION RULES.—In the case  
19 of a reduction under paragraph (3)—

20 “(A) subsection (e) shall be applied with-  
21 out regard to paragraph (6) thereof,

22 “(B) section 40(e)(1) shall be applied with-  
23 out regard to subparagraph (B) thereof,

1           “(C) section 4041(d)(1) shall be applied by  
2           disregarding ‘if tax is imposed by subsection  
3           (a)(1) or (2) on such sale or use’, and

4           “(D) section 6427(b) shall be applied with-  
5           out regard to paragraph (2) thereof.

6           “(6) APPLICABLE PERIOD.—For purposes of  
7           this subsection, the term ‘applicable period’ means  
8           the 150-day period beginning after the date of the  
9           enactment of this Act.”

10          (b) EFFECTIVE DATE.—The amendments made by  
11          this section shall take effect on the date of the enactment  
12          of this Act.

13          **SEC. 2. FLOOR STOCK REFUNDS.**

14          (a) IN GENERAL.—If—

15               (1) before the tax reduction date, tax has been  
16               imposed under section 4041 or 4081 of the Internal  
17               Revenue Code of 1986 on any liquid, and

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

20          there shall be credited or refunded (without interest) to  
21          the person who paid such tax (hereafter in this section  
22          referred to as the “taxpayer”) an amount equal to the ex-  
23          cess of the tax paid by the taxpayer over the amount of  
24          such tax which would be imposed on such liquid had the  
25          taxable event occurred on the tax reduction date.

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

3 (1) claim therefor is filed with the Secretary of  
4 the Treasury before the date which is 6 months  
5 after the tax reduction date, and

6 (2) in any case where liquid is held by a dealer  
7 (other than the taxpayer) on the tax reduction  
8 date—

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

12 (B) the taxpayer has repaid or agreed to  
13 repay the amount so claimed to such dealer or  
14 has obtained the written consent of such dealer  
15 to the allowance of the credit or the making of  
16 the refund.

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

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

22 (1) the terms “dealer” and “held by a dealer”  
23 have the respective meanings given to such terms by  
24 section 6412 of such Code; except that the term  
25 “dealer” includes a producer, and

1           (2) the term “tax reduction date” means the  
2           day after the date of the enactment of this Act.

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

6           **SEC. 3. FLOOR STOCKS TAX.**

7           (a) IMPOSITION OF TAX.—In the case of any liquid  
8           on which tax would have been imposed under section 4041  
9           or 4081 of the Internal Revenue Code of 1986 during the  
10          applicable period but for the amendments made by this  
11          Act, and which is held on the floor stocks tax date by any  
12          person, there is hereby imposed a floor stocks tax in an  
13          amount equal to the tax which would be imposed on such  
14          liquid had the taxable event occurred on the floor stocks  
15          tax date.

16          (b) LIABILITY FOR TAX AND METHOD OF PAY-  
17          MENT.—

18               (1) LIABILITY FOR TAX.—A person holding a  
19               liquid on the floor stocks tax date to which the tax  
20               imposed by subsection (a) applies shall be liable for  
21               such tax.

22               (2) METHOD OF PAYMENT.—The tax imposed  
23               by subsection (a) shall be paid in such manner as  
24               the Secretary of the Treasury shall prescribe.

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

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

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

9           (2) FLOOR STOCKS TAX DATE.—The term  
10          “floor stocks tax date” means the day after the date  
11          which is 150 days after the date of the enactment  
12          of this Act.

13          (3) APPLICABLE PERIOD.—The term “applica-  
14          ble period” means the 150-day period beginning  
15          after the date of the enactment of the Motorists Re-  
16          lief Act of 2000.

17          (d) EXCEPTION FOR EXEMPT USES.—The tax im-  
18          posed by subsection (a) shall not apply to any liquid held  
19          by any person exclusively for any use to the extent a credit  
20          or refund of the tax imposed by section 4041 or 4081 of  
21          such Code is allowable for such use.

22          (e) EXCEPTION FOR FUEL HELD IN VEHICLE  
23          TANK.—No tax shall be imposed by subsection (a) on any  
24          liquid held in the tank of a motor vehicle.

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

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

3           (A) on gasoline (as defined in section 4083  
4 of such Code) held on the floor stocks tax date  
5 by any person if the aggregate amount of gaso-  
6 line held by such person on such date does not  
7 exceed 4,000 gallons, and

8           (B) on diesel fuel or kerosene (as so de-  
9 fined) held on such date by any person if the  
10 aggregate amount of diesel fuel or kerosene  
11 held by such person on such date does not ex-  
12 ceed 2,000 gallons.

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

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

23           (3) CONTROLLED GROUPS.—For purposes of  
24 this subsection—

25           (A) CORPORATIONS.—

1 (i) IN GENERAL.—All persons treated  
2 as a controlled group shall be treated as 1  
3 person.

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

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

19 (g) OTHER LAW APPLICABLE.—All provisions of law,  
20 including penalties, applicable with respect to the taxes  
21 imposed by section 4041 or 4081 of such Code shall, inso-  
22 far as applicable and not inconsistent with the provisions  
23 of this subsection, apply with respect to the floor stock  
24 taxes imposed by subsection (a) to the same extent as if  
25 such taxes were imposed by such section 4041 or 4081.

1 **SEC. 4. BENEFITS OF TAX REDUCTION SHOULD BE PASSED**  
2 **ON TO CONSUMERS.**

3 (a) PASSTHROUGH TO CONSUMERS.—

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

6 (A) consumers immediately receive the  
7 benefit of the reduction in taxes under this Act,  
8 and

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

17 (2) STUDY.—

18 (A) IN GENERAL.—The Comptroller Gen-  
19 eral of the United States shall conduct a study  
20 of the reduction of taxes under this Act to de-  
21 termine whether there has been a passthrough  
22 of such reduction.

23 (B) REPORT.—Not later than September  
24 30, 2000, the Comptroller General of the  
25 United States shall report to the Committee on  
26 Finance of the Senate and the Committee on

- 1 Ways and Means of the House of Representa-
- 2 tives the results of the study conducted under
- 3 subparagraph (A).

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