(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. ______

To amend the Internal Revenue Code of 1986 to repeal certain excise taxes on diesel fuel, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. STEUBE introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Internal Revenue Code of 1986 to repeal certain excise taxes on diesel fuel, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Fuel Affordability Act".

SEC. 2. REPEAL OF EXCISE TAXES ON DIESEL FUEL.

(a) SECTION 4041 TAXES.—Section 4041(a)(1) of the Internal Revenue Code of 1986 is hereby repealed.

(b) SECTION 4081 TAXES.—Section 4081(a)(2)(A) of such Code is amended by inserting ‘‘and’’ at the end of clause (i), by striking ‘‘, and’’ at the end of clause (ii) and inserting a period, and by striking clause (iii).

(c) CONFORMING AMENDMENTS.—

(1) The heading of section 4041(a) of such Code is amended by striking ‘‘DIESEL FUEL AND SPECIAL MOTOR FUELS’’ and inserting ‘‘SPECIAL MOTOR FUELS’’.

(2) Section 4041(b)(1)(C) of such Code is amended by striking ‘‘; except that such term shall not, for purposes of subsection (a)(1), include use in a diesel-powered train’’.

(3) Section 4041(d) of such Code is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4).

(4) Section 4081(a)(2) of such Code is amended by striking subparagraph (D).

(5) Section 4081 of such Code is amended by striking subsection (c) and by redesignating subsections (d) and (e) as subsections (c) and (d).

(6) Section 4081(c)(1) of such Code (as so redesignated) is amended by striking ‘‘The rates of tax specified in clauses (i) and (iii) of subsection

(a)(2)(A)'' and inserting ''The rate of tax specified in subsection (a)(2)(A)(i)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to diesel fuel sold, used, removed, or entered after the date of the enactment of this Act.

SEC. 3. TRANSFERS TO TRUST FUND.

(a) IN GENERAL.—The Secretary of the Treasury shall transfer from the general fund to the Highway Trust Fund established under section 9503(a) of the Internal Revenue Code of 1986 and the Leaking Underground Storage Tank Trust Fund established under section 9508(a) of such Code amounts equal to the reduction in amounts credited (but for this subsection) to each such Trust Fund by reason of section 2.

(b) COORDINATION RULES.—

(1) LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—Amounts transferred to the Leaking Underground Storage Tank Trust Fund under paragraph (1) shall be treated for purposes of sections 9503(b)(1) and 9508(b)(2) of such Code as taxes received in the Treasury under section 4081 of such Code attributable to the Leaking Underground Storage Tank Trust Fund financing rate.

(2) HIGHWAY TRUST FUND.—Amounts transferred to the Highway Trust Fund under paragraph

(1) shall be treated for purposes of section 9503(b)(1) of such Code as taxes received in the Treasury under section 4081 of such Code which are not attributable to the Leaking Underground Storage Tank Trust Fund financing rate.

SECTION 4. REFINERY CONSTRUCTION INVESTMENT CREDIT.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1986 is amended by inserting after Section 48E the following new section:

"SEC. 48F. REFINERY CONSTRUCTION INVESTMENT CREDIT.

"(a) IN GENERAL.—For purposes of section 46, the refinery construction investment credit for any taxable year is an amount equal to 35 percent of the qualified investment for such taxable year.

"(b) QUALIFIED INVESTMENT.—For purposes of subsection (a), the term 'qualified investment' for any taxable year means the basis of any qualified property placed in service by the taxpayer during such taxable year which is part of a qualified facility.

"(c) QUALIFIED PROPERTY.—For purposes of this section, the term 'qualified property' means property—

"(1) which is—

"(A) tangible personal property, or

"(B) other tangible property, including a building or its structural components, but only if such property is used as an integral part of a qualified facility,

"(2) with respect to which depreciation (or amortization in lieu of depreciation) is allowable, and

"(3) the construction, reconstruction, or erection of which is completed by the taxpayer.

"(d) QUALIFIED FACILITY.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified facility' means a facility—

"(A) which is a refinery located in the United States,

"(B) which is designed to serve the primary purpose of processing liquid fuel from crude oil or qualified fuels (as defined in section 45K(c)), or directly from shale or tar sands,

"(C) the construction of which begins after the date of the enactment of this section and before January 1, 2032, and

"(D) which is placed in service before January 1, 2037.

"(2) EXCLUSIONS.—The term 'qualified facility' shall not include any facility for which any credit determined under this subpart other than the credit allowed under subsection (a) is allowed under section 38 for any taxable year.

"(e) SPECIAL RULES.—

"(1) CERTAIN PROGRESS EXPENDITURE RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of subsection (a).

"(2) SPECIAL RULE FOR PROPERTY FINANCED BY SUBSIDIZED ENERGY FINANCING OR PRIVATE ACTIVITY BONDS.—Rules similar to the rule under section 45(b)(3) shall apply for purposes of this section.".

(b) CREDIT INCLUDED IN INVESTMENT CREDIT.—Section 46 of such Code is amended—

(1) by striking the period at the end of paragraph (7) and inserting ", and", and

(2) by adding at the end the following new paragraph:

"(8) the refinery construction investment credit.".

(c) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by adding at the end the following new item:

"Sec. 48F. Refinery construction investment credit.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 5. ESTABLISHMENT OF REFINERY PRODUCTION CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 45BB. REFINERY PRODUCTION CREDIT.

"(a) IN GENERAL.—For purposes of section 38, the refinery production credit for any taxable year is an amount equal to 5 cents per gallon of gasoline or diesel—

"(1) produced by the taxpayer at a qualified newly constructed refinery, and

"(2) sold by the taxpayer to an unrelated person during the taxable year.

"(b) QUALIFIED NEWLY CONSTRUCTED REFINERY.—For purposes of this section, the term 'qualified newly constructed refinery' means a refinery—

"(1) which is a qualified facility (as defined in section 48F(d)), "(2) which was placed in service within 10 years of the date a gallon of gasoline or diesel described in subsection (a) was produced.".

(b) CREDIT INCLUDED IN GENERAL BUSINESS CREDIT.—Section 38 of such Code is amended—

(1) in paragraph (40), by striking "plus",

(2) in paragraph (41), by striking the period and inserting ", plus", and

(3) by adding at the end the following new paragraph:

"(42) the refinery production credit determined under section 45BB(a).".

(c) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by adding at the end the following new item:

"Sec. 45BB. Refinery production credit.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SECTION 6. SPECIAL ALLOWANCE FOR QUALIFIED PRODUCTION PROPERTY MADE PERMANENT FOR GASOLINE AND DIESEL PRODUCTION.

(a) IN GENERAL.—Section 168(n)(2)of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(I) SPECIAL ALLOWANCE MADE PERMANENT FOR NEW REFINERY CONSTRUCTION.—In the case of property integral to the new construction of a qualified facility described in section 48F(d)(1) (determined without regard to subparagraph (C) of such section)—

"(i) subparagraph (A) shall be applied—

"(I) in clause (v), without regard to 'before January 1, 2029,' and

"(II) without regard to clause (vii), and

"(ii) this paragraph shall be applied without regard to subparagraph (H).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property the construction of which begins after the date of the enactment of this Act.