

112TH CONGRESS
2D SESSION

H. R. 3784

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to allow an income tax credit for purchases of fuel-efficient passenger vehicles, and to allow grants for mass transit.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 2012

Mr. KUCINICH (for himself, Ms. WOOLSEY, Mr. CONYERS, Mr. LANGEVIN, Ms. FUDGE, and Mr. FILNER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to allow an income tax credit for purchases of fuel-efficient passenger vehicles, and to allow grants for mass transit.

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. SHORT TITLE.**

4 This Act may be cited as the “Gas Price Spike Act
5 of 2012”.

1 **SEC. 2. WINDFALL PROFITS TAX.**

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

6 **“CHAPTER 56—WINDFALL PROFIT ON**
 7 **CRUDE OIL, NATURAL GAS, AND PROD-**
 8 **UCTS THEREOF**

“Sec. 5896. Imposition of tax.

9 **“SEC. 5896. IMPOSITION OF TAX.**

10 “(a) IN GENERAL.—In addition to any other tax im-
 11 posed under this title, there is hereby imposed an excise
 12 tax on the sale in the United States of any crude oil, nat-
 13 ural gas, or other taxable product a tax equal to the appli-
 14 cable percentage of the windfall profit on such sale.

15 “(b) DEFINITIONS.—For purposes of this section—

16 “(1) TAXABLE PRODUCT.—The term ‘taxable
 17 product’ means any fuel which is a product of crude
 18 oil or natural gas.

19 “(2) WINDFALL PROFIT.—The term ‘windfall
 20 profit’ means, with respect to any sale, so much of
 21 the profit on such sale as exceeds a reasonable prof-
 22 it.

23 “(3) APPLICABLE PERCENTAGE.—The term
 24 ‘applicable percentage’ means—

1 “(A) 50 percent to the extent that the
2 profit on the sale exceeds 100 percent of the
3 reasonable profit on the sale but does not ex-
4 ceed 102 percent of the reasonable profit on the
5 sale,

6 “(B) 75 percent to the extent that the
7 profit on the sale exceeds 102 percent of the
8 reasonable profit on the sale but does not ex-
9 ceed 105 percent of the reasonable profit on the
10 sale, and

11 “(C) 100 percent to the extent that the
12 profit on the sale exceeds 105 percent of the
13 reasonable profit on the sale.

14 “(4) REASONABLE PROFIT.—The term ‘reason-
15 able profit’ means the amount determined by the
16 Reasonable Profits Board to be a reasonable profit
17 on the sale.

18 “(c) LIABILITY FOR PAYMENT OF TAX.—The taxes
19 imposed by subsection (a) shall be paid by the seller.”.

20 “(b) CLERICAL AMENDMENT.—The table of chapters
21 for subtitle E of such Code is amended by adding at the
22 end the following new item:

“CHAPTER 56. WINDFALL PROFIT ON CRUDE OIL AND REFINED
PETROLEUM PRODUCTS.”.

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. 3. CREDIT FOR PURCHASING FUEL EFFICIENT AMER-**
 5 **ICAN-MADE PASSENGER VEHICLES.**

6 (a) IN GENERAL.—Subpart A of part IV of sub-
 7 chapter A of chapter 1 of the Internal Revenue Code of
 8 1986 (relating to nonrefundable personal credits) is
 9 amended by inserting after section 25D the following new
 10 section:

11 **“SEC. 25E. PURCHASE OF FUEL-EFFICIENT AMERICAN-**
 12 **MADE PASSENGER VEHICLES.**

13 “(a) IN GENERAL.—In the case of an individual,
 14 there shall be allowed as a credit against the tax imposed
 15 by this chapter for the taxable year an amount equal to
 16 the cost of any qualified passenger vehicle purchased by
 17 the taxpayer during the taxable year.

18 “(b) MAXIMUM CREDIT.—

19 “(1) IN GENERAL.—The credit allowed by this
 20 section for the taxable year shall be—

21 “(A) \$3,000 in the case of a qualified pas-
 22 senger vehicle not described in subparagraph
 23 (B) or (C) if the vehicle’s fuel economy is with-
 24 in the 10 percent most fuel efficient range,

1 “(B) \$4,500 in the case of a qualified pas-
2 senger vehicle not described in subparagraph
3 (C) if the vehicle’s fuel economy is within the
4 5 percent most fuel efficient range, and

5 “(C) \$6,000 in the case of a qualified pas-
6 senger vehicle the fuel economy of which is at
7 least 65 miles per gallon.

8 “(2) DETERMINATION OF RANGES.—

9 “(A) IN GENERAL.—A vehicle sold during
10 a calendar year is within the 10 percent most
11 fuel efficient range if the fuel economy for such
12 vehicle is equal to or greater than the lowest
13 fuel economy of a vehicle included in the group
14 consisting of the 10 percent of the vehicles sold
15 during the preceding calendar year with the
16 highest fuel economy. A similar rule shall be
17 applied to determine the 5 percent most fuel ef-
18 ficient range.

19 “(B) SEPARATE DETERMINATION.—The 5
20 and 10 percent most fuel efficient ranges shall
21 be determined separately for—

22 “(i) trucks and sport utility vehicles
23 as a group, and

24 “(ii) other qualified vehicles as a
25 group.

1 “(C) RANGES TO BE PUBLISHED BEFORE
2 BEGINNING OF YEAR.—Before the beginning of
3 each calendar year, the Secretary shall publish
4 in the Federal Register the 5 and 10 percent
5 most fuel efficient ranges which apply for such
6 calendar year. In the case of ranges for cal-
7 endar year 2011, such ranges shall be published
8 as soon as possible.

9 “(c) QUALIFIED PASSENGER VEHICLE.—For pur-
10 poses of this section—

11 “(1) IN GENERAL.—The term ‘qualified auto-
12 mobile’ means any automobile (as defined in section
13 4064(b))—

14 “(A) which is purchased after the date of
15 the enactment of this section,

16 “(B) which is assembled in the United
17 States by individuals employed under a collec-
18 tive bargaining agreement,

19 “(C) the original use of which begins with
20 the taxpayer,

21 “(D) substantially all of the use of which
22 is for personal, nonbusiness purposes, and

23 “(E) the fuel economy of such automobile
24 is within the 10 percent most fuel efficient
25 range.

1 “(2) FUEL ECONOMY.—Fuel economy shall be
2 determined in accordance with section 4064.

3 “(d) SPECIAL RULES.—

4 “(1) BASIS REDUCTION.—The basis of any
5 property for which a credit is allowable under sub-
6 section (a) shall be reduced by the amount of such
7 credit.

8 “(2) PROPERTY USED OUTSIDE UNITED STATES
9 NOT QUALIFIED.—No credit shall be allowed under
10 subsection (a) with respect to any property referred
11 to in section 50(b).”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for such subpart A is amended by inserting after the item
14 relating to section 25D the following new item:

“Sec. 25E. Purchase of fuel-efficient American-made passenger vehicles.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years ending after the
17 date of the enactment of this Act.

18 **SEC. 4. MASS TRANSIT FARE REDUCTIONS DURING GAS**
19 **PRICE SPIKES.**

20 (a) IN GENERAL.—The Secretary of Transportation
21 may make grants to the operator of a mass transit system
22 to assist the operator in reducing fares paid by passengers
23 using the system.

24 (b) USE OF GRANTS.—Grants received under the
25 program shall be used solely for implementing a fare re-

1 duction described in subsection (a) that is applied equally
2 to all passengers using the mass transit system.

3 (c) MASS TRANSIT SYSTEM DEFINED.—In this sec-
4 tion, the term “mass transit system” includes bus and
5 commuter rail systems.

6 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
7 authorized to be appropriated to carry out this section in
8 a fiscal year amounts equivalent to the excess (if any) of—

9 (1) the revenues received during the preceding
10 fiscal year pursuant to chapter 56 of the Internal
11 Revenue Code of 1986 (relating to windfall profit on
12 crude oil and refined petroleum products), over

13 (2) the revenue cost for such fiscal year of sec-
14 tion 25E of such Code (relating to purchase of fuel-
15 efficient American-made passenger vehicles).

16 Amounts authorized under the preceding sentence shall re-
17 main available until expended.

18 **SEC. 5. REASONABLE PROFITS BOARD.**

19 (a) ESTABLISHMENT.—There is established an inde-
20 pendent board to be known as the “Reasonable Profits
21 Board” (hereafter in this section referred to as the
22 “Board”).

23 (b) DUTIES.—The Board shall make reasonable prof-
24 it determinations for purposes of applying section 5896

1 of the Internal Revenue Code of 1986 (relating to windfall
2 profit on crude oil, natural gas, and products thereof).

3 (c) ADVISORY COMMITTEE.—The Board shall be con-
4 sidered an advisory committee within the meaning of the
5 Federal Advisory Committee Act (5 U.S.C. App.).

6 (d) APPOINTMENT.—

7 (1) MEMBERS.—The Board shall be composed
8 of 3 members appointed by the President of the
9 United States.

10 (2) TERM.—Members of the Board shall be ap-
11 pointed for a term of 3 years.

12 (3) BACKGROUND.—The members shall have no
13 financial interests in any of the businesses for which
14 reasonable profits are determined by the Board.

15 (e) PAY AND TRAVEL EXPENSES.—

16 (1) PAY.—Notwithstanding section 7 of the
17 Federal Advisory Committee Act (5 U.S.C. App.),
18 members of the Board shall be paid at a rate equal
19 to the daily equivalent of the minimum annual rate
20 of basic pay for level IV of the Executive Schedule
21 under section 5315 of title 5, United States Code,
22 for each day (including travel time) during which the
23 member is engaged in the actual performance of du-
24 ties vested in the Board.

1 (2) TRAVEL EXPENSES.—Members shall receive
2 travel expenses, including per diem in lieu of subsist-
3 ence, in accordance with section 5702 and 5703 of
4 title 5, United States Code.

5 (f) DIRECTOR OF STAFF.—

6 (1) QUALIFICATIONS.—The Board shall appoint
7 a Director who has no financial interests in any of
8 the businesses for which reasonable profits are de-
9 termined by the Board.

10 (2) PAY.—Notwithstanding section 7 of the
11 Federal Advisory Committee Act (5 U.S.C. App.),
12 the Director shall be paid at the rate of basic pay
13 payable for level IV of the Executive Schedule under
14 section 5315 of title 5, United States Code.

15 (g) STAFF.—

16 (1) ADDITIONAL PERSONNEL.—The Director,
17 with the approval of the Board, may appoint and fix
18 the pay of additional personnel.

19 (2) APPOINTMENTS.—The Director may make
20 such appointments without regard to the provisions
21 of title 5, United States Code, governing appoint-
22 ments in the competitive service, and any personnel
23 so appointed may be paid without regard to the pro-
24 visions of chapter 51 and subchapter III of chapter

1 53 of that title relating to classification and General
2 Schedule pay rates.

3 (3) DETAILEES.—Upon the request of the Di-
4 rector, the head of any Federal department or agen-
5 cy may detail any of the personnel of that depart-
6 ment or agency to the Board to assist the Board in
7 accordance with an agreement entered into with the
8 Board.

9 (4) ASSISTANCE.—The Comptroller General of
10 the United States may provide assistance, including
11 the detailing of employees, to the Board in accord-
12 ance with an agreement entered into with the Board.

13 (h) OTHER AUTHORITY.—

14 (1) EXPERTS AND CONSULTANTS.—The Board
15 may procure by contract, to the extent funds are
16 available, the temporary or intermittent services of
17 experts or consultants pursuant to section 3109 of
18 title 5, United States Code.

19 (2) LEASING.—The Board may lease space and
20 acquire personal property to the extent that funds
21 are available.

22 (i) FUNDING.—There are authorized to be appro-
23 priated such funds as are necessary to carry out this sec-
24 tion.

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