

114TH CONGRESS  
1ST SESSION

# H. R. 680

To amend the Internal Revenue Code of 1986 to increase the excise tax on gasoline, diesel, and kerosene fuels.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 2015

Mr. BLUMENAUER (for himself, Mr. BEYER, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. BROWN of Florida, Mr. CLEAVER, Mr. DEUTCH, Mr. ELLISON, Mr. FARR, Mr. GRIJALVA, Ms. HAHN, Mr. HONDA, Mr. HUFFMAN, Mr. LOWENTHAL, Mr. McDERMOTT, Mr. MCGOVERN, Mrs. NAPOLITANO, Mr. O'ROURKE, Mr. PAYNE, Mr. POCAN, Ms. LINDA T. SÁNCHEZ of California, Ms. SCHAKOWSKY, Mr. SIRES, Mr. WELCH, and Mr. COHEN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the excise tax on gasoline, diesel, and kerosene fuels.

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 “Update, Promote, and  
5 Develop America’s Transportation Essentials Act of  
6 2015”.

1 **SEC. 2. FINDINGS; SENSE OF CONGRESS.**

2 (a) FINDINGS.—The Congress finds the following:

3 (1) Since the passage of SAFETEA-LU, Con-  
4 gress has transferred over \$60 billion from the Gen-  
5 eral Fund to the Highway Trust Fund, in order to  
6 maintain solvency.

7 (2) The Congressional Budget Office estimates  
8 after the end of Fiscal year 2017, annual General  
9 Fund transfers of approximately \$15 billion will be  
10 necessary in order to maintain current Highway  
11 Trust Fund spending levels.

12 (3) The Congressional Budget Office also esti-  
13 mates that in order to provide funding for surface  
14 transportation projects where the Federal benefit  
15 outweighs the cost, an additional \$83 billion a year  
16 would need to be allocated to the Highway and  
17 Transit Trust Funds.

18 (4) The American Society for Civil Engineers  
19 estimates that in order to meet our economic and  
20 transportation needs, the United States should in-  
21 vest at least an additional \$500 billion in our sur-  
22 face transportation system by 2020.

23 (5) The National Commission on Fiscal Reform  
24 and Responsibility report, often referred to as the  
25 “Simpson-Bowles” plan, includes a recommendation  
26 to raise the gas tax by fifteen cents.

1           (6) The National Surface Transportation Infra-  
2           structure Financing Commission recommended, in  
3           their 2009 report, that Congress take action to pre-  
4           vent the Highway Trust Fund from becoming insol-  
5           vent, and to avoid any reductions in infrastructure  
6           spending. The Commission also noted that a Federal  
7           funding system based on a vehicle miles traveled sys-  
8           tem, is the consensus choice for the future.

9           (b) SENSE OF CONGRESS REGARDING REPLACEMENT  
10          OF GAS TAX.—It is the sense of Congress that by 2024  
11          the gas tax should be repealed and replaced with a more  
12          sustainable, stable funding source.

13          **SEC. 3. TAX ON MOTOR FUELS.**

14          (a) GASOLINE OTHER THAN AVIATION GASOLINE.—  
15          Section 4081(a)(2)(A)(i) of the Internal Revenue Code of  
16          1986 is amended to read as follows:

17                               “(i) in the case of gasoline other than  
18                               aviation gasoline—

19                                       “(I) for tax imposed before 2016,  
20                                       18.3 cents per gallon,

21                                       “(II) for tax imposed during  
22                                       2016, 26.3 cents per gallon,

23                                       “(III) for tax imposed during  
24                                       2017, 30.3 cents per gallon, and

1                   “(IV) for tax imposed after 2017  
2                   and before 2028, 33.3 cents per gal-  
3                   lon,”.

4           (b) DIESEL FUEL OR KEROSENE.—Section  
5 4081(a)(2)(A)(iii) of the Internal Revenue Code of 1986  
6 is amended to read as follows:

7                   “(iii) in the case of diesel fuel or ker-  
8                   osene—

9                   “(I) for tax imposed before 2016,  
10                  24.3 cents per gallon,

11                  “(II) for tax imposed during  
12                  2016, 32.3 cents per gallon,

13                  “(III) for tax imposed during  
14                  2017, 36.3 cents per gallon, and

15                  “(IV) for tax imposed after 2017  
16                  and before 2027, 39.3 cents per gal-  
17                  lon,”.

18           (c) INCREASE FOR INFLATION.—Paragraph (2) of  
19 section 4081(a) of such Code is amended by adding at  
20 the end the following:

21                  “(E) ADJUSTMENT FOR INFLATION.—In  
22                  the case of any calendar year beginning after  
23                  2017, the rates of tax contained in clauses  
24                  (i)(IV) and (iii)(IV) of subparagraph (A) shall  
25                  each be increased by an amount equal to—

1                   “(i) such rate, multiplied by  
2                   “(ii) the cost of living adjustment de-  
3                   termined under section 1(f)(3) for the cal-  
4                   endar year, determined by substituting  
5                   ‘calendar year 2016’ for ‘calendar year  
6                   1992’ in subparagraph (B) thereof.

7                   Any increase under the preceding sentence shall  
8                   be rounded to the nearest 0.1 cents.”.

9                   (d) DIESEL-WATER FUEL EMULSION.—Section  
10 4081(a)(2)(D) of the Internal Revenue Code of 1986 is  
11 amended by striking “19.7 cents” for “24.3 cents” and  
12 inserting “a rate equal to 71 percent of the rate in effect  
13 under subparagraph (A) (without regard to this subpara-  
14 graph)”.

15                   (e) TERMINATION.—Section 4081(d)(1) of the Inter-  
16 nal Revenue Code of 1986 is amended by striking “Sep-  
17 tember 30, 2016” and inserting “December 31, 2026”.

18                   (f) ALLOCATION IN ACCOUNTS IN HIGHWAY TRUST  
19 FUND.—

20                   (1) IN GENERAL.—Section 9503(e)(2)(A) of the  
21 Internal Revenue Code of 1986 is amended to read  
22 as follows:

23                   “(A) except as otherwise provided in this  
24 sentence—

1           “(i) 2.86 cents per gallon with respect  
2           to taxes imposed during calendar year  
3           2015,

4           “(ii) 3.86 cents per gallon with re-  
5           spect to taxes imposed during calendar  
6           year 2016,

7           “(iii) 4.86 cents per gallon with re-  
8           spect to taxes imposed during calendar  
9           year 2017, and

10           “(iv) 5.86 cents per gallon with re-  
11           spect to taxes imposed after calendar year  
12           2017,”.

13           (2) ADJUSTMENT FOR INFLATION.—Section  
14           9503(e) of the Internal Revenue Code of 1986 is  
15           amended by adding at the end the following new  
16           paragraph:

17           “(6) ADJUSTMENT FOR INFLATION.—In the  
18           case of any calendar year beginning after 2017, the  
19           rate of tax contained in paragraph (2)(A)(iv) shall  
20           be increased by an amount equal to—

21                   “(A) such rate, multiplied by

22                   “(B) the cost of living adjustment deter-  
23                   mined under section 1(f)(3) for the calendar  
24                   year, determined by substituting ‘calendar year

1           2016’ for ‘calendar year 1992’ in subparagraph  
2           (B) thereof.

3           Any increase under the preceding sentence shall be  
4           rounded to the nearest 0.1 cents.”.

5           (g) **EFFECTIVE DATE.**—The amendments made by  
6 this section shall apply to fuels or liquids removed, en-  
7 tered, or sold after December 31, 2015.

8 **SEC. 4. FLOOR STOCKS TAX.**

9           (a) **IMPOSITION OF TAX.**—In the case of any taxable  
10 liquid which is held on the floor stocks tax date by any  
11 person, there is hereby imposed a floor stocks tax equal  
12 to the excess of the tax which would be imposed on such  
13 liquid under section 4041 or 4081 of the Internal Revenue  
14 Code of 1986 had the taxable event occurred on the floor  
15 stocks tax date over the tax paid under any such section  
16 on such liquid.

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

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

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

1           (3) TIME OF 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) TAXABLE LIQUID.—The term “taxable liq-  
10          uid” means diesel fuel and kerosene (other than  
11          aviation-grade kerosene).

12          (3) FLOOR STOCKS DATE.—The term “floor  
13          stocks tax date” means any January 1 of any cal-  
14          endar year beginning after the date of the enactment  
15          of this Act on which a rate of tax under section  
16          4041 or 4081 of such Code increases pursuant to an  
17          amendment made by section 2.

18          (4) SECRETARY.—The term “Secretary” means  
19          the Secretary of the Treasury.

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



1       (e) EXCEPTION FOR FUEL HELD IN VEHICLE  
2 TANK.—No tax shall be imposed by subsection (a) on tax-  
3 able liquid held in the tank of a motor vehicle or motor-  
4 boat.

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

6           (1) IN GENERAL.—No tax shall be imposed by  
7 subsection (A) on any liquid held on the floor stocks  
8 tax date by any person if the aggregate amount of  
9 liquid held by such person on such date does not ex-  
10 ceed 2,000 gallons. The preceding sentence shall  
11 apply only if such person submits to the Secretary  
12 (at the time and in the manner required by the Sec-  
13 retary) such information as the Secretary shall re-  
14 quire for purposes of this paragraph.

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

20           (3) CONTROLLED GROUPS.—For purposes of  
21 this section—

22           (A) CORPORATIONS.—

23           (i) IN GENERAL.—All persons treated  
24 as a controlled group shall be treated as 1  
25 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 clause (i) shall apply to a  
13 group of persons under common control where  
14 one or more of such persons is not a corpora-  
15 tion.

16 (g) OTHER LAWS APPLICABLE.—All provisions of  
17 law, including penalties, applicable with respect to the  
18 taxes imposed by chapter 31 or 32 of such Code shall,  
19 insofar as applicable and not inconsistent with the provi-  
20 sions of this section, apply with respect to the floor stock  
21 taxes imposed by subsection (a) to the same extent as if  
22 such taxes were imposed by such chapter.

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