

110TH CONGRESS
2D SESSION

H. R. 6000

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

MAY 8, 2008

Mr. KUCINICH (for himself, Mr. ABERCROMBIE, Mr. BERMAN, Mr. BRADY of Pennsylvania, Mrs. CAPPS, Mr. CLAY, Mr. CLEAVER, Mr. COHEN, Mr. CONYERS, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. DEFAZIO, Mr. DELAHUNT, Mr. DOYLE, Mr. ELLISON, Mr. FARR, Mr. FATTAH, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. GRIJALVA, Mr. GUTIERREZ, Mr. HARE, Mr. HASTINGS of Florida, Mr. HINCHEY, Ms. HIRONO, Mr. HONDA, Mr. JACKSON of Illinois, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. KANJORSKI, Ms. KAPTUR, Mr. KENNEDY, Mr. KILDEE, Ms. KILPATRICK, Mr. LARSON of Connecticut, Ms. LEE, Mr. LEWIS of Georgia, Mr. LIPINSKI, Mrs. LOWEY, Mr. McDERMOTT, Mr. MCGOVERN, Mr. McNULTY, Mr. GEORGE MILLER of California, Ms. MOORE of Wisconsin, Mr. NADLER, Mrs. NAPOLITANO, Mr. OLVER, Mr. PAYNE, Mr. RAHALL, Mr. ROTHMAN, Mr. RYAN of Ohio, Ms. LINDA T. SÁNCHEZ of California, Ms. SCHAKOWSKY, Mr. SCOTT of Virginia, Mr. SERRANO, Mr. SHERMAN, Ms. SLAUGHTER, Mr. STARK, Mr. STUPAK, Ms. SUTTON, Mr. TIERNEY, Mr. TOWNS, Ms. WATSON, Mr. WAXMAN, Mr. WEXLER, Ms. WOOLSEY, Mr. YARMUTH, and Ms. ROYBAL-ALLARD) 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 2008”.

6 **SEC. 2. WINDFALL PROFITS TAX.**

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

11 **“CHAPTER 56—WINDFALL PROFIT ON**
 12 **CRUDE OIL, NATURAL GAS, AND PROD-**
 13 **UCTS THEREOF**

“Sec. 5896. Imposition of tax.

14 **“SEC. 5896. IMPOSITION OF TAX.**

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

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

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

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

8 “(3) APPLICABLE PERCENTAGE.—The term
9 ‘applicable percentage’ means—

10 “(A) 50 percent to the extent that the
11 profit on the sale exceeds 100 percent of the
12 reasonable profit on the sale but does not ex-
13 ceed 102 percent of the reasonable profit on the
14 sale,

15 “(B) 75 percent to the extent that the
16 profit on the sale exceeds 102 percent of the
17 reasonable profit on the sale but does not ex-
18 ceed 105 percent of the reasonable profit on the
19 sale, and

20 “(C) 100 percent to the extent that the
21 profit on the sale exceeds 105 percent of the
22 reasonable profit on the sale.

23 “(4) REASONABLE PROFIT.—The term ‘reason-
24 able profit’ means the amount determined by the

1 Reasonable Profits Board to be a reasonable profit
2 on the sale.

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

5 (b) CLERICAL AMENDMENT.—The table of chapters
6 for subtitle E of such Code is amended by adding at the
7 end the following new item:

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

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect on the date of the enactment
10 of this Act.

11 **SEC. 3. CREDIT FOR PURCHASING FUEL EFFICIENT AMER-**
12 **ICAN-MADE PASSENGER VEHICLES.**

13 (a) IN GENERAL.—Subpart A of part IV of sub-
14 chapter A of chapter 1 of the Internal Revenue Code of
15 1986 (relating to nonrefundable personal credits) is
16 amended by inserting after section 25B the following new
17 section:

18 **“SEC. 25C. PURCHASE OF FUEL-EFFICIENT AMERICAN-**
19 **MADE PASSENGER VEHICLES.**

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

1 “(b) MAXIMUM CREDIT.—

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

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

8 “(B) \$4,500 in the case of a qualified pas-
9 senger vehicle not described in subparagraph
10 (C) if the vehicle’s fuel economy is within the
11 5 percent most fuel efficient range, and

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

15 “(2) DETERMINATION OF RANGES.—

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

1 “(B) SEPARATE DETERMINATION.—The 5
2 and 10 percent most fuel efficient ranges shall
3 be determined separately for—

4 “(i) trucks and sport utility vehicles
5 as a group, and

6 “(ii) other qualified vehicles as a
7 group.

8 “(C) RANGES TO BE PUBLISHED BEFORE
9 BEGINNING OF YEAR.—Before the beginning of
10 each calendar year, the Secretary shall publish
11 in the Federal Register the 5 and 10 percent
12 most fuel efficient ranges which apply for such
13 calendar year. In the case of ranges for cal-
14 endar year 2008, such ranges shall be published
15 as soon as possible.

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

18 “(1) IN GENERAL.—The term ‘qualified auto-
19 mobile’ means any automobile (as defined in section
20 4064(b))—

21 “(A) which is purchased after the date of
22 the enactment of this section,

23 “(B) which is assembled in the United
24 States by individuals employed under a collec-
25 tive bargaining agreement,

1 “(C) the original use of which begins with
2 the taxpayer,

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

5 “(E) the fuel economy of such automobile
6 is within the 10 percent most fuel efficient
7 range.

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

10 “(d) SPECIAL RULES.—

11 “(1) BASIS REDUCTION.—The basis of any
12 property for which a credit is allowable under sub-
13 section (a) shall be reduced by the amount of such
14 credit.

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

19 “(b) CLERICAL AMENDMENT.—The table of sections
20 for such subpart A is amended by inserting after the item
21 relating to section 25B the following new item:

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

22 “(c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years ending after the
24 date of the enactment of this Act.

1 **SEC. 4. MASS TRANSIT FARE REDUCTIONS DURING GAS**
2 **PRICE SPIKES.**

3 (a) IN GENERAL.—The Secretary of Transportation
4 may make grants to the operator of a mass transit system
5 to assist the operator in reducing fares paid by passengers
6 using the system.

7 (b) USE OF GRANTS.—Grants received under the
8 program shall be used solely for implementing a fare re-
9 duction described in subsection (a) that is applied equally
10 to all passengers using the mass transit system.

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

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

17 (1) the revenues received during the preceding
18 fiscal year pursuant to chapter 56 of the Internal
19 Revenue Code of 1986 (relating to windfall profit on
20 crude oil and refined petroleum products), over

21 (2) the revenue cost for such fiscal year of sec-
22 tion 25C of such Code (relating to purchase of fuel-
23 efficient American-made passenger vehicles).

24 Amounts authorized under the preceding sentence shall re-
25 main available until expended.

1 **SEC. 5. REASONABLE PROFITS BOARD.**

2 (a) ESTABLISHMENT.—There is established an inde-
3 pendent board to be known as the “Reasonable Profits
4 Board” (hereafter in this section referred to as the
5 “Board”).

6 (b) DUTIES.—The Board shall make reasonable prof-
7 it determinations for purposes of applying section 5896
8 of the Internal Revenue Code of 1986 (relating to windfall
9 profit on crude oil, natural gas, and products thereof).

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

13 (d) APPOINTMENT.—

14 (1) MEMBERS.—The Board shall be composed
15 of 3 members appointed by the President of the
16 United States.

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

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

22 (e) PAY AND TRAVEL EXPENSES.—

23 (1) PAY.—Notwithstanding section 7 of the
24 Federal Advisory Committee Act (5 U.S.C. App.),
25 members of the Board shall be paid at a rate equal
26 to the daily equivalent of the minimum annual rate

1 of basic pay for level IV of the Executive Schedule
2 under section 5315 of title 5, United States Code,
3 for each day (including travel time) during which the
4 member is engaged in the actual performance of du-
5 ties vested in the Board.

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

10 (f) DIRECTOR OF STAFF.—

11 (1) QUALIFICATIONS.—The Board shall appoint
12 a Director who has no financial interests in any of
13 the businesses for which reasonable profits are de-
14 termined by the Board.

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

20 (g) STAFF.—

21 (1) ADDITIONAL PERSONNEL.—The Director,
22 with the approval of the Board, may appoint and fix
23 the pay of additional personnel.

24 (2) APPOINTMENTS.—The Director may make
25 such appointments without regard to the provisions

1 of title 5, United States Code, governing appoint-
2 ments in the competitive service, and any personnel
3 so appointed may be paid without regard to the pro-
4 visions of chapter 51 and subchapter III of chapter
5 53 of that title relating to classification and General
6 Schedule pay rates.

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

13 (4) ASSISTANCE.—The Comptroller General of
14 the United States may provide assistance, including
15 the detailing of employees, to the Board in accord-
16 ance with an agreement entered into with the Board.

17 (h) OTHER AUTHORITY.—

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

23 (2) LEASING.—The Board may lease space and
24 acquire personal property to the extent that funds
25 are available.

1 (i) FUNDING.—There are authorized to be appro-
2 priated such funds as are necessary to carry out this sec-
3 tion.

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