

112TH CONGRESS  
1ST SESSION

# H. R. 1813

To amend the Internal Revenue Code of 1986 to deny tax benefits to large oil companies and distribute the amounts raised to licensed drivers in order to provide relief from high gas prices.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2011

Mr. CONNOLLY of Virginia 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 deny tax benefits to large oil companies and distribute the amounts raised to licensed drivers in order to provide relief from high gas prices.

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 Relief Act  
5 of 2011”.

1 **SEC. 2. DISTRIBUTION OF RESULTING REVENUES TO LI-**  
 2 **CENSED DRIVERS.**

3 The Secretary of the Treasury shall distribute all of  
 4 the revenues received by the United States each fiscal year  
 5 as a result of the enactment of this Act, by payment in  
 6 equal amount, to each holder of a valid driver's license  
 7 (as that term is defined in section 159 of title 23, United  
 8 States Code).

9 **SEC. 3. AMORTIZATION OF GEOLOGICAL AND GEO-**  
 10 **PHYSICAL EXPENDITURES.**

11 (a) IN GENERAL.—Subparagraph (A) of section  
 12 167(h)(5) of the Internal Revenue Code of 1986 is amend-  
 13 ed by striking “major integrated oil company” and insert-  
 14 ing “covered large oil company”.

15 (b) COVERED LARGE OIL COMPANY.—Paragraph (5)  
 16 of section 167(h) of such Code is amended by redesign-  
 17 ating subparagraph (B) as subparagraph (C) and by in-  
 18 serting after subparagraph (A) the following new subpara-  
 19 graph:

20 “(B) COVERED LARGE OIL COMPANY.—

21 For purposes of this paragraph, the term ‘cov-  
 22 ered large oil company’ means a taxpayer  
 23 which—

24 “(i) is a major integrated oil com-  
 25 pany, or

1                   “(ii) has gross receipts in excess of  
2                   \$50,000,000 for the taxable year.

3                   For purposes of clause (ii), all persons treated  
4                   as a single employer under subsections (a) and  
5                   (b) of section 52 shall be treated as 1 person.”.

6                   (c) CONFORMING AMENDMENT.—The heading for  
7 paragraph (5) of section 167(h) of such Code is amended  
8 by inserting “AND OTHER LARGE TAXPAYERS”.

9                   (d) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to amounts paid or incurred in tax-  
11 able years beginning after December 31, 2011.

12 **SEC. 4. PRODUCING OIL AND GAS FROM MARGINAL WELLS.**

13                   (a) IN GENERAL.—Section 45I of the Internal Rev-  
14 enue Code of 1986 is amended by adding at the end the  
15 following new subsection:

16                   “(e) EXCEPTION FOR TAXPAYER WHO IS NOT  
17 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

18                   “(1) IN GENERAL.—Subsection (a) shall not  
19 apply to any taxpayer which is not a small, inde-  
20 pendent oil and gas company for the taxable year.

21                   “(2) AGGREGATION RULE.—For purposes of  
22 paragraph (1), all persons treated as a single em-  
23 ployer under subsections (a) and (b) of section 52  
24 shall be treated as 1 person.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply to credits determined for taxable  
3 years beginning after December 31, 2011.

4 **SEC. 5. ENHANCED OIL RECOVERY CREDIT.**

5 (a) IN GENERAL.—Section 43 of the Internal Rev-  
6 enue Code of 1986 is amended by adding at the end the  
7 following new subsection:

8 “(f) EXCEPTION FOR TAXPAYER WHO IS NOT  
9 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

10 “(1) IN GENERAL.—Subsection (a) shall not  
11 apply to any taxpayer which is not a small, inde-  
12 pendent oil and gas company for the taxable year.

13 “(2) AGGREGATION RULE.—For purposes of  
14 paragraph (1), all persons treated as a single em-  
15 ployer under subsections (a) and (b) of section 52  
16 shall be treated as 1 person.”.

17 (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to amounts paid or incurred in tax-  
19 able years beginning after December 31, 2011.

20 **SEC. 6. INTANGIBLE DRILLING AND DEVELOPMENT COSTS**  
21 **IN THE CASE OF OIL AND GAS WELLS.**

22 (a) IN GENERAL.—Subsection (c) of section 263 of  
23 the Internal Revenue Code of 1986 is amended by adding  
24 at the end the following new sentence: “This subsection  
25 shall not apply to amounts paid or incurred by a taxpayer

1 in any taxable year in which such taxpayer is not a small,  
2 independent oil and gas company, determined by deeming  
3 all persons treated as a single employer under subsections  
4 (a) and (b) of section 52 as 1 person.”.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 this section shall apply to amounts paid or incurred in tax-  
7 able years beginning after December 31, 2011.

8 **SEC. 7. PERCENTAGE DEPLETION.**

9 (a) IN GENERAL.—Section 613A of the Internal Rev-  
10 enue Code of 1986 is amended by adding at the end the  
11 following new subsection:

12 “(f) EXCEPTION FOR TAXPAYER WHO IS NOT  
13 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

14 “(1) IN GENERAL.—This section and section  
15 611 shall not apply to any taxpayer which is not a  
16 small, independent oil and gas company for the tax-  
17 able year.

18 “(2) AGGREGATION RULE.—For purposes of  
19 paragraph (1), all persons treated as a single em-  
20 ployer under subsections (a) and (b) of section 52  
21 shall be treated as 1 person.”.

22 (b) CONFORMING AMENDMENT.—Section 613A(e)(1)  
23 of such Code is amended by striking “subsection (d)” and  
24 inserting “subsections (d) and (f)”.

1 (c) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2011.

4 **SEC. 8. TERTIARY INJECTANTS.**

5 (a) IN GENERAL.—Section 193 of the Internal Rev-  
6 enue Code of 1986 is amended by adding at the end the  
7 following new subsection:

8 “(d) EXCEPTION FOR TAXPAYER WHO IS NOT  
9 SMALL, INDEPENDENT OIL AND GAS COMPANY.—

10 “(1) IN GENERAL.—Subsection (a) shall not  
11 apply to any taxpayer which is not a small, inde-  
12 pendent oil and gas company for the taxable year.

13 “(2) EXCEPTION FOR QUALIFIED CARBON DI-  
14 OXIDE DISPOSED IN SECURE GEOLOGICAL STOR-  
15 AGE.—Paragraph (1) shall not apply in the case of  
16 any qualified tertiary injectant expense paid or in-  
17 curred for any tertiary injectant is qualified carbon  
18 dioxide (as defined in section 45Q(b)) which is dis-  
19 posed of by the taxpayer in secure geological storage  
20 (as defined by section 45Q(d)).

21 “(3) AGGREGATION RULE.—For purposes of  
22 paragraph (1), all persons treated as a single em-  
23 ployer under subsections (a) and (b) of section 52  
24 shall be treated as 1 person.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to expenses incurred after Decem-  
3 ber 31, 2011.

4 **SEC. 9. PASSIVE ACTIVITY LOSSES AND CREDITS LIMITED.**

5 (a) IN GENERAL.—Paragraph (3) of section 469(c)  
6 of the Internal Revenue Code of 1986 is amended by add-  
7 ing at the end the following:

8 “(C) EXCEPTION FOR TAXPAYER WHO IS  
9 NOT SMALL, INDEPENDENT OIL AND GAS COM-  
10 PANY.—

11 “(i) IN GENERAL.—Subparagraph (A)  
12 shall not apply to any taxpayer which is  
13 not a small, independent oil and gas com-  
14 pany for the taxable year.

15 “(ii) AGGREGATION RULE.—For pur-  
16 poses of clause (i), all persons treated as  
17 a single employer under subsections (a)  
18 and (b) of section 52 shall be treated as 1  
19 person.”.

20 **SEC. 10. INCOME ATTRIBUTABLE TO DOMESTIC PRODUC-**  
21 **TION ACTIVITIES.**

22 (a) IN GENERAL.—Section 199 of the Internal Rev-  
23 enue Code of 1986 is amended by adding at the end the  
24 following new subsection:

1       “(e) EXCEPTION FOR TAXPAYER WHO IS NOT  
2 SMALL, INDEPENDENT OIL AND GAS COMPANY.—Sub-  
3 section (a) shall not apply to the income derived from the  
4 production, transportation, or distribution of oil, natural  
5 gas, or any primary product (within the meaning of sub-  
6 section (d)(9)) thereof by any taxpayer which for the tax-  
7 able year is an oil and gas company which is not a small,  
8 independent oil and gas company.”.

9       (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2011.

12 **SEC. 11. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**  
13 **COUNTING FOR MAJOR INTEGRATED OIL**  
14 **COMPANIES.**

15       (a) IN GENERAL.—Section 472 of the Internal Rev-  
16 enue Code of 1986 is amended by adding at the end the  
17 following new subsection:

18       “(h) MAJOR INTEGRATED OIL COMPANIES.—Not-  
19 withstanding any other provision of this section, a major  
20 integrated oil company (as defined in section 167(h)) may  
21 not use the method provided in subsection (b) in  
22 inventorying of any goods.”.

23       (b) EFFECTIVE DATE AND SPECIAL RULE.—



1           (1) IN GENERAL.—The amendment made by  
2 subsection (a) shall apply to taxable years beginning  
3 after December 31, 2011.

4           (2) CHANGE IN METHOD OF ACCOUNTING.—In  
5 the case of any taxpayer required by the amendment  
6 made by this section to change its method of ac-  
7 counting for its first taxable year beginning after the  
8 date of the enactment of this Act—

9                   (A) such change shall be treated as initi-  
10 ated by the taxpayer,

11                   (B) such change shall be treated as made  
12 with the consent of the Secretary of the Treas-  
13 ury, and

14                   (C) the net amount of the adjustments re-  
15 quired to be taken into account by the taxpayer  
16 under section 481 of the Internal Revenue Code  
17 of 1986 shall be taken into account ratably over  
18 a period (not greater than 8 taxable years) be-  
19 ginning with such first taxable year.

20 **SEC. 12. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**

21 **APPLICABLE TO DUAL CAPACITY TAXPAYERS.**

22           (a) IN GENERAL.—Section 901 of the Internal Rev-  
23 enue Code of 1986 is amended by redesignating subsection  
24 (n) as subsection (o) and by inserting after subsection (m)  
25 the following new subsection:

1       “(n) SPECIAL RULES RELATING TO DUAL CAPACITY  
2 TAXPAYERS.—

3           “(1) GENERAL RULE.—Notwithstanding any  
4 other provision of this chapter, any amount paid or  
5 accrued by a dual capacity taxpayer to a foreign  
6 country or possession of the United States for any  
7 period with respect to combined foreign oil and gas  
8 income (as defined in section 907(b)(1)) shall not be  
9 considered a tax to the extent such amount exceeds  
10 the amount (determined in accordance with regula-  
11 tions) which would have been required to be paid if  
12 the taxpayer were not a dual capacity taxpayer.

13           “(2) DUAL CAPACITY TAXPAYER.—For pur-  
14 poses of this subsection, the term ‘dual capacity tax-  
15 payer’ means, with respect to any foreign country or  
16 possession of the United States, a person who—

17                   “(A) is subject to a levy of such country or  
18 possession, and

19                   “(B) receives (or will receive) directly or  
20 indirectly a specific economic benefit (as deter-  
21 mined in accordance with regulations) from  
22 such country or possession.”.

23       (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to taxes paid or accrued in  
3 taxable years beginning after December 31, 2011.

4           (2) CONTRARY TREATY OBLIGATIONS  
5 UPHELD.—The amendments made by this section  
6 shall not apply to the extent contrary to any treaty  
7 obligation of the United States.

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