

112TH CONGRESS
1ST SESSION

H. R. 851

To amend the Internal Revenue Code of 1986 to extend certain renewable fuel tax incentives and to repeal fossil fuel subsidies for large oil companies.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2011

Mr. BRALEY of Iowa introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend certain renewable fuel tax incentives and to repeal fossil fuel subsidies for large oil companies.

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 (a) SHORT TITLE.—This Act may be cited as the
5 “Clean Energy Jobs Act of 2011”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title.

TITLE I—RENEWABLE FUELS

Sec. 101. Extension of biodiesel and renewable diesel incentives.

Sec. 102. Extension of income tax credit for alcohol used as fuel.

- Sec. 103. Extension of excise tax credit for alcohol used as fuel.
 Sec. 104. Extension of additional duties on ethanol.

TITLE II—FOSSIL FUELS

- Sec. 201. Amortization of geological and geophysical expenditures.
 Sec. 202. Producing oil and gas from marginal wells.
 Sec. 203. Enhanced oil recovery credit.
 Sec. 204. Intangible drilling and development costs in the case of oil and gas wells.
 Sec. 205. Percentage depletion.
 Sec. 206. Tertiary injectants.
 Sec. 207. Passive activity losses and credits limited.
 Sec. 208. Income attributable to domestic production activities.

TITLE III—INCREASED REVENUES TO REDUCE FEDERAL BUDGET DEFICIT

- Sec. 301. Increased revenues to reduce Federal budget deficit.

1 **TITLE I—RENEWABLE FUELS**

2 **SEC. 101. EXTENSION OF BIODIESEL AND RENEWABLE DIE-**
 3 **SEL INCENTIVES.**

4 (a) CREDITS FOR BIODIESEL AND RENEWABLE DIE-
 5 SEL USED AS FUEL.—Subsection (g) of section 40A of
 6 the Internal Revenue Code of 1986 is amended by striking
 7 “December 31, 2011” and inserting “December 31,
 8 2016”.

9 (b) EXCISE TAX CREDITS AND OUTLAY PAYMENTS
 10 FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIX-
 11 TURES.—

12 (1) Paragraph (6) of section 6426(c) of such
 13 Code is amended by striking “December 31, 2011”
 14 and inserting “December 31, 2016”.

15 (2) Subparagraph (B) of section 6427(e)(6) is
 16 amended by striking “December 31, 2011” and in-
 17 serting “December 31, 2016”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to fuel sold or used after December
3 31, 2011.

4 **SEC. 102. EXTENSION OF INCOME TAX CREDIT FOR ALCO-**
5 **HOL USED AS FUEL.**

6 (a) IN GENERAL.—Paragraph (1) of section 40(e) of
7 the Internal Revenue Code of 1986 is amended—

8 (1) by striking “December 31, 2011” in sub-
9 paragraph (A) and inserting “December 31, 2016”,
10 and

11 (2) by striking “January 1, 2012” in subpara-
12 graph (B) and inserting “January 1, 2017”.

13 (b) CELLULOSIC BIOFUEL.—Subparagraph (H) of
14 section 40(b)(6) of such Code is amended by striking
15 “January 1, 2013” and inserting “January 1, 2017”.

16 (c) REDUCED AMOUNT FOR ETHANOL BLENDERS.—
17 Paragraphs (1) and (2) of section 40(h) of such Code are
18 both amended by striking “2011” and inserting “2016”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall take effect on the date of the enactment
21 of this Act.

22 **SEC. 103. EXTENSION OF EXCISE TAX CREDIT FOR ALCO-**
23 **HOL USED AS FUEL.**

24 (a) IN GENERAL.—Paragraph (6) of section 6426(b)
25 of the Internal Revenue Code of 1986 is amended by strik-

1 ing “December 31, 2011” and inserting “December 31,
2 2016”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall take effect on the date of the enactment
5 of this Act.

6 **SEC. 104. EXTENSION OF ADDITIONAL DUTIES ON ETH-**
7 **ANOL.**

8 Headings 9901.00.50 and 9901.00.52 of the Har-
9 monized Tariff Schedule of the United States are each
10 amended in the effective period column by striking “1/1/
11 2012” and inserting “1/1/2017”.

12 **TITLE II—FOSSIL FUELS**

13 **SEC. 201. AMORTIZATION OF GEOLOGICAL AND GEO-**
14 **PHYSICAL EXPENDITURES.**

15 (a) IN GENERAL.—Subparagraph (A) of section
16 167(h)(5) of the Internal Revenue Code of 1986 is amend-
17 ed by striking “major integrated oil company” and insert-
18 ing “covered large oil company”.

19 (b) COVERED LARGE OIL COMPANY.—Paragraph (5)
20 of section 167(h) of such Act is amended by redesignating
21 subparagraph (B) as subparagraph (C) and by inserting
22 after subparagraph (A) the following new subparagraph:

23 “(B) COVERED LARGE OIL COMPANY.—
24 For purposes of this paragraph, the term ‘cov-

1 ered large oil company’ means a taxpayer
2 which—

3 “(i) is a major integrated oil com-
4 pany, or

5 “(ii) has gross receipts in excess of
6 \$50,000,000 for the taxable year.

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

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

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

16 **SEC. 202. PRODUCING OIL AND GAS FROM MARGINAL**
17 **WELLS.**

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

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

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

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

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

8 **SEC. 203. ENHANCED OIL RECOVERY CREDIT.**

9 (a) IN GENERAL.—Section 43 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.—Subsection (a) shall not
15 apply to any taxpayer which is not a small, inde-
16 pendent oil and gas company for the taxable year.

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

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

1 **SEC. 204. INTANGIBLE DRILLING AND DEVELOPMENT**
2 **COSTS IN THE CASE OF OIL AND GAS WELLS.**

3 (a) IN GENERAL.—Subsection (c) of section 263 of
4 the Internal Revenue Code of 1986 is amended by adding
5 at the end the following new sentence: “This subsection
6 shall not apply to amounts paid or incurred by a taxpayer
7 in any taxable year in which such taxpayer is not a small,
8 independent oil and gas company, determined by deeming
9 all persons treated as a single employer under subsections
10 (a) and (b) of section 52 as 1 person.”.

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

14 **SEC. 205. PERCENTAGE DEPLETION.**

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

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

20 “(1) IN GENERAL.—This section and section
21 611 shall not apply to any taxpayer which is not a
22 small, independent oil and gas company for the tax-
23 able year.

24 “(2) AGGREGATION RULE.—For purposes of
25 paragraph (1), all persons treated as a single em-

1 ployer under subsections (a) and (b) of section 52
2 shall be treated as 1 person.”.

3 (b) CONFORMING AMENDMENT.—Section 613A(c)(1)
4 of such Code is amended by striking “subsection (d)” and
5 inserting “subsections (d) and (f)”.

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

9 **SEC. 206. TERTIARY INJECTANTS.**

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

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

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

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

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

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

8 **SEC. 207. PASSIVE ACTIVITY LOSSES AND CREDITS LIM-**
9 **ITED.**

10 Paragraph (3) of section 469(c) of the Internal Rev-
11 enue Code of 1986 is amended by adding at the end the
12 following:

13 “(C) EXCEPTION FOR TAXPAYER WHO IS
14 NOT SMALL, INDEPENDENT OIL AND GAS COM-
15 PANY.—

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

20 “(ii) AGGREGATION RULE.—For pur-
21 poses of clause (i), all persons treated as
22 a single employer under subsections (a)
23 and (b) of section 52 shall be treated as 1
24 person.”.

1 **SEC. 208. INCOME ATTRIBUTABLE TO DOMESTIC PRODUC-**
 2 **TION ACTIVITIES.**

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

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

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

17 **TITLE III—INCREASED REVE-**
 18 **NUES TO REDUCE FEDERAL**
 19 **BUDGET DEFICIT**

20 **SEC. 301. INCREASED REVENUES TO REDUCE FEDERAL**
 21 **BUDGET DEFICIT.**

22 Any increase in revenues by reason of the amend-
 23 ments made by this Act shall be applied to reduce the Fed-
 24 eral budget deficit, or, for any fiscal year for which there
 25 is no Federal budget deficit, to reduce the Federal debt.

