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119TH CONGRESS
1ST SESSION

H. R. 383

To amend the Internal Revenue Code of 1986 to repeal fossil fuel subsidies for oil companies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 14, 2025

Mr. CASTEN (for himself, Mr. BEYER, Mr. LEVIN, Ms. BROWNLEY, Mr. CLEAVER, Mr. COHEN, Mr. HUFFMAN, Mr. KHANNA, Ms. PINGREE, Ms. SCHAKOWSKY, Mr. TONKO, and Ms. MOORE of Wisconsin) 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 repeal fossil fuel subsidies for oil companies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘End Oil and Gas Tax Subsidies Act of 2025’’.

SEC. 2. AMORTIZATION OF GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.

(a) IN GENERAL.—Section 167(h) of the Internal Revenue Code of 1986 is amended—

(1) by striking "24-month period" in paragraph (1) and inserting "7-year period", and

(2) by striking paragraph (5).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2024.

SEC. 3. PRODUCING OIL AND GAS FROM MARGINAL WELLS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking section 45I (and by striking the item relating to such section in the table of sections for such subpart).

(b) CONFORMING AMENDMENT.—Section 38(b) of such Code is amended by striking paragraph (19).

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits determined for taxable years beginning after December 31, 2024.

SEC. 4. ENHANCED OIL RECOVERY CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking section 43 (and by striking the item relating to such section in the table of sections for such subpart).

(b) CONFORMING AMENDMENT.—Section 38(b) of such Code is amended by striking paragraph (6).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2024.

SEC. 5. INTANGIBLE DRILLING AND DEVELOPMENT COSTS IN THE CASE OF OIL AND GAS WELLS.

(a) IN GENERAL.—Subsection (c) of section 263 of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: ‘‘This subsection shall not apply to amounts paid or incurred by a taxpayer with respect to an oil or gas well after December 31, 2024.’’.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2024.

SEC. 6. REPEAL OF PERCENTAGE DEPLETION FOR OIL AND GAS WELLS.

(a) IN GENERAL.—Part I of subchapter I of chapter 1 of the Internal Revenue Code of 1986 is amended by striking section 613A (and the table of sections of such part is amended by striking the item relating to such section).

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 45H of such Code is amended—

(A) by striking "For purposes of this section" and inserting the following:

"(1) IN GENERAL.—For purposes of this section",

(B) by striking "(within the meaning of section 613A(d)(3))", and

(C) by adding at the end the following new paragraph:

"(2) RELATED PERSON.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

For purposes of determining a significant ownership interest, an interest owned by or for a corporation, partnership, trust, or estate shall be considered as owned directly both by itself and proportionately by its shareholders, partners, or beneficiaries, as the case may be.''.

(2) Section 57(a)(1) of such Code is amended by striking the last sentence.

(3) Section 291(b)(4) of such Code is amended by adding at the end the following: ''Any reference in the preceding sentence to section 613A shall be treated as a reference to such section as in effect prior to the date of the enactment of the End Oil and Gas Tax Subsidies Act of 2025.''.

(4) Section 613(d) of such Code is amended by striking ''Except as provided in section 613A, in the case of'' and inserting ''In the case of''.

(5) Section 613(e) of such Code is amended—

(A) by striking ''or section 613A'' in paragraph (2), and

(B) by striking ''any amount described in section 613A(d)(5)'' in paragraph (3) and inserting ''any lease bonus, advance royalty, or other amount payable without regard to production from property''.

(6) Section 705(a) of such Code is amended—

(A) by inserting "and" at the end of paragraph (1)(C),

(B) by striking "; and" at the end of paragraph (2)(B) and inserting a period, and

(C) by striking paragraph (3).

(7) Section 993(c)(2)(C) of such Code is amended by striking "section 613 or 613A" and inserting "section 613 (determined without regard to subsection (d) thereof)".

(8) Section 1202(e)(3)(D) of such Code is amended by striking "section 613 or 613A" and inserting "section 613 (determined without regard to subsection (d) thereof)".

(9) Section 1367(a)(2) of such Code is amended by inserting "and" at the end of subparagraph (C), by striking ", and" at the end of subparagraph (D) and inserting a period, and by striking subparagraph (E).

(10) Section 1446(c) of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2024.

SEC. 7. REPEAL OF DEDUCTION FOR TERTIARY INJECTANTS.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by striking section 193 (and the table of sections of such subpart is amended by striking the item relating to such section).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2024.

SEC. 8. REPEAL OF EXCEPTION TO PASSIVE LOSS LIMITATIONS FOR WORKING INTERESTS IN OIL AND GAS PROPERTIES.

(a) IN GENERAL.—Section 469(c)(3) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(C) TERMINATION.—Subparagraph (A) shall not apply with respect to any taxable year beginning after the date of the enactment of this Act.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2024.

SEC. 9. DEDUCTION FOR QUALIFIED BUSINESS INCOME NOT ALLOWED WITH RESPECT TO OIL AND GAS ACTIVITIES.

(a) IN GENERAL.—Section 199A(c)(3)(B) of the Internal Revenue Code of 1986 is amended by redesignating clause (vii) as clause (viii), and by inserting after clause (vi) the following new clause:

"(vii) The production, refining, processing, transportation, or distribution of oil, gas, or any primary product thereof.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2024.

SEC. 10. PROHIBITION ON USING LAST-IN, FIRST-OUT ACCOUNTING FOR OIL AND GAS COMPANIES.

(a) IN GENERAL.—Section 472 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(h) OIL AND GAS COMPANIES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, a major integrated oil company may not use the method provided in subsection (b) in inventorying of any goods.

"(2) MAJOR INTEGRATED OIL COMPANY.—For purposes of this subsection, the term 'major integrated oil company' means, with respect to any taxable year, a producer of crude oil—

"(A) which has an average daily worldwide production of crude oil of at least 500,000 barrels for the taxable year,

"(B) which has gross receipts in excess of $1,000,000,000 for the taxable year, and

"(C) the average daily refinery runs of the taxpayer and related persons for the taxable year exceed 75,000 barrels.

"(3) SPECIAL RULES.—

"(A) CRUDE PRODUCTION AND GROSS RECEIPTS.—For purposes of subparagraphs (A) and (B) of paragraph (2)—

"(i) CONTROLLED GROUPS AND COMMON CONTROL.—All persons treated as a single employer under subsections (a) and (b) of section 52 shall be treated as 1 person.

"(ii) SHORT TAXABLE YEARS.—In case of a short taxable year, the rule under section 448(c)(3)(B) shall apply.

"(B) AVERAGE DAILY REFINERY RUNS.—For purposes of paragraph (2)(C)—

"(i) IN GENERAL.—The average daily refinery runs for any taxable year shall be determined by dividing the aggregate refinery runs for the taxable year by the number of days in the taxable year.

"(ii) RELATED PERSONS.—A person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person.

"(iii) SIGNIFICANT OWNERSHIP INTEREST.—For purposes of clause (ii), the term 'significant ownership interest' means—

"(I) with respect to any corporation, 15 percent or more in value of the outstanding stock of such corporation,

"(II) with respect to a partnership, 15 percent or more interest in the profits or capital of such partnership, and

"(III) with respect to an estate or trust, 15 percent or more of the beneficial interests in such estate or trust.

For purposes of determining a significant ownership interest, an interest owned by or for a corporation, partnership, trust, or estate shall be considered as owned directly both by itself and proportionately by its shareholders, partners, or beneficiaries, as the case may be.".

(b) EFFECTIVE DATE AND SPECIAL RULE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2024.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendment made by this section to change its method of accounting for its first taxable year beginning after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account ratably over a period (not greater than 8 taxable years) beginning with such first taxable year.

SEC. 11. MODIFICATIONS OF FOREIGN TAX CREDIT RULES APPLICABLE TO DUAL CAPACITY TAXPAYERS.

(a) IN GENERAL.—Section 901 of the Internal Revenue Code of 1986 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) SPECIAL RULES RELATING TO DUAL CAPACITY TAXPAYERS.—

"(1) GENERAL RULE.—Notwithstanding any other provision of this chapter, any amount paid or accrued by a dual capacity taxpayer to a foreign country or possession of the United States for any period with respect to combined foreign oil and gas income (as defined in section 907(b)(1)) shall not be considered a tax to the extent such amount exceeds the amount (determined in accordance with regulations) which would have been required to be paid if the taxpayer were not a dual capacity taxpayer.

"(2) DUAL CAPACITY TAXPAYER.—For purposes of this subsection, the term 'dual capacity taxpayer' means, with respect to any foreign country or possession of the United States, a person who—

"(A) is subject to a levy of such country or possession, and

"(B) receives (or will receive) directly or indirectly a specific economic benefit (as determined in accordance with regulations) from such country or possession.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxes paid or accrued in taxable years beginning after December 31, 2024.

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

SEC. 12. CLARIFICATION OF TAR SANDS AS CRUDE OIL FOR EXCISE TAX PURPOSES.

(a) IN GENERAL.—Paragraph (1) of section 4612(a) of the Internal Revenue Code of 1986 is amended to read as follows:

"(1) CRUDE OIL.—The term 'crude oil' includes crude oil condensates, natural gasoline, any bitumen or bituminous mixture, any oil derived from a bitumen or bituminous mixture (including oil derived from tar sands), and any oil derived from kerogen-bearing sources (including oil derived from oil shale).''.

(b) REGULATORY AUTHORITY TO ADDRESS OTHER TYPES OF CRUDE OIL AND PETROLEUM PRODUCTS.—Subsection (a) of section 4612 of such Code is amended by adding at the end the following new paragraph:

''(10) REGULATORY AUTHORITY TO ADDRESS OTHER TYPES OF CRUDE OIL AND PETROLEUM PRODUCTS.—Under such regulations as the Secretary may prescribe, the Secretary may include as crude oil or as a petroleum product subject to tax under section 4611, any fuel feedstock or finished fuel product customarily transported by pipeline, vessel, railcar, or tanker truck if the Secretary determines that—

''(A) the classification of such fuel feedstock or finished fuel product is consistent with the definition of oil under the Oil Pollution Act of 1990, and

''(B) such fuel feedstock or finished fuel product is produced in sufficient commercial quantities as to pose a significant risk of hazard in the event of a discharge.''.

(c) TECHNICAL AMENDMENT.—Paragraph (2) of section 4612(a) of such Code is amended by striking ''from a well located''.

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

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