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(Original Signature of Member)

113TH CONGRESS
1ST SESSION

H. R. _____

To eliminate unnecessary oil tax credits and subsidies for major oil companies
to reduce the national debt.

IN THE HOUSE OF REPRESENTATIVES

Mr. MURPHY of Florida introduced the following bill; which was referred to
the Committee on _____

A BILL

To eliminate unnecessary oil tax credits and subsidies for
major oil companies to reduce the national debt.

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 “End Welfare for Big
5 Oil Act of 2013”.

1 **TITLE I—REPEAL OF OIL AND**
2 **GAS SUBSIDIES**
3 **Subtitle A—Close Big Oil Tax**
4 **Loopholes**

5 **SEC. 101. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
6 **APPLICABLE TO MAJOR INTEGRATED OIL**
7 **COMPANIES WHICH ARE DUAL CAPACITY**
8 **TAXPAYERS.**

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

13 “(n) SPECIAL RULES RELATING TO MAJOR INTE-
14 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
15 TAXPAYERS.—

16 “(1) GENERAL RULE.—Notwithstanding any
17 other provision of this chapter, any amount paid or
18 accrued by a dual capacity taxpayer which is a
19 major integrated oil company (as defined in section
20 167(h)(5)(B)) to a foreign country or possession of
21 the United States for any period shall not be consid-
22 ered a tax—

23 “(A) if, for such period, the foreign coun-
24 try or possession does not impose a generally
25 applicable income tax, or

1 “(B) to the extent such amount exceeds
2 the amount (determined in accordance with reg-
3 ulations) which—

4 “(i) is paid by such dual capacity tax-
5 payer pursuant to the generally applicable
6 income tax imposed by the country or pos-
7 session, or

8 “(ii) would be paid if the generally ap-
9 plicable income tax imposed by the country
10 or possession were applicable to such dual
11 capacity taxpayer.

12 Nothing in this paragraph shall be construed to
13 imply the proper treatment of any such amount not
14 in excess of the amount determined under subpara-
15 graph (B).

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

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

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

1 “(3) GENERALLY APPLICABLE INCOME TAX.—

2 For purposes of this subsection—

3 “(A) IN GENERAL.—The term ‘generally
4 applicable income tax’ means an income tax (or
5 a series of income taxes) which is generally im-
6 posed under the laws of a foreign country or
7 possession on income derived from the conduct
8 of a trade or business within such country or
9 possession.

10 “(B) EXCEPTIONS.—Such term shall not
11 include a tax unless it has substantial applica-
12 tion, by its terms and in practice, to—

13 “(i) persons who are not dual capacity
14 taxpayers, and

15 “(ii) persons who are citizens or resi-
16 dents of the foreign country or posses-
17 sion.”.

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall apply to taxes paid or accrued in
21 taxable years beginning after the date of the enact-
22 ment of this Act.

23 (2) CONTRARY TREATY OBLIGATIONS
24 UPHELD.—The amendments made by this section

1 shall not apply to the extent contrary to any treaty
2 obligation of the United States.

3 **SEC. 102. LIMITATION ON SECTION 199 DEDUCTION ATTRIB-**
4 **UTABLE TO OIL, NATURAL GAS, OR PRIMARY**
5 **PRODUCTS THEREOF.**

6 (a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-
7 tion 199(c) of the Internal Revenue Code of 1986 is
8 amended by adding at the end the following new subpara-
9 graph:

10 “(E) SPECIAL RULE FOR CERTAIN OIL
11 AND GAS INCOME.—In the case of any taxpayer
12 who is a major integrated oil company (as de-
13 fined in section 167(h)(5)(B)) for the taxable
14 year, the term ‘domestic production gross re-
15 ceipts’ shall not include gross receipts from the
16 production, transportation, or distribution of
17 oil, natural gas, or any primary product (within
18 the meaning of subsection (d)(9)) thereof.”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to taxable years beginning after
21 December 31, 2013.

22 **SEC. 103. LIMITATION ON DEDUCTION FOR INTANGIBLE**
23 **DRILLING AND DEVELOPMENT COSTS.**

24 (a) IN GENERAL.—Section 263(c) of the Internal
25 Revenue Code of 1986 is amended by adding at the end

1 the following new sentence: “This subsection shall not
2 apply to amounts paid or incurred by a taxpayer in any
3 taxable year in which such taxpayer is a major integrated
4 oil company (as defined in section 167(h)(5)(B)).”.

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, 2013.

8 **SEC. 104. LIMITATION ON PERCENTAGE DEPLETION AL-**
9 **LOWANCE FOR OIL AND GAS WELLS.**

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

13 “(f) APPLICATION WITH RESPECT TO MAJOR INTE-
14 GRATED OIL COMPANIES.—In the case of any taxable year
15 in which the taxpayer is a major integrated oil company
16 (as defined in section 167(h)(5)(B)), the allowance for
17 percentage depletion shall be zero.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to taxable years beginning after
20 December 31, 2013.

21 **SEC. 105. LIMITATION ON DEDUCTION FOR TERTIARY**
22 **INJECTANTS.**

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

1 “(d) APPLICATION WITH RESPECT TO MAJOR INTE-
2 GRATED OIL COMPANIES.—This section shall not apply to
3 amounts paid or incurred by a taxpayer in any taxable
4 year in which such taxpayer is a major integrated oil com-
5 pany (as defined in section 167(h)(5)(B)).”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to amounts paid or incurred in tax-
8 able years beginning after December 31, 2013.

9 **Subtitle B—Outer Continental**
10 **Shelf Oil and Natural Gas**

11 **SEC. 111. REPEAL OF OUTER CONTINENTAL SHELF DEEP**
12 **WATER AND DEEP GAS ROYALTY RELIEF.**

13 (a) IN GENERAL.—Sections 344 and 345 of the En-
14 ergy Policy Act of 2005 (42 U.S.C. 15904, 15905) are
15 repealed.

16 (b) LIMITATION ON APPLICATION.—The repeal under
17 subsection (a) shall not affect the application of the re-
18 pealed sections with respect to any lease sale for which
19 a notice of sale is published before the date of enactment
20 of this Act.

21 **TITLE II—BUDGETARY EFFECTS**

22 **SEC. 201. DEFICIT REDUCTION.**

23 The net amount of any savings realized as a result
24 of the enactment of this Act and the amendments made
25 by this Act (after any expenditures authorized by this Act

1 and the amendments made by this Act) shall be deposited
2 in the Treasury and used for Federal budget deficit reduc-
3 tion or, if there is no Federal budget deficit, for reducing
4 the Federal debt in such manner as the Secretary of the
5 Treasury considers appropriate.