

117TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To eliminate certain subsidies for fossil-fuel production.

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IN THE SENATE OF THE UNITED STATES

Mr. SANDERS introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

**A BILL**

To eliminate certain subsidies for fossil-fuel production.

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 Polluter Welfare  
5 Act of 2021”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definition of fossil fuel.
- Sec. 4. Royalty Relief.
- Sec. 5. Royalties under Mineral Leasing Act.
- Sec. 6. Elimination of interest payments for royalty overpayments.
- Sec. 7. Removal of limits on liability for offshore facilities and pipeline operators.
- Sec. 8. Restrictions on use of appropriated funds by international financial institutions for projects that support fossil fuel.

## 2

- Sec. 9. Fossil Energy Research and Development Program.
- Sec. 10. Advanced Research Projects Agency—Energy.
- Sec. 11. Incentives for innovative technologies.
- Sec. 12. Rural Utility Service loan guarantees.
- Sec. 13. Prohibition on use of funds by the United States International Development Finance Corporation or the Export-Import Bank of the United States for financing projects, transactions, or other activities that support fossil fuel.
- Sec. 14. Transportation funds for grants, loans, loan guarantees, and other direct assistance.
- Sec. 15. Elimination of exclusion of certain lenders as owners or operators under CERCLA.
- Sec. 16. Termination of various tax expenditures relating to fossil fuels.
- Sec. 17. Termination of certain deductions and credits related to fossil fuels.
- Sec. 18. Uniform seven-year amortization for geological and geophysical expenditures.
- Sec. 19. Natural gas gathering lines treated as 15-year property.
- Sec. 20. Termination of last-in, first-out method of inventory for oil, natural gas, and coal companies.
- Sec. 21. Repeal of percentage depletion for coal and hard mineral fossil fuels.
- Sec. 22. Termination of capital gains treatment for royalties from coal.
- Sec. 23. Modifications of foreign tax credit rules applicable to oil and gas industry taxpayers receiving specific economic benefits.
- Sec. 24. Increase in oil spill liability trust fund financing rate.
- Sec. 25. Application of certain environmental taxes to synthetic crude oil.
- Sec. 26. Denial of deduction for removal costs and damages for certain oil spills.
- Sec. 27. Tax on crude oil and natural gas produced from the outer Continental Shelf in the Gulf of Mexico.
- Sec. 28. Repeal of corporate income tax exemption for publicly traded partnerships with qualifying income and gains from activities relating to fossil fuels.
- Sec. 29. Amortization of qualified tertiary injectant expenses.
- Sec. 30. Amortization of development expenditures.
- Sec. 31. Amortization of certain mining exploration expenditures.
- Sec. 32. Amortization of intangible drilling and development costs in the case of oil and gas wells and geothermal wells.
- Sec. 33. Permanent excise tax rate for funding of Black Lung Disability Trust Fund.
- Sec. 34. Termination of renewable electricity production credit eligibility for refined coal.
- Sec. 35. Treatment of foreign oil related income as subpart F income.
- Sec. 36. Repeal of exclusion of foreign oil and gas extraction income from the determination of tested income.
- Sec. 37. Termination of credit for carbon oxide sequestration.
- Sec. 38. Powder River Basin.
- Sec. 39. Study and elimination of additional fossil fuel subsidies.

1 **SEC. 3. DEFINITION OF FOSSIL FUEL.**

2 In this Act, the term “fossil fuel” means coal, petro-  
3 leum, natural gas, or any derivative of coal, petroleum,  
4 or natural gas that is used for fuel.

5 **SEC. 4. ROYALTY RELIEF.**

6 (a) IN GENERAL.—

7 (1) OUTER CONTINENTAL SHELF LANDS ACT.—

8 Section 8(a)(3) of the Outer Continental Shelf  
9 Lands Act (43 U.S.C. 1337(a)(3)) is amended—

10 (A) by striking subparagraph (B); and

11 (B) by redesignating subparagraph (C) as  
12 subparagraph (B).

13 (2) ENERGY POLICY ACT OF 2005.—

14 (A) INCENTIVES FOR NATURAL GAS PRO-  
15 Duction FROM DEEP WELLS IN THE SHALLOW  
16 WATERS OF THE GULF OF MEXICO.—Section  
17 344 of the Energy Policy Act of 2005 (42  
18 U.S.C. 15904) is repealed.

19 (B) DEEP WATER PRODUCTION.—Section  
20 345 of the Energy Policy Act of 2005 (42  
21 U.S.C. 15905) is repealed.

22 (b) FUTURE PROVISIONS.—Notwithstanding any  
23 other provision of law, royalty relief shall not be permitted  
24 under a lease issued under section 8 of the Outer Conti-  
25 nental Shelf Lands Act (43 U.S.C. 1337).

1 **SEC. 5. ROYALTIES UNDER MINERAL LEASING ACT.**

2 (a) COAL LEASES.—Section 7(a) of the Mineral  
3 Leasing Act (30 U.S.C. 207(a)) is amended in the fourth  
4 sentence by striking “12½ per centum” and inserting  
5 “18¾ percent”.

6 (b) LEASES ON LAND ON WHICH OIL OR NATURAL  
7 GAS IS DISCOVERED.—Section 14 of the Mineral Leasing  
8 Act (30 U.S.C. 223) is amended in the fourth sentence  
9 by striking “12½ per centum” and inserting “18¾ per-  
10 cent”.

11 (c) LEASES ON LAND KNOWN OR BELIEVED TO  
12 CONTAIN OIL OR NATURAL GAS.—Section 17 of the Min-  
13 eral Leasing Act (30 U.S.C. 226) is amended—

14 (1) in subsection (b)—

15 (A) in paragraph (1)(A), in the fifth sen-  
16 tence, by striking “12.5 percent” and inserting  
17 “18¾ percent”; and

18 (B) in paragraph (2)(A)(ii), by striking  
19 “12½ per centum” and inserting “18¾ per-  
20 cent”;

21 (2) in subsection (c)(1), in the second sentence,  
22 by striking “12.5 percent” and inserting “18¾ per-  
23 cent”;

24 (3) in subsection (l), by striking “12½ per cen-  
25 tum” each place it appears and inserting “18¾ per-  
26 cent”; and

1 (4) in subsection (n)(1)(C), by striking “12½  
2 per centum” and inserting “18¾ percent”.

3 **SEC. 6. ELIMINATION OF INTEREST PAYMENTS FOR ROY-**  
4 **ALTY OVERPAYMENTS.**

5 Section 111 of the Federal Oil and Gas Royalty Man-  
6 agement Act of 1982 (30 U.S.C. 1721) is amended by  
7 adding at the end the following:

8 “(k) PAYMENT OF INTEREST.—Interest shall not be  
9 paid on any overpayment.”.

10 **SEC. 7. REMOVAL OF LIMITS ON LIABILITY FOR OFFSHORE**  
11 **FACILITIES AND PIPELINE OPERATORS.**

12 Section 1004(a) of the Oil Pollution Act of 1990 (33  
13 U.S.C. 2704(a)) is amended—

14 (1) in paragraph (3), by striking “plus  
15 \$75,000,000; and” and inserting “and the liability  
16 of the responsible party under section 1002;”;

17 (2) in paragraph (4)—

18 (A) by inserting “(except an onshore pipe-  
19 line transporting diluted bitumen, bituminous  
20 mixtures, or any oil manufactured from bitu-  
21 men)” after “for any onshore facility”; and

22 (B) by striking the period at the end and  
23 inserting “; and”; and

24 (3) by adding at the end the following:

1           “(5) for any onshore facility transporting di-  
2           luted bitumen, bituminous mixtures, or any oil man-  
3           ufactured from bitumen, the liability of the respon-  
4           sible party under section 1002.”.

5 **SEC. 8. RESTRICTIONS ON USE OF APPROPRIATED FUNDS**  
6           **BY INTERNATIONAL FINANCIAL INSTITU-**  
7           **TIONS FOR PROJECTS THAT SUPPORT FOS-**  
8           **SIL FUEL.**

9           (a) **RESCISSION OF UNOBLIGATED FUNDS.—**

10           (1) **IN GENERAL.—**Of the unobligated balance  
11           of amounts appropriated or otherwise made available  
12           for a contribution of the United States to an inter-  
13           national financial institution, an amount specified in  
14           paragraph (2) shall be rescinded if the institution  
15           provides support for a project that supports the pro-  
16           duction or use of fossil fuels.

17           (2) **AMOUNT SPECIFIED.—**The amount specified  
18           in this paragraph is an amount the Secretary of the  
19           Treasury determines to be equivalent to the amount  
20           of support provided by an international financial in-  
21           stitution described in paragraph (1) for a project  
22           that supports the production or use of fossil fuels.

23           (b) **PROHIBITION ON USE OF FUTURE FUNDS.—**No  
24           amounts appropriated or otherwise made available for a  
25           contribution of the United States to an international fi-

1 nancial institution may be provided to the institution un-  
2 less the institution agrees to not use the amount to provide  
3 support for any project that supports the production or  
4 use of fossil fuels.

5 (c) INTERNATIONAL FINANCIAL INSTITUTION DE-  
6 FINED.—In this section, the term “international financial  
7 institution” has the meaning given that term in section  
8 1701(c) of the International Financial Institutions Act  
9 (22 U.S.C. 262r(c)).

10 **SEC. 9. FOSSIL ENERGY RESEARCH AND DEVELOPMENT**  
11 **PROGRAM.**

12 (a) TERMINATION OF AUTHORITY.—Notwithstanding  
13 any other provision of law, the authority of the Secretary  
14 of Energy to carry out the Fossil Energy Research and  
15 Development Program of the Department of Energy is  
16 terminated.

17 (b) RESCISSION.—Notwithstanding any other provi-  
18 sion of law—

19 (1) all amounts made available for the Fossil  
20 Energy Research and Development Program that re-  
21 main unobligated as of the date of enactment of this  
22 Act are rescinded; and

23 (2) no amounts made available after the date of  
24 enactment of this Act for the Fossil Energy Re-  
25 search and Development Program shall be expended,

1 other than such amounts as are necessary to cover  
2 costs incurred in terminating ongoing research of  
3 the Fossil Energy Research and Development Pro-  
4 gram, as determined by the Secretary of Energy, in  
5 consultation with other appropriate Federal agen-  
6 cies.

7 **SEC. 10. ADVANCED RESEARCH PROJECTS AGENCY—EN-**  
8 **ERGY.**

9 None of the funds made available to the Advanced  
10 Research Projects Agency—Energy shall be used to carry  
11 out any project that supports fossil fuel.

12 **SEC. 11. INCENTIVES FOR INNOVATIVE TECHNOLOGIES.**

13 (a) IN GENERAL.—Section 1703 of the Energy Policy  
14 Act of 2005 (42 U.S.C. 16513) is amended—

15 (1) in subsection (b)—

16 (A) by striking paragraphs (2) and (10);

17 and

18 (B) by redesignating paragraphs (3), (4),

19 (5), (6), (7), (8), (9), (11), and (12) as para-

20 graphs (2), (3), (4), (5), (6), (7), (8), (9), and

21 (10), respectively;

22 (2) by striking subsection (c); and

23 (3) by redesignating subsections (d) through (f)

24 as subsections (c) through (e), respectively.

1 (b) CONFORMING AMENDMENT.—Section 1704 of the  
2 Energy Policy Act of 2005 (42 U.S.C. 16514) is amend-  
3 ed—

4 (1) by striking subsection (b); and

5 (2) by redesignating subsection (c) as sub-  
6 section (b).

7 **SEC. 12. RURAL UTILITY SERVICE LOAN GUARANTEES.**

8 Notwithstanding any other provision of law, the Sec-  
9 retary of Agriculture may not make a loan under title III  
10 of the Rural Electrification Act of 1936 (7 U.S.C. 931  
11 et seq.) to an applicant for the purpose of carrying out  
12 any project that will use fossil fuel.

13 **SEC. 13. PROHIBITION ON USE OF FUNDS BY THE UNITED**  
14 **STATES INTERNATIONAL DEVELOPMENT FI-**  
15 **NANCE CORPORATION OR THE EXPORT-IM-**  
16 **PORT BANK OF THE UNITED STATES FOR FI-**  
17 **NANCING PROJECTS, TRANSACTIONS, OR**  
18 **OTHER ACTIVITIES THAT SUPPORT FOSSIL**  
19 **FUEL.**

20 Notwithstanding any other provision of law, no  
21 amounts appropriated or otherwise made available for the  
22 United States International Development Finance Cor-  
23 poration or the Export-Import Bank of the United States  
24 that are available for obligation on or after the date of  
25 the enactment of this Act may be obligated or expended

1 to support any project, transaction, or other activity that  
2 supports the production or use of fossil fuels.

3 **SEC. 14. TRANSPORTATION FUNDS FOR GRANTS, LOANS,**  
4 **LOAN GUARANTEES, AND OTHER DIRECT AS-**  
5 **SISTANCE.**

6 Notwithstanding any other provision of law, any  
7 amounts made available to the Department of Transpor-  
8 tation (including the Federal Railroad Administration)  
9 may not be used to award any grant, loan, loan guarantee,  
10 or provide any other direct assistance to any rail facility  
11 or port project that transports fossil fuel.

12 **SEC. 15. ELIMINATION OF EXCLUSION OF CERTAIN LEND-**  
13 **ERS AS OWNERS OR OPERATORS UNDER**  
14 **CERCLA.**

15 Section 101(20)(F) of the Comprehensive Environ-  
16 mental Response, Compensation, and Liability Act of  
17 1980 (42 U.S.C. 9601(20)(F)) is amended by adding at  
18 the end the following:

19 “(iii) INELIGIBLE LENDERS.—The ex-  
20 clusions under clauses (i) and (ii) shall not  
21 apply to a person that is a lender that is—

22 “(I) an investment company reg-  
23 istered under the Investment Com-  
24 pany Act of 1940 (15 U.S.C. 80a–1 et  
25 seq.), investment adviser (as defined

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1 in section 202(a) of the Investment  
2 Advisers Act of 1940 (15 U.S.C. 80b–  
3 2(a))), or broker or dealer (as those  
4 terms are defined in section 3(a) of  
5 the Securities Exchange Act of 1934  
6 (15 U.S.C. 78c(a))) with  
7 \$250,000,000,000 or more in assets  
8 under management; or

9 “(II) a bank holding company (as  
10 defined in section 2 of the Bank Hold-  
11 ing Company Act of 1956 (12 U.S.C.  
12 1841)) with \$10,000,000,000 or more  
13 in total consolidated assets.”.

14 **SEC. 16. TERMINATION OF VARIOUS TAX EXPENDITURES**  
15 **RELATING TO FOSSIL FUELS.**

16 (a) IN GENERAL.—Subchapter C of chapter 80 of the  
17 Internal Revenue Code of 1986 is amended by adding at  
18 the end the following new section:

19 **“SEC. 7875. TERMINATION OF CERTAIN PROVISIONS RELAT-**  
20 **ING TO FOSSIL-FUEL INCENTIVES.**

21 “(a) IN GENERAL.—The following provisions shall  
22 not apply to taxable years beginning after the date of the  
23 enactment of the End Polluter Welfare Act of 2021:

24 “(1) Section 43 (relating to enhanced oil recov-  
25 ery credit).

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1           “(2) Section 45I (relating to credit for pro-  
2           ducing oil and natural gas from marginal wells).

3           “(3) Section 461(i)(2) (relating to special rule  
4           for spudding of oil or natural gas wells).

5           “(4) Section 469(c)(3)(A) (relating to working  
6           interests in oil and natural gas property).

7           “(5) Section 613A (relating to limitations on  
8           percentage depletion in case of oil and natural gas  
9           wells).

10          “(b) PROVISIONS RELATING TO PROPERTY.—The  
11          following provisions shall not apply to property placed in  
12          service after the date of the enactment of the End Polluter  
13          Welfare Act of 2021:

14               “(1) Section 168(e)(3)(C)(iii) (relating to clas-  
15               sification of certain property).

16               “(2) Section 169 (relating to amortization of  
17               pollution control facilities) with respect to any at-  
18               mospheric pollution control facility.

19          “(c) PROVISIONS RELATING TO COSTS AND EX-  
20          PENSES.—The following provisions shall not apply to costs  
21          or expenses paid or incurred after the date of the enact-  
22          ment of the End Polluter Welfare Act of 2021:

23               “(1) Section 179B (relating to deduction for  
24               capital costs incurred in complying with Environ-  
25               mental Protection Agency sulfur regulations).

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1           “(2) Section 468 (relating to special rules for  
2           mining and solid waste reclamation and closing  
3           costs).

4           “(d) ALLOCATED CREDITS.—No new credits shall be  
5           certified under section 48A (relating to qualifying ad-  
6           vanced coal project credit) or section 48B (relating to  
7           qualifying gasification project credit) after the date of the  
8           enactment of the End Polluter Welfare Act of 2021.

9           “(e) ARBITRAGE BONDS.—Section 148(b)(4) (relat-  
10          ing to safe harbor for prepaid natural gas) shall not apply  
11          to obligations issued after the date of the enactment of  
12          the End Polluter Welfare Act of 2021.”.

13          (b) CONFORMING AMENDMENTS.—

14                 (1) Section 613(d) of the Internal Revenue  
15                 Code of 1986 is amended by striking “Except as  
16                 provided in section 613A, in the case” and inserting  
17                 “In the case”.

18                 (2) The table of sections for subchapter C of  
19                 chapter 90 of such Code is amended by adding at  
20                 the end the following new item:

                  “Sec. 7875. Termination of certain provisions relating to fossil-fuel incentives.”.

21         **SEC. 17. TERMINATION OF CERTAIN DEDUCTIONS AND**  
22                         **CREDITS RELATED TO FOSSIL FUELS.**

23                 (a) SPECIAL ALLOWANCE FOR CERTAIN PROP-  
24                 PERTY.—Section 168(k) of the Internal Revenue Code of  
25                 1986 is amended by adding at the end the following:

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1 “(11) FOSSIL FUEL PROPERTY.—

2 “(A) IN GENERAL.—This subsection shall  
3 not apply with respect to any property which is  
4 primarily used for fossil fuel activities and is  
5 placed in service during any taxable year begin-  
6 ning after the date of the enactment of the End  
7 Polluter Welfare Act of 2021.

8 “(B) FOSSIL FUEL ACTIVITIES.—For pur-  
9 poses of this paragraph, the term ‘fossil fuel ac-  
10 tivities’ means the exploration, development,  
11 mining or production, processing, refining,  
12 transportation (including pipelines transporting  
13 gas, oil, or products thereof), distribution, or  
14 marketing of coal, petroleum, natural gas, or  
15 any derivative of coal, petroleum, or natural gas  
16 that is used for fuel.

17 “(C) EXCEPTION.—The property described  
18 in subparagraph (A) shall not include any  
19 motor vehicle service station or convenience  
20 store which does not qualify as a retail motor  
21 fuels outlet under subsection (e)(3)(E)(iii).”.

22 (b) QUALIFIED BUSINESS INCOME.—Section  
23 199A(c)(3)(B) of the Internal Revenue Code of 1986 is  
24 amended by adding at the end the following:

## 15

1                   “(viii) Any item of gain or loss de-  
2                   rived from fossil fuel activities (as defined  
3                   in section 168(k)(11)(B)) during any tax-  
4                   able year beginning after the date of the  
5                   enactment of the End Polluter Welfare Act  
6                   of 2021.”.

7           (c) CREDIT FOR INCREASING RESEARCH ACTIVI-  
8 TIES.—Section 41(d)(4) of the Internal Revenue Code of  
9 1986 is amended by adding at the end the following:

10                   “(I) FOSSIL FUEL ACTIVITIES.—Any re-  
11                   search related to fossil fuel activities (as defined  
12                   in section 168(k)(11)(B)) which is conducted  
13                   after the date of the enactment of the End Pol-  
14                   luter Welfare Act of 2021.”.

15           (d) FOREIGN-DERIVED INTANGIBLE INCOME.—Sub-  
16 clause (V) of section 250(b)(3)(A)(i) of the Internal Rev-  
17 enue Code of 1986 is amended to read as follows:

18                   “(V) any income derived from  
19                   fossil fuel activities (as defined in sec-  
20                   tion 168(k)(11)(B)) during any tax-  
21                   able year beginning after the date of  
22                   the enactment of the End Polluter  
23                   Welfare Act of 2021, and”.

24           (e) EXCHANGE OF REAL PROPERTY HELD FOR PRO-  
25 DUCTIVE USE OR INVESTMENT.—Section 1031(a)(2) of

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1 the Internal Revenue Code of 1986 is amended to read  
2 as follows:

3 “(2) EXCEPTIONS.—This subsection shall not  
4 apply to—

5 “(A) any exchange of real property held  
6 primarily for sale, or

7 “(B) any exchange of real property  
8 which—

9 “(i) is used for fossil fuel activities (as  
10 defined in section 168(k)(11)(B)), and

11 “(ii) occurs after the date of the en-  
12 actment of the End Polluter Welfare Act  
13 of 2021.”.

14 **SEC. 18. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**  
15 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

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

18 (1) by striking “24-month period” each place it  
19 appears in paragraphs (1) and (4) and inserting  
20 “84-month period”;

21 (2) by striking paragraph (2) and inserting the  
22 following:

23 “(2) MID-MONTH CONVENTION.—For purposes  
24 of paragraph (1), any payment paid or incurred dur-

1       ing any month shall be treated as paid or incurred  
2       on the mid-point of such month.”; and

3               (3) by striking paragraph (5).

4       (b) **EFFECTIVE DATE.**—The amendments made by  
5 this section shall apply to amounts paid or incurred after  
6 the date of the enactment of this Act.

7       **SEC. 19. NATURAL GAS GATHERING LINES TREATED AS 15-**  
8                               **YEAR PROPERTY.**

9       (a) **IN GENERAL.**—Section 168(e)(3)(E) of the Inter-  
10 nal Revenue Code of 1986 is amended by striking “and”  
11 at the end of clause (vi), by striking the period at the end  
12 of clause (vii) and inserting “, and”, and by adding at  
13 the end the following new clause:

14                       “(viii) any natural gas gathering line  
15                       the original use of which commences with  
16                       the taxpayer after the date of the enact-  
17                       ment of this clause.”.

18       (b) **ALTERNATIVE SYSTEM.**—The table contained in  
19 section 168(g)(3)(B) of the Internal Revenue Code of  
20 1986 is amended by inserting after the item relating to  
21 subparagraph (E)(vii) the following new item:

      “(E)(viii) ..... 22”.

22       (c) **CONFORMING AMENDMENT.**—Clause (iv) of sec-  
23 tion 168(e)(3)(C) of the Internal Revenue Code of 1986  
24 is amended by inserting “and on or before the date of the

1 enactment of the End Polluter Welfare Act of 2021” after  
2 “April 11, 2005”.

3 (d) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by  
5 this section shall apply to property placed in service  
6 on and after the date of the enactment of this Act.

7 (2) EXCEPTION.—The amendments made by  
8 this section shall not apply to any property with re-  
9 spect to which the taxpayer or a related party has  
10 entered into a binding contract for the construction  
11 thereof on or before the date of the introduction of  
12 this Act, or, in the case of self-constructed property,  
13 has started construction on or before such date.

14 **SEC. 20. TERMINATION OF LAST-IN, FIRST-OUT METHOD OF**  
15 **INVENTORY FOR OIL, NATURAL GAS, AND**  
16 **COAL COMPANIES.**

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

20 “(h) TERMINATION FOR OIL, NATURAL GAS, AND  
21 COAL COMPANIES.—Subsection (a) shall not apply to any  
22 taxpayer that is in the trade or business of the production,  
23 refining, processing, transportation, or distribution of oil,  
24 natural gas, or coal for any taxable year beginning after

1 the date of enactment of the End Polluter Welfare Act  
2 of 2021.”.

3 (b) ADDITIONAL TERMINATION.—Section 473 of the  
4 Internal Revenue Code of 1986 is amended by adding at  
5 the end the following new subsection:

6 “(h) TERMINATION FOR OIL, NATURAL GAS, AND  
7 COAL COMPANIES.—This section shall not apply to any  
8 taxpayer that is in the trade or business of the production,  
9 refining, processing, transportation, or distribution of oil,  
10 natural gas, or coal for any taxable year beginning after  
11 the date of enactment of the End Polluter Welfare Act  
12 of 2021.”.

13 (c) CHANGE IN METHOD OF ACCOUNTING.—In the  
14 case of any taxpayer required by the amendments made  
15 by this section to change its method of accounting for its  
16 first taxable year beginning after the date of enactment  
17 of this Act—

18 (1) such change shall be treated as initiated by  
19 the taxpayer; and

20 (2) such change shall be treated as made with  
21 the consent of the Secretary of the Treasury.

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

1 **SEC. 21. REPEAL OF PERCENTAGE DEPLETION FOR COAL**  
2 **AND HARD MINERAL FOSSIL FUELS.**

3 (a) IN GENERAL.—Section 613 of the Internal Rev-  
4 enue Code of 1986 is amended by adding at the end the  
5 following new subsection:

6 “(f) TERMINATION WITH RESPECT TO COAL AND  
7 HARD MINERAL FOSSIL FUELS.—In the case of coal, lig-  
8 nite, and oil shale (other than oil shale described in sub-  
9 section (b)(5)), the allowance for depletion shall be com-  
10 puted without reference to this section for any taxable  
11 year beginning after the date of the enactment of the End  
12 Polluter Welfare Act of 2021.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) COAL AND LIGNITE.—Section 613(b)(4) of  
15 the Internal Revenue Code of 1986 is amended by  
16 striking “coal, lignite,”.

17 (2) OIL SHALE.—Section 613(b)(2) of such  
18 Code is amended to read as follows:

19 “(2) 15 PERCENT.—If, from deposits in the  
20 United States, gold, silver, copper, and iron ore.”.

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

1 **SEC. 22. TERMINATION OF CAPITAL GAINS TREATMENT**  
2 **FOR ROYALTIES FROM COAL.**

3 (a) IN GENERAL.—Subsection (c) of section 631 of  
4 the Internal Revenue Code of 1986 is amended—

5 (1) by striking “coal (including lignite), or iron  
6 ore” and inserting “iron ore”;

7 (2) by striking “coal or iron ore” each place it  
8 appears and inserting “iron ore”;

9 (3) by striking “iron ore or coal” each place it  
10 appears and inserting “iron ore”; and

11 (4) by striking “COAL OR” in the heading.

12 (b) CONFORMING AMENDMENTS.—

13 (1) The heading of section 631 of the Internal  
14 Revenue Code of 1986 is amended by striking “,  
15 **COAL,**”.

16 (2) Section 1231(b)(2) of such Code is amend-  
17 ed by striking “, coal,”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to dispositions after the date of  
20 the enactment of this Act.

21 **SEC. 23. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**  
22 **APPLICABLE TO OIL AND GAS INDUSTRY TAX-**  
23 **PAYERS RECEIVING SPECIFIC ECONOMIC**  
24 **BENEFITS.**

25 (a) IN GENERAL.—Section 901 of the Internal Rev-  
26 enue Code of 1986 is amended by redesignating subsection

1 (n) as subsection (o) and by inserting after subsection (m)  
2 the following new subsection:

3 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY  
4 TAXPAYERS.—

5 “(1) GENERAL RULE.—Notwithstanding any  
6 other provision of this chapter, any amount paid or  
7 accrued to a foreign country or possession of the  
8 United States for any period by a dual capacity tax-  
9 payer which is in the trade or business of the pro-  
10 duction, refining, processing, transportation, or dis-  
11 tribution of fossil fuel shall not be considered a  
12 tax—

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

16 “(B) to the extent such amount exceeds  
17 the amount (determined in accordance with reg-  
18 ulations) which—

19 “(i) is paid by such dual capacity tax-  
20 payer pursuant to the generally applicable  
21 income tax imposed by the country or pos-  
22 session, or

23 “(ii) would be paid if no amount other  
24 than the amount required to be paid by  
25 such taxpayer under the generally applica-

## 23

1           ble income tax imposed by the country or  
2           possession were paid or accrued by such  
3           dual capacity taxpayer.

4           Nothing in this paragraph shall be construed to  
5           imply the proper treatment of any such amount  
6           not in excess of the amount determined under  
7           subparagraph (B).

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

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

14                   “(B) receives (or will receive) directly or  
15                   indirectly a specific economic benefit (as deter-  
16                   mined in accordance with regulations) from  
17                   such country or possession.

18           “(3) GENERALLY APPLICABLE INCOME TAX.—  
19          For purposes of this subsection—

20                   “(A) IN GENERAL.—The term ‘generally  
21                   applicable income tax’ means an income tax (or  
22                   a series of income taxes) which is generally im-  
23                   posed under the laws of a foreign country or  
24                   possession on income derived from the conduct

## 24

1 of a trade or business within such country or  
2 possession.

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

6 “(i) persons who are not dual capacity  
7 taxpayers, and

8 “(ii) persons who are—

9 “(I) citizens or residents of the  
10 foreign country or possession, or

11 “(II) organized or incorporated  
12 under the laws of the foreign country  
13 or possession.

14 “(4) FOSSIL FUEL.—For purposes of this sub-  
15 section, the term ‘fossil fuel’ means coal, petroleum,  
16 natural gas, or any derivative of coal, petroleum, or  
17 natural gas that is used for fuel.”.

18 (b) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxes paid or accrued in taxable  
20 years beginning after the date of the enactment of this  
21 Act.

22 (c) SPECIAL RULE FOR TREATIES.—Notwith-  
23 standing sections 894 or 7852(d) of the Internal Revenue  
24 Code of 1986, the amendments made by this section shall

1 apply without regard to any treaty obligation of the  
2 United States.

3 **SEC. 24. INCREASE IN OIL SPILL LIABILITY TRUST FUND FI-**  
4 **NANCING RATE.**

5 (a) IN GENERAL.—Section 4611 of the Internal Rev-  
6 enue Code of 1986 is amended—

7 (1) in subsection (c)(2)(B)—

8 (A) in clause (i), by striking “and” at the  
9 end;

10 (B) in clause (ii), by striking the period at  
11 the end and inserting “, and”; and

12 (C) by adding at the end the following:

13 “(iii) in the case of crude oil received  
14 or petroleum products entered after De-  
15 cember 31, 2021, 10 cents a barrel.”; and

16 (2) by striking subsection (f) and inserting the  
17 following:

18 “(f) APPLICATION OF OIL SPILL LIABILITY TRUST  
19 FUND FINANCING RATE.—The Oil Spill Liability Trust  
20 Fund financing rate under subsection (c) shall apply on  
21 and after April 1, 2006, or if later, the date which is 30  
22 days after the last day of any calendar quarter for which  
23 the Secretary estimates that, as of the close of that quar-  
24 ter, the unobligated balance in the Oil Spill Liability Trust  
25 Fund is less than \$2,000,000,000.”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to crude oil received and petroleum  
3 products entered after December 31, 2021.

4 **SEC. 25. APPLICATION OF CERTAIN ENVIRONMENTAL**  
5 **TAXES TO SYNTHETIC CRUDE OIL.**

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

9 “(1) CRUDE OIL.—

10 “(A) IN GENERAL.—The term ‘crude oil’  
11 includes crude oil condensates, natural gasoline,  
12 and synthetic crude oil.

13 “(B) SYNTHETIC CRUDE OIL.—For pur-  
14 poses of subparagraph (A), the term ‘synthetic  
15 crude oil’ means—

16 “(i) any bitumen and bituminous mix-  
17 tures,

18 “(ii) any oil derived from bitumen and  
19 bituminous mixtures (including oil derived  
20 from tar sands),

21 “(iii) any liquid fuel derived from  
22 coal, and

23 “(iv) any oil derived from kerogen-  
24 bearing sources (including oil derived from  
25 oil shale).”.

## 27

1 (b) REGULATORY AUTHORITY TO ADDRESS OTHER  
2 TYPES OF CRUDE OIL AND PETROLEUM PRODUCTS.—

3 Subsection (a) of section 4612 of the Internal Revenue  
4 Code of 1986 is amended by adding at the end the fol-  
5 lowing:

6 “(10) REGULATORY AUTHORITY TO ADDRESS  
7 OTHER TYPES OF CRUDE OIL AND PETROLEUM  
8 PRODUCTS.—Under such regulations as the Sec-  
9 retary may prescribe, the Secretary may include as  
10 crude oil or as a petroleum product subject to tax  
11 under section 4611, any fuel feedstock or finished  
12 fuel product customarily transported by pipeline,  
13 vessel, railcar, or tanker truck if the Secretary deter-  
14 mines that—

15 “(A) the classification of such fuel feed-  
16 stock or finished fuel product is consistent with  
17 the definition of oil under the Oil Pollution Act  
18 of 1990, and

19 “(B) such fuel feedstock or finished fuel  
20 product is produced in sufficient commercial  
21 quantities as to pose a significant risk of haz-  
22 ard in the event of a discharge.”.

23 (c) TECHNICAL AMENDMENT.—Paragraph (2) of sec-  
24 tion 4612(a) of the Internal Revenue Code of 1986 is  
25 amended by striking “from a well located”.

1 (d) **EFFECTIVE DATE.**—The amendments made by  
2 this section shall apply to oil and petroleum products re-  
3 ceived or entered during calendar quarters beginning more  
4 than 60 days after the date of the enactment of this Act.

5 **SEC. 26. DENIAL OF DEDUCTION FOR REMOVAL COSTS AND**  
6 **DAMAGES FOR CERTAIN OIL SPILLS.**

7 (a) **IN GENERAL.**—Section 162(f) of the Internal  
8 Revenue Code of 1986 is amended—

9 (1) by redesignating paragraph (5) as para-  
10 graph (6); and

11 (2) by inserting after paragraph (4) the fol-  
12 lowing:

13 “(5) **EXPENSES FOR REMOVAL COSTS AND**  
14 **DAMAGES RELATING TO CERTAIN OIL SPILL LIABIL-**  
15 **ITY.**—Notwithstanding paragraphs (2) and (3), no  
16 deduction shall be allowed under this chapter for any  
17 costs or damages for which the taxpayer is liable  
18 under section 1002 of the Oil Pollution Act of 1990  
19 (33 U.S.C. 2702)”.

20 (b) **EFFECTIVE DATE.**—The amendments made by  
21 this section shall apply with respect to any liability arising  
22 in taxable years ending after the date of the enactment  
23 of this Act.

1 **SEC. 27. TAX ON CRUDE OIL AND NATURAL GAS PRODUCED**  
2 **FROM THE OUTER CONTINENTAL SHELF IN**  
3 **THE GULF OF MEXICO.**

4 (a) IN GENERAL.—Subtitle E of the Internal Rev-  
5 enue Code of 1986 is amended by adding at the end the  
6 following new chapter:

7 **“CHAPTER 56—TAX ON SEVERANCE OF**  
8 **CRUDE OIL AND NATURAL GAS FROM**  
9 **THE OUTER CONTINENTAL SHELF IN**  
10 **THE GULF OF MEXICO**

“Sec. 5901. Imposition of tax.

“Sec. 5902. Taxable crude oil or natural gas and removal price.

“Sec. 5903. Special rules and definitions.

11 **“SEC. 5901. IMPOSITION OF TAX.**

12 “(a) IN GENERAL.—In addition to any other tax im-  
13 posed under this title, there is hereby imposed a tax equal  
14 to 13 percent of the removal price of any taxable crude  
15 oil or natural gas removed from the premises during any  
16 taxable period.

17 “(b) CREDIT FOR FEDERAL ROYALTIES PAID.—

18 “(1) IN GENERAL.—There shall be allowed as a  
19 credit against the tax imposed by subsection (a) with  
20 respect to the production of any taxable crude oil or  
21 natural gas an amount equal to the aggregate  
22 amount of royalties paid under Federal law with re-  
23 spect to such production.



1           “(B) in the case of taxable natural gas, the  
2           amount per 1,000 cubic feet for which such  
3           natural gas is sold.

4           “(2) SALES BETWEEN RELATED PERSONS.—In  
5           the case of a sale between related persons, the re-  
6           moval price shall not be less than the constructive  
7           sales price for purposes of determining gross income  
8           from the property under section 613.

9           “(3) OIL OR NATURAL GAS REMOVED FROM  
10          PROPERTY BEFORE SALE.—If crude oil or natural  
11          gas is removed from the property before it is sold,  
12          the removal price shall be the constructive sales  
13          price for purposes of determining gross income from  
14          the property under section 613.

15          “(4) REFINING BEGUN ON PROPERTY.—If the  
16          manufacture or conversion of crude oil into refined  
17          products begins before such oil is removed from the  
18          property—

19                 “(A) such oil shall be treated as removed  
20                 on the day such manufacture or conversion be-  
21                 gins, and

22                 “(B) the removal price shall be the con-  
23                 structive sales price for purposes of determining  
24                 gross income from the property under section  
25                 613.

1           “(5) PROPERTY.—The term ‘property’ has the  
2           meaning given such term by section 614.

3   **“SEC. 5903. SPECIAL RULES AND DEFINITIONS.**

4           “(a) ADMINISTRATIVE REQUIREMENTS.—

5           “(1) WITHHOLDING AND DEPOSIT OF TAX.—

6           The Secretary shall provide for the withholding and  
7           deposit of the tax imposed under section 5901 on a  
8           quarterly basis.

9           “(2) RECORDS AND INFORMATION.—Each tax-  
10          payer liable for tax under section 5901 shall keep  
11          such records, make such returns, and furnish such  
12          information (to the Secretary and to other persons  
13          having an interest in the taxable crude oil or natural  
14          gas) with respect to such oil as the Secretary may  
15          by regulations prescribe.

16          “(3) TAXABLE PERIODS; RETURN OF TAX.—

17                 “(A) TAXABLE PERIOD.—Except as pro-  
18                 vided by the Secretary, each calendar year shall  
19                 constitute a taxable period.

20                 “(B) RETURNS.—The Secretary shall pro-  
21                 vide for the filing, and the time for filing, of the  
22                 return of the tax imposed under section 5901.

23          “(b) DEFINITIONS.—For purposes of this chapter—

1           “(1) PRODUCER.—The term ‘producer’ means  
2           the holder of the economic interest with respect to  
3           the crude oil or natural gas.

4           “(2) CRUDE OIL.—The term ‘crude oil’ includes  
5           crude oil condensates and natural gasoline.

6           “(3) PREMISES AND CRUDE OIL PRODUCT.—  
7           The terms ‘premises’ and ‘crude oil product’ have  
8           the same meanings as when used for purposes of de-  
9           termining gross income from the property under sec-  
10          tion 613.

11          “(c) ADJUSTMENT OF REMOVAL PRICE.—In deter-  
12          mining the removal price of oil or natural gas from a prop-  
13          erty in the case of any transaction, the Secretary may ad-  
14          just the removal price to reflect clearly the fair market  
15          value of oil or natural gas removed.

16          “(d) REGULATIONS.—The Secretary shall prescribe  
17          such regulations as may be necessary or appropriate to  
18          carry out the purposes of this chapter.”.

19          (b) DEDUCTIBILITY OF TAX.—The first sentence of  
20          section 164(a) of the Internal Revenue Code of 1986 is  
21          amended by inserting after paragraph (4) the following  
22          new paragraph:

23                 “(5) The tax imposed by section 5901(a) (after  
24                 application of section 5901(b)) on the severance of

1 crude oil or natural gas from the outer Continental  
2 Shelf in the Gulf of Mexico.”.

3 (c) CLERICAL AMENDMENT.—The table of chapters  
4 for subtitle E is amended by adding at the end the fol-  
5 lowing new item:

“CHAPTER 56. Tax on severance of crude oil and natural gas  
from the outer Continental Shelf in the Gulf of  
Mexico.”.

6 (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to crude oil or natural gas removed  
8 after December 31, 2021.

9 **SEC. 28. REPEAL OF CORPORATE INCOME TAX EXEMPTION**  
10 **FOR PUBLICLY TRADED PARTNERSHIPS**  
11 **WITH QUALIFYING INCOME AND GAINS FROM**  
12 **ACTIVITIES RELATING TO FOSSIL FUELS.**

13 (a) IN GENERAL.—Section 7704(d)(1) of the Inter-  
14 nal Revenue Code of 1986 is amended by inserting “or  
15 any coal, petroleum, natural gas, or any derivative of coal,  
16 petroleum, or natural gas that is used for fuel” after “sec-  
17 tion 613(b)(7)”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to taxable years beginning after  
20 the date of the enactment of this Act.

21 **SEC. 29. AMORTIZATION OF QUALIFIED TERTIARY**  
22 **INJECTANT EXPENSES.**

23 (a) IN GENERAL.—Section 193 of the Internal Rev-  
24 enue Code of 1986 is amended—

1 (1) by striking subsection (a) and inserting the  
2 following:

3 “(a) AMORTIZATION OF QUALIFIED TERTIARY  
4 INJECTANT EXPENSES.—

5 “(1) IN GENERAL.—Any qualified tertiary  
6 injectant expenses paid or incurred by the taxpayer  
7 shall be allowed as a deduction ratably over the 84-  
8 month period beginning on the date that such ex-  
9 pense was paid or incurred.

10 “(2) MID-MONTH CONVENTION.—For purposes  
11 of paragraph (1), any expenses paid or incurred dur-  
12 ing any month shall be treated as paid or incurred  
13 on the mid-point of such month.”; and

14 (2) by striking subsection (c) and inserting the  
15 following:

16 “(c) EXCLUSIVE METHOD.—Except as provided in  
17 this section, no depreciation or amortization deduction  
18 shall be allowed with respect to qualified tertiary injectant  
19 expenses.”.

20 (b) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to expenses paid or incurred in  
22 taxable years beginning after the date of the enactment  
23 of this Act.

1 **SEC. 30. AMORTIZATION OF DEVELOPMENT EXPENDI-**  
2 **TURES.**

3 (a) IN GENERAL.—Section 616 of the Internal Rev-  
4 enue Code of 1986 is amended to read as follows:

5 **“SEC. 616. AMORTIZATION OF DEVELOPMENT EXPENDI-**  
6 **TURES.**

7 “(a) IN GENERAL.—Any expenditures paid or in-  
8 curred for the development of a mine or other natural de-  
9 posit (other than an oil or gas well) if paid or incurred  
10 after the existence of ores or minerals in commercially  
11 marketable quantities has been disclosed shall be allowed  
12 as a deduction ratably over the 84-month period beginning  
13 on the date that such expenditure was paid or incurred.

14 “(b) MID-MONTH CONVENTION.—For purposes of  
15 subsection (a), any expenditures paid or incurred during  
16 any month shall be treated as paid or incurred on the mid-  
17 point of such month.

18 “(c) EXCLUSIVE METHOD.—Except as provided in  
19 this section, no depreciation or amortization deduction  
20 shall be allowed with respect to expenditures described in  
21 subsection (a).

22 “(d) TREATMENT UPON ABANDONMENT.—If any  
23 property with respect to which expenditures described in  
24 subsection (a) are paid or incurred is retired or abandoned  
25 during the 84-month period described in such subsection,  
26 no deduction shall be allowed on account of such retire-

1 ment or abandonment and the amortization deduction  
2 under this section shall continue with respect to such pay-  
3 ment.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) The item relating to section 616 in the table  
6 of sections for part I of subchapter I of chapter 1  
7 of the Internal Revenue Code of 1986 is amended to  
8 read as follows:

“Sec. 616. Amortization of development expenditures.”.

9 (2) Section 56(a)(2)(A) of such Code is amend-  
10 ed by striking “616(a) or”.

11 (3) Section 59(e) of such Code is amended—

12 (A) in paragraph (2)—

13 (i) in subparagraph (C), by inserting  
14 “or” at the end;

15 (ii) by striking subparagraph (D); and

16 (iii) by redesignating subparagraph  
17 (E) as subparagraph (D); and

18 (B) in paragraph (5)(A), by striking “,  
19 616(a),”.

20 (4) Section 263(a)(1) of such Code is amended  
21 by striking subparagraph (A).

22 (5) Section 263A(c)(3) of such Code is amend-  
23 ed by striking “616,”.

24 (6) Section 291(b) of such Code is amended—

## 38

1 (A) in paragraph (1)(B), by striking  
2 “616(a) or”;

3 (B) in paragraph (2), by striking “,  
4 616(a),”; and

5 (C) in paragraph (3), by striking “,  
6 616(a),”.

7 (7) Section 312(n)(2)(B) of such Code is  
8 amended by striking “616(a) or”.

9 (8) Section 381(c) of such Code is amended by  
10 striking paragraph (10).

11 (9) Section 1016(a) of such Code is amended  
12 by striking paragraph (9).

13 (10) Section 1254(a)(1)(A)(i) of such Code is  
14 amended by striking “, 616,”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to expenditures paid or incurred  
17 in taxable years beginning after the date of the enactment  
18 of this Act.

19 **SEC. 31. AMORTIZATION OF CERTAIN MINING EXPLO-**  
20 **RATION EXPENDITURES.**

21 (a) IN GENERAL.—Section 617 of the Internal Rev-  
22 enue Code of 1986 is amended to read as follows:

1 **“SEC. 617. AMORTIZATION OF CERTAIN MINING EXPLO-**  
2 **RATION EXPENDITURES.**

3 “(a) IN GENERAL.—Any expenditures paid or in-  
4 curred for the purpose of ascertaining the existence, loca-  
5 tion, extent, or quality of any deposit of ore or other min-  
6 eral, and paid or incurred before the beginning of the de-  
7 velopment stage of the mine, shall be allowed as a deduc-  
8 tion ratably over the 84-month period beginning on the  
9 date that such expense was paid or incurred.

10 “(b) MID-MONTH CONVENTION.—For purposes of  
11 subsection (a), any expenditures paid or incurred during  
12 any month shall be treated as paid or incurred on the mid-  
13 point of such month.

14 “(c) EXCLUSIVE METHOD.—Except as provided in  
15 this section, no depreciation or amortization deduction  
16 shall be allowed with respect to expenditures described in  
17 subsection (a).

18 “(d) TREATMENT UPON ABANDONMENT.—If any  
19 property with respect to which expenditures described in  
20 subsection (a) are paid or incurred is retired or abandoned  
21 during the 84-month period described in such subsection,  
22 no deduction shall be allowed on account of such retire-  
23 ment or abandonment and the amortization deduction  
24 under this section shall continue with respect to such pay-  
25 ment.”.

26 (b) CONFORMING AMENDMENTS.—

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1           (1) The item relating to section 617 in the table  
2 of sections for part I of subchapter I of chapter 1  
3 of the Internal Revenue Code of 1986 is amended to  
4 read as follows:

“Sec. 617. Amortization of certain mining exploration expenditures.”.

5           (2) Section 56(a) of such Code, as amended by  
6 section 30(b)(2), is amended by striking paragraph  
7 (2).

8           (3) Section 59(e) of such Code, as amended by  
9 section 30(b)(3), is amended—

10           (A) in paragraph (2)—

11           (i) in subparagraph (B), by inserting  
12 “or” at the end;

13           (ii) in subparagraph (C), by striking  
14 the comma at the end and inserting a pe-  
15 riod; and

16           (iii) by striking subparagraph (D);  
17 and

18           (B) by striking paragraph (5) and insert-  
19 ing the following:

20           “(5) DISPOSITIONS.—In the case of any dis-  
21 position of property to which section 1254 applies  
22 (determined without regard to this section), any de-  
23 duction under paragraph (1) with respect to  
24 amounts which are allocable to such property shall,

1 for purposes of section 1254, be treated as a deduc-  
2 tion allowable under section 263(c).”.

3 (4) Section 170(e) of such Code is amended—

4 (A) in paragraph (1), by striking  
5 “617(d)(1),”; and

6 (B) in paragraph (3)(D), by striking  
7 “617,”.

8 (5) Section 263A(c)(3) of such Code, as amend-  
9 ed by section 30(b)(5), is amended by striking  
10 “291(b)(2), or 617” and inserting “or 291(b)(2)”.

11 (6) Section 291(b) of such Code, as amended by  
12 section 30(b)(6), is amended—

13 (A) in the heading, by striking “AND MIN-  
14 ERAL EXPLORATION AND DEVELOPMENT  
15 COSTS”;

16 (B) by striking paragraph (1) and insert-  
17 ing the following:

18 “(1) IN GENERAL.—In the case of an inte-  
19 grated oil company, the amount allowable as a de-  
20 duction for any taxable year (determined without re-  
21 gard to this section) under section 263(c) shall be  
22 reduced by 30 percent.”;

23 (C) in paragraph (2), by striking “or  
24 617(a) (as the case may be)”; and

1 (D) in paragraph (3), by striking “or  
2 617(a) (whichever is appropriate)”.

3 (7) Section 312(n), as amended by section  
4 30(b)(7), is amended by striking paragraph (2) and  
5 inserting the following:

6 “(2) INTANGIBLE DRILLING COSTS.—Any  
7 amount allowable as a deduction under section  
8 263(c) in determining taxable income (other than  
9 costs incurred in connection with a nonproductive  
10 well)—

11 “(A) shall be capitalized, and

12 “(B) shall be allowed as a deduction rat-  
13 ably over the 60-month period beginning with  
14 the month in which such amount was paid or  
15 incurred.”.

16 (8) Section 703(b) of such Code is amended—

17 (A) in paragraph (1), by adding “or” at  
18 the end;

19 (B) by striking paragraph (2); and

20 (C) by redesignating paragraph (3) as  
21 paragraph (2).

22 (9) Section 751(c) of such Code is amended—

23 (A) by inserting “, as in effect on the day  
24 before the date of the enactment of the End

1 Polluter Welfare Act of 2021” after “section  
2 617(f)(2)”; and

3 (B) by striking “617(d)(1),”.

4 (10) Section 1254(a)(1)(A)(i) of such Code, as  
5 amended by section 30(b)(10), is amended by strik-  
6 ing “or 617”.

7 (11) Paragraph (2) of section 1363(c) of such  
8 Code is amended to read as follows:

9 “(2) EXCEPTION.—In the case of an S corpora-  
10 tion, elections under section 901 (relating to taxes of  
11 foreign countries and possessions of the United  
12 States) shall be made by each shareholder sepa-  
13 rately.”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to expenditures paid or incurred  
16 in taxable years beginning after the date of the enactment  
17 of this Act.

18 **SEC. 32. AMORTIZATION OF INTANGIBLE DRILLING AND**  
19 **DEVELOPMENT COSTS IN THE CASE OF OIL**  
20 **AND GAS WELLS AND GEOTHERMAL WELLS.**

21 (a) IN GENERAL.—Subsection (c) of section 263 of  
22 the Internal Revenue Code of 1986 is amended to read  
23 as follows:

24 “(c) INTANGIBLE DRILLING AND DEVELOPMENT  
25 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-

1 THERMAL WELLS.—Notwithstanding subsection (a), and  
2 except as provided in subsection (i), in the case of any  
3 expenses paid or incurred in connection with intangible  
4 drilling and development costs related to oil and gas wells  
5 and wells drilled for any geothermal deposit (as defined  
6 in section 613(e)(2))—

7           “(1) such expenses shall be allowed as a deduc-  
8           tion ratably over the 84-month period beginning on  
9           the date that such expense was paid or incurred,

10           “(2) any such expenses paid or incurred during  
11           any month shall be treated as paid or incurred on  
12           the mid-point of such month,

13           “(3) except as provided in this subsection, no  
14           depreciation or amortization deduction shall be al-  
15           lowed with respect to such expenses, and

16           “(4) if any property with respect to which such  
17           intangible drilling and development costs are paid or  
18           incurred is retired or abandoned during such 84-  
19           month period, no deduction shall be allowed on ac-  
20           count of such retirement or abandonment and the  
21           amortization deduction under this subsection shall  
22           continue with respect to such payment.”.

23 (b) CONFORMING AMENDMENTS.—

## 45

1           (1) Section 57(a)(2)(B)(i) of the Internal Rev-  
2       enue Code of 1986 is amended by striking “263(c)  
3       or”.

4           (2) Section 59(e) of such Code, as amended by  
5       sections 30 and 31, is amended—

6           (A) in paragraph (2)—

7               (i) in subparagraph (A), by inserting  
8       “or” at the end;

9               (ii) in subparagraph (B), by striking  
10       the comma at the end and inserting a pe-  
11       riod; and

12               (iii) by striking subparagraph (C);

13       and

14       (B) by striking paragraph (5).

15           (3) Section 263A(c)(3) of such Code, as amend-  
16       ed by sections 30 and 31, is amended by striking  
17       “263(c),”.

18           (4) Section 291 of such Code, as amended by  
19       sections 30 and 31, is amended by striking sub-  
20       section (b).

21           (5) Section 312(n) of such Code, as amended  
22       by sections 30 and 31, is amended by striking para-  
23       graph (2).

24       (c) EFFECTIVE DATE.—The amendments made by  
25       this section shall apply to expenditures paid or incurred

1 in taxable years beginning after the date of the enactment  
2 of this Act.

3 **SEC. 33. PERMANENT EXCISE TAX RATE FOR FUNDING OF**  
4 **BLACK LUNG DISABILITY TRUST FUND.**

5 (a) IN GENERAL.—Section 4121 of the Internal Rev-  
6 enue Code of 1986 is amended—

7 (1) in subsection (b)—

8 (A) in paragraph (1), by striking “\$1.10”  
9 and inserting “\$1.38”; and

10 (B) in paragraph (2), by striking “\$.55”  
11 and inserting “\$0.69”; and

12 (2) by striking subsection (e).

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply on and after the first day of the  
15 first calendar month beginning after the date of the enact-  
16 ment of this Act.

17 **SEC. 34. TERMINATION OF RENEWABLE ELECTRICITY PRO-**  
18 **DUCTION CREDIT ELIGIBILITY FOR REFINED**  
19 **COAL.**

20 Section 45(e)(8)(A)(ii)(II) of the Internal Revenue  
21 Code of 1986 is amended by inserting “and before the  
22 date of enactment of the End Polluter Welfare Act of  
23 2021” after “such taxable year”.

1 **SEC. 35. TREATMENT OF FOREIGN OIL RELATED INCOME**  
2 **AS SUBPART F INCOME.**

3 (a) IN GENERAL.—Section 954(a) of the Internal  
4 Revenue Code of 1986 is amended by striking “and” at  
5 the end of paragraph (2), by striking the period at the  
6 end of paragraph (3) and inserting “, and”, and by adding  
7 at the end the following new paragraph:

8 “(4) the foreign base company oil related in-  
9 come for the taxable year (determined under sub-  
10 section (g) and reduced as provided in subsection  
11 (b)(5)).”.

12 (b) FOREIGN BASE COMPANY OIL RELATED IN-  
13 COME.—Section 954 of the Internal Revenue Code of 1986  
14 is amended by inserting after subsection (e) the following  
15 new subsection:

16 “(g) FOREIGN BASE COMPANY OIL RELATED IN-  
17 COME.—For purposes of this section—

18 “(1) IN GENERAL.—Except as otherwise pro-  
19 vided in this subsection, the term ‘foreign base com-  
20 pany oil related income’ means foreign oil related in-  
21 come (within the meaning of paragraphs (2) and (3)  
22 of section 907(e)) other than income derived from a  
23 source within a foreign country in connection with—

24 “(A) oil or gas which was extracted from  
25 an oil or gas well located in such foreign coun-  
26 try, or

1           “(B) oil, gas, or a primary product of oil  
2           or gas which is sold by the foreign corporation  
3           or a related person for use or consumption  
4           within such country or is loaded in such coun-  
5           try on a vessel or aircraft as fuel for such vessel  
6           or aircraft.

7           Such term shall not include any foreign personal  
8           holding company income (as defined in subsection  
9           (c)).

10           “(2) PARAGRAPH (1) APPLIES ONLY WHERE  
11           CORPORATION HAS PRODUCED 1,000 BARRELS PER  
12           DAY OR MORE.—

13           “(A) IN GENERAL.—The term ‘foreign  
14           base company oil related income’ shall not in-  
15           clude any income of a foreign corporation if  
16           such corporation is not a large oil producer for  
17           the taxable year.

18           “(B) LARGE OIL PRODUCER.—For pur-  
19           poses of subparagraph (A), the term ‘large oil  
20           producer’ means any corporation if, for the tax-  
21           able year or for the preceding taxable year, the  
22           average daily production of foreign crude oil  
23           and natural gas of the related group which in-  
24           cludes such corporation equaled or exceeded  
25           1,000 barrels.

1           “(C) RELATED GROUP.—The term ‘related  
2           group’ means a group consisting of the foreign  
3           corporation and any other person who is a re-  
4           lated person with respect to such corporation.

5           “(D) AVERAGE DAILY PRODUCTION OF  
6           FOREIGN CRUDE OIL AND NATURAL GAS.—For  
7           purposes of this paragraph, the average daily  
8           production of foreign crude oil or natural gas of  
9           any related group for any taxable year (and the  
10          conversion of cubic feet of natural gas into bar-  
11          rels) shall be determined under rules similar to  
12          the rules of section 613A (as in effect on the  
13          day before the date of enactment of the End  
14          Polluter Welfare Act of 2021) except that only  
15          crude oil or natural gas from a well located out-  
16          side the United States shall be taken into ac-  
17          count.”.

18          (c) CONFORMING AMENDMENTS.—

19                 (1) Section 952(c)(1)(B)(iii) of the Internal  
20          Revenue Code of 1986 is amended by redesignating  
21          subclauses (I) through (IV) as subclause (II)  
22          through (V), respectively, and by inserting before  
23          subclause (II) (as so redesignated) the following:

24                         “(I) foreign base company oil re-  
25                         lated income.”.

1 (2) Section 954(b) of such Code is amended—

2 (A) by inserting at the end of paragraph

3 (4) the following: “The preceding sentence shall

4 not apply to foreign base company oil-related

5 income described in subsection (a)(4).”;

6 (B) by striking “and the foreign base com-

7 pany services income” in paragraph (5) and in-

8 serting “the foreign base company services in-

9 come, and the foreign base company oil related

10 income”; and

11 (C) by adding at the end the following new

12 paragraph:

13 “(6) FOREIGN BASE COMPANY OIL RELATED IN-

14 COME NOT TREATED AS ANOTHER KIND OF BASE

15 COMPANY INCOME.—Income of a corporation which

16 is foreign base company oil related income shall not

17 be considered foreign base company income of such

18 corporation under paragraph (2) or (3) of subsection

19 (a).”.

20 (d) EFFECTIVE DATE.—The amendments made by

21 this section shall apply to taxable years of foreign corpora-

22 tions beginning after the date of the enactment of this

23 Act and to taxable years of United States shareholders

24 ending with or within which such taxable years of foreign

25 corporations end.

1 **SEC. 36. REPEAL OF EXCLUSION OF FOREIGN OIL AND GAS**  
2 **EXTRACTION INCOME FROM THE DETER-**  
3 **MINATION OF TESTED INCOME.**

4 (a) IN GENERAL.—Section 951A(c)(2)(A)(i) of the  
5 Internal Revenue Code of 1986 is amended—

6 (1) by adding “and” at the end of subclause  
7 (III);

8 (2) by striking “and” at the end of subclause  
9 (IV) and inserting “over”; and

10 (3) by striking subclause (V).

11 (b) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years of foreign corpora-  
13 tions beginning after the date of enactment of this Act,  
14 and to taxable years of United States shareholders in  
15 which or with which such taxable years of foreign corpora-  
16 tions end.

17 **SEC. 37. TERMINATION OF CREDIT FOR CARBON OXIDE SE-**  
18 **QUESTRATION.**

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

22 “(i) TERMINATION.—This section shall not apply  
23 with respect to any qualified carbon oxide captured after  
24 the date of enactment of the End Polluter Welfare Act  
25 of 2021.”.

26 (b) REPORT.—

1           (1) IN GENERAL.—Not later than 6 months  
2 after the date of enactment of this Act, the Sec-  
3 retary of the Treasury, or the Secretary’s delegate,  
4 shall submit a report to Congress, to be made avail-  
5 able to available to the public, which provides the  
6 following information:

7           (A) The taxpayer identity information of  
8 any taxpayer for which the carbon oxide seques-  
9 tration credit under section 45Q of the Internal  
10 Revenue Code of 1986 was allowed for any tax-  
11 able year following the enactment of such sec-  
12 tion.

13           (B) The total amount of the credit allowed  
14 pursuant to such section to each taxpayer de-  
15 scribed in subparagraph (A).

16           (C) With respect to the amount described  
17 in subparagraph (B), the amount of such credit  
18 allowed with respect to each of the following:

19           (i) Qualified carbon oxide which was  
20 captured and disposed of by the taxpayer  
21 in secure geological storage and not used  
22 by the taxpayer as described in clause (ii)  
23 or (iii).

24           (ii) Qualified carbon oxide which was  
25 captured and used by the taxpayer as a

1 tertiary injectant in a qualified enhanced  
2 oil or natural gas recovery project and dis-  
3 posed of by the taxpayer in secure geologi-  
4 cal storage.

5 (iii) Qualified carbon oxide which was  
6 captured and utilized by the taxpayer in a  
7 manner described in section 45Q(f)(5) of  
8 the Internal Revenue Code of 1986.

9 (2) EXCEPTION FROM RULES REGARDING CON-  
10 FIDENTIALITY AND DISCLOSURE OF RETURNS AND  
11 RETURN INFORMATION.—Section 6103(l) of the In-  
12 ternal Revenue Code of 1986 is amended by adding  
13 at the end the following:

14 “(23) DISCLOSURE OF RETURN INFORMATION  
15 FOR PUBLIC REPORT ON CARBON OXIDE SEQUES-  
16 TRATION CREDIT.—The Secretary may disclose tax-  
17 payer identity information and return information to  
18 the extent the Secretary deems necessary for pur-  
19 poses of the report issued pursuant to section 37 of  
20 the End Polluter Welfare Act of 2021.”.

21 **SEC. 38. POWDER RIVER BASIN.**

22 (a) DESIGNATION OF THE POWDER RIVER BASIN AS  
23 A COAL PRODUCING REGION.—As soon as practicable  
24 after the date of enactment of this Act, the Director of

1 the Bureau of Land Management shall designate the Pow-  
2 der River Basin as a coal producing region.

3 (b) REPORT.—Not later than 1 year after the date  
4 of enactment of this Act, the Director of the Bureau of  
5 Land Management shall submit to Congress a report that  
6 includes—

7 (1) a study of the fair market value and the  
8 amount and effective rate of royalties paid on coal  
9 leases in the Powder River Basin compared to other  
10 national and international coal basins and markets;  
11 and

12 (2) any policy recommendations to capture the  
13 future market value of the coal leases in the Powder  
14 River Basin.

15 **SEC. 39. STUDY AND ELIMINATION OF ADDITIONAL FOSSIL**  
16 **FUEL SUBSIDIES.**

17 (a) DEFINITION OF FOSSIL-FUEL PRODUCTION SUB-  
18 SIDY.—In this section, the term “subsidy for fossil-fuel  
19 production” means any direct funding, tax treatment or  
20 incentive, risk-reduction benefit, financing assistance or  
21 guarantee, royalty relief, or other provision that provides  
22 a financial benefit to a fossil-fuel company for the produc-  
23 tion of fossil fuels.

24 (b) REPORT TO CONGRESS.—Not later than 1 year  
25 after the date of enactment of this Act, the Secretary of

1 the Treasury or the Secretary's delegate (referred to in  
2 this section as the "Secretary"), in coordination with the  
3 Secretary of Energy, shall submit to Congress a report  
4 detailing each Federal law (including regulations), other  
5 than those amended by this Act, as in effect on the date  
6 on which the report is submitted, that includes a subsidy  
7 for fossil-fuel production.

8 (c) REPORT ON MODIFIED RECOVERY PERIOD.—

9 (1) IN GENERAL.—Not later than 1 year after  
10 the date of enactment of this Act, the Secretary, in  
11 coordination with the Commissioner of Internal Rev-  
12 enue, shall submit to Congress a report on the appli-  
13 cable recovery period under the accelerated cost re-  
14 covery system provided in section 168 of the Inter-  
15 nal Revenue Code of 1986 for each type of property  
16 involved in fossil-fuel production, including pipelines,  
17 power generation property, refineries, and drilling  
18 equipment, to determine if any assets are receiving  
19 a subsidy for fossil-fuel production.

20 (2) ELIMINATION OF SUBSIDY.—In the case of  
21 any type of property that the Secretary determines  
22 is receiving a subsidy for fossil-fuel production under  
23 such section 168, for property placed in service in  
24 taxable years beginning after the date of such deter-  
25 mination, such section 168 shall not apply. The pre-

1 ceding sentence shall not apply to any property with  
2 respect to a taxable year unless such determination  
3 is published before the first day of such taxable  
4 year.