

116TH CONGRESS  
1ST SESSION

# H. R. 5457

To amend the Internal Revenue Code of 1986 to impose an excise tax on fuel based on the carbon content of such fuel, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 17, 2019

Mr. SEAN PATRICK MALONEY of New York 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 impose an excise tax on fuel based on the carbon content of such fuel, and for other purposes.

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 “Carbon Reduction and  
5 Tax Credit Act”.

6 **SEC. 2. EXCISE TAX ON CARBON CONTENT OF FUELS.**

7 (a) IN GENERAL.—Chapter 38 of the Internal Rev-  
8 enue Code of 1986 is amended by adding at the end there-  
9 of the following new subchapter:

1           **“Subchapter E—Carbon Content Fee**

“Sec. 4691. Carbon content.

2           **“SEC. 4691. CARBON CONTENT.**

3           “(a) IN GENERAL.—In the case of a coal mine or an  
4 oil or gas well, there is hereby imposed a tax equal to \$40  
5 per ton of carbon contained in fuel produced—

6                   “(1) at such mine or well located in the United  
7 States, or

8                   “(2) entered into the United States for con-  
9 sumption, use, or warehousing.

10          “(b) ADJUSTMENT FOR YEARS AFTER 2020.—

11                   “(1) IN GENERAL.—In the case of any calendar  
12 year after 2020, the amount under subsection (a)  
13 shall be increased by an amount equal to—

14                           “(A) such amount, multiplied by

15                                   “(B) the cost-of-living adjustment deter-  
16 mined under section 1(f)(3) for such calendar  
17 year, determined—

18   “(i) by substituting ‘calendar year  
19 2019’ for ‘calendar year 2016’ in subpara-  
20 graph (A)(ii) thereof, and

21   “(ii) by substituting for the C–CPI–U  
22 referred to in section 1(f)(3)(A) the  
23 amount that such CPI would have been if  
24 the annual percentage increase in CPI with

1           respect to each year after 2019 had been  
2           one percentage point greater.

3           “(2) TERMS RELATED TO CPI.—

4           “(A) ANNUAL PERCENTAGE INCREASE.—

5           For purposes of subparagraph (B)(ii)(II), the  
6           term ‘annual percentage increase’ means the  
7           percentage (if any) by which C–CPI–U for any  
8           year exceeds the C–CPI–U for the prior year.

9           “(B) OTHER TERMS.—Terms used in this  
10          paragraph which are also used in section  
11          1(f)(3) shall have the same meanings as when  
12          used in such section.

13          “(3) ROUNDING.—Any increase determined  
14          under subparagraph (B) shall be rounded to the  
15          nearest multiple of \$50.”.

16          (b) CLERICAL AMENDMENT.—The table of sub-  
17          chapters for chapter 38 of the Internal Revenue Code of  
18          1986 is amended by adding at the end the following new  
19          item:

                                  “SUBCHAPTER E—CARBON CONTENT FEE”.

20          (c) EFFECTIVE DATE.—The amendments made by  
21          this section shall apply to fuel produced after December  
22          31, 2019.

23   **SEC. 3. CREDIT.**

24          (a) IN GENERAL.—Subpart C of part IV of sub-  
25          chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by insert-  
2 ing after section 36B the following new section:

3 **“SEC. 36C. CREDIT FOR TAXPAYERS.**

4 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
5 lowed as a credit against the tax imposed by this chapter  
6 for the taxable year with respect to each taxpayer who is  
7 an individual and each dependent of the taxpayer an  
8 amount equal to \$1,000.

9 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-  
10 COME.—The amount of the credit allowable under sub-  
11 section (a) shall be reduced (but not below zero) by \$100  
12 for each \$1,000 (or fraction thereof) by which the tax-  
13 payer’s adjusted gross income exceeds \$314,000  
14 (\$157,000 in the case of a return other than a joint re-  
15 turn).

16 “(c) INFLATION ADJUSTMENT.—In the case of a tax-  
17 able year beginning after 2020, the dollar amounts in sub-  
18 sections (a) and (b) shall be increased by an amount equal  
19 to—

20 “(1) such dollar amount, multiplied by

21 “(2) the cost-of-living adjustment determined  
22 under section 1(f)(3) for the calendar year in which  
23 the taxable year begins, determined by substituting  
24 ‘2019’ for ‘2016’ in subparagraph (A)(ii) thereof.

1 If any increase under this clause is not a multiple of \$50,  
2 such increase shall be rounded to the next lowest multiple  
3 of \$50.

4 “(d) NONRESIDENT ALIEN INELIGIBLE FOR CRED-  
5 IT.—No credit shall be allowed under this section to any  
6 nonresident alien.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 6211(b)(4)(A) of such Code is  
9 amended by inserting “36C,” after “36B,”.

10 (2) Paragraph (2) of section 1324(b) of title  
11 31, United States Code, is amended by inserting  
12 “36C,” after “36B,”.

13 (3) The table of sections for subpart C of part  
14 IV of subchapter A of chapter 1 of the Internal Rev-  
15 enue Code of 1986 is amended by inserting after the  
16 item relating to section 36C the following new item:

“Sec. 36C. Credit for taxpayers.”.

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2019.

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