

114TH CONGRESS  
1ST SESSION

# H. R. 2971

To amend the Internal Revenue Code of 1986 to bring certainty to the funding of the Highway Trust Fund, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

JULY 8, 2015

Mr. RICE of South Carolina 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 bring certainty to the funding of the Highway Trust Fund, 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 “Highway Trust Fund  
5 Certainty Act”.

6 **SEC. 2. INCREASE IN FUELS TAXES.**

7 (a) MOTOR FUELS.—

8 (1) REPEAL OF TERMINATION.—Section  
9 4081(d) of the Internal Revenue Code of 1986 is  
10 amended by striking paragraph (1) and redesignig-

1 nating paragraphs (2) and (3) as paragraphs (1)  
2 and (2), respectively.

3 (2) INFLATION ADJUSTMENT.—Section  
4 4081(a)(2) of such Code is amended—

5 (A) in subparagraph (A)(i) by striking  
6 “18.3 cents per gallon” and inserting “28.4  
7 cents per gallon”,

8 (B) in subparagraph (A)(iii) by striking  
9 “24.3 cents per gallon” and inserting “34.4  
10 cents per gallon”,

11 (C) in subparagraph (D) by striking “sub-  
12 stituting ‘19.7 cents’ for ‘24.3 cents’” and in-  
13 serting “substituting ‘27.9 cents’ for ‘34.4  
14 cents’”, and

15 (D) by adding at the end the following:

16 “(E) ADJUSTMENT FOR INFLATION.—In  
17 the case of a calendar year beginning after De-  
18 cember 31, 2015, the rates of tax in subpara-  
19 graph (A) (i) and (iii) and subparagraph (D)  
20 shall each be increased by an amount equal  
21 to—

22 “(i) such rate, multiplied by

23 “(ii) the cost of living adjustment de-  
24 termined under section 1(f)(3) for the cal-  
25 endar year, determined by substituting

1           ‘calendar year 2014’ for ‘calendar year  
2           1992’ in subparagraph (B) thereof.

3           Any increase under the preceding sentence shall  
4           be rounded to the nearest 0.1 cents.”.

5       (b) SPECIAL FUELS.—

6           (1) INCREASE AND EXTENSION.—Section 4041  
7       of such Code is amended—

8           (A) in subsection (a)(1)(C)(iii)(I) by strik-  
9           ing “7.3 cents per gallon (4.3 cents per gallon  
10          after September 30, 2016)” and inserting “17.4  
11          cents per gallon”,

12          (B) in subsection (a)(2)(B)(ii) by striking  
13          “24.3 cents per gallon” and inserting “34.4  
14          cents per gallon”, and

15          (C) in subsection (a)(3)(A) by striking  
16          “18.3 cents” and inserting “28.4 cents”.

17          (2) ADJUSTMENT FOR INFLATION.—Section  
18       4041(a) of such Code is amended by adding at the  
19       end the following:

20           “(4) ADJUSTMENT FOR INFLATION.—In the  
21       case of a calendar year beginning after December  
22       31, 2015, the rates of tax in paragraphs  
23       (1)(C)(iii)(I), (2)(B)(ii), and (3)(A) shall each be in-  
24       creased by an amount equal to—

25           “(A) such rate, multiplied by

1           “(B) the cost of living adjustment deter-  
2           mined under section 1(f)(3) for the calendar  
3           year, determined by substituting ‘calendar year  
4           2014’ for ‘calendar year 1992’ in subparagraph  
5           (B) thereof.

6           Any increase under the preceding sentence shall be  
7           rounded to the nearest 0.1 cents.”.

8           (3) CERTAIN ALCOHOL FUELS.—

9           (A) PERMANENT EXTENSION.—Section  
10          4041(m)(1) of such Code is amended—

11           (i) in subparagraph (A) by striking “,  
12           and before October 1, 2016”,

13           (ii) in subparagraph (A)(i) by striking  
14           “9.15 cents per gallon” and inserting  
15           “19.25 cents per gallon”,

16           (iii) in subparagraph (A)(ii) by strik-  
17           ing “11.3 cents per gallon” and inserting  
18           “21.4 cents per gallon”,

19           (iv) by striking subparagraph (B),  
20           and

21           (v) by redesignating clauses (i) and  
22           (ii) of subparagraph (A) (as amended by  
23           clauses (ii) and (iii)) as subparagraphs (A)  
24           and (B), respectively, and moving such

1           subparagraphs (as so redesignated) 2 ems  
2           to the left.

3           (B) ADJUSTMENT FOR INFLATION.—Sec-  
4           tion 4041(m) of such Code is amended by add-  
5           ing at the end the following:

6           “(3) ADJUSTMENT FOR INFLATION.—In the  
7           case of a calendar year beginning after December  
8           31, 2015, the rates of tax in paragraph (1) (A) and  
9           (B) shall each be increased by an amount equal to—

10           “(A) such rate, multiplied by

11           “(B) the cost of living adjustment deter-  
12           mined under section 1(f)(3) for the calendar  
13           year, determined by substituting ‘calendar year  
14           2014’ for ‘calendar year 1992’ in subparagraph  
15           (B) thereof.

16           Any increase under the preceding sentence shall be  
17           rounded to the nearest 0.1 cents.”.

18           (4) FUEL USED IN CERTAIN BUSES.—

19           (A) PERMANENT EXTENSION.—Section  
20           6427(b)(2)(A) of such Code is amended by  
21           striking “7.4 cents” and inserting “17.5 cents”.

22           (B) ADJUSTMENT FOR INFLATION.—Sec-  
23           tion 6427(b) of such Code is amended by add-  
24           ing at the end the following:

1           “(5) ADJUSTMENT FOR INFLATION.—In the  
2 case of calendar years beginning January 1, 2016—

3           “(A) the rate of tax in paragraph (2)(A)  
4 shall be increased by 10.1 cents, and

5           “(B) such rate (as increased by subpara-  
6 graph (A)) shall be increased by an amount  
7 equal to such rate (as so increased) multiplied  
8 by the cost of living adjustment determined  
9 under section 1(f)(3) for the calendar year, de-  
10 termined by substituting ‘calendar year 2014’  
11 for ‘calendar year 1992’ in subparagraph (B)  
12 thereof, and rounded to the nearest 0.1 cents.”.

13       (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to years beginning after December  
15 31, 2015.

16       (d) FLOOR STOCKS TAX.—

17       (1) IMPOSITION OF TAX.—In the case of any  
18 highway motor fuel which is held on January 1,  
19 2016, by any person, there is hereby imposed a floor  
20 stocks tax equal to the excess of—

21           (A) the tax which would be imposed on  
22 such fuel had the amendments made by this  
23 section applied to highway motor fuels for peri-  
24 ods before January 1, 2016, over

1 (B) the tax (if any) previously paid (and  
2 not credited or refunded) on such fuel.

3 (2) LIABILITY FOR TAX AND METHOD OF PAY-  
4 MENT.—

5 (A) LIABILITY FOR TAX.—The person  
6 holding the highway motor fuel on January 1,  
7 2016, to which the tax imposed by paragraph  
8 (1) applies shall be liable for such tax.

9 (B) METHOD OF PAYMENT.—The tax im-  
10 posed by paragraph (1) shall be paid at such  
11 time and in such manner as the Secretary of  
12 the Treasury (or the Secretary’s delegate) shall  
13 prescribe.

14 (3) DEFINITIONS.—For purposes of this sub-  
15 section—

16 (A) HIGHWAY MOTOR FUEL.—The term  
17 “highway motor fuel” means any fuel the tax  
18 rate of which is increased by an amendment  
19 made by this section.

20 (B) HELD BY A PERSON.—A highway  
21 motor fuel shall be considered as held by a per-  
22 son if title thereto has passed to such person  
23 (whether or not delivery to the person has been  
24 made).

1           (C) SECRETARY.—The term “Secretary”  
2           means the Secretary of the Treasury or the  
3           Secretary’s delegate.

4           (4) EXCEPTION FOR EXEMPT USES.—The tax  
5           imposed by paragraph (1) shall not apply to any  
6           highway motor fuel held by any person exclusively  
7           for any use to the extent a credit or refund of the  
8           tax is allowable for such use.

9           (5) EXCEPTION FOR CERTAIN AMOUNTS OF  
10          FUEL.—

11           (A) IN GENERAL.—No tax shall be im-  
12           posed by paragraph (1) on any highway motor  
13           fuel held on January 1, 2016, by any person if  
14           the aggregate amount of such highway motor  
15           fuel held by such person on such date does not  
16           exceed 2,000 gallons. The preceding sentence  
17           shall apply only if such person submits to the  
18           Secretary (at the time and in the manner re-  
19           quired by the Secretary) such information as  
20           the Secretary shall require for purposes of this  
21           subparagraph.

22           (B) EXEMPT FUEL.—For purposes of sub-  
23           paragraph (A), there shall not be taken into ac-  
24           count any highway motor fuel held by any per-



1 son which is exempt from the tax imposed by  
2 paragraph (1) by reason of paragraph (4).

3 (C) CONTROLLED GROUPS.—For purposes  
4 of this subsection—

5 (i) CORPORATIONS.—

6 (I) IN GENERAL.—All persons  
7 treated as a controlled group shall be  
8 treated as 1 person.

9 (II) CONTROLLED GROUP.—The  
10 term “controlled group” has the  
11 meaning given to such term by sub-  
12 section (a) of section 1563 of such  
13 Code; except that for such purposes  
14 the phrase “more than 50 percent”  
15 shall be substituted for the phrase “at  
16 least 80 percent” each place it ap-  
17 pears in such subsection.

18 (ii) NONINCORPORATED PERSONS  
19 UNDER COMMON CONTROL.—Under regula-  
20 tions prescribed by the Secretary, prin-  
21 ciples similar to the principles of subpara-  
22 graph (A) shall apply to a group of per-  
23 sons under common control if 1 or more of  
24 such persons is not a corporation.

1           (6) OTHER LAWS APPLICABLE.—All provisions  
2 of law, including penalties, applicable with respect to  
3 the taxes imposed by sections 4041 and 4081 of  
4 such Code shall, insofar as applicable and not incon-  
5 sistent with the provisions of this subsection, apply  
6 with respect to the floor stock taxes imposed by  
7 paragraph (1) to the same extent as if such taxes  
8 were imposed by such sections.

9 **SEC. 3. WORKING CITIZENS TAX RELIEF.**

10       (a) IN GENERAL.—Subpart C of part IV of sub-  
11 chapter A of chapter 1 of the Internal Revenue Code of  
12 1986 is amended by inserting after section 36 the fol-  
13 lowing new section:

14 **“SEC. 36A. WORKING CITIZENS CREDIT.**

15       “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
16 gible individual, there shall be allowed as a credit against  
17 the tax imposed by this subtitle for the calendar years be-  
18 ginning after December 31, 2015, an amount equal to the  
19 lesser of—

20           “(1) 3.1 percent of earned income of the tax-  
21 payer, or

22           “(2) \$133 (\$266 in the case of a joint return).

23       “(b) LIMITATION BASED ON MODIFIED ADJUSTED  
24 GROSS INCOME.—

1           “(1) IN GENERAL.—The amount allowable as a  
2           credit under subsection (a) (determined without re-  
3           gard to this paragraph and subsection (c)) for the  
4           taxable year shall be reduced (but not below zero) by  
5           one percent of so much of the taxpayer’s modified  
6           adjusted gross income as exceeds \$74,950 (\$149,900  
7           in the case of a joint return).

8           “(2) MODIFIED ADJUSTED GROSS INCOME.—  
9           For purposes of subparagraph (A), the term ‘modi-  
10          fied adjusted gross income’ means the adjusted  
11          gross income of the taxpayer for the taxable year in-  
12          creased by any amount excluded from gross income  
13          under section 911, 931, or 933.

14          “(c) DEFINITIONS AND SPECIAL RULES.—For pur-  
15          poses of this section—

16                 “(1) ELIGIBLE INDIVIDUAL.—

17                         “(A) IN GENERAL.—The term ‘eligible in-  
18                         dividual’ means any individual other than—

19                                 “(i) any nonresident alien individual,

20                                 “(ii) any individual with respect to  
21                                 whom a deduction under section 151 is al-  
22                                 lowable to another taxpayer for a taxable  
23                                 year beginning in the calendar year in  
24                                 which the individual’s taxable year begins,  
25                                 and

1 “(iii) an estate or trust.

2 “(B) IDENTIFICATION NUMBER REQUIRE-  
3 MENT.—Such term shall not include any indi-  
4 vidual who does not include on the return of tax  
5 for the taxable year—

6 “(i) such individual’s social security  
7 account number, and

8 “(ii) in the case of a joint return, the  
9 social security account number of one of  
10 the taxpayers on such return.

11 For purposes of the preceding sentence, the so-  
12 cial security account number shall not include a  
13 TIN issued by the Internal Revenue Service.

14 “(2) EARNED INCOME.—The term ‘earned in-  
15 come’ has the meaning given such term by section  
16 32(c)(2), except that such term shall not include net  
17 earnings from self-employment which are not taken  
18 into account in computing taxable income. For pur-  
19 poses of the preceding sentence, any amount ex-  
20 cluded from gross income by reason of section 112  
21 shall be treated as earned income which is taken  
22 into account in computing taxable income for the  
23 taxable year.”.

24 (b) REFUNDS DISREGARDED IN THE ADMINISTRA-  
25 TION OF FEDERAL PROGRAMS AND FEDERALLY AS-

1 SISTED PROGRAMS.—Any credit or refund allowed or  
2 made to any individual by reason of section 36A of the  
3 Internal Revenue Code of 1986 (as added by this section)  
4 or by reason of subsection (b) of this section shall not be  
5 taken into account as income and shall not be taken into  
6 account as resources for the month of receipt and the fol-  
7 lowing 2 months, for purposes of determining the eligi-  
8 bility of such individual or any other individual for benefits  
9 or assistance, or the amount or extent of benefits or assist-  
10 ance, under any Federal program or under any State or  
11 local program financed in whole or in part with Federal  
12 funds.

13 (c) AUTHORITY RELATING TO CLERICAL ERRORS.—  
14 Section 6213(g)(2) of such Code is amended by striking  
15 “and” at the end of subparagraph (M), by striking the  
16 period at the end of subparagraph (N) and inserting “,  
17 and”, and by adding at the end the following new subpara-  
18 graph:

19 “(O) an omission of the correct social secu-  
20 rity account number required under section  
21 36A(c)(1)(B).”.

22 (d) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2015.

1 **SEC. 4. REPAYABLE ADVANCES TO HIGHWAY TRUST FUND.**

2 (a) REPAYABLE ADVANCES.—Section 9503(f) of the  
3 Internal Revenue Code of 1986 is amended by redesignig-  
4 nating paragraph (7) as paragraph (8) and by inserting  
5 after paragraph (6) the following new paragraph:

6 “(7) 2015 SHORTFALL ADVANCE.—Out of  
7 money in the Treasury not otherwise appropriated,  
8 there is hereby appropriated—

9 “(A) \$8,000,000,000 to the Highway Ac-  
10 count (as defined in subsection (e)(5)(B)) in  
11 the Highway Trust Fund; and

12 “(B) \$3,000,000,000 to the Mass Transit  
13 Account in the Highway Trust Fund.”.

14 (b) REPAYMENT OF ADVANCES.—Section 9503(e) of  
15 such Code is amended by adding at the end the following:

16 “(6) TRANSFERS FROM HIGHWAY TRUST FUND  
17 FOR CERTAIN REPAYMENTS OF CERTAIN AD-  
18 VANCES.—

19 “(A) IN GENERAL.—The Secretary shall  
20 pay from time to time from the Highway Trust  
21 Fund into the general fund of the Treasury  
22 amounts equivalent to amounts transferred to  
23 the Highway Trust Fund that are attributable  
24 to the operation of sections 4041(a)(4),  
25 4041(m)(3), and 4081(a)(2)(E).

1           “(B) LIMITATION.—No amount shall be  
2 transferred under this paragraph after the ag-  
3 gregate amount transferred under subpara-  
4 graph (A) equals \$11,000,000,000.

5           “(C) TRANSFERS BASED ON ESTIMATES.—  
6 Transfers under subparagraph (A) shall be  
7 made on the basis of estimates by the Sec-  
8 retary, and proper adjustments shall be made  
9 in amounts subsequently transferred to the ex-  
10 tent prior estimates were in excess or less than  
11 the amounts required to be transferred.

12           “(D) TRANSFERS MADE PROPORTION-  
13 ALLY.—Transfers under subparagraph (A) shall  
14 be borne by the Highway Account and the Mass  
15 Transit Account in proportion to the respective  
16 revenues transferred under subsection (f)(7) to  
17 the Highway Account and the Mass Transit Ac-  
18 count.”.

19           (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall take effect on August 1, 2015.

○