

103D CONGRESS
1ST SESSION

S. 403

To amend the Internal Revenue Code of 1986 to allow a tax credit for fuels produced from offshore deep-water projects.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 18 (legislative day, JANUARY 5), 1993

Mr. BREAUX introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a tax credit for fuels produced from offshore deep-water projects.

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. CREDIT FOR FUELS PRODUCED FROM OFF-**
4 **SHORE DEEP-WATER PROJECTS.**

5 (a) CREDIT ALLOWED.—Subpart D of part IV of
6 subchapter A of chapter 1 of the Internal Revenue Code
7 of 1986 (relating to business related credits) is amended
8 by adding at the end the following new section:

1 **“SEC. 45A. FUELS PRODUCED FROM OFFSHORE DEEP-**
 2 **WATER PROJECTS.**

3 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
 4 tion 38, the offshore production credit determined under
 5 this section for the taxable year shall be an amount equal
 6 to—

7 “(1) \$5, multiplied by

8 “(2) the barrel-of-oil equivalent of qualified
 9 fuels produced during the taxable year which are at-
 10 tributable to the taxpayer.

11 “(b) DEFINITION OF QUALIFIED FUELS.—For pur-
 12 poses of this section, the term ‘qualified fuels’ means do-
 13 mestic crude oil or domestic natural gas produced from
 14 a property any portion of which is located under at least
 15 400 meters of water.

16 “(c) OTHER DEFINITIONS.—For purposes of this
 17 section—

18 “(1) BARREL.—The term ‘barrel’ means 42
 19 United States gallons.

20 “(2) BARREL-OF-OIL EQUIVALENT.—The term
 21 ‘barrel-of-oil equivalent’ means, with respect to a
 22 fuel other than domestic crude oil, the amount of
 23 that fuel with a Btu content of 5.8 million.

24 “(3) DOMESTIC CRUDE OIL AND DOMESTIC
 25 NATURAL GAS.—The terms ‘domestic crude oil’ and
 26 ‘domestic natural gas’ mean crude oil and natural

1 gas produced from a property located in the United
2 States (within the meaning of section 4612(a)(4)).

3 “(4) PROPERTY.—The term ‘property’ has the
4 meaning given such term by section 614.

5 “(5) PRODUCTION ATTRIBUTABLE TO TAX-
6 PAYER.—The provisions of section 29(d)(3) shall
7 apply.

8 “(d) APPLICATION OF SECTION.—This section shall
9 apply with respect to qualified fuels produced after De-
10 cember 31, 1995, from a property which did not produce
11 oil or natural gas in commercial quantities at any time
12 before January 1, 1993.”

13 (b) CREDIT MAY OFFSET MINIMUM TAX; NO
14 CARRYBACK.—Section 38(c) of such Code is amended by
15 adding at the end the following new paragraph:

16 “(3) SPECIAL RULES FOR OFFSHORE PRODUC-
17 TION CREDIT.—For purposes of this title, the por-
18 tion of the credit allowed by this section which is at-
19 tributable to the offshore production credit deter-
20 mined under section 45A shall be treated as a sepa-
21 rate credit allowed under this subpart, except that—

22 “(A) no credit carryback shall be allowed
23 with respect to such credit under section
24 39(a)(1), and

1 “(B) the limitation under paragraph (1)
2 applicable to such credit shall be equal to the
3 excess of—

4 “(i) the taxpayer’s net income tax,
5 over

6 “(iii) the credit allowable under this
7 part (other than the portion of the credit
8 to which this paragraph applies).”.

9 (c) CONFORMING AMENDMENT.—Section 38(b) of
10 such Code is amended by striking “plus” at the end of
11 paragraph (7), by striking the period at the end of para-
12 graph (8) and inserting “, plus”, and by adding at the
13 end the following new paragraph:

14 “(9) the offshore production credit under sec-
15 tion 45A(a).”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to production after December 31,
18 1995, in taxable years ending after such date.

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