

104TH CONGRESS
1ST SESSION

S. 1034

To amend the Internal Revenue Code of 1986 to provide for a moratorium for the excise tax on diesel fuel sold for or used in noncommercial diesel-powered motorboats and to require the Secretary of the Treasury to study the effectiveness of procedures to collect excise taxes on sales of diesel fuel for noncommercial motorboat use.

IN THE SENATE OF THE UNITED STATES

JULY 14 (legislative day, JULY 10), 1995

Mr. BREAU (for himself and Mr. CHAFEE) 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 provide for a moratorium for the excise tax on diesel fuel sold for or used in noncommercial diesel-powered motorboats and to require the Secretary of the Treasury to study the effectiveness of procedures to collect excise taxes on sales of diesel fuel for noncommercial motorboat use.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. MORATORIUM FOR EXCISE TAX ON DIESEL**
2 **FUEL SOLD FOR USE OR USED IN DIESEL-**
3 **POWERED MOTORBOATS.**

4 (a) Section 4041 of the Internal Revenue Code of
5 1986 (relating to the imposition of tax on diesel fuel and
6 special motor fuels), as amended by section 13163 of the
7 Omnibus Budget Reconciliation Act of 1993, is amended
8 by deleting subparagraph (D) of section 4041(a)(1) and
9 substituting the following new subparagraph (D):

10 “(D) DIESEL FUEL USED IN MOTOR-
11 BOATS.—

12 “(i) MORATORIUM.—No tax shall be
13 imposed by subsection (a) or (d)(1) on die-
14 sel fuel sold for use or used in a diesel-
15 powered motorboat during the period after
16 (the day before the date of enactment),
17 and before (the date 2 years after the date
18 of enactment).

19 “(ii) SPECIAL TERMINATION DATE.—
20 In the case of any sale for use, or use, of
21 fuel in a diesel-powered motorboat—

22 “(I) effective during the period
23 after September 30, 1999, and before
24 January 1, 2000, the rate of tax im-
25 posed by this paragraph is 24.3 cents
26 per gallon, and

1 “(II) the termination of the tax
2 under subsection (d) shall not occur
3 before January 1, 2000.”

4 (b) TECHNICAL AMENDMENTS.—

5 (1) Part II of subchapter B of chapter 68 of
6 the Internal Revenue Code of 1986 is amended by
7 redesignating section 6714 (relating to dyed fuel
8 sold for use or used in taxable use, et cetera), as
9 added by section 13242 of the Omnibus Budget Rec-
10 onciliation Act of 1993, as section 6715.

11 (2) The table of sections for such part is
12 amended by redesignating the item relating to sec-
13 tion 6714 (relating to dyed fuel sold for use or used
14 in taxable use, etc.), as added by section 13242 of
15 such Act, as section 6715.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on the date of enactment.

18 **SEC. 2. TREASURY STUDY OF EFFECTIVE PROCEDURES**
19 **FOR COLLECTING TAX ON THE SALE OF DIE-**
20 **SEL FUEL FOR NONCOMMERCIAL MOTOR-**
21 **BOAT USE.**

22 (a) GENERAL RULE.—The Secretary of the Treasury
23 (or his delegate) shall study the effectiveness of various
24 procedures for collecting excise taxes imposed on diesel
25 fuel sold for use or used in a noncommercial diesel-pow-

1 ered motorboat. In studying the effectiveness of possible
2 collection procedures, the Secretary (or his delegate) shall
3 examine the administrative burdens of each procedure on
4 and consult with noncommercial boat users and marine
5 fuel retailers and the effect of each procedure on the avail-
6 ability of diesel fuel to all boat users as well as any en-
7 forcement considerations. The following four collection
8 procedures shall specifically be studied, although the Sec-
9 retary (or his delegate) may study other collection proce-
10 dures:

11 (1) The collection procedure under current law,
12 which imposed tax upon the removal of diesel fuel
13 from a petroleum terminal and under no cir-
14 cumstances allows a marine fuel retailer to sell dyed
15 diesel fuel to a noncommercial boat user.

16 (2) A collection procedure which would allow a
17 marine fuel retailer to sell dyed diesel fuel to a non-
18 commercial boat user provided the retailer collected
19 the tax from the user and remitted the tax to the
20 Internal Revenue Service.

21 (3) A collection procedure which would allow a
22 marine fuel retailer to sell dyed diesel fuel to a non-
23 commercial boat user but would require the user to
24 remit the taxes due directly to the Internal Revenue
25 Service.

1 (4) A collection procedure which would allow
2 (but not require) a marine fuel retailer to sell
3 undyed diesel fuel to exempt commercial boat users
4 and then to apply for refunds on those sales from
5 the Internal Revenue Service in a manner similar to
6 the current procedure under section 6427(1)(5) of
7 the Internal Revenue Code of 1986 for sales to
8 farmers and State and local governments.

9 (b) REPORT.—Not later than (the date 18 months
10 after the date of enactment), the Secretary (or his dele-
11 gate) shall submit to the Committee on Ways and Means
12 of the House of Representatives and the Committee on
13 Finance of the Senate a report on the study conducted
14 under subsection (a), together with such recommendations
15 as he may deem advisable.

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