

AMENDMENT NO. _____ Calendar No. _____

Purpose: To relieve prices at the pump, increase domestic energy production, and close loopholes.

IN THE SENATE OF THE UNITED STATES—112th Cong., 2d Sess.

S. 2204

To eliminate unnecessary tax subsidies and promote renewable energy and energy conservation.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. HELLER

Viz:

1 Strike all after the enacting clause and insert the fol-

2 lowing:

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the

5 “Gas Price Relief Act of 2012”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of

7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—CONSUMER GAS PRICE RELIEF

Sec. 101. Reduction of fuel taxes on highway motor fuels.

TITLE II—INCREASING DOMESTIC TRANSPORTATION FUEL PRODUCTION

Subtitle A—Outer Continental Shelf Leasing

1 (B) by striking “and” at the end of clause
2 (ii), and

3 (C) by striking clause (iii) and inserting
4 the following new clauses:

5 “(iii) in the case of aviation-grade
6 kerosene, 24.3 cents per gallon, and

7 “(iv) in the case of diesel fuel or ker-
8 osene not described in clause (iii), 23.3
9 cents per gallon”.

10 (2) CONFORMING AMENDMENT.—Subparagraph
11 (D) of section 4081(a)(2) of such Code is amended
12 by striking “subparagraph (A)(iii) shall be applied
13 by substituting ‘19.7 cents’ for ‘24.3 cents’” and in-
14 serting “subparagraph (A)(iv) shall be applied by
15 substituting ‘17.7 cents’ for ‘23.3 cents’”.

16 (3) FLOOR STOCK REFUNDS.—

17 (A) IN GENERAL.—If—

18 (i) before the tax reduction date, tax
19 has been imposed under section 4081 of
20 the Internal Revenue Code of 1986 on any
21 highway motor fuel, and

22 (ii) on such date such fuel is held by
23 a dealer and has not been used and is in-
24 tended for sale,

1 there shall be credited or refunded (without in-
2 interest) to the person who paid such tax (here-
3 after in this subsection referred to as the “tax-
4 payer”) an amount equal to the excess of the
5 tax paid by the taxpayer over the tax which
6 would be imposed on such fuel had the taxable
7 event occurred on such date.

8 (B) TIME FOR FILING CLAIMS.—No credit
9 or refund shall be allowed or made under this
10 subsection unless—

11 (i) claim therefor is filed with the Sec-
12 retary of the Treasury before the date
13 which is 6 months after the tax reduction
14 date based on a request submitted to the
15 taxpayer before the date which is 3 months
16 after the tax date by the dealer who held
17 the highway motor fuel on such date, and

18 (ii) the taxpayer has repaid or agreed
19 to repay the amount so claimed to such
20 dealer or has obtained the written consent
21 of such dealer to the allowance of the cred-
22 it or the making of the refund.

23 (C) EXCEPTION FOR FUEL HELD IN RE-
24 TAIL STOCKS.—No credit or refund shall be al-
25 lowed under this subsection with respect to any

1 highway motor fuel in retail stocks held at the
2 place where intended to be sold at retail.

3 (D) DEFINITIONS.—For purposes of this
4 subsection—

5 (i) TAX REDUCTION DATE.—The term
6 “tax reduction date” means the date of en-
7 actment of this Act.

8 (ii) OTHER TERMS.—The terms “deal-
9 er” and “held by a dealer” have the re-
10 spective meanings given to such terms by
11 section 6412 of such Code.

12 (E) CERTAIN RULES TO APPLY.—Rules
13 similar to the rules of subsections (b) and (c)
14 of section 6412 of such Code shall apply for
15 purposes of this subsection.

16 (b) RETAIL TAX ON SPECIAL FUELS.—

17 (1) SCHOOL BUSES.—Subclause (I) of section
18 4041(a)(1)(C)(iii) of the Internal Revenue Code of
19 1986 is amended by striking “7.3 cents” and insert-
20 ing “6.3 cents”.

21 (2) CERTAIN ALTERNATIVE FUELS.—Clause (ii)
22 of section 4041(a)(2)(B) of such Code is amended
23 by striking “24.3 cents” and inserting “23.3 cents”.

24 (3) COMPRESSED NATURAL GAS.—Subpara-
25 graph (A) of section 4041(a)(3) of such Code is

1 amended by striking “18.3 cents” and inserting
2 “17.3 cents”.

3 (4) CERTAIN ALCOHOL FUELS.—Subparagraph

4 (A) of section 4041(m) of such Code is amended—

5 (A) by striking “9.15 cents” in clause (i)

6 and inserting “8.15 cents”, and

7 (B) by striking “11.3 cents” in clause (ii)

8 and inserting “10.3 cents”.

9 (c) EFFECTIVE DATE.—The amendment made by
10 this section shall take effect on the date of the enactment
11 of this Act.

12 (d) SENSE OF THE SENATE REGARDING CONSUMER
13 RELIEF.—It is the sense of the Senate that the reduction
14 in tax rates under the amendments made by this section
15 is for the purpose of lowering consumer gas prices.

16 **TITLE II—INCREASING DOMES-**
17 **TIC TRANSPORTATION FUEL**
18 **PRODUCTION**

19 **Subtitle A—Outer Continental**
20 **Shelf Leasing**

21 **SEC. 201. LEASING PROGRAM CONSIDERED APPROVED.**

22 (a) IN GENERAL.—The Draft Proposed Outer Conti-
23 nental Shelf Oil and Gas Leasing Program 2010–2015
24 issued by the Secretary of the Interior (referred to in this
25 section as the “Secretary”) under section 18 of the Outer

1 Continental Shelf Lands Act (43 U.S.C. 1344) is consid-
2 ered to have been approved by the Secretary as a final
3 oil and gas leasing program under that section.

4 (b) FINAL ENVIRONMENTAL IMPACT STATEMENT.—
5 The Secretary is considered to have issued a final environ-
6 mental impact statement for the program described in
7 subsection (a) in accordance with all requirements under
8 section 102(2)(C) of the National Environmental Policy
9 Act of 1969 (42 U.S.C. 4332(2)(C)).

10 (c) EXCEPTIONS.—Notwithstanding subsections (a)
11 and (b), lease sales 214, 232, and 239 shall not be in-
12 cluded in the final leasing program for 2013-2018.

13 **SEC. 202. LEASE SALES.**

14 (a) OUTER CONTINENTAL SHELF.—

15 (1) IN GENERAL.—Except as provided in para-
16 graph (2), not later than 30 days after the date of
17 enactment of this Act and every 270 days thereafter,
18 the Secretary of the Interior (referred to in this sec-
19 tion as the “Secretary”) shall conduct a lease sale
20 in each outer Continental Shelf planning area for
21 which the Secretary determines that there is a com-
22 mercial interest in purchasing Federal oil and gas
23 leases for production on the outer Continental Shelf.

24 (2) SUBSEQUENT DETERMINATIONS AND
25 SALES.—If the Secretary determines that there is

1 not a commercial interest in purchasing Federal oil
2 and gas leases for production on the outer Conti-
3 nental Shelf in a planning area under this sub-
4 section, not later than 2 years after the date of en-
5 actment of the determination and every 2 years
6 thereafter, the Secretary shall—

7 (A) determine whether there is a commer-
8 cial interest in purchasing Federal oil and gas
9 leases for production on the outer Continental
10 Shelf in the planning area; and

11 (B) if the Secretary determines that there
12 is a commercial interest described in subpara-
13 graph (A), conduct a lease sale in the planning
14 area.

15 (b) RENEWABLE ENERGY AND MARICULTURE.—The
16 Secretary may conduct commercial lease sales of resources
17 owned by United States—

18 (1) to produce renewable energy (as defined in
19 section 203(b) of the Energy Policy Act of 2005 (42
20 U.S.C. 15852(b))); or

21 (2) to cultivate marine organisms in the natural
22 habitat of the organisms.

1 **SEC. 203. COASTAL IMPACT ASSISTANCE PROGRAM AMEND-**
2 **MENTS.**

3 Section 31 of the Outer Continental Shelf Lands Act
4 (43 U.S.C. 1356a) is amended—

5 (1) in subsection (c), by adding at the end the
6 following:

7 “(5) APPLICATION REQUIREMENTS; AVAIL-
8 ABILITY OF FUNDING.—On approval of a plan by
9 the Secretary under this section, the producing State
10 shall—

11 “(A) not be subject to any additional appli-
12 cation or other requirements (other than noti-
13 fying the Secretary of which projects are being
14 carried out under the plan) to receive the pay-
15 ments; and

16 “(B) be immediately eligible to receive pay-
17 ments under this section.”; and

18 (2) by adding at the end the following:

19 “(e) FUNDING.—

20 “(1) STREAMLINING.—

21 “(A) REPORT.—Not later than 180 days
22 after the date of enactment of this subsection,
23 the Secretary of the Interior (acting through
24 the Director of the Minerals Management Serv-
25 ice) (referred to in this subsection as the ‘Sec-
26 retary’) shall develop a plan that addresses

1 streamlining the process by which payments are
2 made under this section, including rec-
3 ommendations for—

4 “(i) decreasing the time required to
5 approve plans submitted under subsection
6 (c)(1);

7 “(ii) ensuring that allocations to pro-
8 ducing States under subsection (b) are
9 adequately funded; and

10 “(iii) any modifications to the author-
11 ized uses for payments under subsection
12 (d).

13 “(B) CLEAN WATER.—Not later than 180
14 days after the date of enactment of this sub-
15 section, the Secretary and the Administrator of
16 the Environmental Protection Agency shall
17 jointly develop procedures for streamlining the
18 permit process required under the Federal
19 Water Pollution Control Act (33 U.S.C. 1251 et
20 seq.) and State laws for restoration projects
21 that are included in an approved plan under
22 subsection (c).

23 “(C) ENVIRONMENTAL REQUIREMENTS.—
24 A project funded under this section that does
25 not involve wetlands shall not be subject to en-

1 vironmental review requirements under Federal
2 law.

3 “(2) COST-SHARING REQUIREMENTS.—Any
4 amounts made available to producing States under
5 this section may be used to meet the cost-sharing re-
6 quirements of other Federal grant programs, includ-
7 ing grant programs that support coastal wetland
8 protection and restoration.

9 “(3) EXPEDITED FUNDING.—Not later than
10 180 days after the date of enactment of this sub-
11 section, the Secretary shall develop a procedure to
12 provide expedited funding to projects under this sec-
13 tion based on estimated revenues to ensure that the
14 projects may—

15 “(A) secure additional funds from other
16 sources; and

17 “(B) use the amounts made available
18 under this section on receipt.”.

19 **SEC. 204. SEAWARD BOUNDARIES OF STATES.**

20 (a) SEAWARD BOUNDARIES.—Section 4 of the Sub-
21 merged Lands Act (43 U.S.C. 1312) is amended by strik-
22 ing “three geographical miles” each place it appears and
23 inserting “12 nautical miles”.

24 (b) CONFORMING AMENDMENTS.—Section 2 of the
25 Submerged Lands Act (43 U.S.C. 1301) is amended—

12

1 (1) in subsection (a)(2), by striking “three geo-
2 graphical miles” and inserting “12 nautical miles”;
3 and

4 (2) in subsection (b)—

5 (A) by striking “three geographical miles”
6 and inserting “12 nautical miles”; and

7 (B) by striking “three marine leagues” and
8 inserting “12 nautical miles”.

9 (c) EFFECT OF AMENDMENTS.—

10 (1) IN GENERAL.—Subject to paragraphs (2)
11 through (4), the amendments made by this section
12 shall not effect Federal oil and gas mineral rights.

13 (2) SUBMERGED LAND.—Submerged land with-
14 in the seaward boundaries of States shall be—

15 (A) subject to Federal oil and gas mineral
16 rights to the extent provided by law;

17 (B) considered to be part of the Federal
18 outer Continental Shelf for purposes of the
19 Outer Continental Shelf Lands Act (43 U.S.C.
20 1331 et seq.); and

21 (C) subject to leasing under the authority
22 of that Act and to laws applicable to the leasing
23 of the oil and gas resources of the Federal
24 outer Continental Shelf.

1 (3) EXISTING LEASES.—The amendments made
2 by this section shall not affect any Federal oil and
3 gas lease in effect on the date of enactment of this
4 Act.

5 (4) TAXATION.—

6 (A) IN GENERAL.—Subject to subpara-
7 graph (B), a State may exercise all of the sov-
8 ereign powers of taxation of the State within
9 the entire extent of the seaward boundaries of
10 the State (as extended by the amendments
11 made by this section).

12 (B) LIMITATION.—Nothing in this para-
13 graph affects the authority of a State to tax
14 any Federal oil and gas lease in effect on the
15 date of enactment of this Act.

16 **Subtitle B—Leasing Program for** 17 **Land Within Coastal Plain**

18 **SEC. 211. DEFINITIONS.**

19 In this subtitle:

20 (1) COASTAL PLAIN.—The term “Coastal
21 Plain” means that area identified as the “1002
22 Coastal Plain Area” on the map.

23 (2) FEDERAL AGREEMENT.—The term “Fed-
24 eral Agreement” means the Federal Agreement and
25 Grant Right-of-Way for the Trans-Alaska Pipeline

1 issued on January 23, 1974, in accordance with sec-
2 tion 28 of the Mineral Leasing Act (30 U.S.C. 185)
3 and the Trans-Alaska Pipeline Authorization Act
4 (43 U.S.C. 1651 et seq.).

5 (3) FINAL STATEMENT.—The term “Final
6 Statement” means the final legislative environmental
7 impact statement on the Coastal Plain, dated April
8 1987, and prepared pursuant to section 1002 of the
9 Alaska National Interest Lands Conservation Act
10 (16 U.S.C. 3142) and section 102(2)(C) of the Na-
11 tional Environmental Policy Act of 1969 (42 U.S.C.
12 4332(2)(C)).

13 (4) MAP.—The term “map” means the map en-
14 titled “Arctic National Wildlife Refuge”, dated Sep-
15 tember 2005, and prepared by the United States Ge-
16 ological Survey.

17 (5) SECRETARY.—The term “Secretary” means
18 the Secretary of the Interior (or the designee of the
19 Secretary), acting through the Director of the Bu-
20 reau of Land Management, in consultation with the
21 Director of the United States Fish and Wildlife
22 Service.

1 **SEC. 212. LEASING PROGRAM FOR LAND WITHIN THE**
2 **COASTAL PLAIN.**

3 (a) IN GENERAL.—The Secretary shall take such ac-
4 tions as are necessary—

5 (1) to establish and implement, in accordance
6 with this subtitle, a competitive oil and gas leasing
7 program that will result in an environmentally sound
8 program for the exploration, development, and pro-
9 duction of the oil and gas resources of the Coastal
10 Plain; and

11 (2) to administer this subtitle through regula-
12 tions, lease terms, conditions, restrictions, prohibi-
13 tions, stipulations, and other provisions that—

14 (A) ensure the oil and gas exploration, de-
15 velopment, and production activities on the
16 Coastal Plain will result in no significant ad-
17 verse effect on fish and wildlife, their habitat,
18 subsistence resources, and the environment; and

19 (B) require the application of the best
20 commercially available technology for oil and
21 gas exploration, development, and production to
22 all exploration, development, and production op-
23 erations under this subtitle in a manner that
24 ensures the receipt of fair market value by the
25 public for the mineral resources to be leased.

26 (b) REPEAL.—

1 (1) REPEAL.—Section 1003 of the Alaska Na-
2 tional Interest Lands Conservation Act of 1980 (16
3 U.S.C. 3143) is repealed.

4 (2) CONFORMING AMENDMENT.—The table of
5 contents contained in section 1 of that Act (16
6 U.S.C. 3101 note) is amended by striking the item
7 relating to section 1003.

8 (3) COMPLIANCE WITH NEPA FOR OTHER AC-
9 TIONS.—

10 (A) IN GENERAL.—Before conducting the
11 first lease sale under this subtitle, the Secretary
12 shall prepare an environmental impact state-
13 ment in accordance with the National Environ-
14 mental Policy Act of 1969 (42 U.S.C. 4321 et
15 seq.) with respect to the actions authorized by
16 this subtitle that are not referred to in para-
17 graph (2).

18 (B) IDENTIFICATION AND ANALYSIS.—
19 Notwithstanding any other provision of law, in
20 carrying out this paragraph, the Secretary shall
21 not be required—

22 (i) to identify nonleasing alternative
23 courses of action; or

24 (ii) to analyze the environmental ef-
25 fects of those courses of action.

1 (C) IDENTIFICATION OF PREFERRED AC-
2 TION.—Not later than 18 months after the date
3 of enactment of this Act, the Secretary shall—

4 (i) identify only a preferred action and
5 a single leasing alternative for the first
6 lease sale authorized under this subtitle;
7 and

8 (ii) analyze the environmental effects
9 and potential mitigation measures for
10 those 2 alternatives.

11 (D) PUBLIC COMMENTS.—In carrying out
12 this paragraph, the Secretary shall consider
13 only public comments that are filed not later
14 than 20 days after the date of publication of a
15 draft environmental impact statement.

16 (E) EFFECT OF COMPLIANCE.—Notwith-
17 standing any other provision of law, compliance
18 with this paragraph shall be considered to sat-
19 isfy all requirements for the analysis and con-
20 sideration of the environmental effects of pro-
21 posed leasing under this subtitle.

22 (c) RELATIONSHIP TO STATE AND LOCAL AUTHOR-
23 ITY.—Nothing in this subtitle expands or limits any State
24 or local regulatory authority.

25 (d) SPECIAL AREAS.—

1 (1) DESIGNATION.—

2 (A) IN GENERAL.—The Secretary, after
3 consultation with the State of Alaska, the
4 North Slope Borough, Alaska, and the City of
5 Kaktovik, Alaska, may designate not more than
6 45,000 acres of the Coastal Plain as a special
7 area if the Secretary determines that the special
8 area would be of such unique character and in-
9 terest as to require special management and
10 regulatory protection.

11 (B) SADLEROCHIT SPRING AREA.—The
12 Secretary shall designate as a special area in
13 accordance with subparagraph (A) the
14 Sadlerochit Spring area, comprising approxi-
15 mately 4,000 acres as depicted on the map.

16 (2) MANAGEMENT.—The Secretary shall man-
17 age each special area designated under this sub-
18 section in a manner that preserves the unique and
19 diverse character of the area, including fish, wildlife,
20 subsistence resources, and cultural values of the
21 area.

22 (3) EXCLUSION FROM LEASING OR SURFACE
23 OCCUPANCY.—

1 (A) IN GENERAL.—The Secretary may ex-
2 clude any special area designated under this
3 subsection from leasing.

4 (B) NO SURFACE OCCUPANCY.—If the Sec-
5 retary leases all or a portion of a special area
6 for the purposes of oil and gas exploration, de-
7 velopment, production, and related activities,
8 there shall be no surface occupancy of the land
9 comprising the special area.

10 (4) DIRECTIONAL DRILLING.—Notwithstanding
11 any other provision of this subsection, the Secretary
12 may lease all or a portion of a special area under
13 terms that permit the use of horizontal drilling tech-
14 nology from sites on leases located outside the spe-
15 cial area.

16 (e) LIMITATION ON CLOSED AREAS.—The Secretary
17 may not close land within the Coastal Plain to oil and gas
18 leasing or to exploration, development, or production ex-
19 cept in accordance with this subtitle.

20 (f) REGULATIONS.—

21 (1) IN GENERAL.—Not later than 15 months
22 after the date of enactment of this Act, the Sec-
23 retary shall promulgate such regulations as are nec-
24 essary to carry out this subtitle, including rules and
25 regulations relating to protection of the fish and

1 wildlife, fish and wildlife habitat, subsistence re-
2 sources, and environment of the Coastal Plain.

3 (2) REVISION OF REGULATIONS.—The Sec-
4 retary shall periodically review and, as appropriate,
5 revise the rules and regulations issued under para-
6 graph (1) to reflect any significant biological, envi-
7 ronmental, scientific or engineering data that come
8 to the attention of the Secretary.

9 **SEC. 213. LEASE SALES.**

10 (a) IN GENERAL.—Land may be leased pursuant to
11 this subtitle to any person qualified to obtain a lease for
12 deposits of oil and gas under the Mineral Leasing Act (30
13 U.S.C. 181 et seq.).

14 (b) PROCEDURES.—The Secretary shall, by regula-
15 tion, establish procedures for—

16 (1) receipt and consideration of sealed nomina-
17 tions for any area in the Coastal Plain for inclusion
18 in, or exclusion (as provided in subsection (c)) from,
19 a lease sale;

20 (2) the holding of lease sales after that nomina-
21 tion process; and

22 (3) public notice of and comment on designa-
23 tion of areas to be included in, or excluded from, a
24 lease sale.

1 (c) LEASE SALE BIDS.—Bidding for leases under
2 this subtitle shall be by sealed competitive cash bonus bids.

3 (d) ACREAGE MINIMUM IN FIRST SALE.—For the
4 first lease sale under this subtitle, the Secretary shall offer
5 for lease those tracts the Secretary considers to have the
6 greatest potential for the discovery of hydrocarbons, tak-
7 ing into consideration nominations received pursuant to
8 subsection (b)(1), but in no case less than 200,000 acres.

9 (e) TIMING OF LEASE SALES.—The Secretary
10 shall—

11 (1) not later than 22 months after the date of
12 enactment of this Act, conduct the first lease sale
13 under this subtitle;

14 (2) not later than 90 days after the date of the
15 completion of the sale, evaluate the bids in the sale
16 and issue leases resulting from the sale; and

17 (3) conduct additional sales at appropriate in-
18 tervals if sufficient interest in exploration or devel-
19 opment exists to warrant the conduct of the addi-
20 tional sales.

21 **SEC. 214. GRANT OF LEASES BY THE SECRETARY.**

22 (a) IN GENERAL.—On payment by a lessee of such
23 bonus as may be accepted by the Secretary, the Secretary
24 may grant to the highest responsible qualified bidder in

1 a lease sale conducted pursuant to section 213 a lease for
2 any land on the Coastal Plain.

3 (b) SUBSEQUENT TRANSFERS.—

4 (1) IN GENERAL.—No lease issued under this
5 subtitle may be sold, exchanged, assigned, sublet, or
6 otherwise transferred except with the approval of the
7 Secretary.

8 (2) CONDITION FOR APPROVAL.—Before grant-
9 ing any approval described in paragraph (1), the
10 Secretary shall consult with and give due consider-
11 ation to the opinion of the Attorney General.

12 **SEC. 215. LEASE TERMS AND CONDITIONS.**

13 An oil or gas lease issued pursuant to this subtitle
14 shall—

15 (1) provide for the payment of a royalty of not
16 less than 12½ percent of the amount or value of the
17 production removed or sold from the lease, as deter-
18 mined by the Secretary in accordance with regula-
19 tions applicable to other Federal oil and gas leases;

20 (2) provide that the Secretary may close, on a
21 seasonal basis, such portions of the Coastal Plain to
22 exploratory drilling activities as are necessary to
23 protect caribou calving areas and other species of
24 fish and wildlife;

1 (3) require that each lessee of land within the
2 Coastal Plain shall be fully responsible and liable for
3 the reclamation of land within the Coastal Plain and
4 any other Federal land that is adversely affected in
5 connection with exploration, development, produc-
6 tion, or transportation activities within the Coastal
7 Plain conducted by the lessee or by any of the sub-
8 contractors or agents of the lessee;

9 (4) provide that the lessee may not delegate or
10 convey, by contract or otherwise, that reclamation
11 responsibility and liability to another person without
12 the express written approval of the Secretary;

13 (5) provide that the standard of reclamation for
14 land required to be reclaimed under this subtitle
15 shall be, to the maximum extent practicable—

16 (A) a condition capable of supporting the
17 uses that the land was capable of supporting
18 prior to any exploration, development, or pro-
19 duction activities; or

20 (B) on application by the lessee, to a high-
21 er or better standard, as approved by the Sec-
22 retary;

23 (6) contain terms and conditions relating to
24 protection of fish and wildlife, fish and wildlife habi-

1 tat, subsistence resources, and the environment as
2 required under section 212(a)(2);

3 (7) provide that each lessee, and each agent
4 and contractor of a lessee, use their best efforts to
5 provide a fair share of employment and contracting
6 for Alaska Natives and Alaska Native Corporations
7 from throughout the State of Alaska, as determined
8 by the level of obligation previously agreed to in the
9 Federal Agreement; and

10 (8) contain such other provisions as the Sec-
11 retary determines to be necessary to ensure compli-
12 ance with this subtitle and the regulations promul-
13 gated under this subtitle.

14 **SEC. 216. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

15 (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD
16 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—
17 In accordance with section 212, the Secretary shall admin-
18 ister this subtitle through regulations, lease terms, condi-
19 tions, restrictions, prohibitions, stipulations, or other pro-
20 visions that—

21 (1) ensure, to the maximum extent practicable,
22 that oil and gas exploration, development, and pro-
23 duction activities on the Coastal Plain will result in
24 no significant adverse effect on fish and wildlife, fish
25 and wildlife habitat, and the environment;

1 (2) require the application of the best commer-
2 cially available technology for oil and gas explo-
3 ration, development, and production on all new ex-
4 ploration, development, and production operations;
5 and

6 (3) ensure that the maximum surface acreage
7 covered in connection with the leasing program by
8 production and support facilities, including airstrips
9 and any areas covered by gravel berms or piers for
10 support of pipelines, does not exceed 2,000 acres on
11 the Coastal Plain.

12 (b) **SITE-SPECIFIC ASSESSMENT AND MITIGATION.**—
13 The Secretary shall require, with respect to any proposed
14 drilling and related activities on the Coastal Plain, that—

15 (1) a site-specific analysis be made of the prob-
16 able effects, if any, that the drilling or related activi-
17 ties will have on fish and wildlife, fish and wildlife
18 habitat, subsistence resources, subsistence uses, and
19 the environment;

20 (2) a plan be implemented to avoid, minimize,
21 and mitigate (in that order and to the maximum ex-
22 tent practicable) any significant adverse effect iden-
23 tified under paragraph (1); and

1 (3) the development of the plan shall occur
2 after consultation with the 1 or more agencies hav-
3 ing jurisdiction over matters mitigated by the plan.

4 (c) REGULATIONS TO PROTECT COASTAL PLAIN
5 FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,
6 AND THE ENVIRONMENT.—Before implementing the leas-
7 ing program authorized by this subtitle, the Secretary
8 shall prepare and issue regulations, lease terms, condi-
9 tions, restrictions, prohibitions, stipulations, or other
10 measures designed to ensure, to the maximum extent prac-
11 ticable, that the activities carried out on the Coastal Plain
12 under this subtitle are conducted in a manner consistent
13 with the purposes and environmental requirements of this
14 subtitle.

15 (d) COMPLIANCE WITH FEDERAL AND STATE ENVI-
16 RONMENTAL LAWS AND OTHER REQUIREMENTS.—The
17 proposed regulations, lease terms, conditions, restrictions,
18 prohibitions, and stipulations for the leasing program
19 under this subtitle shall require—

20 (1) compliance with all applicable provisions of
21 Federal and State environmental law (including reg-
22 ulations);

23 (2) implementation of and compliance with—

24 (A) standards that are at least as effective
25 as the safety and environmental mitigation

1 measures, as described in items 1 through 29
2 on pages 167 through 169 of the Final State-
3 ment, on the Coastal Plain;

4 (B) seasonal limitations on exploration, de-
5 velopment, and related activities, as necessary,
6 to avoid significant adverse effects during peri-
7 ods of concentrated fish and wildlife breeding,
8 denning, nesting, spawning, and migration;

9 (C) design safety and construction stand-
10 ards for all pipelines and any access and service
11 roads that minimize, to the maximum extent
12 practicable, adverse effects on—

13 (i) the passage of migratory species
14 (such as caribou); and

15 (ii) the flow of surface water by re-
16 quiring the use of culverts, bridges, or
17 other structural devices;

18 (D) prohibitions on general public access
19 to, and use of, all pipeline access and service
20 roads;

21 (E) stringent reclamation and rehabilita-
22 tion requirements in accordance with this sub-
23 title for the removal from the Coastal Plain of
24 all oil and gas development and production fa-
25 cilities, structures, and equipment on comple-

1 tion of oil and gas production operations, except
2 in a case in which the Secretary determines
3 that those facilities, structures, or equipment—
4 (i) would assist in the management of
5 the Arctic National Wildlife Refuge; and
6 (ii) are donated to the United States
7 for that purpose;
8 (F) appropriate prohibitions or restrictions
9 on—
10 (i) access by all modes of transpor-
11 tation;
12 (ii) sand and gravel extraction; and
13 (iii) use of explosives;
14 (G) reasonable stipulations for protection
15 of cultural and archaeological resources;
16 (H) measures to protect groundwater and
17 surface water, including—
18 (i) avoidance, to the maximum extent
19 practicable, of springs, streams, and river
20 systems;
21 (ii) the protection of natural surface
22 drainage patterns and wetland and ripar-
23 ian habitats; and
24 (iii) the regulation of methods or tech-
25 niques for developing or transporting ade-

1 quate supplies of water for exploratory
2 drilling; and

3 (I) research, monitoring, and reporting re-
4 quirements.

5 (3) that exploration activities (except surface
6 geological studies) be limited to the period between
7 approximately November 1 and May 1 of each year
8 and be supported, if necessary, by ice roads, winter
9 trails with adequate snow cover, ice pads, ice air-
10 strips, and air transport methods (except that those
11 exploration activities may be permitted at other
12 times if the Secretary determines that the explo-
13 ration will have no significant adverse effect on fish
14 and wildlife, fish and wildlife habitat, and the envi-
15 ronment of the Coastal Plain);

16 (4) consolidation of facility siting;

17 (5) avoidance or reduction of air traffic-related
18 disturbance to fish and wildlife;

19 (6) treatment and disposal of hazardous and
20 toxic wastes, solid wastes, reserve pit fluids, drilling
21 muds and cuttings, and domestic wastewater, includ-
22 ing, in accordance with applicable Federal and State
23 environmental laws (including regulations)—

24 (A) preparation of an annual waste man-
25 agement report;

1 (B) development and implementation of a
2 hazardous materials tracking system; and

3 (C) prohibition on the use of chlorinated
4 solvents;

5 (7) fuel storage and oil spill contingency plan-
6 ning;

7 (8) conduct of periodic field crew environmental
8 briefings;

9 (9) avoidance of significant adverse effects on
10 subsistence hunting, fishing, and trapping;

11 (10) compliance with applicable air and water
12 quality standards;

13 (11) appropriate seasonal and safety zone des-
14 ignations around well sites, within which subsistence
15 hunting and trapping shall be limited; and

16 (12) development and implementation of such
17 other protective environmental requirements, restric-
18 tions, terms, or conditions as the Secretary deter-
19 mines to be necessary.

20 (e) CONSIDERATIONS.—In preparing and issuing reg-
21 ulations, lease terms, conditions, restrictions, prohibitions,
22 or stipulations under this section, the Secretary shall take
23 into consideration—

24 (1) the stipulations and conditions that govern
25 the National Petroleum Reserve-Alaska leasing pro-

1 gram, as set forth in the 1999 Northeast National
2 Petroleum Reserve-Alaska Final Integrated Activity
3 Plan/Environmental Impact Statement;

4 (2) the environmental protection standards that
5 governed the initial Coastal Plain seismic exploration
6 program under parts 37.31 through 37.33 of title
7 50, Code of Federal Regulations (or successor regu-
8 lations); and

9 (3) the land use stipulations for exploratory
10 drilling on the KIC-ASRC private land described in
11 Appendix 2 of the agreement between Arctic Slope
12 Regional Corporation and the United States dated
13 August 9, 1983.

14 (f) FACILITY CONSOLIDATION PLANNING.—

15 (1) IN GENERAL.—After providing for public
16 notice and comment, the Secretary shall prepare and
17 periodically update a plan to govern, guide, and di-
18 rect the siting and construction of facilities for the
19 exploration, development, production, and transpor-
20 tation of oil and gas resources from the Coastal
21 Plain.

22 (2) OBJECTIVES.—The objectives of the plan
23 shall be—

24 (A) the avoidance of unnecessary duplica-
25 tion of facilities and activities;

1 (B) the encouragement of consolidation of
2 common facilities and activities;

3 (C) the location or confinement of facilities
4 and activities to areas that will minimize impact
5 on fish and wildlife, fish and wildlife habitat,
6 subsistence resources, and the environment;

7 (D) the use of existing facilities, to the
8 maximum extent practicable; and

9 (E) the enhancement of compatibility be-
10 tween wildlife values and development activities.

11 (g) ACCESS TO PUBLIC LAND.—The Secretary
12 shall—

13 (1) manage public land in the Coastal Plain in
14 accordance with subsections (a) and (b) of section
15 811 of the Alaska National Interest Lands Con-
16 servation Act (16 U.S.C. 3121); and

17 (2) ensure that local residents shall have rea-
18 sonable access to public land in the Coastal Plain for
19 traditional uses.

20 **SEC. 217. EXPEDITED JUDICIAL REVIEW.**

21 (a) FILING OF COMPLAINTS.—

22 (1) DEADLINE.—A complaint seeking judicial
23 review of a provision of this subtitle or an action of
24 the Secretary under this subtitle shall be filed—

1 (A) except as provided in subparagraph
2 (B), during the 90-day period beginning on the
3 date on which the action being challenged was
4 carried out; or

5 (B) in the case of a complaint based solely
6 on grounds arising after the 90-day period de-
7 scribed in subparagraph (A), by not later than
8 90 days after the date on which the complain-
9 ant knew or reasonably should have known
10 about the grounds for the complaint.

11 (2) VENUE.—A complaint seeking judicial re-
12 view of a provision of this subtitle or an action of
13 the Secretary under this subtitle shall be filed in the
14 United States Court of Appeals for the District of
15 Columbia Circuit.

16 (3) SCOPE.—

17 (A) IN GENERAL.—Judicial review of a de-
18 cision of the Secretary relating to a lease sale
19 under this subtitle (including an environmental
20 analysis of such a lease sale) shall be—

21 (i) limited to a review of whether the
22 decision is in accordance with this subtitle;
23 and

24 (ii) based on the administrative record
25 of the decision.

1 (B) PRESUMPTIONS.—Any identification
2 by the Secretary of a preferred course of action
3 relating to a lease sale, and any analysis by the
4 Secretary of environmental effects, under this
5 subtitle shall be presumed to be correct unless
6 proven otherwise by clear and convincing evi-
7 dence.

8 (b) LIMITATION ON OTHER REVIEW.—Any action of
9 the Secretary that is subject to judicial review under this
10 section shall not be subject to judicial review in any civil
11 or criminal proceeding for enforcement.

12 **SEC. 218. FEDERAL AND STATE DISTRIBUTION OF REVE-**
13 **NUES.**

14 (a) IN GENERAL.—Notwithstanding any other provi-
15 sion of law, of the amount of adjusted bonus, rental, and
16 royalty revenues from Federal oil and gas leasing and op-
17 erations authorized under this subtitle for each fiscal
18 year—

19 (1) 50 percent shall be paid to the State of
20 Alaska; and

21 (2) except as provided in section 221(d), the
22 balance shall be deposited in the Treasury and used
23 for Federal budget deficit reduction.

24 (b) PAYMENTS TO ALASKA.—Payments to the State
25 of Alaska under this section shall be made semiannually.

1 **SEC. 219. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

2 (a) IN GENERAL.—The Secretary shall issue rights-
3 of-way and easements across the Coastal Plain for the
4 transportation of oil and gas—

5 (1) except as provided in paragraph (2), under
6 section 28 of the Mineral Leasing Act (30 U.S.C.
7 185), without regard to title XI of the Alaska Na-
8 tional Interest Lands Conservation Act (16 U.S.C.
9 3161 et seq.); and

10 (2) under title XI of the Alaska National Inter-
11 est Lands Conservation Act (16 U.S.C. 3161 et
12 seq.), for access authorized by sections 1110 and
13 1111 of that Act (16 U.S.C. 3170, 3171).

14 (b) TERMS AND CONDITIONS.—The Secretary shall
15 include in any right-of-way or easement issued under sub-
16 section (a) such terms and conditions as may be necessary
17 to ensure that transportation of oil and gas does not result
18 in a significant adverse effect on the fish and wildlife, sub-
19 sistence resources, their habitat, and the environment of
20 the Coastal Plain, including requirements that facilities be
21 sited or designed so as to avoid unnecessary duplication
22 of roads and pipelines.

23 (c) REGULATIONS.—The Secretary shall include in
24 regulations under section 212(f) provisions granting
25 rights-of-way and easements described in subsection (a).

1 **SEC. 220. CONVEYANCE.**

2 Notwithstanding section 1302(h)(2) of the Alaska
3 National Interest Lands Conservation Act (16 U.S.C.
4 3192(h)(2)), to remove any cloud on title to land, and to
5 clarify land ownership patterns in the Coastal Plain, the
6 Secretary shall—

7 (1) to the extent necessary to fulfill the entitle-
8 ment of the Kaktovik Inupiat Corporation under sec-
9 tions 12 and 14 of the Alaska Native Claims Settle-
10 ment Act (43 U.S.C. 1611, 1613), as determined by
11 the Secretary, convey to that Corporation the sur-
12 face estate of the land described in paragraph (1) of
13 Public Land Order 6959, in accordance with the
14 terms and conditions of the agreement between the
15 Secretary, the United States Fish and Wildlife Serv-
16 ice, the Bureau of Land Management, and the
17 Kaktovik Inupiat Corporation, dated January 22,
18 1993; and

19 (2) convey to the Arctic Slope Regional Cor-
20 poration the remaining subsurface estate to which
21 that Corporation is entitled under the agreement be-
22 tween that corporation and the United States, dated
23 August 9, 1983.

24 **SEC. 221. LOCAL GOVERNMENT IMPACT AID AND COMMU-**
25 **NITY SERVICE ASSISTANCE.**

26 (a) **FINANCIAL ASSISTANCE AUTHORIZED.**—

1 (1) IN GENERAL.—The Secretary may use
2 amounts available from the Coastal Plain Local Gov-
3 ernment Impact Aid Assistance Fund established by
4 subsection (d) to provide timely financial assistance
5 to entities that are eligible under paragraph (2).

6 (2) ELIGIBLE ENTITIES.—The North Slope
7 Borough, the City of Kaktovik, and any other bor-
8 ough, municipal subdivision, village, or other com-
9 munity in the State of Alaska that is directly im-
10 pacted by exploration for, or the production of, oil
11 or gas on the Coastal Plain under this subtitle, as
12 determined by the Secretary, shall be eligible for fi-
13 nancial assistance under this section.

14 (b) USE OF ASSISTANCE.—Financial assistance
15 under this section may be used only—

16 (1) to plan for mitigation, implement a mitiga-
17 tion plan, or maintain a mitigation project to ad-
18 dress the potential effects of oil and gas exploration
19 and development on environmental, social, cultural,
20 recreational, and subsistence resources of the com-
21 munity;

22 (2) to develop, carry out, and maintain—

23 (A) a project to provide new or expanded
24 public facilities; or

1 (B) services to address the needs and prob-
2 lems associated with the effects described in
3 paragraph (1), including firefighting, police,
4 water and waste treatment, first responder, and
5 other medical services; and

6 (3) to establish a local coordination office, to be
7 managed by the Mayor of the North Slope Borough,
8 in coordination with the City of Kaktovik, Alaska—

9 (A) to coordinate with and advise devel-
10 opers on local conditions and the history of
11 areas affected by development; and

12 (B) to provide to the Committee on Re-
13 sources of the House of Representatives and the
14 Committee on Energy and Natural Resources of
15 the Senate annual reports on the status of the
16 coordination between developers and commu-
17 nities affected by development.

18 (c) APPLICATION.—

19 (1) IN GENERAL.—Any community that is eligi-
20 ble for assistance under this section may submit an
21 application for such assistance to the Secretary, in
22 such form and under such procedures as the Sec-
23 retary may prescribe by regulation.

24 (2) NORTH SLOPE BOROUGH COMMUNITIES.—A
25 community located in the North Slope Borough may

1 apply for assistance under this section either directly
2 to the Secretary or through the North Slope Bor-
3 ough.

4 (3) APPLICATION ASSISTANCE.—The Secretary
5 shall work closely with and assist the North Slope
6 Borough and other communities eligible for assist-
7 ance under this section in developing and submitting
8 applications for assistance under this section.

9 (d) ESTABLISHMENT OF FUND.—

10 (1) IN GENERAL.—There is established in the
11 Treasury the “Coastal Plain Local Government Im-
12 pact Aid Assistance Fund” (referred to in this sec-
13 tion as the “Fund”).

14 (2) USE.—Amounts in the Fund may be used
15 only for providing financial assistance under this
16 section.

17 (3) DEPOSITS.—Subject to paragraph (4), there
18 shall be deposited into the Fund amounts received
19 by the United States as revenues derived from rents,
20 bonuses, and royalties from Federal leases and lease
21 sales authorized under this subtitle.

22 (4) LIMITATION ON DEPOSITS.—The total
23 amount in the Fund may not exceed \$11,000,000.

1 (5) INVESTMENT OF BALANCES.—The Sec-
2 retary of the Treasury shall invest amounts in the
3 Fund in interest bearing government securities.

4 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
5 authorized to be appropriated to the Secretary from the
6 Fund to provide financial assistance under this section
7 \$5,000,000 for each fiscal year.

8 **Subtitle C—Approval of Keystone**
9 **XL Pipeline Project**

10 **SEC. 231. APPROVAL OF KEYSTONE XL PIPELINE PROJECT.**

11 (a) APPROVAL OF CROSS-BORDER FACILITIES.—

12 (1) IN GENERAL.—In accordance with section 8
13 of article 1 of the Constitution (delegating to Con-
14 gress the power to regulate commerce with foreign
15 nations), TransCanada Keystone Pipeline, L.P. is
16 authorized to construct, connect, operate, and main-
17 tain pipeline facilities, subject to subsection (c), for
18 the import of crude oil and other hydrocarbons at
19 the United States-Canada Border at Phillips Coun-
20 ty, Montana, in accordance with the application filed
21 with the Department of State on September 19,
22 2008 (as supplemented and amended).

23 (2) PERMIT.—Notwithstanding any other provi-
24 sion of law, no permit pursuant to Executive Order
25 13337 (3 U.S.C. 301 note) or any other similar Ex-

1 executive Order regulating construction, connection,
2 operation, or maintenance of facilities at the borders
3 of the United States, and no additional environ-
4 mental impact statement, shall be required for
5 TransCanada Keystone Pipeline, L.P. to construct,
6 connect, operate, and maintain the facilities de-
7 scribed in paragraph (1).

8 (b) CONSTRUCTION AND OPERATION OF KEYSTONE
9 XL PIPELINE IN UNITED STATES.—

10 (1) IN GENERAL.—The final environmental im-
11 pact statement issued by the Department of State
12 on August 26, 2011, shall be considered to satisfy
13 all requirements of the National Environmental Pol-
14 icy Act of 1969 (42 U.S.C. 4321 et seq.) and any
15 other provision of law that requires Federal agency
16 consultation or review with respect to the cross-bor-
17 der facilities described in subsection (a)(1) and the
18 related facilities in the United States described in
19 the application filed with the Department of State
20 on September 19, 2008 (as supplemented and
21 amended).

22 (2) PERMITS.—Any Federal permit or author-
23 ization issued before the date of enactment of this
24 Act for the cross-border facilities described in sub-
25 section (a)(1), and the related facilities in the

1 United States described in the application filed with
2 the Department of State on September 19, 2008 (as
3 supplemented and amended), shall remain in effect.

4 (c) CONDITIONS.—In constructing, connecting, oper-
5 ating, and maintaining the cross-border facilities described
6 in subsection (a)(1) and related facilities in the United
7 States described in the application filed with the Depart-
8 ment of State on September 19, 2008 (as supplemented
9 and amended), TransCanada Keystone Pipeline, L.P. shall
10 comply with the following conditions:

11 (1) TransCanada Keystone Pipeline, L.P. shall
12 comply with all applicable Federal and State laws
13 (including regulations) and all applicable industrial
14 codes regarding the construction, connection, oper-
15 ation, and maintenance of the facilities.

16 (2) Except as provided in subsection (a)(2),
17 TransCanada Keystone Pipeline, L.P. shall comply
18 with all requisite permits from Canadian authorities
19 and applicable Federal, State, and local government
20 agencies in the United States.

21 (3) TransCanada Keystone Pipeline, L.P. shall
22 take all appropriate measures to prevent or mitigate
23 any adverse environmental impact or disruption of
24 historic properties in connection with the construc-

1 tion, connection, operation, and maintenance of the
2 facilities.

3 (4) The construction, connection, operation, and
4 maintenance of the facilities shall be—

5 (A) in all material respects, similar to that
6 described in—

7 (i) the application filed with the De-
8 partment of State on September 19, 2008
9 (as supplemented and amended); and

10 (ii) the final environmental impact
11 statement described in subsection (b)(1);
12 and

13 (B) carried out in accordance with—

14 (i) the construction, mitigation, and
15 reclamation measures agreed to for the
16 project in the construction mitigation and
17 reclamation plan contained in appendix B
18 of the final environmental impact state-
19 ment described in subsection (b)(1);

20 (ii) the special conditions agreed to
21 between the owners and operators of the
22 project and the Administrator of the Pipe-
23 line and Hazardous Materials Safety Ad-
24 ministration of the Department of Trans-

1 portation, as contained in appendix U of
2 the final environmental impact statement;

3 (iii) the measures identified in appen-
4 dix H of the final environmental impact
5 statement, if the modified route submitted
6 by the State of Nebraska to the Secretary
7 of State crosses the Sand Hills region; and

8 (iv) the stipulations identified in ap-
9 pendix S of the final environmental impact
10 statement.

11 (d) ROUTE IN NEBRASKA.—

12 (1) IN GENERAL.—Any route and construction,
13 mitigation, and reclamation measures for the project
14 in the State of Nebraska that is identified by the
15 State of Nebraska and submitted to the Secretary of
16 State under this section is considered sufficient for
17 the purposes of this section.

18 (2) PROHIBITION.—Construction of the facili-
19 ties in the United States described in the application
20 filed with the Department of State on September 19,
21 2008 (as supplemented and amended), shall not
22 commence in the State of Nebraska until the date
23 on which the Secretary of State receives a route for
24 the project in the State of Nebraska that is identi-
25 fied by the State of Nebraska.

1 (3) RECEIPT.—On the date of receipt of the
2 route described in paragraph (1) by the Secretary of
3 State, the route for the project within the State of
4 Nebraska under this section shall supersede the
5 route for the project in the State specified in the ap-
6 plication filed with the Department of State on Sep-
7 tember 19, 2008 (including supplements and amend-
8 ments).

9 (4) COOPERATION.—Not later than 30 days
10 after the date on which the State of Nebraska sub-
11 mits a request to the Secretary of State or any ap-
12 propriate Federal official, the Secretary of State or
13 Federal official shall provide assistance that is con-
14 sistent with the law of the State of Nebraska.

15 (e) ADMINISTRATION.—

16 (1) IN GENERAL.—Any action taken to carry
17 out this section (including the modification of any
18 route under subsection (d)) shall not constitute a
19 major Federal action under the National Environ-
20 mental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

21 (2) STATE SITING AUTHORITY.—Nothing in
22 this section alters any provision of State law relating
23 to the siting of pipelines.

24 (3) PRIVATE PROPERTY.—Nothing in this sec-
25 tion alters any Federal, State, or local process or

1 condition in effect on the date of enactment of this
2 Act that is necessary to secure access from an owner
3 of private property to construct the project.

4 (f) FEDERAL JUDICIAL REVIEW.—The cross-border
5 facilities described in subsection (a)(1), and the related fa-
6 cilities in the United States described in the application
7 filed with the Department of State on September 19, 2008
8 (as supplemented and amended), that are approved by this
9 section, and any permit, right-of-way, or other action
10 taken to construct or complete the project pursuant to
11 Federal law, shall only be subject to judicial review on di-
12 rect appeal to the United States Court of Appeals for the
13 District of Columbia Circuit.

14 **TITLE III—CLOSING LOOPHOLES**
15 **TO FUND CONSUMER RELIEF**
16 **AT THE PUMP**

17 **SEC. 301. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
18 **APPLICABLE TO MAJOR INTEGRATED OIL**
19 **COMPANIES WHICH ARE DUAL CAPACITY**
20 **TAXPAYERS.**

21 (a) IN GENERAL.—Section 901 of the Internal Rev-
22 enue Code of 1986 is amended by redesignating subsection
23 (n) as subsection (o) and by inserting after subsection (m)
24 the following new subsection:

1 “(n) SPECIAL RULES RELATING TO MAJOR INTE-
2 GRATED OIL COMPANIES WHICH ARE DUAL CAPACITY
3 TAXPAYERS.—

4 “(1) GENERAL RULE.—Notwithstanding any
5 other provision of this chapter, any amount paid or
6 accrued by a dual capacity taxpayer which is a
7 major integrated oil company (as defined in section
8 167(h)(5)(B)) to a foreign country or possession of
9 the United States shall not be considered a tax—

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

13 “(B) to the extent such amount exceeds
14 the amount (determined in accordance with reg-
15 ulations) which—

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

20 “(ii) would be paid if the generally ap-
21 plicable income tax imposed by the country
22 or possession were applicable to such dual
23 capacity taxpayer.

24 Nothing in this paragraph shall be construed to
25 imply the proper treatment of any such amount not

1 in excess of the amount determined under subpara-
2 graph (B).

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

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

9 “(B) receives (or will receive) directly or
10 indirectly a specific economic benefit (as deter-
11 mined in accordance with regulations) from
12 such country or possession.

13 “(3) GENERALLY APPLICABLE INCOME TAX.—
14 For purposes of this subsection—

15 “(A) IN GENERAL.—The term ‘generally
16 applicable income tax’ means an income tax (or
17 a series of income taxes) which is generally im-
18 posed under the laws of a foreign country or
19 possession on income derived from the conduct
20 of a trade or business within such country or
21 possession.

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

1 “(i) persons who are not dual capacity
2 taxpayers, and

3 “(ii) persons who are citizens or resi-
4 dents of the foreign country or posses-
5 sion.”.

6 (b) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendments made by
8 this section shall apply to taxes paid or accrued in
9 taxable years beginning after the date of the enact-
10 ment of this Act.

11 (2) CONTRARY TREATY OBLIGATIONS
12 UPHELD.—The amendments made by this section
13 shall not apply to the extent contrary to any treaty
14 obligation of the United States.

15 **SEC. 302. LIMITATION ON SECTION 199 DEDUCTION ATTRIB-**
16 **UTABLE TO OIL, NATURAL GAS, OR PRIMARY**
17 **PRODUCTS THEREOF.**

18 (a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-
19 tion 199(c) of the Internal Revenue Code of 1986 is
20 amended by adding at the end the following new subpara-
21 graph:

22 “(E) SPECIAL RULE FOR CERTAIN OIL
23 AND GAS INCOME.—In the case of any taxpayer
24 who is a major integrated oil company (as de-
25 fined in section 167(h)(5)(B)) for the taxable

1 year, the term ‘domestic production gross re-
2 ceipts’ shall not include gross receipts from the
3 production, transportation, or distribution of
4 oil, natural gas, or any primary product (within
5 the meaning of subsection (d)(9)) thereof.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to taxable years beginning after
8 December 31, 2011.

9 **SEC. 303. LIMITATION ON DEDUCTION FOR INTANGIBLE**
10 **DRILLING AND DEVELOPMENT COSTS.**

11 (a) IN GENERAL.—Section 263(c) of the Internal
12 Revenue Code of 1986 is amended by adding at the end
13 the following new sentence: “This subsection shall not
14 apply to amounts paid or incurred by a taxpayer in any
15 taxable year in which such taxpayer is a major integrated
16 oil company (as defined in section 167(h)(5)(B)).”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to amounts paid or incurred in tax-
19 able years beginning after December 31, 2011.

20 **SEC. 304. TRANSFER OF REVENUES TO HIGHWAY TRUST**
21 **FUND.**

22 Subsection (b) of section 9503 of the Internal Rev-
23 enue Code of 1986 is amended by adding at the end the
24 following new paragraph:

1 “(7) TRANSFERS OF CERTAIN REVENUES.—
2 There are hereby appropriated the Highway Trust
3 Fund amounts equivalent to the amounts received in
4 the Treasury that are attributable to the amend-
5 ments made by sections 301, 302, and 303 of the
6 Gas Price Relief Act of 2012.”.