

111TH CONGRESS
2^D SESSION

S. _____

To reduce the Federal budget deficit by creating a surtax on high income individuals and eliminating big oil and gas company tax loopholes.

IN THE SENATE OF THE UNITED STATES

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

A BILL

To reduce the Federal budget deficit by creating a surtax on high income individuals and eliminating big oil and gas company tax loopholes.

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 “Emergency Deficit Re-
5 duction Act”.

6 **SEC. 2. FINDINGS.**

7 The Senate finds the following:

8 (1) At a time when our Nation has a \$14.2 tril-
9 lion national debt and a \$1.6 trillion annual deficit,
10 moving aggressively toward deficit reduction means

1 that we must include not only well-targeted budget
2 cuts, but revenue raised in a fair and economically
3 just way. Questions every Member of Congress
4 should be asking are the following:

5 (A) Do we ask the highest paid executives
6 on Wall Street to give up a \$1 million dollar a
7 year tax break, or do we ask senior citizens to
8 go cold in the winter by cutting the Low In-
9 come Home Energy Assistance Program?

10 (B) Do we ask Exxon Mobil and other big
11 oil companies to give up their tax breaks, or do
12 we ask over 9 million college students to go fur-
13 ther into debt by cutting Pell Grants by \$5.7
14 billion?

15 (C) Do we stop cutting taxes for the rich-
16 est 400 American families, who earned an aver-
17 age of \$345 million in 2007, or do we delay So-
18 cial Security benefits to 500,000 Americans by
19 a \$1.7 billion cut in the Social Security Admin-
20 istration?

21 (D) Do we establish an emergency deficit
22 reduction surtax on millionaires and billion-
23 aires, or do we deny over 200,000 little children
24 the opportunity to enroll in Head Start by cut-
25 ting this program by \$1.1 billion?

1 (E) Do we finally tax hedge fund man-
2 agers who make at least \$1 billion at a higher
3 rate than police officers, teachers, firefighters,
4 and nurses, or will 11 million Americans be de-
5 nied access to quality primary healthcare by a
6 \$1.3 billion cut in community health centers?

7 (2) At a time when the wealthiest people in this
8 country are doing phenomenally well, when the effec-
9 tive Federal tax rates for the richest Americans are
10 the lowest on record, and when the top 2 percent of
11 taxpayers have received hundreds of billions of dol-
12 lars in tax breaks in recent years, it would be mor-
13 ally wrong for the United States Congress to move
14 towards a balanced budget on the backs of the mid-
15 dle class, the elderly, the sick, and the most vulner-
16 able people in our society while asking nothing of
17 the highest income earners and most profitable cor-
18 porations.

19 (3) Creating an emergency deficit reduction
20 surtax on income over \$1 million will reduce the def-
21 icit in a fair and economically just way by increasing
22 revenue from those who can afford it the most.

23 (4) From 2000 to 2010, the 5 largest oil com-
24 panies in the United States made nearly \$1 trillion
25 in profits, yet some of them paid nothing in Federal

1 income taxes in recent years. Ending outdated and
2 unnecessary tax credits, deductions, and subsidies
3 for big oil companies is a fair and economically just
4 way to raise revenue and reduce the deficit.

5 (5) In the midst of the worst recession since the
6 Great Depression, America's middle class and work-
7 ing families have already paid a very heavy price in
8 terms of lost jobs, lost homes, lost wages, and lost
9 opportunity. The time has come to ask the wealthi-
10 est in our society and the most profitable corpora-
11 tions in America to help our Nation address its def-
12 icit crisis. Any deficit reduction package must in-
13 clude raising revenue from the wealthy and elimi-
14 nating tax breaks for big oil companies.

15 **SEC. 3. EMERGENCY DEFICIT REDUCTION SURCHARGE ON**
16 **HIGH INCOME INDIVIDUALS.**

17 (a) IN GENERAL.—Subchapter A of chapter 1 of the
18 Internal Revenue Code of 1986 is amended by adding at
19 the end the following new part:

20 **“PART VIII—EMERGENCY DEFICIT REDUCTION**
21 **SURCHARGE ON HIGH INCOME INDIVIDUALS**

“Sec. 59B. Emergency deficit reduction surcharge on high income individuals.

1 **“SEC. 59B. EMERGENCY DEFICIT REDUCTION SURCHARGE**
2 **ON HIGH INCOME INDIVIDUALS.**

3 “(a) GENERAL RULE.—In the case of a taxpayer
4 other than a corporation, there is hereby imposed (in addi-
5 tion to any other tax imposed by this subtitle) a tax equal
6 to 5.4 percent of so much of the modified adjusted gross
7 income of the taxpayer as exceeds \$1,000,000 (\$2,000,000
8 in the case of any taxpayer making a joint return under
9 section 6013).

10 “(b) MODIFIED ADJUSTED GROSS INCOME.—For
11 purposes of this section, the term ‘modified adjusted gross
12 income’ means adjusted gross income reduced by any de-
13 duction (not taken into account in determining adjusted
14 gross income) allowed for investment interest (as defined
15 in section 163(d)). In the case of an estate or trust, ad-
16 justed gross income shall be determined as provided in sec-
17 tion 67(e).

18 “(c) SPECIAL RULES.—

19 “(1) NONRESIDENT ALIEN.—In the case of a
20 nonresident alien individual, only amounts taken
21 into account in connection with the tax imposed
22 under section 871(b) shall be taken into account
23 under this section.

24 “(2) CITIZENS AND RESIDENTS LIVING
25 ABROAD.—The dollar amount in effect under sub-
26 section (a) shall be decreased by the excess of—

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2010.

4 **SEC. 4. REPEAL OF EXPENSING AND 60-MONTH AMORTIZA-**
5 **TION OF INTANGIBLE DRILLING COSTS.**

6 Subsection (c) of section 263 of the Internal Revenue
7 Code of 1986 is amended by striking the period at the
8 end of the third sentence and inserting “, or to any costs
9 paid or incurred after December 31, 2010.”.

10 **SEC. 5. REPEAL OF PERCENTAGE DEPLETION FOR OIL AND**
11 **GAS WELLS.**

12 (a) IN GENERAL.—Section 613 of the Internal Rev-
13 enue Code of 1986 is amended by adding at the end the
14 following new subsection:

15 “(f) TERMINATION OF PERCENTAGE DEPLETION
16 FOR OIL AND GAS PROPERTIES.—In the case of oil and
17 gas properties, this section shall not apply to any taxable
18 year beginning after December 31, 2010.”.

19 (b) LIMITATIONS ON PERCENTAGE DEPLETION IN
20 CASE OF OIL AND GAS WELLS.—Section 613A of the In-
21 ternal Revenue Code of 1986 is amended by adding at the
22 end the following new subsection:

23 “(f) TERMINATION.—This section shall not apply to
24 any taxable year beginning after December 31, 2010.”.

1 **SEC. 6. DENIAL OF DEDUCTION FOR INCOME ATTRIB-**
2 **UTABLE TO DOMESTIC PRODUCTION OF OIL,**
3 **NATURAL GAS, OR PRIMARY PRODUCTS**
4 **THEREOF.**

5 (a) IN GENERAL.—Subparagraph (B) of section
6 199(c)(4) of the Internal Revenue Code of 1986 is amend-
7 ed by striking “or” at the end of clause (ii), by striking
8 the period at the end of clause (iii) and inserting “, or”,
9 and by inserting after clause (iii) the following new clause:

10 “(iv) the production, refining, proc-
11 essing, transportation, or distribution of
12 oil, natural gas, or any primary product
13 thereof.”.

14 (b) PRIMARY PRODUCT.—Section 199(c)(4)(B) of the
15 Internal Revenue Code of 1986 is amended by adding at
16 the end the following flush sentence:

17 “For purposes of clause (iv), the term ‘primary
18 product’ has the same meaning as when used in
19 section 927(a)(2)(C), as in effect before its re-
20 peal.”.

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 199(c)(4) of the Internal Revenue
23 Code of 1986 is amended—

24 (A) in subparagraph (A)(i)(III) by striking
25 “electricity, natural gas,” and inserting “elec-
26 tricity”, and

1 (B) in subparagraph (B)(ii) by striking
2 “electricity, natural gas,” and inserting “elec-
3 tricity”.

4 (2) Section 199(d) of such Code is amended by
5 striking paragraph (9) and by redesignating para-
6 graph (10) as paragraph (9).

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2010.