

119TH CONGRESS
1ST SESSION

S. _____

To eliminate certain subsidies for fossil-fuel production.

IN THE SENATE OF THE UNITED STATES

Mr. SANDERS (for himself, Ms. WARREN, Mr. MERKLEY, Mr. WELCH, Mr. VAN HOLLEN, Mr. MARKEY, and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To eliminate certain subsidies for fossil-fuel production.

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 “End Polluter Welfare
5 Act of 2025”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—ELIMINATION OF FOSSIL FUEL SUBSIDIES

Sec. 101. Definition of fossil fuel.

Sec. 102. Royalty relief.

Sec. 103. Royalties under Mineral Leasing Act.

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- Sec. 104. Offshore oil and gas royalty rate.
- Sec. 105. Elimination of interest payments for royalty overpayments.
- Sec. 106. Removal of limits on liability for offshore facilities and pipeline operators.
- Sec. 107. Restrictions on use of appropriated funds by international financial institutions for projects that support fossil fuel.
- Sec. 108. Office of Fossil Energy and Carbon Management.
- Sec. 109. Loan Programs Office of the Department of Energy .
- Sec. 110. USDA assistance for carbon capture and storage systems.
- Sec. 111. Advanced Research Projects Agency—Energy.
- Sec. 112. Incentives for innovative technologies.
- Sec. 113. Rural Utility Service loan guarantees.
- Sec. 114. Prohibition on use of funds by the United States International Development Finance Corporation or the Export-Import Bank of the United States for financing projects, transactions, or other activities that support fossil fuel.
- Sec. 115. Transportation funds for grants, loans, loan guarantees, and other direct assistance.
- Sec. 116. Elimination of exclusion of certain lenders as owners or operators under CERCLA.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1986

- Sec. 201. Termination of various tax expenditures relating to fossil fuels.
- Sec. 202. Termination of certain deductions and credits related to fossil fuels.
- Sec. 203. Uniform seven-year amortization for geological and geophysical expenditures.
- Sec. 204. Natural gas gathering lines treated as 15-year property.
- Sec. 205. Termination of last-in, first-out method of inventory for oil, natural gas, and coal companies.
- Sec. 206. Repeal of percentage depletion for coal and hard mineral fossil fuels.
- Sec. 207. Termination of capital gains treatment for royalties from coal.
- Sec. 208. Modifications of foreign tax credit rules applicable to oil and gas industry taxpayers receiving specific economic benefits.
- Sec. 209. Increase in oil spill liability trust fund financing rate.
- Sec. 210. Application of certain environmental taxes to synthetic crude oil.
- Sec. 211. Denial of deduction for removal costs and damages for certain oil spills.
- Sec. 212. Tax on crude oil and natural gas produced from the outer Continental Shelf in the Gulf of Mexico.
- Sec. 213. Repeal of corporate income tax exemption for publicly traded partnerships with qualifying income and gains from activities relating to fossil fuels.
- Sec. 214. Amortization of qualified tertiary injectant expenses.
- Sec. 215. Amortization of development expenditures.
- Sec. 216. Amortization of certain mining exploration expenditures.
- Sec. 217. Amortization of intangible drilling and development costs in the case of oil and gas wells.
- Sec. 218. Increase in excise tax rate for funding of Black Lung Disability Trust Fund.
- Sec. 219. Elimination of renewable electricity production credit eligibility for refined coal.
- Sec. 220. Treatment of foreign oil related income as subpart F income.
- Sec. 221. Repeal of exclusion of foreign oil and gas extraction income from the determination of tested income.

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Sec. 222. Termination of credit for carbon oxide sequestration.
Sec. 223. Eliminate drawbacks on petroleum taxes.
Sec. 224. Modifying clean hydrogen production credit.

TITLE III—REPEAL RECENT FOSSIL FUEL SUBSIDY LEGISLATION

Sec. 301. BUILDER Act.
Sec. 302. Inflation Reduction Act.
Sec. 303. One Big Beautiful Bill Act.
Sec. 304. Waste emissions charge rule.

TITLE IV—ELIMINATION OF OTHER FOSSIL FUEL SUBSIDIES

Sec. 401. Study and elimination of additional fossil fuel subsidies.

1 **TITLE I—ELIMINATION OF**
2 **FOSSIL FUEL SUBSIDIES**

3 **SEC. 101. DEFINITION OF FOSSIL FUEL.**

4 In this Act, the term “fossil fuel” means coal, petro-
5 leum, natural gas, or any derivative of coal, petroleum,
6 or natural gas that is used for fuel.

7 **SEC. 102. ROYALTY RELIEF.**

8 (a) IN GENERAL.—

9 (1) OUTER CONTINENTAL SHELF LANDS ACT.—

10 Section 8(a)(3) of the Outer Continental Shelf
11 Lands Act (43 U.S.C. 1337(a)(3)) is amended—

12 (A) by striking subparagraph (B); and

13 (B) by redesignating subparagraph (C) as
14 subparagraph (B).

15 (2) ENERGY POLICY ACT OF 2005.—

16 (A) INCENTIVES FOR NATURAL GAS PRO-
17 DUCTION FROM DEEP WELLS IN THE SHALLOW
18 WATERS OF THE GULF OF MEXICO.—Section

1 344 of the Energy Policy Act of 2005 (42
2 U.S.C. 15904) is repealed.

3 (B) DEEP WATER PRODUCTION.—Section
4 345 of the Energy Policy Act of 2005 (42
5 U.S.C. 15905) is repealed.

6 (3) CLERICAL AMENDMENT.—The table of con-
7 tents in section 1(b) of the Energy Policy Act of
8 2005 (Public Law 109–58; 119 Stat. 596) is amend-
9 ed by striking the items relating to sections 344 and
10 345.

11 (b) FUTURE PROVISIONS.—Notwithstanding any
12 other provision of law, royalty relief shall not be permitted
13 under a lease issued under section 8 of the Outer Conti-
14 nental Shelf Lands Act (43 U.S.C. 1337).

15 **SEC. 103. ROYALTIES UNDER MINERAL LEASING ACT.**

16 (a) COAL LEASES.—Section 7(a) of the Mineral
17 Leasing Act (30 U.S.C. 207(a)) is amended in the fourth
18 sentence by striking “12½ per centum” and inserting
19 “18¾ percent”.

20 (b) LEASES ON LAND ON WHICH OIL OR NATURAL
21 GAS IS DISCOVERED.—Section 14 of the Mineral Leasing
22 Act (30 U.S.C. 223) is amended in the fourth sentence
23 by striking “12½ per centum” and inserting “18¾ per-
24 cent”.

1 (c) LEASES ON LAND KNOWN OR BELIEVED TO
2 CONTAIN OIL OR NATURAL GAS.—Section 17 of the Min-
3 eral Leasing Act (30 U.S.C. 226) is amended—

4 (1) in subsection (b)—

5 (A) in paragraph (1)(A), in the fifth sen-
6 tence, by striking “16²/₃ percent” each place it
7 appears and inserting “18³/₄ percent”; and

8 (B) in paragraph (2)(A)(ii), by striking
9 “16²/₃ per centum” and inserting “not less than
10 18³/₄ percent”;

11 (2) in subsection (l), by striking “16²/₃ per cen-
12 tum” each place it appears and inserting “18³/₄ per-
13 cent”; and

14 (3) in subsection (n)(1)(C), by striking “16²/₃
15 per centum” and inserting “not less than 18³/₄ per-
16 cent”.

17 **SEC. 104. OFFSHORE OIL AND GAS ROYALTY RATE.**

18 Section 8(a)(1) of the Outer Continental Shelf Lands
19 Act (43 U.S.C. 1337(a)(1)) is amended by striking “16²/₃
20 percent, but not more than 18³/₄ percent, during the 10-
21 year period beginning on the date of enactment of the Act
22 titled ‘An Act to provide for reconciliation pursuant to title
23 II of S. Con. Res. 14’, and not less than 16²/₃ percent
24 thereafter,” each place it appears and inserting “18³/₄ per-
25 cent,”.

1 **SEC. 105. ELIMINATION OF INTEREST PAYMENTS FOR ROY-**
2 **ALTY OVERPAYMENTS.**

3 Section 111 of the Federal Oil and Gas Royalty Man-
4 agement Act of 1982 (30 U.S.C. 1721) is amended by
5 adding at the end the following:

6 “(k) PAYMENT OF INTEREST.—Interest shall not be
7 paid on any overpayment.”.

8 **SEC. 106. REMOVAL OF LIMITS ON LIABILITY FOR OFF-**
9 **SHORE FACILITIES AND PIPELINE OPERA-**
10 **TORS.**

11 Section 1004(a) of the Oil Pollution Act of 1990 (33
12 U.S.C. 2704(a)) is amended—

13 (1) in paragraph (3), by striking “plus
14 \$75,000,000; and” and inserting “and the liability
15 of the responsible party under section 1002;”;

16 (2) in paragraph (4)—

17 (A) by inserting “(except an onshore pipe-
18 line transporting diluted bitumen, bituminous
19 mixtures, or any oil manufactured from bitu-
20 men)” after “for any onshore facility”; and

21 (B) by striking the period at the end and
22 inserting “; and”; and

23 (3) by adding at the end the following:

24 “(5) for any onshore facility transporting di-
25 luted bitumen, bituminous mixtures, or any oil man-

1 ufactured from bitumen, the liability of the respon-
2 sible party under section 1002.”.

3 **SEC. 107. RESTRICTIONS ON USE OF APPROPRIATED**
4 **FUNDS BY INTERNATIONAL FINANCIAL INSTI-**
5 **TUTIONS FOR PROJECTS THAT SUPPORT**
6 **FOSSIL FUEL.**

7 (a) DEFINITION OF INTERNATIONAL FINANCIAL IN-
8 STITUTION.—In this section, the term “international fi-
9 nancial institution” means—

10 (1) each institution described in section 1701(c)
11 of the International Financial Institutions Act (22
12 U.S.C. 262r(c)); and

13 (2) the North American Development Bank.

14 (b) RESCISSION OF UNOBLIGATED FUNDS.—

15 (1) IN GENERAL.—Of the unobligated balance
16 of amounts appropriated or otherwise made available
17 for a contribution of the United States to an inter-
18 national financial institution, an amount specified in
19 paragraph (2) shall be rescinded if the institution
20 provides support for a project that supports the pro-
21 duction or use of fossil fuels.

22 (2) AMOUNT SPECIFIED.—The amount specified
23 in this paragraph is an amount the Secretary of the
24 Treasury determines to be equivalent to the amount
25 of support provided by an international financial in-

stitution described in paragraph (1) for a project that supports the production or use of fossil fuels.

(c) PROHIBITION ON USE OF FUTURE FUNDS.—No amounts appropriated or otherwise made available for a contribution of the United States to an international financial institution may be provided to the institution unless the institution agrees to not use the amount to provide support for any project that supports the production or use of fossil fuels.

SEC. 108. OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT.

(a) TERMINATION OF AUTHORITY.—Notwithstanding any other provision of law, the authority of the Secretary of Energy to carry out the Office of Fossil Energy and Carbon Management of the Department of Energy is terminated.

(b) RESCISSION.—Notwithstanding any other provision of law—

(1) all amounts made available for the Office of Fossil Energy and Carbon Management that remain unobligated as of the date of enactment of this Act are rescinded; and

(2) no amounts made available after the date of enactment of this Act for the Office of Fossil Energy and Carbon Management shall be expended,

1 other than such amounts as are necessary to cover
2 costs incurred in terminating ongoing research of
3 the Office of Fossil Energy and Carbon Manage-
4 ment, as determined by the Secretary of Energy, in
5 consultation with other appropriate Federal agen-
6 cies.

7 **SEC. 109. LOAN PROGRAMS OFFICE OF THE DEPARTMENT**
8 **OF ENERGY .**

9 (a) PROHIBITION.—Subject to subsection (b), none of
10 the funds made available to the Loan Programs Office of
11 the Department of Energy shall be used to carry out any
12 project that supports fossil fuel, carbon capture, or hydro-
13 gen.

14 (b) EXCEPTION.—The prohibition on the use of funds
15 for hydrogen projects under subsection (a) does not apply
16 to projects that support qualified clean hydrogen (as de-
17 fined in section 45V(c) of the Internal Revenue Code of
18 1986 (as amended by section 224(a)(3))).

19 **SEC. 110. USDA ASSISTANCE FOR CARBON CAPTURE AND**
20 **STORAGE SYSTEMS.**

21 Section 9003(j)(1) of the Farm Security and Rural
22 Investment Act of 2002 (7 U.S.C. 8103(j)(1)) is amend-
23 ed—

24 (1) by inserting “and” after “renewable energy
25 systems,”; and

1 (2) by striking “and carbon capture and stor-
2 age systems,”.

3 **SEC. 111. ADVANCED RESEARCH PROJECTS AGENCY—EN-**
4 **ERGY.**

5 None of the funds made available to the Advanced
6 Research Projects Agency—Energy shall be used to carry
7 out any project that supports fossil fuel.

8 **SEC. 112. INCENTIVES FOR INNOVATIVE TECHNOLOGIES.**

9 (a) IN GENERAL.—Section 1703 of the Energy Policy
10 Act of 2005 (42 U.S.C. 16513) is amended—

11 (1) in subsection (b)—

12 (A) by striking paragraphs (2) and (10);

13 and

14 (B) by redesignating paragraphs (3), (4),

15 (5), (6), (7), (8), (9), (11), (12), and (13) as

16 paragraphs (2), (3), (4), (5), (6), (7), (8), (9),

17 (10), and (11) respectively;

18 (2) by striking subsection (c); and

19 (3) by redesignating subsections (d) through (f)

20 as subsections (c) through (e), respectively.

21 (b) CONFORMING AMENDMENT.—Section 1704 of the
22 Energy Policy Act of 2005 (42 U.S.C. 16514) is amend-
23 ed—

24 (1) by striking subsection (b); and

1 (2) by redesignating subsection (c) as sub-
2 section (b).

3 **SEC. 113. RURAL UTILITY SERVICE LOAN GUARANTEES.**

4 Notwithstanding any other provision of law, the Sec-
5 retary of Agriculture may not make a loan under title III
6 of the Rural Electrification Act of 1936 (7 U.S.C. 931
7 et seq.) to an applicant for the purpose of carrying out
8 any project that will use fossil fuel.

9 **SEC. 114. PROHIBITION ON USE OF FUNDS BY THE UNITED**
10 **STATES INTERNATIONAL DEVELOPMENT FI-**
11 **NANCE CORPORATION OR THE EXPORT-IM-**
12 **PORT BANK OF THE UNITED STATES FOR FI-**
13 **NANCING PROJECTS, TRANSACTIONS, OR**
14 **OTHER ACTIVITIES THAT SUPPORT FOSSIL**
15 **FUEL.**

16 Notwithstanding any other provision of law, no
17 amounts appropriated or otherwise made available for the
18 United States International Development Finance Cor-
19 poration, the Export-Import Bank of the United States,
20 the United States Trade and Development Agency, the
21 United States Agency for International Development, or
22 the Millennium Challenge Corporation that are available
23 for obligation on or after the date of enactment of this
24 Act may be obligated or expended to support any project,

1 transaction, or other activity that supports the production
2 or use of fossil fuels.

3 **SEC. 115. TRANSPORTATION FUNDS FOR GRANTS, LOANS,**
4 **LOAN GUARANTEES, AND OTHER DIRECT AS-**
5 **SISTANCE.**

6 Notwithstanding any other provision of law, any
7 amounts made available to the Department of Transpor-
8 tation (including the Federal Railroad Administration)
9 may not be used to award any grant, loan, loan guarantee,
10 or provide any other direct assistance to any rail facility
11 or port project that transports fossil fuel.

12 **SEC. 116. ELIMINATION OF EXCLUSION OF CERTAIN LEND-**
13 **ERS AS OWNERS OR OPERATORS UNDER**
14 **CERCLA.**

15 Section 101(20)(F) of the Comprehensive Environ-
16 mental Response, Compensation, and Liability Act of
17 1980 (42 U.S.C. 9601(20)(F)) is amended by adding at
18 the end the following:

19 “(iii) INELIGIBLE LENDERS.—The ex-
20 clusions under clauses (i) and (ii) shall not
21 apply to a person that is a lender that is—

22 “(I) an investment company reg-
23 istered under the Investment Com-
24 pany Act of 1940 (15 U.S.C. 80a–1 et
25 seq.), an investment adviser (as de-

1 fined in section 202(a) of the Invest-
2 ment Advisers Act of 1940 (15 U.S.C.
3 80b–2(a))), or a broker or dealer (as
4 those terms are defined in section
5 3(a) of the Securities Exchange Act of
6 1934 (15 U.S.C. 78c(a))) with
7 \$250,000,000,000 or more in assets
8 under management; or

9 “(II) a bank holding company (as
10 defined in section 2 of the Bank Hold-
11 ing Company Act of 1956 (12 U.S.C.
12 1841)) with \$10,000,000,000 or more
13 in total consolidated assets.”.

14 **TITLE II—AMENDMENTS TO IN-**
15 **TERNAL REVENUE CODE OF**
16 **1986**

17 **SEC. 201. TERMINATION OF VARIOUS TAX EXPENDITURES**
18 **RELATING TO FOSSIL FUELS.**

19 (a) IN GENERAL.—Subchapter C of chapter 80 of the
20 Internal Revenue Code of 1986 is amended by adding at
21 the end the following new section:

1 **“SEC. 7875. TERMINATION OF CERTAIN PROVISIONS RELAT-**
2 **ING TO FOSSIL-FUEL INCENTIVES.**

3 “(a) IN GENERAL.—The following provisions shall
4 not apply to taxable years beginning after the date of the
5 enactment of the End Polluter Welfare Act of 2025:

6 “(1) Section 43 (relating to enhanced oil recov-
7 ery credit).

8 “(2) Section 45I (relating to credit for pro-
9 ducing oil and natural gas from marginal wells).

10 “(3) Section 461(i)(2) (relating to special rule
11 for spudding of oil or natural gas wells).

12 “(4) Section 469(c)(3)(A) (relating to working
13 interests in oil and natural gas property).

14 “(5) Section 613A (relating to limitations on
15 percentage depletion in case of oil and natural gas
16 wells).

17 “(b) PROVISIONS RELATING TO PROPERTY.—The
18 following provisions shall not apply to property placed in
19 service after the date of the enactment of the End Polluter
20 Welfare Act of 2025:

21 “(1) Section 168(e)(3)(C)(iii) (relating to clas-
22 sification of certain property).

23 “(2) Section 169 (relating to amortization of
24 pollution control facilities) with respect to any at-
25 mospheric pollution control facility.

1 “(c) PROVISIONS RELATING TO COSTS AND EX-
2 PENSES.—The following provisions shall not apply to costs
3 or expenses paid or incurred after the date of the enact-
4 ment of the End Polluter Welfare Act of 2025:

5 “(1) Section 179B (relating to deduction for
6 capital costs incurred in complying with Environ-
7 mental Protection Agency sulfur regulations).

8 “(2) Section 468 (relating to special rules for
9 mining and solid waste reclamation and closing
10 costs).

11 “(d) ALLOCATED CREDITS.—No new credits shall be
12 certified under section 48A (relating to qualifying ad-
13 vanced coal project credit) after the date of the enactment
14 of the End Polluter Welfare Act of 2025.

15 “(e) ARBITRAGE BONDS.—Section 148(b)(4) (relat-
16 ing to safe harbor for prepaid natural gas) shall not apply
17 to obligations issued after the date of the enactment of
18 the End Polluter Welfare Act of 2025.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 613(d) of the Internal Revenue
21 Code of 1986 is amended by striking “Except as
22 provided in section 613A, in the case” and inserting
23 “In the case”.

1 (2) The table of sections for subchapter C of
2 chapter 90 of such Code is amended by adding at
3 the end the following new item:

“Sec. 7875. Termination of certain provisions relating to fossil-fuel incentives.”.

4 **SEC. 202. TERMINATION OF CERTAIN DEDUCTIONS AND**
5 **CREDITS RELATED TO FOSSIL FUELS.**

6 (a) SPECIAL ALLOWANCE FOR CERTAIN PROP-
7 ERTY.—Section 168(k) of the Internal Revenue Code of
8 1986 is amended by adding at the end the following:

9 “(11) FOSSIL FUEL PROPERTY.—

10 “(A) IN GENERAL.—This subsection shall
11 not apply with respect to any property which is
12 primarily used for fossil fuel activities and is
13 placed in service during any taxable year begin-
14 ning after the date of the enactment of the End
15 Polluter Welfare Act of 2025.

16 “(B) FOSSIL FUEL ACTIVITIES.—For pur-
17 poses of this paragraph, the term ‘fossil fuel ac-
18 tivities’ means the exploration, development,
19 mining or production, processing, refining,
20 transportation (including pipelines transporting
21 gas, oil, or products thereof), distribution, or
22 marketing of coal, petroleum, natural gas, or
23 any derivative of coal, petroleum, or natural gas
24 that is used for fuel.

1 “(C) EXCEPTION.—The property described
2 in subparagraph (A) shall not include any
3 motor vehicle service station or convenience
4 store which does not qualify as a retail motor
5 fuels outlet under subsection (e)(3)(E)(iii).”.

6 (b) QUALIFIED BUSINESS INCOME.—Section
7 199A(c)(3)(B) of the Internal Revenue Code of 1986 is
8 amended by adding at the end the following:

9 “(viii) Any item of gain or loss de-
10 rived from fossil fuel activities (as defined
11 in section 168(k)(11)(B)) during any tax-
12 able year beginning after the date of the
13 enactment of the End Polluter Welfare Act
14 of 2025.”.

15 (c) CREDIT FOR INCREASING RESEARCH ACTIVI-
16 TIES.—Section 41(d)(4) of the Internal Revenue Code of
17 1986 is amended by adding at the end the following:

18 “(I) FOSSIL FUEL ACTIVITIES.—Any re-
19 search related to fossil fuel activities (as defined
20 in section 168(k)(11)(B)) which is conducted
21 after the date of the enactment of the End Pol-
22 luter Welfare Act of 2025.”.

23 (d) FOREIGN-DERIVED INTANGIBLE INCOME.—Sub-
24 clause (V) of section 250(b)(3)(A)(i) of the Internal Rev-
25 enue Code of 1986 is amended to read as follows:

1 “(V) any income derived from
2 fossil fuel activities (as defined in sec-
3 tion 168(k)(11)(B)) during any tax-
4 able year beginning after the date of
5 the enactment of the End Polluter
6 Welfare Act of 2025, and”.

7 (e) EXCHANGE OF REAL PROPERTY HELD FOR PRO-
8 DUCTIVE USE OR INVESTMENT.—Section 1031(a)(2) of
9 the Internal Revenue Code of 1986 is amended to read
10 as follows:

11 “(2) EXCEPTIONS.—This subsection shall not
12 apply to—

13 “(A) any exchange of real property held
14 primarily for sale, or

15 “(B) any exchange of real property
16 which—

17 “(i) is used for fossil fuel activities (as
18 defined in section 168(k)(11)(B)), and

19 “(ii) occurs after the date of the en-
20 actment of the End Polluter Welfare Act
21 of 2025.”.

22 **SEC. 203. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**
23 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

24 (a) IN GENERAL.—Section 167(h) of the Internal
25 Revenue Code of 1986 is amended—

1 (1) by striking “24-month period” each place it
2 appears in paragraphs (1) and (4) and inserting
3 “84-month period”,

4 (2) by striking paragraph (2) and inserting the
5 following:

6 “(2) MID-MONTH CONVENTION.—For purposes
7 of paragraph (1), any payment paid or incurred dur-
8 ing any month shall be treated as paid or incurred
9 on the mid-point of such month.”, and

10 (3) by striking paragraph (5).

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to amounts paid or incurred after
13 the date of the enactment of this Act.

14 **SEC. 204. NATURAL GAS GATHERING LINES TREATED AS 15-**
15 **YEAR PROPERTY.**

16 (a) IN GENERAL.—Section 168(e)(3)(E) of the Inter-
17 nal Revenue Code of 1986 is amended by striking “and”
18 at the end of clause (vi), by striking the period at the end
19 of clause (vii) and inserting “, and”, and by adding at
20 the end the following new clause:

21 “(viii) any natural gas gathering line
22 the original use of which commences with
23 the taxpayer after the date of the enact-
24 ment of this clause.”.

1 (b) ALTERNATIVE SYSTEM.—The table contained in
 2 section 168(g)(3)(B) of the Internal Revenue Code of
 3 1986 is amended by inserting after the item relating to
 4 subparagraph (E)(vii) the following new item:

“(E)(viii) 22”.

5 (c) CONFORMING AMENDMENT.—Clause (iv) of sec-
 6 tion 168(e)(3)(C) of the Internal Revenue Code of 1986
 7 is amended by inserting “and on or before the date of the
 8 enactment of the End Polluter Welfare Act of 2025” after
 9 “April 11, 2005”.

10 (d) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
 12 this section shall apply to property placed in service
 13 on and after the date of the enactment of this Act.

14 (2) EXCEPTION.—The amendments made by
 15 this section shall not apply to any property with re-
 16 spect to which the taxpayer or a related party has
 17 entered into a binding contract for the construction
 18 thereof on or before the date of the introduction of
 19 this Act, or, in the case of self-constructed property,
 20 has started construction on or before such date.

1 **SEC. 205. TERMINATION OF LAST-IN, FIRST-OUT METHOD**
2 **OF INVENTORY FOR OIL, NATURAL GAS, AND**
3 **COAL COMPANIES.**

4 (a) IN GENERAL.—Section 472 of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new subsection:

7 “(h) TERMINATION FOR OIL, NATURAL GAS, AND
8 COAL COMPANIES.—Subsection (a) shall not apply to any
9 taxpayer that is in the trade or business of the production,
10 refining, processing, transportation, or distribution of oil,
11 natural gas, or coal for any taxable year beginning after
12 the date of enactment of the End Polluter Welfare Act
13 of 2025.”.

14 (b) ADDITIONAL TERMINATION.—Section 473 of the
15 Internal Revenue Code of 1986 is amended by adding at
16 the end the following new subsection:

17 “(h) TERMINATION FOR OIL, NATURAL GAS, AND
18 COAL COMPANIES.—This section shall not apply to any
19 taxpayer that is in the trade or business of the production,
20 refining, processing, transportation, or distribution of oil,
21 natural gas, or coal for any taxable year beginning after
22 the date of enactment of the End Polluter Welfare Act
23 of 2025.”.

24 (c) CHANGE IN METHOD OF ACCOUNTING.—In the
25 case of any taxpayer required by the amendments made
26 by this section to change its method of accounting for its

1 first taxable year beginning after the date of enactment
2 of this Act—

3 (1) such change shall be treated as initiated by
4 the taxpayer, and

5 (2) such change shall be treated as made with
6 the consent of the Secretary of the Treasury.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of enactment of this Act.

10 **SEC. 206. REPEAL OF PERCENTAGE DEPLETION FOR COAL**
11 **AND HARD MINERAL FOSSIL FUELS.**

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 WITH RESPECT TO COAL AND
16 HARD MINERAL FOSSIL FUELS.—In the case of coal, lig-
17 nite, and oil shale (other than oil shale described in sub-
18 section (b)(5)), the allowance for depletion shall be com-
19 puted without reference to this section for any taxable
20 year beginning after the date of the enactment of the End
21 Polluter Welfare Act of 2025.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) COAL AND LIGNITE.—Section 613(b)(4) of
24 the Internal Revenue Code of 1986 is amended by
25 striking “coal, lignite,”.

1 (2) OIL SHALE.—Section 613(b)(2) of such
2 Code is amended to read as follows:

3 “(2) 15 PERCENT.—If, from deposits in the
4 United States, gold, silver, copper, and iron ore.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 the date of the enactment of this Act.

8 **SEC. 207. TERMINATION OF CAPITAL GAINS TREATMENT**
9 **FOR ROYALTIES FROM COAL.**

10 (a) IN GENERAL.—Subsection (c) of section 631 of
11 the Internal Revenue Code of 1986 is amended—

12 (1) by striking “coal (including lignite), or iron
13 ore” and inserting “iron ore”,

14 (2) by striking “coal or iron ore” each place it
15 appears and inserting “iron ore”,

16 (3) by striking “iron ore or coal” each place it
17 appears and inserting “iron ore”, and

18 (4) by striking “COAL OR” in the heading.

19 (b) CONFORMING AMENDMENTS.—

20 (1) The heading of section 631 of the Internal
21 Revenue Code of 1986 is amended by striking “,
22 **COAL,**”.

23 (2) Section 1231(b)(2) of such Code is amend-
24 ed by striking “, coal,”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to dispositions after the date of
3 the enactment of this Act.

4 **SEC. 208. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
5 **APPLICABLE TO OIL AND GAS INDUSTRY TAX-**
6 **PAYERS RECEIVING SPECIFIC ECONOMIC**
7 **BENEFITS.**

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

12 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY
13 TAXPAYERS.—

14 “(1) GENERAL RULE.—Notwithstanding any
15 other provision of this chapter, any amount paid or
16 accrued to a foreign country or possession of the
17 United States for any period by a dual capacity tax-
18 payer which is in the trade or business of the pro-
19 duction, refining, processing, transportation, or dis-
20 tribution of fossil fuel shall not be considered a
21 tax—

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

1 “(B) to the extent such amount exceeds
2 the amount (determined in accordance with reg-
3 ulations) which—

4 “(i) is paid by such dual capacity tax-
5 payer pursuant to the generally applicable
6 income tax imposed by the country or pos-
7 session, or

8 “(ii) would be paid if no amount other
9 than the amount required to be paid by
10 such taxpayer under the generally applica-
11 ble income tax imposed by the country or
12 possession were paid or accrued by such
13 dual capacity taxpayer.

14 Nothing in this paragraph shall be construed to
15 imply the proper treatment of any such amount
16 not in excess of the amount determined under
17 subparagraph (B).

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

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

24 “(B) receives (or will receive) directly or
25 indirectly a specific economic benefit (as deter-

1 mined in accordance with regulations) from
2 such country or possession.

3 “(3) GENERALLY APPLICABLE INCOME TAX.—

4 For purposes of this subsection—

5 “(A) IN GENERAL.—The term ‘generally
6 applicable income tax’ means an income tax (or
7 a series of income taxes) which is generally im-
8 posed under the laws of a foreign country or
9 possession on income derived from the conduct
10 of a trade or business within such country or
11 possession.

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

15 “(i) persons who are not dual capacity
16 taxpayers, and

17 “(ii) persons who are—

18 “(I) citizens or residents of the
19 foreign country or possession, or

20 “(II) organized or incorporated
21 under the laws of the foreign country
22 or possession.

23 “(4) FOSSIL FUEL.—For purposes of this sub-
24 section, the term ‘fossil fuel’ means coal, petroleum,

1 natural gas, or any derivative of coal, petroleum, or
2 natural gas that is used for fuel.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxes paid or accrued in taxable
5 years beginning after the date of the enactment of this
6 Act.

7 (c) SPECIAL RULE FOR TREATIES.—Notwith-
8 standing sections 894 or 7852(d) of the Internal Revenue
9 Code of 1986, the amendments made by this section shall
10 apply without regard to any treaty obligation of the
11 United States.

12 **SEC. 209. INCREASE IN OIL SPILL LIABILITY TRUST FUND**
13 **FINANCING RATE.**

14 (a) IN GENERAL.—Section 4611 of the Internal Rev-
15 enue Code of 1986 is amended—

16 (1) in subsection (c)(2)(B)—

17 (A) in clause (i), by striking “and” at the
18 end,

19 (B) in clause (ii), by striking the period at
20 the end and inserting “, and”, and

21 (C) by adding at the end the following:

22 “(iii) in the case of crude oil received
23 or petroleum products entered after De-
24 cember 31, 2025, 10 cents a barrel.”, and

1 (2) by striking subsection (f) and inserting the
2 following:

3 “(f) APPLICATION OF OIL SPILL LIABILITY TRUST
4 FUND FINANCING RATE.—The Oil Spill Liability Trust
5 Fund financing rate under subsection (c) shall apply on
6 and after April 1, 2006, or if later, the date which is 30
7 days after the last day of any calendar quarter for which
8 the Secretary estimates that, as of the close of that quar-
9 ter, the unobligated balance in the Oil Spill Liability Trust
10 Fund is less than \$2,000,000,000.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to crude oil received and petroleum
13 products entered after December 31, 2025.

14 **SEC. 210. APPLICATION OF CERTAIN ENVIRONMENTAL**
15 **TAXES TO SYNTHETIC CRUDE OIL.**

16 (a) IN GENERAL.—Paragraph (1) of section 4612(a)
17 of the Internal Revenue Code of 1986 is amended to read
18 as follows:

19 “(1) CRUDE OIL.—

20 “(A) IN GENERAL.—The term ‘crude oil’
21 includes crude oil condensates, natural gasoline,
22 and synthetic crude oil.

23 “(B) SYNTHETIC CRUDE OIL.—For pur-
24 poses of subparagraph (A), the term ‘synthetic
25 crude oil’ means—

1 “(i) any bitumen and bituminous mix-
2 tures,

3 “(ii) any oil derived from bitumen and
4 bituminous mixtures (including oil derived
5 from tar sands),

6 “(iii) any liquid fuel derived from
7 coal, and

8 “(iv) any oil derived from kerogen-
9 bearing sources (including oil derived from
10 oil shale).”.

11 (b) REGULATORY AUTHORITY TO ADDRESS OTHER
12 TYPES OF CRUDE OIL AND PETROLEUM PRODUCTS.—
13 Subsection (a) of section 4612 of the Internal Revenue
14 Code of 1986 is amended by adding at the end the fol-
15 lowing:

16 “(10) REGULATORY AUTHORITY TO ADDRESS
17 OTHER TYPES OF CRUDE OIL AND PETROLEUM
18 PRODUCTS.—Under such regulations as the Sec-
19 retary may prescribe, the Secretary may include as
20 crude oil or as a petroleum product subject to tax
21 under section 4611, any fuel feedstock or finished
22 fuel product customarily transported by pipeline,
23 vessel, railcar, or tanker truck if the Secretary deter-
24 mines that—

“(A) the classification of such fuel feed-
stock or finished fuel product is consistent with
the definition of oil under the Oil Pollution Act
of 1990, and

“(B) such fuel feedstock or finished fuel product is produced in sufficient commercial quantities as to pose a significant risk of hazard in the event of a discharge.”.

9 (c) TECHNICAL AMENDMENT.—Paragraph (2) of sec-
10 tion 4612(a) of the Internal Revenue Code of 1986 is
11 amended by striking “from a well located”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to oil and petroleum products received or entered during calendar quarters beginning more than 60 days after the date of the enactment of this Act.

16 SEC. 211. DENIAL OF DEDUCTION FOR REMOVAL COSTS
17 AND DAMAGES FOR CERTAIN OIL SPILLS.

18 (a) IN GENERAL.—Section 162(f) of the Internal
19 Revenue Code of 1986 is amended—

(1) by redesignating paragraph (5) as paragraph (6), and

(2) by inserting after paragraph (4) the following:

24 “(5) EXPENSES FOR REMOVAL COSTS AND
25 DAMAGES RELATING TO CERTAIN OIL SPILL LIABIL-

1 ITY.—Notwithstanding paragraphs (2) and (3), no
2 deduction shall be allowed under this chapter for any
3 costs or damages for which the taxpayer is liable
4 under section 1002 of the Oil Pollution Act of 1990
5 (33 U.S.C. 2702)’’.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply with respect to any liability arising
8 in taxable years ending after the date of the enactment
9 of this Act.

10 **SEC. 212. TAX ON CRUDE OIL AND NATURAL GAS PRO-**
11 **DUCED FROM THE OUTER CONTINENTAL**
12 **SHELF IN THE GULF OF MEXICO.**

13 (a) IN GENERAL.—Subtitle E of the Internal Rev-
14 enue Code of 1986 is amended by adding at the end the
15 following new chapter:

16 **“CHAPTER 56—TAX ON SEVERANCE OF**
17 **CRUDE OIL AND NATURAL GAS FROM**
18 **THE OUTER CONTINENTAL SHELF IN**
19 **THE GULF OF MEXICO**

 “Sec. 5901. Imposition of tax.

 “Sec. 5902. Taxable crude oil or natural gas and removal price.

 “Sec. 5903. Special rules and definitions.

20 **“SEC. 5901. IMPOSITION OF TAX.**

21 “(a) IN GENERAL.—In addition to any other tax im-
22 posed under this title, there is hereby imposed a tax equal
23 to 13 percent of the removal price of any taxable crude

1 oil or natural gas removed from the premises during any
2 taxable period.

3 “(b) CREDIT FOR FEDERAL ROYALTIES PAID.—

4 “(1) IN GENERAL.—There shall be allowed as a
5 credit against the tax imposed by subsection (a) with
6 respect to the production of any taxable crude oil or
7 natural gas an amount equal to the aggregate
8 amount of royalties paid under Federal law with re-
9 spect to such production.

10 “(2) LIMITATION.—The aggregate amount of
11 credits allowed under paragraph (1) to any taxpayer
12 for any taxable period shall not exceed the amount
13 of tax imposed by subsection (a) for such taxable pe-
14 riod.

15 “(c) TAX PAID BY PRODUCER.—The tax imposed by
16 this section shall be paid by the producer of the taxable
17 crude oil or natural gas.

18 **“SEC. 5902. TAXABLE CRUDE OIL OR NATURAL GAS AND RE-**
19 **MOVAL PRICE.**

20 “(a) TAXABLE CRUDE OIL OR NATURAL GAS.—For
21 purposes of this chapter, the term ‘taxable crude oil or
22 natural gas’ means crude oil or natural gas which is pro-
23 duced from Federal submerged lands on the outer Conti-
24 nental Shelf in the Gulf of Mexico pursuant to a lease

1 entered into with the United States which authorizes the
2 production.

3 “(b) REMOVAL PRICE.—For purposes of this chap-
4 ter—

5 “(1) IN GENERAL.—Except as otherwise pro-
6 vided in this subsection, the term ‘removal price’
7 means—

8 “(A) in the case of taxable crude oil, the
9 amount for which a barrel of such crude oil is
10 sold, and

11 “(B) in the case of taxable natural gas, the
12 amount per 1,000 cubic feet for which such
13 natural gas is sold.

14 “(2) SALES BETWEEN RELATED PERSONS.—In
15 the case of a sale between related persons, the re-
16 moval price shall not be less than the constructive
17 sales price for purposes of determining gross income
18 from the property under section 613.

19 “(3) OIL OR NATURAL GAS REMOVED FROM
20 PROPERTY BEFORE SALE.—If crude oil or natural
21 gas is removed from the property before it is sold,
22 the removal price shall be the constructive sales
23 price for purposes of determining gross income from
24 the property under section 613.

1 “(4) REFINING BEGUN ON PROPERTY.—If the
2 manufacture or conversion of crude oil into refined
3 products begins before such oil is removed from the
4 property—

5 “(A) such oil shall be treated as removed
6 on the day such manufacture or conversion be-
7 gins, and

8 “(B) the removal price shall be the con-
9 structive sales price for purposes of determining
10 gross income from the property under section
11 613.

12 “(5) PROPERTY.—The term ‘property’ has the
13 meaning given such term by section 614.

14 **“SEC. 5903. SPECIAL RULES AND DEFINITIONS.**

15 “(a) ADMINISTRATIVE REQUIREMENTS.—

16 “(1) WITHHOLDING AND DEPOSIT OF TAX.—
17 The Secretary shall provide for the withholding and
18 deposit of the tax imposed under section 5901 on a
19 quarterly basis.

20 “(2) RECORDS AND INFORMATION.—Each tax-
21 payer liable for tax under section 5901 shall keep
22 such records, make such returns, and furnish such
23 information (to the Secretary and to other persons
24 having an interest in the taxable crude oil or natural

1 gas) with respect to such oil as the Secretary may
2 by regulations prescribe.

3 “(3) TAXABLE PERIODS; RETURN OF TAX.—

4 “(A) TAXABLE PERIOD.—Except as pro-
5 vided by the Secretary, each calendar year shall
6 constitute a taxable period.

7 “(B) RETURNS.—The Secretary shall pro-
8 vide for the filing, and the time for filing, of the
9 return of the tax imposed under section 5901.

10 “(b) DEFINITIONS.—For purposes of this chapter—

11 “(1) PRODUCER.—The term ‘producer’ means
12 the holder of the economic interest with respect to
13 the crude oil or natural gas.

14 “(2) CRUDE OIL.—The term ‘crude oil’ includes
15 crude oil condensates and natural gasoline.

16 “(3) PREMISES AND CRUDE OIL PRODUCT.—
17 The terms ‘premises’ and ‘crude oil product’ have
18 the same meanings as when used for purposes of de-
19 termining gross income from the property under sec-
20 tion 613.

21 “(c) ADJUSTMENT OF REMOVAL PRICE.—In deter-
22 mining the removal price of oil or natural gas from a prop-
23 erty in the case of any transaction, the Secretary may ad-
24 just the removal price to reflect clearly the fair market
25 value of oil or natural gas removed.

1 “(d) REGULATIONS.—The Secretary shall prescribe
2 such regulations as may be necessary or appropriate to
3 carry out the purposes of this chapter.”.

4 (b) DEDUCTIBILITY OF TAX.—The first sentence of
5 section 164(a) of the Internal Revenue Code of 1986 is
6 amended by inserting after paragraph (4) the following
7 new paragraph:

8 “(5) The tax imposed by section 5901(a) (after
9 application of section 5901(b)) on the severance of
10 crude oil or natural gas from the outer Continental
11 Shelf in the Gulf of Mexico.”.

12 (c) CLERICAL AMENDMENT.—The table of chapters
13 for subtitle E is amended by adding at the end the fol-
14 lowing new item:

“CHAPTER 56. Tax on severance of crude oil and natural gas
from the outer Continental Shelf in the Gulf of
Mexico.”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to crude oil or natural gas removed
17 after December 31, 2025.

18 **SEC. 213. REPEAL OF CORPORATE INCOME TAX EXEMP-**
19 **TION FOR PUBLICLY TRADED PARTNERSHIPS**
20 **WITH QUALIFYING INCOME AND GAINS FROM**
21 **ACTIVITIES RELATING TO FOSSIL FUELS.**

22 (a) IN GENERAL.—Section 7704(d)(1) of the Inter-
23 nal Revenue Code of 1986 is amended by inserting “or
24 any coal, petroleum, natural gas, or any derivative of coal,

1 petroleum, or natural gas that is used for fuel” after “sec-
2 tion 613(b)(7)”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

6 **SEC. 214. AMORTIZATION OF QUALIFIED TERTIARY**
7 **INJECTANT EXPENSES.**

8 (a) IN GENERAL.—Section 193 of the Internal Rev-
9 enue Code of 1986 is amended—

10 (1) by striking subsection (a) and inserting the
11 following:

12 “(a) AMORTIZATION OF QUALIFIED TERTIARY
13 INJECTANT EXPENSES.—

14 “(1) IN GENERAL.—Any qualified tertiary
15 injectant expenses paid or incurred by the taxpayer
16 shall be allowed as a deduction ratably over the 84-
17 month period beginning on the date that such ex-
18 pense was paid or incurred.

19 “(2) MID-MONTH CONVENTION.—For purposes
20 of paragraph (1), any expenses paid or incurred dur-
21 ing any month shall be treated as paid or incurred
22 on the mid-point of such month.”, and

23 (2) by striking subsection (c) and inserting the
24 following:

1 “(c) EXCLUSIVE METHOD.—Except as provided in
2 this section, no depreciation or amortization deduction
3 shall be allowed with respect to qualified tertiary injectant
4 expenses.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to expenses paid or incurred in
7 taxable years beginning after the date of the enactment
8 of this Act.

9 **SEC. 215. AMORTIZATION OF DEVELOPMENT EXPENDI-**
10 **TURES.**

11 (a) IN GENERAL.—Section 616 of the Internal Rev-
12 enue Code of 1986 is amended to read as follows:

13 **“SEC. 616. AMORTIZATION OF DEVELOPMENT EXPENDI-**
14 **TURES.**

15 “(a) IN GENERAL.—Any expenditures paid or in-
16 curred for the development of a mine or other natural de-
17 posit (other than an oil or gas well) if paid or incurred
18 after the existence of ores or minerals in commercially
19 marketable quantities has been disclosed shall be allowed
20 as a deduction ratably over the 84-month period beginning
21 on the date that such expenditure was paid or incurred.

22 “(b) MID-MONTH CONVENTION.—For purposes of
23 subsection (a), any expenditures paid or incurred during
24 any month shall be treated as paid or incurred on the mid-
25 point of such month.

1 “(c) EXCLUSIVE METHOD.—Except as provided in
2 this section, no depreciation or amortization deduction
3 shall be allowed with respect to expenditures described in
4 subsection (a).

5 “(d) TREATMENT UPON ABANDONMENT.—If any
6 property with respect to which expenditures described in
7 subsection (a) are paid or incurred is retired or abandoned
8 during the 84-month period described in such subsection,
9 no deduction shall be allowed on account of such retire-
10 ment or abandonment and the amortization deduction
11 under this section shall continue with respect to such pay-
12 ment.”.

13 (b) CONFORMING AMENDMENTS.—

(1) The item relating to section 616 in the table of sections for part I of subchapter I of chapter 1 of the Internal Revenue Code of 1986 is amended to read as follows:

“Sec. 616. Amortization of development expenditures.”.

18 (2) Section 56(a)(2)(A) of such Code is amend-
19 ed by striking “616(a) or”.

20 (3) Section 59(e) of such Code is amended—

21 (A) in paragraph (2)—

22 (i) in subparagraph (C), by inserting

23 “or” at the end,

24 (ii) by striking subparagraph (D), and

1 (iii) by redesignating subparagraph
2 (E) as subparagraph (D), and
3 (B) in paragraph (5)(A), by striking “,
4 616(a),”.

5 (4) Section 263(a)(1) of such Code is amended
6 by striking subparagraph (A).

7 (5) Section 263A(c)(3) of such Code is amend-
8 ed by striking “616,”.

9 (6) Section 291(b) of such Code is amended—
10 (A) in paragraph (1)(B), by striking
11 “616(a) or”,

12 (B) in paragraph (2), by striking “,
13 616(a),”, and

14 (C) in paragraph (3), by striking “,
15 616(a),”.

16 (7) Section 312(n)(2)(B) of such Code is
17 amended by striking “616(a) or”.

18 (8) Section 381(c) of such Code is amended by
19 striking paragraph (10).

20 (9) Section 1016(a) of such Code is amended
21 by striking paragraph (9).

22 (10) Section 1254(a)(1)(A)(i) of such Code is
23 amended by striking “, 616,”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to expenditures paid or incurred

1 in taxable years beginning after the date of the enactment
2 of this Act.

3 **SEC. 216. AMORTIZATION OF CERTAIN MINING EXPLO-**
4 **RATION EXPENDITURES.**

5 (a) IN GENERAL.—Section 617 of the Internal Rev-
6 enue Code of 1986 is amended to read as follows:

7 **“SEC. 617. AMORTIZATION OF CERTAIN MINING EXPLO-**
8 **RATION EXPENDITURES.**

9 “(a) IN GENERAL.—Any expenditures paid or in-
10 curred for the purpose of ascertaining the existence, loca-
11 tion, extent, or quality of any deposit of ore or other min-
12 eral, and paid or incurred before the beginning of the de-
13 velopment stage of the mine, shall be allowed as a deduc-
14 tion ratably over the 84-month period beginning on the
15 date that such expense was paid or incurred.

16 “(b) MID-MONTH CONVENTION.—For purposes of
17 subsection (a), any expenditures paid or incurred during
18 any month shall be treated as paid or incurred on the mid-
19 point of such month.

20 “(c) EXCLUSIVE METHOD.—Except as provided in
21 this section, no depreciation or amortization deduction
22 shall be allowed with respect to expenditures described in
23 subsection (a).

24 “(d) TREATMENT UPON ABANDONMENT.—If any
25 property with respect to which expenditures described in

1 subsection (a) are paid or incurred is retired or abandoned
2 during the 84-month period described in such subsection,
3 no deduction shall be allowed on account of such retire-
4 ment or abandonment and the amortization deduction
5 under this section shall continue with respect to such pay-
6 ment.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) The item relating to section 617 in the table
9 of sections for part I of subchapter I of chapter 1
10 of the Internal Revenue Code of 1986 is amended to
11 read as follows:

“Sec. 617. Amortization of certain mining exploration expenditures.”.

12 (2) Section 56(a) of such Code, as amended by
13 section 215(b)(2), is amended by striking paragraph
14 (2).

15 (3) Section 59(e) of such Code, as amended by
16 section 215(b)(3), is amended—

17 (A) in paragraph (2)—

18 (i) in subparagraph (B), by inserting
19 “or” at the end,

20 (ii) in subparagraph (C), by striking
21 the comma at the end and inserting a pe-
22 riod, and

23 (iii) by striking subparagraph (D),
24 and

1 (B) by striking paragraph (5) and insert-
2 ing the following:

3 “(5) DISPOSITIONS.—In the case of any dis-
4 position of property to which section 1254 applies
5 (determined without regard to this section), any de-
6 duction under paragraph (1) with respect to
7 amounts which are allocable to such property shall,
8 for purposes of section 1254, be treated as a deduc-
9 tion allowable under section 263(c).”.

10 (4) Section 170(e) of such Code is amended—

11 (A) in paragraph (1), by striking
12 “617(d)(1),”, and

13 (B) in paragraph (3)(D), by striking
14 “617,”.

15 (5) Section 263A(c)(3) of such Code, as amend-
16 ed by section 215(b)(5), is amended by striking
17 “291(b)(2), or 617” and inserting “or 291(b)(2)”.

18 (6) Section 291(b) of such Code, as amended by
19 section 215(b)(6), is amended—

20 (A) in the heading, by striking “AND MIN-
21 ERAL EXPLORATION AND DEVELOPMENT
22 COSTS”,

23 (B) by striking paragraph (1) and insert-
24 ing the following:

1 “(1) IN GENERAL.—In the case of an inte-
2 grated oil company, the amount allowable as a de-
3 duction for any taxable year (determined without re-
4 gard to this section) under section 263(c) shall be
5 reduced by 30 percent.”,

6 (C) in paragraph (2), by striking “or
7 617(a) (as the case may be)”, and

8 (D) in paragraph (3), by striking “or
9 617(a) (whichever is appropriate)”.

10 (7) Section 312(n), as amended by section
11 215(b)(7), is amended by striking paragraph (2) and
12 inserting the following:

13 “(2) INTANGIBLE DRILLING COSTS.—Any
14 amount allowable as a deduction under section
15 263(c) in determining taxable income (other than
16 costs incurred in connection with a nonproductive
17 well)—

18 “(A) shall be capitalized, and

19 “(B) shall be allowed as a deduction rat-
20 ably over the 60-month period beginning with
21 the month in which such amount was paid or
22 incurred.”.

23 (8) Section 703(b) of such Code is amended—

24 (A) in paragraph (1), by adding “or” at
25 the end,

1 (B) by striking paragraph (2), and

2 (C) by redesignating paragraph (3) as
3 paragraph (2).

4 (9) Section 751(c) of such Code is amended—

5 (A) by inserting “, as in effect on the day
6 before the date of the enactment of the End
7 Polluter Welfare Act of 2025” after “section
8 617(f)(2)”, and

9 (B) by striking “617(d)(1),”.

10 (10) Section 1254(a)(1)(A)(i) of such Code, as
11 amended by section 215(b)(10), is amended by strik-
12 ing “or 617”.

13 (11) Paragraph (2) of section 1363(c) of such
14 Code is amended to read as follows:

15 “(2) EXCEPTION.—In the case of an S corpora-
16 tion, elections under section 901 (relating to taxes of
17 foreign countries and possessions of the United
18 States) shall be made by each shareholder sepa-
19 rately.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to expenditures paid or incurred
22 in taxable years beginning after the date of the enactment
23 of this Act.

1 **SEC. 217. AMORTIZATION OF INTANGIBLE DRILLING AND**
2 **DEVELOPMENT COSTS IN THE CASE OF OIL**
3 **AND GAS WELLS.**

4 (a) IN GENERAL.—Subsection (c) of section 263 of
5 the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(c) INTANGIBLE DRILLING AND DEVELOPMENT
8 COSTS IN THE CASE OF OIL AND GAS WELLS AND GEO-
9 THERMAL WELLS.—

10 “(1) GEOTHERMAL WELLS.—Notwithstanding
11 subsection (a), and except as provided in subsection
12 (i), a taxpayer may elect to deduct as expenses in-
13 tangible drilling and development costs in the case
14 of wells drilled for any geothermal deposit (as de-
15 fined in section 613(e)(2)) in such manner as the
16 Secretary provides. This subsection shall not apply
17 with respect to any costs to which any deduction is
18 allowed under section 59(e).

19 “(2) OIL AND GAS WELLS.—Notwithstanding
20 subsection (a), and except as provided in subsection
21 (i), in the case of any expenses paid or incurred in
22 taxable years beginning after the date of the enact-
23 ment of End Polluter Welfare Act of 2025 in con-
24 nection with intangible drilling and development
25 costs related to oil and gas wells—

1 “(A) such expenses shall be allowed as a
2 deduction ratably over the 84-month period be-
3 ginning on the date that such expense was paid
4 or incurred,

5 “(B) any such expenses paid or incurred
6 during any month shall be treated as paid or
7 incurred on the mid-point of such month,

8 “(C) except as provided in this paragraph,
9 no depreciation or amortization deduction shall
10 be allowed with respect to such expenses, and

11 “(D) if any property with respect to which
12 such intangible drilling and development costs
13 are paid or incurred is retired or abandoned
14 during such 84-month period, no deduction
15 shall be allowed on account of such retirement
16 or abandonment and the amortization deduction
17 under this paragraph shall continue with re-
18 spect to such payment.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Paragraph (2) of section 57(a) of the Inter-
21 nal Revenue Code of 1986 is amended to read as fol-
22 lows:

23 “(2) INTANGIBLE DRILLING COSTS.—

24 “(A) IN GENERAL.—With respect to all
25 geothermal properties of the taxpayer, the

1 amount (if any) by which the amount of the ex-
2 cess intangible drilling costs arising in the tax-
3 able year is greater than 65 percent of the net
4 income of the taxpayer from geothermal prop-
5 erties for the taxable year.

6 “(B) EXCESS INTANGIBLE DRILLING
7 COSTS.—For purposes of subparagraph (A), the
8 amount of the excess intangible drilling costs
9 arising in the taxable year is the excess of—

10 “(i) the intangible drilling and devel-
11 opment costs paid or incurred in connec-
12 tion with geothermal wells (other than
13 costs incurred in drilling a nonproductive
14 well) allowable under section 263(c)(1) for
15 the taxable year, over

16 “(ii) the amount which would have
17 been allowable for the taxable year if such
18 costs had been capitalized and straight line
19 recovery of intangibles (as defined in sub-
20 section (b)) had been used with respect to
21 such costs.

22 “(C) NET INCOME FROM GEOTHERMAL
23 PROPERTIES.—For purposes of subparagraph
24 (A), the amount of the net income of the tax-

1 payer from geothermal properties for the tax-
2 able year is the excess of—

3 “(i) the aggregate amount of gross in-
4 come (within the meaning of section
5 613(a)) from all geothermal properties of
6 the taxpayer received or accrued by the
7 taxpayer during the taxable year, over

8 “(ii) the amount of any deductions al-
9 locable to such properties reduced by the
10 excess described in subparagraph (B) for
11 such taxable year.”.

12 (2) Section 59(e) of such Code, as amended by
13 sections 215 and 216, is amended—

14 (A) in paragraph (2)(C), by striking “sec-
15 tion 263(c)” and inserting “section 263(c)(1)”,
16 and

17 (B) in paragraph (5), by striking “section
18 263(c)” and inserting “section 263(c)(1)”.

19 (3) Section 263A(c)(3) of such Code, as amend-
20 ed by sections 215 and 216, is amended—

21 (A) in the heading, by striking “OIL AND
22 GAS” and inserting “GEOTHERMAL”, and

23 (B) by striking “263(c),” and inserting
24 “263(c)(1)”.

1 (4) Section 291 of such Code, as amended by
2 sections 215 and 216, is amended by striking sub-
3 section (b).

4 (5) Section 312(n) of such Code, as amended
5 by sections 215 and 216, is amended by striking
6 “section 263(c),” and inserting “section 263(c)(1)”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to expenditures paid or incurred
9 in taxable years beginning after the date of the enactment
10 of this Act.

11 **SEC. 218. INCREASE IN EXCISE TAX RATE FOR FUNDING OF**
12 **BLACK LUNG DISABILITY TRUST FUND.**

13 (a) IN GENERAL.—Section 4121(b) of the Internal
14 Revenue Code of 1986 is amended—

15 (1) in paragraph (1), by striking “\$1.10” and
16 inserting “\$1.38”, and

17 (2) in paragraph (2), by striking “\$.55” and in-
18 serting “\$0.69”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply on and after the first day of the
21 first calendar month beginning after the date of the enact-
22 ment of this Act.

1 **SEC. 219. ELIMINATION OF RENEWABLE ELECTRICITY PRO-**
2 **DUCTION CREDIT ELIGIBILITY FOR REFINED**
3 **COAL.**

4 (a) IN GENERAL.—Section 45 of the Internal Rev-
5 enue Code of 1986 is amended—

6 (1) in subsection (b)(2)—

7 (A) in the first sentence, by striking “, the
8 8 cent amount” and all that follows through “in
9 2002” and inserting “and the 8 cent amount in
10 paragraph (1)”, and

11 (B) in the third sentence, by striking “In
12 any other case, if an amount” and inserting “If
13 the 8 cent amount”,

14 (2) in subsection (c), by striking paragraph (7),

15 (3) in subsection (d), by striking paragraph (8),

16 and

17 (4) in subsection (e)—

18 (A) by striking paragraph (8), and

19 (B) by striking paragraph (9) and insert-
20 ing the following:

21 “(9) COORDINATION WITH CREDIT FOR PRO-
22 DUCING FUEL FROM A NONCONVENTIONAL
23 SOURCE.—The term ‘qualified facility’ shall not in-
24 clude any facility which produces electricity from gas
25 derived from the biodegradation of municipal solid
26 waste if such biodegradation occurred in a facility

1 (within the meaning of section 45K) the production
2 from which is allowed as a credit under section 45K
3 for the taxable year or any prior taxable year.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 38(c)(4)(B)(iv) of the Internal Rev-
6 enue Code of 1986 is amended by striking “or re-
7 fined coal”.

8 (2) Section 45K(g)(2) of such Code is amended
9 by striking subparagraph (E).

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to coal produced after December
12 31, 2025.

13 **SEC. 220. TREATMENT OF FOREIGN OIL RELATED INCOME**
14 **AS SUBPART F INCOME.**

15 (a) IN GENERAL.—Section 954(a) of the Internal
16 Revenue Code of 1986 is amended by striking “and” at
17 the end of paragraph (2), by striking the period at the
18 end of paragraph (3) and inserting “, and”, and by adding
19 at the end the following new paragraph:

20 “(4) the foreign base company oil related in-
21 come for the taxable year (determined under sub-
22 section (f) and reduced as provided in subsection
23 (b)(5)).”.

24 (b) FOREIGN BASE COMPANY OIL RELATED IN-
25 COME.—Section 954 of the Internal Revenue Code of 1986

1 is amended by inserting after subsection (e) the following
2 new subsection:

3 “(f) FOREIGN BASE COMPANY OIL RELATED IN-
4 COME.—For purposes of this section—

5 “(1) IN GENERAL.—Except as otherwise pro-
6 vided in this subsection, the term ‘foreign base com-
7 pany oil related income’ means foreign oil related in-
8 come (within the meaning of paragraphs (2) and (3)
9 of section 907(c)) other than income derived from a
10 source within a foreign country in connection with—

11 “(A) oil or gas which was extracted from
12 an oil or gas well located in such foreign coun-
13 try, or

14 “(B) oil, gas, or a primary product of oil
15 or gas which is sold by the foreign corporation
16 or a related person for use or consumption
17 within such country or is loaded in such coun-
18 try on a vessel or aircraft as fuel for such vessel
19 or aircraft.

20 Such term shall not include any foreign personal
21 holding company income (as defined in subsection
22 (c)).

23 “(2) PARAGRAPH (1) APPLIES ONLY WHERE
24 CORPORATION HAS PRODUCED 1,000 BARRELS PER
25 DAY OR MORE.—

1 “(A) IN GENERAL.—The term ‘foreign
2 base company oil related income’ shall not in-
3 clude any income of a foreign corporation if
4 such corporation is not a large oil producer for
5 the taxable year.

6 “(B) LARGE OIL PRODUCER.—For pur-
7 poses of subparagraph (A), the term ‘large oil
8 producer’ means any corporation if, for the tax-
9 able year or for the preceding taxable year, the
10 average daily production of foreign crude oil
11 and natural gas of the related group which in-
12 cludes such corporation equaled or exceeded
13 1,000 barrels.

14 “(C) RELATED GROUP.—The term ‘related
15 group’ means a group consisting of the foreign
16 corporation and any other person who is a re-
17 lated person with respect to such corporation.

18 “(D) AVERAGE DAILY PRODUCTION OF
19 FOREIGN CRUDE OIL AND NATURAL GAS.—For
20 purposes of this paragraph, the average daily
21 production of foreign crude oil or natural gas of
22 any related group for any taxable year (and the
23 conversion of cubic feet of natural gas into bar-
24 rels) shall be determined under rules similar to
25 the rules of section 613A (as in effect on the

1 day before the date of enactment of the End
2 Polluter Welfare Act of 2025) except that only
3 crude oil or natural gas from a well located out-
4 side the United States shall be taken into ac-
5 count.”.

6 (c) CONFORMING AMENDMENTS.—

7 (1) Section 952(c)(1)(B)(iii) of the Internal
8 Revenue Code of 1986 is amended by redesignating
9 subclauses (I) through (IV) as subclauses (II)
10 through (V), respectively, and by inserting before
11 subclause (II) (as so redesignated) the following:

12 “(I) foreign base company oil re-
13 lated income,”.

14 (2) Section 954(b) of such Code is amended—

15 (A) by inserting at the end of paragraph
16 (4) the following: “The preceding sentence shall
17 not apply to foreign base company oil-related
18 income described in subsection (a)(4).”,

19 (B) by striking “and the foreign base com-
20 pany services income” in paragraph (5) and in-
21 serting “the foreign base company services in-
22 come, and the foreign base company oil related
23 income”, and

24 (C) by adding at the end the following new
25 paragraph:

1 “(6) FOREIGN BASE COMPANY OIL RELATED IN-
2 COME NOT TREATED AS ANOTHER KIND OF BASE
3 COMPANY INCOME.—Income of a corporation which
4 is foreign base company oil related income shall not
5 be considered foreign base company income of such
6 corporation under paragraph (2) or (3) of subsection
7 (a).”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years of foreign corpora-
10 tions beginning after the date of the enactment of this
11 Act and to taxable years of United States shareholders
12 ending with or within which such taxable years of foreign
13 corporations end.

14 **SEC. 221. REPEAL OF EXCLUSION OF FOREIGN OIL AND**
15 **GAS EXTRACTION INCOME FROM THE DETER-**
16 **MINATION OF TESTED INCOME.**

17 (a) IN GENERAL.—Section 951A(c)(2)(A)(i) of the
18 Internal Revenue Code of 1986 is amended—

19 (1) by adding “and” at the end of subclause
20 (III),

21 (2) by striking “and” at the end of subclause
22 (IV) and inserting “over”, and

23 (3) by striking subclause (V).

24 (b) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to taxable years of foreign corpora-

1 tions beginning after the date of enactment of this Act,
2 and to taxable years of United States shareholders in
3 which or with which such taxable years of foreign corpora-
4 tions end.

5 **SEC. 222. TERMINATION OF CREDIT FOR CARBON OXIDE**
6 **SEQUESTRATION.**

7 (a) IN GENERAL.—Section 45Q of the Internal Rev-
8 enue Code of 1986 is amended by adding at the end the
9 following:

10 “(j) TERMINATION.—This section shall not apply
11 with respect to any qualified carbon oxide captured after
12 the date of enactment of the End Polluter Welfare Act
13 of 2025.”.

14 (b) REPORT.—

15 (1) IN GENERAL.—Not later than 6 months
16 after the date of enactment of this Act, the Sec-
17 retary of the Treasury, or the Secretary’s delegate,
18 shall submit a report to Congress, to be made avail-
19 able to the public, which provides the following infor-
20 mation:

21 (A) The taxpayer identity information of
22 any taxpayer for which the carbon oxide seques-
23 tration credit under section 45Q of the Internal
24 Revenue Code of 1986 was allowed for any tax-

1 able year following the enactment of such sec-
2 tion.

3 (B) The total amount of the credit allowed
4 pursuant to such section to each taxpayer de-
5 scribed in subparagraph (A).

6 (C) With respect to the amount described
7 in subparagraph (B), the amount of such credit
8 allowed with respect to each of the following:

9 (i) Qualified carbon oxide which was
10 captured and disposed of by the taxpayer
11 in secure geological storage and not used
12 by the taxpayer as described in clause (ii)
13 or (iii).

14 (ii) Qualified carbon oxide which was
15 captured and used by the taxpayer as a
16 tertiary injectant in a qualified enhanced
17 oil or natural gas recovery project and dis-
18 posed of by the taxpayer in secure geologi-
19 cal storage.

20 (iii) Qualified carbon oxide which was
21 captured and utilized by the taxpayer in a
22 manner described in section 45Q(f)(5) of
23 the Internal Revenue Code of 1986.

24 (2) EXCEPTION FROM RULES REGARDING CON-
25 FIDENTIALITY AND DISCLOSURE OF RETURNS AND

1 RETURN INFORMATION.—Section 6103(l) of the In-
2 ternal Revenue Code of 1986 is amended by adding
3 at the end the following:

4 “(23) DISCLOSURE OF RETURN INFORMATION
5 FOR PUBLIC REPORT ON CARBON OXIDE SEQUES-
6 TRATION CREDIT.—The Secretary may disclose tax-
7 payer identity information and return information to
8 the extent the Secretary deems necessary for pur-
9 poses of the report issued pursuant to section 222
10 of the End Polluter Welfare Act of 2025.”.

11 **SEC. 223. ELIMINATE DRAWBACKS ON PETROLEUM TAXES.**

12 (a) IN GENERAL.—Section 313(j) of the Tariff Act
13 of 1930 (19 U.S.C. 1313(j)) is amended by adding at the
14 end the following new paragraph:

15 “(7) No amount of any tax imposed on any merchan-
16 dise pursuant to section 4611 of the Internal Revenue
17 Code of 1986 shall be eligible to be refunded as drawback
18 under this subsection.”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply with respect to articles entered,
21 or withdrawn from warehouse for consumption, on or after
22 January 1, 2026.

1 **SEC. 224. MODIFYING CLEAN HYDROGEN PRODUCTION**
2 **CREDIT.**

3 (a) IN GENERAL.—Section 45V of the Internal Rev-
4 enue Code of 1986, as amended by section 70511 of Public
5 Law 119–21, is amended—

6 (1) in subsection (a), by striking paragraph (2)
7 and inserting the following:

8 “(2) \$0.60.”,

9 (2) by striking subsection (b) and inserting the
10 following:

11 “(b) INFLATION ADJUSTMENT.—The \$0.60 amount
12 in subsection (a)(2) shall be adjusted by multiplying such
13 amount by the inflation adjustment factor (as determined
14 under section 45(e)(2), determined by substituting ‘2024’
15 for ‘1992’ in subparagraph (B) thereof) for the calendar
16 year in which the qualified clean hydrogen is produced.
17 If any amount as increased under the preceding sentence
18 is not a multiple of 0.1 cent, such amount shall be rounded
19 to the nearest multiple of 0.1 cent.”,

20 (3) in subsection (c)—

21 (A) by striking paragraph (1),

22 (B) in paragraph (2)—

23 (i) by striking subparagraph (A) and
24 inserting the following:

25 “(A) DEFINITION.—

1 “(i) IN GENERAL.—The term ‘quali-
2 fied clean hydrogen’ means hydrogen pro-
3 duced using an electrolyzer for which the
4 electricity used is—

5 “(I) produced at a facility
6 which—

7 “(aa) uses qualified renew-
8 able energy resources to produce
9 such electricity,

10 “(bb) was placed in service
11 not greater than 36 months prior
12 to the date on which the facility
13 which produces such hydrogen
14 was placed in service, and

15 “(cc) is in the same region
16 (as defined in the National
17 Transmission Needs Study of the
18 Department of Energy, dated Oc-
19 tober 30, 2023) as the facility
20 which produces such hydrogen,
21 and

22 “(II) produced at the facility de-
23 scribed in subclause (I) not less than
24 1 hour prior to use by the electrolyzer.

1 “(ii) QUALIFIED RENEWABLE ENERGY
2 RESOURCES.—The term ‘qualified renew-
3 able energy resources’ means—

4 “(I) wind,

5 “(II) solar energy,

6 “(III) geothermal energy (as de-
7 fined in section 45(c)(4)),

8 “(IV) marine and hydrokinetic
9 renewable energy (as defined in sec-
10 tion 45(c)(10)), and

11 “(V) hydropower.”, and

12 (ii) by striking subparagraph (C),

13 (C) in paragraph (3)(C), by inserting “,
14 and which is placed in service after December
15 31, 2025” after “January 1, 2028”, and

16 (D) by redesignating paragraphs (2) and
17 (3) as paragraphs (1) and (2), respectively,
18 (4) in subsection (e)—

19 (A) in paragraph (1), by striking “de-
20 scribed in subsection (b)(2)” and inserting
21 “produced by the taxpayer”, and

22 (B) in paragraph (3)(A)(ii), by striking
23 “subsection (a)(2)” and inserting “subsection
24 (a)(1)”, and

1 (5) in subsection (f), by striking “, including
2 regulations or other guidance for determining
3 lifecycle greenhouse gas emissions”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 45(e)(13) of the Internal Revenue
6 Code of 1986 is amended by striking “section
7 45V(c)(3)) to produce qualified clean hydrogen (as
8 defined in section 45V(c)(2))” and inserting “section
9 45V(c)(2)) to produce qualified clean hydrogen (as
10 defined in section 45V(c)(1))”.

11 (2) Section 48(a)(15) of such Code is amend-
12 ed—

13 (A) in subparagraph (A), by striking
14 clause (ii) and inserting the following:

15 “(ii) the energy percentage with re-
16 spect to such property is 6 percent.”,

17 (B) in subparagraph (C)—

18 (i) by striking “section 45V(c)(3)”
19 and inserting “section 45V(c)(2)”, and

20 (ii) in clause (i), by striking “Decem-
21 ber 31, 2022” and inserting “December
22 31, 2025”, and

23 (C) in subparagraph (D), by striking “sec-
24 tion 45V(c)(2)” and inserting “section
25 45V(c)(1)”.

1 (3) Section 6417 of such Code is amended—

2 (A) in subsection (b)(5), by striking “De-
3 cember 31, 2012” and inserting “December 31,
4 2025”, and

5 (B) in subsection (d)(1)(B), by striking
6 “section 45V(c)(3)” and inserting “section
7 45V(c)(2)”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to facilities placed in service after
10 December 31, 2025.

11 **TITLE III—REPEAL RECENT FOS-**
12 **SIL FUEL SUBSIDY LEGISLA-**
13 **TION**

14 **SEC. 301. BUILDER ACT.**

15 (a) GENERAL REPEAL.—Sections 106, 107, 108,
16 109, 110, and 111 of the National Environmental Policy
17 Act of 1969 (42 U.S.C. 4336, 4336a, 4336b, 4336c,
18 4336d, 4336e) are repealed.

19 (b) REPEAL OF MODIFICATIONS.—Section 102(2) of
20 the National Environmental Policy Act of 1969 (42 U.S.C.
21 4332(2)) is amended—

22 (1) in subparagraph (C)—

23 (A) in the matter preceding clause (i), by
24 striking “consistent with the provisions of this

1 Act and except where compliance would be in-
2 consistent with other statutory requirements,”;

3 (B) by striking clauses (i) through (v) and
4 inserting the following:

5 “(i) the environmental impact of the
6 proposed action;

7 “(ii) any adverse environmental ef-
8 fects that cannot be avoided if the pro-
9 posed action is implemented;

10 “(iii) alternatives to the proposed ac-
11 tion;

12 “(iv) the relationship between local
13 short-term uses of the human environment
14 and the maintenance and enhancement of
15 long-term productivity; and

16 “(v) any irreversible and irretrievable
17 commitments of resources that would be
18 involved in the proposed action if the pro-
19 posed action is implemented.”; and

20 (C) in the undesignated matter following
21 clause (v) (as so amended), in the first sen-
22 tence, by striking “head of the lead agency”
23 and inserting “responsible Federal official”;

24 (2) by striking subparagraphs (D), (E), and
25 (F);

1 (3) by redesignating subparagraphs (G)
2 through (L) as subparagraphs (D) through (I), re-
3 spectively; and

4 (4) in subparagraph (F) (as so redesignated),
5 by striking “consistent with the provisions of this
6 Act,”.

7 (c) CONFORMING AMENDMENT.—Section 9909(c)(1)
8 of the William M. (Mac) Thornberry National Defense Au-
9 thorization Act for Fiscal Year 2021 (15 U.S.C.
10 4659(c)(1)) is amended by striking “has the meaning
11 given the term in section 111 of NEPA (42 U.S.C.
12 4336e)” and inserting “, with respect to a covered activity,
13 means the Federal agency that proposed the covered activ-
14 ity”.

15 **SEC. 302. INFLATION REDUCTION ACT.**

16 (a) LEASE SALES UNDER THE 2017–2022 OUTER
17 CONTINENTAL SHELF LEASING PROGRAM.—Section
18 50264 of Public Law 117–169 (commonly known as the
19 “Inflation Reduction Act of 2022”) (136 Stat. 2059) is
20 repealed.

21 (b) ENSURING ENERGY SECURITY.—Section 50265
22 of Public Law 117–169 (commonly known as the “Infla-
23 tion Reduction Act of 2022”) (43 U.S.C. 3006) is re-
24 pealed.

1 **SEC. 303. ONE BIG BEAUTIFUL BILL ACT.**

2 (a) INTERNAL REVENUE CODE.—

3 (1) EXCLUSION OF METALLURGICAL COAL
4 UNDER ADVANCED MANUFACTURING PRODUCTION
5 CREDIT.—Section 45X of the Internal Revenue Code
6 of 1986, as amended by section 70514 of Public
7 Law 119–21 (commonly known as the “One Big
8 Beautiful Bill Act”), is amended—

9 (A) in subsection (b)(1)(M), by striking
10 “(2.5 percent in the case of metallurgical
11 coal)”,

12 (B) in subsection (b)(3)—

13 (i) in subparagraph (C)—

14 (I) in the heading, by striking
15 “OTHER THAN METALLURGICAL
16 COAL”,

17 (II) in clause (i), by striking
18 “(other than metallurgical coal)”,

19 (III) in the heading of clause (ii),
20 by striking “OTHER THAN METALLUR-
21 GICAL COAL”, and

22 (ii) by striking subparagraph (E), and
23 (C) in subsection (c)(6), by striking sub-
24 paragraph (R).

25 (2) INTANGIBLE DRILLING AND DEVELOPMENT
26 COSTS.—The amendments made by section 70523 of

1 Public Law 119–21 are repealed and the Internal
2 Revenue Code of 1986 shall be applied as if such
3 amendments had not been enacted.

4 (3) INCOME FROM CARBON CAPTURE AND HY-
5 DROGEN.—Section 7704(d)(1)(E) of the Internal
6 Revenue Code of 1986, as amended by section
7 70524 of Public Law 119–21, is amended—

8 (A) in clause (ii)(II), by inserting “pro-
9 vided that such hydrogen is qualified clean hy-
10 drogen (as defined in section 45V(c)(1)(A)),”
11 after “liquified hydrogen or compressed hydro-
12 gen,” and

13 (B) by striking clause (iii).

14 (b) OIL AND GAS, MINING, AND ENERGY RE-
15 PEALS.—The provisions of, and the amendments made by,
16 sections 50101, 50102, 50103, 50104, 50105, 50201,
17 50202, 50203, 50204, and 50403 of Public Law 119–21
18 (commonly known as the “One Big Beautiful Bill Act”)
19 (139 Stat. 72) are repealed, and any provision of law
20 amended or repealed by those sections shall be applied as
21 if such amendments or repeals had not been enacted.

22 (c) METHANE EMISSIONS AND WASTE REDUCTION
23 INCENTIVE PROGRAM.—Section 136(g) of the Clean Air
24 Act (42 U.S.C. 7436(g)) (as amended by section 60012(b)
25 of Public Law 119–21 (commonly known as the “One Big

1 Beautiful Bill Act”) (139 Stat. 72) is amended by striking
2 “calendar year 2034” and inserting “calendar year 2024”.

3 (d) REPEAL OF PROJECT SPONSOR OPT-IN FEES
4 FOR ENVIRONMENTAL REVIEWS.—Section 112 of the Na-
5 tional Environmental Policy Act of 1969 (as added by sec-
6 tion 60026 of Public Law 119–21 (commonly known as
7 the “One Big Beautiful Bill Act”) (139 Stat. 72) is re-
8 pealed.

9 **SEC. 304. WASTE EMISSIONS CHARGE RULE.**

10 (a) REPEAL.—Public Law 119–2 (139 Stat. 7) is re-
11 pealed.

12 (b) IMPLEMENTATION.—The Administrator of the
13 Environmental Protection Agency shall implement the
14 final rule of the Environmental Protection Agency entitled
15 “Waste Emissions Charge for Petroleum and Natural Gas
16 Systems: Procedures for Facilitating Compliance, Includ-
17 ing Netting and Exemptions” (89 Fed. Reg. 91094 (No-
18 vember 18, 2024)) as if Public Law 119–2 (139 Stat. 7)
19 had not been enacted into law.

20 **TITLE IV—ELIMINATION OF**
21 **OTHER FOSSIL FUEL SUBSIDIES**

22 **SEC. 401. STUDY AND ELIMINATION OF ADDITIONAL FOSSIL**
23 **FUEL SUBSIDIES.**

24 (a) DEFINITION OF SUBSIDY FOR FOSSIL-FUEL PRO-
25 Duction.—In this section, the term “subsidy for fossil-

1 fuel production” means any direct funding, tax treatment
2 or incentive, risk-reduction benefit, financing assistance or
3 guarantee, royalty relief, or other provision that provides
4 a financial benefit to a fossil-fuel company for the produc-
5 tion of fossil fuels.

6 (b) REPORT TO CONGRESS.—Not later than 1 year
7 after the date of enactment of this Act, the Secretary of
8 the Treasury or a delegate of the Secretary (referred to
9 in this section as the “Secretary”), in coordination with
10 the Secretary of Energy, shall submit to Congress a report
11 detailing each Federal law (including regulations), other
12 than those amended by this Act, as in effect on the date
13 on which the report is submitted, that includes a subsidy
14 for fossil-fuel production.

15 (c) REPORT ON MODIFIED RECOVERY PERIOD.—

16 (1) IN GENERAL.—Not later than 1 year after
17 the date of enactment of this Act, the Secretary, in
18 coordination with the Commissioner of Internal Rev-
19 enue, shall submit to Congress a report on the appli-
20 cable recovery period under the accelerated cost re-
21 covery system provided in section 168 of the Inter-
22 nal Revenue Code of 1986 for each type of property
23 involved in fossil-fuel production, including pipelines,
24 power generation property, refineries, and drilling

1 equipment, to determine if any assets are receiving
2 a subsidy for fossil-fuel production.

3 (2) ELIMINATION OF SUBSIDY.—

4 (A) IN GENERAL.—In the case of any type
5 of property that the Secretary determines is re-
6 ceiving a subsidy for fossil-fuel production
7 under section 168 of the Internal Revenue Code
8 of 1986, for property placed in service in tax-
9 able years beginning after the date of such de-
10 termination, section 168 of the Internal Rev-
11 enue Code of 1986 shall not apply.

12 (B) EXCEPTION.—Subparagraph (A) shall
13 not apply to any property with respect to a tax-
14 able year unless such determination is published
15 before the first day of such taxable year.