119TH CONGRESS
2D SESSION

# S. ______

To amend the Internal Revenue Code of 1986 to impose a fee on excess oil profits.

IN THE SENATE OF THE UNITED STATES

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

# A BILL

To amend the Internal Revenue Code of 1986 to impose a fee on excess oil profits.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Oil Company Windfall Profits Tax Act of 2026".

**SEC. 2. EXCESS OIL PROFIT FEE.**

(a) IN GENERAL.—Subtitle E of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new chapter:

# "CHAPTER 56—FEE ON EXCESS OIL PROFIT



**"SEC. 5896. IMPOSITION OF FEE.**

"(a) IN GENERAL.—In addition to any other tax imposed under this title, there is hereby imposed on any applicable taxpayer an excise fee in an amount equal to 50 percent of the excess profit of such taxpayer for any taxable year beginning after December 31, 2025.

"(b) APPLICABLE TAXPAYER.—For purposes of this chapter, the term 'applicable taxpayer' means any integrated oil company (as defined in section 291(b)(4)).

**"SEC. 5897. EXCESS PROFIT; ETC.**

"(a) GENERAL RULE.—For purposes of this chapter, the term 'excess profit' means the excess of the adjusted taxable income of the applicable taxpayer for the taxable year over the reasonably inflated average profit for such taxable year.

"(b) ADJUSTED TAXABLE INCOME.—For purposes of this chapter, with respect to any applicable taxpayer, the adjusted taxable income for any taxable year is equal to the taxable income for such taxable year (within the meaning of section 63 and determined without regard to this subsection) increased by any interest expense deduction, charitable contribution deduction, and any net operating loss deduction carried forward from any prior taxable year. In the case of any applicable taxpayer which is a foreign corporation, the adjusted taxable income shall be determined with respect to such income which is effectively connected with the conduct of a trade or business in the United States.

"(c) REASONABLY INFLATED AVERAGE PROFIT.—For purposes of this chapter, with respect to any applicable taxpayer, the reasonably inflated average profit for any taxable year is an amount equal to—

"(1) the average of the adjusted taxable income of such taxpayer during the 5-taxable-year period beginning with the first taxable year beginning after December 31, 2020, as determined without regard to the taxable year with the highest adjusted taxable income in such period, plus

"(2) an amount equal to 10 percent of the amount determined under paragraph (1).

**"SEC. 5898. SPECIAL RULES AND DEFINITIONS.**

"(a) WITHHOLDING AND DEPOSIT OF FEE.—The Secretary shall provide such rules as are necessary for the withholding and deposit of the fee imposed under section 5896.

"(b) RECORDS AND INFORMATION.—Each taxpayer liable for tax under section 5896 shall keep such records, make such returns, and furnish such information as the Secretary may by regulations prescribe.

"(c) RETURN OF FEE.—The Secretary shall provide for the filing and the time of such filing of the return of the fee imposed under section 5896.

"(d) BUSINESSES UNDER COMMON CONTROL.—For purposes of this chapter, all members of the same controlled group of corporations (within the meaning of section 267(f)) and all persons under common control (within the meaning of section 52(b) but determined by treating an interest of more than 50 percent as a controlling interest) shall be treated as 1 person.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this chapter.".

(b) TRANSFER OF REVENUE TO HIGHWAY TRUST FUND.—Section 9503 of the Internal Revenue Code of 1986 is amended—

(1) in subsection (b)—

(A) in the heading, by inserting ", FEES," after "TAXES",

(B) in paragraph (1)—

(i) in the heading, by inserting "AND FEES" after "TAXES",

(ii) in the matter preceding subparagraph (A), by inserting ‘‘and fees’’ after ‘‘the taxes’’,

(iii) in subparagraph (D), by striking ‘‘and’’ at the end,

(iv) in subparagraph (E), by striking the period at the end and inserting ‘‘, and’’, and

(v) by inserting after subparagraph (E) the following new subparagraph:

‘‘(F) section 5896 (relating to fee on excess oil profit).’’, and

(C) in paragraph (4)—

(i) in the heading, by inserting ‘‘AND FEES’’ after ‘‘TAXES’’,

(ii) in the matter preceding subparagraph (A), by inserting ‘‘and fees’’ after ‘‘the taxes’’,

(iii) in subparagraph (C), by striking ‘‘or’’ at the end,

(iv) in subparagraph (D)(iii), by striking the period at the end and inserting ‘‘, or’’, and

(v) by inserting after subparagraph (D) the following new subparagraph:

"(E) section 5896 with respect to an amount equal to 0.5435 percent of such fee.", and

(2) in subsection (e)—

(A) in paragraph (2), by striking "The Secretary of the Treasury" and inserting "Subject to paragraph (6), the Secretary of the Treasury",

(B) in paragraph (5), by striking "the application of paragraph (2)" and inserting "the application of paragraphs (2) and (6)", and

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

"(6) ADDITIONAL TRANSFER TO MASS TRANSIT ACCOUNT.—In addition to the transfer described in paragraph (2), the Secretary of the Treasury shall transfer to the Mass Transit Account an amount equal to 15.63 percent of the amounts appropriated to the Highway Trust Fund under subsection (b) which (after the application of paragraph (4)(E) of such subsection) are attributable to fees under section 5896.".

(c) TRANSFER OF REVENUE TO LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—Section 9508(b) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (3), by striking "and" at the end,

(2) in paragraph (4), by striking the period at the end and inserting ", and", and

(3) by inserting after paragraph (4) the following new paragraph:

"(5) fees received in the Treasury under 5896 (relating to fee on excess oil profit) in an amount equal to 0.5435 percent of such fee.".

(d) CLERICAL AMENDMENT.—The table of chapters for subtitle E of such Code is amended by adding at the end the following new item:

"CHAPTER 56—FEE ON EXCESS OIL PROFIT".

(e) DEDUCTIBILITY OF FEE.—The first sentence of section 164(a) of such Code is amended by inserting after paragraph (4) the following new paragraph:

"(5) The fee imposed by section 5896.".