

H. R. 1

One Hundred Fifteenth Congress  
of the  
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday,  
the third day of January, two thousand and seventeen*

An Act

To provide for reconciliation pursuant to titles II and V of the concurrent resolution  
on the budget for fiscal year 2018.

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

TITLE I

SECTION 11000. SHORT TITLE, ETC.

(a) AMENDMENT OF 1986 CODE.—Except as otherwise expressly  
provided, whenever in this title an amendment or repeal is  
expressed in terms of an amendment to, or repeal of, a section  
or other provision, the reference shall be considered to be made  
to a section or other provision of the Internal Revenue Code of  
1986.

Subtitle A—Individual Tax Reform

PART I—TAX RATE REFORM

SEC. 11001. MODIFICATION OF RATES.

(a) IN GENERAL.—Section 1 is amended by adding at the end  
the following new subsection:

“(j) MODIFICATIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—

“(1) IN GENERAL.—In the case of a taxable year beginning  
after December 31, 2017, and before January 1, 2026—

“(A) subsection (i) shall not apply, and

“(B) this section (other than subsection (i)) shall be  
applied as provided in paragraphs (2) through (6).

“(2) RATE TABLES.—

“(A) MARRIED INDIVIDUALS FILING JOINT RETURNS AND  
SURVIVING SPOUSES.—The following table shall be applied  
in lieu of the table contained in subsection (a):

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$19,050 .....	10% of taxable income.
Over \$19,050 but not over \$77,400 .....	\$1,905, plus 12% of the excess over \$19,050.
Over \$77,400 but not over \$165,000 .....	\$8,907, plus 22% of the excess over \$77,400.
Over \$165,000 but not over \$315,000 .....	\$28,179, plus 24% of the excess over \$165,000.
Over \$315,000 but not over \$400,000 .....	\$64,179, plus 32% of the excess over \$315,000.

“(ii) reserves (other than deficiency, contingency, or unearned premium reserves) for life and health insurance risks and life and health insurance claims with respect to contracts providing coverage for mortality or morbidity risks.

“(B) LIMITATIONS ON AMOUNT OF LIABILITIES.—Any amount determined under clause (i) or (ii) of subparagraph (A) shall not exceed the lesser of such amount—

“(i) as reported to the applicable insurance regulatory body in the applicable financial statement described in paragraph (4)(A) (or, if less, the amount required by applicable law or regulation), or

“(ii) as determined under regulations prescribed by the Secretary.

“(4) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

“(A) APPLICABLE FINANCIAL STATEMENT.—The term ‘applicable financial statement’ means a statement for financial reporting purposes which—

“(i) is made on the basis of generally accepted accounting principles,

“(ii) is made on the basis of international financial reporting standards, but only if there is no statement that meets the requirement of clause (i), or

“(iii) except as otherwise provided by the Secretary in regulations, is the annual statement which is required to be filed with the applicable insurance regulatory body, but only if there is no statement which meets the requirements of clause (i) or (ii).

“(B) APPLICABLE INSURANCE REGULATORY BODY.—The term ‘applicable insurance regulatory body’ means, with respect to any insurance business, the entity established by law to license, authorize, or regulate such business and to which the statement described in subparagraph (A) is provided.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

**SEC. 14502. REPEAL OF FAIR MARKET VALUE METHOD OF INTEREST EXPENSE APPORTIONMENT.**

(a) IN GENERAL.—Paragraph (2) of section 864(e) is amended to read as follows:

“(2) GROSS INCOME AND FAIR MARKET VALUE METHODS MAY NOT BE USED FOR INTEREST.—All allocations and apportionments of interest expense shall be determined using the adjusted bases of assets rather than on the basis of the fair market value of the assets or gross income.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

## TITLE II

**SEC. 20001. OIL AND GAS PROGRAM.**

(a) DEFINITIONS.—In this section:

(1) COASTAL PLAIN.—The term “Coastal Plain” means the area identified as the 1002 Area on the plates prepared by

the United States Geological Survey entitled “ANWR Map – Plate 1” and “ANWR Map – Plate 2”, dated October 24, 2017, and on file with the United States Geological Survey and the Office of the Solicitor of the Department of the Interior.

(2) SECRETARY.—The term “Secretary” means the Secretary of the Interior, acting through the Bureau of Land Management.

(b) OIL AND GAS PROGRAM.—

(1) IN GENERAL.—Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) shall not apply to the Coastal Plain.

(2) ESTABLISHMENT.—

(A) IN GENERAL.—The Secretary shall establish and administer a competitive oil and gas program for the leasing, development, production, and transportation of oil and gas in and from the Coastal Plain.

(B) PURPOSES.—Section 303(2)(B) of the Alaska National Interest Lands Conservation Act (Public Law 96–487; 94 Stat. 2390) is amended—

(i) in clause (iii), by striking “and” at the end;  
(ii) in clause (iv), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(v) to provide for an oil and gas program on the Coastal Plain.”.

(3) MANAGEMENT.—Except as otherwise provided in this section, the Secretary shall manage the oil and gas program on the Coastal Plain in a manner similar to the administration of lease sales under the Naval Petroleum Reserves Production Act of 1976 (42 U.S.C. 6501 et seq.) (including regulations).

(4) ROYALTIES.—Notwithstanding the Mineral Leasing Act (30 U.S.C. 181 et seq.), the royalty rate for leases issued pursuant to this section shall be 16.67 percent.

(5) RECEIPTS.—Notwithstanding the Mineral Leasing Act (30 U.S.C. 181 et seq.), of the amount of adjusted bonus, rental, and royalty receipts derived from the oil and gas program and operations on Federal land authorized under this section—

(A) 50 percent shall be paid to the State of Alaska; and

(B) the balance shall be deposited into the Treasury as miscellaneous receipts.

(c) 2 LEASE SALES WITHIN 10 YEARS.—

(1) REQUIREMENT.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall conduct not fewer than 2 lease sales area-wide under the oil and gas program under this section by not later than 10 years after the date of enactment of this Act.

(B) SALE ACREAGES; SCHEDULE.—

(i) ACREAGES.—The Secretary shall offer for lease under the oil and gas program under this section—

(I) not fewer than 400,000 acres area-wide in each lease sale; and

(II) those areas that have the highest potential for the discovery of hydrocarbons.

(ii) SCHEDULE.—The Secretary shall offer—

- (I) the initial lease sale under the oil and gas program under this section not later than 4 years after the date of enactment of this Act; and
- (II) a second lease sale under the oil and gas program under this section not later than 7 years after the date of enactment of this Act.

(2) **RIGHTS-OF-WAY.**—The Secretary shall issue any rights-of-way or easements across the Coastal Plain for the exploration, development, production, or transportation necessary to carry out this section.

(3) **SURFACE DEVELOPMENT.**—In administering this section, the Secretary shall authorize up to 2,000 surface acres of Federal land on the Coastal Plain to be covered by production and support facilities (including airstrips and any area covered by gravel berms or piers for support of pipelines) during the term of the leases under the oil and gas program under this section.

**SEC. 20002. LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES.**

Section 105(f)(1) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432) is amended by striking “exceed \$500,000,000 for each of fiscal years 2016 through 2055.” and inserting the following: “exceed—

- “(A) \$500,000,000 for each of fiscal years 2016 through 2019;
- “(B) \$650,000,000 for each of fiscal years 2020 and 2021; and
- “(C) \$500,000,000 for each of fiscal years 2022 through 2055.”.

**SEC. 20003. STRATEGIC PETROLEUM RESERVE DRAWDOWN AND SALE.**

(a) **DRAWDOWN AND SALE.**—

(1) **IN GENERAL.**—Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241), except as provided in subsections (b) and (c), the Secretary of Energy shall draw down and sell from the Strategic Petroleum Reserve 7,000,000 barrels of crude oil during the period of fiscal years 2026 through 2027.

(2) **DEPOSIT OF AMOUNTS RECEIVED FROM SALE.**—Amounts received from a sale under paragraph (1) shall be deposited in the general fund of the Treasury during the fiscal year in which the sale occurs.

(b) **EMERGENCY PROTECTION.**—The Secretary of Energy shall not draw down and sell crude oil under subsection (a) in a quantity that would limit the authority to sell petroleum products under subsection (h) of section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) in the full quantity authorized by that subsection.