

118TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to allow intangible drilling and development costs to be taken into account when computing adjusted financial statement income.

IN THE SENATE OF THE UNITED STATES

Mr. LANKFORD (for himself, Mr. DAINES, Mr. BARRASSO, and Mr. SCOTT of South Carolina) 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 allow intangible drilling and development costs to be taken into account when computing adjusted financial statement income.

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 “Promoting Domestic
5 Energy Production Act”.

1 **SEC. 2. INTANGIBLE DRILLING AND DEVELOPMENT COSTS**
2 **TAKEN INTO ACCOUNT FOR PURPOSES OF**
3 **COMPUTING ADJUSTED FINANCIAL STATE-**
4 **MENT INCOME.**

5 (a) IN GENERAL.—Section 56A(c)(13) of the Inter-
6 nal Revenue Code of 1986 is amended—

7 (1) by striking subparagraph (A) and inserting
8 the following:

9 “(A) reduced by—

10 “(i) depreciation deductions allowed
11 under section 167 with respect to property
12 to which section 168 applies to the extent
13 of the amount allowed as deductions in
14 computing taxable income for the year,
15 and

16 “(ii) any deduction allowed for ex-
17 penses under section 263(c) with respect to
18 property described therein to the extent of
19 the amount allowed as deductions in com-
20 puting taxable income for the year, and”,
21 and

22 (2) by striking subparagraph (B)(i) and insert-
23 ing the following:

24 “(i) to disregard any amount of—

25 “(I) depreciation expense that is
26 taken into account on the taxpayer’s

1 applicable financial statement with re-
2 spect to such property, and

3 “(II) depletion expense that is
4 taken into account on the taxpayer’s
5 applicable financial statement with re-
6 spect to the intangible drilling and de-
7 velopment costs of such property,
8 and”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2022.