

103^D CONGRESS
1ST SESSION

H. R. 2525

To amend the Internal Revenue Code of 1986 to phaseout the occupational taxes relating to distilled spirits, wine, and beer.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1993

Mr. KOPETSKI introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to phaseout the occupational taxes relating to distilled spirits, wine, and beer.

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. AMENDMENT OF 1986 CODE.**

4 Except as otherwise expressly provided, whenever in
5 this Act an amendment or repeal is expressed in terms
6 of an amendment to, or repeal of, a section or other provi-
7 sion, the reference shall be considered to be made to a
8 section or other provision of the Internal Revenue Code
9 of 1986.

1 **SEC. 2. REDUCTION IN RATES OF OCCUPATIONAL TAXES**
2 **RELATING TO DISTILLED SPIRITS, WINE, AND**
3 **BEER.**

4 (a) PROPRIETORS OF DISTILLED SPIRITS PLANTS,
5 ETC.—

6 (1) Subsection (a) of section 5081 is amended
7 by striking “\$1,000” and inserting “\$500”.

8 (2) Subsection (b) of section 5081 is amended
9 by striking “ ‘\$500’ for ‘\$1,000’ ” and inserting “
10 ‘\$250’ for ‘\$500’ ”.

11 (b) BREWERS.—Subsection (a) of section 5091 is
12 amended by striking “\$1,000” and inserting “\$500”.

13 (c) WHOLESALE DEALERS.—Subsections (a) and (b)
14 of section 5111 are each amended by striking “\$500” and
15 inserting “\$250”.

16 (d) RETAIL DEALERS.—Subsections (a) and (b) of
17 section 5121 are each amended by striking “\$250” and
18 inserting “\$125”.

19 (e) NONBEVERAGE DRAWBACK.—Subsection (b) of
20 section 5131 is amended by striking “\$500” and inserting
21 “\$250”.

22 (f) INDUSTRIAL USE.—Subsection (a) of section
23 5276 is amended by striking “\$250” and inserting
24 “\$125”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on July 1, 1994, but shall
3 not apply to taxes imposed for periods before such date.

4 **SEC. 3. REPEAL OF OCCUPATIONAL TAXES RELATING TO**
5 **DISTILLED SPIRITS, WINE, AND BEER.**

6 (a) REPEAL OF OCCUPATIONAL TAXES.—

7 (1) IN GENERAL.—The following provisions of
8 part II of subchapter A of chapter 51 (relating to
9 occupational taxes) are hereby repealed:

10 (A) Subpart A (relating to proprietors of
11 distilled spirits plants, bonded wine cellars,
12 etc.).

13 (B) Subpart B (relating to brewer).

14 (C) Subpart D (relating to wholesale deal-
15 ers) (other than sections 5114 and 5116).

16 (D) Subpart E (relating to retail dealers)
17 (other than section 5124).

18 (E) Subpart G (relating to general provi-
19 sions) (other than sections 5142, 5143, 5145,
20 and 5146).

21 (2) NONBEVERAGE DOMESTIC DRAWBACK.—
22 Section 5131 of such Code is amended by striking
23 “, on payment of a special tax per annum,”.

24 (3) INDUSTRIAL USE OF DISTILLED SPIRITS.—
25 Section 5276 is hereby repealed.

1 (b) CONFORMING AMENDMENTS.—

2 (1)(A) The heading for part II of subchapter A
3 of chapter 51 and the table of subparts for such
4 part are amended to read as follows:

5 **“PART II—MISCELLANEOUS PROVISIONS**

“Subpart A. Manufacturers of stills.

“Subpart B. Nonbeverage domestic drawback claimants.

“Subpart C. Recordkeeping by dealers.

“Subpart D. Other provisions.”

6 (B) The table of parts for such subchapter A
7 is amended by striking the item relating to part II
8 and inserting the following new item:

“Part II. Miscellaneous provisions.”

9 (2) Subpart C of part II of such subchapter
10 (relating to manufacturers of stills) is redesignated
11 as subpart A.

12 (3)(A) Subpart F of such part II (relating to
13 nonbeverage domestic drawback claimants) is redesi-
14 gnated as subpart B and sections 5131 through
15 5134 are redesignated as sections 5111 through
16 5114, respectively.

17 (B) The table of sections for such subpart B,
18 as so redesignated, is amended—

19 (i) by redesignating the items relating to
20 sections 5131 through 5134 as relating to sec-
21 tions 5111 through 5114, respectively, and

1 (ii) by striking “and rate of tax” in the
2 item relating to section 5111, as so redesign-
3 nated.

4 (C) Section 5111, as redesignated by subpara-
5 graph (A), is amended—

6 (i) by striking “**AND RATE OF TAX**” in
7 the section heading,

8 (ii) by striking “(a) ELIGIBILITY FOR
9 DRAWBACK.—”, and

10 (iii) by striking subsection (b).

11 (4) Part II of subchapter A of chapter 51 is
12 amended by adding after subpart B, as redesignated
13 by paragraph (3), the following new subpart:

14 **“Subpart C—Recordkeeping by Dealers**

“Sec. 5121. Recordkeeping by wholesale dealers.

“Sec. 5122. Recordkeeping by retail dealers.

“Sec. 5123. Preservation and inspection of records, and entry of
premises for inspection.”

15 (5)(A) Section 5114 (relating to records) is
16 moved to subpart C of such part II and inserted
17 after the table of sections for such subpart.

18 (B) Section 5114 is amended—

19 (i) by striking the section heading and in-
20 serting the following new heading:

21 **“SEC. 5121. RECORDKEEPING BY WHOLESALE DEALERS.”,**

22 and

1 (ii) by redesignating subsection (c) as sub-
2 section (d) and by inserting after subsection (b)
3 the following new subsection:

4 “(c) WHOLESAL DEALERS.—For purposes of this
5 part—

6 “(1) WHOLESAL DEALER IN LIQUORS.—The
7 term ‘wholesale dealer in liquors’ means any dealer
8 (other than a wholesale dealer in beer) who sells, or
9 offers for sale, distilled spirits, wines, or beer, to an-
10 other dealer.

11 “(2) WHOLESAL DEALER IN BEER.—The term
12 ‘wholesale dealer in beer’ means any dealer who
13 sells, or offers for sale, beer, but not distilled spirits
14 or wines, to another dealer.

15 “(3) DEALER.—The term ‘dealer’ means any
16 person who sells, or offers for sale, any distilled spir-
17 its, wines, or beer.

18 “(4) PRESUMPTION IN CASE OF SALE OF 20
19 WINE GALLONS OR MORE.—The sale, or offer for
20 sale, of distilled spirits, wines, or beer, in quantities
21 of 20 wine gallons or more to the same person at
22 the same time, shall be presumptive evidence that
23 the person making such sale, or offer for sale, is en-
24 gaged in or carrying on the business of a wholesale
25 dealer in liquors or a wholesale dealer in beer, as the

1 case may be. Such presumption may be overcome by
2 evidence satisfactorily showing that such sale, or
3 offer for sale, was made to a person other than a
4 dealer.”

5 (C) Paragraph (3) of section 5121(d) , as so re-
6 designated, is amended by striking “section 5146”
7 and inserting “section 5123”.

8 (6)(A) Section 5124 (relating to records) is
9 moved to subpart C of part II of subchapter A of
10 chapter 51 and inserted after section 5121.

11 (B) Section 5124 is amended—

12 (i) by striking the section heading and in-
13 serting the following new heading:

14 **“SEC. 5122. RECORDKEEPING BY RETAIL DEALERS.”,**

15 (ii) by striking “section 5146” in sub-
16 section (c) and inserting “section 5123”, and

17 (iii) by redesignating subsection (c) as sub-
18 section (d) and inserting after subsection (b)
19 the following new subsection:

20 “(c) RETAIL DEALERS.—For purposes of this sec-
21 tion—

22 “(1) RETAIL DEALER IN LIQUORS.—The term
23 ‘retail dealer in liquors’ means any dealer (other
24 than a retail dealer in beer) who sells, or offers for

1 sale, distilled spirits, wines, or beer, to any person
2 other than a dealer.

3 “(2) RETAIL DEALER IN BEER.—The term ‘re-
4 tail dealer in beer’ means any dealer who sells, or of-
5 fers for sale, beer, but not distilled spirits or wines,
6 to any person other than a dealer.

7 “(3) DEALER.—The term ‘dealer’ has the
8 meaning given such term by section 5121(c)(3).”

9 (7) Section 5146 is moved to subpart C of part
10 II of subchapter A of chapter 51, inserted after sec-
11 tion 5122, and redesignated as section 5123.

12 (8) Part II of subchapter A of chapter 51 is
13 amended by inserting after subpart C the following
14 new subpart:

15 **“Subpart D—Other Provisions**

“Sec. 5131. Packaging distilled spirits for industrial uses.
“Sec. 5132. Prohibited purchases by dealers.”

16 (9) Section 5116 is moved to subpart D of part
17 II of subchapter A of chapter 51, inserted after the
18 table of sections, redesignated as section 5131, and
19 amended by inserting “(as defined in section
20 5121(c))” after “dealer” in subsection (a).

21 (10) Subpart D of part II of subchapter A of
22 chapter 51 is amended by adding at the end thereof
23 the following new section:

1 **“SEC. 5132. PROHIBITED PURCHASES BY DEALERS.**

2 “(a) IN GENERAL.—Except as provided in regula-
3 tions prescribed by the Secretary, it shall be unlawful for
4 a dealer to purchase distilled spirits from any person other
5 than a wholesale dealer in liquors who is required to keep
6 the records prescribed by section 5121.

7 “(b) PENALTY AND FORFEITURE.—

**“For penalty and forfeiture provisions applicable
to violations of subsection (a), see sections 5687 and
7302.”**

8 (11) Subsection (b) of section 5002 is amend-
9 ed—

10 (A) by striking “section 5112(a)” and in-
11 serting “section 5121(c)(3)”,

12 (B) by striking “section 5112” and insert-
13 ing “section 5121(c)”,

14 (C) by striking “section 5122” and insert-
15 ing “section 5122(c)”.

16 (12) Subparagraph (A) of section 5010(c)(2) is
17 amended by striking “section 5134” and inserting
18 “section 5114”.

19 (13) Subsection (d) of section 5052 is amended
20 to read as follows:

21 “(d) BREWER.—For purposes of this chapter, the
22 term ‘brewer’ means any person who brews beer or pro-
23 duces beer for sale. Such term shall not include any person

1 who produces only beer exempt from tax under section
2 5053(e).”

3 (14) The text of section 5182 is amended to
4 read as follows:

**“For provisions requiring recordkeeping by
wholesale liquor dealers, see section 5112, and by
retail liquor dealers, see section 5122.”**

5 (15) Subsection (b) of section 5402 is amended
6 by striking “section 5092” and inserting “section
7 5052(d)”.

8 (16) Section 5671 is amended by striking “or
9 5091”.

10 (17)(A) Part V of subchapter J of chapter 51
11 is hereby repealed.

12 (B) The table of parts for such subchapter J is
13 amended by striking the item relating to part V.

14 (18)(A) Sections 5142, 5143, and 5145 are
15 moved to subchapter D of chapter 52, inserted after
16 section 5731, redesignated as sections 5732, 5733,
17 and 5734, respectively, and amended—

18 (i) by striking “this part” each place it ap-
19 pears and inserting “this subchapter”, and

20 (ii) by striking “this subpart” in section
21 5732(c)(2) (as so redesignated) and inserting
22 “this subchapter”.

1 (B) Section 5732, as redesignated by subpara-
2 graph (A), is amended by striking “(except the tax
3 imposed by section 5131)” each place it appears.

4 (C) Subsection (c) of section 5733, as redesi-
5 gated by subparagraph (A), is amended by striking
6 paragraph (2) and by redesignating paragraph (3)
7 as paragraph (2).

8 (D) The table of sections for subchapter D of
9 chapter 52 is amended by adding at the end thereof
10 the following:

“Sec. 5732. Payment of tax.

“Sec. 5733. Provisions relating to liability for occupational taxes.

“Sec. 5734. Application of State laws.”

11 (E) Section 5731 is amended by striking sub-
12 section (c) and by redesignating subsection (d) as
13 subsection (c).

14 (19) Subsection (b) of section 6071 is amended
15 by striking “section 5142” and inserting “section
16 5732”.

17 (20) Paragraph (1) of section 7652(g) is
18 amended—

19 (A) by striking “subpart F” and inserting
20 “subpart B”, and

21 (B) by striking “section 5131(a)” and in-
22 serting “section 5111(a)”.

1 (21) The table of sections for subchapter D of
2 chapter 51 is amended by striking the item relating
3 to section 5276.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect on July 1, 1995, but shall
6 not apply to taxes imposed for periods before such date.

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