

107TH CONGRESS
1ST SESSION

H. R. 3114

To amend the Internal Revenue Code of 1986 to make permanent the increase in the cover over of tax on distilled spirits to Puerto Rico and the Virgin Islands.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 12, 2001

Mr. ACEVEDO-VILÁ 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 make permanent the increase in the cover over of tax on distilled spirits to Puerto Rico and the Virgin Islands.

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. INCREASED COVER OVER OF TAX ON DIS-**
4 **TILLED SPIRITS TO PUERTO RICO AND VIR-**
5 **GIN ISLANDS MADE PERMANENT.**

6 (a) IN GENERAL.—Section 7652 of the Internal Rev-
7 enue Code of 1986 (relating to limitation on cover over
8 of tax on distilled spirits) is amended by striking sub-

1 section (f) and by redesignating subsections (g) and (h)
2 as subsections (f) and (g), respectively.

3 (b) CONFORMING AMENDMENT.—Section 7652(f) of
4 such Code (as so redesignated) is amended by striking
5 “subsection (f) of this section” in paragraph (1)(B) and
6 inserting “section 5001(a)(1)”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect on January 1, 2002.

9 (d) SPECIAL RULE.—

10 (1) IN GENERAL.—For the 5-year period begin-
11 ning after January 1, 2002, the treasury of Puerto
12 Rico shall make a Conservation Trust Fund transfer
13 within 30 days from the date of each cover over pay-
14 ment made during such period to such treasury
15 under section 7652(e) of the Internal Revenue Code
16 of 1986.

17 (2) CONSERVATION TRUST FUND TRANSFER.—

18 (A) IN GENERAL.—For purposes of this
19 subsection, the term “Conservation Trust Fund
20 transfer” means a transfer to the Puerto Rico
21 Conservation Trust Fund of an amount equal
22 to 50 cents per proof gallon of the taxes im-
23 posed under section 5001 or section 7652 of
24 such Code on distilled spirits that are covered

1 over to the treasury of Puerto Rico under sec-
2 tion 7652(e) of such Code.

3 (B) TREATMENT OF TRANSFER.—Each
4 Conservation Trust Fund transfer shall be
5 treated as principal for an endowment, the in-
6 come from which to be available for use by the
7 Puerto Rico Conservation Trust Fund for the
8 purposes for which the Trust Fund was estab-
9 lished.

10 (C) RESULT OF NONTRANSFER.—

11 (i) IN GENERAL.—Upon notification
12 by the Secretary of the Interior that a
13 Conservation Trust Fund transfer has not
14 been made by the treasury of Puerto Rico
15 during the period described in paragraph
16 (1), the Secretary of the Treasury shall,
17 except as provided in clause (ii), deduct
18 and withhold from the next cover over pay-
19 ment to be made to the treasury of Puerto
20 Rico under section 7652(e) of such Code
21 an amount equal to the appropriate Con-
22 servation Trust Fund transfer and interest
23 thereon at the underpayment rate estab-
24 lished under section 6621 of such Code as
25 of the due date of such transfer. The Sec-

1 retary of the Treasury shall transfer such
2 amount deducted and withheld, and the in-
3 terest thereon, directly to the Puerto Rico
4 Conservation Trust Fund.

5 (ii) GOOD CAUSE EXCEPTION.—If the
6 Secretary of the Interior finds, after con-
7 sultation with the Governor of Puerto
8 Rico, that the failure by the treasury of
9 Puerto Rico to make a required transfer
10 was for good cause, and notifies the Sec-
11 retary of the Treasury of the finding of
12 such good cause before the due date of the
13 next cover over payment following the noti-
14 fication of nontransfer, then the Secretary
15 of the Treasury shall not deduct the
16 amount of such nontransfer from any
17 cover over payment.

18 (3) PUERTO RICO CONSERVATION TRUST
19 FUND.—For purposes of this subsection, the term
20 “Puerto Rico Conservation Trust Fund” means the
21 fund established pursuant to a Memorandum of Un-
22 derstanding between the United States Department
23 of the Interior and the Commonwealth of Puerto
24 Rico, dated December 24, 1968.

○