

118TH CONGRESS
1ST SESSION

H. R. 3146

To amend the Internal Revenue Code of 1986 to modify the cover over
of certain distilled spirits taxes.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2023

Mrs. GONZÁLEZ-COLÓN (for herself and Ms. PLASKETT) 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 modify
the cover over of certain distilled spirits taxes.

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. COVER OVER OF CERTAIN DISTILLED SPIRITS**

4 **TAXES.**

5 (a) REPEAL OF LIMITATION ON COVER OVER OF
6 DISTILLED SPIRITS TAXES TO PUERTO RICO AND VIRGIN
7 ISLANDS.—

8 (1) IN GENERAL.—Section 7652 of the Internal
9 Revenue Code of 1986 is amended by striking sub-
10 section (f).

1 (2) CONFORMING AMENDMENT.—Section
2 7652(g)(1) of such Code is amended—

3 (A) by striking subparagraph (B), and
4 (B) by striking “as if—” and all that fol-
5 lows through “the use and tax” and inserting
6 “as if the use and tax”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to distilled spirits
9 brought into the United States after December 31,
10 2021.

11 (b) REQUIRED TRANSFER TO PUERTO RICO CON-
12 SERVATION TRUST FUND OF PORTION OF PUERTO RICO
13 RUM COVER OVER.—

14 (1) IN GENERAL.—Section 7652(a) of the In-
15 ternal Revenue Code of 1986 is amended by adding
16 at the end the following new paragraph:

17 “(4) REQUIRED TRANSFER TO PUERTO RICO
18 CONSERVATION TRUST FUND OF PORTION OF RUM
19 TAXES COVERED OVER.—

20 “(A) IN GENERAL.—From any taxes col-
21 lected on rum transported to the United States
22 that are covered into the treasury of Puerto
23 Rico under paragraph (3) at a rate equal to or
24 greater than \$10.50 per proof gallon, Puerto
25 Rico shall transfer to the Puerto Rico Con-

1 servation Trust Fund an amount per proof gal-
2 lon equal to or greater than $\frac{1}{6}$ of the difference
3 between \$10.50 and the rate, not to exceed
4 \$13.25, at which such taxes are covered into
5 such treasury. Puerto Rico's obligations under
6 this paragraph shall not modify or impair pay-
7 ment priorities established under Puerto Rico
8 law and in effect on December 31, 2022.

9 “(B) PUERTO RICO CONSERVATION TRUST
10 FUND.—For purposes of this section, the term
11 ‘Puerto Rico Conservation Trust Fund’ means
12 the fund which—

13 “(i) was established pursuant to a
14 Memorandum of Understanding between
15 the United States Department of the Inte-
16 rior and the Commonwealth of Puerto
17 Rico, dated December 24, 1968, and

18 “(ii) provides for the conservation of
19 natural areas in Puerto Rico, including
20 through sustainable agriculture efforts and
21 the reforestation and restoration of Puerto
22 Rico's natural habitats.”.

23 (2) COVER OVER DETERMINED WITHOUT RE-
24 GARD TO CERTAIN RATE REDUCTIONS.—Section

1 7652(i) of such Code, as amended by subsection (c),
2 is amended by inserting “(a)(4),” after “(a)(3),”.

3 (3) EFFECTIVE DATE.—The amendments made
4 by this subsection shall apply to articles containing
5 distilled spirits brought into the United States after
6 December 31, 2021.

7 (c) RETROACTIVE APPLICATION OF RULES RELAT-
8 ING TO DETERMINATION OF COVER OVER.—Notwith-
9 standing section 107(a)(3) of division EE of Public Law
10 116–260—

11 (1) the amendments made section 107(a)(2)(A)
12 thereof shall take effect as if included in section
13 13807 of Public Law 115–97, and

14 (2) the amendments made by section
15 107(a)(2)(B) thereof shall take effect as if included
16 in section 41102 of Public Law 115–123.

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