

106TH CONGRESS
1ST SESSION

H. R. 2735

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

IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 1999

Mr. CAMP (for himself, Mrs. THURMAN, Mr. NUSSLE, Mr. MATSUI, Mr. LEWIS of Georgia, and Mr. MCINNIS) 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 repeal 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. REPEAL OF OCCUPATIONAL TAXES RELATING**
4 **TO DISTILLED SPIRITS, WINE, AND BEER.**

5 (a) REPEAL OF OCCUPATIONAL TAXES.—

6 (1) IN GENERAL.—The following provisions of
7 part II of subchapter A of chapter 51 of the Internal
8 Revenue Code of 1986 (relating to occupational
9 taxes) are hereby repealed:

1 (A) Subpart A (relating to rectifier).

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

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

5 (D) Subpart E (relating to retail dealers)
6 (other than section 5124).

7 (E) Subpart G (relating to general provi-
8 sions) (other than sections 5142, 5143, 5145,
9 and 5146).

10 (2) NONBEVERAGE DOMESTIC DRAWBACK.—

11 Section 5131 of such Code is amended by striking
12 “, on payment of a special tax per annum,”.

13 (3) INDUSTRIAL USE OF DISTILLED SPIRITS.—

14 Section 5276 of such Code is hereby repealed.

15 (b) CONFORMING AMENDMENTS.—

16 (1)(A) The heading for part II of subchapter A
17 of chapter 51 of such Code and the table of subparts
18 for such part are amended to read as follows:

19 **“PART II—MISCELLANEOUS PROVISIONS**

“Subpart A. Manufacturers of stills.

“Subpart B. Nonbeverage domestic drawback claimants.

“Subpart C. Recordkeeping by dealers.

“Subpart D. Other provisions.”

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

“Part II. Miscellaneous provisions.”

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

4 (3)(A) Subpart F of such part II (relating to
5 nonbeverage domestic drawback claimants) is reded-
6 ignated as subpart B and sections 5131 through
7 5134 are redesignated as sections 5111 through
8 5114, respectively.

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

11 (i) by redesignating the items relating to
12 sections 5131 through 5134 as relating to sec-
13 tions 5111 through 5114, respectively, and

14 (ii) by striking “and rate of tax” in the
15 item relating to section 5111, as so reded-
16 gnated.

17 (C) Section 5111 of such Code, as redesignated
18 by subparagraph (A), is amended—

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

21 (ii) by striking the subsection heading for
22 subsection (a), and

23 (iii) by striking subsection (b).

24 (4) Part II of subchapter A of chapter 51 of
25 such Code is amended by adding after subpart B, as

1 redesignated by paragraph (3), the following new
2 subpart:

3 **“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.”

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

7 (B) Section 5114 of such Code is amended—

8 (i) by striking the section heading and in-
9 serting the following new heading:

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

11 and

12 (ii) by redesignating subsection (e) as sub-
13 section (d) and by inserting after subsection (b)
14 the following new subsection:

15 “(c) WHOLESALE DEALERS.—For purposes of this
16 part—

17 “(1) WHOLESALE DEALER IN LIQUORS.—The
18 term ‘wholesale dealer in liquors’ means any dealer
19 (other than a wholesale dealer in beer) who sells, or
20 offers for sale, distilled spirits, wines, or beer, to an-
21 other dealer.

22 “(2) WHOLESALE DEALER IN BEER.—The term
23 ‘wholesale dealer in beer’ means any dealer who

1 sells, or offers for sale, beer, but not distilled spirits
2 or wines, to another dealer.

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

6 “(4) PRESUMPTION IN CASE OF SALE OF 20
7 WINE GALLONS OR MORE.—The sale, or offer for
8 sale, of distilled spirits, wines, or beer, in quantities
9 of 20 wine gallons or more to the same person at
10 the same time, shall be presumptive evidence that
11 the person making such sale, or offer for sale, is en-
12 gaged in or carrying on the business of a wholesale
13 dealer in liquors or a wholesale dealer in beer, as the
14 case may be. Such presumption may be overcome by
15 evidence satisfactorily showing that such sale, or
16 offer for sale, was made to a person other than a
17 dealer.”

18 (C) Paragraph (3) of section 5121(d) of such
19 Code, as so redesignated, is amended by striking
20 “section 5146” and inserting “section 5123”.

21 (6)(A) Section 5124 of such Code (relating to
22 records) is moved to subpart C of part II of sub-
23 chapter A of chapter 51 of such Code and inserted
24 after section 5121.

25 (B) Section 5124 of such Code is amended—

1 (i) by striking the section heading and in-
2 serting the following new heading:

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

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

6 (iii) by redesignating subsection (c) as sub-
7 section (d) and inserting after subsection (b)
8 the following new subsection:

9 “(c) RETAIL DEALERS.—For purposes of this
10 section—

11 “(1) RETAIL DEALER IN LIQUORS.—The term
12 ‘retail dealer in liquors’ means any dealer (other
13 than a retail dealer in beer) who sells, or offers for
14 sale, distilled spirits, wines, or beer, to any person
15 other than a dealer.

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

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

22 (7) Section 5146 of such Code is moved to sub-
23 part C of part II of subchapter A of chapter 51 of
24 such Code, inserted after section 5122, and redesign-
25 nated as section 5123.

1 (8) Part II of subchapter A of chapter 51 of
 2 such Code is amended by inserting after subpart C
 3 the following new subpart:

4 **“Subpart D. Other Provisions**

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

5 (9) Section 5116 of such Code is moved to sub-
 6 part D of part II of subchapter A of chapter 51 of
 7 such Code, inserted after the table of sections, redес-
 8 ignated as section 5131, and amended by inserting
 9 “(as defined section 5121(c))” after “dealer” in sub-
 10 section (a).

11 (10) Subpart D of part II of subchapter A of
 12 chapter 51 of such Code is amended by adding at
 13 the end thereof the following new section:

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

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

20 “(b) PENALTY AND FORFEITURE.—

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

21 (11) Subsection (b) of section 5002 of such
 22 Code is amended—

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

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

5 (C) by striking “section 5122” and insert-
6 ing “section 5122(c)”.

7 (12) Subparagraph (A) of section 5010(c)(2) of
8 such Code is amended by striking “section 5134”
9 and inserting “section 5114”.

10 (13) Subsection (d) of section 5052 of such
11 Code is amended to read as follows:

12 “(d) BREWER.—For purposes of this chapter, the
13 term ‘brewer’ means any person who brews beer or pro-
14 duces beer for sale. Such term shall not include any person
15 who produces only beer exempt from tax under section
16 5053(e).”

17 (14) The text of section 5182 of such Code is
18 amended to read as follows:

19 “For provisions requiring recordkeeping by
20 wholesale liquor dealers, see section 5112, and by re-
21 tail liquor dealers, see section 5122.”

22 (15) Subsection (b) of section 5402 of such
23 Code is amended by striking “section 5092” and in-
24 serting “section 5052(d)”.

1 (16) Section 5671 of such Code is amended by
2 striking “or 5091”.

3 (17)(A) Part V of subchapter J of chapter 51
4 of such Code is hereby repealed.

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

7 (18)(A) Sections 5142, 5143, and 5145 of such
8 Code are moved to subchapter D of chapter 52 of
9 such Code, inserted after section 5731, redesignated
10 as sections 5732, 5733, and 5734, respectively, and
11 amended by striking “this part” each place it ap-
12 pears and inserting “this subchapter”.

13 (B) Section 5732 of such Code, as redesignated
14 by subparagraph (A), is amended by striking “(except
15 the tax imposed by section 5131)” each place it ap-
16 pears.

17 (C) Subsection (c) of section 5733 of such
18 Code, as redesignated by subparagraph (A), is
19 amended by striking paragraph (2) and by redesign-
20 ating paragraph (3) as paragraph (2).

21 (D) The table of sections for subchapter D of
22 chapter 52 of such Code is amended by adding at
23 the end thereof the following:

“Sec. 5732. Payment of tax.

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

“Sec. 5734. Application of State laws.”

1 (E) Section 5731 of such Code is amended by
2 striking subsection (c) and by redesignating sub-
3 section (d) as subsection (c).

4 (19) Subsection (c) of section 6071 of such
5 Code is amended by striking “section 5142” and in-
6 serting “section 5732”.

7 (20) Paragraph (1) of section 7652(g) of such
8 Code is amended—

9 (A) by striking “subpart F” and inserting
10 “subpart B”, and

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

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall take effect on the date of the enactment
15 of this Act, but shall not apply to taxes imposed for peri-
16 ods before such date.

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