

114TH CONGRESS  
1ST SESSION

# H. R. 1172

To amend the Internal Revenue Code of 1986 to reduce the rate of tax on distilled spirits produced by small distilleries.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2015

Mr. LARSEN of Washington (for himself and Mr. STIVERS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce the rate of tax on distilled spirits produced by small distilleries.

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 “Distillery Excise Tax  
5 Reform Act of 2015”.

6 **SEC. 2. REDUCED RATE FOR SMALL DOMESTIC DIS-**  
7 **TILLERS.**

8 (a) IN GENERAL.—Section 5001 of the Internal Rev-  
9 enue Code of 1986 is amended by redesignating subsection

1 (c) as subsection (d) and by inserting after subsection (b)  
2 the following new subsection:

3 “(c) REDUCED RATE FOR CERTAIN SMALL DOMES-  
4 TIC PRODUCERS.—

5 “(1) IN GENERAL.—In the case of any person  
6 who produces not more than 100,000 proof gallons  
7 of distilled spirits during the calendar year, the rate  
8 of tax imposed by subsection (a)(1) shall be \$2.70  
9 per proof gallon produced in the United States (and  
10 a proportionate tax at the like rate on all fractional  
11 parts of such a proof gallon).

12 “(2) CONTROLLED GROUPS.—In the case of a  
13 controlled group, the 100,000 proof gallon quantity  
14 specified in paragraph (1) shall be applied to the  
15 controlled group. For purposes of the preceding sen-  
16 tence, the term ‘controlled group’ shall have the  
17 meaning given such term by subsection (a) of section  
18 1563, except that ‘more than 50 percent’ shall be  
19 substituted for ‘at least 80 percent’ each place it ap-  
20 pears in such subsection. Under regulations pre-  
21 scribed by the Secretary, principles similar to the  
22 principles of the preceding two sentences shall be ap-  
23 plied to a group under common control where one or  
24 more of the persons is not a corporation.

1           “(3) PREVENTING ABUSE OF REDUCED  
2 RATE.—The Secretary shall prescribe regulations  
3 similar to the regulations prescribed under section  
4 5051(a)(2)(C) to prevent the reduced rates provided  
5 in paragraph (1) from benefitting any person who  
6 produces more than 100,000 proof gallons of dis-  
7 tilled spirits during a calendar year.”.

8 (b) CONFORMING AMENDMENTS.—

9           (1) Paragraph (1) of section 5010(a) is amend-  
10 ed—

11                   (A) by inserting “(if any)” after “excess”,  
12 and

13                   (B) by inserting “(\$2.70 in the case of a  
14 person described in section 5001(c))” after  
15 “\$13.50” in subparagraph (A).

16           (2) Paragraph (2) of section 5010(a) is amend-  
17 ed by inserting “(\$2.70 in the case of a person de-  
18 scribed in section 5001(c))” after “\$13.50”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall take effect on January 1, 2016.

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