

105TH CONGRESS
1ST SESSION

S. 133

To amend the Internal Revenue Code of 1986 to increase the tax on handgun ammunition, to impose the special occupational tax and registration requirements on importers and manufacturers of handgun ammunition, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 21, 1997

Mr. MOYNIHAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the tax on handgun ammunition, to impose the special occupational tax and registration requirements on importers and manufacturers of handgun ammunition, and for other purposes.

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 “Real Cost of Destruc-
5 tive Ammunition Act”.

6 **SEC. 2. INCREASE IN TAX ON HANDGUN AMMUNITION.**

7 (a) INCREASE IN MANUFACTURERS TAX.—

(1) IN GENERAL.—Section 4181 of the Internal Revenue Code of 1986 (relating to imposition of tax on firearms) is amended—

(A) by striking “Shells, and cartridges” and inserting “Shells and cartridges not taxable or taxable at 10,000 percent”.

“ARTICLES TAXABLE AT 10,000 PERCENT.—

“Any jacketed, hollow point projectile which may be used in a handgun and the jacket of which is designed to produce, upon impact, evenly-spaced sharp or barb-like projections that extend beyond the diameter of the unfired projectile.”

(2) ADDITIONAL TAXES ADDED TO THE GENERAL FUND.—Section 3(a) of the Act of September 2, 1937 (16 U.S.C. 669b(a)), commonly referred to as the “Pittman-Robertson Wildlife Restoration Act”, is amended by adding at the end the following new sentence: “There shall not be covered into the fund the portion of the tax imposed by such section 4181 that is attributable to any increase in amounts received in the Treasury under such section by reason of the amendments made by section 2(a)(1) of the Real Cost of Destructive Ammunition Act, as estimated by the Secretary.”

1 **SEC. 3. SPECIAL TAX FOR IMPORTERS, MANUFACTURERS,**
 2 **AND DEALERS OF HANDGUN AMMUNITION.**

3 (a) IN GENERAL.—

4 (1) IMPOSITION OF TAX.—Section 5801 of the
 5 Internal Revenue Code of 1986 (relating to special
 6 occupational tax on importers, manufacturers, and
 7 dealers of machine guns, destructive devices, and
 8 certain other firearms) is amended by adding at the
 9 end the following new subsection:

10 “(c) SPECIAL RULE FOR HANDGUN AMMUNITION.—

11 “(1) IN GENERAL.—On first engaging in busi-
 12 ness and thereafter on or before July 1 of each year,
 13 every importer and manufacturer of handgun ammu-
 14 nition shall pay a special (occupational) tax for each
 15 place of business at the rate of \$10,000 a year or
 16 fraction thereof.

17 “(2) HANDGUN AMMUNITION DEFINED.—For
 18 purposes of this part, the term ‘handgun ammuni-
 19 tion’ shall mean any centerfire cartridge which has
 20 a cartridge case of less than 1.3 inches in length and
 21 any cartridge case which is less than 1.3 inches in
 22 length.”

23 (2) REGISTRATION OF IMPORTERS AND MANU-
 24 FACTURERS OF HANDGUN AMMUNITION.—Section
 25 5802 of the Internal Revenue Code of 1986 (relating

to registration of importers, manufacturers, and
dealers) is amended—

(A) in the first sentence, by inserting “,
and each importer and manufacturer of hand-
gun ammunition,” after “dealer in firearms”,
and

(B) in the third sentence, by inserting “,
and handgun ammunition operations of an im-
porter or manufacturer,” after “dealer”.

(b) CONFORMING AMENDMENTS.—

(1) CHAPTER HEADING.—Chapter 53 of the In-
ternal Revenue Code of 1986 (relating to machine
guns, destructive devices, and certain other fire-
arms) is amended in the chapter heading by insert-
ing “**HANDGUN AMMUNITION,**” after
“**CHAPTER 53—**”.

(2) TABLE OF CHAPTERS.—The heading for
chapter 53 in the table of chapters for subtitle E of
such Code is amended to read as follows:

“Chapter 53—Handgun ammunition, machine guns, destructive
devices, and certain other firearms.”

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by
this section shall take effect on July 1, 1997.

(2) ALL TAXPAYERS TREATED AS COMMENCING
IN BUSINESS ON JULY 1, 1997.—Any person engaged

1 on July 1, 1997, in any trade or business which is
2 subject to an occupational tax by reason of the
3 amendment made by subsection (a)(1) shall be treat-
4 ed for purposes of such tax as having 1st engaged
5 in a trade of business on such date.

○