

106TH CONGRESS
1ST SESSION

S. 152

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 19, 1999

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

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

7 (B) by adding at the end the following:

8 “ARTICLES TAXABLE AT 10,000 PERCENT.—

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

15 (2) ADDITIONAL TAXES ADDED TO THE GEN-
16 ERAL FUND.—Section 3(a) of the Act of September
17 2, 1937 (16 U.S.C. 669b(a)), commonly referred to
18 as the “Pittman-Robertson Wildlife Restoration
19 Act”, is amended by adding at the end the following
20 new sentence: “There shall not be covered into the
21 fund the portion of the tax imposed by such section
22 4181 that is attributable to any increase in amounts
23 received in the Treasury under such section by rea-
24 son of the amendments made by section 2(a)(1) of

1 the Real Cost of Destructive Ammunition Act, as es-
 2 timated by the Secretary of the Treasury.”

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

5 (a) IN GENERAL.—

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

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

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

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

1 (2) REGISTRATION OF IMPORTERS AND MANU-
 2 FACTURERS OF HANDGUN AMMUNITION.—Section
 3 5802 of the Internal Revenue Code of 1986 (relating
 4 to registration of importers, manufacturers, and
 5 dealers) is amended—

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

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

13 (b) CONFORMING AMENDMENTS.—

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

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

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

23 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
2 this section shall take effect on July 1, 1999.

3 (2) ALL TAXPAYERS TREATED AS COMMENCING
4 IN BUSINESS ON JULY 1, 1997.—Any person engaged
5 on July 1, 1999, in any trade or business which is
6 subject to an occupational tax by reason of the
7 amendment made by subsection (a)(1) shall be treat-
8 ed for purposes of such tax as having 1st engaged
9 in a trade of business on such date.

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