

106TH CONGRESS  
1ST SESSION

# S. 432

To amend the Internal Revenue Code of 1986 to increase the rate of tax on wine and to dedicate the resulting increased revenues to programs for the prevention and treatment of alcohol abuse.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 22, 1999

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

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the rate of tax on wine and to dedicate the resulting increased revenues to programs for the prevention and treatment of alcohol abuse.

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 “Alcohol Abuse Preven-  
5       tion and Treatment Trust Fund Act of 1999”.

1 **SEC. 2. ALCOHOL ABUSE PREVENTION AND TREATMENT**  
 2 **TRUST FUND.**

3 (a) GENERAL RULE.—Subchapter A of chapter 98 of  
 4 the Internal Revenue Code of 1986 (relating to establish-  
 5 ment of trust funds) is amended by adding at the end the  
 6 following:

7 **“SEC. 9511. ALCOHOL ABUSE PREVENTION AND TREAT-**  
 8 **MENT TRUST FUND.**

9 “(a) CREATION OF TRUST FUND.—There is estab-  
 10 lished in the Treasury of the United States a trust fund  
 11 to be known as the ‘Alcohol Abuse Prevention and Treat-  
 12 ment Trust Fund’ (in this section referred to as ‘Trust  
 13 Fund’), consisting of such amounts as may be appro-  
 14 priated or credited to the Trust Fund as provided in this  
 15 section or section 9602(b).

16 “(b) TRANSFERS TO TRUST FUND.—There are here-  
 17 by appropriated to the Trust Fund amounts equivalent to  
 18 the additional taxes received in the Treasury under chap-  
 19 ter 51 by reason of the amendments made by section 3  
 20 of the Alcohol Abuse Prevention and Treatment Trust  
 21 Fund Act of 1999 and the additional taxes received in the  
 22 Treasury by reason of section 3(d) of such Act.

23 “(c) EXPENDITURES FROM TRUST FUND.—Amounts  
 24 in the Trust Fund shall be available, as provided in appro-  
 25 priation Acts, for appropriation to the National Institute  
 26 of Alcohol Abuse and Alcoholism and to the Substance

1 Abuse and Mental Health Services Administration for pro-  
 2 grams for the prevention and treatment of alcoholism and  
 3 for research on the causes, consequences, prevention, and  
 4 treatment of the health problems related to alcohol use,  
 5 including high blood pressure, stroke, heart disease, can-  
 6 cer (including breast cancer), and birth defects.”

7 (b) CONFORMING AMENDMENT.—The table of sec-  
 8 tions for subchapter A of chapter 98 of the Internal Reve-  
 9 nue Code of 1986 is amended by adding at the end the  
 10 following:

“Sec. 9511. Alcohol Abuse Prevention and Treatment Trust  
 Fund.”

11 **SEC. 3. INCREASE IN EXCISE TAXES ON WINE TO ALCO-**  
 12 **HOLIC EQUIVALENT OF TAXES ON DISTILLED**  
 13 **SPIRITS.**

14 (a) IN GENERAL.—

15 (1) WINES CONTAINING NOT MORE THAN 14  
 16 PERCENT ALCOHOL.—Paragraph (1) of section  
 17 5041(b) of the Internal Revenue Code of 1986 (re-  
 18 lating to rates of tax on wines) is amended by strik-  
 19 ing “\$1.07” and inserting “\$2.97”.

20 (2) WINES CONTAINING MORE THAN 14 (BUT  
 21 NOT MORE THAN 21) PERCENT ALCOHOL.—Para-  
 22 graph (2) of section 5041(b) of such Code is amend-  
 23 ed by striking “\$1.57” and inserting “\$4.86”.

1           (3) WINES CONTAINING MORE THAN 21 (BUT  
 2       NOT MORE THAN 24) PERCENT ALCOHOL.—Para-  
 3       graph (3) of section 5041(b) of such Code is amend-  
 4       ed by striking “\$3.15” and inserting “\$6.08”.

5       (b) EFFECTIVE DATE.—The amendments made by  
 6       this section shall take effect on October 1, 1999.

7       (c) FLOOR STOCKS TAXES.—

8           (1) IMPOSITION OF TAX.—

9               (A) IN GENERAL.—In the case of any tax-  
 10       increased article—

11                   (i) on which tax was determined  
 12                   under part I of subchapter A of chapter 51  
 13                   of the Internal Revenue Code of 1986 or  
 14                   section 7652 of such Code before October  
 15                   1, 1999, and

16                   (ii) which is held on such date for sale  
 17                   by any person,

18       there shall be imposed a tax at the applicable  
 19       rate on each such article.

20           (B) APPLICABLE RATE.—For purposes of  
 21       clause (i), the applicable rate is—

22                   (i) \$1.90 per wine gallon in the case  
 23                   of wine described in paragraph (1) of sec-  
 24                   tion 5041(b) of such Code,

1 (ii) \$3.29 per wine gallon in the case  
 2 of wine described in paragraph (2) of sec-  
 3 tion 5041(b) of such Code, and

4 (iii) \$2.93 per wine gallon in the case  
 5 of wine described in paragraph (3) of sec-  
 6 tion 5041(b) of such Code.

7 In the case of a fraction of a gallon, the tax im-  
 8 posed by subparagraph (A) shall be the same  
 9 fraction of the amount of such tax imposed on  
 10 a whole gallon.

11 (C) TAX-INCREASED ARTICLE.—For pur-  
 12 poses of this subsection, the term “tax-in-  
 13 creased article” means wine described in para-  
 14 graph (1), (2), or (3) of section 5041(b) of such  
 15 Code.

16 (2) EXCEPTION FOR CERTAIN SMALL WHOLE-  
 17 SALE OR RETAIL DEALERS.—No tax shall be im-  
 18 posed by paragraph (1) on tax-increased articles  
 19 held on October 1, 1999, by any dealer if—

20 (A) the aggregate liquid volume of tax-in-  
 21 creased articles held by such dealer on such  
 22 date does not exceed 500 wine gallons, and

23 (B) such dealer submits to the Secretary  
 24 (at the time and in the manner required by the

1 Secretary) such information as the Secretary  
 2 shall require for purposes of this subparagraph.

3 (3) LIABILITY FOR TAX AND METHOD OF PAY-  
 4 MENT.—

5 (A) LIABILITY FOR TAX.—A person hold-  
 6 ing any tax-increased article on October 1,  
 7 1999, to which the tax imposed by paragraph  
 8 (1) applies shall be liable for such tax.

9 (B) METHOD OF PAYMENT.—The tax im-  
 10 posed by paragraph (1) shall be paid in such  
 11 manner as the Secretary shall prescribe by reg-  
 12 ulations.

13 (C) TIME FOR PAYMENT.—The tax im-  
 14 posed by paragraph (1) shall be paid on or be-  
 15 fore March 31, 2000.

16 (4) CONTROLLED GROUPS.—

17 (A) CORPORATIONS.—In the case of a con-  
 18 trolled group of corporations, the 500 wine gal-  
 19 lon amount specified in paragraph (2) shall be  
 20 apportioned among the dealers who are compo-  
 21 nent members of such group in such manner as  
 22 the Secretary shall by regulations prescribe.  
 23 For purposes of the preceding sentence, the  
 24 term “controlled group of corporations” has the  
 25 meaning given to such term by subsection (a)

of section 1563 of such Code; except that for such purposes the phrase “more than 50 percent” shall be substituted for the phrase “at least 80 percent” each place it appears in such subsection.

(B) NONINCORPORATED DEALERS UNDER COMMON CONTROL.—Under regulations prescribed by the Secretary, principles similar to the principles of subparagraph (A) shall apply to a group of dealers under common control where 1 or more of such dealers is not a corporation.

(5) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable to the tax imposed by section 5041 of such Code with respect to any tax-increased article shall, insofar as applicable and not inconsistent with the provisions of this section, apply to the floor stocks taxes imposed by paragraph (1) to the same extent as if such taxes were imposed by such section 5041.

(6) DEFINITIONS.—For purposes of this subsection—

(A) IN GENERAL.—Terms used in this paragraph which are also used in subchapter A of chapter 51 of such Code shall have the re-

1           spective meanings such terms have in such sub-  
2           chapter.

3           (B) PERSON.—The term “person” includes  
4           any State or political subdivision thereof, or any  
5           agency or instrumentality of a State or political  
6           subdivision thereof.

7           (C) SECRETARY.—The term “Secretary”  
8           means the Secretary of the Treasury or his del-  
9           egate.

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