

108TH CONGRESS  
1ST SESSION

# H. R. 52

To amend the Internal Revenue Code of 1986 to repeal the “luxury tax” on beer, enacted in the Omnibus Budget Reconciliation Act of 1990, which doubled previous excise levels.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

Mr. Cox 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 repeal the “luxury tax” on beer, enacted in the Omnibus Budget Reconciliation Act of 1990, which doubled previous excise levels.

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. FINDINGS.**

4       The Congress finds the following:

5           (1) The 1990 Omnibus Budget Reconciliation  
6       Act, which contained several so-called “luxury  
7       taxes”, increased the Federal excise tax on beer by  
8       100 percent, to \$18 per barrel. As a result, as much

1 as 44 percent of the retail price of beer is now con-  
2 sumed by taxes.

3 (2) Middle and lower-income Americans, who  
4 comprise the vast majority of our Nation's  
5 90,000,000 beer drinkers, cannot afford this tax on  
6 one of their few "luxuries". Those who would pre-  
7 sume to indulge in the "luxury" of purchasing beer  
8 are now among the most heavily taxed people in our  
9 society.

10 (3) The 100 percent increase in the Federal  
11 beer tax—this so-called "luxury tax"—has destroyed  
12 31,000 jobs. It has, however, succeeded in pre-  
13 venting people from enjoying this "luxury": after the  
14 passage of the tax in 1990, total beer sales suffered  
15 the worst decline in 30 years.

16 (4) As a result of the "luxury tax" on beer,  
17 \$463,000,000 in wages has been lost in the brewing,  
18 wholesaling, and retailing industries. In addition, di-  
19 rect purchases of products needed to make beer, in-  
20 cluding agricultural products, has fallen by  
21 \$207,000,000.

22 (5) The 100 percent increase in the Federal  
23 beer tax has not, unfortunately, resulted in a dou-  
24 bling of Federal revenues. To the contrary: the de-  
25 cline in demand, the resultant loss of jobs, and the

1 reduction of direct purchases has cost Federal and  
2 State governments hundreds of millions of dollars in  
3 lost tax revenues. The “luxury tax” on beer has cost  
4 millions more in increased outlays for unemployment  
5 compensation and other social services to help those  
6 who were put out of work by this ill-conceived tax  
7 increase.

8 (6) Because of the regressive nature of the  
9 “luxury tax” on beer, its negative impact on the  
10 economy, and its unreliability as a source of Federal  
11 income, this “luxury tax” should be repealed.

12 **SEC. 2. REPEAL OF “LUXURY TAX” ON BEER.**

13 (a) IN GENERAL.—Paragraph (1) of section 5051(a)  
14 of the Internal Revenue Code of 1986 (relating to imposi-  
15 tion and rate of tax on beer) is amended by striking “\$18”  
16 and inserting “\$9”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 subsection (a) shall take effect on the date of the enact-  
19 ment of this Act.

20 (c) FLOOR STOCKS REFUNDS.—

21 (1) IN GENERAL.—In the case of any beer—  
22 (A) on which tax was determined before  
23 the date of the enactment of this Act, and  
24 (B) which is held on such date for sale by  
25 any dealer,

1       there shall be credited or refunded (without interest)  
2       to the brewer or importer an amount equal to the  
3       decreased tax (if any) with respect to such beer.

4               (2) DECREASED TAX.—For purposes of para-  
5       graph (1), the term “decreased tax” means, with re-  
6       spect to any beer, the excess of—

7                       (A) the tax imposed by section 5051 of  
8       such Code with respect to such beer (to the ex-  
9       tent a credit or refund of such tax is not allow-  
10      able without regard to this subsection), over

11                       (B) the amount of tax which would be im-  
12      posed by section 5051 of such Code with re-  
13      spect to such beer were such tax determined on  
14      the date of the enactment of this Act.

15               (3) TIME FOR FILING CLAIM.—Credit or refund  
16      shall be allowed or made under this subsection only  
17      if claim therefor is filed with the Secretary of the  
18      Treasury or his delegate on or before the date which  
19      is 6 months after the date of the enactment of this  
20      Act.

21               (4) HELD BY DEALER.—For purposes of this  
22      subsection, beer shall be treated as held by a dealer  
23      if title thereto has passed to such dealer (whether or  
24      not delivery to him has been made), and if for pur-  
25      poses of consumption, title to such beer or posses-

1 sion thereof has not at any time been transferred to  
2 any person other than a dealer.

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