

111TH CONGRESS
1ST SESSION

H. R. 2122

To amend the Internal Revenue Code of 1986 to provide a special rule for allocating the cover over of distilled spirits taxes between Puerto Rico and the Virgin Islands.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2009

Mr. PIERLUISI (for himself, Mr. CROWLEY, Mr. GUTIERREZ, Mr. SERRANO, and Ms. VELÁZQUEZ) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a special rule for allocating the cover over of distilled spirits taxes between Puerto Rico and the Virgin Islands.

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. SPECIAL RULE FOR ALLOCATING DISTILLED**
4 **SPIRITS TAXES BETWEEN PUERTO RICO AND**
5 **THE VIRGIN ISLANDS.**

6 (a) IN GENERAL.—Section 7652 of the Internal Rev-
7 enue Code of 1986 is amended by adding at the end the
8 following new subsection:

1 “(i) TREATMENT OF CERTAIN SUBSIDIES WITH RE-
2 SPECT TO DISTILLED SPIRITS.—

3 “(1) IN GENERAL.—If—

4 “(A) an amount would (but for this para-
5 graph) be covered into the treasury of a speci-
6 fied government with respect to an article con-
7 taining distilled spirits, and

8 “(B) the Secretary determines that such
9 government provided an unreasonable subsidy
10 with respect to the production of such article,
11 then such amount shall not be covered into the
12 treasury of such government and shall be covered
13 into the treasury of the other specified government.

14 “(2) UNREASONABLE SUBSIDIES.—For pur-
15 poses of this subsection—

16 “(A) IN GENERAL.—A subsidy shall be
17 considered unreasonable if the Secretary deter-
18 mines that the subsidy—

19 “(i) is excessive relative to the amount
20 which would (without regard to this sub-
21 section) be covered into the treasury of the
22 government providing the subsidy with re-
23 spect to the articles to which the subsidy
24 relates, and

1 “(ii) has the effect of encouraging the
2 transfer of the production of such articles
3 from the jurisdiction of the other specified
4 government.

5 “(B) PER SE UNREASONABLE SUB-
6 SIDIES.—In no event may the Secretary deter-
7 mine that a subsidy is reasonable with respect
8 to the production of articles if it exceeds an
9 amount equal to 10 percent of the amount
10 which would (without regard to this subsection)
11 be covered into the treasury of the government
12 providing the subsidy with respect to such arti-
13 cles.

14 “(3) SPECIFIED GOVERNMENT.—For purposes
15 of this paragraph, the term ‘specified government’
16 means Puerto Rico and the Virgin Islands.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to distilled spirits brought into the
19 United States after the date of the enactment of this Act.

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