

119TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to modify the cover over
of certain distilled spirits taxes.

IN THE SENATE OF THE UNITED STATES

Mr. CASSIDY (for himself, Mrs. GILLIBRAND, Mr. WICKER, and Mr. LUJÁN)
introduced the following bill; which was read twice and referred to the
Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to modify
the cover over of certain distilled spirits taxes.

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. COVER OVER OF CERTAIN DISTILLED SPIRITS**
4 **TAXES.**

5 (a) REPEAL OF LIMITATION ON COVER OVER OF
6 DISTILLED SPIRITS TAXES TO PUERTO RICO AND VIRGIN
7 ISLANDS.—

8 (1) IN GENERAL.—Section 7652 of the Internal
9 Revenue Code of 1986 is amended by striking sub-
10 section (f).

1 (2) CONFORMING AMENDMENT.—Section
2 7652(g)(1) of such Code is amended—

3 (A) by striking subparagraph (B), and
4 (B) by striking “as if—” and all that fol-
5 lows through “the use and tax” and inserting
6 “as if the use and tax”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to articles brought into
9 the United States after December 31, 2021.

10 (b) REQUIRED TRANSFER TO PUERTO RICO CON-
11 SERVATION TRUST FUND OF PORTION OF PUERTO RICO
12 RUM COVER OVER.—

13 (1) IN GENERAL.—Section 7652(a) of the In-
14 ternal Revenue Code of 1986 is amended by adding
15 at the end the following new paragraph:

16 “(4) REQUIRED TRANSFER TO PUERTO RICO
17 CONSERVATION TRUST FUND OF PORTION OF RUM
18 TAXES COVERED OVER.—

19 “(A) IN GENERAL.—From any taxes col-
20 lected on rum transported to the United States
21 that are covered into the treasury of Puerto
22 Rico under paragraph (3) at a rate equal to or
23 greater than \$10.50 per proof gallon, Puerto
24 Rico shall transfer to the Puerto Rico Con-
25 servation Trust Fund an amount per proof gal-

lon equal to or greater than $\frac{1}{6}$ of the difference between \$10.50 and the rate, not to exceed \$13.25, at which such taxes are covered into such treasury. Puerto Rico's obligations under this paragraph shall not modify or impair payment priorities established under Puerto Rico law and in effect on December 31, 2022 .

“(B) PUERTO RICO CONSERVATION TRUST FUND.—For purposes of this section, the term ‘Puerto Rico Conservation Trust Fund’ means the fund which—

“(i) was established pursuant to a Memorandum of Understanding between the United States Department of the Interior and the Commonwealth of Puerto Rico, dated December 24, 1968, and

“(ii) provides for the conservation of natural areas in Puerto Rico, including through sustainable agriculture efforts and the reforestation and restoration of Puerto Rico's natural habitats.”.

(2) COVER OVER DETERMINED WITHOUT REGARD TO CERTAIN RATE REDUCTIONS.—Section 7652(i) of such Code, as amended by subsection (c), is amended by inserting “(a)(4),” after “(a)(3),”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to distilled spirits
3 brought into the United States after December 31,
4 2021.

5 (c) RETROACTIVE APPLICATION OF RULES RELAT-
6 ING TO DETERMINATION OF COVER OVER.—Notwith-
7 standing section 107(a)(3) of division EE of Public Law
8 116–260—

9 (1) the amendments made by section
10 107(a)(2)(A) thereof shall take effect as if included
11 in section 13807 of Public Law 115–97, and

12 (2) the amendments made by section
13 107(a)(2)(B) thereof shall take effect as if included
14 in section 41102 of Public Law 115–123.