

117TH CONGRESS
1ST SESSION

S. 3383

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

DECEMBER 14, 2021

Mr. MENENDEZ (for himself and Mr. CASSIDY) 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 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-

1 section (f) and by redesignating subsections (g), (h)
 2 and (i) as subsections (f), (g), and (h) respectively.

3 (2) EFFECTIVE DATE.—The amendments made
 4 by this subsection shall apply to distilled spirits
 5 brought into the United States after December 31,
 6 2021.

7 (b) REQUIRED TRANSFER TO PUERTO RICO CON-
 8 SERVATION TRUST FUND OF PORTION OF PUERTO RICO
 9 RUM COVER OVER.—

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

13 “(4) REQUIRED TRANSFER TO PUERTO RICO
 14 CONSERVATION TRUST FUND OF PORTION OF RUM
 15 TAXES COVERED OVER.—

16 “(A) IN GENERAL.—From any taxes col-
 17 lected on rum transported to the United States
 18 that are covered into the treasury of Puerto
 19 Rico under paragraph (3) at a rate equal to or
 20 greater than \$10.50 per proof gallon, Puerto
 21 Rico shall transfer to the Puerto Rico Con-
 22 servation Trust Fund an amount per proof gal-
 23 lon equal to or greater than $\frac{1}{6}$ of the difference
 24 between \$10.50 and the rate, not to exceed
 25 \$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 May 21, 2021.

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

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

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

(c) COVER OVER DETERMINED WITHOUT REGARD TO CERTAIN RATE REDUCTIONS.—Notwithstanding section 107(a)(3) of division EE of Public Law 116–260, the amendments made by section 107(a)(2) of division EE

1 such Public Law shall apply to distilled spirits brought
2 into the United States and removed after December 31,
3 2017.

