

117TH CONGRESS  
1ST SESSION

# H. R. 4642

To amend the Internal Revenue Code of 1986 to repeal the limitation on the cover over of distilled spirits taxes to Puerto Rico and the Virgin Islands, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2021

Miss GONZÁLEZ-COLÓN (for herself and Ms. PLASKETT) 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 repeal the limitation on the cover over of distilled spirits taxes to Puerto Rico and the Virgin Islands, and for other purposes.

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.—

1           (1) IN GENERAL.—Section 7652 of the Internal  
 2       Revenue Code of 1986 is amended by striking sub-  
 3       section (f) and by redesignating subsections (g) and  
 4       (h) as subsections (f) and (g), respectively.

5           (2) EFFECTIVE DATE.—The amendments made  
 6       by this subsection shall apply to distilled spirits  
 7       brought into the United States after December 31,  
 8       2020.

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

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

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

18           “(A) IN GENERAL.—From any taxes col-  
 19       lected on rum transported to the United States  
 20       that are covered into the treasury of Puerto  
 21       Rico under paragraph (3) at a rate equal to or  
 22       greater than \$10.50 per proof gallon, Puerto  
 23       Rico shall transfer to the Puerto Rico Con-  
 24       servation Trust Fund an amount per proof gal-  
 25       lon equal to or greater than  $\frac{1}{6}$  of the difference

1           between \$10.50 and the rate, not to exceed  
2           \$13.25, at which such taxes are covered into  
3           such treasury. Puerto Rico’s obligations under  
4           this paragraph shall not modify or impair pay-  
5           ment priorities established under Puerto Rico  
6           law and in effect on May 21, 2021.

7           “(B) PUERTO RICO CONSERVATION TRUST  
8           FUND.—For purposes of this section, the term  
9           ‘Puerto Rico Conservation Trust Fund’ means  
10          the fund established pursuant to a Memo-  
11          randum of Understanding between the United  
12          States Department of the Interior and the  
13          Commonwealth of Puerto Rico, dated December  
14          24, 1968.”.

15          (2) COVER OVER DETERMINED WITHOUT RE-  
16          GARD TO CERTAIN RATE REDUCTIONS.—Section  
17          7652(h) of such Code, as amended by subsections  
18          (a) and (c), is amended by inserting “(a)(4),” after  
19          “(a)(3),”.

20          (3) EFFECTIVE DATE.—The amendments made  
21          by this subsection shall apply to articles containing  
22          distilled spirits brought into the United States after  
23          December 31, 2020.

24          (c) COVER OVER DETERMINED WITHOUT REGARD  
25          TO CERTAIN RATE REDUCTIONS.—

1           (1) IN GENERAL.—Section 7652 of the Internal  
 2       Revenue Code of 1986, as amended by subsection  
 3       (a), is amended by inserting after subsection (g) the  
 4       following new subsection:

5       “(h) COVER OVER DETERMINED WITHOUT REGARD  
 6       TO CERTAIN RATE REDUCTIONS.—For purposes of sub-  
 7       sections (a)(3), (b)(3), and (e), the amount of taxes im-  
 8       posed and collected under section 5001(a)(1) shall be de-  
 9       termined without regard to section 5001(c).”.

10           (2) CONFORMING AMENDMENT.—Section  
 11       7652(e) of such Code is amended by striking para-  
 12       graph (5).

13           (3) EFFECTIVE DATE.—The amendments made  
 14       by this subsection shall take effect as if included in  
 15       section 13807 of Public Law 115–97.

16       (d) DETERMINATION OF AMOUNT OF TAXES COL-  
 17       LECTED.—

18           (1) IN GENERAL.—Section 7652 of the Internal  
 19       Revenue Code of 1986 is amended by striking sub-  
 20       section (i).

21           (2) EFFECTIVE DATE.—The amendment made  
 22       by this subsection shall take effect as if included in  
 23       section 107 of Public Law 116–260.

○