

103^D CONGRESS
1ST SESSION

H. R. 1928

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.

IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1993

Mr. COX 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 “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 20 percent of the retail price of beer is now Fed-
2 eral tax; and total taxes now account for nearly 75
3 cents on the retail price of every 6-pack of beer.

4 (2) Middle and lower-income Americans, who
5 comprise the vast majority of our Nation's
6 80,000,000 beer drinkers, cannot afford this tax on
7 one of their few "luxuries". As a result of this re-
8 gressive tax increase, beer is now taxed at 3 times
9 the rate of most other consumer products. Those
10 who would presume to indulge in the "luxury" of
11 purchasing beer are now among the most heavily
12 taxed people in our society.

13 (3) The 100 percent increase in the Federal
14 beer tax—this new, so-called "luxury tax"—has de-
15 stroyed 31,000 jobs. It has, however, succeeded in
16 preventing people from enjoying this "luxury": total
17 beer sales have suffered the worst decline in 30
18 years.

19 (4) As a result of the "luxury tax" on beer,
20 \$463,000,000 in wages has been lost in the brewing,
21 wholesaling, and retailing industries. In addition, di-
22 rect purchases of products needed to make beer, in-
23 cluding agricultural products, has fallen by
24 \$207,000,000.

1 (5) The 100 percent increase in the Federal
2 beer tax has not, unfortunately, resulted in a dou-
3 bling of Federal revenues. To the contrary: the de-
4 cline in demand, the resultant loss of jobs, and the
5 reduction of direct purchases has cost Federal and
6 State governments hundreds of millions of dollars in
7 lost tax revenues. The “luxury tax” on beer has cost
8 millions more in increased outlays for unemployment
9 compensation and other social services to help those
10 who were put out of work by this ill-conceived tax
11 increase.

12 (6) Because of the regressive nature of the
13 “luxury tax” on beer, its negative impact on the
14 economy, and its unreliability as a source of Federal
15 income, this “luxury tax” of 1990 should be re-
16 pealed.

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

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

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

25 (c) FLOOR STOCKS REFUNDS.—

1 (1) IN GENERAL.—In the case of any beer—

2 (A) on which tax was determined before
3 the date of the enactment of this Act, and

4 (B) which is held on such date for sale by
5 any dealer,

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

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

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

16 (B) the amount of tax which would be im-
17 posed by section 5051 of such Code with re-
18 spect to such beer were such tax determined on
19 the date of the enactment of this Act.

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

1 (4) HELD BY DEALER.—For purposes of this
2 subsection, beer shall be treated as held by a dealer
3 if title thereto has passed to such dealer (whether or
4 not delivery to him has been made), and if for pur-
5 poses of consumption, title to such beer or posses-
6 sion thereof has not at any time been transferred to
7 any person other than a dealer.

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