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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

# H. R.

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

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## IN THE HOUSE OF REPRESENTATIVES

Miss GONZÁLEZ-COLÓN introduced the following bill; which was referred to  
the Committee on \_\_\_\_\_

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# 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.—

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

4           (2) CONFORMING AMENDMENT.—Section  
5 7652(g)(1) of such Code is amended—

6                   (A) by striking subparagraph (B), and

7                   (B) by striking “as if—” and all that fol-  
8 lows through “the use and tax” and inserting  
9 “as if the use and tax”.

10          (3) EFFECTIVE DATE.—The amendments made  
11 by this subsection shall apply to distilled spirits  
12 brought into the United States after December 31,  
13 2021.

14          (b) REQUIRED TRANSFER TO PUERTO RICO CON-  
15 SERVATION TRUST FUND OF PORTION OF PUERTO RICO  
16 RUM COVER OVER.—

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

20                   “(4) REQUIRED TRANSFER TO PUERTO RICO  
21 CONSERVATION TRUST FUND OF PORTION OF RUM  
22 TAXES COVERED OVER.—

23                           “(A) IN GENERAL.—From any taxes col-  
24 lected on rum transported to the United States  
25 that are covered into the treasury of Puerto

1 Rico under paragraph (3) at a rate equal to or  
2 greater than \$10.50 per proof gallon, Puerto  
3 Rico shall transfer to the Puerto Rico Con-  
4 servation Trust Fund an amount per proof gal-  
5 lon equal to or greater than  $\frac{1}{6}$  of the difference  
6 between \$10.50 and the rate, not to exceed  
7 \$13.25, at which such taxes are covered into  
8 such treasury. Puerto Rico's obligations under  
9 this paragraph shall not modify or impair pay-  
10 ment priorities established under Puerto Rico  
11 law and in effect on December 31, 2022.

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

16 “(i) was established pursuant to a  
17 Memorandum of Understanding between  
18 the United States Department of the Inte-  
19 rior and the Commonwealth of Puerto  
20 Rico, dated December 24, 1968, and

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

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

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

9           (c) RETROACTIVE APPLICATION OF RULES RELAT-  
10          ING TO DETERMINATION OF COVER OVER.—Notwith-  
11          standing section 107(a)(3) of division EE of Public Law  
12          116–260—

13           (1) the amendments made section 107(a)(2)(A)  
14           thereof shall take effect as if included in section  
15           13807 of Public Law 115–97, and

16           (2) the amendments made by section  
17           107(a)(2)(B) thereof shall take effect as if included  
18           in section 41102 of Public Law 115–123.