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(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to reduce the rate of tax
on distilled spirits produced by small distilleries.

IN THE HOUSE OF REPRESENTATIVES

Mr. LARSEN of Washington introduced the following bill; which was referred
to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to reduce
the rate of tax on distilled spirits produced by small
distilleries.

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. SHORT TITLE.**

4 This Act may be cited as the “Distillery Excise Tax
5 Reform Act of 2015”.

1 **SEC. 2. REDUCED RATE FOR SMALL DOMESTIC DIS-**
2 **TILLERS.**

3 (a) IN GENERAL.—Section 5001 of the Internal Rev-
4 enue Code of 1986 is amended by redesignating subsection
5 (c) as subsection (d) and by inserting after subsection (b)
6 the following new subsection:

7 “(c) REDUCED RATE FOR CERTAIN SMALL DOMES-
8 TIC PRODUCERS.—

9 “(1) IN GENERAL.—In the case of any person
10 who produces not more than 100,000 proof gallons
11 of distilled spirits during the calendar year, the rate
12 of tax imposed by subsection (a)(1) shall be \$2.70
13 per proof gallon produced in the United States (and
14 a proportionate tax at the like rate on all fractional
15 parts of such a proof gallon).

16 “(2) CONTROLLED GROUPS.—In the case of a
17 controlled group, the 100,000 proof gallon quantity
18 specified in paragraph (1) shall be applied to the
19 controlled group. For purposes of the preceding sen-
20 tence, the term ‘controlled group’ shall have the
21 meaning given such term by subsection (a) of section
22 1563, except that ‘more than 50 percent’ shall be
23 substituted for ‘at least 80 percent’ each place it ap-
24 pears in such subsection. Under regulations pre-
25 scribed by the Secretary, principles similar to the
26 principles of the preceding two sentences shall be ap-

1 plied to a group under common control where one or
2 more of the persons is not a corporation.

3 “(3) PREVENTING ABUSE OF REDUCED
4 RATE.—The Secretary shall prescribe regulations
5 similar to the regulations prescribed under section
6 5051(a)(2)(C) to prevent the reduced rates provided
7 in paragraph (1) from benefitting any person who
8 produces more than 100,000 proof gallons of dis-
9 tilled spirits during a calendar year.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Paragraph (1) of section 5010(a) is amend-
12 ed—

13 (A) by inserting “(if any)” after “excess”,
14 and

15 (B) by inserting “(\$2.70 in the case of a
16 person described in section 5001(c))” after
17 “\$13.50” in subparagraph (A).

18 (2) Paragraph (2) of section 5010(a) is amend-
19 ed by inserting “(\$2.70 in the case of a person de-
20 scribed in section 5001(c))” after “\$13.50”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on January 1, 2016.