

EXEMPTING STATE LIQUOR-DISPENSING SYSTEMS FROM REQUIREMENT OF KEEPING CERTAIN RECORDS

JULY 22 (calendar day, AUG. 5), 1937.—Ordered to be printed

Mr. GUFFEY, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 7949]

The Committee on Finance, to whom was referred the bill (H. R. 7949) to exempt State liquor-dispensing systems from the requirement of keeping certain records and rendering transcripts and summaries of entries with respect to distilled spirits, having had the same under consideration, report favorably thereon without amendment and recommend that the bill be passed.

This bill proposes to give relief to those States having liquor-dispensing systems by not requiring the keeping of certain records and rendering transcripts and summaries of entries by each individual dispensary, as complete State records are kept in the central offices, where they are available for inspection by internal-revenue officers. Your committee sees no need for such duplication of information contained in the records available at the central offices, although in different form than those kept by local stores, when such information is adequate for the proper protection of the revenue. Such duplication entails a needless expense to those States having liquor-dispensing systems.

As indicated in the following letter from the Acting Secretary of the Treasury, the bill not only gives the relief desired by the States, but also fully protects the revenue. The Treasury Department advises that there is no objection to the enactment of this bill and states that the proposed legislation is in accord with the program of the President.

AUGUST 2, 1937.

Hon. PAT HARRISON,
Chairman, Committee on Finance, United States Senate.

DEAR MR. CHAIRMAN: Reference is made to the telephonic request by Mr. Johnston, the clerk of your committee, for a report from this Department on H. R. 7949, a bill to exempt the State liquor-dispensing systems from the requirement of keeping certain records and rendering transcripts and summaries of

entries with respect to distilled spirits. This bill was passed by the House of Representatives on July 27, 1937.

Its purpose is to exempt State agencies from the requirement of section 3318 of the Revised Statutes, as amended, that wholesale liquor dealers and rectifiers shall keep certain records of distilled spirits received and disposed of by them and render monthly transcripts and summaries of such records to the collector of internal revenue of the district in which they reside.

Section 3318 of the Revised Statutes is an internal-revenue law passed by Congress many years ago as an aid to the protection of the internal revenue derived from distilled spirits. The records kept by wholesale liquor dealers and rectifiers disclose their receipts and dispositions of distilled spirits. Transcripts and summaries of the records required by the statute are filed in the headquarters offices of the various district supervisors of the Alcohol Tax Unit, where they are conveniently available for inspection by the internal-revenue officers.

Sometime prior to the introduction of this bill in the House of Representatives one of the States involved made known to this Department the nature of the relief desired, i. e., relief from the burden of keeping the records and rendering the transcripts and returns required by the statute. It advanced in support of its application for relief the argument that complete State records are kept in central offices and local stores, where they are available for inspection by internal-revenue officers. The point was made that the records required by the statute were duplications of the State records, though in different form, and involved needless expense. It was stated further that the State records, interpreted by State officials in direct charge of them, would yield specific information more quickly and satisfactorily than the voluminous transcripts and summaries filed under the statute.

Although H. R. 7949 would exempt the States and Commonwealths operating liquor stores from the specific provisions of section 3318 of the Revised Statutes, it would still require such States and Commonwealths to maintain records sufficient to enable the internal-revenue officers to trace readily all distilled spirits received and disposed of by them. It will also vest discretion in the Commissioner of Internal Revenue to require the filing of transcripts, summaries, and copies of the State records. It is believed that the bill as drafted would not only give the States the relief desired by them but would also fully protect the revenue. Consequently, the Treasury Department has no objection to the enactment of the bill.

The bill is in accord with the program of the President.

Very truly yours,

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

