

Calendar No. 2145

75TH CONGRESS }
3d Session }

SENATE

{ REPORT
No. 2031

FLOOR-STOCKS TAX ON DISTILLED SPIRITS

JUNE 7 (calendar day, JUNE 8), 1938.—Ordered to be printed

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

REPORT

[To accompany H. J. Res. 683]

The Committee on Finance, to whom was referred the joint resolution (H. J. Res. 683) to provide for a floor-stock tax on distilled spirits, except brandy, having considered the same, report favorably thereon without amendment and recommend that the joint resolution do pass.

The joint resolution provides for a floor tax of 25 cents per gallon on distilled spirits, except brandy, held by certain retailers, wholesale liquor dealers, rectifiers, distillers, etc., on July 1, 1938. The floor tax applies only to spirits intended for sale for beverage purposes or for use in producing an article for sale for beverage purposes.

The Revenue Act of 1938 increased the tax on distilled spirits, except brandy, from \$2 to \$2.25 per gallon. The floor-stock tax proposed in the joint resolution as reported follows the usual practice of imposing a floor tax equal to the increase in the withdrawal tax which has heretofore been pursued in cases of other increases in taxes on liquors. The object of such floor-stock taxes is to promote stabilization of all branches of the industry and to remove the inducement to avoidance of the increased withdrawal tax which would accompany abnormal release or sale of stocks.

Under the provisions of the joint resolution an exemption of 250 wine gallons has been allowed each retailer, and it has been made certain that with respect to a person operating more than one retail establishment the exemption shall apply with respect to each establishment he operates. This will be particularly applicable in the case of State-owned liquor systems so that each of the State stores will be permitted the exemption.