

## LIQUOR TAX ADMINISTRATION BILL

JUNE 6, 1936.—Ordered to be printed

Mr. DOUGHTON, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany H. R. 9185]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 55, 60, 77, 81, 85, 86, 102, 111, and 120.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 56, 57, 58, 59, 62, 63, 65, 66, 70, 71, 72, 73, 74, 75, 76, 78, 79, 80, 83, 84, 87, 90, 91, 92, 93, 94, 97, 98, 99, 100, 101, 103, 104, 105, 106, 107, 108, 109, 110, 112, 113, 114, 115, 116, 118, and 119; and agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *Act, as amended*); and the Senate agree to the same.

## Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 202. Section 3295 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1236), is further amended to read as follows:

"SEC. 3295. (a) Whenever an application is received for the removal from any Internal Revenue Bonded Warehouse of any cask or package of distilled spirits on which the tax has been paid, the storekeeper-gauger shall gauge and inspect the same, and shall, before such cask or package has left the warehouse, place upon such package such marks, brands, and stamps as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe, which marks, brands, and stamps shall be erased when such cask or package is emptied."

And the Senate agree to the same.

## Amendment numbered 40:

That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with amendments as follows:

On page 9 of the Senate engrossed amendments, in lines 7 and 8, strike out "heretofore or hereafter entered for deposit in a bonded warehouse" and in lieu thereof insert *heretofore entered for deposit in a distillery, general, or special bonded warehouse, or hereafter entered for deposit in an Internal Revenue Bonded Warehouse* and a comma; and on page 9 of the Senate engrossed amendments, in lines 12 and 13, strike out "heretofore or hereafter deposited in any bonded warehouse" and in lieu thereof insert *heretofore deposited in any distillery, general, or special bonded warehouse, or hereafter deposited in any Internal Revenue Bonded Warehouse* and a comma; and on page 12 of the Senate engrossed amendments, in line 23, before the period, insert a colon and the following: *Provided, That loss allowances for such spirits for the period prior to the effective date of this section shall be made pursuant to the provisions of the Act of February 6, 1925 (43 Stat. 808)*; and on page 12 of the Senate engrossed amendments, in line 25, before the period, insert a colon and the following: *Provided, That a regauge to determine the losses to be allowed under subsection (c) shall be made prior to the effective date of this section*; and the Senate agree to the same.

## Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *Once in every four years, or whenever*; and the Senate agree to the same.

## Amendment numbered 64:

That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(d) *The brewery premises shall consist of the land and buildings described in the brewer's notice and shall be used solely for the purposes of manufacturing beer, lager beer, ale, porter, and similar fermented malt liquors, cereal beverages containing less than one-half of 1 per centum of alcohol by volume, vitamins, ice, malt, and malt syrup; of drying spent grain from the brewery; of recovering carbon dioxide and yeast; and of storing bottles, packages, and supplies necessary or incidental to all such manufacture. The brewery bottling house shall be used solely for the purposes of bottling beer, lager beer, ale, porter, and similar fermented malt liquors, and cereal beverages containing less than one-half of 1 per centum of alcohol by volume. Notwithstanding the foregoing provisions, where any such brewery premises or brewery bottling house is, on the date of the enactment of the Liquor Tax Administration Act, being used by any brewer for purposes other than those herein described, or the brewery bottling house is, on such date, being used for the bottling of soft drinks, the use of the brewery and bottling house premises for such purposes may be continued by such brewer. The brewery bottling house of any brewery shall not be used for the bottling of the product of any other brewery. Any brewer who uses his brewery or bottling house contrary to the provisions of this subsection shall be fined not more than \$50 with respect to each day upon which any such use occurs.*"

And the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment, as follows:

On page 23 of the Senate engrossed amendments, in line 12, after the word "wines" insert *on bonded winery premises or bonded storeroom premises*; and the Senate agree to the same.

Amendments numbered 68 and 69:

That the House recede from its disagreement to the amendments of the Senate numbered 68 and 69, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by Senate amendments numbered 68 and 69, insert the following:

(c) *So much of section 611 of the Revenue Act of 1918, as amended (relating to the tax on still wines) (U. S. C., 1934 ed., title 26, sec. 1300 (a) (1)), as reads:*

*"On wines containing not more than 14 per centum of absolute alcohol, 10 cents per wine gallon, the per centum of alcohol under this section to be reckoned by volume and not by weight;*

*"On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 20 cents per wine gallon;*

*"On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, 40 cents per wine gallon;"*  
is amended to read as follows:

*"On wines containing not more than 14 per centum of absolute alcohol, 5 cents per wine gallon, the per centum of alcohol under this section to be reckoned by volume and not by weight;*

*"On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 10 cents per wine-gallon;*

*"On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, 20 cents per wine-gallon;"*

(d) Section 613 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., title 26, sec. 1300 (a) (2); U. S. C., 1934 ed., supp. I, title 26, sec. 1300 (a) (2)), is amended to read as follows:

*"SEC. 613. (a) Upon the following articles which are produced in or imported into the United States, after the date of the enactment of the Liquor Tax Administration Act, or which on the day after such date are on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid, in lieu of the internal-revenue taxes imposed thereon by law prior to such date, taxes at rates as follows, when sold, or removed for consumption or sale:*

*"On each bottle or other container of champagne or sparkling wine, 2½ cents on each one-half pint or fraction thereof;*

*"On each bottle or other container of artificially carbonated wine, 1¼ cents on each one-half pint or fraction thereof;*

*"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy, 1¼ cents on each one-half pint or fraction thereof;*

*"Any of the foregoing articles containing more than 24 per centum of absolute alcohol by volume (except vermouth, liqueurs, cordials, and similar compounds made in rectifying plants and containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy) shall be classed as distilled spirits and shall be taxed accordingly.*

*"The Commissioner of Internal Revenue, subject to regulations prescribed by the Secretary of the Treasury, is authorized to remit, refund, and pay back the amount of all taxes on such liqueurs, cordials, and similar compounds paid by or assessed against rectifiers at the distilled spirits rate prior to the date of the enactment of the Liquor Tax Administration Act."*

And the Senate agree to the same.

Amendment numbered 82:

That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*"(g) Notwithstanding the foregoing provisions of this section, each person making sales of fermented malt liquor to the members, guests, or patrons of bona-fide fairs, reunions, picnics, carnivals, or other similar outings, and each fraternal, civic, church, labor, charitable, benevolent, or ex-service men's organization making sales of fermented malt liquor on the occasion of any kind of entertainment, dance, picnic, bazaar, or festival, held by it, if such person or organization is not otherwise engaged in business as a dealer in malt liquors, shall pay, before any such sales are made and in lieu of the special tax imposed by sub-*

*division (a) of this paragraph, a special tax of \$2 as a retail dealer in malt liquors, for each calendar month in which any such sales are made."*

And the Senate agree to the same.

Amendment numbered 88:

That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: *or was returned from such bottling house to the brewery in which made for use therein as brewing material*; and the Senate agree to the same.

Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*(b) No such claim shall be allowed unless filed within ninety days after such destruction or return to the brewery for use as brewing material, or, in the case of any beer, lager beer, ale, porter, or other similar fermented malt liquor so destroyed or returned before the date of the enactment of this Act, within ninety days after such date.*

And the Senate agree to the same.

Amendment numbered 96:

That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*SEC. 330. The last paragraph of section 610 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., supp. I, title 26, sec. 1310 (d)), is amended to read as follows:*

*"The provisions of the internal-revenue laws applicable to natural wine shall apply in the same manner and to the same extent to citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, and apple wines, which are the products, respectively, of normal alcoholic fermentation of the juice of sound ripe (1) citrus-fruit (except lemons and limes), (2) peaches, (3) cherries, (4) berries, (5) apricots, or (6) apples, with or without the addition of dry cane, beet, or dextrose sugar (containing, respectively, not less than 95 per centum of actual sugar, calculated on a dry basis) for the purpose of perfecting the product according to standards, but without the addition or abstraction of other substances, except as may occur in the usual cellar treatment of clarifying or aging."*

And the Senate agree to the same.

Amendment numbered 117:

That the House recede from its disagreement to the amendment of the Senate numbered 117, and agree to the same with an amendment, as follows:

In addition to inserting the matter proposed to be inserted by the Senate amendment, on page 48 of the House engrossed bill, in line 14, strike out "section" and in lieu thereof insert *paragraph*; and the Senate agree to the same.

**Amendment numbered 121:**

That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment, as follows:

Omit the matter proposed to be inserted by the Senate amendment; and the Senate agree to the same.

**Amendment numbered 122:**

That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment, as follows:

Omit the matter proposed to be inserted by the Senate amendment; and the Senate agree to the same.

**Amendment numbered 123:**

That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment, as follows:

In the first line of said amendment strike out "404" and insert 402; and the Senate agree to the same.

**Amendment numbered 124:**

That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment, as follows:

In the first line of said amendment strike out "405" and insert 403; and the Senate agree to the same.

**Amendment numbered 125:**

That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment, as follows:

In the first line of said amendment strike out "406" and insert 404; and the Senate agree to the same.

**Amendment numbered 126:**

That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with amendments, as follows:

In the first line of said amendment strike out "407" and insert 405; and in the tenth line of said amendment strike out "distilled spirits other than alcohol" and in lieu thereof insert *spirits distilled at a registered distillery*; and the Senate agree to the same.

**Amendment numbered 127:**

That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with amendments, as follows:

In the first line of said amendment strike out "408" and insert 406; and in the eleventh line of said amendment strike out "distilled spirits (other than alcohol)" and in lieu thereof insert *spirits distilled at a registered distillery*; and the Senate agree to the same.

Amendment numbered 128:

That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with amendments, as follows:

In the first line of said amendment strike out "409" and insert 407; and in the fourth line of said amendment strike out "distilled spirits (other than alcohol)" and in lieu thereof insert *spirits distilled at a registered distillery*; and the Senate agree to the same.

Amendment numbered 129:

That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with amendments, as follows:

In the first line of said amendment strike out "410" and insert 408; and in the last two lines of said amendment strike out "distilled spirits (other than alcohol)" and in lieu thereof insert *spirits distilled at a registered distillery*; and the Senate agree to the same.

Amendment numbered 130:

That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment, as follows:

In the first line of said amendment strike out "411" and insert 409; and the Senate agree to the same.

Amendment numbered 131:

That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment, as follows:

In the first line of said amendment strike out "412" and insert 410; and the Senate agree to the same.

Amendment numbered 132:

That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with amendments, as follows:

In the first line of said amendment strike out "413" and insert 411; and in the seventeenth, eighteenth, and nineteenth lines of said amendment strike out "such period of time as the Commissioner, with the approval of the Secretary of the Treasury, shall prescribe" and in lieu thereof insert *a period of four years*; and the Senate agree to the same.

Amendment numbered 133:

That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with amendments, as follows:

In the first line of said amendment strike out "414" and insert 412; and on page 52 of the Senate engrossed amendments, in lines 14, 15, and 16 strike out "such period of time as the Commissioner, with the approval of the Secretary of the Treasury, shall prescribe" and in lieu thereof insert *a period of four years*; and the Senate agree to the same.

## Amendment numbered 134:

That the House recede from its disagreement to the amendment of the Senate numbered 134, and agree to the same with an amendment, as follows:

In the first line of said amendment strike out "415" and insert 413; and the Senate agree to the same.

## Amendment numbered 135:

That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment, as follows:

In the first line of said amendment strike out "416" and insert 414; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

The committee of conference report in disagreement amendments numbered 95 and 136.

R. L. DOUGHTON,  
SAM B. HILL,  
THOS. H. CULLEN,  
FRED M. VINSON,  
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FRANK CROWTHER,  
DAN'L A. REED,  
THOS. A. JENKINS,

*Managers on the part of the House.*

WILLIAM H. KING,  
ALBEN W. BARKLEY,  
ROBERT M. LA FOLLETTE, Jr.,  
ARTHUR CAPPER,

*Managers on the part of the Senate.*



## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

### SUBSTANTIVE AMENDMENTS

Amendment no. 1: This amendment strikes out section 2 of the House bill which provided for the seizure and forfeiture of intoxicating liquor and containers thereof when the containers do not bear proper stamps, labels, and other markings required by Federal law or regulation, and for seizure and forfeiture of such containers and contents when the containers are not accompanied by proper bills of lading or other documents required by Federal law or regulation. The House recedes.

Amendment no. 12: The House bill set forth in considerable detail the requirements for the marking and branding of casks and packages filled with distilled spirits in the cistern room, and required their immediate removal to bonded warehouses. The Senate amendment leaves these matters to regulations to be prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury. The House recedes.

Amendment no. 14: The House bill restated language now contained in section 3287 of the Revised Statutes, relating to the tax-free withdrawal of alcohol for the use of the United States. Such withdrawals are now completely provided for in title III of the National Prohibition Act. This language was stricken from the bill by the Senate amendment. The House recedes.

Amendments nos. 16, 18, 19, 22, 23, and 26: The language of the House bill conferred upon the Secretary of the Treasury authority to prescribe rules and regulations necessary for carrying out the provisions of certain sections of the bill. The Senate amendments provide that such rules and regulations shall be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, in conformity with the administrative procedure now followed in the Treasury Department. The House recedes.

Amendment no. 20: The House bill specified the marks, brands, and stamps to be placed on containers of distilled spirits upon tax payment and removal from bonded warehouses. The Senate amendment authorizes the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to prescribe regulations governing these matters. The House recedes with amendments which specify that the spirits shall be tax paid before removal and that the marks, brands, and stamps shall be erased when the containers are emptied.

Amendment no. 36: This amendment amends section 1 of the Bottling-in-Bond Act of March 3, 1897, to permit the bottling of distilled spirits in bond in any internal-revenue bonded warehouse without regard to the survey capacity of the distillery in which made and to permit such bottling to be done before or after tax payment, and in the name of the individual or association in whose name the spirits were produced and warehoused, as well as in the name of the distiller as is now provided by law. The House bill contained no corresponding provision. The House recedes.

Amendment no. 39: This amendment declares that nothing in the Bottling in Bond Act shall authorize the labeling of whisky contrary to regulations issued under authority of the Federal Alcohol Administration Act. The House bill contained no corresponding provision. The House recedes.

Amendment no. 40: The House bill amended the various provisions of law relating to the bonded period for spirits and the loss allowances thereof by redeclaring those laws as they existed prior to wartime and national prohibition. The purpose was to redeclare the bonded period for spirits to be 8 years and to redeclare the loss allowance to be for a period of 7 years. It further provided that distilled spirits 8 years of age or over which were in bonded warehouses on December 5, 1933, might remain in bond, and, when withdrawn, be given loss allowances up to and including the thirtieth day after the date of the enactment of this act. The Senate amendment completely restates the law relating to the bonded period and loss allowance without making any substantial changes in the purposes of the House provisions. The House recedes with amendments which make clarifying changes in the language of the Senate amendment.

Amendment no. 41: The House bill amended section 602 of the Revenue Act of 1918, to permit the withdrawal into barrels, drums, tanks, tank cars, or other approved containers, of spirits reduced to not less than 100 proof from receiving cisterns at registered distilleries and tax payment and removal of such spirits without entry into bonded warehouses. The Senate amendment provides (1) for the withdrawal of spirits of less than 159 degrees of proof and more than 100 degrees of proof from cisterns at distilleries into packages, and tax payment and removal of such spirits without being entered into warehouse; (2) for the transfer of such spirits from receiving cisterns at such distilleries by means of pipe lines to storage tanks in warehouses located on the bonded premises of such distilleries; (3) for the transfer of such spirits in bond, in approved containers, to warehouses for storage therein; and (4) that such spirits may be transported, after tax payment, in approved containers for beverage use only. The House recedes.

Amendment no. 42: As passed by the House section 309 amended section 3293 of the Revised Statutes to prescribe the form of the entry and the entry stamp and to require distillers to furnish monthly or annual warehousing bonds in penal sums of not less than 50 percent of the tax due on distilled spirits on deposit in the distillery warehouse at one time. The Senate amendment requires the entries of spirits to be made in accordance with the provisions of regulations prescribed by the Commissioner of Internal Revenue, and requires distillers and warehousemen to furnish warehouse bonds in penal sums not to exceed \$200,000 for each warehouse. The House recedes.

Amendments nos. 43 and 44: The House bill set out in considerable detail the matter to be included in storekeeper-gaugers' and distillers' records. The Senate amendments authorize the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to prescribe, by regulations, the records to be kept by storekeeper-gaugers and distillers of the receipt and use of distilling materials, and the production of spirits, at distilleries. The House recedes.

Amendment no. 46: The Senate amendment authorizes the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to prescribe by regulations tolerances within the limits of which the amount of fermented malt liquor in a barrel or fractional part of a barrel may exceed the quantity tax-paid as indicated by the stamp affixed to such barrel or fractional part of a barrel, without being accounted and tax-paid at a higher rate. The House bill contained no corresponding provision. The House recedes.

Amendment no. 55: The Senate amendment authorizes the Commissioner of Internal Revenue to permit brewers to ship beer in tank cars to breweries and depots, to the extent that in his opinion such transfer may be permitted without danger to the revenue. No corresponding provision was contained in the House bill. The Senate recedes.

Amendments nos. 60 and 61: The House bill permitted the Secretary of the Treasury to prescribe the penal sums of bonds to be furnished by brewers, in proportion to the production capacity of their plants, but in no event to be less than \$1,000; and required that such bonds be renewed once in every 4 years and when required by the Secretary. Senate amendment no. 60 provides that if the penal sum of any such bond exceeds \$100,000, the bond covering such excess may be given without surety or collateral security; and amendment no. 61 strikes out the requirement that the bond be renewed once in every four years. The Senate recedes on no. 60, and the House recedes on no. 61 with an amendment which restores the House provision except for a clerical change.

Amendment no. 63: The House bill provided for the forfeiture of brewery premises for flagrant and willful removal therefrom of taxable malt liquors without payment of tax thereon. The Senate amendment provides for forfeiture of bottling-house premises, also, under the same circumstances. The House recedes.

Amendment no. 64: The bill, as it passed the House, provided that the brewery premises should consist of the lands and buildings described in the brewer's notice, and that such premises should, as to breweries established after the enactment of this act, be used solely for the manufacture of beer, lager beer, ale, porter, and similar fermented malt liquors, cereal beverages containing less than one-half of 1 percent of alcohol by volume, vitamins, and ice; of drying spent grain from the brewery, and recovering carbon dioxide and yeast. It further provided that brewery bottling houses established after the date of the enactment of this act should be used solely for the purposes of bottling such fermented malt liquors and cereal beverages containing less than one-half of 1 percent of alcohol by volume. It provided that notwithstanding such amendments, where established, breweries were, on the date of the enactment of this act, being used by the brewer for other purposes, and brewery bottling houses were on such date, being used for the bottling of soft drinks, such uses

might be continued by such brewer. It further provided that the bottling house of any brewery should not be used for the bottling of the product of any other brewery. A penalty of \$50 was provided with respect to each day upon which any brewery or brewery bottling house was used contrary to the provisions of this section. The Senate amendment changes these provisions (1) to provide that the brewery premises shall also be available for the manufacture of malt and malt syrup and the storing of bottles, packages, or supplies necessary or incidental to the manufacture of the articles now proposed to be manufactured on the brewery premises, and, under regulations, for the manufacture of other commodities or byproducts; and (2) to permit the use of the brewery bottling house for the manufacturing, carbonating, and bottling of soft drinks and to permit the use of the bottling house for the bottling of the product of any other brewery under regulations prescribed by the Commissioner of Internal Revenue. The House recedes with an amendment which restores the provisions of the House bill with the addition of the Senate provisions permitting the manufacture of malt and malt syrup and the storing of bottles, packages, and other incidental supplies.

Amendment no. 67: The Senate amendment amends section 605 of the Revenue Act of 1918 to declare that the filtering, clarifying, or purifying of wines, and the manufacture of vermouth with fortified sweet wine on the premises of a bonded winery, shall not be deemed to be rectification. Under the present law these operations are considered to be rectification and may be conducted only in rectifying plants, and the products are subject to a tax of 30 cents per proof gallon. There were no corresponding provisions in the House bill. The House recedes with an amendment which makes the provisions relating to the filtering, clarifying, or purifying of wines applicable only when those operations are conducted on bonded winery premises or bonded storeroom premises.

Amendments nos. 68 and 69: The Senate amendments (1) reduce by 50 per centum the internal-revenue taxes on dry and sweet wines, champagne, artificially carbonated wines, liqueurs, cordials, and similar compounds; (2) exempt from the distilled spirits tax vermouth, cordials, liqueurs, and similar compounds made in rectifying houses with tax paid wine fortified with tax paid brandy and containing more than 24 per centum of alcohol by volume; and (3) provide for a refund of such distilled spirits tax paid or assessed prior to the date of the enactment of the act. The House bill contained no corresponding provisions. The House recedes with an amendment to the Senate amendments which removes certain inconsistencies with other provisions of the bill and with provisions of existing law.

Amendments nos. 73 and 74: Sections 323 and 324 of the House bill amended paragraphs "Fourth" and "Fifth", respectively, of section 3244 of the Revised Statutes to restate the classifications of retail and wholesale dealers in liquors and malt liquors, and to provide (a) that no retail dealer in liquors or malt liquors shall be held to be a wholesale dealer solely by reason of sales of 5 wine-gallons or more to the same person at the same time when such sales are for immediate consumption on the premises where sold, and (b) that additional special tax as dealer shall not be due on account of sales of malt liquors consummated at other dealers' places of business. The Senate amendments (1) authorize the issuance of "wine dealer" or "wine and

malt liquor dealer" special tax stamps to wholesale and retail dealers who sell wine only or wine and malt liquor only, and the issuance of "at large" special tax stamps to retail liquor dealers whose business requires them to travel from place to place, and (2) restore a provision of existing law relating to "medicinal spirits stamp tax", which was omitted by the House bill in the restatement of paragraph "Fourth" of section 3244 of the Revised Statutes. The House recedes.

Amendments nos. 77 and 81: These amendments provide that retail and wholesale dealers in malt liquor shall not be required to pay additional special tax on account of sales at the residences of purchasers who have filed oral or written standing orders with the dealers to call at the residences. There were no corresponding provisions in the House bill. The Senate recedes.

Amendment no. 82: This amendment provides for the sale of malt beverages at fairs, picnics, and other similar places for a period of not more than 30 days once in a year, upon the payment of a special tax of \$2 in lieu of the tax which is ordinarily paid by retail dealers in malt liquors. There was no corresponding provision in the House bill. The House recedes with an amendment which makes the provision applicable to the sale of malt liquors by fraternal, civic, church, labor, charitable, benevolent, and ex-service men's organizations at entertainments, dances, picnics, bazaars, or festivals, held by them, and provides that the \$2 tax shall be paid for each calendar month in which the sales are made, rather than for a period of not more than 30 days once in a year.

Amendment no. 84: The House bill provided for the redemption of the strip stamps issued under authority of the Liquor Taxing Act of 1934, under regulations to be prescribed by the Secretary of the Treasury. The Senate amendment specifies the conditions under which such stamps may be redeemed. The House recedes.

Amendments nos. 85, 86, 87, 88, and 89: The House bill provided that the tax paid on fermented malt liquor which was lawfully removed from a brewery to a brewery bottling house on and after March 22, 1933, and became unsalable without fraud, connivance, or collusion on the part of the brewer, and without removal from such bottling house, and was destroyed in the presence of a representative of the Bureau of Internal Revenue. The subsection in the House bill was applicable to past losses of such fermented malt liquor as well as to losses suffered after the subsection became law. The Senate amendments retain the provisions of the subsection but make it effective only as to losses occurring between March 22, 1933, and the date of enactment of the act, and authorize the refund if the unsalable malt liquor was returned to the brewery for use therein as brewing material. To care for future losses the Senate amendments authorize the Commissioner of Internal Revenue to make a survey of the losses of tax paid fermented malt liquor in breweries, brewery-bottling houses and elsewhere, for the purpose of ascertaining if refunds may be made of taxes paid on fermented malt liquor so lost, and, if he finds that such refunds may be made consistently with the protection of the revenue, to prescribe regulations under which such refunds may be made. The Senate recedes on nos. 85 and 86. The House recedes on no. 87, and recedes with an amendment on nos. 88 and 89. The action of the conference restores the provisions of the House bill with the addition of the provisions of the

Senate amendment which made the refund applicable to malt liquor returned to the brewery, and omits all the other provisions of the Senate amendment.

Amendment no. 91: The House bill extended to all wine makers the provisions of existing law which exempt wine makers who produce wine from grapes from payment of special tax on account of the sale of wine of their own production at the place of manufacture or their principal office or place of business. The Senate amendment limits the exemption to wine makers who qualify as such under the internal-revenue laws. The House recedes.

Amendment no. 92: The Senate amendment amends section 3 of title III of the National Prohibition Act, to provide that tanks on the industrial alcohol plant premises which are approved by the Commissioner of Internal Revenue may be used as warehouses for the storage of alcohol. There was no corresponding provision in the House bill. The House recedes.

Amendment no. 96: Section 330 of the House bill extended the provisions of the internal-revenue laws applicable to natural wines, to wines made of citrus fruits (except lemons and limes). This section in substance was enacted into law in the Federal Alcohol Administration Act. The Senate amendment extends such provisions of law to wines made from peaches, cherries, berries, apricots, and apples. The Senate amendment also subjects to tax under section 613 of the Revenue Act of 1918, the cordials, liqueurs, and similar compounds containing wine made from such fruits and fortified with brandy. The House recedes with an amendment which omits that part of the Senate amendment which amends section 613 of the Revenue Act of 1918, because that part of the Senate amendment is now included in the conference amendment to the amendments of the Senate numbered 68 and 69.

Amendments 98, 102, 105, 106, 107, and 111: The House bill reduced the tax on fortifying brandy and wine spirits from 20 cents to 10 cents per proof gallon and extended the time within which the assessment of such tax must be paid from 10 months to 12 months. The Senate amendment no. 102 fixes the rate of tax on fortifying brandy and wine spirits at 15 cents per proof gallon; no. 111 provides for abatement or refund of the fortifying tax to the extent the tax paid on brandy or wine spirits used in the fortification of wines held by the producer on the effective date of this act exceeds the tax which would have been paid on such brandy or wine spirits if the new rate had been in effect at the time of payment; nos. 98, 105, and 106 extend to 18 months the time in which the tax may be paid, but require every wine producer to give full bond coverage for the payment of the tax on such brandy and wine spirits within the 18 months allowed; and no. 107 authorizes the abatement or refund of the tax on the fortifying brandy or wine spirits when the fortified wines are destroyed. The House recedes on nos. 98, 105, 106, and 107. The Senate recedes on nos. 102 and 111.

Amendments nos. 100, 101, 103, 104, 108, 109, 110, 112, 113, 115: The House bill extended the provisions of law relating to the fortification of grape wines with grape brandy, and the withdrawal and tax payment of grape wines and brandies, to include wines and brandies made from citrus fruits (except lemons and limes). It also included dates as a fruit from which brandy may be distilled. Like

section 330 of the House bill, these provisions were in substance enacted into law in the Federal Alcohol Administration Act. The Senate amendments insert new provisions which extend the same provisions of law to wines and brandies made from peaches, cherries, berries, apricots, and apples. Under the Senate amendments, wine made from one of the fruits may not be fortified with brandy made from another fruit. The House recedes.

Amendment no. 116: The House bill amended section 618 (b) of the Revenue Act of 1918 by striking therefrom the limitations formerly contained therein as to use of wines as distilling material for the production of nonbeverage spirits, and the further limitation that all alcoholic spirits obtained therefrom by distillation at any industrial distillery should be denatured and all spirits so obtained at any fruit distillery should be removed and used only for nonbeverage purposes or for denaturation. The Senate amendment strikes from this section the authority to allow on all spirits distilled from wines, credit for tax paid upon the spirits or brandy used in the fortification of such wines. The House recedes.

Amendment no. 118: This amendment provides that the Commissioner of Internal Revenue may prescribe labels or other marks for the case or shipping container of wines as well as for the immediate container of such wines, as is now provided by law. There was no corresponding provision in the House bill. The House recedes.

Amendment no. 120: The House bill amended section 3354 of the Revised Statutes by permitting the Commissioner of Internal Revenue to prescribe the manner of paying the tax on fermented malt liquor removed from a brewery to a brewery bottling house by means of a pipe or conduit other than by the cancelation and defacement of stamps covering the amount of the tax. The Senate amendment provides that the manner so prescribed for paying the tax shall not entail additional expense to the taxpayer. The Senate recedes.

Amendment no. 121: Section 402 of the House bill, relating to the disposal of forfeited liquor, was, in substance, enacted into law in the Federal Alcohol Administration Act. The Senate amendment strikes out the language of the House bill and inserts a new section 402 which relieves the Commissioner of Internal Revenue from the necessity of making assessments or bringing suits to effect recovery of taxes on distilled spirits, wine, or fermented liquors, or special occupational taxes required to be paid by persons manufacturing or dealing in distilled spirits, wines, or fermented liquor, whenever, after investigation, it appears that such taxes would not be collectible in full or in any substantial amount. The section requires that in each case of such omission to assess or to authorize the bringing of suit a report setting forth the facts as to the uncollectibility of the tax must be filed in the office of the Commissioner of Internal Revenue. There was no corresponding provision in the House bill. The House recedes with an amendment which omits from the bill entirely both the matter contained in section 402 of the House bill and the matter proposed to be inserted by the Senate amendment.

Amendment no. 122: Section 403 of the House bill imposed an embargo upon the importation or bringing into the United States of any distilled spirits, wines, or fermented malt liquors produced, manufactured, rectified, sold, or marketed by any person against whom there has been instituted, or against whom process has been

issued for the institution of, any proceeding by the United States, based upon a claim arising out of the customs or internal revenue laws in connection with an alleged bringing into the United States of liquors, and of any liquors in which such person has any interest, and of any liquors produced, marketed, etc., by any plant or business outside of the United States in which he has a substantial interest, direct or indirect, until such person submits to the jurisdiction of the proper court and furnishes security to insure payment of the claim. The Senate amendment strikes out section 403 of the House bill and inserts a new section 403 which amends section 239 of the criminal code (1) by eliminating the designation of "intoxicating liquor" and adding to spirituous liquor, or vinous, and malted liquor the designation "or other fermented liquor, or any compound containing any spirituous liquor, or vinous, malted, or other fermented liquor, fit for use for beverage purposes", (2) to limit the scope of its prohibition to shipments of liquors into States which prohibit the delivery or sale therein of such liquor as is designated, and (3) by providing a further penalty of imprisonment for not more than 1 year in addition to, or in lieu of, the present penalty of a fine of not more than \$5,000. There was no corresponding provision in the House bill. The House recedes with an amendment which omits from the bill entirely both the matter contained in section 403 of the House bill and the matter proposed to be inserted by the Senate amendment.

The Senate amendments numbered 123 to 136, inclusive, add new provisions. There were no corresponding provisions in the House bill.

Amendments nos. 123 and 124: These amendments amend the provisions of the Tariff Act to allow drawback of internal-revenue tax on distilled spirits and wines bottled especially for export and actually exported. The House recedes with amendments which make changes in section numbers.

Amendment no. 125: This amendment amends section 311 of the Tariff Act of 1930, (a) to permit the rectification of distilled spirits and wines in customs bonded warehouses, class 6, for shipment to Puerto Rico (as well as for export) exempt from all internal revenue taxes; (b) to exempt the person so rectifying in the customs bonded warehouse from the payment of special tax as a rectifier; and (c) to provide that for the purposes of the section distilled spirits reduced in proof and bottled in such manufacturing warehouses shall be deemed to have been there manufactured. The House recedes with an amendment which makes a change in the section number.

Amendment no. 126: This amendment amends section 51 of the act of August 27, 1894 (which now authorizes the establishment of general bonded warehouses) to authorize the Commissioner of Internal Revenue to establish a single type of warehouse to be known as "internal revenue bonded warehouse" for the storage of distilled spirits (other than alcohol) until payment of tax thereon. The House recedes with amendments which make clerical and clarifying changes.

Amendment no. 127: This amendment (a) repeals section 3271 of the Revised Statutes (which now requires each distiller to provide a distillery warehouse on his bonded premises) but preserves the liabilities of all distillers for taxes and penalties arising out of the use of, or storage of distilled spirits in, distillery warehouses authorized, approved, or maintained under section 3271 of the Revised Statutes,



and (b) provides for the designation as internal revenue bonded warehouses of all distillery, general, and special bonded warehouses lawfully established and used prior to the enactment of this act, and authorizes their continued use for the storage of distilled spirits (other than alcohol) upon the filing of such new bonds or the consents of sureties on existing bonds covering spirits in distillery or general or special bonded warehouses as the Commissioner shall consider adequate to insure the payment of taxes due the United States. The House recedes with amendments which make clerical and clarifying changes.

Amendment no. 128: This amendment abolishes the distinction between distillery, general, and special bonded warehouses and authorizes the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to prescribe regulations governing the establishment, construction, maintenance, and supervision of internal revenue bonded warehouses. The House recedes with amendments which make clerical and clarifying changes.

Amendment no. 129: This amendment exempts internal revenue bonded warehouses from the provisions of those sections of law which prior to the date of enactment of this act made distinctions between distillery, general, and special bonded warehouses. The House recedes with amendments which make clerical and clarifying changes.

Amendment no. 130: This amendment amends section 3296 of the Revised Statutes by striking therefrom the words "distillery warehouse" and inserting the words "internal revenue bonded warehouse." The section will then provide for the punishment of those who remove distilled spirits on which the tax has not been paid to a place other than the internal revenue bonded warehouse provided by law or remove distilled spirits from any such warehouse in a manner not authorized by law. The House recedes with an amendment making a change in the section number.

Amendment no. 131: This amendment authorizes the destruction or denaturation, exempt from tax, of distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil (commonly referred to as heads and tails, respectively) removed in the course of distillation. The House recedes with an amendment making a change in the section number.

Amendment no. 132: This amendment amends section 3318 of the Revised Statutes to require rectifiers and wholesale liquor dealers to keep daily at their places of business covered by special tax stamps records of distilled spirits received and disposed of by them and to render under oath correct transcripts and summaries of such records, and to authorize the Commissioner in his discretion to require such records to be kept at the place where such spirits are actually received and sent out. The amendment requires such records to be preserved for such period as the Commissioner, with the approval of the Secretary of the Treasury, shall prescribe. The House recedes with amendments making a change in the section number and changing the period for which such records are required to be preserved to 4 years.

Amendment no. 133: This amendment amends section 62 of the act of August 27, 1894, insofar as that section relates to the keeping of records by distillers who sell only distilled spirits of their own production at the place of manufacture, or at the place of storage in bond, in the original packages to which the tax-paid stamps are

affixed, to authorize the Commissioner in his discretion to prescribe the form of the records and of the transcripts and summaries thereof. The House recedes with amendments making the same changes as in the case of amendment no. 132.

Amendment no. 134: This amendment declares that all internal-revenue laws of the United States in regard to the manufacture and taxation of, and traffic in, distilled spirits, wines, and malt liquors, and all penalties for violations of such laws, that were in force at the time the National Prohibition Act was enacted, shall be and continue in force, except as they have been repealed or amended by acts other than (1) title II of the National Prohibition Act as amended and supplemented, and (2) section 1 of the Liquor Law Repeal and Enforcement Act, and except as they may be modified by, or may be inconsistent with, this act. The House recedes with an amendment making a change in the section number.

Amendment no. 135: This amendment provides that, except as provided in section 329 of this act, nothing contained in the act shall be construed as restricting or limiting the provisions of title III of the National Prohibition Act as amended. This section preserves the distinction between alcohol and other distilled spirits. The House recedes with an amendment making a change in the section number.

#### CLERICAL AND CLARIFYING AMENDMENTS

Amendments nos. 2, 7, 10, 11, 13, 15, 17, 21, 37, 47, 49, 51, 53, 65, and 93: These amendments make changes in section and subsection references which are made necessary by the Senate amendments. The House recedes.

Amendments nos. 3, 4, 5, 6, 8, 9, 25, 34, 35, 70, 75, 76, 79, 80, 94, and 99: These amendments are all of a clerical or clarifying nature. The House recedes on all these amendments with an amendment on no. 4 which makes a further clerical change.

Amendments nos. 24, 27, 28, 29, 30, 31, 32, 33, 38, 45, 48, 50, 52, 54, 56, 57, 58, 59, 62, 66, 71, 72, 78, 83, 90, 97, 114, 117, and 119: These amendments are changes in references to the United States Code which were brought up to date by referring to proper sections in the 1934 edition of the code. The House recedes on all these amendments with an amendment on no. 117 which corrects a clerical error in the text of the House bill.

The Senate amended the title of the bill to conform to the Senate amendments. The House recedes.

#### AMENDMENTS REPORTED IN DISAGREEMENT

The committee of conference report in disagreement the following amendments of the Senate:

Amendment no. 95: The Senate amendment extends and makes applicable to Puerto Rico and the Virgin Islands, from and after August 27, 1935, title III of the National Prohibition Act relating to industrial alcohol, and all provisions of the internal-revenue laws relating to the enforcement thereof, the respective insular governments to advance to the Treasury of the United States such funds as may be required from time to time by the Secretary of the Treasury for the

purpose of defraying all expenses incurred by the Treasury Department in connection with the enforcement in the islands of the title and regulations promulgated thereunder. There was no corresponding provision in the House bill.

Amendment no. 136: This amendment adds to the bill a new title designed to make the Federal Alcohol Administration an independent establishment of the Government instead of, as now, a division of the Treasury Department. While the name of the Administration is retained, the office of Administrator is abolished and his powers and duties are conferred and imposed upon the Federal Alcohol Administration, to be composed of three members appointed by the President by and with the advice and consent of the Senate. The compensation of the members is fixed at \$10,000 a year. The appointment of officers and employees of the Administration, except attorneys and necessary experts, is to be subject to the civil-service laws; and the compensation of all officers and employees is to be fixed in accordance with the Classification Act. The usual provisions have been inserted for continuing in force the rules, regulations, permits, etc., that have been issued by the Federal Alcohol Administrator and for the continuation of proceedings, hearings, investigations, and suits.

Section 505 in the amendment, which amends the third paragraph of section 5 (e) of the Federal Alcohol Administration Act, clarifies that section and also limits the duties of internal-revenue officers with respect to withholding the release of distilled spirits from the bottling plant which are not covered by certificates of label approval or exemption granted by the Administrator.

Section 506 in the Senate amendment amends section 5 of the Federal Alcoholic Administration Act to specify certain names which may be used on labels of wine produced in the United States.

Section 507 in the Senate amendment amends section 9 of the Federal Alcohol Administration Act, which provides for the disposition of forfeited distilled spirits, wines, and malt beverages, to declare that nothing in such section 9 shall affect the authority of the Secretary of the Treasury, under customs or internal-revenue laws, to remit or mitigate the forfeiture, or alleged forfeiture, of such distilled spirits, wines, or malt beverages.

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FRANK CROWTHER,  
DAN'L A. REED,  
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*Managers on the part of the House.*

