

## PERMITTING THE USE OF PIPELINES BY THE WINERY INDUSTRY FOR TRANSFERRING FORTIFYING SPIRITS

MAY 17, 1951.—Ordered to be printed

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

### REPORT

[To accompany H. R. 2746]

The Committee on Finance, to whom was referred the bill (H. R. 2746), to amend section 2883 (b) of the Internal Revenue Code, as amended by Public Law 448, Eighty-first Congress, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act, the Committee on Finance accepts the report of the Committee on Ways and Means as follows:

#### PURPOSE

The bill would amend section 2883 (b) of the Internal Revenue Code, as amended by Public Law 448, Eighty-first Congress, so as to permit the transfer of fortifying spirits of 160 degrees of proof or more by pipeline from storage tanks in any internal revenue bonded warehouse to the fortification rooms of contiguous wineries, effective on the thirtieth day following the date of the enactment of this act.

#### GENERAL STATEMENT

Public Law 448 amended section 2883 (a) of the Internal Revenue Code by permitting the transfer of any distilled spirits of 160 degrees of proof or more by tank car from registered or fruit distilleries to storage tanks in any internal revenue bonded warehouse irrespective of whether or not the warehouse is located on the premises of the producing distiller. However, under section 2883 (b), as amended by Public Law 448, it is only where such bonded warehouse is located on the premises of the producing distiller that the further transfer by pipeline of such fortifying spirits to the fortification rooms of contiguous wineries is permitted. This bill would permit transfer by pipeline of such fortifying spirits from an internal revenue bonded

warehouse to a contiguous winery where such bonded warehouse is not located on the premises of the producing distiller.

Your committee has been advised that enactment of this bill would grant a desirable privilege to the winery industry. At the present time, in order to transfer fortifying spirits from a storage tank in a bonded warehouse off the distillery premises into a tank in the fortification room of a contiguous winery, it is necessary to draw the spirits into a tank car or into drums or other portable containers and then transfer the filled tank car, drums, or containers to the winery and empty the fortifying spirits into a tank in the wine-fortification room. By authorizing the use of a pipeline for such transfers where the winery is contiguous to an internal revenue bonded warehouse the bill would simplify the transfer of the spirits.

The Treasury Department has advised your committee that it has no objection to the bill and that its enactment would simplify and facilitate the transfer of fortifying spirits. The Treasury Department also states that enactment would not cause any additional administrative expense nor create any administrative problems.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

#### INTERNAL REVENUE CODE

##### SEC. 2883. TRANSFER OF SPIRITS AT REGISTERED DISTILLERIES.

(a) \* \* \*

(b) TRANSFER OF FORTIFYING SPIRITS.—Fortifying spirits of one hundred and sixty degrees of proof or more may be transferred by pipeline from registered fruit distilleries and receiving cisterns in such distilleries to the fortification rooms of contiguous wineries or to storage tanks in the internal revenue bonded warehouse located on the distillery premises where the spirits were [produced, or from such storage tanks to the fortification rooms of contiguous wineries.] *produced. Fortifying spirits of one hundred and sixty degrees of proof or more may also be transferred by pipeline from storage tanks in any internal revenue bonded warehouse to the fortification rooms of contiguous wineries.*

