

[CHAPTER 437]

AN ACT

To amend an Act entitled "An Act extending the homestead laws and providing for right of way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898 (30 Stat. 409, 414).

June 15, 1938
[H. R. 5592]
[Public, No. 633]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11 of an Act entitled "An Act extending the homestead laws and providing for right of way for railroads in the District of Alaska, and for other purposes", be, and the same is hereby, amended by adding thereto the following: "and may permit such use by churches, hospitals, and charitable institutions in Alaska for firewood, fencing, buildings, and for domestic purposes".

Alaska, homestead laws.
Use of timber on public lands by churches, etc., for firewood and domestic purposes.
30 Stat. 414.
48 U. S. C. §§ 421, 423.

Approved, June 15, 1938.

[CHAPTER 438]

AN ACT

To facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the San Bernardino and Cleveland National Forests in Riverside County, California.

June 15, 1938
[H. R. 7933]
[Public, No. 634]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture, with the approval of the National Forest Reservation Commission established by section 4 of the Act of March 1, 1911 (U. S. C., title 16, sec. 513), is hereby authorized to acquire by purchase any lands within the boundaries of the San Bernardino and Cleveland National Forests, in the county of Riverside, State of California, which, in his judgment, should become the property of the United States in order that they may be so managed with other lands of the United States as to minimize soil erosion and flood damage, and to pay for said lands from those proportions of the entire receipts from the sale of natural resources other than mineral or occupancy of public land within the San Bernardino and Cleveland National Forests which are equal to the proportion of the net areas of said forests which are within the county of Riverside, State of California, which receipts are hereby authorized to be appropriated for that purpose until said lands have been acquired: *Provided*, That so long as said receipts are used in the manner herein authorized, the provisions of the Act approved May 23, 1908 (U. S. C., title 16, sec. 500), shall not be applicable to said county of Riverside.

San Bernardino and Cleveland National Forests, Calif.
36 Stat. 962.
16 U. S. C. § 513.
Acquisition of lands in, to facilitate soil erosion and flood damage control.

Payment; funds available.

Proviso.
Waiver of certain provisions.
35 Stat. 260.
16 U. S. C. § 500.

Approved, June 15, 1938.

[CHAPTER 439]

AN ACT

To amend certain provisions of law relative to the production of wines, brandy, and fruit spirits so as to remove therefrom certain unnecessary restrictions; to facilitate the collection of internal-revenue taxes thereupon; and to provide abatement of certain taxes upon wines, brandy, and fruit spirits where lost or evaporated while in the custody and under the control of the Government without any fault of the owner.

June 15, 1938
[H. R. 10459]
[Public, No. 635]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 618 (a) of the Revenue Act of 1918 (U. S. C., 1934 edition, title 26, sec. 1303) is amended to read as follows:

Wines, brandy, and fruit spirits.
40 Stat. 1113.
26 U. S. C. § 1303.

"SEC. 618. (a) That under such regulations and upon the execution of such notices, entries, bonds, and other security as the Commissioner, with the approval of the Secretary, may prescribe, domestic wines

Removal of designated wines for storage, export, etc., free of tax.

subject to the taxes imposed by sections 611 or 613 as amended, may be removed from the winery where produced, free of tax, for storage on other bonded winery or bonded storeroom premises, or from such premises to other such bonded premises, or for exportation from the United States or for use as distilling material at any regularly registered distillery or industrial alcohol plant: *Provided, however,* That the distiller using any such wine as distilling material shall, subject to the provisions of section 3309 of the Revised Statutes, as amended, be held to pay the tax on the product of such wines as will include both the alcoholic strength therein produced by fermentation and that obtained from the brandy or wine spirits added to such wines at the time of fortification: *Provided further,* That suitable samples of brandy or fruit spirits may be withdrawn under rules and regulations to be prescribed by the Commissioner of Internal Revenue, subject to the approval of the Secretary of the Treasury, which samples shall be tax-free if for laboratory analysis and tax-paid if for any other use: *Provided further,* That the Commissioner of Internal Revenue, under rules and regulations to be by him prescribed subject to the approval of the Secretary of the Treasury, shall remit or refund all fortification taxes assessed or paid upon the quantity of fortifying spirits contained in wines exported, or which have become unfit for use as wine and are used as distilling material."

SEC. 2. Section 410 of the Liquor Tax Administration Act (U. S. C., 1934 edition, Supp. III, title 26, sec. 1320a) is amended to read as follows:

"SEC. 410. Under rules and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, distillers may collect, in locked tanks, distillates containing one-half of 1 per centum or more of aldehydes or 1 per centum or more of fusel oil (heads and tails) removed in the course of distillation. The distillates so collected may, under regulations prescribed by the Commissioner, with the approval of the Secretary, be removed from such distillery for denaturation or be destroyed in the manner prescribed by the Commissioner, under the supervision of an internal-revenue officer to be designated by the Commissioner, and when so denatured or destroyed shall not be subject to the tax imposed by law upon distilled spirits. Such distillates so collected in fruit brandy distilleries may, under regulations to be prescribed by the Commissioner, with the approval of the Secretary, be drawn into approved casks, barrels, or other containers and stored in the brandy deposit room of the fruit brandy distillery where produced pending removal for denaturation or destruction."

SEC. 3. The Commissioner of Internal Revenue, under rules and regulations to be by him prescribed with the approval of the Secretary of the Treasury, upon the presentation of proof to his satisfaction of the loss by leakage, evaporation, theft, or otherwise of brandy or fruit spirits, intended for the fortification of wine, from storage tanks in bonded warehouses or from steel drums filled therefrom while such drums are in such warehouse, and in the fortification room of a bonded winery, not occurring as the result of any negligence, connivance, collusion, or fraud on the part of the winemaker or his agents, is hereby authorized to remit or refund the taxes assessed or paid upon such lost brandy or fruit spirits: *Provided, however,* That such remission or refund shall be allowed only to the extent that the distiller or winemaker is not indemnified or recompensed for such loss.

SEC. 4. The first paragraph of section 602 of the Revenue Act of 1918, as amended (U. S. C., 1934 edition, Supp. III, title 27, sec. 74b), is amended by inserting in lieu of the period at the end thereof

Provisos.
Use as distilling material, tax.
R. S. § 3309.
26 U. S. C. § 1197.

Withdrawal of samples, tax provisions.

Remission of fortification taxes on quantity of fortifying spirits in exported wines, etc.

49 Stat. 1962.
26 U. S. C., Supp. III, § 1320a.

Collection of certain distillates removed in distillation.

Removal for denaturation or destruction, tax free.

Distillates collected in fruit brandy distilleries.

Leakage, etc., allowance.

Proviso.
Limitation.

40 Stat. 1106; 49 Stat. 1946.
27 U. S. C., Supp. III, § 74b.

a colon and the following: "*Provided*, That under the provisions of this section insofar as applicable, the Commissioner of Internal Revenue may, under rules and regulations to be by him prescribed, subject to the approval of the Secretary of the Treasury, permit the transfer of fortifying spirits containing more than one hundred and fifty-nine degrees proof up to and including one hundred and ninety-two degrees proof by pipe line from registered fruit distilleries and receiving cisterns in such distilleries to storage tanks in the internal-revenue bonded warehouse located on the distillery premises to be warehoused in such storage tanks and transferred by pipe line to the fortification rooms of contiguous wineries when required."

SEC. 5. Subdivision (g) of paragraph "Fifth" of section 3244 of the Revised Statutes, as amended (U. S. C., 1934 edition, Supp. III, title 26, sec. 1394 (e) (3)), is amended to read as follows:

"(g) Notwithstanding the foregoing provisions of this section, each person making sales of fermented malt liquor or wine 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 or wine 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 wholesale or retail liquor dealer or as a wholesale or retail malt liquor dealer, shall pay, before any such sales are made and in lieu of the special taxes imposed by subdivision (a) of this paragraph and subdivision (a) of paragraph 'Fourth' of this section (U. S. C., 1934 edition, Supp. III, title 26, sec. 1934 (b) (1)) a special tax of \$2 as a retail dealer in malt liquors, if fermented malt liquor only is sold, or a special tax of \$2 as a retail dealer in liquors if wine only, or wine and fermented malt liquor only, are sold for each calendar month in which any such sales are made."

SEC. 6. The fourth paragraph of section 605 of the Revenue Act of 1918, approved February 24, 1919 (U. S. C., 1934 edition, title 26, sec. 1151 (b)), is amended to read as follows:

"The taxes imposed by the first paragraph of this section shall not attach to cordials or liqueurs on which a tax is imposed and paid under sections 611 or 613 of this Act, as amended, nor to the mixing and blending of wines, where such blending is for the sole purpose of perfecting such wines according to commercial standards, nor to blends made exclusively of two or more pure straight whiskies aged in wood for a period not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below ninety proof; nor to blends made exclusively of two or more pure fruit brandies distilled from the same kind of fruit, aged in wood for a period not less than two years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below ninety proof: *Provided*, That such blended whiskies and blended fruit brandies shall be exempt from tax under the first paragraph of this section only when compounded under the immediate supervision of a revenue officer, in such tanks and under such conditions and supervision as the Commissioner, with the approval of the Secretary, may prescribe."

SEC. 7. The second paragraph added to section 605 of the Revenue Act of 1918, as amended, by section 319 (b) of the Liquor Tax Administration Act (U. S. C., 1934 edition, Supp. III, title 26, sec. 1151 (f)) is amended to read as follows:

"The manufacture of vermouth with fortified sweet wine on bonded winery premises shall not be deemed to be rectification with the meaning of paragraph 'Third' of section 3244 of the Revised Statutes, if distilled spirits other than necessary in the production of approved

Transfer of fortifying spirits from registered fruit distilleries to storage tanks by pipe line.

R. S. § 3244.
49 Stat. 1934.
26 U. S. C., Supp. III, § 1394 (e) (3).

Special rates on sales at fairs, etc., if organizations, etc., not otherwise engaged in liquor business.

49 Stat. 1933.
26 U. S. C., Supp. III, § 1394 (b) (1).

40 Stat. 1108.
26 U. S. C. § 1151 (b).

Tax-paid cordials, liqueurs, etc., exempt from additional beverage tax.

Blending, etc., of wines and whiskies.

Blends of fruit brandies distilled from same kind of fruit.

Proviso.
Condition.

49 Stat. 1951.
26 U. S. C., Supp. III, § 1151 (f).

Vermouth manufactured with fortified sweet wine on bonded premises.

essences, used in the manufacture of vermouth, whether or not such essences are produced on the bonded winery premises, are not added to the fortified sweet wine used in the manufacture thereof or to such vermouth during or after its manufacture. Such vermouth may be manufactured on bonded winery premises, but only in a separate department thereof having no interior communication with any other department or part of such premises, under such supervision and in accordance with such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe."

Operations restricted.

49 Stat. 1957.
26 U. S. C., Supp. III, § 1310 (d).
Provisions applicable to natural wine extended.

49 Stat. 1957.
26 U. S. C., Supp. III, §§ 1301 (a), (b), (c), (d).

Fortification of wines, tax on brandies, etc., withdrawn for.

49 Stat. 1952.
26 U. S. C., Supp. III, § 1300 (a) (2).
Sparkling wines, etc., on bonded premises, tax when sold or removed.

49 Stat. 1958.
26 U. S. C., Supp. III, § 1301 (e).

Fortification of wines; limitation on use of certain brandies.

49 Stat. 1959.
26 U. S. C., Supp. III, § 1176.
Brandy distillers; certain exemptions extended.

49 Stat. 1959.
26 U. S. C., Supp. III, § 1304.
Use of wines as distilling material.

SEC. 8. (a) The last paragraph of section 610 of the Revenue Act of 1918, as amended (U. S. C., 1934 edition, Supp. III, title 26, sec. 1310 (d)), is amended by inserting after the words "apricot wines" a comma and the following: "prune wines, plum wines, pear wines"; and by striking out "or (6)" and inserting in lieu thereof the following: "(6) prunes, (7) plums, (8) pears, (9)".

(b) Section 612 of the Revenue Act of 1918, as amended (U. S. C., 1934 edition, Supp. III, title 26, sec. 1301 (a), (b), (c), and (d)), is amended by inserting after the words "apricot wines", wherever they appear, a comma and the following: "prune wines, plum wines, pear wines"; and by inserting after the words "apricot brandy", wherever they appear, a comma and the following: "prune brandy, plum brandy, pear brandy".

(c) Section 613 of the Revenue Act of 1918, as amended (U. S. C., 1934 edition, Supp. III, title 26, sec. 1300 (a) (2)), is amended by inserting after the words "apricot wine", wherever they appear, a comma and the following: "prune wine, plum wine, pear wine"; and by inserting after the words "apricot brandy", wherever they appear, a comma and the following: "prune brandy, plum brandy, pear brandy".

(d) The last paragraph of section 42 of the Act entitled "An Act to reduce the revenue and equalize duties on imports, and for other purposes", approved October 1, 1890, as amended (U. S. C., 1934 edition, Supp. III, title 26, sec. 1301 (e)), is amended by inserting after the words "apricot brandy", where they first appear in such paragraph, a comma and the following: "prune brandy, plum brandy, pear brandy"; by inserting after the words "apricot wines" a comma and the following: "prune wines, plum wines, pear wines"; and by striking out "and (5)" and inserting in lieu thereof the following: "(5) no brandy other than prune brandy may be used in the fortification of prune wine and prune brandy may not be used for the fortification of any wine other than prune wine, (6) no brandy other than pear brandy may be used in the fortification of pear wine and pear brandy may not be used for the fortification of any wine other than pear wine, and (7) no brandy other than plum brandy may be used in the fortification of plum wine and plum brandy may not be used for the fortification of any wine other than plum wine and (8)".

(e) The first proviso of section 3255 of the Revised Statutes, as amended (U. S. C., 1934 edition, Supp. III, title 26, sec. 1176), is amended by inserting after the words "apricot wine", wherever they appear, a comma and the following: "prune wine, plum wine, pear wine"; and by inserting after the words "apricot brandy" a comma and the following: "prune brandy, plum brandy, pear brandy".

(f) Section 618 (b) of the Revenue Act of 1918, as amended (U. S. C., 1934 edition, Supp. III, sec. 1304), is amended by inserting after the words "apricot wines" a comma and the following: "prune wines, plum wines, pear wines".

Approved, June 15, 1938.