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**MINIMUM WAGE ACT AMENDMENT, DUAL TAXATION
OF DIVIDENDS, AMEND USURY LAWS, AND SUBSIDY
PAYMENTS FOR CERTAIN ADOPTED CHILDREN**

GOVERNMENT

Storage

HEARING

BEFORE THE

COMMITTEE ON

THE DISTRICT OF COLUMBIA

UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 10806 and S. 2262

TO AMEND THE DISTRICT OF COLUMBIA MINIMUM WAGE ACT SO AS TO ENABLE AIRLINE EMPLOYEES TO EXCHANGE DAYS AT REGULAR RATES OF COMPENSATION, AND FOR OTHER PURPOSES

H.R. 6186

TO AMEND THE DISTRICT OF COLUMBIA REVENUE ACT OF 1947 REGARDING TAXABILITY OF DIVIDENDS RECEIVED BY A CORPORATION FROM INSURANCE COMPANIES, BANKS, AND OTHER SAVINGS INSTITUTIONS

H.R. 6758 and S. 1243

TO AMEND CHAPTER 33 OF TITLE 28 OF THE DISTRICT OF COLUMBIA CODE, RELATING TO USURY, AND FOR OTHER PURPOSES

H.R. 11238 and S. 1986

TO AMEND THE ACT OF MARCH 16, 1926 (RELATING TO THE BOARD OF PUBLIC WELFARE IN THE DISTRICT OF COLUMBIA), TO PROVIDE FOR AN IMPROVED SYSTEM OF ADOPTION OF CHILDREN IN THE DISTRICT OF COLUMBIA, AND FOR OTHER PURPOSES

DECEMBER 12, 1973

Printed for the use of the
Committee on the District of Columbia

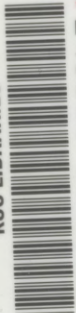


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MINIMUM WAGE ACT AMENDMENT, DUAL TAXATION OF DIVIDENDS, AMEND USURY LAWS, AND SUBSIDY PAYMENTS FOR CERTAIN ADOPTED CHILDREN

WEDNESDAY, DECEMBER 12, 1973

U.S. SENATE,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 6222, Dirksen Senate Office Building, Senator Thomas F. Eagleton (chairman) presiding.

Present: Senator Eagleton.

Staff present: Robert Harris, staff director; and Colbert I. King, minority staff director.

The CHAIRMAN. Good morning, ladies and gentlemen.

The Senate Committee on the District of Columbia will now proceed to hold hearings on the following pieces of legislation:

First, S. 2262 and H.R. 10806, which would amend the District of Columbia Minimum Wage Act to allow airline employees, in the same manner as railroad employees, to switch hours during a week without having their employer pay overtime if they work more than 40 hours in 1 week.

Second, H.R. 6186, which would end dual taxation of income earned by insurance and bank holding companies when the subsidiary pays a dividend to the parent company.

Third, S. 1243 and H.R. 6758 would amend the usury laws of the District of Columbia to allow the Capital Yacht Club to borrow money to build a new building, and to allow the City Council in the future to amend all usury laws. Such a provision is in keeping with home rule.

The final bills, S. 1986 and H.R. 11238, would authorize the Commissioner of the District of Columbia to make adoption subsidy payments on behalf of children with special needs where such children otherwise, in all likelihood, would not be adopted.

I now place in the record copies of the aforementioned bills.

[The bills referred to follow:]

93^d CONGRESS
1st SESSION

S. 2262

IN THE SENATE OF THE UNITED STATES

JULY 26, 1973

Mr. PROXMIRE introduced the following bill; which was read twice and referred to the Committee on the District of Columbia

A BILL

To amend the District of Columbia Minimum Wage Act so as to enable airline employees to exchange days at regular rates of compensation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That paragraph (2) of section 4(b) of the District of
4 Columbia Minimum Wage Act (D.C. Code, sec. 36-404
5 (b)) is amended by inserting, after the word "railroad", the
6 words "or by a carrier by air".

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93D CONGRESS
1ST SESSION

H. R. 10806

IN THE SENATE OF THE UNITED STATES

NOVEMBER 27, 1973

Read twice and referred to the Committee on the District of Columbia

AN ACT

To amend the District of Columbia Minimum Wage Act so as to enable airline employees to exchange days at regular rates of compensation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 4 (b) of the District of Columbia Minimum
4 Wage Act (D.C. Code, sec. 36-404 (b)) is amended by:

5 (1) striking the word "or" following the semicolon
6 in subparagraph (4) ;

7 (2) striking the period at the end of subparagraph
8 (5) and inserting in lieu thereof " ; or" ;

9 (3) inserting after subparagraph (5) the following
10 new subparagraph :

II

1 “(6) any employee employed by a carrier by air
2 who voluntarily exchanges workdays with another em-
3 ployee for the primary purpose of utilizing air travel
4 benefits available to such employees.”.

Passed the House of Representatives November 26, 1973.

Attest:

W. PAT JENNINGS,

Clerk.

93^D CONGRESS
1ST SESSION

H. R. 6186

IN THE SENATE OF THE UNITED STATES

NOVEMBER 27, 1973

Read twice and referred to the Committee on the District of Columbia

AN ACT

To amend the District of Columbia Revenue Act of 1947 regarding taxability of dividends received by a corporation from insurance companies, banks, and other savings institutions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the first proviso of section 1 of title X of the Dis-
4 trict of Columbia Revenue Act of 1947 (D.C. Code, sec.
5 47-1580) is amended to read as follows: “: *Provided,*
6 *however,* That, in the case of any corporation, the amount
7 received as dividends from a corporation which is subject
8 to taxation under this article or under title II of the Act
9 entitled “An Act to provide additional revenue for the Dis-
10 trict of Columbia, and for other purposes”, approved

II

1 August 17, 1937 (D.C. Code, secs. 47-1801—1808), and,
2 in the case of a corporation not engaged in carrying on any
3 trade or business within the District, interest received by it
4 from a corporation which is subject to taxation under this
5 article or under such title II of such Act shall not be con-
6 sidered as income from sources within the District for pur-
7 poses of this article; and in the case of any corporation organized
8 as a bank holding company under the provisions of the Bank
9 Holding Company Act of 1956 and the Bank Holding Com-
10 pany Act Amendments of 1970, the amount received as
11 dividends from a corporation which is subject to taxation
12 under this article or under the provisions of paragraph (5)
13 or paragraph (7) of section 6 of the Act entitled "An Act
14 making appropriations to provide for the expenses of the
15 government of the District of Columbia for the fiscal year
16 ending June thirtieth, nineteen hundred and three, and for
17 other purposes", approved July 1, 1902 (D.C. Code, secs.
18 47-1701 and 47-1703), and in the case of any such bank
19 holding company not engaged in carrying on any trade or
20 business within the District, interest received by it from a
21 corporation which is subject to taxation under such para-
22 graphs, shall not be considered as income from sources within
23 the District for purposes of this article."

1 SEC. 2. The amendment made by the first section of
2 this Act shall apply with respect to all taxable years ending
3 after December 31, 1973.

Passed the House of Representatives November 26, 1973.

Attest:

W. PAT JENNINGS,

Clerk.

93^D CONGRESS
1ST SESSION

S. 1243

IN THE SENATE OF THE UNITED STATES

MARCH 15, 1973

Mr. MATHIAS introduced the following bill; which was read twice and referred to the Committee on the District of Columbia

A BILL

To permit the Capital Yacht Club of the District of Columbia to borrow money without regard to the usury laws of the District of Columbia.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Capital Yacht Club, a District of Columbia non-
4 profit corporation, shall have and is hereby given all of
5 those powers conferred upon nonprofit corporations by sec-
6 tion 5 of the District of Columbia Non-Profit Corporation
7 Act (section 29-1005 of the District of Columbia Code)
8 and, in addition, shall have the power to borrow money

1 at such rates of interest as the corporation may determine,
2 without regard to the restrictions of any usury law, and
3 shall not plead any statute against usury in any action.

93^d CONGRESS
1ST SESSION

H. R. 6758

IN THE SENATE OF THE UNITED STATES

NOVEMBER 27, 1973

Read twice and referred to the Committee on the District of Columbia

AN ACT

To amend chapter 33 of title 28 of the District of Columbia Code, relating to usury, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) chapter 33 of title 28 of the District of Columbia
4 Code (relating to interest and usury) is amended by adding
5 at the end thereof the following:

6 **“§ 28-3309. District of Columbia Council authorized to**
7 **exempt certain loans, and to change rates of**
8 **interest**

9 “The District of Columbia Council is authorized from
10 time to time to provide by regulation for (1) the exemption
11 from the provisions of this chapter of any loan or financial

II

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1 transaction, and (2) the change of any interest rate specified
2 in this chapter. The Council is further authorized to amend
3 or repeal any such regulation at any time, but no such amend-
4 ment or repeal relating to any exemption made under author-
5 ity of this section shall affect any such loan or financial
6 transaction lawfully made or entered into while such exemp-
7 tion is in effect.”

8 (b) The chapter analysis for chapter 33 of title 28 of
9 the District of Columbia Code is amended by adding at the
10 end thereof the following item :

“28-3309. District of Columbia Council authorized to exempt certain loans,
and to change rates of interest.”

11 SEC. 2. The Capital Yacht Club, a District of Colum-
12 bia nonprofit corporation, shall have the power to borrow
13 money at such rates of interest as the corporation may deter-
14 mine, without regard to the restrictions of any usury law,
15 and shall not plead any statute against usury in any action.

Passed the House of Representatives November 26, 1973.

Attest:

W. PAT JENNINGS,

Clerk.

93^D CONGRESS
1ST SESSION

S. 1986

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1973

Mr. BAYH introduced the following bill; which was read twice and referred to the Committee on the District of Columbia

A BILL

To amend the Act of March 16, 1926 (relating to the Board of Public Welfare in the District of Columbia), to provide for an improved system of adoption of children in the District of Columbia, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) sections 11 and 12 of the Act entitled "An Act to
4 establish a Board of Public Welfare in and for the District of
5 Columbia, to determine its functions, and for other purposes",
6 approved March 16, 1926 (D.C. Code, secs. 3-114 and
7 3-115), are each amended to read as follows:

8 "SEC. 11. The Commissioner of the District of Columbia

II—O.

1 (hereinafter referred to as the 'Commissioner') is authorized
2 to—

3 “(1) make temporary provision for the care of chil-
4 dren pending investigation of their status;

5 “(2) have the care and legal guardianship, includ-
6 ing the power to consent to or arrange for adoption in
7 appropriate cases, of—

8 “(A) children who may be committed by courts
9 of competent jurisdiction; and

10 “(B) children who are relinquished by their
11 parents to the Commissioner or whose relinquish-
12 ment is transferred to the Commissioner by a licensed
13 child-placing agency under section 6 of the Act en-
14 titled 'An Act to regulate the placing of children
15 in family homes, and for other purposes', approved
16 April 22, 1944 (D.C. Code, sec. 32-786); and

17 “(3) make such provision for the care and mainte-
18 nance of such children in private homes, under contract
19 including adoption subsidy pursuant to section 12 of this
20 Act (D.C. Code, sec. 3-115), or in public or private
21 institutions, as the welfare of such children may require;
22 and

23 “(4) provide care and maintenance for substantially
24 retarded children who may be received upon application
25 or upon court commitment, in institutions or homes or

1 other facilities equipped to receive them, within or with-
2 out the District of Columbia.

3 The Commissioner shall cause the wards of the District of
4 Columbia placed out under temporary care to be visited
5 as often as may be required to safeguard their welfare and
6 when children are placed in family homes or private insti-
7 tutions, so far as practicable such homes or private institu-
8 tions, shall be in control of persons of like faith with the
9 parents of such children, and whenever the Commissioner
10 shall for any reason place a child with any organization,
11 institution, or individual other than of the same faith as that
12 of the parents of that child, the Commissioner shall set forth
13 the reasons for such action in the records of the case.

14 "SEC. 12. (a) The Commissioner shall have the power
15 to conclude arrangements with persons or institutions at
16 such rates as may be agreed upon.

17 "(b) (1) The Commissioner shall make adoption sub-
18 sidy payments as needed on behalf of a child with special
19 needs, where such child would in all likelihood go without
20 adoption except for the acceptance of the child as a member
21 of the adoptive family, and where the adoptive family has
22 the capability of providing the permanent family relation-
23 ships needed by such child in all areas except financial, as
24 determined by the Commissioner.

25 "(2) For the purposes of this subsection—

1 “(A) The term ‘child with special needs’ includes
2 any child who is difficult to place in adoption because of
3 age, race, or ethnic background, physical or mental con-
4 dition, or membership in a sibling group which should
5 be placed together. A child for whom an adoptive place-
6 ment has not been made within six months after he is
7 available for adoptive placement shall be considered a
8 child with special needs within the meaning of this
9 section.

10 “(B) The term ‘adoptive family’ includes single
11 persons able to meet the emotional needs of prospective
12 adoptees.

13 No subsidy shall be paid under this section unless a tenta-
14 tive adoption subsidy agreement shall have been entered into
15 prior to the completion of the child’s legal adoption.

16 “(c) Any person, public agency or licensed child-
17 placing agency having a child with special needs in foster
18 care or institutional care may recommend to the Commis-
19 sioner a subsidy for the adoption of such child, and may
20 include in the recommendation advice as to the appropriate
21 level of payments and any other information likely to assist
22 the Commissioner in carrying out the provisions of this sec-
23 tion. The Commissioner shall make the determination as
24 to whether or not an appropriate adoptive home exists for
25 the child, but in so doing the Commissioner shall refer to

1 the recommendations of the referring agency. If the Com-
2 missioner concludes that the child referred is a child with
3 special needs within the meaning of this section, and that
4 an appropriate adoptive home exists for the child, the Com-
5 missioner is authorized to enter into a tentative adoption
6 subsidy agreement with the prospective adoptive family and
7 to accept a transfer of relinquishment of parental rights from
8 the referring agency pursuant to section 6 of the Act en-
9 titled 'An Act to regulate the placing of children in family
10 homes, and for other purposes', approved April 22, 1944
11 (D.C. Code, sec. 32-786).

12 " (d) If a child in the custody of the Commissioner or
13 a licensed child-placing agency has been in foster care or
14 institutional care for at least six months after the child is
15 considered legally free for adoptive placement, the Com-
16 missioner or agency shall inform the family providing care
17 of the possibility of financial aid for adoption under this
18 section. If the family caring for the prospective adoptee ap-
19 plies to the Commissioner for adoption of the child, and if
20 it appears to the Commissioner after study that the family
21 would be an appropriate adoptive family for the child but
22 for the family's economic inability to meet the child's needs,
23 the Commissioner shall enter into a tentative agreement with
24 the family concerning the amount and duration of a proposed
25 subsidy in the event the child is placed for adoption with

1 that family. Thereafter the Commissioner may accept a trans-
2 fer of relinquishment of parental rights from the referring
3 agency in appropriate cases, and shall in all cases take all
4 steps necessary to assist the family in completing the legal
5 and procedural requirements necessary to effectuate the
6 adoption.

7 “(e) The amount and duration of adoption subsidy
8 payments may vary according to the special needs of the
9 child, and may include maintenance costs, medical, dental,
10 and surgical expenses, psychiatric and psychological ex-
11 penses, and other costs necessary for his care and well-being,
12 A subsidy may be paid on a long-term basis, to help a family
13 whose income is limited and is likely to remain so, on a
14 time-limited basis, to help a family meet the cost of inte-
15 grating a child into the family over a specified period of
16 time, or on a special services basis, to help a family meet
17 a specific anticipated expense or expenses when no other
18 resource appears to be available. The Commissioner shall
19 continue responsibility for adoption subsidy payments in
20 the event that the adoptive family moves to another juris-
21 diction: *Provided*, That the family continues to meet the con-
22 ditions of the adoption subsidy agreement. Eligibility for
23 payments shall continue until the child reaches eighteen.

24 “(f) The Commissioner is authorized to make pay-
25 ments under this section from appropriations for the care

1 of children in foster homes and institutions, and to seek and
2 accept funds from other sources including Federal, private,
3 and other public funding sources, to carry out the purposes
4 of this section. The amount expended by the Commissioner
5 for any subsidy may not exceed the highest amount the
6 Commissioner would be authorized to spend in providing
7 or securing support and special services for the child if
8 the child were in the legal custody of the Commissioner.

9 “(g) The Commissioner may periodically review the
10 need for continuing each family’s subsidy, not more often than
11 once a year. At the time of such review and at other times
12 during the year when changed conditions, including varia-
13 tions in medical opinions, prognosis, and costs are deemed by
14 the Commissioner to warrant such action, appropriate adjust-
15 ments in payments shall be made based upon changes in the
16 needs of the child. Any parent who is a party to a subsidy
17 agreement may at any time in writing request, for reasons set
18 forth in the request, a review of the amount of any payment
19 or the level of continuing payments. Such review shall be
20 begun not later than thirty days from the receipt of the re-
21 quest. Any adjustment may be made retroactive to the date
22 the request was received by the Commissioner. If the request
23 is not acted on within thirty days after it has been received
24 by the Commissioner, or if the Commissioner modifies or
25 terminates an agreement without the concurrence of all

1 parties, any party to the agreement shall be entitled to a
2 hearing under the applicable provisions of the District of
3 Columbia Administrative Procedures Act (D.C. Code, secs.
4 1-1501—1-1510).

5 “(h) The Commissioner shall keep such records as are
6 necessary to evaluate the effectiveness of adoption subsidy
7 as a means of encouraging and promoting the adoption of
8 children with special needs. The Commissioner shall make
9 an annual progress report which shall be open to public in-
10 spection. The report shall include, but not be limited to—

11 “(1) the number of children placed in adoptive
12 homes under subsidy agreements during the year pre-
13 ceding the annual report and the major characteristics
14 of the children placed; and

15 “(2) the number of children currently in foster
16 care with the Commissioner for six months or more,
17 and the legal status of those children.

18 The Commissioner shall disseminate information to prospec-
19 tive adoptive families as to the availability of adoptable
20 children and of the existence of aid to adoptive families
21 under this section.

22 “(i) All rules and regulations adopted by the Com-
23 missioner pursuant to this section shall be published in
24 the District of Columbia Register as required by section 6

1 of the District of Columbia Administrative Procedures Act
2 (D.C. Code, sec. 1-1505).”

3 (b) Section 14 of such Act (D.C. Code, sec. 3-117) is
4 amended to read as follows:

5 “SEC. 14. The Commissioner shall have full power to—

6 “(1) accept for care, custody, and guardianship
7 dependent or neglected children whose custody or paren-
8 tal control has been transferred to the Commissioner, and
9 to provide for the care and support of such children
10 during their minority or during the term of their commit-
11 ment, including the initiation of adoption proceedings
12 and the provision of subsidy in appropriate cases under
13 section 12 of this Act (D.C. Code, sec. 3-115);

14 “(2) with respect to all children accepted by him
15 for care, place them in private families either without
16 expense or with reimbursement for the cost of care, or
17 in appropriate cases to place them in private families
18 under an adoption subsidy agreement concluded under
19 section 12 of this Act (D.C. Code, sec. 3-115) or to
20 place them in institutions willing to receive them either
21 without expense or with reimbursement for the cost
22 of care; and

23 “(3) consent to arrange for or initiate court pro-
24 ceedings for the adoption of all children committed to

1 the care of the Commissioner whose parents have been
2 permanently deprived of custody by court order, or
3 whose parents have relinquished a child to the Commis-
4 sioner or to a licensed child-placing agency which has
5 transferred the relinquishment to the Commissioner
6 under section 6 of the Act entitled 'An Act to regulate
7 the placing of children in family homes, and for other
8 purposes', approved April 22, 1944 (D.C. Code, sec.
9 32-786)."

10 SEC. 2. (a) Section 307 (b) (1) (D) of title 16 of the
11 District of Columbia Code is amended by inserting immedi-
12 ately after "should have knowledge" the following: ", in-
13 cluding the existence and terms of a tentative adoption
14 subsidy agreement entered into prior to the filing of the
15 adoption petition under section 12 of the Act of March 16,
16 1926 (D.C. Code, sec. 3-115)".

17 (b) Section 309 (b) of title 16 of the District of Colum-
18 bia Code is amended by adding at the end thereof the
19 following new sentence: "In determining whether the peti-
20 tioner will be able to give the prospective adoptee a proper
21 home and education, the court shall give due consideration
22 to any assurance by the Commissioner that he will provide
23 or contribute funds for the necessary maintenance or medical
24 care of the prospective adoptee under an adoption subsidy
25 agreement under section 12 of the Act of March 16, 1926
26 (D.C. Code, sec. 3-115)."

93^D CONGRESS
1ST SESSION

H. R. 11238

IN THE SENATE OF THE UNITED STATES

NOVEMBER 27, 1973

Read twice and referred to the Committee on the District of Columbia

AN ACT

To amend the Act of March 16, 1926 (relating to the Board of Public Welfare in the District of Columbia), to provide for an improved system of adoption of children in the District of Columbia, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) (1) section 11 of the Act entitled "An Act to
4 establish a Board of Public Welfare in and for the District of
5 Columbia, to determine its functions, and for other purposes",
6 approved March 16, 1926 (D.C. Code, sec. 3-114), is
7 amended to read as follows:

8 "SEC. 11. The Commissioner of the District of Columbia
9 (hereinafter referred to as the 'Commissioner') may—

II

1 “(1) make temporary provision for the care of chil-
2 dren pending investigation of their status;

3 “(2) have the care and legal guardianship, includ-
4 ing the power to consent to or arrange for adoption in
5 appropriate cases, of—

6 “(A) children who may be committed to the
7 Commissioner as wards of the District of Columbia
8 by courts of competent jurisdiction; and

9 “(B) children who are relinquished by their
10 parents to the Commissioner or whose relinquish-
11 ment is transferred to the Commissioner by a licensed
12 child-placing agency under section 6 of the Act en-
13 titled ‘An Act to regulate the placing of children
14 in family homes, and for other purposes’, approved
15 April 22, 1944 (D.C. Code, sec. 32-786); and

16 “(3) make such provision for the care and mainte-
17 nance of such children in private homes, under contract,
18 including adoption subsidy pursuant to section 3 of the
19 Act of July 26, 1892 (D.C. Code, sec. 3-115), or in
20 public or private institutions, as the welfare of such chil-
21 dren may require; and

22 “(4) provide care and maintenance for substan-
23 tially retarded children who may be received upon appli-
24 cation or upon court commitment, in institutions or homes

1 or other facilities equipped to receive them, within or
2 without the District of Columbia.

3 The Commissioner shall cause the wards of the District of
4 Columbia placed out under temporary care to be visited as
5 often as may be required to safeguard their welfare.

6 (2) Section 3 of the Act of July 26, 1892 (D.C. Code,
7 sec. 3-115), is amended to read as follows:

8 "SEC. 3. (a) Except as provided in subsection (f), the
9 the Commissioner may conclude arrangements with persons
10 or institutions at such rates as may be agreed upon.

11 "(b) (1) The Commissioner may make adoption sub-
12 sidy payments to an adoptive family (irrespective of the
13 State of residence of the family), as needed, on behalf of a
14 child with special needs, where such child would in all like-
15 lihood go without adoption except for the acceptance of the
16 child as a member of the adoptive family, and where the
17 adoptive family has the capability of providing the perma-
18 nent family relationships needed by such child in all areas
19 except financial, as determined by the Commissioner. Subsidy
20 payments may be made under this section only pursuant to
21 a subsidy payment agreement entered into by the Commis-
22 sioner and the adoptive parents concerned prior to comple-
23 tion of the adoptive process, but subsidy payments may be
24 made before such adoption becomes final.

1 “(2) For the purposes of this subsection—

2 “(A) The term ‘child with special needs’ includes
3 any child who is difficult to place in adoption because of
4 age, race, or ethnic background, physical or mental con-
5 dition, or membership in a sibling group which should
6 be placed together. A child for whom an adoptive place-
7 ment has not been made within six months after he is
8 legally available for adoptive placement shall be con-
9 sidered a child with special needs within the meaning
10 of this section.

11 “(B) The term ‘adoptive family’ includes single
12 persons.

13 “(c) Any public agency or licensed child-placing
14 agency, having a child with special needs in foster care or
15 institutional care, or any foster parent having such a child in
16 his home may recommend to the Commissioner a subsidy
17 for the adoption of such child, and may include in the
18 recommendation advice as to the appropriate level of pay-
19 ments and any other information likely to assist the
20 Commissioner in carrying out the provisions of this section.
21 The Commissioner shall make the determination as to
22 whether or not an appropriate adoptive home exists for
23 the child, but in so doing the Commissioner shall refer to
24 the recommendations of the referring agency. If the Com-
25 missioner concludes that the child referred is a child with

1 special needs within the meaning of this section, and that
2 an appropriate adoptive home exists for the child, the Com-
3 missioner is authorized to enter into a tentative adoption
4 subsidy agreement with the prospective adoptive family, and
5 upon entering into such an agreement, the Commissioner
6 may accept a transfer of relinquishment of parental rights
7 from the referring agency pursuant to section 6 of the Act
8 entitled 'An Act to regulate the placing of children in
9 family homes, and for other purposes', approved April 22,
10 1944 (D.C. Code, sec. 32-786).

11 “(d) If a child in the custody of the Commissioner or
12 a licensed child-placing agency has been in foster care or
13 institutional care for at least six months after the child is
14 considered legally available for adoptive placement, the Com-
15 missioner or agency shall inform the family or institution
16 providing care of the possibility of financial aid for adoption
17 under this section. If the family caring for the prospective
18 adoptee applies to the Commissioner for adoption of the child,
19 and if it appears to the Commissioner after study that the
20 family would be an appropriate adoptive family for the child
21 but for the family's economic inability to meet the child's
22 needs, the Commissioner shall enter into a tentative agree-
23 ment with the family concerning the amount and duration
24 of a proposed subsidy in the event the child is placed for
25 adoption with that family. Thereafter the Commissioner may

1 accept a transfer of relinquishment of parental rights from
2 the referring agency in appropriate cases. The Commissioner
3 shall in all cases take all steps necessary to assist the family
4 in completing the legal and procedural requirements neces-
5 sary to effectuate the adoption, including payment for legal
6 fees and court costs.

7 “(e) The amount and duration of adoption subsidy pay-
8 ments may vary according to the special needs of the child,
9 and may include maintenance costs, medical, dental, and
10 surgical expenses, psychiatric and psychological expenses,
11 and other costs necessary for his care and well-being. A
12 subsidy may be paid on a long-term basis to help a family
13 whose income is limited and is likely to remain so; on a time-
14 limited basis to help a family meet the cost of integrating a
15 child into the family over a specified period of time; or on a
16 special services basis to help a family meet a specific antici-
17 pated expense or expenses when no other resource appears to
18 be available. Eligibility for payments shall continue until the
19 child reaches eighteen years of age.

20 “(f) The Commissioner is authorized to make pay-
21 ments under this section from appropriations for the care
22 of children in foster homes and institutions, and to seek and
23 accept funds from other sources including Federal, private,
24 and other public funding sources, to carry out the purposes
25 of this section. The amount expended by the Commissioner

1 for any subsidy may not exceed the highest amount the
2 Commissioner would be authorized to spend in providing
3 or securing support and special services for the child if
4 the child were in the legal custody of the Commissioner.
5 There are authorized to be appropriated such sums as are
6 necessary to carry out the purposes of this section.

7 “(g) No adoption subsidy payment shall be made on
8 behalf of any child with respect to whom an adoption decree
9 has been entered by the Superior Court of the District of
10 Columbia, pursuant to chapter 3 of title 16 of the District
11 of Columbia Code, prior to the effective date of this section.

12 “(h) Once during each calendar year the Commissioner
13 shall review the need for continuing each family's subsidy.
14 At the time of such review and at other times during the
15 year when changed conditions, including variations in medi-
16 cal opinions, prognosis, and costs are deemed by the Com-
17 missioner to warrant such action, appropriate adjustments
18 in payments shall be made based upon changes in the needs
19 of the child. Any parent who is a party to a subsidy agree-
20 ment may at any time in writing request, for reasons set
21 forth in the request, a review of the amount of any payment
22 or the level of continuing payments. Such review shall be
23 begun not later than thirty days from the receipt of the re-
24 quest. Any adjustment may be made retroactive to the date
25 the request was received by the Commissioner. If the request

1 is not acted on within thirty days after it has been received
2 by the Commissioner, or if the Commissioner modifies or
3 terminates an agreement without the concurrence of all
4 parties, any party to the agreement shall be entitled to a
5 hearing under the applicable provisions of the District of
6 Columbia Administrative Procedure Act (D.C. Code, secs.
7 1-1501—1-1510).

8 “(i) The Commissioner shall keep such records as are
9 necessary to evaluate the effectiveness of adoption subsidy
10 as a means of encouraging and promoting the adoption of
11 children with special needs. The Commissioner shall make
12 an annual progress report which shall be open to public in-
13 spection. The report shall include, but not be limited to—

14 “(1) the number of children placed in adoptive
15 homes under subsidy agreements during the year pre-
16 ceding the annual report and the major characteristics
17 of the children placed; and

18 “(2) the number of children currently in foster
19 care with the Commissioner for six months or more,
20 and the legal status of those children.

21 The Commissioner shall disseminate information to prospec-
22 tive adoptive families as to the availability of adoptable
23 children and of the existence of aid to families who qualify
24 for a subsidy under this section.

25 “(j) All rules and regulations adopted by the Com-

1 missioner pursuant to this Act shall be published in the
2 District of Columbia Register as required by section 6 of
3 the District of Columbia Administrative Procedure Act
4 (D.C. Code, sec. 1-1505).”.

5 (b) Section 5 of the Act of July 26, 1892 (D.C. Code,
6 sec. 3-117), is amended to read as follows:

7 “SEC. 5. The Commissioner may—

8 “(1) accept for care, custody, and guardianship
9 dependent or neglected children whose custody or paren-
10 tal control has been transferred to the Commissioner,
11 and to provide for the care and support of such children
12 during their minority or during the term of their com-
13 mitment, including the initiation of adoption proceed-
14 ings and the provision of subsidy in appropriate cases
15 under section 3 of this Act (D.C. Code, sec. 3-115);

16 “(2) with respect to all children accepted by him
17 for care, place them in private families either without
18 expense or with reimbursement for the cost of care, or
19 in appropriate cases to place them in private families
20 under an adoption subsidy agreement concluded under
21 section 3 of this Act (D.C. Code, sec. 3-115) or to
22 place them in institutions willing to receive them either
23 without expense or with reimbursement for the cost of
24 care; and

25 “(3) consent to, arrange for or initiate court pro-

1 ceedings for the adoption of all children committed to
2 the care of the Commissioner whose parents have been
3 permanently deprived of custody by court order, or whose
4 parents have relinquished a child to the Commissioner
5 or to a licensed child-placing agency which has trans-
6 ferred the relinquishment to the Commissioner under
7 section 6 of the Act entitled 'An Act to regulate the
8 placing of children in family homes, and for other pur-
9 poses', approved April 22, 1944 (D.C. Code, sec.
10 32-786).".

11 SEC. 2. (a) Section 307 (b) (1) (D) of title 16 of the
12 District of Columbia Code is amended by inserting immedi-
13 ately after "should have knowledge" the following: ", in-
14 cluding the existence and terms of a tentative adoption sub-
15 sidy agreement entered into prior to the filing of the adoption
16 petition under section 3 of the Act of July 26, 1892 (D.C.
17 Code, sec. 3-115)".

18 (b) Section 309 (b) of title 16 of the District of Colum-
19 bia Code is amended by adding at the end thereof the follow-
20 ing new sentence: "In determining whether the petitioner
21 will be able to give the prospective adoptee a proper home
22 and education, the court shall give due consideration to any
23 assurance by the Commissioner that he will provide or con-
24 tribute funds for the necessary maintenance or medical care
25 of the prospective adoptee under an adoption subsidy agree-

1 ment under section 3 of the Act of July 26, 1892 (D.C. Code,
2 sec. 3-115).”.

3 SEC. 3. The amendments made by this Act shall take
4 effect at the end of the ninety-day period beginning on the
5 date of enactment of this Act.

Passed the House of Representatives November 26, 1973.

Attest:

W. PAT JENNINGS,

Clerk.

The CHAIRMAN. So we will begin with S. 2262 and H.R. 10806, and our first witness is Mr. David A. Sweeney, director, department of legislation and political education, International Brotherhood of Teamsters.

Mr. Sweeney, good morning, we welcome you, and you may proceed at your pleasure.

STATEMENT OF DAVID A. SWEENEY, DIRECTOR, DEPARTMENT OF LEGISLATION AND POLITICAL EDUCATION, INTERNATIONAL BROTHERHOOD OF TEAMSTERS

Mr. SWEENEY. Mr. Chairman, I am David A. Sweeney, director, department of legislation and political education, International Brotherhood of Teamsters I appear here this morning in support of S. 2262 and its companion measure, which has already passed the House, H.R. 10806.

As you know, one of our local unions represents the Pan American employees in this area, and so we have a rather personal interest in this particular piece of legislation.

I have a brief two-page statement that I would like to read.

In the airline industry, a custom exists whereby employees sometimes find it advantageous to work more than 40 hours per week.

Usually, these employees work the additional hours for time off in lieu of pay in order that they can avail themselves of air travel at reduced rates—a fringe benefit which the airlines provide for their employees.

This practice is known as day trading. That is, an employee will trade the workload of a fellow worker for the purpose of accumulating these additional holidays.

However, in the District of Columbia, airline employees cannot take advantage of day trading because the District's minimum wage law requires that overtime be paid in money to those who work in excess of 40 hours per week. The District is unique in that its minimum wage law does not permit day trading.

As you know, the House of Representatives passed H.R. 10806, the day trading bill, on November 26, of this year. At that time, members of both the majority and minority endorsed the bill, and it passed by a voice vote.

Although we are generally opposed to exemptions from minimum wage laws, we supported this bill in the House and we are similarly supporting it before this committee. Our reason is this: The bill is in the best interests of the affected workers.

Mr. Chairman, it is our understanding that the day trading bill will, in all probability, continue to receive the support of each interest that would be affected by its provisions.

In light of this and the fact that the bill received unanimous support in the House of Representatives, we would urge its passage during this session of Congress.

Thank you very much for your consideration in this matter.

The CHAIRMAN. Thank you, Mr. Sweeney.

Just for my continuing education, what portion of the airline industry is organized by the Teamsters?

Mr. SWEENEY. In the Washington, D.C., area, where we have the office, the ramp service and oil and fuelers—the number I cannot tell you—but we have a considerable segment of the airline industry. We have a big membership.

The CHAIRMAN. Do you have a certain category of employees organized nationwide with all airlines?

Mr. SWEENEY. No, sir. We probably have been organizing in the airline field in the last 5 or 10 years.

Historically, the unions are TWU (Transport Workers), BRT (Brotherhood of Railway, Steamship, and Airline Clerks) and naturally the Machinists.

The CHAIRMAN. Do you have any organized units with TWA?

Mr. SWEENEY. None with TWA, sir.

The CHAIRMAN. Thank you, Mr. Sweeney.

Mr. SWEENEY. Thank you.

The CHAIRMAN. The next group of witnesses on these two bills will be representing the Pan American employees.

They are Mr. Joe G. Goddard, reservations and ticket office manager, Washington, D.C., Pan American.

Ms. Kathleen de Chiara, reservations clerk, Pan American.

Mr. Charles A. Post, shop steward of Teamsters at Pan American.

They are accompanied by Mr. Sturgis Warner, counsel for Pan American.

Would you be seated in the order I called your names for my convenience? Thank you.

You may proceed.

STATEMENTS OF PAN AMERICAN WORLD AIRWAYS EMPLOYEES, REPRESENTED BY JOE G. GODDARD, RESERVATIONS AND TICKET OFFICE MANAGER, WASHINGTON, D.C.; KATHLEEN DE CHIARA, RESERVATIONS CLERK; CHARLES A. POST, SHOP STEWARD OF TEAMSTERS AT PAN AMERICAN; ACCOMPANIED BY STURGIS WARNER, COUNSEL, PAN AMERICAN WORLD AIRWAYS

Mr. GODDARD. Thank you, Mr. Chairman.

Pan American employs over a hundred people in the District.

Since 1970, however, these District of Columbia employees have been unable to make use of so-called day-trading arrangements which are available to other Pan Am employees elsewhere in the United States.

Day-trading is a voluntary exchange of assigned workdays with other employees, to allow the employees to adjust their schedules so that they can take advantage of reduced price air travel on a space-available basis.

The District of Columbia Wage Act, at present, requires all employees working in the District of Columbia, with several specific exceptions, to be paid at overtime rates for work in excess of 40 hours a week.

Day-trading results in an employee working in excess of 40 hours in 1 week, but for an equivalently shorter period in another week. The District of Columbia law has been interpreted as requiring the payment of overtime over 40 hours during the longer week. Pan Am

cannot pay overtime wages which would accrue to day-trading employees under the law as it now stands.

After several unsuccessful efforts to work out an alternative to legislation, Pan Am concluded that a bill, such as H.R. 10806, is the only means by which our employees who work in the District of Columbia can enjoy the advantages of day-trading.

Enactment of this bill would permit our District of Columbia employees to join with their fellow employees elsewhere in using day-trade arrangements, and will, I believe, substantially increase the morale of those employed by Pan Am here.

Pan American World Airways fully supports enactment of H.R. 10806. This bill will be just as effective for this purpose as an earlier bill, S. 2262.

Although Pan Am is the largest single airline employer in the District of Columbia, the bill will benefit all airlines here.

Under the present law, the Minimum Wage Board has interpreted their duty as one to enforce the overtime provisions whenever it receives a complaint of a dissatisfied employee. All airlines in the District are subject to this liability.

Thank you.

[Subsequent to the hearing the following letter was received:]

REAVIS, POGUE, NEAL & ROSE

1100 CONNECTICUT AVENUE, N. W.

WASHINGTON, D. C. 20036

TEL. (202) 293-2030

CABLE - REPLAW

TELEX / DOMESTIC 89-2479

TELEX / INTERNATIONAL 64344

IN CLEVELAND:

JONES, DAY, COCKLEY & REAVIS

1750 UNION COMMERCE BUILDING 44115

(216) 696-3939

IN LOS ANGELES:

1801 CENTURY PARK EAST 90067

(213) 553-3939

704-aw

16-48-18A

December 14, 1973

Senator Thomas F. Eagleton, Chairman
Senate Committee on the District of
Columbia
6222 New Senate Office Building
Washington, D.C. 20510

Re: H.R. 10806; Amendment of the District
of Columbia Minimum Wage Act

Dear Senator Eagleton:

Thank you for your courtesies to all the witnesses for Pan American Airlines, during last Wednesday's hearings on HR 10806, the so-called Day-Trade bill.

I wish to expand briefly on the last point which Joe Goddard made in his testimony, relating to the scope of the impact of the present D.C. Minimum Wage Act on airline employees who work here in the District of Columbia, and who because of its present provisions are denied the opportunity to use the day-trade privilege available to their fellow employees elsewhere.

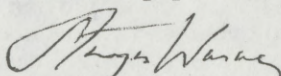
The D.C. Minimum Wage Act applies only to those persons who are working within the geographical limits of the District of Columbia; thus it not only has no application to workers at Dulles Airport, but likewise has no application to any of the employees who work at National Airport -- since that airport is on the other side of the Potomac River and is south of the District of Columbia line.

As far as airline employees are concerned the law applies only to those who work in the downtown airline offices, regardless of the airports from which their planes may take off and land. Pan American flies no planes into or out of National, but it has more than 100 employees who work in Washington and who are subject to the day-trade limitations.

As Mr. Goddard stated, the D.C. Minimum Wage Board has been taking the position it will not enforce the overtime penalties on day-trade unless it receives a complaint from a dissatisfied employee. The corollary of this is that the Board will enforce the overtime penalty whenever a dissatisfied employee does complain. Thus all airlines with offices in the District of Columbia are under the sword of Damocles as it were, and any of them at any time will be subject to back penalties if an employee does file a complaint with the D.C. Minimum Wage Board.

It is for that reason that other airlines have joined with Pan Am in urging enactment of a bill such as HR 10806; for example, see the letters in support of this legislation which were sent recently to you by R. W. Allen, Vice President of Delta Airlines, James P. Bass, Vice President American Airlines, and by Ronald McVickar, Vice President of Northwest Airlines. In addition, I invite your attention to the enclosed letter dated December 7, to Mr. Stuart Wooster, the Managing Director of Pan Am, from Mr. J.D'A. Meredith, Manager for BOAC for the eastern United States. I would appreciate it if you would insert Mr. Meredith's letter in the record of the hearing.

Sincerely yours,


Sturgis Warner

Enclosure

The CHAIRMAN. Thank you, Mr. Goddard.

Ms. de Chiara?

MS. DE CHIARA. Thank you for the opportunity to appear before this committee, on behalf of the District of Columbia employees of Pan American World Airways.

I am Kathleen de Chiara, and am employed as a reservations clerk at the Pan Am K Street office in the District.

I am a member of local 732 of the Teamsters, and also am one of the employee delegates to the Pan American Management Advisory Committee.

On behalf of the employees of Pan American in the District, I wish to state our strong support of H.R. 10806. For many years we who work downtown have been unable to day-trade, and thus unable to take full advantage of the low-cost fares made available to airline employees by Pan American and other airlines, because of the restrictive provisions of the present District of Columbia law.

Our fellow employees who work at Dulles can all day-trade without difficulty, under the laws applicable to them.

Our present inability to day-trade here in the District has a persistent adverse effect on our desire to work in the District of Columbia, and enactment of House bill 10806 would materially aid us and our morale as airline employees working in the city of Washington.

The present restriction in District of Columbia law affects over a hundred Pan Am employees alone. I have here a petition signed by 104 employees who are members of our local and are employed by Pan American, and who urge enactment of this bill, H.R. 10806.

I submit that petition, and ask that it be made a part of the record of this hearing.

The CHAIRMAN. It will be made a part of the record.

[The petition follows:]

October 24, 1973

Petition

The undersigned members of Local 732, International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers Union, employed by Pan American World Airways in the District of Columbia, support H.R. 10806 in amending the District of Columbia Minimum Wage Act to allow D.C. airline employees to exchange days of work for days of time off (day trade) at regular rates of compensation:

Name

Clark A. Post

Pamela Laudenslager

Reborah W. Strub

Gene W. Westphal

Annette Beck

Charlotte Weissman

Elsie A. Prosser

An Bail

Name

Karen Riquette

Loretta Johnson

Herald J. Brooks

Charlie Stanul

Carole L. Lavers

Jane 271

Jan Johnson

Nancy Schneck

Name

Jessie Parsons
M. Lallemant

Delores D. Duell

Mary Ferguson

Marianne Bedway

J. S. Whiteside

R. H. Calings

Lucas R. Tausid

Sam m. Jorg

3-2-2-2

George Hill

Kathleen de Chiara

Dominic D'Angelo

Name

Reginald Jones
Sophia Smith

Jane Margaret Jacobs

Elizabeth Welsbach

Miss

Romeo A. Oglesby

Judy Coppen

Norron London

Grace J. Kinner

Maria A. Simerson

Judy Throckmorton

Jean Phillips

Michelle Chase

Name

Name

Barbara B. Lancy

Gloria Joyce

Nancy A. Kite

Ann L. Reid

Kelly Roberts

Jennifer King

Mariusue Drum

Judson Holmes

Mary Lou Dell

Ellen B. Riley

CR Scales

Karen Kruse

Diane M. Dablin

Merrill E. Carmalt

Ellen Row

Ed Shobeta

Fred S. Hight

Linda Sevin

Marilyn Hayes

Helen J. Byrd

Thelma L. Schwartz

C. DeMeo

Richard Malcolm

Jane McCarthy

Muelle Peck

Vivian J. Paul

Name

Wesley Longmire
C. M. Anderson

W. H. H. H. H. H.

Robert M. Joseph Jr

Wesley H. H. H.

Kenneth F. Miller.

Henry J. Douglas

Carole H. H. H.

L. Schell

Margaret Morrison

L. E. Royal

John H. H. H.

Valli McManis

Name

Jude J. Coleman
Carrie Surratt

Babian Meyers

Anne J. Smith

G. H. H. H.

Kudry H. H.

Mary C. H. H.

Aida Eva Arnold

Sandra A. Anderson

Maxine H. H. H.

Urbt H. H.

Walter H. H.

Elvora S. Garrison

Susan Lewis
 Harry D. Richard
 Joyce McNally

James K. Gray Jr.
 Richard Palmer
 Angel Atkins
 John Nelson

~~King~~
 Reginald Carter
 Joan Cartidge

Ms. DE CHIARA. Thank you, Mr. Chairman, for affording me this opportunity to speak on behalf of this legislation for the members of local 732 of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers Union who are employed by Pan American in the District of Columbia.

The CHAIRMAN. Thank you, Ms. de Chiara.

Mr. Post?

Mr. Post. Thank you, Mr. Chairman.

My name is Charles A. Post, I am the shop steward for local 732 of the Teamsters, and an employee of Pan Am in the Washington, D.C. office.

The day-trade arrangement throughout Pan American is a matter of agreement between the Teamsters and Pan American and is set forth as appendix K to the current union contract.

I offer a copy of that appendix K with request that it be inserted in the record in these hearings.

The CHAIRMAN. It will be inserted.

[Appendix K follows:]

APPENDIX K
MEMORANDUM OF AGREEMENT

The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America and Pan American World Airways, Inc., hereby agree that the following shall be the procedure to be used governing the exchange of day(s) off and/or shift(s) by Clerical and Related Employees:

1. Approval of a request to exchange shall be solely at the Company's discretion based on, but not limited to, operating needs, employee skills, availability of employees and requirements of the job.
2. Except in an emergency, employees must submit their requests in writing to their immediate Supervisors on Form #9244-2077 at least three (3) days prior to the first day involved in the exchange.
3. Except as provided herein, approval shall not be unreasonably withheld.
4. Day(s) off exchange agreements may overlap but each transaction must be completed within a period not to exceed thirty (30) calendar days. In addition, an employee shall be allowed, with prior supervisory approval, to exchange shifts or hours with another employee (subject to paragraph one (1) above) the day prior to or after a period in which exchanged day(s) are liquidated. (See attached Example.) There shall be no claim to penalty and/or overtime payment under Article 12(e) and (f) as a result of such day(s) off and/or shift(s) exchanges.
5. An employee, when "paying back" day(s) involved in a day(s) exchange, shall not be permitted to work in excess of thirteen (13) consecutive days without at least one (1) scheduled day off.

6. An employee shall be permitted to be off as a result of day(s) exchanged consecutively, a maximum of five (5) work days during a calendar month. This five (5)-day period, in conjunction with his days off, could result in a maximum of nine (9) days which must be followed by a period of two (2) consecutive weeks in which he is available for work on his regularly scheduled shift.
7. Employees exchanging day(s) off and/or shift(s) are personally responsible for work on the day(s) and/or shift(s) exchanged and will be considered normally assigned for all purposes of the day(s) and/or shift(s) being worked as a result of the exchange.
8. An employee who fails to report or is tardy on a day(s) and/or shift(s) exchanged for any reason other than sickness shall be restricted from further day(s) off and/or shift(s) exchange for a minimum of three (3) months after completion of current obligations to other employees.
9. An employee not on medical restrictions (required to substantiate illness with a doctor's certificate) who fails to report on a day(s) off and/or shift(s) exchange for reasons furnished as personal illness shall, for subsequent illness on exchanged day(s) and/or shift(s), be required to submit medical certification. Failure to submit medical certification as required by this paragraph or a Letter of Reprimand as outlined in the Attendance Control Procedure, shall result in an automatic restriction of further day(s) and/or shift(s) exchanges for a minimum of three (3) months after completion of current obligations to other employees, and, where overall unacceptable attendance is a factor, further administrative action as appropriate.

10. An employee may not be permitted to exchange days off when his or her holiday is involved.
11. During calendar year 1973 employees may exchange a maximum of five (5) days in conjunction with each approved vacation period. Such exchange must be in accordance with all provisions of this Agreement. (See attached examples). An employee may also shift or hour swap at either or both ends of a vacation period whether or not a day swap is involved.
12. During calendar year 1974 and thereafter employees in conjunction with each approved vacation period may exchange, days off, shifts/ hours in any combination to a maximum of two (2). (See attached examples).
13. No overtime will be paid to employees involved in an exchange for work during the regular hours of the day(s) or shift(s) exchanged.
14. An employee who is off or working as a result of a day(s) and/or shift(s) exchange and who would have been proffered overtime on such day(s) and/or shift(s) will be considered available and will be charged with a refusal of overtime.
15. An employee who is working as a result of the exchange of day(s) and/or shift(s) will not be permitted to work overtime on the day of that exchange.
16. In jurisdictions in which the laws or regulations either preclude such exchanges as a result of hours restrictions or require the compensation of such day(s) and/or shift(s) at overtime rates, no requests submitted under this Memorandum shall be honored. This paragraph shall immediately apply in any jurisdic-

- tion which may hereafter impose such restrictions or require such payment.
17. Where state or local laws and/or regulations differentiate between male, female and/or minor employees as to hours of work and working conditions, such required differences in treatment shall be considered discrimination and employees shall not be permitted to exchange day(s) and/or shift(s).
 18. It is understood that the IBT will neither promote nor support any representative or individual grievances alleging violations of the Agreement which involve, in whole or in part, the practice of exchanging day(s) off and/or shift(s).
 19. It is further understood and agreed that nothing herein contained shall be considered as a General Benefit under the provisions of Article 33.

Signed at New York, N.Y. this 10th day of December 1972.

Executed by
INTERNATIONAL BROTHERHOOD OF TEAMSTERS,
CHAUFFEURS, WAREHOUSEMEN AND
HELPERS OF AMERICA

/s/ WILLIAM F. GENOESE

/s/ NICHOLAS GIRAFFA

Executed by
PAN AMERICAN WORLD AIRWAYS, INC.

/s/ GUSTAV D. REINFCKE

/s/ WILLIAM J. GIBBONS

/s/ A. J. FIANAGAN

/s/ WYATT F. FISHER

/s/ ROBERT G. ADAMS

/s/ WILLIAM P. KIMMINS

/s/ A. A. AVELLAR

Mr. Post. Appendix K sets forth the details of the day-trade arrangement, and then in paragraph 16 provides that day-trade will not be available to employees where local law either restricts day-trade or requires the payment of overtime for day-trade.

That provision is written in the agreement because of the restriction under the District of Columbia Minimum Wage Law, and it is that restriction which this bill, H.R. 10806, would specifically remove.

At the same time H.R. 10806 is very narrow in its application, and it does not attempt to broaden the exemption more than is necessary in accomplishing the purpose of permitting day-trading for District of Columbia airline employees.

I know that the members of local 732 are dissatisfied with the discrimination of the present District of Columbia Minimum Wage Act imposed on local airline employees, and I hope that the Senate committee and later the Senate will complete action on H.R. 10806 without undue delay.

The CHAIRMAN. Thank you, Mr. Post.

Mr. Warner, do you have anything you wish to add?

Mr. WARNER. No, sir; I think this covers our testimony.

The CHAIRMAN. I heard on the news the discontinuance of a substantial number of Pan American flights.

Is that operating out of Baltimore?

Mr. WARNER. Out of a number of cities. Mr. Goddard is in a better situation than I to answer that.

Mr. GODDARD. Out of Baltimore.

The CHAIRMAN. What service will continue out of Dulles?

Mr. GODDARD. We will continue to have service to Europe and Central America out of Dulles.

The CHAIRMAN. What do you fly out of National?

Mr. GODDARD. Nothing out of National.

The CHAIRMAN. There will be no Pan American service to Puerto Rico anymore?

Mr. GODDARD. Not out of this area, sir.

The CHAIRMAN. Why is it that Pan Am, and I guess it is BOAC, fly duplicative flights out of Dulles to London at almost the same hour? I have flown them twice, and one time there was only 30 passengers.

Mr. GODDARD. Sir, I really could not answer that question.

I would not know, as far as the service departure time is based on, when the best time for passengers to operate in. We both go on the same evening departure time, and same arrival time in London.

Mr. WARNER. If I may say so, Senator, I think there are a lot of adjustments being made in the schedules.

Petitions are being filed with the CAB by all of the airlines, and they are cutting back substantially as a result of this fuel shortage which is hitting all of the airlines.

This legislation here, which is of local application only, applies so that they can take advantage of the flying opportunities only on a space available basis, if there is an empty seat, it is available.

The CHAIRMAN. Thank you, Ms. de Chiara, and gentlemen.

That concludes the hearing on S. 2262 and H.R. 10806.

Mr. GODDARD. Thank you, Mr. Chairman.

The CHAIRMAN. I have received letters from several airlines in support of the aforementioned bills which I now place in the record.

[The letters follow:]

American Airlines

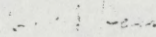
DEC 5 1973
December 5, 1973

Dear Senator Eagleton:

American Airlines favors enactment of H.R. 10806, a bill to amend the District of Columbia Minimum Wage Act so as to enable airline employees to exchange days at regular rates of compensation. Current law restricts the ability of our employees in the District to take advantage of generous travel benefits available to them, on a space-available basis, in the same way these benefits are enjoyed by all other American Airlines employees. We believe that these travel benefits are significant to the morale and performance of our employees and accordingly urge that the restriction imposed by the D.C. law be removed.

Thank you for your interest in this matter and for the opportunity to express the views of American Airlines in support of H.R. 10806.

Sincerely,


James P. Bass
Vice President

The Honorable Thomas F. Eagleton
Chairman
Senate Committee on the District of Columbia
6222 New Senate Office Building
Washington, D. C. 20510

BRITISH OVERSEAS AIRWAYS CORPORATION

British Airways

7 December 1973

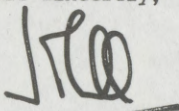
Mr. Stewart Wooster, Managing Director
Pan American World Airways
1800 K Street N.W.
Washington D.C. 20006

Dear Mr. Wooster:

We wish to advise you of our support of current efforts in connection with HR 10806, a Bill to amend the District of Columbia Minimum Wage Act to enable airline employees in the District of Columbia to exchange days at regular rates of compensation. We understand that this bill has passed the House of Representatives and is now pending in the Senate.

We share the view that an amendment to the Wage Act would be appropriate if it will more freely permit D.C. airline employees to "day-trade" on a space-available basis, as airline employees commonly do in other parts of the country.

Yours sincerely,



J.D.A. Meredith
Manager Eastern USA

DELTA AIR LINES, INC.
ATLANTA AIRPORT
ATLANTA, GEORGIA 30320

R. W. ALLEN
SENIOR VICE PRESIDENT
PERSONNEL

JA
December 4, 1973

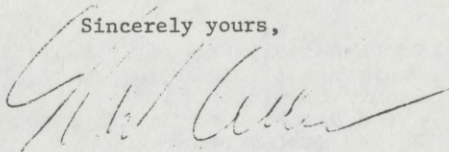
Senator Thomas F. Eagleton, Chairman
Senate Committee on the District of Columbia
6222 New Senate Office Building
Washington, D. C. 20510

Dear Senator Eagleton:

It has been brought to our attention that H.R. 10806, which is pending before your committee, would amend the District of Columbia Minimum Wage Act so as to enable airline employees in the District of Columbia to exchange days at regular rates of compensation. We believe that this bill will resolve ambiguities in the D.C. Wage Act and will enable D.C. airline employees to enjoy more fully day-trade benefits allowed to employees in other jurisdictions. We support the proposed bill and urge that favorable action be taken upon it as soon as possible.

Thank you.

Sincerely yours,



RWA:nb

NORTHWEST AIRLINES, INC.

1660 L STREET, N.W.

WASHINGTON, D. C. 20036

OFFICE OF THE
VICE PRESIDENT

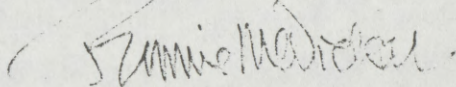
November 30, 1973

Dear Senator Eagleton:

HR 10806, which passed the House of Representatives on November 26, is presently due for consideration by your Committee. The bill would amend the District of Columbia Minimum Wage Act to allow D.C. airline employees to exchange work days at regular compensation rates. This bill will rectify a current uncertainty in the application of the Act. We support the enactment of HR 10806, and wanted to pass this on to you.

With best wishes.

Sincerely,



Ronald McVickar

The Honorable Thomas F. Eagleton
Chairman
Senate Committee on
the District of Columbia
United States Senate
Washington, D.C. 20510

The CHAIRMAN. We now move to H.R. 6186, regarding the dual taxation of income.

Our next witness is Mr. William H. Abell, chairman, executive committee, Capital Holding Corp., and chief executive officer, Commonwealth Life Insurance Co.

Also we will hear from Mr. Ernest L. Hogan, president, Peoples Life Insurance Co.

STATEMENTS OF WILLIAM H. ABELL, CHAIRMAN, EXECUTIVE COMMITTEE, CAPITAL HOLDING CORP., AND CHIEF EXECUTIVE OFFICER, COMMONWEALTH LIFE INSURANCE CO.; AND ERNEST L. HOGAN, PRESIDENT, PEOPLES LIFE INSURANCE CO.

Mr. ABELL. Good morning, Mr. Chairman.

I am glad to have the opportunity to appear before you.

My name is William Abell, chairman of the the executive committee, Capital Holding Corp.

I would be willing to let the statement stand for itself, and if you would prefer, I would also be delighted to give you a short idea of the statement.

The CHAIRMAN. That is fine.

Mr. ABELL. We think the passage of this bill is very important to us and to the District of Columbia, because it will encourage life insurance companies now in the District of Columbia to stay here. It will also create a more equitable situation with respect to taxation of life insurance companies and financial holding companies or financial companies.

Under the present law, a business corporation in the District pays an income tax, and when it does so, any intercorporate dividend which is being paid toward the holders of its shares is exempt from income tax.

Now, life insurance companies historically have not been subject to an income tax, but instead they are taxed by way of a premium tax, and the District of Columbia levies a premium tax on Peoples Life Insurance Co., in lieu of an income tax.

Now, however, the District takes the position since there was no specific exemption of dividends paid by life insurance companies, any corporate dividend paid by a life insurance company is subject to the District of Columbia tax. Consequently our subsidiary, Peoples Life Insurance Co., pays a premium tax in lieu of an income tax, and when it in turn declares a dividend to its parent, Capital Holding Corp., the capital is subjected to an income tax by the District. So, we are really discriminated against when you compare our treatment against the treatment of a normal business corporation, and this creates a situation which is, I would say, unique.

There are many insurance holding companies. We have eight subsidiaries ourselves, which are not taxed this way in any other State in the United States.

We pay a fair amount of taxes here, but this particular discrimination adds \$100,000 to our tax bill and it creates the situation where, while we think the District is a fine place to have an insurance company and while we have every intention of building Peoples into a larger company, the policy of our holding company is to have autonomous subsidiaries which attempt to grow larger.

If the law were not changed, we would be faced with a very difficult decision, we would have to decide whether it was really worth \$100,000 a year extra to have this company located in the District.

The CHAIRMAN. You could move to Bethesda and not have to pay the \$100,000 tax?

Mr. ABELL. That is correct.

The CHAIRMAN. And you say you do not pay this kind of tax in any other State in which you do business?

Mr. ABELL. No, sir; and no other life insurance company does either.

The CHAIRMAN. This is, in the truest form and most direct sense of the word, unique?

Mr. ABELL. It is unique, and extremely discriminatory.

The CHAIRMAN. Very good.

Mr. ABELL. That basically is our position. There is more detail in the statement.

The CHAIRMAN. Your entire prepared statement will be made a part of the record.

Mr. HOGAN, do you have anything to add?

Mr. HOGAN. Mr. Chairman, my name is Ernest L. Hogan, and I am president of the Peoples Life Insurance Co., which was organized in the District of Columbia in 1903.

I would like to support H.R. 6186, because of the many reasons that Mr. Abell has presented.

I have a prepared statement which I would like for you to make a part of the record, sir.

The CHAIRMAN. The prepared statement, in its entirety, will be made a part of the record.

Mr. HOGAN. Our offices have been located in the District since 1903. We enjoy a very good environment, and we enjoy working in the District. We hope this tax will be eliminated.

The CHAIRMAN. To your knowledge, is yours the only company affected by this tax, or are there other companies in the same field in which you gentlemen operate that are similarly affected?

Mr. HOGAN. At the present time, the Equitable Life Insurance Co., here in the District of Columbia, is in the process of forming a holding corporation, and they would be subject to the same type of tax.

Mr. ABELL. United Services is also subject to this kind of tax, if I am not mistaken.

The CHAIRMAN. Very good, gentlemen.

Thank you very much.

[The prepared statements of Mr. Abell and Mr. Hogan follow:]

Statement of William H. Abell,
Chairman of the Executive Committee,
Capital Holding Corporation,
regarding H. R. 6186, December 12, 1973,
Hearings before the Senate Committee on the
District of Columbia

Mr. Chairman and members of the committee --
my name is William Abell. I am Chairman of the Executive
Committee of Capital Holding Corporation, a Delaware cor-
poration which has its only place of business in Louisville,
Kentucky. I am also a member of Capital's Board of Directors
and the Chief Executive Officer of Commonwealth Life Insur-
ance Company, a Kentucky corporation which is Capital's
largest subsidiary.

I am pleased to be here today to testify in
support of H. R. 6186 which was passed by the House of Rep-
resentatives on November 26, and to answer, to the extent
that I can, any questions which you may have on how this
legislation will affect Capital.

We have provided each member of the committee
with a copy of an explanatory statement regarding the Dis-
trict of Columbia life insurance company industry's need
for this legislation. Copies of the statement which I am
making now have also been distributed to committee members.

Passage of H. R. 6186 is extremely important to
Capital Holding Corporation. In our judgment, it is also
essential to the continued existence within the District
of Columbia of life insurance companies which are operated

as a part of a holding company structure. Its passage will bring District law into conformity with both federal and State law regarding the taxation of intercorporate dividends and it will encourage District of Columbia life insurance companies to remain within the District and to expand their operations here. Its passage will also remove a serious impediment to the location here of other life companies operated within a holding company structure.

On the other hand, we believe that failure to enact legislation of this nature will more than offset the salutary effect of the regulatory climate which presently exists for life insurance companies operating in the District and will, in fact, cause such companies to move to locations outside the District, with a consequent loss to the District of both revenue and jobs.

During the past 15 years, there has been a significant trend within the life insurance industry to conduct business within a holding company structure. There are now more than 50 such companies operating in the United States. From the partial list attached to this statement you will see that these companies represent an important and substantial part of the industry.

The reasons for this industry trend are easily identifiable:

1. the greater flexibility afforded management when operations are conducted within a holding company structure,

2. the increased financial strength of the group, and

3. the operating efficiencies which can be achieved within such a structure.

The Capital Holding Corporation group is a case in point.

Capital was formed in 1969 by Commonwealth Life Insurance Company, an operating company located in Louisville, Kentucky. When Capital was organized, Commonwealth was its only subsidiary. Today, Capital owns a casualty insurance company, a real estate holding company, a finance company, and eight life insurance companies which do business in 43 states and the District of Columbia.

Capital provides its affiliates with management assistance and a variety of technical services, including investment counselling, actuarial services, and data processing services. Investment results have been improved, a greater variety of better insurance policies are being offered for sale to customers, and with the introduction of new cost controls the various operating companies have become more efficient. All in all, the competitive ability of the various members of the Capital group has been substantially improved.

This brings me to the subject at hand -- Capital's ownership of Peoples Life Insurance Company.

Peoples is a District of Columbia corporation which became a member of the Capital group in December, 1969. At that time, Peoples' shareholders exchanged Peoples' stock which they owned for Capital Holding Corporation stock.

Peoples is one of the more important members of the Capital group. It is a well managed profitable life insurance company which does business in 14 states and the District of Columbia.

Under existing District law Peoples pays a tax on its premiums received from District of Columbia sources. This is a tax imposed in lieu of the corporate income tax. Because it is difficult to determine exactly what a life insurance company's net income is for income tax purposes, most jurisdictions tax life insurance companies in this manner. It is because insurance companies pay this "in lieu" net premiums tax, rather than the corporate income tax, which leads to the problem H. R. 6186 is designed to solve.

Most business corporations operating in the District of Columbia pay the corporate income tax. When they in turn, by way of a dividend, pay a part of their earnings up to a corporate shareholder, those earnings are specifically exempted by District law from being taxed a second time in the hands of the corporate

shareholder. This, generally, is also the result under the Internal Revenue Code, and under the income tax laws of the various states. Corporate earnings are taxed only once at the corporate level. (Of course, earnings paid out as dividends to individual stockholders are taxed in the hands of such stockholders.)

The difficulty with existing District law, as interpreted by the District's Finance and Revenue Division, is the fact that the exemption for intercorporate dividends is said to apply only where the corporation paying the dividend is subject to the corporate income tax.

Thus, even though the net premiums tax is imposed in lieu of the corporate income tax, the fact that Peoples pays the net premiums tax, rather than the corporate income tax, has been construed as barring application of the exemption provision to, for example, the dividends which Peoples pays to Capital.

If Peoples' earnings are to be taxed twice at the corporate level (that is, in Peoples' hands and again in Capital's hands), the tax burden on those earnings, assuming Peoples pays the same dividends it paid in 1972, will be increased each year by over \$100,000. This is a tax burden which Capital cannot afford to bear, and one which no other jurisdiction imposes on life insurance company operations. This is the reason Peoples has ceased

to pay dividends and why consideration has been given to removing Peoples from the District of Columbia.

My testimony this morning will confirm that Capital's management has no wish to take Peoples outside Washington, D. C. We believe its location here is an asset. Recently Peoples expanded its operations by acquiring licenses to do business in three additional states. Capital's management has faith in Peoples and intends to keep it in the District and use it as a vehicle for building a more substantial business enterprise -- assuming the existence of an equitable tax structure in the District, a tax structure which places the District on a par with competing jurisdictions and does not penalize life insurance company operations conducted within a holding company structure.

Enactment of H. R. 6186 will eliminate the difference in treatment of dividends paid by corporations paying the regular corporate income tax and life insurance companies paying the net premiums tax and will conform the District's law for taxing life insurance company operations with the laws applicable to such operations in other jurisdictions. We understand that comparable results will be achieved for the banks located within the District.

In conclusion, we respectfully urge the committee to act favorably with respect to this bill.

Thank you very much for giving me the opportunity to testify this morning. I will be glad to try to answer any questions you may have.

Attachment to Statement of William H. Abell
regarding H. R. 6186, November 12, 1973,
Senate District Committee Hearings

Partial List of Life Insurance Company
Holding Companies Operating in the United States

Aetna Life and Casualty
All American Life and Financial Corporation
American General Insurance Company
CNA Financial Corporation
Chubb Corporation
Connecticut General Insurance Corporation
Gulf Life Holding Company
INA Corporation
Integon Corporation
Liberty Corporation
Lincoln National Corporation
Monumental Corporation
NLT Corporation
Nationwide Corporation
Richmond Corporation
Southland Financial Corporation
Transamerica Corporation
The Travelers Corporation
USLIFE Corporation
Washington National Corporation

Statement of Ernest L. Hogan,
President, Peoples Life Insurance Company,
regarding H. R. 6186, December 12, 1973,
Hearings of the Senate Committee
on the District of Columbia

Mr. Chairman and members of the committee --

my name is Ernest L. Hogan. I am President of Peoples Life Insurance Company, a corporation which was organized in the District of Columbia in 1903 and which has always had its home office in the District. Peoples stock, other than a few shares, is now owned by Capital Holding Corporation, a Kentucky corporation with its office and only place of business in Louisville, Kentucky.

I am here today to testify in support of the passage of H. R. 6186, which was passed by the House of Representatives on November 30.

This legislation --

-- will eliminate unintended discrimination against companies which receive dividends from District of Columbia life insurance companies;

-- will bring District of Columbia law (as it applies to the tax treatment of the receipt of such dividends) into conformity with federal law and the laws of the various states; and

-- will create a climate of equitable taxation which will encourage life insurance companies to remain in the District of Columbia and to expand their operations here.

Peoples has always had its home office in the Nation's Capital and has represented to its policyholders that it is a District of Columbia corporation. To change its domicile now would require explanations to be made to policyholders.

The management of both Capital Holding Corporation and Peoples Life want Peoples to remain in the District of Columbia. Our relationship with the District Government has been a long and mutually satisfactory one. In addition, our relations with the Congress, and particularly with the House and Senate District Committees, have been most satisfactory. Some of the members of this committee may recall the assistance we received from the Congress in the mid-1950's, when our new home office was constructed near the present location of the Kennedy Center.

At present, Peoples employs over 300 persons in the District of Columbia. It pays to the District each year real property taxes in excess of \$100,000, and it also pays to the District each year premiums taxes on business sold in the District (as do other insurance companies), and withholding, sales, and unemployment compensation taxes.

The net premiums tax which Peoples pays to the District is a tax imposed, as provided in the District of Columbia Code, "in lieu of" the District's corporate income

tax. It is imposed on the premiums which Peoples receives from District of Columbia residents. Peoples also pays to other jurisdictions substantial net premiums taxes on the premiums which it receives from policyholders in those states. In 1972, Peoples paid \$939,664 of premiums taxes and accrued income taxes of \$1,832,000.

If an additional tax is imposed when Peoples pays dividends to Capital Holding Corporation, then there is double taxation at the corporate level. In such event, the tax burden becomes unduly discriminatory.

We believe this conclusion is confirmed by the fact that no state imposes such a tax burden on life insurance company operations. Further, this Congress itself has provided, in the Internal Revenue Code, that for federal income tax purposes, generally, there will be only one tax imposed at the corporate level. Dividends paid by a subsidiary corporation to its parent corporation, including dividends paid by a life insurance company to a parent company, are not taxed again. Of course, corporate earnings are taxed again when distributed as dividends to individual shareholders.

The District of Columbia's Finance and Revenue Division has taken the position that when a holding company structure is involved it intends to tax life insurance

company earnings twice at the corporate level. Thus, the District of Columbia Code provides that when dividends are paid by a corporation subject to the D. C. corporate income tax to another corporation, the dividends are not taxed. The D. C. authorities say, however, that this provision does not apply in the case of a life insurance company paying dividends to a corporate parent company because the life insurance company is not subject to the D. C. corporate income tax. They take this position even though the D. C. net premiums tax is imposed expressly "in lieu of" the D. C. corporate income tax. Because of this position, Peoples has avoided imposition of the second tax by paying no dividends to Capital Holding Corporation in 1973. Our Board of Directors has indicated that it will continue this policy and, if it becomes necessary, I am afraid that we will, with great reluctance, be forced to move outside the District of Columbia.

I am here today to urge this committee to act favorably with respect to this legislation so that Peoples' operations are no longer subject to this unfair double tax burden.

H. R. 6186 is a bill which will help establish a fair and equitable structure for taxing life insurance companies domiciled within the District of Columbia. It will

enable our company to remain here and to expand our operations here. It will complement the District's effective and reasonable regulatory system for life insurance companies and thus will make it attractive for such companies to locate here. It will, in the long run, almost certainly produce additional revenue for the District and strengthen the economy here.

I will be glad to answer any questions which you may have regarding the effect of this bill on our company or regarding our operations.

Thank you very much for permitting me to testify before this committee today.

The CHAIRMAN. On the same bill, Mr. Herbert E. Martin, Jr., general counsel, Acacia Mutual Life Insurance Co.

**STATEMENT OF HERBERT E. MARTIN, JR., GENERAL COUNSEL,
ACACIA MUTUAL LIFE INSURANCE CO.**

Mr. MARTIN. Thank you, Senator.

I have a statement which goes along the same lines as the previous statements.

The CHAIRMAN. Your statement in its entirety will be made a part of the record.

How much does this tax amount to?

Mr. MARTIN. We have no holding company set up ourselves, so it does not at the present affect us.

The CHAIRMAN. If you were to go to the holding company technique, it would?

Mr. MARTIN. It very well might.

I am giving the statement on behalf of five major life insurance companies which have domiciled in the District of Columbia.

The CHAIRMAN. Very good.

Thank you very much.

That concludes the hearings on H.R. 6186.

[The prepared statement of Mr. Martin follows:]

STATEMENT OF
Herbert E. Martin, Jr.
to
Senate Committee on the District of Columbia
With Regard to H. R. 6186
December 12, 1973

I am Herbert E. Martin, Jr., Vice President and General Counsel of Acacia Mutual Life Insurance Company, a Company chartered by Special Act of Congress in 1869. Acacia is a domestic District of Columbia life insurance company. I am chairman of the Legislative Committee formed by the major life insurance companies of the District of Columbia. This consolidated statement on H. R. 6186 is made on behalf of the following domestic District of Columbia life insurance companies:

Acacia Mutual Life Insurance Company
Equitable Life Insurance Company of D. C.
Government Employees Life Insurance Company
Peoples Life Insurance Company
United Services Life Insurance Company

Peoples Life Insurance Company is also presenting an individual statement to the Committee today.

The bill under consideration, H. R. 6186, would correct the present unequal District of Columbia tax treatment of the recipients of intercorporate dividends paid (a) by a general business corporation, and (b) by an insurance company.

The District of Columbia, like most jurisdictions, taxes general business corporations based on their net income (Chapter 15 of Title 47, District of Columbia Code), and taxes insurance companies based on their premium receipts (Chapter 18 of Title 47, D. C. Code). As in most jurisdictions, the premium

tax levied on insurance companies is in lieu of certain other taxes, including the income tax.

Also, like most jurisdictions, the District of Columbia exempts dividends paid by a general business corporation from taxation as income when these dividends are paid to and received by a corporate shareholder. This exemption (Section 47-1580 of the Code) is based on the fact that the corporation paying the dividend has already been taxed. The clear purpose is to prevent double taxation of intercorporate dividends. In this respect, the District of Columbia tax treatment of dividends paid by a general business corporation conforms to the treatment of intercorporate dividends under the U. S. Internal Revenue Code.

It would be reasonable to expect that when an insurance company (taxable under Chapter 18 instead of under Chapter 15) pays dividends to a corporate shareholder the same exemption should apply in order to prevent double taxation. Such an exemption does apply to insurance company dividends in other jurisdictions, as well as under the provisions of the U. S. Internal Revenue Code.

Possibly because of an oversight, specific language to provide such an exemption was not included in Section 47-1580. As a consequence, the District of Columbia has taken the position that intercorporate dividends paid by a District of Columbia insurance company to a corporate shareholder are taxable. This position means that such dividends would be taxable unequally as compared with dividends paid by a general business corporation--and would be subject to a double tax burden that is not imposed in other jurisdictions.

In my opinion, a vigorous and growing insurance industry is important to the District of Columbia. Passage of this bill would correct an inequitable

and discriminatory situation that presents serious current problems for two domestic companies. Further, it would place the District of Columbia at least on an equal footing with other jurisdictions as a desirable location for operating insurance companies. It is the position of the companies I represent today that H. R. 6186 is a highly desirable remedial bill. On behalf of the domestic insurance industry, I recommend its passage.

Mr. Chairman, I appreciate having the opportunity to present this statement.

The CHAIRMAN. We now move to S. 1243 and H.R. 6758, which deal with the Capital Yacht Club, and we will hear from Mr. Martin J. McNamara.

**STATEMENT OF MARTIN J. McNAMARA, COUNSEL, CAPITAL
YACHT CLUB**

Mr. McNAMARA. Good morning, Senator.

I have already submitted a statement which I will spare reading.

The CHAIRMAN. The prepared statement, in its entirety, will be made a part of the record.

If you will give me a brief summary of what the dilemma is, that will be fine.

Mr. McNAMARA. Senator, I can say this has been the subject of a rather full and complete examination over at the House.

The Capital Yacht Club is an institution formed in 1829, thereabouts, and it has been part of the Washington waterfront.

It is a nonprofit club, composed of the citizens of the District of Columbia and the metropolitan area.

It has members from all races and segments of our social structure.

I might add that two or three Members of the House of Representatives are also members of our club.

We developed a land agency pursuant to the Urban Development Act which took over the Capital Yacht Club at the waterfront and gave the Yacht Club, as well as all other occupants of space on the waterfront, an opportunity to bid to reconstruct this existing facility, or the preexisting facilities, in conformity with the urban renewal plan.

The Yacht Club availed itself of the opportunity, and it was granted the leases on the waterfront to build the club to maintain and enlarge its marina.

It undertook to do that in good faith, and, of course, gave itself to rather substantial debt.

In order to build the club we have had to borrow money, and in order now to pay off the construction loan we have to have long-term financing.

Being a nonprofit organization, it is limited by law to 8 percent in the obligations it may incur, and the lenders may not lend to us at a rate in excess of 8 percent and expect to collect it, and that is the problem.

We have the power to borrow. They do not have the power to loan.

George Washington University found itself in an identical dilemma several years ago, and it was granted private relief.

In the last session of Congress private bills were introduced in both the Senate and the House to have the Capital Yacht Club get relief, but they were not acted on due to the lateness in the year.

This session we started very promptly, as private bills filed by Senator Mathias, Congressman Gude, and Delegate Fauntroy, were introduced.

It was suggested by the corporation counsel, that they had no objections to the relief we sought, but that part of the relief might be obtained by amending our charter.

We have done that. However, the basic relief sought, which is the exemption from the usury laws, still has to be obtained from you.

We recognize that the pace of progress in the granting of self-government privileges to the citizens of the District will eventually cure this particular problem, but it will not help us.

We are close to midnight here on the expiration of a commitment at 9 percent for the takeout on the first mortgage, and we only have another 2 months before that expires. And then we really are desperate for the additional funds, especially with the energy shortage, we have to be better able to maintain our clubs, and make it carry us until the fuel shortage has been relieved.

I do not think there is any opposition to the bill, and we would be asking you for relief.

The CHAIRMAN. Thank you very much, Mr. McNamara.

Mr. McNAMARA. There is, of course, another feature to the bill which grants general relief at the exercise and discretion of the District of Columbia City Council.

I have no objection, of course, to that and I do not presume to speak on it.

The CHAIRMAN. That would be in general philosophical conformity with the concept of home rule?

Mr. McNAMARA. Yes, sir.

The CHAIRMAN. Thank you.

Vice Chairman of the District of Columbia City Council Sterling Tucker has submitted a prepared statement on H.R. 6758 which I place in the record.

That concludes the hearing on the aforementioned bills.

[The prepared statements of Mr. McNamara and Mr. Tucker follow:]

MEMORANDUM

Re: Bill for Relief for:
Capital Yacht Club, Inc., a nonprofit corporation organized
by virtue of an Act of Congress of the United States

H.R.2424, 6758, S.1243 of the 93rd Congress, 1st Session

H.R. 2424 and S. 1243 were identical bills when introduced earlier this year. Following hearings before the House Subcommittee on Business, Commerce and Taxation on April 5, 1973, and pursuant to the suggestion of the Corporation Counsel, H.R.2424 was amended and H.R.6758 was substituted as a "clean bill."

As appears of record, H.R.6758, a private bill, was amended and approved by the full House District Committee on November 5, 1973, and passed by the Congress on November 26, 1973, and referred to the Senate.

The Capital Yacht Club has no objection to the conversion of this private bill into a mixed bill, on condition that this not prejudice the relief initiated by the Capital Yacht Club in the last session of Congress and now on the verge of being granted. The District of Columbia has consistently noted it has no objection to the relief sought by the Capital Yacht Club.

History of Capital Yacht Club

The Capital Yacht Club, with membership open to persons of every race and creed, was first formed as an association in 1892, incorporated as a nonprofit corporation in 1906, and reorganized as a nonprofit corporation in 1926; it has served for over 80 years not only the recreation needs of its members but also as an adjunct of the Coast Guard in teaching safe boating principles to young Sea Scouts, to members of the Coast Guard Auxiliary and to other groups concerned with safety at sea. With the increasing number of sailing and power boats, this is a most valuable service to the community. It is located on what is now called 1000 Water Street (formerly 1020 Maine Avenue) S.W., immediately downstream from the familiar Fish Market, known to old-time Washingtonians as the "Fish Wharves."

The D. C. Redevelopment Act of 1945, passed by Congress on August 2, 1946, authorized the creation of the D. C. Redevelopment Land Agency (RLA), a government agency with corporate powers. The objective of the RLA, as prescribed by law, is to eliminate slum and blighted areas through clearance or rehabilitation and conservation. Redevelopment is to be accomplished by privately financed builders, public agencies and

nonprofit groups according to Urban Renewal Plans which have been adopted by the National Capital Planning Commission (NCPC) and approved by the D. C. City Council after public hearing.

The Urban Renewal Plan for the Southwest Urban Renewal Area, Project C, was adopted April 5, 1956, by the NCPC and has been modified a number of times thereafter. Part of the Plan required acquisition and clearance of substantially all of the land, the demolition of existing structures, and the award by RLA of contracts to developers (some of them occupants of the land taken by RLA) who would obligate themselves by 99-year lease to build (or rebuild) in accordance with the Plan's master design for certain sites and for approved uses.

We are concerned in this case with Project C's Southwest Washington Waterfront Site E. The Capital Yacht Club clubhouse and all of its parking facilities were taken by RLA several years ago and demolished, and much of its riparian area was filled over with a large "deck" (B Deck) on which new construction is now being placed in accordance with the Plan for Site E.

Pursuant to prospectuses for the lease and development of deck facilities as well as, among other things, a marina in the riparian areas along certain portions of the bulkhead of Site E, the Capital Yacht Club submitted an offer and was selected to build a yacht club on part of B Deck adjacent to the "new" Flagship Restaurant. It entered into two basic leasehold agreements with the RLA under the terms of which it was obligated within specified time periods to develop on a portion of the "deck" a clubhouse (immediately adjacent to the new Flagship Restaurant) as well as a marina for the principal use of its members with access by the transient boating public to portions thereof under certain broad conditions.

Following the standard bidding procedures, a contract for the construction of the clubhouse was signed by the Club with a qualified general contractor and prompt application was made by the Club to the usual sources of financing (for both construction and long term). However, due to the relatively severe interest rates which are available for loans for purposes such as this (the contemplated structure will be erected on "leased" land which has a term of 99 years) the rates are higher than they would be on "owned" land and are not as desirable from the point of view of the lenders.

Nevertheless, the Jefferson Federal Savings and Loan Association in August, 1972, granted the Club a construction loan of \$300,000 at 8 percent, and is committed to a long-term loan of \$350,000 at 9 percent upon passage of this legislation, a commitment which will expire on March 11, 1974. If we do not receive this relief, the lender may be forced to withdraw its commitment in view of the fact that the law of the District of Columbia respecting nonprofit corporations penalizes a lender who lends money in excess of 8 percent, and no other lender is willing to lend either construction or permanent financing at 8 percent or lower.

The Law

Section 28-3301, District of Columbia Code, as amended December 17, 1971, provides:

"Except as otherwise provided in section 28-2308, and chapter 36 of this subtitle, the parties to an instrument in writing for the payment of money at a future time may contract therein for the payment of interest on the principal amount thereof at a rate not exceeding 8 percent per annum."

Section 28-3303, as amended December 17, 1971, reads in pertinent part:

"If a person or corporation contracts in the District ...

(1) ...

(2) in writing to pay a greater rate than is permitted under section 28-3301 or 28-3308 or under chapter 36 of this subtitle, the creditor shall forfeit the whole of the interest so contracted to be received."

Section 29-904, Subparagraph (h), District of Columbia Code, as amended September 3, 1963, and relating to "business corporations" states in pertinent part:

"Each corporation shall have power ... (h) to ... borrow money at such rate of interest as the corporation may determine without regard to the restrictions of any usury law; ... No corporation formed hereunder shall plead any statutes against usury in any action."

Section 29-1005, as amended October 6, 1962, and dealing with "nonprofit corporations" reads as follows:

"Each corporation shall have the power

(h) ... borrow money at such rate of interest as the corporation may determine ...;"

Attached is a copy of Private Law 91-185, 91st Congress, H.R. 17146, which was approved October 22, 1970. The Congressional Record of July 13 and October 12, 1970, reflects the history of the D. C. Nonprofit Corporation Act under which the George Washington University exercised powers similar to those exercised by the Capital Yacht Club, spelling out the dilemma with which it was confronted when it was unable to borrow funds necessary to complete desirable building programs due to the restrictions on the lender who would otherwise be willing to lend money to the nonprofit institution, and describing the manner in which the dilemma was resolved by the simple expedient of the aforesaid

Private Law 91-185.

It is recognized that many, if not all, of the numerous other nonprofit corporations in the District of Columbia would probably wish to be covered in a similar fashion, and undoubtedly a revision of Section 29-1005(h) would be worthy of consideration. I only hope that immediate relief for the desperate need of the Capital Yacht Club is not deferred until a full study is made of the need for such general amendatory legislation.



Private Law 91-185
91st Congress, H. R. 17146
October 22, 1970

An Act

Supplemental to the Act of February 9, 1821, incorporating the Columbian College, now known as The George Washington University, in the District of Columbia and the Acts amendatory or supplemental thereof.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That The George Washington University shall have and is hereby given all of those powers conferred upon nonprofit corporations by section 5 of the District of Columbia Non-Profit Corporation Act (section 29-1005 of the District of Columbia Code) and, in addition, shall have the power to borrow money at such rates of interest as the corporation may determine, without regard to the restrictions of any usury law, and shall not plead any statutes against usury in any action.

Approved October 22, 1970.

STATEMENT OF VICE CHAIRMAN STERLING TUCKER TO
THE SENATE DISTRICT COMMITTEE ON H.R. 6758
AUTHORIZING THE D. C. COUNCIL TO SET AND ADJUST
INTEREST RATES IN THE DISTRICT OF COLUMBIA

As Vice Chairman of the District of Columbia City Council and Chairman of its Housing and Urban Development Committee, I am pleased to submit this statement in support of H.R. 6578, as amended, which would grant the D. C. City Council the authority to set and adjust interest rates for home mortgages, consumer credit and certain other types of loans in the District. With the approach of home rule, it is entirely appropriate that the Council be given the authority now to deal with a pressing current issue which will fall within the Council's legislative authority as soon as home rule becomes a reality.

As the Committee is well aware, the issue of immediate concern is the current 8% ceiling on mortgage rates in the District of Columbia. With the prime lending rate hovering near 10% and the average mortgage rate nationally at about 8.5%, mortgage money available in the District has slowed to a trickle. The problem is compounded by the fact that neighboring Virginia has no ceiling on mortgage rates. Unquestionably this situation has caused hardship for many potential home buyers and home sellers caught by the tight money crunch and has affected economic development in the city.

In addition, there are certain inequities in the current usury law which call for amelioration, such as the existing exemption which applies to profit making corporations but not to non-profit corporations.

My awareness of the above issues and my strong support for the authorizing legislation do not in any way imply automatic endorsement of a higher interest rate ceiling on real estate or other consumer loans. On the contrary, I fully concur with the House District Committee's report on H.R. 6758, and the implications of Congressman Mazzoli's dissenting remarks, that this highly complex and multi-sided issue requires "intensive analysis," particularly in light of the unpredictable economic outlook. It is my intention, and that of the other members of the Council, to subject the issue to just this type of scrutiny through full public hearings and consultation with all sides, prior to any decision making by the Council. In dealing with the mortgage interest rate question, a variety of factors must be examined -- for example, the potential impact of a higher ceiling on present and future housing availability and costs for low and moderate income citizens. As the Committee knows, this is a major problem in Washington and one of several "local market and credit conditions" which, as the House District Committee observed, must be carefully evaluated. Given the distinctive local dimensions of the interest rate issue, it is particularly fitting that the Council be granted authority to regulate in this area.

I appreciate the opportunity to submit these comments for the Record. I support H.R. 6758 for the substantive reasons given above and as another important step in accelerating the shift of decision making to local government in the District of Columbia.

The CHAIRMAN. The final bills are H.R. 11238 and S. 1986.

We have three witnesses, Mr. Albert Russo, Deputy Director for Social Services, Department of Human Resources; Mrs. Sadie Wheeler, Chief, Adoption Services Bureau, Social Rehabilitation Administration, Department of Human Resources; and Mr. William Robinson, Chief, Legislation and Opinions Division, Corporation Counsel.

The CHAIRMAN. With respect to S. 1986, the adoption bill, Senator Bayh has submitted a statement which I now place in the record.

[Senator Bayh's prepared statement follows:]

STATEMENT OF SENATOR BIRCH BAYH
Before the
SENATE DISTRICT OF COLUMBIA COMMITTEE
On
ADOPTION SUBSIDY LEGISLATION

December 12, 1973

Mr. Chairman, I appreciate this opportunity to express my views on the adoption subsidy bills which are pending before the Senate District Committee. On June 13 of this year, I introduced S. 1986, which would provide for an improved system of adoption for children in the District of Columbia. My bill is similar to legislation introduced in the House of Representatives by Congressman Gilbert Gude. The House Subcommittee on Labor, Social Services and the International Community held hearings on Congressman Gude's bill and favorably reported it with several amendments. On November 26th, the House passed the revised bill by a vote of 350 to 0. I am hopeful that the Senate will move quickly on this legislation, which attempts to secure permanent homes for neglected and dependent children who are now receiving foster or institutional care in the District of Columbia.

Adoption subsidy plans, similar to that I have proposed for the District, are currently in effect in 27 states. Over the past few years, total adoption placements in the District of Columbia have averaged approximately 100 children a year, an extremely low number considering the fact that there are currently between 2,500 and 2,700 children who are wards of the District of Columbia. These children receive various types of foster care, some living in traditional home settings and others in group arrangements. District of Columbia officials estimate that between 200 to 300 of these children could be placed in permanent families with the assistance of an adoption subsidy program. Approximately 150 such new placements could be expected within the first year after institution of a subsidy program.

Under the adoption subsidy bills before this Committee, any child who has not been adopted within six months after he is legally available for adoption would be considered a "child with special needs." This would include children who are difficult to place because of age, racial or ethnic background, physical or mental condition, or membership in a sibling group which should be placed together. My legislation would enable the District of Columbia Department of Human Resources to provide adoption subsidies for these children

with special needs. The amount that could be spent for an adoption subsidy cannot exceed the amount that the Department would be authorized to spend if the child were to continue in foster or institutional care. Payments would vary according to the special needs of the child, and would include such costs as medical, dental, and surgical expenses; expenses for psychiatric and psychological care; and other costs necessary for the well-being of the child.

Three types of subsidy agreements are specified in these bills: long-term subsidies, to help families whose incomes are limited and are likely to remain so; time-limited subsidies, to help families integrate into their budgets, during a specified period of time, the expenses for the care of the new child; and special service subsidies, to help families meet specific expenses of the adoption, such as medical procedures or legal costs.

In its report on the House-passed adoption subsidy bill, H. R. 11238, the District of Columbia Government expressed its support for this legislation.

... The experiences of other States indicates that there are two primary benefits which flow from a program of subsidized adoption: first, the opportunity to place children in adoptive homes by providing financial resources to prospective parents who otherwise could not afford to consider adoption; second, the eventual decrease in State child welfare expenditures which results from shifting from the State to the adoptive parents the cost of care and responsibility for the child.

This bill has also received overwhelming support from the District of Columbia City Council and Judge Joyce Green of the Superior Court, as well as a number of local child placement agencies, professional social workers, and interested citizens. All of the witnesses who appeared before the House Subcommittee testified as to the need for adoption subsidy legislation.

Subsidized adoption plans have resulted in savings to the taxpayers in those states which have established this program. Many states have also reported that the publicity and specialized services made available under this plan have resulted in the adoption of children by families who did not need financial assistance, or who required such assistance for only a limited time.

In the interest of the children affected by this legislation, I urge this Committee to favorably report S. 1986. The benefits of a permanent family and home to youngsters who are otherwise forced to live in institutions, hospitals, and foster-care facilities cannot be measured in mere monetary terms. These children deserve the love and care that only a family can provide. This legislation will aid those children in the District of Columbia for whom the right to a family is not a reality.

The CHAIRMAN. At this time I place in the record four letters to this committee from Mayor Walter Washington dealing with all of the bills before us this morning, and supporting all of them.

[The letters referred to follow:]



THE DISTRICT OF COLUMBIA

WASHINGTON, D.C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

December 12, 1973

Honorable Thomas F. Eagleton
Chairman
Committee on the District of Columbia
United States Senate
Washington, D. C.

Dear Mr. Chairman:

The Government of the District of Columbia has for report S. 2262 and H.R. 10806, bills "To amend the District of Columbia Minimum Wage Act so as to enable airline employees to exchange days at regular rates of compensation, and for other purposes."

S. 2262 amends paragraph (2) of section 4(b) of the District of Columbia Minimum Wage Act (D. C. Code, sec. 36-404(b)), by adding after the word "railroad" the words "or by a carrier by air". The effect of this amendment would be to exempt from the overtime pay provisions of such Act the workweek of any employee employed by a carrier by air.

H.R. 10806 amends section 4(b) of the District of Columbia Minimum Wage Act (D. C. Code, sec. 36-404(b)), by adding a paragraph (6) thereto [incorrectly referred to in the bill as a subparagraph] which would exempt from the overtime pay provisions of such Act the workweek of "any employee employed by a carrier by air who voluntarily exchanges workdays with another employee for the primary purpose of utilizing air travel benefits available to such employees".

Existing law (D. C. Code, sec. 36-403(b)(1)(B)) prohibits the employment of any covered employee for a workweek in excess of forty hours unless the employee receives overtime compensation at a rate not less than one and one-half times the regular rate for hours worked in excess of such forty hours.

It is our understanding that the purpose of S. 2262 and H.R. 10806 is to enable airline employees through mutual agreements with fellow employees to arrange flight schedules which may entail a workweek of more than forty hours without thereby subjecting their employers to the payment of overtime compensation for such an extended workweek.

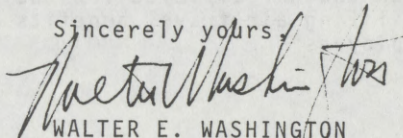
In our view the language of S. 2262 which would remove all airline employees from the overtime pay provisions of existing law is too broad. We do not believe that such a blanket exemption is desirable or in the best interests of airline employees. For this reason, we recommend against the enactment of S. 2262.

It appears that the provisions of H.R. 10806 may prove to be of benefit to airline employees in arranging attractive work schedules. We note also that the exchange of workdays is possible only pursuant to a voluntary agreement arrived at between the consenting employees before the performance of the work involved, and believe this provision should serve to eliminate any possibility of abuse in the scheduling of tours of duty for airline employees.

Accordingly, the District Government has no objection to the enactment of H.R. 10806. We would like to point out, however, that this support of H.R. 10806 should not be viewed as a precedent since the District would wish to examine individually on an ad hoc basis each legislative proposal which brings about substantive changes in the District's minimum wage and overtime compensation laws.

As technical amendments to H.R. 10806, we recommend that the bill be amended by striking out "subparagraph" in lines 6, 7, 9, and 10 on page 1 and inserting in lieu thereof "paragraph" in each such place.

Sincerely yours,



WALTER E. WASHINGTON
Mayor-Commissioner



THE DISTRICT OF COLUMBIA

WASHINGTON, D. C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

December 12, 1973

Honorable Thomas F. Eagleton
Chairman
Committee on the District of Columbia
United States Senate
Washington, D. C.

Dear Mr. Chairman:

The Government of the District of Columbia has for report H.R. 6186, a bill "To amend the District of Columbia Revenue Act of 1947 regarding taxability of dividends received by a corporation from insurance companies, banks, and other savings institutions."

The first section of the bill would amend existing law to provide that dividends and interest declared by an insurance company whose net premium receipts are subject to the 2 per cent premium tax imposed by section 6 of title II of the District of Columbia Revenue Act of 1937 (D. C. Code, sec. 47-1806), shall not, when paid to a parent corporation, be considered as income from sources within the District and thus subject to the District's franchise tax. Section 1 of the bill would also amend existing law to provide that dividends received by bank holding companies from District banks whose gross earnings or surplus and undivided profits are subject to the taxes specified in paragraphs (5) and (6) of the Act approved July 1, 1902 (D. C. Code, secs. 47-1701 and 47-1703) shall not be considered as income from sources within the District. The effect of this provision would be to treat bank holding companies in a manner similar to other parent corporations by exempting from the District's corporate franchise tax certain dividends and interest paid to them by

banks operating in the District of Columbia.

Section 2 of H.R. 6186 would make the amendments made by section 1 of the bill effective for all taxable years ending after December 31, 1973.

Present District of Columbia tax laws impose an income or franchise tax upon corporations for the privilege of carrying on or engaging in trade or business within the District and of receiving other income derived from sources within the District. An exception to this general requirement (D. C. Code, sec. 47-1580) provides that the amount received as dividends by any corporation from a corporation subject to payment of such income or franchise tax shall not be treated as income from sources within the District. Domestic insurance companies and banks, however, are not taxed under the District's income tax laws, but rather pay a net premium tax and a gross earnings tax, respectively, in lieu of the franchise tax. Accordingly, this exception to the franchise tax law has been construed as inapplicable to certain dividend and interest payments made to corporate stockholders by local insurance companies. It would appear that this exception would be equally inapplicable to any dividends or interest paid by local banks and savings institutions to corporations not engaged in doing business within the District.

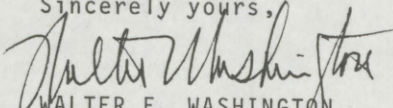
The contention that under existing law dividend income, depending upon its source, receives unequal treatment in that parent corporations or holding companies need not pay taxes on such dividends when the subsidiary or paying corporation is subject to the District's franchise tax is understandable and not unreasonable from an equity standpoint. It should be pointed out, however, that enactment of H.R. 6186 would result in a potential revenue loss to the District of Columbia in future years. The precise amount of such revenue loss is difficult to estimate since it appears that the existence of this tax liability has in some cases inhibited local insurance companies from declaring dividends which would become subject to taxation as income from sources within the District.

Because of the inequities which, under certain circumstances, may result in the double taxation of dividends and interest distributed by insurance companies, banks,

and savings institutions to corporate stockholders, the District Government has no objection to the enactment of H.R. 6186.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to the Congress.

Sincerely yours,



WALTER E. WASHINGTON
Mayor-Commissioner



THE DISTRICT OF COLUMBIA

WASHINGTON, D. C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

December 12, 1973

Honorable Thomas F. Eagleton
Chairman
Committee on the District of Columbia
United States Senate
Washington, D. C.

Dear Mr. Chairman:

The Government of the District of Columbia has for report S. 1234, a bill "To permit the Capital Yacht Club of the District of Columbia to borrow money without regard to the usury laws of the District of Columbia", and H.R. 6758, a bill "To amend chapter 33 of title 28 of the District of Columbia Code, relating to usury, and for other purposes", as passed by the House of Representatives on November 26, 1973.

S. 1243 proposes to confer upon the Capital Yacht Club, a District of Columbia nonprofit corporation, the powers enumerated in section 5 of the District of Columbia Nonprofit Corporation Act (D. C. Code, sec. 29-1005), and to exempt the corporation from the operation of the District usury law (D. C. Code, title 28, ch. 33).

A special act of Congress is not required to give the Capital Yacht Club the powers set forth in section 5 of the District of Columbia Nonprofit Corporation Act. The Club may elect to accept the provisions of the Act by executing the procedures authorized in sections 101 through 104 of the Act (D. C. Code, secs. 29-1099b through 29-1099e), which are specifically intended to enable any corporation organized and existing under laws of the District of Columbia or under any special Act of Congress on the date the

Nonprofit Corporation Act became effective to avail itself of the provisions of such Act. The provision of S. 1243 which grants the Capital Yacht Club the powers enumerated in section 5 of the District of Columbia Nonprofit Corporation Act, therefore, is unnecessary.

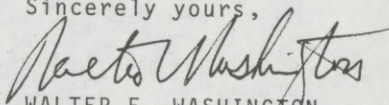
Both bills would exempt the Capital Yacht Club from the District of Columbia usury law, presumably because the Club, like other nonprofit organizations, does not find it possible currently to borrow money at or below the statutory 8 percent maximum rate in the District. Corporations in the District of Columbia organized under the District of Columbia Business Corporation Act, however, are able to borrow at rates in excess of the 8 percent maximum, since they are specifically authorized to borrow money without regard to the restrictions of any usury law, and are prohibited from pleading any statutes against usury in any action (D. C. Code, sec. 29-904(h)). Similar exemptions from the usury law have been granted certain transactions of cooperative associations, and mortgages or loans insured under the National Housing Act or guaranteed by the Veterans Administration by Public Law 91-385; the George Washington University by Private Law 91-185; and certain other institutions of higher education in the District by section 402 of Public Law 91-650.

Additionally, H.R. 6758 would add a new section 3309 to chapter 33 of title 28 of the District of Columbia Code to vest in the District of Columbia Council the authority to exempt any loan or financial transaction from the operation of the District's interest and usury laws and to change any of the rates of interest specified in such chapter 33. These provisions would authorize the District of Columbia Council to set and adjust, on a selective basis, the rates of interest that may be charged individuals, nonprofit corporations, and unincorporated businesses for direct installment loans, loans directly secured on real estate, and other loans of money.

The District Government strongly supports the vesting of authority in the District of Columbia Council which will enable it to take into consideration, in an expeditious manner, local market and credit conditions in determining equitable interest rate ceilings in the District. Such authority is essential, especially in view of the present volatile housing market, to assist in the economic and physical development of the city.

We urge the favorable consideration of H.R. 6758 or S. 1243, if it be amended to conform to the provisions of H.R. 6758.

Sincerely yours,



WALTER E. WASHINGTON
Mayor-Commissioner



THE DISTRICT OF COLUMBIA

WASHINGTON, D.C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

December 12, 1973

Honorable Thomas F. Eagleton
Chairman
Committee on the District of Columbia
United States Senate
Washington, D. C.

Dear Mr. Chairman:

The Government of the District of Columbia has for report S. 1986, a bill "To amend the Act of March 16, 1926 (relating to the Board of Public Welfare in the District of Columbia), to provide for an improved system of adoption of children in the District of Columbia, and for other purposes", and H.R. 11238, a substantially similar bill passed by the House of Representatives on November 26, 1973.

S. 1986 and H.R. 11238 would amend sections 11, 12, and 14 of the Act entitled "An Act to establish a Board of Public Welfare in and for the District of Columbia, to determine its functions, and for other purposes", approved March 16, 1926 (D.C. Code, secs. 3-114, 3-115 and 3-117). The bill would amend section 11 to provide that the Commissioner of the District of Columbia shall be authorized to: (1) make temporary provision for the care of children pending investigation of their status; (2) have the care and legal guardianship, including the power to consent to or arrange for adoption of children committed as wards of the District by courts of competent jurisdiction and children relinquished by their parents to the Commissioner or children relinquished by a licensed child-placing agency; (3) provide for the care and

maintenance of such children in private homes, under contract including adoption subsidy, or in public or private institutions; and (4) provide care, welfare, and maintenance of retarded children.

S. 1986 and H.R. 11238 would amend section 12 of the Act to provide that the Commissioner shall have the authority, in appropriate cases, to consent to adoption with subsidy for wards of the District of Columbia. Subsection (b)(1) of that section would authorize the Commissioner to make adoption subsidy payments on behalf of a child who falls within the definition of a "child with special needs", when such a child would not be adopted otherwise by a qualified family due to lack of adequate financial resources. S. 1986 and H.R. 11238 would define a "child with special needs" as "any child who is difficult to place in adoption because of age, race, or ethnic background, physical or mental condition, or membership in a sibling group which should be placed together", or a child who has not been placed for adoption within six months after he is legally available for adoptive placement.

The amendment of subsection (c) of section 12 of the Act would provide that any person, public agency or licensed child-placing agency having a child with special needs in foster care or institutional care may recommend to the Commissioner that a child be determined eligible to receive a subsidy for purposes of adoption. S. 1986 and H.R. 11238 provide that the Commissioner shall determine whether the child referred is a "child with special needs" and if so whether an appropriate adoptive home exists for the child. Upon making those determinations the Commissioner is authorized to enter into a tentative adoption subsidy agreement with the prospective adoptive parents and to accept a transfer of relinquishment of parental rights from the referring agency, pursuant to section 6 of the Act of April 22, 1944 (D.C. Code, sec. 32-786).

Subsection (d) would provide that if a child who is in the custody of the Commissioner or a licensed child-placing agency, has been in foster care or

institutional care for at least six months after being considered legally free for adoption, such family or institution would be informed of the possibility of subsidized adoption for the child. Subsection (e) would provide that the amount and duration of adoption subsidy payments may vary according to the special needs of the child, as determined by the Commissioner but may include in addition to maintenance costs, medical, dental, and surgical expenses, psychiatric and psychological expenses, and other necessary care. S. 1986 and H.R. 11238 would authorize the Commissioner to continue to provide adoption subsidy payments, if necessary, until the child reaches the age of eighteen, provided that the family continues to meet the conditions of the adoption subsidy agreement.

The amendment of subsection (f) of section 12 of the Act would provide that the Commissioner would be authorized to make payments for the care of children with special needs in foster homes and institutions from appropriations as well as Federal, private, and public funding sources. Subsection (g) of S. 1986 would provide that the Commissioner may periodically review the need for continuing each family's subsidy, and would also provide that a parent participating in the subsidy program may request the Commissioner to review the level of subsidy. Subsection (h) would require the Commissioner to maintain necessary records to evaluate the effectiveness of adoption subsidy and to make an annual public report on the number of children in foster care for six months or more. Subsection (i) would provide for publication of all rules and regulations adopted by the Commissioner as required by the D.C. Administrative Procedure Act.

H.R. 11238 adds a new subsection (g) to section 12 of the Act which would make adoption subsidy payments available for prospective adoptions only, and not to families who have already completed the adoption of a child, and, in addition, would require that the Commissioner review annually the need for continuing each family's subsidy.

S. 1986 and H.R. 11238 would amend section 14 of the Act to provide specifically that the Commissioner would have the authority, which the former Board of Public Welfare and the Department of Public Welfare had, to (1) accept for care, custody, and guardianship dependent or neglected children under his control; (2) place all children accepted by him for care in private families either without expense or with reimbursement for cost of care; and (3) arrange or initiate court proceedings for the adoption, in appropriate cases, of children committed to his care.

Section 2 of S. 1986 and H.R. 11238 would amend the District's adoption law (Act of December 23, 1963, as amended; D.C. Code, sec. 16-307(b)(1)(D)) to provide that the court may take into account in determining whether or not to grant a petition for adoption the existence and terms of a tentative adoption subsidy agreement entered into prior to the filing of the adoption petition. The bill would also provide that the court give due consideration, in determining whether the petitioner will be able to give the prospective adoptee a proper home and education, to any assurances by the Commissioner that he will provide or contribute funds for maintenance or medical care under an adoption subsidy agreement.

The District Government supports the objectives of S. 1986 and H.R. 11238 on behalf of children with special needs in the District of Columbia and on behalf of prospective adoptive parents who are in every way, except financially, capable of providing permanent family relationships for such a child. We are of the view that both S. 1986 and H.R. 11238 would encompass the major provisions necessary to enable the District of Columbia to locate qualified adoptive homes for many children who might otherwise grow up in foster care.

We are convinced of the need for such legislation. The experience of other States indicates that there are two primary benefits which flow from a program of subsidized adoption: first, the opportunity to place

children in adoptive homes by providing financial resources to prospective parents who otherwise could not afford to consider adoption; second, the eventual decrease in State child welfare expenditures which results from shifting from the State to the adoptive parents the cost of care and responsibility for the child. Our statistics show that approximately 150 children could be placed in adoptive homes in the first year if subsidies could be provided.

The District Government recommends several amendments to S. 1986. All of the following suggested amendments have already been incorporated in H.R. 11238.

For the purpose of clarity, lines 8 and 9 on page 2 should be amended to read:

"(A) children who may be committed as wards of the District of Columbia by courts of competent jurisdiction; and".

S. 1986 would amend section 12(b)(2)(B) of the Act to provide that single persons be within the scope of the definition of "adoptive family". Accordingly, we think it is unnecessary to include the further qualification, on page 4, lines 10 and 11 [who are] "able to meet the emotional needs of prospective adoptees", and recommend that this phrase be deleted.

In order to make it clear that the "person" referred to in subsection (c) on page 4 at line 16 is limited to a person "having a child with special needs in foster care or institutional care", we recommend that subsection (c) on page 4 be amended at lines 16, 17, and 18 to read as follows:

"(c) Any public agency or licensed child-placing agency, having a child with special needs in foster care or institutional care, or any foster parent having such a child in his home".

For purposes of consistency, we recommend the insertion

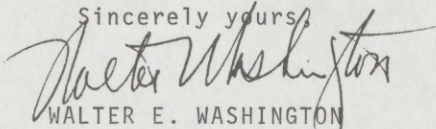
of "or institution" after the word "family" on page 5, line 16.

The District Government would question whether, in addition to all of the other criteria considered in child placement, religion should be singled out as the predominant criterion as S. 1986 provides on page 3, lines 7-9. We do not suggest that religion is not an important and relevant factor in making placements, but we do not think the criterion of religion should place an additional responsibility on the Commissioner to justify placing a child in an institution, foster home, or adoptive family of a different religion. Placement of a child in a loving home should be the predominant criterion, as recognized in H.R. 11238, which does not contain the religion requirement.

The District Government estimates that the cost of instituting a subsidized adoption program would be \$117,450 in the first year, \$197,383 in the second year, \$166,456 in the third year, \$155,690 in the fourth year, and \$177,310 in the fifth year, for a total 5-year estimated cost of \$814,289. Based on our analysis, it would appear that some of the children who will be eligible for the adoption-subsidy program are the same children currently under foster care. Therefore, institution of the adoption-subsidy program can be funded at least in part in the manner authorized by section 12(f) of S. 1986. However, due to the newness of this program and the fact that we do not know how successful the program may be, the program will probably require additional funding. Therefore, the District recommends that section 12(f) of S. 1986 be amended to provide additional budget authority. This could be accomplished by a provision to the effect that "There are authorized to be appropriated such sums as are necessary to carry out the purposes of this section.", as was inserted in H.R. 11238.

The District Government strongly urges the favorable consideration of H.R. 11238 or, if it be amended as proposed herein, S. 1986.

Sincerely yours,



WALTER E. WASHINGTON
Mayor-Commissioner

The CHAIRMAN. Mr. Russo, you may proceed.

STATEMENT OF THE DISTRICT OF COLUMBIA GOVERNMENT REPRESENTED BY ALBERT RUSSO, DEPUTY DIRECTOR FOR SOCIAL SERVICES, DEPARTMENT OF HUMAN RESOURCES; WILLIAM ROBINSON, CHIEF, LEGISLATION AND OPINIONS DIVISION, CORPORATION COUNSEL; AND MRS. SADIE WHEELER, CHIEF, ADOPTION SERVICES BUREAU, SOCIAL REHABILITATION ADMINISTRATION, DEPARTMENT OF HUMAN RESOURCES

Mr. Russo. Thank you very much, Mr. Chairman.

My name is Albert Russo, Deputy Director for Social Services, Department of Human Resources, and with me to my right is Mr. William Robinson, Chief, Legislation and Opinions Division, Corporation Counsel.

Also with me is Mrs. Sadie Wheeler, Chief, Adoption Services Bureau, Social Rehabilitation Administration, Department of Human Resources.

Mr. Chairman, we appreciate the opportunity of appearing before you this morning.

As you have indicated, you have before you several letters from Mayor Washington in reference to S. 1986 and also H.R. 11238.

We would be more than happy to respond to any questions that the chairman may have.

If I may, I would just like to highlight some of the pertinent sections in one of the letters that Mayor Washington did submit to the committee.

Reading from the Mayor's letter, with respect to S. 1986: "The District government supports the objectives of S. 1986 and H.R. 11238 on behalf of children with special needs in the District of Columbia and on behalf of prospective adoptive parents who are in every way, except financially, capable of providing permanent family relationships for such a child. We are of the view that both S. 1986 and H.R. 11238 would encompass the major provisions necessary to enable the District of Columbia to locate qualified adoptive homes for many children who might otherwise grow up in foster care.

"We are convinced of the need for such legislation. The experience of other States"—and I might add, Mr. Chairman, there are approximately 26 other State legislatures that have enacted subsidized adoption bills.

The experience of other States indicates there are two primary benefits which flow from a program of subsidized adoption: First, the opportunity to place children in adoptive homes by providing financial resources to prospective parents, who otherwise could not afford to consider adoption; second, the eventual decrease in State child welfare expenditures which results from shifting from the State to the adoptive parents the cost of care and responsibility for the child. Our statistics show that approximately 150 children could be placed in adoptive homes in the first year if subsidies could be provided.

Mr. Chairman, in Mayor Washington's letter to you, the Mayor suggests certain amendments to S. 1986, all of which are incorporated in H.R. 11238 which was passed by the House, I understand, on November 26 last.

These proposed amendments are relatively minor, Mr. Chairman.

Perhaps the most significant of these suggested amendments is the suggestion that S. 1986 be amended to conform with that provision.

The CHAIRMAN. Mr. Russo, in the interest of time, this committee intends to report out the House version of the bill, which will incorporate the amendments.

Mr. Russo. That is fine, Mr. Chairman.

If there are any questions, we would be more than happy to respond to your questions.

The CHAIRMAN. Thank you, Mr. Russo.

Mrs. Wheeler, gentlemen, do you wish to add to the statement or to supplement the statement of Mr. Russo?

No; then thank you very much. That concludes the hearings on H.R. 11238 and S. 1986.

Mr. Russo. Thank you, Mr. Chairman.

The CHAIRMAN. I have received a letter from the American Foundation for the Blind in support of the adoption bills which I now place in the record.

[The letter referred to follows:]

AMERICAN FOUNDATION FOR THE BLIND, INC.

1660 L STREET, N.W.
WASHINGTON, D. C. 20036
TEL: 202 293-1870

December 10, 1973

The Honorable Thomas F. Eagleton, Chairman
Committee on the District of Columbia
6222 Senate Office Building
Washington, D. C. 20510

Re: H.R. 11238, S.1986
Subsidized Adoptions

Dear Mr. Chairman:

It is our understanding that the above bills will be the subject of hearings by your Committee on December 12, 1973. The American Foundation for the Blind strongly supports the concept of subsidy payments for child adoption, and requests that this letter be included in the record of hearings.

As you know, the House of Representatives passed H.R. 11238 on November 30, with the accompanying report (H.Rept. 93-657) emphasizing both the social and economic gains represented by this legislation. With 26 States having passed similar legislation, there is abundant evidence that subsidized adoptions effect a substantial savings over institutionalized care for "difficult to place" children. The limitation of subsidies not to exceed the cost of institutional care, as proposed in the bill, will therefore provide no obstacle to implementation.

We advocate the three types of subsidy agreement as specified: (1) Long-term basis, to help a family whose income is limited and is likely to remain so; (2) Time-limited basis, to help a family integrate into their budget the expenses for the care of the new child; and (3) Special services basis, to help a family meet specific expenses, such as medical procedures or legal costs of the adoption. Such medical procedures would include medical, dental, and surgical expenses, also psychiatric and psychological expenses.

Research has shown that children suffering from visual impairment or loss of sight often are emotionally handicapped as well. In addition, visual impairment may be only one aspect of multiple physical handicaps, as in the tragic toll of over 40,000 infants born during the 1964-65 rubella epidemic in the United States. A 1972 report by the American Foundation for the Blind confirms 6.4 million "visually impaired persons (people who have trouble seeing even with corrective lenses)" in the United States, with 70% of all limited vision among children as congenital. Our best estimates are that

about 5 percent of all preschoolers have some sort of eye problem, often correctable (as in the case of amblyopia and strabismus) if promptly diagnosed and treated. Among "difficult to place" children, this percentage is bound to be much higher, and enactment of this bill could provide a comprehensive approach to the handicapping conditions of such children.

We would agree with the House Report's caveat against including in the bill any provisions affecting legal termination of parental rights for those children presently unavailable for adoption but nevertheless unlikely to be reunited with their natural parents. This problem has been the subject of exhaustive study by the Family Law Section of the American Bar Association, as well as the National Conference of Commissioners of Uniform State Laws, and should be addressed in separate legislation.

Thank you for your consideration of the needs reflected in this legislation, and for your leadership in the Committee's progressive views in social welfare.

Sincerely,

Barbara D. McGarry
Barbara D. McGarry, Specialist in
Governmental Relations

The CHAIRMAN. Mr. Ben W. Gilbert, Director, Office of Planning and Management, would like to make a statement.

STATEMENT OF BEN W. GILBERT, DIRECTOR, OFFICE OF PLANNING AND MANAGEMENT, ACCOMPANIED BY MAXIMILIAN WALLACH, SUPERINTENDENT, DEPARTMENT OF INSURANCE

Mr. GILBERT. Thank you, Mr. Chairman, for the opportunity to testify.

I would like to address primarily the interest rate exemption, rather the transfer of power to the city council to determine interest rate ceilings in the District of Columbia.

This is a provision that the District of Columbia favors for two reasons, because, first of all, the present state of the money market has so dried up loans that persons of moderate means without excellent connections in the financial market today are unable to get the kind of loans that permit them to buy housing that might otherwise be available to them.

Our concern is with really two categories of persons, the person transferred into Washington, and finds it desperate to buy a home, but cannot finance it, and the persons transferred out of Washington, and would like to sell his home.

It is conceivable, and we are sure many instances have occurred, where there have been willing buyers and willing sellers, but they have been unable to complete the transaction because of the unavailability of money.

In nearby Virginia, there is no ceiling.

In Maryland, there is a similar ceiling as the one in the District of Columbia of 8 percent, and the market is much more open and easier in Virginia than it is in Maryland or the District of Columbia.

I would like to, at this point, call attention to and offer for possible inclusion in the record a release from the Federal Home Loan Bank Board, which was issued on the general interest situation in the United States, and with some specific situations of transactions in certain areas including Washington, and the effective interest charged borrowers of newly built homes in the United States, with conventional mortgage loans, during the month of November, average 8.36 percent, compared to 8.31 percent in early October, indicating the rise of living cost is continuing.

The CHAIRMAN. It is so ordered.

[The press release follows:]

NEWS

FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D.C. 20552
TELEPHONE (202) 386-3157

- FEDERAL HOME LOAN BANK SYSTEM
- FEDERAL SAVINGS & LOAN INSURANCE CORPORATION
- FEDERAL SAVINGS & LOAN SYSTEM

For Release to A.M. Newspapers

Mortgage Rates-Nov. 1973
Wednesday, December 12, 1973

Rise in Interest Rates on Conventional Home Mortgage Loans Slows in November

Chairman Thomas R. Bomar of the Federal Home Loan Bank Board announced today that average effective interest rates on conventional home mortgage loans closed increased further in November, but at a sharply reduced pace. The average effective interest rate on conventional loans for purchasing newly built homes rose 5 basis points from early October to early November, compared with a 14 basis-point increase a month earlier. Rates on loans for purchasing previously occupied homes rose 6 basis points, compared with a 24 basis-point increase from early September to early October.

Effective rates on combination construction-purchase loans increased substantially (29 basis points) last month. At the early November level, effective rates on conventional home mortgages were still slightly below their 1970 peaks.

Bomar said that last month's slower rise in rates on home mortgage loans closed reflected previous declines in short-term market interest rates and a modest improvement in savings flows at savings and loan associations and other mortgage lenders. These earlier developments resulted in a slowdown in the rise in interest rates at which lenders were willing to make commitments for future lending. This was reflected last month with a lag in the loans closed averages.

The effective interest rate charged borrowers purchasing newly built, single family homes with conventional mortgage loans closed during the first 5 business days of November by major lenders averaged 8.36 percent, compared to 8.31 percent in early October. This rise reflected a 7 basis-point increase in the average contract interest rate on such loans--to 8.19 percent, which was partially offset by a decline in single time fees and charges from 1.20 to 1.06 percent of principal. The average term to maturity on new home loans did not change last month, but the average loan-to-price ratio declined to 75.3 percent from 76.6 percent.

The average effective interest rate charged borrowers purchasing previously occupied homes with conventional mortgages was 8.56 percent in early November, 6 basis points higher than a month earlier. This increase resulted from a 5 basis-point rise in the average contract interest rate--to 8.40 percent--and an increase in initial fees and charges from 0.92 to 0.94 percent of principal. As was the case for new home loans, the average term to maturity for existing home loans was stable from early October to early November, but the average loan-to-price ratio dropped further from 72.7 to 71.3 percent.

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TERMS ON CONVENTIONAL HOME MORTGAGES

Table 1 - National Averages for All Major Types of Lenders

Purpose of Mortgage and Month	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (years)	Loan Amount (\$ 000)	Purchase Price (\$ 000)	Loan-to-Price Ratio (%)	Percent of Estimated Number of Loans by Loan-to-Price Ratio Class (%)			
								Loan-to-Price Ratio (%)			
								70.0 or less	70.1 - 80.0	80.1 - 90.0	Over 90.0
PURCHASE OF NEWLY-BUILT HOMES											
Old Series											
1972- July	7.43	0.83	7.56	27.2	28.2	37.3	77.0			n. a.	
Aug.	7.45	0.86	7.59	27.5	27.9	36.8	77.5			n. a.	
Sept.	7.43	0.86	7.57	27.3	27.9	36.6	77.5			n. a.	
Oct.	7.48	0.88	7.62	27.2	27.4	36.0	77.3			n. a.	
Nov.	7.50	0.90	7.64	27.5	28.1	37.1	77.4			n. a.	
Dec.	7.51	0.92	7.66	27.5	29.0	37.9	78.0			n. a.	
1973- Jan.	7.52	0.92	7.67	27.5	29.0	37.8	78.5			n. a.	
Feb.	7.53	0.94	7.68	27.9	29.7	38.6	78.9			n. a.	
New Series											
1973- Jan.	7.52	1.03	7.68	25.7	27.0	35.8	76.6	25	37	25	13
Feb.	7.52	1.15	7.70	26.8	27.6	35.9	78.6	21	40	23	15
Mar.	7.51	1.09	7.68	26.6	28.3	36.7	78.4	21	42	22	15
Apr.	7.53	1.11	7.71	26.6	28.2	36.9	78.2	21	40	23	17
May	7.55	1.05	7.71	25.9	27.2	35.6	77.7	24	37	24	16
June	7.62	1.08	7.79	26.3	27.5	35.8	78.0	23	36	25	16
July	7.69	1.11	7.87	26.3	28.3	37.0	78.1	21	40	26	14
Aug.	7.77	1.08	7.94	26.7	28.9	38.6	76.7	24	42	24	10
Sept.	7.98	1.19	8.17	26.6	28.2	37.2	77.3	23	42	23	13
Oct.	8.12	1.20	8.31	26.1	29.0	38.5	76.9	29	34	25	13
Nov. ^{p/}	8.19	1.06	8.36	26.1	28.8	38.9	75.3	28	43	19	10
Dec.											
PURCHASE OF PREVIOUSLY-OCCUPIED HOMES											
Old Series											
1972- July	7.37	0.83	7.50	25.6	25.2	33.8	76.2			n. a.	
Aug.	7.39	0.81	7.52	26.3	25.4	33.7	76.5			n. a.	
Sept.	7.42	0.83	7.55	26.2	24.8	32.9	76.5			n. a.	
Oct.	7.43	0.84	7.57	26.1	25.0	33.3	76.3			n. a.	
Nov.	7.44	0.83	7.57	26.2	25.3	33.7	76.7			n. a.	
Dec.	7.45	0.86	7.59	26.4	25.7	34.0	76.8			n. a.	
1973- Jan.	7.46	0.83	7.60	26.1	25.6	33.9	77.0			n. a.	
Feb.	7.45	0.83	7.59	26.6	25.7	33.8	77.4			n. a.	
New Series											
1973- Jan.	7.53	0.94	7.68	23.2	22.6	30.5	75.2	28	44	20	8
Feb.	7.55	1.03	7.72	23.6	22.0	29.2	77.5	25	42	21	12
Mar.	7.54	0.95	7.69	23.3	22.0	29.3	76.9	23	43	24	10
Apr.	7.55	0.96	7.70	23.9	22.8	30.1	77.3	23	43	23	11
May	7.62	0.93	7.77	23.5	22.3	30.0	77.5	25	41	23	11
June	7.64	0.92	7.79	23.4	23.5	31.7	75.9	26	44	22	8
July	7.70	0.91	7.84	24.1	24.6	33.3	75.5	27	43	22	8
Aug.	7.87	0.92	8.01	23.4	23.6	32.0	75.6	27	44	23	7
Sept.	8.10	0.97	8.26	23.1	23.5	32.8	74.1	29	48	17	5
Oct.	8.35	0.92	8.50	22.5	22.6	31.8	72.7	34	46	16	4
Nov. ^{p/}	8.40	0.94	8.56	22.5	23.0	32.9	71.3	39	44	12	5
Dec.											
COMBINED CONSTRUCTION-PURCHASE											
New Series											
1973- Jan.	7.52	1.35	7.74	24.2	26.7	37.7	72.5	37	47	10	5
Feb.	7.54	1.22	7.73	24.4	26.9	37.6	72.3	33	52	13	2
Mar.	7.53	1.03	7.69	23.4	27.3	38.4	71.7	32	51	13	4
Apr.	7.49	1.10	7.66	24.0	27.1	38.3	71.6	36	48	13	4
May	7.54	1.12	7.72	24.2	25.9	36.8	70.9	37	46	13	4
June	7.57	1.05	7.74	23.8	28.4	40.4	70.9	39	44	13	4
July	7.66	1.05	7.83	24.6	27.7	40.2	71.2	37	48	10	4
Aug.	7.73	1.09	7.90	23.4	27.8	41.3	68.3	45	42	10	3
Sept.	7.96	1.15	8.14	23.7	27.0	41.1	68.0	43	45	10	3
Oct.	7.99	0.96	8.15	23.4	27.6	41.2	68.5	46	44	8	3
Nov. ^{p/}	8.30	0.87	8.44	21.8	25.3	38.4	64.9	55	32	9	4
Dec.											

n. a. - Not available

p/ - Preliminary

See appended Technical Note for explanation of differences in "new" and "old" series.

TERMS ON CONVENTIONAL HOME MORTGAGES

Office of Economic Research
Federal Home Loan Bank Board
Washington, D. C.

Table 2 - National Averages for Savings and Loan Associations

Purpose of Mortgage and Month	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (years)	Loan Amount (\$ 000)	Purchase Price (\$ 000)	Loan-to-Price Ratio (%)	Percent of Estimated Number of Loans by Loan-to-Price Ratio Class (%)			
								Loan-to-Price Ratio (%)			
								70.0 or less	70.1 - 80.0	80.1 - 90.0	Over 90.0
PURCHASE OF NEWLY-BUILT HOMES											
Old Series											
1972-July	7.43	1.03	7.60	27.6	27.6	35.9	78.4			n.a.	
Aug.	7.49	1.05	7.66	28.0	28.3	36.2	79.5			n.a.	
Sept.	7.45	1.02	7.62	27.8	28.0	35.9	79.2			n.a.	
Oct.	7.47	1.04	7.64	27.7	28.2	36.4	78.7			n.a.	
Nov.	7.49	1.08	7.66	27.9	28.5	36.8	78.7			n.a.	
Dec.	7.51	1.14	7.70	27.7	28.8	36.7	79.5			n.a.	
1973-Jan.	7.52	1.06	7.70	27.8	29.0	36.9	79.8			n.a.	
Feb.	7.54	1.13	7.72	28.2	29.5	37.5	80.0			n.a.	
New Series											
1973-Jan.	7.51	1.26	7.71	26.7	26.7	34.3	78.9	20	39	27	15
Feb.	7.50	1.26	7.70	26.9	27.2	34.9	79.1	20	41	25	15
Mar.	7.51	1.22	7.70	27.2	27.4	35.0	79.6	18	42	24	17
Apr.	7.51	1.26	7.71	27.1	27.9	35.9	79.4	18	41	25	17
May	7.53	1.21	7.72	27.1	27.7	35.4	79.6	18	39	26	17
June	7.61	1.29	7.81	27.2	27.9	35.7	79.6	19	39	27	15
July	7.67	1.27	7.87	27.1	28.2	36.1	79.6	17	42	27	14
Aug.	7.77	1.25	7.97	27.1	28.3	37.1	77.9	20	43	25	11
Sept.	7.99	1.38	8.21	27.2	28.1	36.3	78.7	19	44	23	14
Oct.	8.08	1.37	8.29	27.0	28.0	36.3	78.3	22	39	26	13
Nov.	8.17	1.23	8.36	27.0	28.0	36.9	77.3	22	45	22	12
Dec.											
PURCHASE OF PREVIOUSLY-OCCUPIED HOMES											
Old Series											
1972-July	7.43	1.03	7.60	26.3	24.7	31.9	78.7				n.a.
Aug.	7.45	1.01	7.61	26.5	25.5	32.6	78.9				n.a.
Sept.	7.47	1.03	7.64	26.3	24.8	31.8	78.9				n.a.
Oct.	7.48	1.04	7.64	26.4	24.9	31.9	79.0				n.a.
Nov.	7.47	1.04	7.64	26.4	25.2	32.2	79.1				n.a.
Dec.	7.49	1.07	7.66	26.5	25.8	32.9	79.3				n.a.
1973-Jan.	7.50	1.02	7.66	26.1	25.5	32.5	79.3				n.a.
Feb.	7.48	1.03	7.65	26.6	25.5	32.5	79.5				n.a.
New Series											
1973-Jan.	7.54	1.17	7.72	24.0	22.7	29.7	77.6	21	45	25	9
Feb.	7.56	1.22	7.75	24.2	21.7	27.9	79.8	19	44	25	13
Mar.	7.55	1.18	7.73	24.4	22.0	28.2	79.2	17	45	27	11
Apr.	7.55	1.14	7.73	24.6	22.6	29.2	78.4	20	44	26	10
May	7.61	1.16	7.80	24.6	22.6	29.3	78.7	18	45	27	10
June	7.65	1.15	7.84	24.7	23.5	30.4	78.7	18	45	28	9
July	7.74	1.13	7.92	24.9	24.0	31.3	78.3	19	45	27	8
Aug.	7.93	1.21	8.13	24.5	23.4	30.6	78.1	19	47	27	7
Sept.	8.18	1.32	8.40	24.0	22.9	30.4	76.9	22	50	22	6
Oct.	8.42	1.35	8.65	24.0	22.9	31.1	75.3	26	51	18	4
Nov.	8.44	1.36	8.66	23.6	21.5	29.2	74.1	30	51	14	4
Dec.											

n. a. - Not available

p/ - Preliminary

See appended Technical Note for explanation of differences in "new" and "old" series.

TERMS ON CONVENTIONAL HOME MORTGAGES

Office of Economic Research
Federal Home Loan Bank Board
Washington, D. C.

Table 3 - National Averages for Mortgage Companies

Purpose of Mortgage and Month	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (years)	Loan Amount (\$ 000)	Purchase Price (\$ 000)	Loan-to-Price Ratio (%)	Percent of Estimated Number of Loans by Loan-to-Price Ratio Class (%)			
								Loan-to-Price Ratio (%)			
								70.0 or less	70.1 - 80.0	80.1 - 90.0	Over 90.0
PURCHASE OF NEWLY-BUILT HOMES											
Old Series											
1972- July	7.83	0.78	7.96	28.5	27.6	32.7	84.5				n. a.
Aug.	7.82	1.03	7.99	28.5	27.2	32.7	83.4				n. a.
Sept.	7.75	1.03	7.91	28.8	27.9	34.4	81.9				n. a.
Oct.	7.86	0.97	8.02	28.2	24.6	29.2	84.2				n. a.
Nov.	7.90	1.02	8.07	29.1	28.7	34.1	85.7				n. a.
Dec.	7.87	0.65	7.98	29.6	32.8	38.5	86.3				n. a.
1973- Jan.	7.91	0.92	8.06	29.5	30.9	36.2	87.8				n. a.
Feb.	7.89	0.87	8.03	29.4	32.1	37.2	88.2				n. a.
New Series											
1973- Jan.	7.83	1.57	8.08	29.1	28.7	35.4	83.0	15	15	42	28
Feb.	7.89	1.51	8.12	29.5	31.7	36.8	87.6	1	29	33	37
Mar.	7.79	1.35	8.00	28.8	30.8	36.6	85.9	9	21	26	44
Apr.	7.86	1.40	8.08	29.7	30.3	35.2	88.1	9	15	23	54
May	7.87	1.45	8.10	29.3	29.0	34.3	86.7	8	21	19	51
June	7.91	1.37	8.13	29.5	28.7	33.9	86.8	11	21	17	52
July	7.88	1.66	8.14	28.9	31.2	38.8	83.2	14	27	23	36
Aug.	8.01	1.30	8.21	28.2	32.6	40.2	82.5	12	40	26	22
Sept.	8.21	1.61	8.46	28.8	31.7	40.2	80.8	23	28	23	28
Oct.	8.37	1.95	8.69	29.3	33.0	39.5	85.6	9	24	32	36
Nov.	8.41	1.65	8.67	29.3	35.0	43.7	82.5	12	35	26	28
Dec.											
PURCHASE OF PREVIOUSLY-OCCUPIED HOMES											
Old Series											
				- Not	Available -						
New Series											
1973- Jan.	7.89	1.65	8.15	29.0	25.5	29.7	87.7	4	19	38	39
Feb.	7.86	1.60	8.11	29.4	26.6	30.6	89.0	6	13	32	49
Mar.	7.87	1.34	8.08	28.9	26.0	29.8	88.4	6	14	35	45
Apr.	7.87	1.34	8.09	28.7	26.5	30.5	88.9	6	14	31	50
May	7.98	1.48	8.21	29.1	24.9	28.1	90.5	3	10	25	63
June	7.99	1.62	8.24	29.1	27.0	31.1	89.5	4	13	26	57
July	8.08	1.46	8.31	29.1	25.8	29.6	89.2	4	13	29	54
Aug.	8.19	1.44	8.42	28.6	27.6	31.7	88.8	3	17	38	43
Sept.	8.46	1.80	8.75	29.1	27.0	31.6	88.0	7	16	28	49
Oct.	8.64	1.99	8.96	29.0	28.8	33.3	88.3	6	15	36	44
Nov.	8.81	1.73	9.08	29.8	28.6	32.4	89.4	2	12	37	48
Dec.											

n. a. - Not available

p/ - Preliminary

See appended Technical Note for explanation of differences in "new" and "old" series.

TERMS ON CONVENTIONAL HOME MORTGAGES

Office of Economic Research
Federal Home Loan Bank Board
Washington, D. C.

Table 4 - National Averages for Commercial Banks

Purpose of Mortgage and Month	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (years)	Loan Amount (\$ 000)	Purchase Price (\$ 000)	Loan-to-Price Ratio (%)	Percent of Estimated Number of Loans by Loan-to-Price Ratio Class (%)			
								Loan-to-Price Ratio (%)			
								70.0 or less	70.1 - 80.0	80.1 - 90.0	Over 90.0
PURCHASE OF NEWLY-BUILT HOMES											
Old Series											
1972-Jan.	7.27	0.43	7.34	24.7	28.7	41.6	68.9				n.a.
Aug.	7.26	0.38	7.32	24.8	28.7	42.7	69.5				n.a.
Sept.	7.36	0.44	7.43	24.8	28.5	40.7	72.1				n.a.
Oct.	7.41	0.58	7.50	24.9	28.8	38.7	70.1				n.a.
Nov.	7.41	0.52	7.50	25.8	28.3	40.8	71.7				n.a.
Dec.	7.39	0.52	7.48	25.4	30.0	43.9	69.9				n.a.
1973-Jan.	7.42	0.56	7.51	25.4	29.2	42.4	71.2				n.a.
Feb.	7.39	0.51	7.47	25.6	30.5	45.1	70.3				n.a.
New Series											
1973-Jan.	7.54	0.50	7.62	21.8	27.1	38.9	69.4	43	38	14	5
Feb.	7.44	0.71	7.56	24.4	28.2	40.2	71.9	42	44	7	7
Mar.	7.46	0.77	7.58	23.8	31.6	43.2	72.9	34	48	14	4
Apr.	7.52	0.63	7.62	24.2	28.1	40.0	71.1	33	44	19	4
May	7.50	0.64	7.60	21.5	25.3	35.9	70.5	41	35	19	5
June	7.62	0.61	7.71	23.3	25.9	35.6	73.3	35	31	22	12
July	7.72	0.58	7.81	23.3	27.3	37.6	73.2	34	32	24	10
Aug.	7.76	0.72	7.87	25.1	29.6	42.1	72.2	38	42	15	5
Sept.	7.88	0.55	7.97	23.1	26.9	38.7	71.8	36	39	22	3
Oct.	8.16	0.72	8.28	22.0	31.0	44.4	71.0	54	22	20	3
Nov.	8.27	0.60	8.37	21.5	29.3	42.8	68.3	50	43	6	2
Dec.											
PURCHASE OF PREVIOUSLY-OCCUPIED HOMES											
Old Series											
1972-Jan.	7.18	0.47	7.26	23.4	26.3	38.7	69.6				n.a.
Aug.	7.24	0.45	7.32	23.1	25.7	37.4	70.1				n.a.
Sept.	7.29	0.42	7.36	22.9	24.9	36.1	70.6				n.a.
Oct.	7.33	0.46	7.40	22.8	25.4	37.1	69.9				n.a.
Nov.	7.36	0.43	7.43	23.0	26.0	37.7	70.5				n.a.
Dec.	7.36	0.50	7.44	23.1	25.8	37.4	70.1				n.a.
1973-Jan.	7.40	0.48	7.48	23.2	26.2	37.4	71.9				n.a.
Feb.	7.41	0.40	7.47	23.9	26.5	37.5	72.3				n.a.
New Series											
1973-Jan.	7.50	0.45	7.57	19.5	21.0	30.7	68.5	47	42	6	4
Feb.	7.51	0.41	7.57	19.0	20.7	31.4	67.8	49	44	5	2
Mar.	7.51	0.53	7.59	19.3	20.6	30.0	71.0	35	45	17	4
Apr.	7.52	0.61	7.62	20.7	21.5	30.5	72.4	36	45	13	7
May	7.62	0.49	7.70	19.5	20.3	30.5	73.5	46	35	14	5
June	7.62	0.60	7.72	20.0	22.6	33.0	70.2	40	44	12	4
July	7.63	0.64	7.73	21.3	24.9	36.4	68.9	44	43	10	3
Aug.	7.79	0.46	7.87	19.7	22.7	33.0	69.8	41	42	14	3
Sept.	8.00	0.49	8.08	20.1	23.5	35.8	68.5	42	47	9	1
Oct.	8.30	0.51	8.39	19.8	21.5	31.4	69.3	43	44	12	1
Nov.	8.32	0.49	8.41	19.8	24.0	36.5	67.0	50	40	8	2
Dec.											

n. a. - Not available

p/ - Preliminary

See appended Technical Note for explanation of differences in "new" and "old" series.

TERMS ON CONVENTIONAL HOME MORTGAGES

Office of Economic Research
Federal Home Loan Bank Board
Washington, D. C.

Table 5 - National Averages for Mutual Savings Banks

Purpose of Mortgage and Month	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (years)	Loan Amount (\$ 000)	Purchase Price (\$ 000)	Loan-to-Price Ratio (%)	Percent of Estimated Number of Loans by Loan-to-Price Ratio Class (%)			
								Loan-to-Price Ratio (%)			
								70.0 or less	70.1 - 80.0	80.1 - 90.0	Over 90.0
PURCHASE OF NEWLY-BUILT HOMES											
Old Series											
1972-July	7.20	0.14	7.22	25.8	25.0	36.5	70.1			n.a.	
Aug.	7.14	0.12	7.16	26.0	26.1	38.2	69.4			n.a.	
Sept.	7.19	0.27	7.23	25.9	26.5	38.2	70.6			n.a.	
Oct.	7.33	0.26	7.37	26.2	25.4	36.6	71.1			n.a.	
Nov.	7.32	0.20	7.35	25.8	25.3	37.7	69.7			n.a.	
Dec.	7.31	0.29	7.36	26.3	26.6	38.8	70.5			n.a.	
1973-Jan.	7.31	0.46	7.39	26.7	27.7	39.8	71.4			n.a.	
Feb.	7.35	0.38	7.41	27.2	28.3	40.5	73.4			n.a.	
New Series											
1973-Jan.	7.32	0.15	7.34	26.0	28.2	40.3	72.6	35	37	21	7
Feb.	7.39	0.19	7.42	26.3	26.0	37.7	71.9	35	39	24	3
Mar.	7.38	0.31	7.42	25.8	26.0	35.7	75.0	23	46	30	2
Apr.	7.37	0.36	7.42	24.9	28.9	41.4	71.2	36	43	15	5
May	7.53	0.36	7.58	24.5	27.1	38.1	72.6	36	40	22	2
June	7.52	0.32	7.57	25.8	28.6	40.6	71.3	40	39	17	4
July	7.51	0.22	7.55	24.5	29.5	42.4	71.9	35	42	21	2
Aug.	7.55	0.23	7.59	25.7	29.4	42.0	71.2	38	37	22	2
Sept.	7.83	0.25	7.87	25.4	28.7	40.9	71.4	38	37	23	2
Oct.	7.99	0.13	8.00	26.0	27.7	40.3	70.7	41	38	19	2
Nov.	8.07	0.22	8.11	26.1	28.6	42.7	68.6	43	38	16	2
Dec.											
PURCHASE OF PREVIOUSLY-OCCUPIED HOMES											
Old Series											
1972-July	7.26	0.23	7.30	24.9	24.7	35.6	70.7			n.a.	
Aug.	7.25	0.17	7.27	24.9	24.0	33.9	72.3			n.a.	
Sept.	7.31	0.23	7.35	24.9	24.1	34.7	70.9			n.a.	
Oct.	7.33	0.21	7.36	24.3	24.2	35.6	70.2			n.a.	
Nov.	7.35	0.19	7.38	24.7	25.1	35.8	71.5			n.a.	
Dec.	7.35	0.15	7.38	25.0	25.0	35.1	72.6			n.a.	
1973-Jan.	7.34	0.25	7.38	25.0	25.2	36.5	70.9			n.a.	
Feb.	7.36	0.28	7.41	25.6	25.4	35.5	73.0			n.a.	
New Series											
1973-Jan.	7.38	0.29	7.42	24.1	24.5	35.6	70.6	38	46	15	1
Feb.	7.45	0.38	7.51	24.6	23.7	33.7	71.5	36	43	20	2
Mar.	7.41	0.27	7.45	24.3	24.6	35.9	71.4	36	44	17	2
Apr.	7.42	0.39	7.48	24.7	25.2	34.9	74.2	28	40	19	4
May	7.48	0.26	7.52	24.3	24.4	34.2	73.0	30	40	17	3
June	7.48	0.27	7.52	24.6	25.1	36.0	72.3	34	45	19	2
July	7.50	0.25	7.53	24.8	26.7	38.1	71.8	37	44	18	2
Aug.	7.61	0.29	7.66	24.6	25.6	36.7	71.6	39	42	17	3
Sept.	7.87	0.26	7.91	24.5	25.8	37.3	70.8	38	48	13	2
Oct.	8.14	0.22	8.17	23.4	23.9	35.9	68.8	47	37	14	2
Nov.	8.38	0.21	8.41	24.3	24.3	37.5	65.9	57	33	9	1
Dec.											

n. a. - Not available

p/ - Preliminary

See appended Technical Note for explanation of differences in "new" and "old" series.

TERMS ON CONVENTIONAL HOME MORTGAGES

Table 6 - Averages for Selected Metropolitan Areas for All Major Lenders

Metropolitan Area and Month	Loans Made for Purchase of:											
	Newly-Built Homes					Previously Occupied Homes						
	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)
ATLANTA												
<u>Old Series</u> 1972 Nov.	7.64	1.65	7.91	29.0	41.0	80.3	7.61	1.57	7.87	25.9	41.0	74.1
<u>New Series</u> 1973 Sept.	8.52	2.05	8.85	28.8	47.7	79.1	8.51	1.82	8.80	26.1	38.9	79.4
Oct.	8.66	2.24	9.02	29.3	40.8	80.7	8.81	3.91	9.45	28.5	27.9	89.0
Nov. p/	8.62	1.85	8.92	28.0	39.1	79.1	8.49	1.82	8.78	29.3	44.1	82.0
BALTIMORE												
<u>Old Series</u> 1972 Nov.	7.40	0.00	7.40	24.9	37.9	68.8	7.46	0.00	7.46	23.2	32.4	70.8
<u>New Series</u> 1973 Sept.	7.72	0.05	7.72	27.5	40.7	72.2	7.88	0.01	7.88	25.1	31.5	72.4
Oct.	7.84	0.03	7.84	28.2	40.0	77.1	7.93	0.01	7.93	24.2	39.1	70.3
Nov. p/	7.89	0.02	7.89	27.2	41.4	76.4	7.94	0.01	7.94	24.3	35.7	68.4
BOSTON												
<u>Old Series</u> 1972 Nov.	7.27	0.02	7.27	24.3	53.8	60.8	7.37	0.05	7.37	24.3	46.4	71.8
<u>New Series</u> 1973 Sept.	7.60	0.04	7.60	24.7	44.3	68.6	7.77	0.03	7.77	24.2	47.6	70.4
Oct.	7.67	0.03	7.68	23.6	44.3	71.1	8.29	0.03	8.29	23.8	45.5	70.9
Nov. p/	7.94	0.00	7.94	23.9	47.0	62.3	8.40	0.03	8.40	24.0	39.5	72.2
CHICAGO-NORTHWESTERN INDIANA CONSOLIDATED AREA												
<u>Old Series</u> 1972 Nov.	7.09	0.97	7.25	26.6	40.3	74.5	7.08	0.93	7.23	24.5	40.9	72.1
<u>New Series</u> 1973 Sept.	7.51	1.59	7.77	26.4	40.9	74.0	7.73	1.42	7.97	23.0	39.6	69.6
Oct.	7.72	1.70	7.99	25.4	43.7	75.4	7.83	1.72	8.11	25.2	38.4	68.3
Nov. p/	7.61	1.32	7.82	24.6	45.6	67.1	8.00	1.66	8.31	22.8	37.6	69.3
CLEVELAND												
<u>Old Series</u> 1972 Nov.	6.95	0.24	6.99	33.4	45.1	59.7	7.17	0.34	7.23	24.3	33.6	72.4
<u>New Series</u> 1973 Sept.	7.55	0.90	7.69	26.9	36.2	73.9	7.84	1.00	8.00	25.4	34.5	75.1
Oct.	7.45	0.83	7.60	25.6	38.2	72.6	8.10	0.96	8.26	24.5	34.2	72.3
Nov. p/	7.76	0.90	7.90	26.4	38.9	71.3	8.26	1.12	8.45	23.7	36.6	72.6
DALLAS												
<u>Old Series</u> 1972 Nov.	7.60	1.69	7.87	28.3	42.0	81.9	7.60	1.40	7.83	26.9	36.7	81.0
<u>New Series</u> 1973 Sept.	8.33	1.51	8.57	29.6	38.6	83.8	8.71	1.08	8.88	29.8	39.6	88.2
Oct.	8.34	1.54	8.58	29.5	49.6	79.1	8.85	2.26	9.22	29.3	29.9	85.6
Nov. p/	8.27	1.55	8.51	29.3	38.0	85.0	8.67	1.02	8.83	28.4	29.9	90.0

TERMS ON CONVENTIONAL HOME MORTGAGES

Table 6 - Averages for Selected Metropolitan Areas for All Major Lenders

Metropolitan Area ^{1/} and Month	(Continued)											
	Loans Made for Purchase of:											
	Newly-Built Homes						Previously Occupied Homes					
Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)	
DENVER												
<u>Old Series</u> 1972 Nov.	7.62	1.09	7.80	29.8	33.6	80.3	7.75	1.09	7.93	27.9	30.4	77.9
<u>New Series</u> 1973 Sept.	8.18	1.28	8.39	29.3	36.8	78.6	8.84	1.39	9.07	26.1	29.4	80.7
Oct.	8.43	1.23	8.63	28.8	35.2	80.7	9.00	1.50	9.24	28.4	30.7	84.3
Nov. p/	8.53	1.27	8.73	29.9	35.3	81.0	9.03	1.28	9.24	27.4	29.3	79.0
DETROIT												
<u>Old Series</u> 1972 Nov.	7.51	0.67	7.62	28.7	35.2	77.0	7.58	0.61	7.67	27.2	30.5	79.1
<u>New Series</u> 1973 Sept.	7.89	0.85	8.03	26.8	40.2	75.1	8.14	0.79	8.26	24.9	34.9	74.2
Oct.	7.95	0.82	8.08	27.1	36.8	73.2	8.54	0.72	8.66	24.0	34.3	71.9
Nov. p/	7.99	0.73	8.11	27.8	40.9	72.4	8.56	0.69	8.67	25.2	33.8	73.7
HOUSTON												
<u>Old Series</u> 1972 Nov.	7.61	1.40	7.83	29.2	39.3	83.6	7.65	1.07	7.82	26.3	40.2	80.6
<u>New Series</u> 1973 Sept.	8.26	1.65	8.52	29.4	39.9	82.3	8.47	1.87	8.76	29.6	36.0	86.5
Oct.	8.28	1.56	8.59	28.8	39.4	84.8	8.63	2.38	9.01	29.1	33.7	88.9
Nov. p/	8.52	1.95	8.83	29.2	36.1	87.1	8.74	2.18	9.10	29.4	30.5	86.5
LOS ANGELES - LONG BEACH												
<u>Old Series</u> 1972 Nov.	7.26	1.16	7.45	29.4	41.1	80.7	7.38	1.27	7.58	28.8	36.9	80.2
<u>New Series</u> 1973 Sept.	7.75	1.21	7.94	29.4	45.6	81.8	8.69	1.34	8.90	29.0	42.4	79.9
Oct.	7.89	1.09	8.06	28.8	40.8	83.1	9.20	1.43	9.43	29.2	45.3	79.7
Nov. p/	8.07	1.22	8.27	29.3	43.4	84.7	8.96	1.44	9.19	28.2	38.7	78.1
MIAMI												
<u>Old Series</u> 1972 Nov.	7.23	1.47	7.47	26.4	43.4	80.7	7.50	1.52	7.75	24.4	32.2	79.3
<u>New Series</u> 1973 Sept.	7.79	2.50	8.19	27.8	39.7	84.4	7.78	2.58	8.20	25.0	42.9	77.1
Oct.	7.89	2.50	8.30	25.3	43.0	76.2	8.04	2.83	8.50	25.1	39.7	78.1
Nov. p/	7.83	2.27	8.20	25.8	29.2	75.3	8.17	2.70	8.62	24.8	34.8	77.0

TERMS ON CONVENTIONAL HOME MORTGAGES

Table 6 - Averages for Selected Metropolitan Areas for All Major Lenders

Metropolitan Area ^{1/} and Month	Loans Made for Purchase of:											
	Newly-Built Homes						Previously Occupied Homes					
	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)
MINNEAPOLIS-ST. PAUL												
<u>Old Series</u> 1972 Nov.	7.62	0.30	7.67	25.9	34.9	77.7	7.64	0.61	7.74	25.1	35.4	75.8
<u>New Series</u> 1973 Sept.	7.79	0.32	7.84	27.9	38.4	81.2	7.90	0.38	7.96	26.2	37.2	74.9
Oct.	7.88	0.37	7.93	26.9	39.5	75.1	7.94	0.48	8.02	25.5	36.6	72.7
Nov. <u>p/</u>	7.82	0.42	7.88	28.9	45.6	73.6	7.97	0.54	8.07	18.9	33.4	72.0
NEW YORK-NORTHEASTERN NEW JERSEY CONSOLIDATED^{1/}												
<u>Old Series</u> 1972 Nov.	7.30	0.31	7.35	27.0	54.4	62.0	7.29	0.37	7.35	25.4	43.3	69.1
<u>New Series</u> 1973 Sept.	7.62	0.21	7.65	28.7	47.9	68.5	7.54	0.42	7.60	24.9	50.2	66.2
Oct.	7.79	0.23	7.82	28.4	50.3	69.4	7.72	0.52	7.80	24.4	46.0	65.7
Nov. <u>p/</u>	8.03	0.20	8.06	28.7	50.3	68.8	7.99	0.42	8.06	24.7	52.9	65.3
PHILADELPHIA												
<u>Old Series</u> 1972 Nov.	7.31	0.43	7.38	24.9	39.9	66.9	7.50	0.72	7.62	22.8	29.4	71.3
<u>New Series</u> 1973 Sept.	7.50	0.95	7.65	25.6	40.8	69.1	7.87	0.94	8.02	23.1	34.0	73.4
Oct.	7.78	0.67	7.88	25.8	39.0	73.8	7.96	0.76	8.09	21.7	30.4	71.1
Nov. <u>p/</u>	7.95	0.87	8.09	26.1	38.8	77.0	8.06	0.78	8.19	21.5	34.6	68.4
ST. LOUIS												
<u>Old Series</u> 1972 Nov.							Not Available					
<u>New Series</u> 1973 Sept.	7.62	1.10	7.80	22.0	31.3	63.3	7.78	1.17	7.98	19.9	21.6	77.7
Oct.	7.48	0.95	7.63	26.3	38.8	67.9	7.91	1.65	8.19	20.7	24.3	71.6
Nov. <u>p/</u>	7.56	0.61	7.66	25.8	54.7	75.4	7.96	2.33	8.34	23.3	31.2	79.0
SAN FRANCISCO - OAKLAND												
<u>Old Series</u> 1972 Nov.	7.33	1.16	7.52	29.5	38.4	78.7	7.35	1.23	7.55	29.2	38.4	79.9
<u>New Series</u> 1973 Sept.	8.56	1.34	8.78	29.6	44.2	77.1	8.68	1.32	8.89	29.0	44.9	75.4
Oct.	8.77	1.55	9.02	29.0	42.2	81.0	8.98	1.33	9.19	28.5	46.5	75.7
Nov. <u>p/</u>	8.47	1.46	8.70	28.8	46.4	78.6	8.94	1.24	9.14	28.3	42.2	77.2
SEATTLE-EVERETT												
<u>Old Series</u> 1972 Nov.	7.44	1.74	7.72	28.6	32.9	86.1	7.42	1.49	7.66	26.7	30.2	81.3
<u>New Series</u> 1973 Sept.	7.77	2.31	8.14	28.1	32.1	80.9	8.10	1.68	8.37	27.3	37.6	79.9
Oct.	8.03	2.15	8.38	28.0	40.7	80.4	8.61	2.09	8.96	24.5	28.7	77.6
Nov. <u>p/</u>	8.52	1.88	8.83	27.3	40.5	81.0	8.49	1.54	8.74	27.9	35.3	78.6

TERMS ON CONVENTIONAL HOME MORTGAGES

Table 6 - Averages for Selected Metropolitan Areas for All Major Lenders

Metropolitan Area ^{1/2} and Month	(Continued)											
	Loans Made for Purchase of:											
	Newly-Built Homes						Previously Occupied Homes					
Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)	Contract Interest Rate (%)	Initial Fees and Charges (%)	Effective Rate (%)	Term to Maturity (Years)	Purchase Price (\$000)	Loan-to- Price Ratio (%)	
WASHINGTON, D.C., MD., VA.												
<u>Old</u> Series				Not	Available							
New Series												
1973												
Sept.	8.07	0.33	8.12	28.7	50.4	79.1	8.06	0.30	8.11	25.3	45.1	74.9
Oct.	8.15	0.62	8.24	28.7	50.6	79.6	8.19	0.37	8.25	25.6	50.1	73.1
Nov. ^{p/}	8.32	0.75	8.43	29.4	39.3	85.0	8.42	0.68	8.53	24.9	60.5	69.7

^{p/} Preliminary^{1/2} Standard Metropolitan Statistical Areas, except for two Standard Consolidated Areas so designated (old series data for New York and Chicago, however, cover only the SMSA).

The CHAIRMAN. The usury rate is 8 percent?

Mr. GILBERT. The usury rate is 8 percent.

On previously occupied homes with conventional mortgage, the average rate is 8.56 percent in early November, 6 points above the previous month.

Now, that in itself does not tell the whole story, because the summary for the metropolitan area provided by the Federal Home Loan Bank Board suggests that in November the actual rate in Washington area for new homes was 8.43 percent, and for previously occupied homes was 8.53 percent, but the average purchase price at which money was lent was for \$60,000 homes in the Washington area, previously occupied homes, which indicates that the transactions, the typical transaction in the Washington area was for very substantial homes. We feel this is an indication that the person of average means, who would like a modest home, has not been able to get financing at this time. For those reasons, Mr. Chairman, we hope that that amendment which was added in the House can be carried in the Capital Yacht Club bill.

The CHAIRMAN. I might add if this committee were not to act on this bill within a year if home rule came to the District, of course, the Council would have that authority. But you have an emergency type situation now, insofar as borrowing and lending is concerned, which necessitates this action by this committee—is that correct?

Mr. GILBERT. Mr. Chairman, we feel it is an emergency situation.

We do like the idea of advancing the authority of the City Council by 1 year, wherein the City Council is able to handle this responsibility.

The CHAIRMAN. While you are here with us, Mr. Gilbert, could you make any comment for us on H.R. 6186, the Capital Holding Corporation bill, that was testified to by Mr. Abell and Mr. Hogan?

Mr. GILBERT. We favor that measure, Mr. Chairman. Mr. Wallach, our Superintendent of Insurance, is here and he is prepared to testify in detail.

I do not have the technical knowledge that he has.

The CHAIRMAN. I am not asking for technical questions, but as a matter of policy, you do favor the enactment of H.R. 6186?

Mr. GILBERT. That is correct.

The CHAIRMAN. Even though it will cost revenue to the District of Columbia?

Mr. GILBERT. This is a dilemma that we face that would cost revenue, assuming the insurance companies would stay in the District, but we feel that the discussion of possible transfers to other jurisdictions is not an idle discussion, there is a real danger of that occurring.

The CHAIRMAN. Mr. Wallach, as the Superintendent of Insurance for the District of Columbia, do you support the enactment of H.R. 6186?

Mr. WALLACH. I support the bill, and I stand in support of the testimony given by me before the House District Committee on July 16.

The CHAIRMAN. That testimony will be made a part of this record. Thank you, gentlemen.

[Testimony by Mr. Wallach before the House of Representatives Committee on the District of Columbia follows.]

Mr. WALLACH. The premiums received by authorized insurance companies on risks in the District of Columbia are subject to a two-percent tax. Insurers are also subject to real estate taxes. These taxes are in lieu of all other taxes, as provided in the D.C. Code, Section 47-1806, and are payable whether the insurer is experiencing gains or losses.

Insurers domiciled in the District of Columbia are also subject to these types of taxes in every State in which they operate with regard to the risks located or the real estate they own in these States.

The imposition of double taxation by D.C. Code, Section 47-1580, whether intentionally or unintentionally, on dividends or interests paid by insurers to a corporate non-insurer parent was a moot question prior to corporate reorganizations. Even now the provision does not create tax revenues in the case of a "down-stream" holding company type corporate structure, since by definition such parent is an insurer and therefore exempt from taxes other than those imposed on premiums and real estate.

A holding company system, consisting of insurers and noninsurers with the latter receiving dividends from the former is at a competitive disadvantage as compared with a "down-stream" holding company, under otherwise equal conditions, since it is exposed to double taxation.

In view of the centralized control inherent in a holding company system, the non-insurer parent is able to change the domicile of the insurer, by moving the operations outside the District of Columbia, and thereby avoids paying the tax.

The migration of insurers creates a temporary economic waste for the insurer but improves its long-term competitive situation. The by-product, however, is long-term economic losses to the District of Columbia and hardships for the employees of the insurer to a differing degree depending whether or not they are able to relocate or find other employment.

As more reorganizations, utilizing the concept of the holding company system are to occur, insurers will reincorporate outside the District of Columbia, move their home offices, and new insurance companies will also be formed outside the District of Columbia rather than here, to avoid paying additional taxes which would be due to the change in the organizational structure but not due to the generation of additional income since none is generated.

Long-term planning applicable to the location of insurers is heavily influenced by taxation on the State level.

If insurers, to avoid the additional tax, will move their corporate offices, the tax will not become due. The move will be economically harmful to the District of Columbia and the lack of formation of new insurers here will reduce the creation of new employment opportunities.

This testimony is to express the concern over possible adverse economic repercussions caused if the bill is not enacted. In neither case will tax revenues be created.

Section 2 of the bill contains retroactive features. This Department could not identify any reasons to support the enactment of Section 2, despite the apparent need for the other provisions of the bill.

The CHAIRMAN. The chairman wishes to announce that H.R. 6186 has been voted out of this committee by a vote of 6 to 1. An amendment has been added to exempt the Mayor-Commissioner of the District of Columbia, and the District of Columbia Council from the purview of the Hatch Act.

This bill will be reported to the floor of the Senate with that amendment.

The vote of 6 to 1—Senator Bartlett of Oklahoma, voted "No."

That concludes the hearing on all of the aforementioned bills.

The committee stands adjourned.

[Whereupon, the committee was adjourned at 10:15 a.m.]

