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TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXEMPTIONS FROM COMPETITIVE SERVICE

DEPARTMENT OF AGRICULTURE

Effective upon publication in the FEDERAL REGISTER, paragraph (a) (3) of § 6.311 is amended as set out below.

§ 6.311 *Department of Agriculture*—(a) *Office of the Secretary.* * * *

(3) One Assistant to the Secretary (Agricultural Programs).

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S .C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-10594; Filed, Dec. 28, 1956; 8:53 a. m.]

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

DEPARTMENT OF LABOR

Effective upon publication in the FEDERAL REGISTER, the headnote of paragraph (f) of § 6.313 is redesignated as "Bureau of Training and Apprenticeship."

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-10593; Filed, Dec. 28, 1956; 8:53 a. m.]

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

HOUSING AND HOME FINANCE AGENCY

Effective upon publication in the FEDERAL REGISTER, paragraph (c) (4) and (5) of § 6.342 is revoked and paragraph (c) (9) and (10) is added as set out below.

§ 6.342 *Housing and Home Finance Agency.* * * *

(c) *Public Housing Administration.* * * *

(9) Assistant Commissioner for Development.

(10) Assistant Commissioner for Management.

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-10592; Filed, Dec. 28, 1956; 8:53 a. m.]

TITLE 6—AGRICULTURAL CREDIT

Chapter III—Farmers Home Administration, Department of Agriculture

Subchapter B—Farm Ownership Loans

[FHA Instructions 443.1, 443.4]

PART 311—BASIC REGULATIONS

PART 316—APPLICANTS

PART 321—SELECTION OF FARMS

PART 331—POLICIES AND AUTHORITIES

PART 334—LOANS PRIMARILY FOR REFINANCING

MISCELLANEOUS AMENDMENTS

In Chapter III of Title 6, Code of Federal Regulations, Part 311 except §§ 311.7, 311.28, and 311.29 (13 F. R. 9392, 16 F. R. 7917, 19 F. R. 1363, 4051, 6601, 20 F. R. 3667, 21 F. R. 2427), Part 316 (13 F. R. 9393, 18 F. R. 4153), and Part 321 (13 F. R. 9399, 15 F. R. 4255, 4885, 20 F. R. 3667) are hereby revoked, §§ 311.7 (16 F. R. 7921), 311.28 (19 F. R. 1364, 2441, 20 F. R. 9341), and 311.29 (19 F. R. 1365, as amended) are redesignated §§ 331.15, 331.16, and 331.17, respectively, and new Part 331—Policies and Authorities, and Part 334—Loans Primarily for Refinancing, are added to read as follows:

Sec.
331.1 General.
331.2 Objectives.
331.3 Definitions.
331.4 Supervisory assistance.
331.5 Eligibility and preference.
331.6 Loan purposes.
331.7 Loan limitations.
331.8 Special requirements.

(Continued on p. 10443)

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FEDERAL REGISTER

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CODIFICATION GUIDE

A numerical list of the parts of the Code of Federal Regulations affected by documents published in this issue. Proposed rules, as opposed to final actions, are identified as such.

CODIFICATION GUIDE—Con.

Sec.
331.9 Source of funds and terms of loans.
331.10 Security requirements.
331.11 Technical service.
331.12 Mineral rights.
331.13 County committee determinations.
331.14 Loan approval authority.
331.15 Loan funds impressed with trust.
331.16 Territorial subdivisions in Alaska, Puerto Rico, and the Virgin Islands.
331.17 Average value of farms.

AUTHORITY: §§ 331.1 to 331.17 issued under sec. 41 (i), 60 Stat. 1066; 7 U. S. C. 1015 (i). Statutory provisions interpreted or applied are cited to text in parentheses.

§ 331.1 *General.* This part outlines the policies and authorities for making insured and direct loans, hereinafter referred to as Farm Ownership loans, under Title I of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1000, et seq.).

§ 331.2 *Objectives.* The basic objectives of Farm Ownership loans are to enable farm families to become soundly established in a successful system of farming, to promote more secure occupancy of farms and farm homes, and to correct economic instability resulting from changing conditions and some forms of farm tenancy. These objectives will be accomplished by extending credit and supervisory assistance to:

(a) Individuals who will be owner-operators of family-type farms that will provide adequate income to meet living and operating expenses and amounts due on their loans.

(b) Disabled veterans who will be owner-operators of less than family-type farms that, together with their pensions, will provide adequate income to meet living and operating expenses and amounts due on their loans.

(c) Individuals who are established bona fide farmers and owner-operators of less than family-type farms that, with income from other sources, will enable the family to meet living and operating expenses and amounts due on their loans.

(Secs. 1, 2, 60 Stat. 1072, 1073, as amended, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001, 1002)

§ 331.3 *Definitions*—(a) *Family-type farm.* A family-type farm is defined as a farm (1) that is of sufficient size and productivity to furnish income that will enable a farm family to have a reasonable standard of living, pay operating expenses, including maintenance of necessary livestock, farm and home equipment, land and buildings, pay their debts, and have a reasonable reserve to meet unforeseen emergencies, (2) for which the management is furnished by the operator and his immediate family, and (3) for which the labor is furnished primarily by such operator and family except during seasonal peak-load periods. It is not intended to include in this definition farms which require large amounts of seasonal hired labor in relation to the total labor requirements for the year.

(i) For the purpose of the Farm Ownership loan program, "income" will be computed by using long-time prices and costs, and the "farm" includes only land owned or to be acquired by the applicant and which would be security for the loan.

(b) *Less than family-type farms.* Less than family-type farms are farms on which the applicant's income from the land he owns will be insufficient to meet the requirements of a family-type farm as defined in paragraph (a) of this section. In any case, to be suitable for a Farm Ownership loan, a less than family-type farm (1) must produce agricultural commodities in sufficient quantities that the proceeds from their sale will be a substantial portion of the operator's total cash income, (2) will be recognized in the community as a farm rather than a rural residence, (3) must provide farm income which together with any income from other sources, including income from rented land or grazing permits, will enable the family to have a reasonable standard of living, pay operating expenses, pay their debts, and have a reasonable reserve for unforseeen emergencies, (4) is a farm on which the management is furnished by the operator and his immediate family, and (5) is a farm for which the labor is furnished primarily by the operator and his immediate family. The scale of operations conducted by the operator of a less than family-type farm on the land he owns and any rented land must not be larger

than the operations conducted by operators of family-type farms.

(c) *Farm.* The word "farm" as used in procedure relating to Farm Ownership loans includes the land, buildings, fences, water, water stock, water facilities, and other improvements which customarily pass with the farm in the change of ownership.

(1) In some states, certain improvement items or appurtenances which ordinarily would be considered a part of the real estate may, by agreement between the owner of the land and the person furnishing or using such appurtenances, remain personal property. Such an agreement would be binding on a Farm Ownership borrower who purchases the land. In all cases where funds are included in a Farm Ownership loan to purchase such improvements or appurtenances, the County Supervisor, with the advice of the designated attorney or the attorney in charge, will ascertain that such appurtenances are free from any liens or encumbrances and are covered adequately by a first real estate or chattel mortgage.

(2) In some areas, facilities or improvement items not generally considered to be a part of the real estate, however, ordinarily do pass with the land when such a farm changes ownership. If it is administratively determined that certain such items customarily do pass with the land in the area, Farm Ownership loan funds may be included for the acquisition of such items necessary to the efficient operation of the farm. The advice of the designated attorney or the attorney in charge should be obtained in such cases. Where such facilities or improvement items do not commonly pass with the land when such a farm changes ownership, Farm Ownership loan funds will not be used for acquisition of the facilities even though such facilities may be necessary to the efficient operation of the farm.

(d) *Average value.* The term "average value" for a county, parish, or locality means the average value of efficient family-type farm-management units situated in the county or parish as shown in § 331.17 of this chapter.

(e) *Fair and reasonable value.* The term "fair and reasonable value of the farm" means the amount certified by the County Committee on Form FHA–491, "County Committee Certification," to be the value of the farm after planned improvements are made.

(Secs. 1, 2, 3, 60 Stat. 1072, 1073, 1074, as amended, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001, 1002, 1003)

§ 331.4 *Supervisory assistance.* All Farm Ownership borrowers will receive supervisory assistance to the extent necessary to assure the success of the borrower's farming operation and the protection of the Government's interest.

(a) Borrowers who are conducting full-time family-type farming operations will receive assistance in developing Long-Time and Annual Farm and Home Plans, keeping records, and analyzing their farm and home business. In addition, such borrowers will receive farm and home visits to assist them in carrying out their farm and home plans.

(b) Borrowers who are conducting part-time farming operations will receive supervisory assistance in developing an Annual Farm and Home Plan for the first full crop year (including an interim plan, if necessary). They also will receive such additional supervisory assistance as necessary to accomplish the objectives of the loan, including farm and home visits and assistance in keeping records.

(Sec. 44, 60 Stat. 1069; 7 U. S. C. 1018)

§ 331.5 *Eligibility and preference.* (a) To be eligible for a Farm Ownership loan, each applicant must:

(1) Be a citizen of the United States.

(2) Possess legal capacity to contract for the loan.

(3) If he is applying for a loan on a family-type farm, be a farm owner, farm tenant, farm laborer, sharecropper, or other individual who obtains, or recently obtained, a substantial portion of his income from farming operations, or be a veteran with previous farming experience or training.

(4) If he is applying for a loan on a less than family-type farm, be (i) an owner-operator who is an established bona fide farmer conducting substantial farming operations and who, for a substantial portion of his life, has resided on a farm and depended on farm income for his livelihood, or (ii) a disabled veteran with a pensionable disability and who has previous farming experience or training. An applicant who is spending a major portion of his time during the year in off-farm employment is not considered a bona fide farmer and, therefore, is not eligible.

(5) Possess the character, ability, industry, and experience necessary to carry out successfully the proposed farming operations and will honestly endeavor to carry out the undertakings and obligations required of him in connection with the loan.

(6) Be unable to obtain credit sufficient in amount to finance his actual needs at rates (but not exceeding five percent per annum) and terms prevailing in or near his community for loans of similar size and character from responsible sources.

(7) Plan to live on and operate the farm.

(i) An applicant who owns or plans to acquire a family-type farm will not be considered eligible for a loan if he plans to devote a substantial portion of his time to off-farm employment. An applicant who plans to devote a substantial part of his time to off-farm employment will be considered as the owner of a less than family-type farm even though the farm he owns ordinarily would be considered a family-type farm.

(ii) An applicant who owns a less than family-type farm will not be eligible if he plans to hire labor, other than during seasonal peak-load periods, to assist his family in operating the farm because the applicant intends to be engaged in nonfarm employment.

(8) Have or be able to obtain the operating capital, including livestock, machinery, and equipment, essential for the successful operation of the proposed system of farming.

(b) Preference will be given to:

(1) Veterans as defined in Subpart B of Part 301 of this chapter. When it appears that available funds will be inadequate to meet the needs of all applicants, the applications on hand from veterans will be processed first.

(2) Those applicants who are:

(i) Owners of livestock and farm implements necessary to carry on successful farming operations.

(ii) Able to make an initial down payment in addition to owning necessary livestock and equipment.

(iii) Married or have dependent families.

(Secs. 1, 2, 3, 60 Stat. 1072, 1073, 1074, as amended, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001, 1002, 1003)

§ 331.6 *Loan purposes.* (a) Farm Ownership loans may be made for the purpose of:

(1) Buying a family-type farm or buying land to enlarge a farm that will be a family-type farm. In the case of a disabled veteran with a pensionable disability, the farm acquired or enlarged may be less than a family-type farm. Loans to buy land may include funds to purchase the interest of other heirs or joint owners of property in which the applicant holds a legal interest. Funds may also be used in such a case to satisfy the applicant's share of any liens or encumbrances against the farm.

(2) Developing or improving a farm. This includes building improvements, land development, and water facilities necessary for the operation of the farm.

(3) Refinancing secured and unsecured debts of an applicant who owns or will own a family-type farm.

(i) When the loan is made primarily for refinancing, it will be subject to the provisions of Part 334 of this chapter.

(ii) When the loan is made primarily for purposes other than refinancing, any debts to be refinanced must comply with the special requirements of § 334.4 of this chapter.

(4) Refinancing secured and unsecured debts incurred for agricultural purposes of an applicant who owns less than a family-type farm. Debts for agricultural purposes are debts such as those incurred for the acquisition or improvement of farm land and buildings, farm operating expenses, livestock, farm machinery, and equipment, and family living expenses.

(i) When the loan is made primarily for refinancing, it will be subject to the provisions of Part 334 of this chapter.

(ii) When the loan is made primarily for purposes other than refinancing, any debts to be refinanced must comply with the special requirements of § 334.4 of this chapter.

(5) Paying of fees including a $20 appraisal fee in case of an insured loan, costs of technical services, and expenses incurred in making and closing the loan.

(b) Farm Ownership loans may not be made for the purpose of:

(1) Purchasing land when the farm will be "less than a family-type farm" as defined in § 331.3 (b).

(2) Financing any farm development not located on the property covered by the mortgage.

(3) Purchasing machinery, tools, equipment, livestock, and similar items not considered a part of the farm.

(4) Paying real property insurance premiums.

(5) Paying loan insurance charges on insured Farm Ownership loans.

(6) Carrying on any Government land-purchase or land-leasing program, or for organizing, promoting, or managing homestead associations, land-purchasing associations, or cooperative land-purchasing for colonies of rehabilitants and tenant purchasers, or any other type of collective or cooperative farming.

(7) Making loans to two or more persons, other than husband and wife, for the purpose of maintaining or establishing a joint ownership in a farm or the joint operation of a farm except upon approval of the Administrator or his delegate.

(8) Constructing dwellings or other farm buildings which are considered to be in excess of the needs of the farm or would be significantly more expensive than similar buildings on family-type farms in the area.

(9) Constructing or improving a dwelling to be occupied by persons other than the borrower's family or labor hired to assist in operating the farm.

(10) Paying debts for farm development work incurred after the docket is prepared but prior to closing of the loan unless the County Supervisor determines that the development conforms to that shown on Form FHA–643, "Farm Development Plan." The County Supervisor, not later than the time of planning farm improvements, will advise each applicant that the development work should not be started and debts for such work or materials should not be incurred before the loan is closed.

(11) Acquiring land or developing a farm which is located in an area designated for retirement from agriculture by Federal, state, or county land use planning agencies, or an area that is likely to be so designated.

(12) Refinancing Farmers Home Administration debts except when necessary to secure the lien required when a Farm Ownership loan is made.

(Secs. 1, 2, 3, 44, 60 Stat. 1069, 1072, 1073, 1074, as amended, sec. 17, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001, 1002, 1003, 1006d, 1018)

§ 331.7 *Loan limitations*—(a) *County average value limitation.* Initial or subsequent Farm Ownership loans involving the acquisition or enlargement of a farm will not be approved if the fair and reasonable value of the farm exceeds the applicable county average value.

(b) *Limitation of amount of loan*—(1) *Direct loan.* Direct loans (initial or subsequent) will not be approved which will result in an indebtedness for the Farm Ownership loan and prior lien, if any, in an amount which exceeds the fair and reasonable value of the farm.

(2) *Insured loan.* Insured loans (initial or subsequent) will not be approved which will result in an indebtedness for the Farm Ownership loan and prior lien, if any, in an amount which exceeds 90 percent of the fair and reasonable value of the farm, except that in the case of a loan to an applicant to purchase a farm in which he does not have an undivided interest, the Farm Ownership loan and any prior lien must not exceed 90 percent of the lesser of the fair and reasonable value of the farm or the sum of:

(i) The price of the farm to be acquired by the applicant;

(ii) The amount necessary for all planned construction and land development; and

(iii) The amount of any necessary fees and expenses which are required to be paid by the applicant.

(Sec. 3, 60 Stat. 1074, sec. 16, 69 Stat. 553, as amended, Pub. Law 878, 84th Cong.; 7 U. S. C. 1003, 1006c)

§ 331.8 *Special requirements*—(a) *Insured loan preference.* Whenever possible, the credit needs of an applicant will be met with an insured loan.

(b) *Relationships of Farm Ownership loans to Farm Housing and Soil and Water Conservation loans.* Each eligible applicant should be encouraged to obtain the kind of Farmers Home Administration loan best suited to his needs. In determining which kind of loan best suits the applicant's needs, consideration will be given to the purposes for which the applicant needs funds, the availability of loan funds, and the need for supervisory assistance: Whenever possible, an applicant's total real estate credit needs will be met with one kind of loan.

(c) *Applicant's funds.* When an applicant will supplement the loan with funds of his own, such funds will be deposited in a supervised bank account not later than the time of loan closing. After the loan is closed, these funds will be disbursed in the same manner and subject to the same conditions as loan funds.

(d) *Nonessential real estate.* A loan may be made to an applicant who owns real estate property which will not be a part of the farm to be given as security provided he disposes of the property before the loan is closed or, if this is not practicable, agrees to dispose of it promptly after the loan is closed and use the net proceeds to pay farm and home expenses, make capital purchases, or reduce his indebtedness.

(e) *Refinancing of Farm Ownership loan.* If at any time it appears that a borrower is able to refinance his loan with a responsible cooperative or private credit source at a rate of interest not in excess of five percent per annum, and on terms for loans for similar periods of time and purposes prevailing in the area, he must, upon request of the County Supervisor, apply for and accept such financing.

(f) *Farm situated in more than one county.* If a farm is situated in more than one state, county, parish, or locality, it will be deemed to be located in the state, county, parish, or locality in which the borrower's residence is located or is to be constructed.

(g) *Dollar amount of loans.* The amount of each Farm Ownership loan will be in multiples of ten dollars.

(h) *Refunding loan funds.* Promptly after completion of the planned expenditures, any unexpended balance in the supervised bank account will be applied on the borrower's Farm Ownership loan account as a refund.

(i) *Loans to debt-settlement cases.* A Farm Ownership loan will not be made to an applicant whose debts have been settled pursuant to regulations contained in Part 364, Subpart A of Part 372, or Subpart A of Part 373 of this chapter as reflected by the County Office records, or where settlement under such regulations is contemplated, unless (1) the applicant's failure to pay his loan indebtedness was the result of circumstances beyond his control, (2) the causes which necessitated the debt settlement, other than weather hazards, disasters, or price fluctuations, have been removed, and (3) the borrower's operations will be sound and afford him a reasonable prospect of repaying the loan and meeting his other obligations. Loan dockets, accompanied by available case folders, in such cases, must be submitted to the National Office for review prior to approval.

(j) *Certification by county committeeman.* A loan will not be made on a farm if any member of the County Committee, in any manner, participates in or attempts to influence the consideration, discussion, or certification with respect to the land in which such member, or any person related to such member within the third degree of consanguinity or affinity, has any pecuniary interest, direct or indirect, or in which any of them had such interest within one year prior to the date of certification.

(1) The prohibition contained in this paragraph will apply if a County Committeeman, or the spouse of a Committeeman, has any of the below-listed relationships to any person or the spouse of any person who has or within one year prior to certification has had any pecuniary interest in the farm or debts to be refinanced: Father; Mother; Grandfather; Grandmother; Great Grandfather; Great Grandmother; Son; Daughter; Grandson; Granddaughter; Great Grandson; Great Granddaughter; Brother; Sister; Uncle; Aunt; Great Uncle, or son or daughter of; Great Aunt, or son or daughter of; Nephew, or son or daughter of; Niece, or son or daughter of; First Cousin, or son or daughter of; or Second Cousin, or son or daughter of.

(2) If a County Committeeman or spouse is involved as outlined above, the farm loan may be certified to by the other two Committeemen provided the Committeeman involved does not participate in any manner in the certification or influence the other Committeemen in any way.

(k) *Refinancing debts or acquiring land involving relatives.* A loan will not be made on a farm which involves the purchase of land owned by a parent or other near relative of an applicant, nor will a loan be made in which funds are included to refinance a debt to a parent or other near relative unless the State Director has determined, in writing, before approval of the loan that:

(1) The applicant is unlikely to receive an inheritance in a short time either of title to the property or of sufficient funds to make a loan unnecessary, and

(2) The seller's circumstances are such as to make it impracticable for him to

sell the property to the applicant or to advance additional funds on terms that would make a loan unnecessary.

(l) *Supplementary income of owners of less than family-type farms.* In the case of a loan to the owner of a less than family-type farm, the County Supervisor must determine that the income from the land the applicant owns together with the income from other sources will likely be available to the applicant on a continuing basis.

(1) When the applicant must depend on income from land in addition to that he owns, the County Supervisor will determine that such land or other land of similar quantity and quality likely will be available during the period of the loan, or if other land should not be available there is a likelihood that off-farm employment is available to provide the income needed.

(2) When the applicant must depend on income from off-farm employment, it must be determined that (i) the off-farm income will be reasonably certain to materialize and continue in the amount anticipated, taking into consideration the nature of the proposed employment and, where possible, the actual employment for the past two or three years, and (ii) the time required for the off-farm work, together with that required for the farm, is possible of accomplishment by the applicant and his immediate family, taking into consideration hired labor for seasonal peak-load periods.

(Secs. 1, 2, 44, 60 Stat. 1069, 1072, 1074, as amended, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001, 1002, 1018)

§ 331.9 *Sources of funds and terms of loans*—(a) *Sources of funds.* Loans will be made from funds furnished by private lenders and insured by the Government or from funds authorized by the Congress.

(b) *Amortization period.* Loans will be amortized within the shortest period consistent with the ability of the borrower to pay. In no case will the repayment period exceed 40 years from the date of the note.

(c) *Interest rates*—(1) *Direct loans.* For direct loans, interest will be charged at the rate of 4½ percent per year on the unpaid principal.

(2) *Insured loans.* For insured loans, interest will be charged at the rate of 3½ percent per year on the unpaid principal.

(d) *Loan insurance charge.* Each insured loan borrower will pay a loan insurance charge in addition to principal and interest payments on his Farm Ownership loan.

(1) *Initial loan insurance charge.* Each insured loan borrower will pay on the date of loan closing an initial loan insurance charge, computed at the rate of one percent of the principal obligation on the note, covering the period from the date of loan closing to the date the first installment on the note is due.

(2) *Annual loan insurance charge.* Each insured loan borrower will pay an annual loan insurance charge of one percent of the actual principal obligation remaining unpaid which will include the balance on the note and any unpaid advances made from the insurance fund on behalf of the borrower. Each annual loan insurance charge will be computed on the basis of the principal obligation remaining unpaid as of the date on which each installment on the note is due, and will be paid on or before the date the next succeeding installment is due. Annual loan insurance charges will continue until the loan is paid in full or the mortgaged property is acquired by the Government or until contract of insurance is otherwise terminated.

(Secs. 3, 12, 60 Stat. 1074, 1076, as amended, sec. 16, 69 Stat. 553; 7 U. S. C. 1003, 1005b, 1006c)

§ 331.10 *Security requirements.* Each direct or insured loan will be secured by either a first or second mortgage on the borrower's farm.

(a) A loan will be secured by a second mortgage when the prior mortgage does not contain repayment schedules that the borrower cannot meet in addition to repaying his loan, undesirable future advance provisions, or any other provisions which might jeopardize the security position of the Government or the borrower's ability to repay the loan, or when the holder of the prior mortgage agrees to satisfactorily modify, waive, or subordinate any such undesirable features of his mortgage.

(b) When a prior mortgage contains any of the above undesirable features which cannot be removed, the prior mortgage will be refinanced with loan funds and the loan will be secured by a first mortgage.

(c) A loan secured by a second mortgage may be made to the holder of a purchase contract if he has or obtains on or before the date of loan closing a mortgageable interest in the property, the contract is not subject to summary cancellation upon default, and all of the other terms and conditions meet the requirements of paragraph (a) of this section.

(Secs. 1, 3, 44, 60 Stat. 1069, 1072, 1074, as amended, sec. 16, 69 Stat. 553, as amended, sec. 17, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001, 1003, 1006c, 1006d, 1018)

§ 331.11 *Technical service*—(a) *Planning and performing farm development.* Farm development work will be planned and completed in accordance with Part 304 of this chapter.

(b) *Appraisal.* Farms on which Farm Ownership loans are to be made will be appraised by a Farmers Home Administration employee authorized to appraise farms. An appraisal fee of $20 will be charged to each applicant who receives an insured loan except that for a subsequent insured loan the fee will be charged only when a new appraisal is made.

(c) *Title clearance and legal services.* Title clearance and legal services required for making and closing loans will be in accordance with the provisions of Subpart A of Part 307 of this chapter.

(Secs. 2, 12, 60 Stat. 1074, 1076; 7 U. S. C. 1002, 1005b)

§ 331.12 *Mineral rights.* Borrowers should to the extent possible hold all the mineral rights in land to be acquired. If the seller refuses to transfer mineral rights or such rights are vested wholly or partially in third parties, the applicant should make as good a bargain as possible under the circumstances.

§ 331.13 *County committee determinations.* A Farm Ownership loan will not be approved unless the County committee has determined (a) the fair and reasonable value of the farm, (b) that the farm is of such character that there is a reasonable likelihood that the making of a loan will carry out the purposes of Title I, and (c) that the applicant is eligible to receive the benefits of Title I of the Bankhead-Jones Farm Tenant Act, as amended.

(Sec. 2, 60 Stat. 1074; 7 U. S. C. 1002)

§ 331.14 *Loan approval authority.* The State Director is authorized to approve or disapprove Farm Ownership loans in accordance with existing Farmers Home Administration regulations. This authority may be redelegated in writing by the State Director to one or more of the following State Office employees: Chief, Farm Loan Operations; Chief, Program Operations; Program Loan Officer; or Farm Loan Officer.

§ 331.15 *Loan funds impressed with trust.* The proceeds of loans made pursuant to Title I of the Bankhead-Jones Farm Tenant Act, as amended, shall be impressed with a trust for the purposes for which loans may be made under that Title, and may be used only for the purposes stated in the application therefor, and such trust shall continue, and the proceeds shall be free from garnishment, attachment, or the levy of an execution, until such proceeds have been used by the borrower for such purposes. Failure of the borrower to use the proceeds of such loans for such purposes, and in accordance with the purposes stated in the application therefor, shall be deemed grounds for the cancellation of the loan or for declaring the amount unpaid immediately due and payable.

(Sec. 44, 60 Stat. 1069; 7 U. S. C. 1018)

§ 331.16 *Territorial subdivisions in Alaska, Puerto Rico, and the Virgin Islands.* In Alaska, Puerto Rico, and the Virgin Islands, for the purposes of Title I, Title II, and the related provisions of Title IV of the Bankhead-Jones Farm Tenant Act, as amended, each of the areas identified below is designated a subdivision to be deemed synonymous with the term "county," as the term is used in said Titles. Each such subdivision consists of, and is coextensive with the geographical limits of, the area set forth opposite the name of the subdivision.

NOTE: The table of subdivisions and areas, as amended, heretofore published under § 311.28 of this chapter, is transferred to this § 331.16.

(Sec. 54, 60 Stat. 1071, as amended; 7 U. S. C. 1028)

§ 331.17 *Average values of farms.* For the purpose of Title I of the Bankhead-Jones Farm Tenant Act, as amended, average values of efficient family-type farm-management units for the counties

identified below are determined as follows:

NOTE: The tables setting forth States, counties, and average values, as amended, heretofore published under § 311.29 of this chapter, are transferred to this § 331.17.

(Sec. 3, 60 Stat. 1074, as amended, Pub. Law 878, 84th Cong.; 7 U. S. C. 1003)

Sec.
334.1 General.
334.2 Eligibility.
334.3 Use of loan funds.
334.4 Special requirements.

AUTHORITY: §§ 334.1 to 334.4 issued under sec. 41 (i), 60 Stat. 1066; 7 U. S. C. 1015 (i). Interpret or apply sec. 1, 60 Stat. 1072, as amended, sec. 17, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001, 1006d.

§ 334.1 *General.* This part outlines additional requirements for Farm Ownership loans made primarily for refinancing. Loans primarily for refinancing will include (a) loans which are entirely for refinancing and fees, and (b) loans for refinancing which also include funds for land purchase or land or building development which will not significantly improve the farming operations or housing for the family.

§ 334.2 *Eligibility.* A loan primarily for refinancing may be made to an applicant who is otherwise eligible for a Farm Ownership loan provided the fair and reasonable value of the farm as determined by the County Committee plus the current market value of the applicant's livestock and farm equipment is equal to or exceeds his total indebtedness. In a case where the applicant's total indebtedness exceeds the fair and reasonable value of the farm plus the current value of his livestock and farm equipment, the loan will not be approved unless it is determined that the debt(s) will be reduced to within such value on or before the date of loan closing. For the purpose of determining an applicant's total indebtedness, Commodity Credit Corporation loans on crops in storage will not be included in the total indebtedness.

§ 334.3 *Use of loan funds.* Loan funds may be used to refinance secured real estate, secured nonreal estate, and unsecured debts; however, in connection with a loan to the owner of a less than family-type farm only debts incurred for agricultural purposes may be refinanced. Loans made primarily for refinancing also may include funds for any of the other purposes authorized in § 331.6 of this chapter.

§ 334.4 *Special requirements.* Loans primarily for refinancing may be made provided it is determined the applicant will be able to place his operations on a sound basis if his debts are refinanced on more favorable terms and conditions. Ordinarily, loans will not be made to refinance long-term real estate loans of the type generally made by lenders such as the Federal Land Banks or insurance companies except to get the priority of lien required when other debts are being refinanced.

(a) Loans will not be used to refinance any debt until it has been determined that the present creditor or other credit source will not give the applicant terms and conditions on the debt that he could reasonably be expected to meet. In making this determination, the County Supervisor will request the applicant to negotiate with the present creditor(s) or other credit sources in the area if he feels the applicant can likely secure such credit. In addition, the County Supervisor will contact each secured creditor to discuss the applicant's credit needs and ascertain if refinancing is necessary.

(b) Real estate debts will not be refinanced unless such debts are liens against the farm to be given as security for the loan.

(c) Preference will be given to paying those nonreal estate debts that will be most helpful to the applicant in carrying on farm and home operations.

(d) The applicant will furnish the County Supervisor a statement from the creditor on debt(s) to be refinanced showing the amount of the debt.

Dated: December 20, 1956.

[SEAL] K. H. HANSEN,
Administrator,
Farmers Home Administration.

[F. R. Doc. 56-10590; Filed, Dec. 28, 1956; 8:52 a. m.]

[FHA Instruction 443.3]

PART 333—PROCESSING SUBSEQUENT LOANS

MISCELLANEOUS AMENDMENTS

1. Section 333.1 in Title 6, Code of Federal Regulations (21 F. R. 5551), is hereby amended to read as follows:

§ 333.1 *General.* (a) This part prescribes the authority, policies, and procedures for processing subsequent direct and insured Farm Ownership loans. The term "subsequent loan," as used in this part, means (1) a Farm Ownership loan to a person who is indebted for a direct or insured Farm Ownership loan, (2) a direct Farm Ownership loan made in connection with a credit sale of real estate on Farm Ownership terms, or (3) a direct Farm Ownership loan made to a transferee in connection with the transfer of a Farm Ownership farm in accordance with Part 372 of this chapter. The term "Farm Ownership debt," as used in this part, means any amount owed by a Farm Ownership borrower on his Farm Ownership account.

(b) The subsequent credit needs of a borrower with a direct Farm Ownership loan may be met in one of the following ways, provided the loan is otherwise sound and proper:

(1) A Farm Housing loan may be made to a direct Farm Ownership borrower, except a borrower on a reclamation project or public lands, if his total additional credit needs can be met with a Farm Housing loan and both loans will not exceed any of the limits that would be applicable if a subsequent direct Farm Ownership loan were being made. When Farm Housing funds are more adequate than Farm Ownership funds, this method of meeting the subsequent credit needs of a direct Farm Ownership borrower should be used whenever possible.

(2) A subsequent direct Farm Ownership loan may be made in accordance with § 333.2 to a borrower with a direct Farm Ownership loan whose subsequent credit needs cannot be met by a Farm Housing loan or by a subsequent insured Farm Ownership loan where a local lender within the State is available. In case a subsequent insured Farm Ownership loan is made, the initial direct Farm Ownership loan will be refinanced in accordance with § 333.3.

(c) The subsequent credit needs of a borrower with an insured Farm Ownership loan may be met in one of the following ways, provided the loan is otherwise sound and proper:

(1) A Farm Housing loan may be made to an insured Farm Ownership borrower, except a borrower on a reclamation project or public lands, if his total additional credit needs can be met with a Farm Housing loan and both loans will not exceed any of the limits that would be applicable if a subsequent insured Farm Ownership loan were being made. This method of meeting the subsequent credit needs of an insured Farm Ownership borrower should be used whenever possible, unless ample insured funds are available and the County Supervisor has knowledge that the lender desires to make the subsequent insured Farm Ownership loan.

(2) A subsequent insured Farm Ownership loan may be made in accordance with § 333.3 in an amount sufficient to refinance the initial insured Farm Ownership loan and to meet the applicant's subsequent credit needs. A subsequent insured Farm Ownership loan will not be made unless the existing insured Farm Ownership loan is refinanced in accordance with § 333.3.

(d) A subsequent direct or insured Farm Ownership loan will not be made to a borrower who is successfully established on a family-type farm and is progressing satisfactorily.

(e) Ordinarily, a subsequent direct or insured Farm Ownership loan, or a Farm Housing loan to a Farm Ownership borrower, will not be processed if the amount of funds required is less than $1,000, because of the costs involved in proportion to the amount of the loan.

(f) The State Director is authorized to approve or disapprove subsequent direct and insured Farm Ownership loans. This authority may be redelegated in writing by the State Director to one or more of the following State Office employees: Chief, Farm Loan Operations; Chief, Program Operations; Program Loan Officer; or Farm Loan Officer.

(g) A subsequent direct or insured Farm Ownership loan may be made for the same purposes and under the same conditions as an initial Farm Ownership loan. A subsequent direct Farm Ownership loan may be made to pay equity to a transferor in connection with the transfer of a family-type farm which is security for a direct Farm Ownership loan.

(h) If a reappraisal is required in connection wth a subsequent insured Farm Ownership loan, an additional fee of $20 will be charged. A new appraisal report will be required in connection with a

subsequent direct or insured Farm Ownership loan only when:

(1) Subsequent loan funds will be used to purchase land, or to refinance debts against land not covered by the mortgage for the initial Farm Ownership loan; or

(2) The latest appraisal report was made on a different basis (normal earning capacity value or normal market value) than the type of appraisal applicable to the subsequent loan; or

(3) The County Committee requests a new appraisal report; or

(4) The State Director or the County Supervisor determines that there have been physical changes in the farm which appear to have altered significantly the value determined in the latest appraisal report, or such changes are likely to result if the subsequent loan is made.

(i) For a subsequent direct Farm Ownership loan, loan closing will be accomplished in accordance with Subpart A of Part 307 of this Chapter. For a subsequent insured Farm Ownership loan, closing instructions will be issued by the Attorney in Charge in each case.

(Secs. 1–4, 12, 44, 60 Stat. 1068, as amended, 1072–1075, as amended, 1076, as amended, secs. 501, 502, 510 (g), 63 Stat. 432, 433, 436, sec. 16, 69 Stat. 553, sec. 17, Pub. Law 878, 84th Cong.; 7 U. S. C. 1001–1004, 1005b, 1006c, 1006d, 1018, 42 U. S. C. 1471, 1472, 1480 (g))

2. In § 333.2 (21 F. R. 5553), paragraphs (a), (e), and (f) are hereby amended, and a new paragraph (g) is hereby added to read as follows:

§ 333.2 *Subsequent direct loans*—(a) *Refinancing of existing direct Farm Ownership debt required.* Existing direct Farm Ownership debts will be refinanced when the borrower's Farm Ownership indebtedness represents an asset of (1) a State Rural Rehabilitation Corporation, (2) a Defense Relocation Corporation, the accounts of which are not yet considered Government accounts, or (3) a land-leasing or land-purchasing association or similar organization. The amount to be refinanced will include interest on the direct Farm Ownership debt to the date the subsequent direct loan is closed. The determination of the balance to be refinanced, the receipt for payment, note, mortgage, and satisfaction or release of the mortgage in connection with the debt being refinanced will be handled in accordance with Part 366 of this chapter.

* * * * *

(e) *Certification by County Committee.* The County Committee will certify again, on Form FHA–491, "County Committee Certification Farm Ownership Loans)," as to the fair and reasonable value of the farm, after the contemplated improvements are made. The Committee will take into consideration any information on farm production that has become available as a result of operating history, as well as the normal earning capacity value or the normal market value of the farm as indicated on the latest appraisal report.

(f) *Loan processing actions.* The subsequent loan docket will be assembled and the loan will be processed in the same manner as prescribed in Part 332 of this chapter, except that:

(1) Additional Forms FHA–643, "Farm Development Plan," FHA–42, "Valuation of Buildings," and FHA–596, "Appraisal Report," will be completed and included in the docket only when applicable.

(2) The docket will include, when applicable, Forms FHA–97, "Agreement for Assumption of Indebtedness," FHA–165, and FHA–176.

(3) The installment due date of the subsequent direct Farm Ownership loan will be January 1 except in those cases in which a borrower previously executed an initial or a subsequent direct Farm Ownership note or an assumption agreement which provided for a March 31 installment due date. If the borrower previously executed an initial or a subsequent direct Farm Ownership note or an assumption agreement with a March 31 installment due date, the installment due date of the subsequent direct Farm Ownership loan will be March 31; in such case, the note (and if applicable the mortgage) taken in connection with the subsequent direct Farm Ownership loan will be amended to provide for a March 31 installment due date.

(g) *Title clearance and loan closing.* Title clearance and loan closing in connection with a subsequent direct Farm Ownership loan will be accomplished in accordance with Subpart A of Part 307 of this chapter.

3. In § 333.3 (21 F. R. 5553), paragraphs (g) (4) and (h) (2) are hereby amended to read as follows:

§ 333.3 *Subsequent insured loans.*

* * *

(g) *Actions prior to loan closing.*

* * *

(4) Title clearance will be accomplished in accordance with the method prescribed by the loan approval official with the advice of the Attorney in Charge. The applicable provisions of Subpart A of Part 307 of this chapter will be followed insofar as practicable, except that the subsequent insured Farm Ownership loan will be closed under the guidance of instructions from the Attorney in Charge.

(h) *Loan closing actions.* * * *

(2) On the date of loan closing, the County Supervisor will collect from the borrower all loan insurance charges and, if applicable, a reappraisal fee, as follows:

(i) If an initial direct Farm Ownership loan is being refinanced, an initial loan insurance charge on the subsequent insured Farm Ownership loan calculated in the same manner as in the case of an initial insured Farm Ownership loan.

(ii) If an initial insured Farm Ownership loan is being refinanced, any amount owed the loan insurance account on the initial insured Farm Ownership loan as of the date the subsequent insured Farm Ownership loan is closed. In addition, the initial loan insurance charge on the subsequent insured Farm Ownership loan calculated as follows:

(*a*) If the note for the initial insured loan has a December 31 or January 1 installment due date, the initial loan insurance charge on the subsequent loan for the fraction of the year from the date of closing the subsequent loan to the next January 1 will be calculated on the amount of the difference between the amount of the new promissory note and the unpaid balance of principal on the old promissory note as of the date of closing the subsequent insured loan.

(*b*) If the note for the initial insured loan has a March 31 installment due date and the subsequent loan is closed during the months of January, February, or March, the initial loan insurance charge on the subsequent loan for the fraction of the year from the date of closing the subsequent loan to the next January 1 will be calculated on the full amount of the subsequent loan note.

(*c*) If the note for the initial insured loan has a March 31 installment due date and the subsequent loan is closed during the months of April through December, the initial loan insurance charge on the subsequent loan for the fraction of the year from the date of closing the subsequent loan to the next January 1 will be calculated as follows:

(*1*) The amount of the principal balance on the initial insured loan as of the date of loan closing will be subtracted from the amount of the subsequent loan;

(*2*) The charge on such difference from the date of closing the subsequent loan to the next January 1 will be calculated.

(*3*) From the above result, ¼ of the annual loan insurance charge on the initial loan which was charged to the account on the March 31 preceding the date of closing the subsequent loan will be subtracted. If such ¼ of the annual loan insurance charge is greater than the amount calculated under the preceding paragraph, no initial loan insurance charge on the subsequent loan will be collected.

(iii) If a reappraisal was made, an appraisal fee of $20.

(Sec. 41 (1), 60 Stat. 1066; 7 U. S. C. 1015 (i))

Dated: December 21, 1956.

[SEAL] H. C. SMITH,
Acting Administrator,
Farmers Home Administration.

[F. R. Doc. 56–10575; Filed, Dec. 28, 1956; 8:50 a. m.]

Chapter IV—Commodity Stabilization Service and Commodity Credit Corporation, Department of Agriculture

Subchapter B—Loans, Purchases, and Other Operations

PART 421—GRAINS AND RELATED COMMODITIES

NOTICE PERTAINING TO ELIGIBILITY OF GRAINS UNDER PURCHASE AGREEMENTS STORED IN WAREHOUSES NOT APPROVED UNDER UNIFORM GRAIN STORAGE AGREEMENT

Under the price support programs in effect for the 1956-crops of barley, corn, flaxseed, grain sorghums, oats, rye, soybeans, and wheat, the regulations provide that where a producer has given

written notice within the 30-day period prior to the applicable loan maturity date for the commodity of his intent to sell his commodity stored in other than an approved warehouse under purchase agreement to CCC, a pre-delivery inspection of the commodity shall be made and a sample taken (except for corn) and submitted for grade analysis within the 30-day period, or in any event, prior to delivery of the commodity. Notwithstanding present provisions of price-support programs for the above commodities, where commodities under purchase agreement are stored in warehouses not approved under the Uniform Grain Storage Agreement either commingled or in such a manner that the identity of the commodity cannot be related to the producer, no pre-delivery inspection shall be made of the commodity. In such cases, except for corn, the commodity upon delivery to CCC must meet the grade and quality requirements for a warehouse-storage loan and the producer shall not be entitled to any more than the market price for grains, other than corn, delivered to and inadvertently accepted by CCC which do not meet such grade and quality requirements. The provisions of 1956 C. C. C. Grain Price Support Bulletin 1, Supplement 1, Corn, as amended, pertaining to the eligibility requirements for corn delivered to CCC under purchase agreement from other than approved warehouse storage and for settlement on corn so delivered shall be applicable to all corn delivered from warehouses not approved under the Uniform Grain Storage Agreement except that no pre-delivery inspection will be made of the corn which is stored commingled or stored in such a manner that the identity of the corn cannot be related to the producer. All other program provisions remain unchanged. The program provisions affected are contained in the following supplements to the 1956 C. C. C. Grain Price Support Bulletin 1: Supplement 1, Barley, 21 F. R. 4004 and 6745; Supplement 1, Corn, 21 F. R. 7175; Supplement 1, Flaxseed, 21 F. R. 4265, 4545, and 6747; Supplement 1, Grain Sorghums, 21 F. R. 4248 and 6947; Supplement 1, Oats, 21 F. R. 4007, 5566 and 6746; Supplement 1, Rye, 21 F. R. 4040 and 6950; Supplement 1, Soybeans, 21 F. R. 7471, 7683, 8970 and 9142; and Supplement 1, Wheat, 21 F. R. 4000, 6743 and 8232.

(Sec. 4, 62 Stat. 1070 as amended; 15 U. S. C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, secs. 101, 301, 401, 63 Stat. 1031; 15 U. S. C. 714c, 7 U. S. C. 1441, 1447, 1421)

Issued this 21st day of December, 1956.

[SEAL] WALTER C. BERGER,
Executive Vice President,
Commodity Credit Corporation.

[F. R. Doc. 56-10222; Filed, Dec. 28, 1956; 8:45 a. m.]

Subchapter D—Regulations Under Soil Bank Act

PART 485—SOIL BANK

SUBPART—ACREAGE RESERVE PROGRAM

The regulations contained herein govern the 1957 acreage reserve part of the Soil Bank Program and supersede the regulations (21 F. R. 6162, 6824, 6879, 7309, 7612, 7843, 8309) previously issued with respect thereto, except for Appendix 2, as amended, to such regulations.

Sec.
485.201 Definitions.
485.202 General.
485.203 Purpose of the acreage reserve program.
485.204 Administration.
485.205 Area of availability.
485.206 Eligible commodities.
485.207 National acreage reserve goals.
485.208 State and county allocations of funds.
485.209 "New farm allotments"; "new producers," not eligible.
485.210 Restrictions on Government Land.
485.211 Limits on extent of participation.
485.212 Acreage Reserve Agreement.
485.213 Reduction of acreage.
485.214 Designation and use of acreage reserve.
485.215 Compliance with acreage allotments.
485.216 Amount of compensation.
485.217 Rate of compensation per acre.
485.218 Method of determining normal yields, county rates and productivity indexes.
485.219 Appeals.
485.220 Methods of measuring acreage and extent of calculations.
485.221 Division of compensation between landlords, tenants, and sharecroppers.
485.222 Additional provisions relating to tenants and sharecroppers.
485.223 Manner of compensation.
485.224 Time of compensation.
485.225 Set-offs.
485.226 Release and reapportionment of acreage allotments.
485.227 Revised allotments.
485.228 Compensation in case of sale or transfer of farm or change in tenants.
485.229 Reconstitution of farms.
485.230 Successors-in-interest.
485.231 Assignments.
485.232 Schemes or devices to defeat purposes of agreement.
485.233 Violations of agreement.
485.234 Penalty for grazing or harvesting.
485.235 Access to farm and records.
485.236 State committee approval of determinations of county committees.
485.237 Finality of determinations.
485.238 Effect on acreage allotment and marketing quota programs.
485.239 Redesignation as Conservation Reserve.
485.240 Waiver.

AUTHORITY: §§ 485.201 to 485.240 issued under sec. 124, Pub. Law 540, 84th Cong. Interpret or apply secs. 101–106, 114–123, Pub. Law 540, 84th Cong.

§ 485.201 *Definitions.* As used in §§ 485.201 to 485.240 and in all agreements, forms, documents and procedures in connection therewith, unless the context or subject matter otherwise requires, the following terms shall have the following meanings:

(a) "Act" means the Soil Bank Act (70 Stat. 188).

(b) "Secretary" means the Secretary of Agriculture of the United States, or the officer, employee, or other representative of the United States Department of Agriculture acting in his stead pursuant to delegated authority.

(c) "Administrator" means the Administrator, or Acting Administrator, Commodity Stabilization Service, United States Department of Agriculture.

(d) "Deputy Administrator" means the Deputy Administrator, or Acting Deputy Administrator, for Production Adjustment, Commodity Stabilization Service, United States Department of Agriculture.

(e) "Director" means the Director, or Acting Director, of the Soil Bank Division, Commodity Stabilization Service, United States Department of Agriculture.

(f) "State" means any one of the continental United States.

(g) "County" means county or parish.

(h) "Community committee" means the group of persons elected within a community as the community committee pursuant to the regulations governing the selection and functions of the Agricultural Stabilization and Conservation county and community committees.

(i) "County committee" means the group of persons elected within a county as the county committee pursuant to the regulations governing the selection and functions of the Agricultural Stabilization and Conservation county committees.

(j) "State committee" means the group of persons designated for a State by the Secretary as the Agricultural Stabilization and Conservation State Committee.

(k) "Person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof. The term "person" shall include two or more persons having joint or common interest.

(l) "Cash tenant," "standing-rent tenant," or "fixed-rent tenant" means a person who rents land from another for a fixed amount of cash or a fixed amount of a commodity to be paid as rent.

(m) "Share tenant" means a person other than a sharecropper who rents land from another person and pays as rent a share of the crop or the proceeds thereof.

(n) "Sharecropper" means a person who works a farm in whole or in part under the general supervision of the operator and is entitled to receive for his labor a share of the crops produced thereon or the proceeds thereof.

(o) "Operator" means the person who is in charge of the supervision and conduct of the farming operations on the entire farm.

(p) "Producer" means any person who is an owner or a landlord, cash tenant, standing-rent tenant, fixed-rent tenant, share tenant, sharecropper, or, in the case of rice, a person who furnishes water for a share of the crop.

(q) "Farm" means all adjacent or nearby farm or range land under the same ownership which is operated by one person, including also:

(1) Any other adjacent or nearby farm or range land which the county committee determines is operated by the same person as a part of the same unit in producing range livestock, or with respect to the rotation of crops, and with workstock, farm machinery, and labor

substantially separate from that for any other lands; and

(2) Any field-rented tract (whether operated by the same or another person) which, together with any other land included in the farm, constitutes a unit with respect to the rotation of crops.

A farm shall be regarded as located in the county or administrative area, as the case may be, in which the principal dwelling is situated, or if there is no dwelling thereon it shall be regarded as located in the county or administrative area, as the case may be, in which the major portion of the farm is located.

(r) "Cropland" means farmland which in 1956 was tilled or was in regular crop rotation, including also land which was established in permanent vegetative cover, other than trees, since 1953, and which was classified as cropland at the time of seeding, but excluding (1) bearing orchards and vineyards (except the acreage of cropland therein), (2) plowable non-crop open pasture, and (3) any land which constitutes or will constitute if tillage is continued, an erosion hazard to the community.

(s) "Commercial corn-producing area" means the area designated by the Secretary for the 1957 crop of corn pursuant to section 327 of the Agricultural Adjustment Act of 1938, as amended.

(t) "Commercial wheat-producing area" means all areas except the area designated by the Secretary (21 F. R. 3305) pursuant to section 335 (e) of the Agricultural Adjustment Act of 1938, as amended.

(u) "Corn" means field corn, including sweet corn which is produced for feed or silage, planted alone or interplanted with other crops.

(v) "Cotton" means upland cotton only.

(w) "Commodity" means any one of the commodities listed in § 485.206.

(x) "Allotment" means the 1957 acreage allotment established for a farm for a particular commodity pursuant to the Agricultural Adjustment Act of 1938, as amended.

(y) "Acreage reserve" means the tract or tracts of cropland designated in an acreage reserve agreement for a farm as being withdrawn from the production of a particular commodity.

(z) "Agreement" means Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)," or Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat), or both. The term "Agreement" includes both such forms except as otherwise indicated by the context.

§ 485.202 *General.* All of the provisions of the regulations contained herein are applicable to all agreements entered into under the 1957 acreage reserve part of the Soil Bank Program, both on Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)," and Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat), except as otherwise specifically indicated by the context.

§ 485.203 *Purpose of the acreage reserve program.* The purpose of the acreage reserve program is to assist producers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities by compensating them for reducing their acreage below their allotment.

§ 485.204 *Administration.* The 1957 acreage reserve program will be administered by the Commodity Stabilization Service under the general direction and supervision of the Administrator. Any authority herein delegated to the Administrator may also be exercised by the Deputy Administrator. The Director shall cause to be prepared and issued such forms as are necessary, and shall cause to be prepared such instructions with respect to internal management as are necessary for carrying out the regulations contained herein. Such forms and instructions shall be approved by, and the instructions shall be issued by, the Administrator. In the field, the program will be carried out by State and county committees. Members of county committees are hereby authorized to sign agreements on behalf of the Secretary. State and county committees do not have authority to modify or waive any of the provisions of these regulations, or of any amendment, supplement, or revision thereto, or to modify or waive any of the provisions of any agreement, or to enter into any revised agreement except to the extent that revision is hereinafter specifically authorized.

§ 485.205 *Area of availability.* The acreage reserve program will be available only in the continental United States.

§ 485.206 *Eligible commodities.* The acreage reserve program provided for herein shall apply to the 1957 crops of upland cotton, corn produced in the commercial corn-producing area, wheat produced in the commercial wheat-producing area, rice, flue-cured tobacco, burley tobacco, Maryland tobacco, dark air-cured tobacco, fire-cured tobacco, Virginia sun-cured tobacco, cigar binder tobacco, types 51 and 52, 54 and 55, and Ohio cigar filler tobacco, types 42, 43, and 44.

§ 485.207 *National acreage reserve goals.* There are hereby established the following national acreage reserve goals for the 1957 acreage reserve program:

Commodity:	*Acres*
(a) Corn	4,500,000–5,500,000
(b) Cotton	3,500,000–4,500,000
(c) Rice	175,000–225,000
(d) Wheat	12,000,000–15,000,000
(e) Flue-cured tobacco	70,000–80,000
(f) Burley tobacco	30,000–35,000
(g) Maryland tobacco	6,500–7,500
(h) Dark air-cured tobacco	2,000–3,000
(i) Fire-cured tobacco	6,000–7,000
(j) Virginia sun-cured tobacco	400–600
Commodity:	
(k) Cigar binder tobacco:	*Acres*
Type 51	3,500–4,000
Type 52	2,600–3,200
Type 54	500–700
Type 55	1,000–1,500
(l) Ohio cigar filler tobacco: Types 42, 43, and 44	400–600

§ 485.208 *State and county allocations of funds.* (a) To give producers a fair and equitable opportunity to participate in the acreage reserve program, State and county allocations of amounts which may be obligated for each commodity shall be established to govern the extent of participation by producers in each State and county.

(b) The State allocations for the eligible commodities, determined after taking into consideration the State acreage allotments, productivity of land, the estimated extent of participation in the program by farmers, the supply and demand conditions for different classes, grades, and quality of the commodity produced in the several States, distance from markets, and historic market prices, are specified in Appendix 1 set forth below. Any portion of the allocation for any State may be reapportioned by the Administrator to any one or more other States if it is determined by him that such action is necessary to achieve the national acreage goal or to give producers a fair and equitable opportunity to participate.

(c) (1) County allocations shall be determined by the State committee, taking into consideration the county acreage allotments, productivity of land, and the estimated extent of participation in the program by farmers, subject to such limitations as the Administrator may determine are necessary to achieve the national goal or to give producers a fair and equitable opportunity to participate, or to prevent serious adverse effect on the economy of any county or area.

(2) Any portion of the allocation for any county may be reapportioned by the State committee to one or more other counties if the State committee determines that such action is necessary to achieve the national acreage goal or to give producers a fair and equitable opportunity to participate, subject to such limitations as may be determined by the Administrator in accordance with subparagraph (1) of this paragraph.

§ 485.209 *"New farm allotments"; "new producers," not eligible.* Producers on farms which receive allotments as "new farms" under regulations governing the establishment of acreage allotments for 1957 crops, shall not be eligible for participation in the acreage reserve program with respect to such "new farm" allotments. In the case of rice, producers who receive allotments as "new producers" under regulations governing the establishment of allotments for the 1957 crop of rice shall not be eligible to participate with respect to such rice allotments.

§ 485.210 *Restrictions on Government land.* (a) Producers who lease

lands from the Federal Government, or any agency thereof, under a lease prohibiting the use of such lands for the production of a commodity, shall not be eligible to participate in the acreage reserve program for such commodity with respect to such lands.

(b) The Federal Government, or any agency thereof, is not eligible to share in any compensation payable under any agreement. This provision shall not preclude the Federal Government, or any agency thereof, from being paid as a result of set-off, or assignment, or designation as payee because of a lien on a growing crop.

§ 485.211 *Limits on extent of participation*—(a) *Maximum acreage.* The acreage for any commodity which may be placed in the acreage reserve for a farm may not exceed the farm allotment for the commodity. Within such limitation, the acreage which may be placed in the acreage reserve may not exceed the applicable maximum specified in subparagraphs (1), (2), or (3) of this paragraph.

(1) In the case of agreements covering wheat entered into on Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)", the maximum acreage, except as provided in subparagraph (3) of this paragraph, shall be (i) 50 acres, or (ii) 50 percent of the allotment, whichever is larger. To the extent of the allocation to the county, agreements covering not more than such maximum acreage shall be entered into on a "first-come first-served" basis, i. e., in the order in which they are filed with the county committee.

(2) In the case of agreements covering commodities other than Winter Wheat entered into on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat), the maximum acreage for the farm for each commodity, except as provided in subparagraph (3) of this paragraph, shall be as follows:

(i) Wheat—50.0 acres or 50 percent of the allotment, whichever is larger, subject to the limitation that in no case shall the maximum acreage exceed the allotment for the farm less (*a*) the number of acres, if any, on the farm placed in the acreage reserve under an agreement entered into on the aforesaid Form CSS–800–1, and (*b*) the number of acres, if any, planted to wheat in the fall of 1956 on land on the farm (excluding the number of acres planted on any such acreage reserve).

(ii) Corn—20.0 acres or 30 percent of the allotment, whichever is larger.

(iii) Cotton—10.0 acres or 30 percent of the allotment, whichever is larger.

(iv) Rice—20.0 acres or 30 percent of the allotment, whichever is larger.

(v) Tobacco: Burley, Dark Air-cured, Fire-cured and Virginia sun-cured: 1.0 acre or 30 percent of the allotment, whichever is larger; all other tobacco—3.0 acres or 30 percent of the allotment, whichever is larger.

To the extent of the allocation to the county, agreements covering not more than such maximum acreage shall be entered into on a "first-come, first-served" basis, i. e., in the order in which they are filed with the county committee.

(3) If allocations to the county for a commodity are in an amount in excess of that required to cover all agreements filed with the county committee for an acreage of such commodity not in excess of the maximum acreage specified above in this paragraph, producers who have indicated on the agreement a desire to place more than the applicable maximum acreage specified in subparagraphs (1) or (2) of this paragraph in the program will be permitted to place additional acreage in the program. In the case of wheat acreage placed in the program under an agreement entered into on "Form CSS–800–1 Winter Wheat)", no limitation shall apply to such additional acreage. In the case of acreage of any commodity placed in the program under an agreement entered into on Form CSS–800 (crops other than Winter Wheat), such producers will be permitted to place additional acreage in the program to such extent as may hereafter be provided by amendment to these regulations: *Provided*, That, in the case of agreements for wheat entered into on Form CSS–800 (crops other than Winter Wheat), the acreage placed in the acreage reserve may in no event exceed the allotment for the farm less (i) the number of acres, if any, on the farm placed in the acreage reserve under an agreement entered into on Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)", and (ii) the number of acres, if any, planted to wheat in the fall of 1956 on land on the farm (excluding the number of acres planted on any such acreage reserve).

(b) *Minimum acreage.* (1) The minimum acreage for wheat which may be placed in the acreage reserve for a farm under an agreement entered into on Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)", shall be (i) three acres, or (ii) the allotment, whichever is smaller.

(2) No minimum acreage shall be applicable with respect to agreements entered into on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat).

§ 485.212 *Acreage Reserve Agreement.* (a) In order for the producers on the farm to participate in the program with respect to any commodity, an agreement on Form CSS–800–1 (Soil Bank), "Acreage Reserve Agreement 1957 (Winter Wheat)" or Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat) must be signed by the operator. In addition, if the operator is a share-tenant, the agreement must be signed, prior to signature by a county committeeman, by each person who as owner or landlord (1) has control of the land on which the acreage reserve is located or (2) has control of the land on which the acreage of the commodity is being reduced, or (3) is eligible to receive any compensation under the agreement: *Provided*, That if such an owner or landlord is not available for signing an agreement for winter wheat on Form CSS–800–1 by December 21, 1956, or for signing an agreement for commodities other than winter wheat on Form CSS–800 by the applicable final date specified in paragraph (b) of this section for filing agreements, the county committee may, upon request of the operator, enter into the agreement without the signature of such owner or landlord if it is established to the satisfaction of the county committee that such owner or landlord has no right to graze or harvest a crop from the acreage reserve or otherwise control the farming operations on the acreage reserve; in any such case, the compensation otherwise payable to such owner or landlord under the agreement shall not be paid unless the owner or landlord signs the agreement not later than December 31, 1957. A separate agreement must be executed for each commodity, and, in the case of tobacco, for each kind of tobacco for which a separate farm acreage allotment is established. Producers on farms coming within the provisions of subparagraph (2) (ii) of paragraph (b) of this section who entered into an agreement for wheat on Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)" may also enter into an agreement for spring wheat on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (Crops other than Winter Wheat); however, separate agreements must be executed. In such case, the acreage permitted to be harvested as shown on "Form CSS–800–1 (Winter Wheat)" shall be reduced by the number of acres which the producer agrees to place in the acreage reserve under Form CSS–800.

(b) (1) In the case of wheat, the agreement, signed by all producers on the farm who are required under paragraph (a) of this section to sign the agreement, except as provided in subparagraphs (3) and (5) of this paragraph, must be filed with the county committee not later than the date specified below:

(i) If a farm is one on which no wheat was planted in the spring of 1954, 1955, or 1956, and the producers wish to participate in the 1957 acreage reserve program for wheat, the agreement (Form CSS–800–1) must be filed with the county committee not later than October 5, 1956.

(ii) If a farm is one on which wheat is normally planted in the fall but on which wheat was planted in the spring of 1954, 1955, or 1956, and the producers wish to participate with respect to winter wheat, the agreement (Form CSS–800–1) must be filed with the county committee not later than October 5, 1956. If the producers on such a farm wish to participate in the spring wheat program, the agreement (Form CSS–800) must be filed after the date of issuance of these regulations and on or before March 8, 1957.

(iii) In the case of farms other than those specified in (i) and (ii) above, if the producers wish to participate in the spring wheat program, the agreement (Form CSS–800) must be filed after the date of issuance of these regulations and on or before March 8, 1957.

(2) In the case of commodities other than wheat, if the producers wish to participate in the acreage reserve program for a commodity, the agreement (Form CSS–800), signed by all producers on the farm who are required under paragraph (a) of this section to sign the agreement, must, except as provided in subparagraphs (3) and (5) of this paragraph, be filed with the county committee not later than the following date: Cotton and tobacco—March 1, 1957; corn and rice—March 8, 1957.

(3) If the first official notice of the allotment for a commodity is dated later than 15 days prior to the final date specified for filing an agreement on Form CSS–800 (crops other than Winter Wheat), the producers shall have 15 days from the date of such notice to file an agreement for the commodity.

(4) If the operator has indicated on the agreement filed with the county committee his desire to place in the acreage reserve an additional acreage in excess of the maximum specified in § 485.211 (a) (1) or (2), and the allocation made to the county is sufficient to permit additional acreage to be placed in the acreage reserve, the operator shall be notified, as soon as possible after the applicable final date specified in subparagraphs (1) or (2) of this paragraph (b) for filing agreements, of the amount of additional acreage which he may place in the acreage reserve. In order to place such additional acreage in the acreage reserve, the producers must sign a new agreement, and, except as provided in subparagraph (5) of this paragraph, file it with the county committee not later than 10 days after the date that the notice to the operator was postmarked.

(5) If a person in addition to the operator is required to sign the agreement, and is not exempt under the proviso contained in paragraph (a) of this section but is not available for the signing of the agreement on or before the final date specified for filing the agreement, the operator must sign the agreement and deliver a signed copy to the county committee not later than such final date, and must obtain the signature of such other person and furnish the finally executed agreement to the county committee not later than 30 days after such final date.

(c) (1) In any case where an agreement for wheat is entered into on Form CSS–800–1 (Soil Bank), "Acreage Reserve Agreement 1957, (Winter Wheat)", the producers who signed the agreement may terminate it by filing written notice of such termination with the county committee not later than October 5, 1956, or may, not later than such date, file a new agreement subject to all of the provisions of these regulations applicable to agreements entered into on such Form CSS–800–1, which shall supersede the original agreement.

(2) In any case where an agreement for wheat is entered into on Form CSS–800–1 (Soil Bank), "Acreage Reserve Agreement 1957 (Winter Wheat)", and the farm is entitled to a 1957 allotment for a commodity other than wheat, the producers who signed the agreement may terminate it by filing written notice of such termination with the county committee not later than 15 days after the date of mailing by the county office of notice of the establishment of the last of the 1957 allotments for the farm. The mailing of any revision, modification or correction, of whatever nature, of the first notice of the establishment of an allotment shall not operate to extend the time herein specified within which notice of termination must be filed. Termination of an agreement under this subparagraph shall not operate to release any producer from liability for the civil penalty (see § 485.234) for knowingly and wilfully grazing or harvesting any crop from any acreage, in violation of the agreement, prior to notice of such termination.

(3) In any case where an agreement is entered into on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat), the producers who signed the agreement may terminate it by filing written notice of such termination with the county committee not later than the applicable final date specified in subparagraph (2) of paragraph (b) of this section for filing such an agreement or may, not later than such date, file a new agreement, subject to all of the provisions of these regulations applicable to agreements entered into on such Form CSS–800, which shall supersede the original agreement.

§ 485.213 *Reduction of acreage.* (a) The 1957 acreage of a commodity covered by an agreement must be reduced below the allotment.

(b) (1) The producer shall not be limited with respect to the number of acres he may plant to a commodity covered by an agreement, except that the producer shall not plant any commodity on the acreage reserve unless such commodity is approved by the State and county committees for protective cover in accordance with § 485.214 (d). However, the producer must agree not to harvest an acreage of such commodity which exceeds the allotment, less the number of acres which the producer agrees to place in the acreage reserve (in the case of wheat, if an agreement is entered into on both Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)" and on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat), such number of acres means the total number of acres which the producer agrees to place in the acreage reserve under both agreements).

(2) The acreage planted to a commodity covered by an agreement in excess of the number of acres which the producer may harvest (such acreage is hereinafter referred to as the "excess acreage") must be disposed of in such manner that no part of such excess can be harvested. Such disposition must be accomplished in a manner permitted under the marketing quota and price support programs and not later than the final date fixed for disposition thereunder: *Provided*, That wheat planted on the acreage reserve as an approved cover crop may not be cut for hay or otherwise harvested after December 31, 1956 or grazed after December 31, 1956 except as provided in § 485.214 (c), even though such manner of disposition is permitted for compliance with allotments for purposes of marketing quotas and price support. Information as to the date fixed for disposition shall be available in the office of the county committee, and shall be obtained by the farm operator from such office.

(3) The county committee shall notify the producer of the number of acres of excess acreage. If through no fault of the producer (i) he was not notified of the excess acreage in time to dispose of such excess acreage as provided in subparagraph (2) of this paragraph, or (ii) he received an erroneous notice and acted in good faith on the basis of such notice, and the corrected notice was not furnished in time to dispose of such excess acreage as provided in subparagraph (2) of this paragraph, and, with respect to both (i) and (ii), the producer made a reasonable effort by measuring or otherwise not to harvest an acreage in excess of that permitted under subparagraph (1) of this paragraph, the producer shall not, except if he harvests a crop from the acreage reserve, be deemed in violation of the agreement because of harvesting excess acreage. However, the amount of compensation payable under such agreement shall be adjusted as provided in § 485.216.

(4) In determining the acreage of any commodity under the acreage reserve program the definition of the acreage for such commodity under the marketing quota and price support programs shall apply, except that the provisions of such definitions which relate to the disposition of acreage in excess of the allotment shall, in the case of the acreage reserve program, apply to the disposition of acreage in excess of the acreage permitted to be harvested.

(c) (1) Failure to dispose of excess acreage as required in paragraph (b) of this section shall constitute a violation of the agreement.

(2) Any producer who knowingly and willfully harvests any crop from excess acreage in violation of the provisions of paragraph (b) of this section will be subject to the civil penalty specified in § 485.234.

(d) If at the time an agreement on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat) is filed with the county committee there has been planted on the farm an acreage of the commodity covered by the agreement substantially in excess of that which the producer is permitted to harvest under the provisions of paragraph (b) of this section, and there is any lien or encumbrance on such crop, consent of the holder of such lien or encumbrance on a form prescribed by the Administrator must be furnished to the county committee prior to signing of the agreement by the county committee. The operator or landlord may designate such holder of a lien or encumbrance as payee or joint payee to receive all or any part of the compensation payable under the agreement to such operator or landlord, but

may not designate such holder of a lien or encumbrance as payee to receive any of the compensation due tenants and sharecroppers. For purposes of this paragraph, an operator or landlord shall not be considered as the holder of a lien or encumbrance.

§ 485.214 *Designation and use of acreage reserve.* (a) The tract or tracts of cropland constituting the acreage reserve for the commodity must be specifically designated and identified in the agreement.

(1) The tract(s) of land constituting the acreage reserve must be land that would be suitable for the production of a 1957 crop of the commodity, and, in the case of an agreement for wheat on Form CSS–800–1 (Soil Bank), "Soil Bank Acreage Reserve Agreement 1957 (Winter Wheat)," must have been planted to wheat at least one year during the period 1945–1956, inclusive. Land which is intended to be utilized during the calendar year 1957 for industrial development, housing, highway construction, or other non-farm use, shall not be eligible for designation as acreage reserve. The county committee shall have the right to reject the designation of tracts which are of such size, shape, or nature as to make it impracticable to determine performance of the agreement, or which will tend to defeat the purpose of the program.

(2) In the case of agreements filed on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat), for the purpose of determining (i) suitability of the land, (ii) percent of productivity of the farm or the tract(s) of land constituting the acreage reserve, (iii) accuracy of the designation and identification of the acreage reserve, and (iv) whether the acreage reserve is of such size, shape or nature as to make it impracticable to determine performance of the agreement, or as will tend to defeat the purpose of the program, the county committee shall, insofar as practicable, make an inspection of the farm prior to the time that the agreement is signed by a member of the county committee. If it is determined by the county committee that the land designated as the acreage reserve is unsuitable for the production of the commodity, or that the productivity of the tract(s) of land designated as the acreage reserve is less than that indicated by the producers on the agreement, or is of such size, shape, or nature, as to make it impracticable to determine performance under the agreement, or as will tend to defeat the purpose of the program, or that the designation and identification of the acreage reserve is inaccurate, the agreement shall not be signed by a member of the county committee. In the case of such a determination, the producers may, not later than 10 days after the date of written notice of the determination of the county committee, file a new agreement, subject to all of the provisions of these regulations applicable to agreements entered into on such Form CSS–800, designating other land as the acreage reserve.

(3) In the case of agreements filed on Form CSS–800 (Soil Bank), "Soil Bank 1957 Acreage Reserve Agreement" (crops other than Winter Wheat), if the county committee does not make the inspection prior to the signing of the agreement by one of its members, provided for in subparagraph (2) of this paragraph, it shall have the right at any time after the agreement is signed by one of its members to inspect the farm for the purpose of determining (i) suitability of the land, (ii) per cent of productivity of the farm or the tract(s) of land designated as the acreage reserve, and (iii) the accuracy of the designation and identification of the acreage reserve. If it is determined by the county committee that the land designated as the acreage reserve is unsuitable for the production of the commodity, or that the productivity of the land designated as the acreage reserve is less than that indicated by the producers on the agreement, the producers may, not later than 10 days after date of written notice of the determination by the county committee, file a new agreement, subject to all of the provisions of these regulations applicable to agreements entered into on such Form CSS–800 (crops other than Winter Wheat) designating other land as the acreage reserve. Such new agreement shall supersede the original agreement when signed by a member of the county committee. The execution of such new agreement shall not operate to release any producer from the civil penalty for knowingly and willfully grazing or harvesting any crop from any acreage in violation of the original agreement prior to the execution of the new agreement. If the county committee determines that the land is unsuitable for the production of the commodity, and the producers do not file a new agreement as specified above, the agreement shall be deemed terminated. If the county committee determines that the productivity of the land is less than that indicated by the producers on the agreement, and the producers do not file a new agreement as specified above, the agreement shall remain in full force and effect but the rate of compensation per acre shall be determined as provided in § 485.217. If the county committee determines that the designation and identification of the acreage reserve was inaccurate, the producers may file a new agreement properly designating the land which they have treated as the acreage reserve under the original agreement.

(b) No crop shall be harvested from the acreage reserve after December 31, 1956, or the date the agreement is filed, whichever is later, and prior to January 1, 1958. Such restriction shall not apply to a crop which matured and normally would be harvested in 1956 but was not harvested in 1956 due to conditions beyond the control of the farm operator, unless harvesting of the crop in 1956 would have been in violation of a 1956 acreage reserve agreement.

(c) The acreage reserve shall not be grazed after December 31, 1956, or the date the agreement is filed, whichever is later, and prior to January 1, 1958, unless the Secretary, after the Governor of the State in which the farm is located has certified that there is a need for grazing on the acreage reserve, determines that it is necessary to permit grazing thereon in order to alleviate damage, hardship or suffering caused by severe drought, flood, or other natural disaster and gives written consent to such grazing. Such restriction shall not apply to grazing a crop which matured and normally would be harvested in 1956 but was not harvested in 1956 due to conditions beyond the control of the farm operator, unless harvesting of the crop in 1956 would have been in violation of a 1956 acreage reserve agreement.

(d) No crop shall be planted on the acreage reserve after December 31, 1956, or the date the agreement is filed, whichever is later, and prior to January 1, 1958, except as provided in subparagraphs (1) and (2) following:

(1) Crops may be planted in the fall of 1957 for harvest in 1958 or later years in areas where such crops would normally be planted in the fall of 1957 for harvest in 1958 or later years. Such crops include tree crops such as fruit, nut, tung, holly, Christmas trees or nursery stock, and such other crops as asparagus, rhubarb, strawberries, and other berry crops. No part of any area within the acreage reserve on which such crops are planted under this provision, however, will be eligible for designation as acreage reserve for 1958 or a later year unless the planting has been removed from the land at the time the subsequent agreement is filed.

(2) Crops approved by the State and county committees for protective cover may be planted as a cover crop on the acreage reserve. If a crop approved for protective cover, other than grasses, legumes, Sudan, broomcorn, or sweet sorghums, would mature as grain or seed in 1957, such crop shall be disposed of in such manner that no part of the crop can be harvested. Such disposition must be made not later than 15 days before harvesting of the crop begins in the area. If a grass, legume, Sudan, broomcorn, or sweet sorghums approved for protective cover would mature as grain or seed in 1957 and would be in such condition that it could be harvested after December 31, 1957, such crop shall be disposed of in such manner that no part of the crop could be harvested. Such disposition must be made not later than the date fixed by the State committee for the area, which date shall not be later than November 30, 1957. Information as to crops approved for protective cover and the disposition dates, if any, for such crops shall be available in the office of the county committee, and shall be obtained by the farm operator from such office.

(e) If any crop is growing on the acreage reserve at the time the agreement is filed with the county committee, or if any crop is planted on the acreage reserve after the agreement is filed and on or before December 31, 1956, such crop shall not be harvested and shall be disposed of in such manner that no part of such crop can be harvested: *Provided*, That the foregoing shall not apply to (1) a crop which is harvested, or under

normal conditions would be harvested on or before December 31, 1956, (2) an approved cover crop which is harvested on or before December 31, 1956, or which need not be disposed of under the provisions of paragraph (d) of this section. Such disposition shall be made not later than the date fixed by the State committee for the area, which date shall be not later than 15 days before harvesting of the crop begins in the area, except that in the case of grasses, legumes, Sudan, broomcorn, and sweet sorghums, approved for protective cover, such date shall be not later than November 30, 1957. Information as to the crops required to be disposed of, and the disposition dates for such crops, shall be available in the office of the county committee and shall be obtained by the farm operator from such office.

(f) The producer shall, without reimbursement under the agreement take such steps as may be prescribed by the county committee to prevent the acreage reserve from becoming a source of spreading noxious weeds designated by the State committee. A list of such noxious weeds shall be available in the office of the county committee, and shall be obtained by the farm operator from that office.

(g) The acreage reserve shall be in addition to any acreage in the conservation reserve program.

(h) In order to provide an incentive for designating as the acreage reserve under the 1958 and 1959 acreage reserve programs the same tract, or a part of the same tract, as is designated under the 1957 program, the rate of compensation per acre for any acreage designated as the acreage reserve under the 1958 program which was also included in the designation of the acreage reserve under the 1957 program shall be 110 percent of the rate which which would otherwise be payable under the 1958 program; and the rate of compensation per acre for any acreage designated as the acreage reserve under the 1959 program which was also included in the designation of the acreage reserve under both the 1957 and 1958 programs shall be 110 percent of the rate which would otherwise be payable under the 1959 program. Such incentive rate shall be effective regardless of whether the land is designated as the acreage reserve for the same commodity as in other years.

§ 485.215 *Compliance with acreage allotments.* No person shall be eligible for compensaiton under the acreage reserve program with respect to any farm on which (a) the 1957 acreage of cotton (including extra long staple cotton), rice, or tobacco (including cigar binder tobacco, type 53) exceeds the allotment for such commodity, or (b) the 1957 acreage of wheat, in the case of a farm in the commercial wheat-producing area, exceeds the larger of the allotment or 15 acres; or (c) the 1957 acreage of corn, in the case of a farm in the commercial corn-producing area, exceeds the allotment; or (d) the 1957 acreage of peanuts exceeds the larger of the allotment or one acre. For purposes of this provision, such acreage limitations shall not be deemed to have been exceeded unless under the rules and regulations governing eligibility for price support for such commodity such acreage limitations would be determined to have been knowingly exceeded.

§ 485.216 *Amount of compensation.* If there has been no violation of the agreement, the amount of compensation payable for the commodity shall be determined by multiplying the rate of compensation per acre for the commodity, determined in accordance with § 485.217, by (a) the number of acres in the acreage reserve, or the number of acres which the producer has agreed to place in the acreage reserve, whichever is the smaller, less (b) the number of acres of new land not presently included in the cropland for the farm at the time of the signing of the agreement which is brought into cultivation and used for the production of a crop for harvest in 1957: *Provided,* That in the case of an agreement for wheat on Form CSS–800–1 (Soil Bank), "Acreage Reserve Agreement 1957 (Winter Wheat)," no compensation shall be paid if the acreage so determined is below the minimum acreage which may be placed in the acreage reserve: *Provided further,* That in the case of any agreement if, under the provisions of § 485.213 (b) (3), the producers are not in violation of the agreement but did not dispose of excess acreage as provided in § 485.213 (b) (2), the amount of compensation payable shall be determined by multiplying the rate of compensation per acre for the commodity by the acreage by which the commodity is reduced below the allotment if the amount thus determined is less than would otherwise be determined.

§ 485.217 *Rate of compensation per acre*—(a) *Wheat and tobacco.* (1) Except as provided in subparagraph (2) below of this paragraph, the rate of compensation per acre for wheat and tobacco shall be determined by multiplying the base unit rate for the commodity (base unit rates for wheat are specified in Appendix 2, as amended, to the regulations published in 21 F. R. 6162; base unit rates for tobacco are specified in Appendix 2 to these regulations, set forth below) by the normal yield for the farm (the method for determining normal yield for the farm is specified in § 485.218 (a)).

(2) If the county committee determines that the productivity for the commodity of the tract of land designated as the acreage reserve is significantly less than the productivity for the commodity of the average land on the farm normally devoted to the commodity (the method for determining productivity of land is specified in § 485.218 (a)), the rate of compensation per acre shall be determined by (i) multiplying the result of the calculation specified in subparagraph (1) of this paragraph by (ii) the percentage of the productivity of the acreage reserve in relation to the productivity of the average land on the farm normally devoted to the commodity. (The rate of compensation per acre thus obtained will be the same as the rate obtained by use of the normal yield for the tract of land designated as the acreage reserve, as specified in section 5 (b), Part VII–Terms and Conditions, Form CSS–800–1 (Winter Wheat)): *Provided,* That, in no case shall the rate of compensation per acre be in excess of that obtained by using the percentage of productivity of the acreage reserve indicated by the producers on the agreement.

(b) *Corn, cotton and rice.* (1) Except as provided in subparagraph (2) below of this paragraph (b), the rate of compensation per acre for corn, cotton, and rice shall be determined by multiplying the County Rate of Compensation (County Rates of Compensation are set forth in appendix 3) for the commodity by the farm productivity index for the commodity (the method of determining the farm productivity index is specified in § 485.218 (b)).

(2) If the county committee determines that the productivity for the commodity of the tract of land designated as the acreage reserve is significantly less than the productivity for the commodity of the average land on the farm normally devoted to the commodity (the method for determining productivity of land is specified in § 485.218 (b), the rate of compensation per acre shall be determined by (i) multiplying the result of the calculation specified in subparagraph (1) of this paragraph by (ii) the percentage of productivity of the acreage reserve in relation to the productivity of the average land on the farm normally devoted to the commodity: *Provided,* That, in no case shall the rate of compensation be in excess of that obtained by using the percentage of productivity of the acreage reserve indicated by the producers on the agreement.

§ 485.218 *Method of determining normal yields, county rates and productivity indexes*—(a) *Wheat and tobacco.* County check yields for wheat and tobacco shall be determined by or under the direction of the Administrator on the basis of the county average yields for the commodity during the base period specified below for such commodity, adjusted for drought, flood or other abnormal conditions, and for trend in the case of wheat. The base period for wheat is 1945 through 1954, both inclusive, and the base period for tobacco is 1950 through 1955, both inclusive. The county committee, upon approval of the State committee, may establish community check yields for communities or areas of the county as deemed necessary to reflect significant variations in the yields between such communities or areas. The county committee shall establish a farm normal yield for wheat and tobacco for each farm in the continental United States which has an allotment for such commodity.

(1) The normal yield per acre of wheat for a farm, where reliable records of the actual average yield per acre for all of the ten years 1946 through 1955 are presented by the producer or are available to the county committee, shall, subject to adjustment as specified below in this subparagraph, be determined to be the average of such yields, adjusted for

drought, flood, or other abnormal conditions, and trend in yields. If for any year of such 10-year period, records of the actual average yield are not available, or there was no actual yield, the normal yield per acre of wheat for the farm shall, subject to adjustment as specified below in this subparagraph, be determined by the county committee, taking into consideration the yield in years for which data are available, drought, flood, or other abnormal conditions, the check yield for the county (or community check yield if one is established), the productivity of the land on the farm normally devoted to the production of wheat, and the farming practices of the operator. The wheat normal yield established for farms in any county shall be subject to such adjustment as is necessary in order that wheat normal yields for all farms in the county, weighted by the wheat allotments, will not exceed the county check yield for wheat.

(2) The normal yield per acre of tobacco for a farm shall, subject to adjustment as specified below in this subparagraph, be determined by the county committee on the basis of actual yields (or approved yields where actual yields are not available) for the farm during the six years 1950–1955 adjusted for drought, flood or other abnormal conditions. The tobacco normal yield established for the farms in any county shall be subject to such adjustment as is necessary in order that normal yield for all farms in the county, weighted by the allotments, will be within one per cent of the county check yield.

(3) The productivity for wheat or the kind or type of tobacco involved of the tract of land designated as the acreage reserve shall be determined by the county committee on the basis of (1) the normal yield for the farm, and (2) any factors affecting yield which indicate that the productivity of the tract of land designated as the acreage reserve varies significantly from the productivity of the average land on the farm normally devoted to the commodity.

(b) *Cotton, corn and rice; farm productivity index.* (1) The county committee shall establish a farm productivity index for cotton, corn and rice for each farm in the continental United States which has an allotment (except "new farm" allotments and "new rice producer" allotments) for corn, cotton or rice. The farm productivity index for a commodity shall be based upon the suitability of the cropland on the farm for producing the commodity, taking into consideration the farming practices of the operator. The farm productivity index for a commodity shall be expressed as that percentage of 100 that the suitability of the average cropland on the farm normally devoted to the production of the commodity bears to the suitability, using normal farming practices, of the average cropland in the county for producing the commodity. The farm productivity index so established shall be subject to such adjustment as is necessary in order that the farm productivity indexes for all farms in the county, weighted by the allotments, will not exceed 100 percent.

(2) The productivity for the commodity of the tract of land designated as the acreage reserve shall be determined by the county committee on the basis of (1) the farm productivity index for the commodity, and (2) any factors affecting yield which indicate that the productivity of the tract of land designated as the acreage reserve varies significantly from the productivity of the average land on the farm normally devoted to the production of the commodity.

(d) Prior to the execution of an agreement, the county committee may correct any error made in establishing the farm normal yield or the farm productivity index. In correcting errors made in establishing the farm normal yield for tobacco and wheat, the total of all increases in yields (together with any increases in yields as a result of appeals) shall not be such as will result in a weighted average yield (when farm yields are weighted by the respective farm allotments) which exceeds the county check yield by more than 2 percent. In correcting errors made in establishing the farm productivity index for corn, cotton, and rice, the total of all increases in productivity indexes (together with any increases in productivity indexes as a result of appeals) shall not be such as will result in a weighted average compensation rate when farm compensation rates are weighted by the respective farm allotments) which exceeds the county rate of compensation by more than 2 percent.

(e) The Administrator shall issue instructions to State and county committees implementing the provisions of this section. Such instructions shall be available for examination at the office of each county committee.

§ 485.219 *Appeals.* (a) (1) The operator of each farm which has an allotment for corn, cotton or rice (except a "new farm" or "new producer" allotment) will be mailed a notice of the rate of compensation per acre for the commodity which will be applicable under the 1957 acreage reserve program if the producers on the farm place land in the acreage reserve which is at least equal to the productivity for the commodity of the average land on the farm which is normally devoted to the production of the commodity. The operator may request a reconsideration of the rate of compensation shown on such notice. Such request shall be in writing setting forth the facts in support thereof, and shall be filed at the office of the county committee shown on the notice within 15 days after the date of the aforementioned notice. If the operator fails to file a request for reconsideration within such 15 day period, the rate set forth in such notice shall be final.

(2) In the case of tobacco, the operator may at the time he files the agreement request in writing a reconsideration of the rate of compensation per acre determined to be applicable to land on the farm which is at least equal to the productivity for such commodity of the average land on the farm normally devoted to the production of such commodity. If the operator fails to file a request for reconsideration at the time he files the agreement, the rate specified in the agreement shall be final.

(b) The county committee shall notify the operator of its decision in writing. The operator may, within 15 days after the date of the county committee's decision, file, at the aforementioned county office, an appeal in writing to the State committee. The State committee shall notify the operator of its decision in writing. If the operator fails to file an appeal to the State committee from a decision of the county committee on reconsideration within the 15 day period specified in this paragraph (b), the decision of the county committee shall be final. The decision of the State committee on an appeal shall in all cases be final.

(c) The filing of a request for reconsideration or of an appeal as provided for in paragraph (a) of this section shall not operate to extend the applicable closing date for filing an agreement (the agreement must be filed on or before such closing date). The right to request reconsideration and appeal shall not give the producers any right to terminate the agreement even though they are dissatisfied with the decision on reconsideration or appeal; agreements executed pending request for reconsideration or an appeal shall be and remain in full force and effect regardless of the decision made on reconsideration or appeal, subject to such increase in the rate of compensation which may be allowed by such decision.

(d) The total of all increases in yields in the case of tobacco on reconsideration or appeal (together with any increase in yields as a result of correction of errors made by the county committee in establishing farm normal yields), shall not be such as will result in a weighted average yield (when farm yields are weighted by the respective farm allotments) which exceeds the county check yield by more than 2 percent. The total of all increases in productivity indexes in the case of corn, cotton, and rice on reconsideration or appeal (together with any increases in productivity indexes as a result of correction of errors made by the county committee in establishing productivity indexes), shall not be such as will result in a weighted average payment rate (when farm payment rates are weighted by the respective farm allotments) which exceeds the county rate of compensation by more than 2 percent.

§ 485.220 *Methods of measuring acreage and extent of calculations.* (a) The methods of measuring the number of acres in the acreage reserve, the acreage of the commodity, and the acreage by which the commodity is reduced below the allotment shall be the same as those used for marketing quota and price support programs, except that the "extent of calculations" set forth in paragraph (b) of this section shall govern wherever different from those used for purposes of marketing quotas and price support.

(b) The extent of calculations shall be as follows:

(1) The acreage of tobacco shall be expressed in hundredths of an acre and fractions of less than a hundredth of an acre shall be dropped.

(2) The acreage of wheat shall be expressed in whole acres and fractions of less than one acre shall be dropped.

(3) The acreages of crops other than tobacco and wheat shall be expressed in tenths of an acre and fractions of less than one-tenth of an acre shall be dropped.

(4) In determining the acreage reserve for a commodity, the "extent of calculations" set forth above in subparagraphs (1), (2), and (3) of this paragraph shall be followed, except that, in the case of wheat, the acreage reserve shall be calculated in tenths of an acre and fractions of less than a tenth of an acre shall be dropped.

§ 485.221 *Division of compensation between landlords, tenants, and sharecroppers.* The agreement entered into with the producers shall specify the basis on which the landlords, tenants, sharecropers, and (in the case of rice) persons who furnish water for a share of the crop, are to share in the compensation payable thereunder. The basis on which the tenants and sharecroppers share in such compensation must be approved by the county committee as being fair and equitable. In considering whether the tenants and sharecroppers will share in the compensation on a fair and equitable basis, the county committee shall give consideration to the respective contributions which would have been made by the landlord, tenants, and sharecroppers in the production of the crops which would have been produced on the acreage diverted from production under the agreement and the basis on which they would have shared in such crops or the proceeds thereof. In general, the basis for sharing compensation may be approved by the county committee if:

(a) The total compensation is allocated among the shares of the allotment for the commodity which, in the absence of participation in the acreage reserve program, would be farmed by (1) a landowner, cash-tenant, or fixed-rent tenant, with his own labor or with hired labor other than sharecroppers, or (2) a share-tenant without the aid of any sharecropper, or (3) a sharecropper, in proportion to the number of acres contributed from each such share of the allotment to the acreage diverted from production under the agreement; and

(b) The share of the landlord, and operator, if other than the landlord, in the compensation allocated to any share of the allotment farmed by a tenant or sharecropper does not result in the landlord and operator receiving substantially in excess of the return they would have received if they were not participating in the acreage reserve program for furnishing the land and farm management less any savings in cost to them which result from not producing a crop on the acreage diverted from production and less the amount of any enhancement in value of the land diverted from production as a result of conservation practices carried out on such land.

§ 485.222 *Additional provisions relating to tenants and sharecroppers.* (a) No agreement with respect to any commodity shall be entered into with a producer if it shall appear:

(1) That the landlord or operator has not afforded his tenants and sharecroppers an opportunity to participate under the agreement in proportion to the number of acres in the respective shares of the allotment made available to such tenants or sharecroppers; or

(2) That the landlord or operator has, in anticipation of participating in the Soil Bank Program, reduced the number of tenants and sharecroppers on the farm, or the shares of the allotment made available to tenants or sharecroppers in the case of agreements entered into after the issuance of these regulations, if a tenant or sharecropper leaves the farm voluntarily, or for some reason other than being forced off the farm by the landlord or operator in anticipation of participating in the Soil Bank Program, the failure to replace such tenant or sharecropper shall not be considered as a reduction in anticipation of participating in the Soil Bank Program;

(3) That there exists between the operator or landlord and any tenant or sharecropper any lease, contract, agreement, or understanding, unfairly exacted or required by the operator or landlord and entered into in contemplation of the signing of any agreement hereunder, the effect or purpose of which is:

(i) To cause the tenant or sharecropper to pay over to the landlord or operator any compensation to be paid to him under the agreement; or

(ii) To change the status of any tenant or sharecropper in order to deprive him of any part of the compensation or any other right or privilege of his under the agreement to which his actual status with respect to the land prior thereto would have entitled him; or

(iii) To reduce the size of the tenant's or sharecropper's share of the allotment in contemplation of the signing of the agreement; or

(iv) To increase the rent to be paid by the tenant or decrease the share of the crop or its proceeds to be received by the sharecropper.

(4) That the operator or landlord has adopted any device or scheme of any sort whatever for the purpose of depriving any tenant or any sharecropper of his compensation or any other right under the agreement.

(b) The agreement shall be deemed to have been violated if any of the conditions set forth in paragraph (a) of this section are discovered after the signing of the agreement, or if, after the signing of the agreement, the operator or landlord enters into any lease, contract, agreement, or understanding with any tenant or sharecropper of the nature prohibited by paragraph (a) (3) of this section or adopts any scheme or device prohibited by paragraph (a) (4) of this section.

§ 485.223 *Manner of compensation.* Compensation will be paid to each producer entitled thereto through the issuance to such producer of negotiable certificates, redeemable by Commodity Credit Corporation. Such certificates will be redeemable in cash upon presentation by the producer to whom issued or any holder in due course at the Federal Reserve Bank or Branch Bank designated thereon. Such presentation should be made through regular banking channels. The designated Federal Reserve Bank or Branch Bank will accept the certificates as cash items for immediate credit. The statement on the face of the certificate that the certificate is not valid unless presented within one year from date of issue means only that the particular certificate must be presented within such time; if such certificate is not so presented, it may be returned to the ASC county office which issued it for cancellation and a substitute will be issued in lieu thereof to the holder. In the case of certificates issued with respect to wheat, rice and corn the producer to whom the certificate is issued for participating in the program (but not any other person) may obtain redemption of such certificates in grain to the extent provided in the regulations governing redemption of certificates in grains in effect at the time of redemption (the regulations in effect as of the date of issuance of these regulations are contained in 21 F. R. 6881, as amended in 21 F. R. 8129). Commodities delivered to producers in redemption of certificates shall not be eligible for tender to Commodity Credit Corporation under the price support program.

§ 485.224 *Time of compensation.* Certificates shall be issued as soon as practicable after determination by the county committee that there has been compliance with the acreage reduction requirements of the program and the requirements of § 485.215 relating to compliance with allotments. (In the case of an agreement for wheat on Form CSS–800–1, if only winter wheat is planted on the farm and the farm does not have an allotment for any other commodity, it is anticipated that the issuance of certificates will begin about June 1, 1957.)

§ 485.225 *Set-offs.* (a) If any producer, or any person to whom a certificate is payable, has a debt due and owing to the United States Department of Agriculture, or any agency thereof, or to any other agency of the United States if such indebtedness to such other agency of the United States is listed on the county debt register, the compensation due such producer or person shall be set off against such indebtedness. Indebtedness owing to the Department of Agriculture, or any agency thereof, shall be given first consideration. Assignees, and holders of liens and encumbrances designated as payees who have consented (see § 485.213 (d)) to the producer entering into agreements, shall be entitled to payment only of the amount, if any, remaining after set-off under this section is made against any indebtedness due and owing by the producer at the time compensation is paid, or would otherwise be paid, under the agreement. Set-offs made pursuant to this section shall not deprive any producer or person of any right to contest the justness of the indebtedness involved either by administrative appeal or by legal action.

§ 485.226 *Release and reapportionment of acreage allotments.* The provisions of this section shall be applicable only to agreements entered into after the issuance of these regulations.

(a) *Release of allotments.* The producers on a farm may not participate in the acreage reserve program for a commodity if any part of the farm allotment for such commodity is voluntarily released pursuant to the provisions of the acreage allotment regulations governing the release and reapportionment of allotments.

(b) *Reapportionment of allotment.* In the case of a farm whose allotment for a commodity is increased due to reapportionment to such farm of allotments voluntarily released by other farms, the allotment prior to reapportionment shall be considered the allotment for purposes of determining (i) the maximum acreage for such commodity which may be placed in the acreage reserve program, and (ii) the acreage of such commodity which the producers may harvest under the provisions of § 485.213 (b); but for purposes of determining compliance with allotments for commodities other than those covered by the agreement, the reapportioned allotment shall be applicable.

§ 485.227 *Revised allotments.* (a) In any case where the producer receives an increase in his allotment for a commodity other than as a result of reapportionment after he executes an agreement for such commodity but prior to the final date set for determining compliance with the acreage reduction requirements of the agreement, a new agreement may be filed, subject to the availability of funds, not later than 10 days after official notification of the increased allotment. In such case, the producers may, subject to the maximum acreage limitations specified in § 485.211, increase the number of acres placed in the acreage reserve and designate additional or other acreage meeting all the requirements of these regulations as the acreage reserve. If a new agreement is not filed, the acreage permitted to be harvested as shown on the agreement shall be increased by the number of acres by which the allotment is increased.

(b) (1) In any case where a producer is officially notified of an allotment for a commodity which is larger than that finally established and is not notified of the revised allotment prior to the time planting of the commodity normally ends in the area, as determined by the county committee, the original allotment shall be considered the allotment for purposes of the acreage reserve program provided the county committee finds that the producer had no reason to know that the allotment shown in the original notice was erroneous.

(2) If the county committee finds that the producer had reason to know that the original notice was erroneous, the allotment for purposes of the acreage reserve program shall be that finally established. If the revised notice is issued after the execution of an agreement, a new agreement must be executed within 10 days after the date of the revised notice. If under the revised allotment the number of acres which the producer may place in the acreage reserve is less than that previously placed in the acreage reserve, the producer may designate another tract of land meeting all the requirements of these regulations as the acreage reserve. If a new agreement is not filed within the time limit specified above, the original agreement shall be deemed terminated.

§ 485.228 *Compensation in case of sale or transfer of farm or change in tenants*—(a) *Sale or transfer of farm.* (1) (i) If the county committee is notified in writing prior to payment of compensation to the original owner of the sale or transfer of the entire farm covered by the agreement, and the original owner and the buyer or successor agree on a division of the compensation payable to the original owner under the agreement on a form prescribed by the Administrator, compensation shall be paid accordingly.

(ii) If such an agreement is not reached between the original owner and the buyer or successor, compensation shall be paid to the original owner, if he retains the interest in the crop on the farm with respect to which the compensation is to be paid. If the interest in the crop with respect to which the compensation is to be paid is transferred to the buyer or other person succeeding the original owner, and the county committee is notified in writing of such sale or transfer before compensation has been paid, compensation shall be paid to the buyer or successor. If no 1957 crop of the commodity covered by the agreement is grown on the farm, compensation shall be paid to the original owner if the sale or transfer took place after the end of the normal harvesting season for the commodity in the area, as determined by the county committee. If the sale or transfer took place prior thereto, compensation shall be paid to the buyer or successor.

(2) (i) If the county committee is notified in writing prior to payment of compensation to the original owner of the sale or transfer of a part of the farm, and the original owner and the buyer or successor agree on a division of the compensation payable to the original owner under the agreement on a form prescribed by the Administrator, compensation shall be paid accordingly.

(ii) If such an agreement is not reached between the original owner and the buyer or successor, the county committee shall determine the division of compensation between the original owner and the buyer or successor on a basis which it determines to be fair and equitable. In reaching such determination, the county committee shall consider, among any other factors which it determines pertinent, (*a*) the respective interests which the original owner and the buyer or successor have in the 1957 crop, if any, of the commodity covered by the agreement which was planted on the farm, (*b*) the contribution to the reduction of the commodity which has been made by the original owner at the time of the sale or transfer, (*c*) the contribution which will be made by the buyer or successor to such reduction, (*d*) the length of time the agreement has been in effect prior to the sale or transfer, (*e*) the respective contributions which have and will be made by the original owner and by the buyer or successor in carrying out those provisions of the agreement relating to not harvesting or grazing, and the control of noxious weeds, on the acreage reserve.

(3) No compensation shall be paid to a buyer or successor unless he becomes a party to the acreage reserve agreement by executing a form prescribed by the Administrator for such purpose.

(b) *Change in tenants and sharecroppers.* If the county committee is notified in writing, prior to payment of compensation under an existing agreement to a tenant (including a tenant operator) or to a sharecropper, that such tenant or sharecropper is no longer on the farm, the county committee shall determine the division of compensation between the original tenant or sharecropper and the successor tenant or sharecropper, or between the original tenant or sharecropper and the landlord or operator if the tenant or sharecropper is not replaced, on a basis which it determines to be fair and equitable. In making such determination, the county committee shall consider, among any other factors which it deems pertinent, (1) the respective interests which the original tenant or sharecropper and the successor tenant or sharecropper (or the landlord or operator) have in the 1957 crop, if any, of the commodity covered by the agreement which was planted on the farm, (2) the contribution to the reduction of the commodity which has been made by the tenant or sharecropper up to the time he leaves the farm, (3) the contribution which will be made by the successor tenant or sharecropper (or the landlord or operator) to such reduction, (4) the length of time the agreement has been in effect prior to the change in tenant or sharecropper, (5) the respective contributions which have and will be made by the original tenant or sharecropper and by the successor tenant or sharecropper (or landlord or operator) in carrying out those provisions of the agreement relating to the preventing of harvesting or grazing and the control of noxious weeds on the acreage reserve: *Provided,* That if the successor is a tenant-operator, no compensation shall be paid to him unless he becomes a party to the agreement, by executing a form prescribed by the Administrator for such purpose: *And provided further,* That, in the case of agreements entered into prior to the date of issuance of these regulations, if a 1957 crop of the commodity covered by the agreement is grown on the farm compensation shall be paid to the original tenant or sharecropper if he retains the interest in such crop and to the successor tenant or sharecropper if he succeeds to the interest in such crop.

(c) In any case covered by this section payment of compensation may be withheld until the end of 1957 if it is deemed necessary or desirable in order to assure performance of the agreement during the entire contract period.

§ 485.229 *Reconstitution of farms.* Any agreement entered into after the issuance of these regulations shall be deemed terminated if, after the execution of the agreement but before the end of the planting season for the commodity in the area as determined by the county committee, the farm allotment is revised as a result of a division of the farm by sale, lease or other means, or as a result of the combination of two or more farms, or parts of farms, as a single farm. In case of such termination, the producers on the farms involved may, on or before the date for filing agreements specified in § 485.212, file new agreements, subject to availability of funds and to all the provisions of these regulations.

§ 485.230 *Successors-in-interest.* In case any producer who is entitled to any compensation under any agreement, dies, becomes incompetent or disappears before receiving such compensation, the compensation shall be made to his successor, as determined in accordance with the regulations issued by the Secretary (7 CFR Part 1108), or any amendments thereto, for payments made pursuant to section 8 of the Soil Conservation and Domestic Allotment Act, as amended.

§ 485.231 *Assignments.* Any producer who may be entitled to any compensation under the acreage reserve program may assign his right thereto, in whole or in part, subject to the following conditions:

(i) The assignment must be made in writing on a form prescribed by the Administrator.

(ii) There may be only one outstanding assignment of compensation payable to a producer under an agreement.

(iii) Each assignment may cover only compensation due under one agreement.

(iv) The producer's signature must be affixed to the assignment in the presence of two witnesses, neither of whom may be an employee or an agent of, or related to, the assignee.

In order to be recognized, the assignment must be delivered at the office of the county committee which signed the agreement. In the event of two outstanding assignments by a producer only the first one received at such county office will be recognized. Payment of any compensation which may become due will be paid to the assignee, to the extent of the assignment and subject to the provisions of § 485.225 pertaining to setoffs, unless prior thereto the county office at which the assignment was delivered receives a written release signed by the assignee. No further assignment may be made by an assignee.

§ 485.232 *Schemes or devices to defeat purposes of agreement.* No producer entering into an agreement with the Secretary hereunder shall employ any scheme or device which would tend to defeat the purpose of the agreement.

§ 485.233 *Violations of agreement.* (a) In the event the Secretary determines that there has been a violation of any agreement and that such violation is of such a substantial nature as to warrant termination of the agreement all rights to compensation under the agreement shall be forfeited and all compensation paid shall be refunded. The producers who sign the agreement will be obligated to refund all compensation received not only by them but also by any tenant or sharecropper. The tenant or sharecropper shall also be obligated to refund any compensation received by him. In the event that any of the certificates issued as compensation cannot be returned, the face amount of such certificates, plus interest at the rate of six percent per annum, shall be paid to the United States.

(b) In the event the Secretary determines that there has been a violation of any agreement but that the violation is of such a nature as not to warrant termination of the agreement, rights to compensation under the agreement shall be adjusted, forfeited and refunded as the Secretary determines to be appropriate. The producers signing the agreement will be obligated to accept such adjustments in compensation, forfeit such benefits, and make such refunds to the United States of compensation received not only by them but also by any tenant or sharecropper as the Secretary determines to be appropriate. The tenant or sharecropper will also be obligated to refund, forfeit, and accept such adjustment in compensation paid or otherwise payable to him as the Secretary determines to be appropriate. In the event that any of the certificates issued as compensation cannot be returned in accordance with the determination of the Secretary, the face amount of such certificates, plus interest at the rate of six percent per annum shall be paid to the United States. In the event that a refund of less than the face amount of a certificate is required, interest at the rate of six percent per annum on the amount required to be refunded shall be paid to the United States.

(c) Regulations prescribing the rules and procedure for determining whether a violation has occurred, and whether the violation is of such a nature as to warrant termination of the agreement, and the amount of any adjustment, forfeiture or refund which shall be made if the violation is of such a nature as not to warrant termination of the agreement, and the rules and procedure for review of such determinations will be published separately at a later date.

§ 485.234 *Penalty for grazing or harvesting.* Section 123 of the Act imposes a civil penalty upon any producer who knowingly and willfully grazes or harvests any crop from any acreage in violation of an agreement equal to 50 per centum of the compensation payable for compliance with such agreement. Such penalty is in addition to any amounts required to be forfeited or refunded under the provisions of the agreement.

§ 485.235 *Access to farm and records.* The county committeemen or their representatives, or any authorized representative of the Secretary, for the purposes of ascertaining the accuracy of the representations made in or in connection with any agreement entered into hereunder and the performance of the terms and conditions of the agreement, shall have the right to enter the farm at any reasonable time in order to measure the acreage or determine the production of any agricultural commodity on the farm and to examine any records pertaining to the farm or to the acreage, production, or sale of any such agricultural commodity, and the landlord or operator shall furnish such information relating to the farm as may be requested by the county committeemen or their representatives or authorized representatives of the Secretary.

§ 485.236 *State Committee approval of determinations of county committees.* The State Committee may revise or require revision of any determination made by the county committee in connection with the acreage reserve program. This authority shall not extend to agreements after the signing thereof by a member of a county committee.

§ 485.237 *Finality of determinations.* The facts constituting the basis for any compensation, or the amount thereof, under any agreement when officially determined in conformity with §§ 485.201 to 485.240, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government, except that the Act provides for judicial review in the case of the termination of an agreement.

§ 485.238 *Effect on acreage allotment and marketing quota programs.* (a) The acreage on any farm which is diverted from the production of any commodity in order to carry out an agreement shall be considered as acreage devoted to the commodity for the purposes of establishing future State, county and farm acreage allotments.

(b) In applying the provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U. S. C. 1340 (6), and section 326 (b) and 356 (g) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1326 (b), 1356 (g)) relating to reduction of the storage amounts of wheat and rice, the acreage on any farm which is diverted from the production of wheat or rice in order to carry out an agreement, shall be considered as wheat acreage or rice acreage, as the case may be, on the farm.

§ 485.239 *Redesignation as conservation reserve.* The county committee may permit a producer to terminate an agreement in order to place all or any part of the tract of land designated as the acreage reserve in the conservation reserve, and may permit such a producer to sign a new agreement designating other eligible land as the acreage reserve, provided the maximum compensation payable under the new agreement does not exceed that payable under the original agreement.

§ 485.240 *Waiver.* (a) The Administrator, in order to prevent undue hardship, may waive the requirements of any provision of the regulations contained herein or in the agreement if such waiver is not prohibited by law and if, in his judgment, such waiver is in the best interests of the program. Any such waiver shall be in writing and shall contain a full statement of the reasons

therefor. If the facts or circumstances on which the request for a waiver is based have or are likely to have general applicability, relief may not be given by a waiver but only by an appropriate amendment to these regulations.

Issued at Washington, D. C., this 20th day of December, 1956.

[SEAL] E. T. BENSON,
Secretary of Agriculture.

APPENDIX 1—STATE ALLOCATIONS OF AMOUNTS WHICH MAY BE OBLIGATED

1957 ACREAGE RESERVE PROGRAM

CORN	*Allocation (thousand dollars)*
State:	
Alabama	1,208
Arkansas	289
Delaware	673
Georgia	987
Illinois	41,824
Indiana	20,709
Iowa	44,287
Kansas	3,355
Kentucky	4,497
Maryland	1,666
Michigan	6,016
Minnesota	19,344
Missouri	12,424
Nebraska	16,614
New Jersey	735
North Carolina	3,969
North Dakota	225
Ohio	15,695
Pennsylvania	3,916
South Dakota	7,224
Tennessee	1,950
Virginia	713
West Virginia	91
Wisconsin	9,089

COTTON	*Allocation (dollars)*
State:	
Alabama	13,322,400
Arizona	11,122,700
Arkansas	20,687,300
California	20,333,200
Florida	428,600
Georgia	10,870,500
Illinois	36,000
Kansas	200
Kentucky	143,500
Louisiana	9,531,400
Maryland	300
Mississippi	25,977,500
Missouri	5,763,600
Nevada	54,300
New Mexico	4,023,800
North Carolina	6,695,100
Oklahoma	6,035,600
South Carolina	9,596,100
Tennessee	8,585,700
Texas	64,055,300
Virginia	236,900

RICE	
Arkansas	3,360,600
California	3,038,500
Florida	3,700
Louisiana	3,617,700
Illinois	200
Mississippi	378,100
Missouri	39,300
North Carolina	200
Oklahoma	1,200
South Carolina	13,500
Tennessee	4,300
Texas	3,542,700

TOBACCO—FLUE CURED	
Alabama	11,000
Florida	376,000
Georgia	1,834,000
North Carolina	12,695,000
South Carolina	2,344,000
Virginia	1,896,000

TOBACCO—BURLEY	
Alabama	800
Arkansas	1,300
Georgia	2,400
Illinois	200
Indiana	238,400
Kansas	2,200
Kentucky	6,216,800
Missouri	85,700
North Carolina	385,500
Ohio	308,000
Pennsylvania	100
South Carolina	200
Tennessee	1,881,300
Texas	100
Virginia	405,700
West Virginia	83,300

TOBACCO—MARYLAND	
Delaware	100
Maryland	1,033,100
Virginia	800

TOBACCO—DARK AIR-CURED	
Indiana	1,300
Kentucky	372,900
Tennessee	63,800

TOBACCO—FIRE-CURED	
Illinois	100
Kentucky	405,400
Tennessee	500,700
Virginia	217,800

TOBACCO—VIRGINIA SUN-CURED	
Virginia	69,000

TOBACCO—CIGAR BINDER—TYPE 51	
Connecticut	1,257,700
Massachusetts	5,300

TOBACCO—CIGAR BINDER—TYPE 52	
Connecticut	219,200
Massachusetts	781,600
New Hampshire	200
Vermont	1,000

TOBACCO—CIGAR BINDER—TYPE 54	
Illinois	100
Indiana	100
Wisconsin	74,800

TOBACCO—CIGAR BINDER—TYPE 55	
Iowa	200
Minnesota	4,300
Wisconsin	204,500

TOBACCO—CIGAR FILLER—TYPES 42, 43, AND 44	
Ohio	72,500
Pennsylvania	500

WHEAT

State	Initial allocation (thousand dollars)	Revised allocation (thousand dollars)
Arkansas	256	41
California	3,186	2,781
Colorado	15,894	22,684
Delaware	191	54
Georgia	484	830
Idaho	10,642	7,820
Illinois	11,526	959
Indiana	7,775	1,970
Iowa	858	226
Kansas	67,437	81,415
Kentucky	1,030	735
Maryland	1,055	292
Michigan	7,096	4,384
Minnesota	3,962	3,780
Missouri	8,410	3,060
Montana	20,646	15,079
Nebraska	25,169	16,120
New Jersey	385	176
New Mexico	1,017	1,387
New York	2,630	3,425
North Carolina	1,593	1,727
North Dakota	30,863	30,868
Ohio	11,059	5,351
Oklahoma	26,237	19,864
Oregon	8,141	4,158
Pennsylvania	4,082	1,092
South Carolina	695	967
South Dakota	10,479	9,058
Tennessee	895	620
Texas	15,344	13,379
Utah	2,134	2,241
Virginia	1,494	853
Washington	20,011	9,090
West Virginia	221	116
Wisconsin	320	252
Wyoming	1,783	776

APPENDIX 2—BASE UNIT RATES FOR TOBACCO

1957 ACREAGE RESERVE PROGRAM

Kind or type:	*Base unit rate (cents per pound)*
Flue-cured	18
Burley	18
Maryland	17
Dark air-cured	12
Fire-cured	13
Virginia sun-cured	12
Cigar binder type 51	19
Cigar binder type 52	18
Cigar binder type 54	08
Cigar binder type 55	11
Cigar filler types 42, 43, and 44	09

NOTE: Base unit rates for wheat are specified in Appendix 2, as amended, to the regulations published in 21 F. R. 6162.

APPENDIX 3—COUNTY RATES OF COMPENSATION PER ACRE

1957 ACREAGE RESERVE PROGRAM

CORN

ALABAMA

County	*Dollars per acre*	*County*	*Dollars per acre*
Cherokee	28	Limestone	23
De Kalb	32	Madison	31
Etowah	30	Marshall	31
Jackson	30	Morgan	25

ARKANSAS

Clay	23	Greene	22
Craighead	24	Mississippi	26

CORN—Continued

DELAWARE

County	Dollars per acre	County	Dollars per acre
Kent	46	Sussex	44
New Castle	49		

GEORGIA

Berrien	22	Evans	21
Brooks	18	Lowndes	18
Bulloch	20	Screven	18
Candler	17	Tattnall	23
Colquitt	19	Tift	22
Cook	22	Toombs	20
Emanuel	14	Wayne	25

ILLINOIS

Adams	52	Lee	62
Alexander	30	Livingston	52
Bond	42	Logan	59
Boone	65	McDonough	57
Brown	48	McHenry	57
Bureau	62	McLean	56
Calhoun	49	Macon	56
Carroll	67	Macoupin	51
Cass	55	Madison	45
Champaign	56	Marion	32
Christian	58	Marshall	56
Clark	42	Mason	48
Clay	34	Massac	34
Clinton	39	Menard	54
Coles	51	Mercer	55
Cook	47	Monroe	42
Crawford	42	Montgomery	51
Cumberland	44	Morgan	57
De Kalb	64	Moultrie	52
De Witt	56	Ogle	65
Douglas	56	Peoria	56
Du Page	57	Perry	31
Edgar	53	Piatt	59
Edwards	40	Pike	51
Effingham	40	Pope	33
Fayette	39	Pulaski	29
Ford	51	Putnam	58
Franklin	30	Randolph	38
Fulton	54	Richland	35
Gallatin	41	Rock Island	57
Greene	52	St. Clair	44
Grundy	52	Saline	36
Hamilton	31	Sangamon	54
Hancock	54	Schuyler	52
Hardin	35	Scott	49
Henderson	54	Shelby	49
Henry	58	Stark	57
Iroquois	49	Stephenson	65
Jackson	34	Tazewell	58
Jasper	40	Union	31
Jefferson	31	Vermilion	54
Jersey	49	Wabash	44
Jo Daviess	59	Warren	58
Johnson	27	Washington	34
Kane	63	Wayne	33
Kankakee	51	White	37
Kendall	56	Whiteside	58
Knox	59	Will	50
Lake	50	Williamson	28
La Salle	57	Winnebago	61
Lawrence	38	Woodford	59

INDIANA

Adams	54	Fayette	54
Allen	54	Floyd	39
Bartholomew	48	Fountain	50
Benton	49	Franklin	50
Blackford	50	Fulton	51
Boone	54	Gibson	43
Brown	40	Grant	58
Carroll	55	Greene	40
Cass	56	Hamilton	54
Clark	40	Hancock	52
Clay	49	Harrison	40
Clinton	54	Hendricks	53
Crawford	33	Henry	55
Daviess	47	Howard	60
Dearborn	42	Huntington	54
Decatur	53	Jackson	43
De Kalb	50	Jasper	47
Delaware	52	Jay	49
Dubois	43	Jefferson	38
Elkhart	53	Jennings	39

CORN—Continued

INDIANA—continued

County	Dollars per acre	County	Dollars per acre
Johnson	53	Putnam	51
Knox	44	Randolph	52
Kosciusko	54	Ripley	44
Lagrange	52	Rush	56
Lake	48	St. Joseph	53
La Porte	48	Scott	38
Lawrence	41	Shelby	51
Madison	55	Spencer	40
Marion	49	Starke	45
Marshall	53	Steuben	53
Martin	39	Sullivan	42
Miami	56	Switzerland	42
Monroe	40	Tippecanoe	52
Montgomery	51	Tipton	61
Morgan	50	Union	59
Newton	47	Vanderburgh	44
Noble	55	Vermillion	47
Ohio	43	Vigo	42
Orange	40	Wabash	55
Owen	42	Warren	49
Parke	51	Warrick	38
Perry	37	Washington	40
Pike	39	Wayne	54
Porter	48	Wells	55
Posey	43	White	48
Pulaski	46	Whitley	54

IOWA

Adair	43	Jefferson	43
Adams	47	Johnson	54
Allamakee	51	Jones	57
Appanoose	37	Keokuk	46
Audubon	46	Kossuth	47
Benton	54	Lee	45
Black Hawk	51	Linn	51
Boone	48	Louisa	50
Bremer	50	Lucas	38
Buchanan	49	Lyon	43
Buena Vista	48	Madison	43
Butler	45	Mahaska	46
Calhoun	45	Marion	43
Carroll	46	Marshall	53
Cass	46	Mills	47
Cedar	61	Mitchell	47
Cerro Gordo	46	Monona	40
Cherokee	50	Monroe	37
Chickasaw	44	Montgomery	48
Clarke	39	Muscatine	53
Clay	46	O'Brien	50
Clayton	52	Osceola	44
Clinton	57	Page	47
Crawford	44	Palo Alto	43
Dallas	46	Plymouth	41
Davis	38	Pocahontas	46
Decatur	37	Polk	48
Delaware	52	Pottawattamie	45
Des Moines	55	Poweshiek	49
Dickinson	44	Ringgold	40
Dubuque	56	Sac	49
Emmet	48	Scott	58
Fayette	50	Shelby	48
Floyd	47	Sioux	46
Franklin	49	Story	49
Fremont	43	Tama	54
Greene	46	Taylor	40
Grundy	56	Union	41
Guthrie	42	Van Buren	41
Hamilton	48	Wapello	43
Hancock	48	Warren	41
Hardin	51	Washington	50
Harrison	44	Wayne	37
Henry	49	Webster	47
Howard	38	Winnebago	48
Humboldt	48	Winneshiek	50
Ida	47	Woodbury	40
Iowa	51	Worth	47
Jackson	53	Wright	48
Jasper	49		

KANSAS

Anderson	26	Douglas	29
Atchison	30	Franklin	26
Brown	35	Jackson	25
Clay	25	Jefferson	26
Cloud	25	Jewell	19
Doniphan	36	Johnson	30

CORN—Continued

KANSAS—continued

County	Dollars per acre	County	Dollars per acre
Leavenworth	30	Republic	23
Marshall	28	Riley	25
Miami	26	Shawnee	26
Nemaha	31	Smith	19
Phillips	17	Washington	26
Pottawatomie	25		

KENTUCKY

Allen	33	Jefferson	47
Ballard	32	Larue	43
Barren	36	Livingston	33
Boone	45	Logan	39
Boyle	49	Lyon	35
Breckenridge	33	Mason	52
Bullitt	40	McCracken	29
Butler	33	McLean	33
Caldwell	33	Marion	47
Calloway	30	Meade	39
Carlisle	33	Monroe	34
Carroll	43	Muhlenberg	31
Christian	35	Nelson	47
Crittenden	32	Ohio	31
Daviess	38	Oldham	48
Edmonson	30	Shelby	45
Fulton	34	Simpson	40
Graves	30	Spencer	43
Grayson	31	Taylor	42
Green	36	Todd	38
Hancock	35	Trigg	35
Hardin	40	Trimble	41
Hart	39	Union	41
Henderson	38	Warren	39
Hickman	35	Washington	47
Hopkins	33	Webster	33

MARYLAND

Baltimore	49	Kent	48
Caroline	43	Montgomery	47
Carroll	54	Queen Annes	47
Cecil	49	Somerset	40
Dorchester	42	Talbot	43
Frederick	47	Washington	44
Harford	53	Wicomico	37
Howard	47	Worcester	42

MICHIGAN

Allegan	38	Lenawee	54
Barry	40	Livingston	42
Berrien	36	Macomb	43
Branch	45	Mecosta	36
Calhoun	41	Midland	43
Cass	38	Monroe	54
Clinton	47	Montcalm	40
Eaton	46	Oakland	42
Genesee	45	Saginaw	48
Gratiot	47	Sanilac	41
Hillsdale	47	St. Clair	42
Ingham	48	St. Joseph	36
Ionia	45	Shiawassee	47
Isabella	43	Tuscola	46
Jackson	47	Van Buren	32
Kalamazoo	35	Washtenaw	49
Kent	40	Wayne	47
Lapeer	44		

MINNESOTA

Anoka	37	Jackson	45
Benton	36	Kandiyohi	40
Big Stone	31	Lac qui Parle	39
Blue Earth	48	Le Sueur	50
Brown	45	Lincoln	32
Carver	53	Lyon	38
Chippewa	37	McLeod	51
Chisago	40	Martin	46
Cottonwood	41	Meeker	43
Dakota	46	Mille Lacs	40
Dodge	44	Morrison	36
Douglas	36	Mower	43
Faribault	47	Murray	38
Fillmore	46	Nicollet	49
Freeborn	46	Nobles	41
Goodhue	49	Olmsted	47
Grant	32	Otter Tail	32
Hennepin	44	Pipestone	33
Houston	50	Pope	36
Isanti	40	Redwood	39

CORN—Continued

MINNESOTA—continued

County	Dollars per acre	County	Dollars per acre
Renville	42	Todd	36
Rice	49	Traverse	28
Rock	38	Wabasha	49
Scott	50	Waseca	50
Sherburne	32	Washington	45
Sibley	46	Watonwan	45
Stearns	39	Wilkin	26
Steele	48	Winona	48
Stevens	33	Wright	45
Swift	33	Yellow Medicine	38

MISSOURI

Adair	39	Lincoln	40
Andrew	42	Linn	37
Atchison	42	Livingston	40
Audrain	33	Macon	41
Bates	33	Marion	44
Benton	26	Mercer	38
Bollinger	29	Mississippi	35
Boone	36	Moniteau	33
Buchanan	40	Monroe	39
Caldwell	35	Montgomery	40
Callaway	34	Morgan	30
Cape Girardeau	41	New Madrid	38
Carroll	41	Nodaway	41
Cass	34	Perry	39
Chariton	43	Pettis	34
Clark	42	Pike	45
Clay	40	Platte	42
Clinton	42	Putnam	36
Cole	35	Ralls	37
Cooper	38	Randolph	37
Daviess	40	Ray	36
De Kalb	35	St. Charles	43
Dunklin	30	St. Clair	25
Franklin	37	St. Louis	40
Gentry	37	Ste. Genevieve	38
Grundy	37	Saline	47
Harrison	40	Schuyler	38
Henry	27	Scotland	39
Holt	40	Scott	33
Howard	40	Shelby	35
Jackson	34	Stoddard	29
Jefferson	40	Sullivan	35
Johnson	32	Vernon	24
Knox	38	Warren	39
Lafayette	42	Wayne	29
Lewis	42	Worth	43

NEBRASKA

Adams	22	Johnson	31
Antelope	24	Kearney	30
Boone	26	Knox	28
Boyd	23	Lancaster	28
Buffalo	28	Lincoln	21
Burt	39	Madison	30
Butler	31	Merrick	34
Cass	34	Nance	25
Cedar	31	Nemaha	34
Clay	24	Nuckolls	22
Colfax	34	Otoe	32
Cuming	38	Pawnee	31
Custer	18	Phelps	30
Dakota	37	Pierce	29
Dawson	38	Platte	32
Dixon	31	Polk	31
Dodge	38	Richardson	36
Douglas	37	Saline	27
Fillmore	26	Sarpy	36
Franklin	21	Saunders	34
Furnas	20	Seward	31
Gage	29	Sherman	20
Garfield	22	Stanton	32
Gosper	22	Thayer	23
Greeley	21	Thurston	34
Hall	36	Valley	24
Hamilton	29	Washington	40
Harlan	20	Wayne	32
Holt	20	Webster	18
Howard	20	York	31
Jefferson	26		

NEW JERSEY

Burlington	50	Hunterdon	54
Cumberland	50	Mercer	50
Gloucester	48	Middlesex	50

CORN—Continued

NEW JERSEY—continued

County	Dollars per acre	County	Dollars per acre
Monmouth	50	Somerset	50
Ocean	47	Warren	54
Salem	51		

NORTH CAROLINA

Beaufort	38	Jones	31
Bertie	36	Lenoir	32
Camden	46	Martin	43
Chowan	38	Nash	36
Columbus	33	Northampton	33
Craven	30	Onslow	30
Currituck	48	Pasquotank	46
Duplin	30	Perquimans	40
Edgecombe	35	Pitt	35
Gates	37	Robeson	29
Greene	32	Sampson	30
Halifax	34	Tyrrell	40
Harnett	32	Washington	37
Hertford	35	Wake	34
Hyde	39	Wayne	31
Johnston	34	Wilson	37

NORTH DAKOTA

Richland	23

OHIO

Adams	45	Lorain	48
Allen	56	Lucas	54
Ashland	50	Madison	57
Athens	49	Mahoning	45
Auglaize	56	Marion	54
Brown	44	Medina	48
Butler	51	Mercer	57
Champaign	56	Miami	56
Clark	55	Montgomery	53
Clermont	45	Morgan	52
Clinton	58	Morrow	53
Columbiana	44	Muskingum	50
Coshocton	53	Ottawa	53
Crawford	53	Paulding	49
Darke	54	Perry	51
Defiance	51	Pickaway	55
Delaware	55	Pike	48
Erie	50	Preble	57
Fairfield	59	Putnam	55
Fayette	56	Richland	50
Franklin	56	Ross	55
Fulton	54	Sandusky	54
Greene	56	Scioto	49
Hamilton	49	Seneca	53
Hancock	54	Shelby	57
Hardin	55	Stark	46
Henry	55	Tuscarawas	51
Highland	53	Union	53
Hocking	48	Van Wert	55
Holmes	51	Vinton	48
Huron	49	Warren	50
Jackson	46	Wayne	51
Knox	54	Williams	54
Lawrence	45	Wood	54
Licking	54	Wyandot	53
Logan	53		

PENNSYLVANIA

Adams	45	Lancaster	57
Berks	47	Lebanon	50
Blair	49	Lehigh	49
Bucks	49	Lycoming	50
Carbon	43	Mifflin	49
Centre	50	Monroe	44
Chester	53	Montgomery	49
Clinton	48	Montour	43
Columbia	47	Northampton	49
Cumberland	47	Northumberland	45
Dauphin	47	Perry	46
Delaware	51	Schuylkill	43
Franklin	47	Snyder	47
Fulton	43	Union	50
Huntingdon	48	York	48
Juniata	46		

SOUTH DAKOTA

Aurora	21	Brule	17
Beadle	20	Charles Mix	23
Bon Homme	29	Clark	19
Brookings	27	Clay	34

CORN—Continued

SOUTH DAKOTA—continued

County	Dollars per acre	County	Dollars per acre
Codington	21	Lake	29
Davison	26	Lincoln	36
Day	21	McCook	29
Deuel	28	Miner	24
Douglas	25	Minnehaha	34
Grant	27	Moody	33
Gregory	21	Roberts	25
Hamlin	24	Sanborn	24
Hanson	29	Tripp	16
Hutchinson	31	Turner	33
Jerauld	20	Union	35
Kingsbury	25	Yankton	32

TENNESSEE

Benton	26	Lauderdale	29
Bedford	33	Lincoln	31
Carroll	27	Marion	37
Cheatham	36	Montgomery	34
Coffee	36	Moore	32
Crockett	27	Obion	33
Dyer	30	Robertson	37
Franklin	39	Sequatchie	37
Gibson	29	Stewart	32
Grundy	38	Tipton	24
Haywood	24	Warren	32
Henry	29	Weakley	29
Lake	30		

VIRGINIA

Accomack	42	Northampton	44
Charles City	42	Princess Anne	41
Isle of Wight	41	Southampton	41
Nansemond	44	Surry	41
Norfolk	41	Sussex	39

WEST VIRGINIA

Berkeley	40	Jefferson	43

WISCONSIN

Adams	31	Marquette	41
Buffalo	48	Milwaukee	52
Columbia	52	Monroe	46
Crawford	48	Outagamie	49
Dane	56	Pepin	43
Dodge	58	Pierce	42
Dunn	46	Polk	39
Eau Claire	47	Racine	53
Fond du Lac	54	Richland	49
Grant	55	Rock	56
Green	51	St. Croix	41
Green Lake	55	Sauk	52
Iowa	52	Trempealeau	44
Jackson	43	Vernon	49
Jefferson	59	Walworth	56
Juneau	40	Waukesha	53
Kenosha	50	Waupaca	49
La Crosse	53	Waushara	39
Lafayette	52	Winnebago	50

COTTON

ALABAMA

Autauga	59	De Kalb	69
Baldwin	62	Elmore	64
Barbour	49	Escambia	74
Bibb	60	Etowah	62
Blount	62	Fayette	53
Bullock	46	Franklin	49
Butler	54	Geneva	62
Calhoun	54	Greene	45
Chambers	50	Hale	57
Cherokee	68	Henry	54
Chilton	63	Houston	55
Choctaw	47	Jackson	64
Clarke	47	Jefferson	58
Clay	56	Lamar	51
Cleburne	46	Lauderdale	48
Coffee	55	Lawrence	55
Colbert	56	Lee	48
Conecuh	52	Limestone	56
Coosa	50	Lowndes	54
Covington	57	Macon	50
Crenshaw	51	Madison	61
Cullman	68	Marengo	51
Dale	53	Marion	52
Dallas	57	Marshall	71

COTTON—Continued

ALABAMA—continued

County	Dollars per acre	County	Dollars per acre
Mobile	63	Shelby	59
Monroe	66	Sumter	49
Montgomery	53	Talladega	47
Morgan	58	Tallapoosa	48
Perry	59	Tuscaloosa	56
Pickens	51	Walker	51
Pike	47	Washington	57
Randolph	54	Wilcox	52
Russell	43	Winston	56
St. Clair	57		

ARIZONA

Cochise	75	Pima	126
Gila	134	Pinal	135
Graham	112	Santa Cruz	110
Greenlee	109	Yavapai	130
Maricopa	147	Yuma	131
Mohave	70		

ARKANSAS

Arkansas	58	Lee	66
Ashley	71	Lincoln	66
Baxter	35	Little River	52
Benton	38	Logan	58
Boone	42	Lonoke	55
Bradley	38	Marion	33
Calhoun	41	Miller	45
Chicot	69	Mississippi	73
Clark	43	Monroe	58
Clay	56	Montgomery	33
Cleburne	30	Nevada	29
Cleveland	37	Newton	38
Columbia	33	Ouachita	33
Conway	46	Perry	52
Craighead	63	Phillips	71
Crawford	73	Pike	35
Crittenden	80	Poinsett	72
Cross	70	Polk	42
Dallas	39	Pope	49
Desha	74	Prairie	51
Drew	58	Pulaski	57
Faulkner	41	Randolph	58
Franklin	48	St. Francis	69
Fulton	32	Saline	32
Garland	39	Scott	29
Grant	37	Searcy	38
Greene	57	Sebastian	40
Hempstead	46	Sevier	37
Hot Spring	33	Sharp	36
Howard	34	Stone	28
Independence	46	Union	30
Izard	35	Van Buren	23
Jackson	56	Washington	38
Jefferson	71	White	38
Johnson	64	Woodruff	60
Lafayette	60	Yell	62
Lawrence	51		

CALIFORNIA

Butte	31	San Benito	95
Fresno	113	San Bernardino	48
Glenn	71	San Diego	79
Imperial	125	San Joaquin	75
Kern	130	San Luis Obispo	45
Kings	100	Stanislaus	61
Los Angeles	44	Tehama	59
Madera	85	Tulare	95
Merced	94	Yuba	31
Riverside	117		

FLORIDA

Alachua	51	Lafayette	46
Baker	48	Leon	38
Bay	63	Levy	31
Calhoun	49	Liberty	37
Clay	52	Madison	44
Columbia	39	Nassau	53
Dixie	34	Okaloosa	60
Duval	48	Orange	41
Escambia	60	Santa Rosa	57
Gadsden	48	Suwannee	54
Gilchrist	38	Taylor	40
Hamilton	43	Union	41
Holmes	51	Walton	53
Jackson	40	Washington	51
Jefferson	33		

COTTON—Continued

GEORGIA

County	Dollars per acre	County	Dollars per acre
Appling	54	Jeff Davis	53
Atkinson	54	Jefferson	45
Bacon	53	Jenkins	48
Baker	45	Johnson	44
Baldwin	46	Jones	41
Banks	62	Lamar	50
Barrow	56	Lanier	49
Bartow	70	Laurens	47
Ben Hill	54	Lee	48
Berrien	51	Liberty	39
Bibb	66	Lincoln	42
Bleckley	62	Long	52
Brantley	47	Lowndes	53
Brooks	55	Lumpkin	55
Bryan	43	McDuffie	42
Bulloch	53	McIntosh	35
Burke	49	Macon	58
Butts	53	Madison	59
Calhoun	54	Marion	46
Camden	46	Meriwether	54
Candler	47	Miller	52
Carroll	51	Mitchell	51
Catoosa	61	Monroe	44
Charlton	45	Montgomery	47
Chatham	61	Morgan	57
Chattahoochee	29	Murray	53
Chattooga	56	Muscogee	40
Cherokee	50	Newton	55
Clarke	57	Oconee	56
Clay	54	Oglethorpe	57
Clayton	43	Paulding	50
Clinch	50	Peach	69
Cobb	46	Pickens	40
Coffee	47	Pierce	52
Colquitt	58	Pike	56
Columbia	40	Polk	54
Cook	57	Pulaski	50
Coweta	46	Putnam	50
Crawford	53	Quitman	42
Crisp	58	Randolph	52
Dade	50	Richmond	42
Dawson	41	Rockdale	45
Decatur	35	Schley	51
De Kalb	48	Screven	46
Dodge	47	Seminole	62
Dooly	59	Spalding	55
Dougherty	42	Stephens	57
Douglas	41	Stewart	46
Early	57	Sumter	64
Echols	37	Talbot	41
Effingham	54	Taliaferro	38
Elbert	62	Tattnall	49
Emanuel	47	Taylor	58
Evans	52	Telfair	45
Fayette	49	Terrell	65
Floyd	57	Thomas	52
Forsyth	55	Tift	54
Franklin	65	Toombs	54
Fulton	54	Treutlen	51
Gilmer	42	Troup	43
Glascock	41	Turner	55
Gordon	64	Twiggs	43
Grady	58	Upson	50
Greene	44	Walker	50
Gwinnett	55	Walton	59
Habersham	57	Ware	52
Hall	53	Warren	46
Hancock	45	Washington	50
Haralson	51	Wayne	54
Harris	46	Webster	42
Hart	65	Wheeler	50
Heard	53	White	59
Henry	53	Whitfield	48
Houston	49	Wilcox	50
Irwin	52	Wilkes	45
Jackson	52	Wilkinson	38
Jasper	54	Worth	58

ILLINOIS

Alexander	51	Massac	49
Jefferson	48	Pulaski	48
Madison	48	Williamson	46

KANSAS

Cowley	24	Montgomery	24

COTTON—Continued

KENTUCKY

County	Dollars per acre	County	Dollars per acre
Ballard	48	Graves	52
Calloway	49	Hickman	71
Carlisle	52	McCracken	44
Fulton	83	Marshall	43

LOUISIANA

Acadia	69	Madison	83
Allen	50	Morehouse	78
Ascension	52	Natchitoches	65
Assumption	60	Orleans	55
Avoyelles	87	Ouachita	70
Beauregard	38	Plaquemines	55
Bienville	40	Pointe Coupee	82
Bossier	71	Rapides	103
Caddo	79	Red River	65
Calcasieu	50	Richland	59
Caldwell	64	Sabine	38
Cameron	52	St. Bernard	49
Catahoula	65	St. Helena	51
Claiborne	31	St. James	57
Concordia	84	St. John the Baptist	50
De Soto	39	St. Landry	79
East Baton Rouge	51	St. Martin	75
East Carroll	80	St. Mary	52
East Feliciana	57	St. Tammany	54
Evangeline	77	Tangipahoa	54
Franklin	56	Tensas	80
Grant	71	Union	42
Iberia	52	Vermilion	65
Iberville	57	Vernon	39
Jackson	35	Washington	60
Jefferson	53	Webster	42
Jefferson Davis	50	West Baton Rouge	73
Lafayette	73	West Carroll	61
Lafourche	48	West Feliciana	63
La Salle	62	Winn	35
Lincoln	33		
Livingston	54		

MARYLAND

Caroline	46

MISSISSIPPI

Adams	55	Leflore	79
Alcorn	57	Lincoln	56
Amite	56	Lowndes	51
Attala	63	Madison	69
Benton	61	Marion	58
Bolivar	74	Marshall	61
Calhoun	70	Monroe	59
Carroll	70	Montgomery	73
Chickasaw	60	Neshoba	56
Choctaw	62	Newton	53
Claiborne	68	Noxubee	59
Clarke	52	Oktibbeha	44
Clay	55	Panola	73
Coahoma	85	Pearl River	56
Copiah	60	Perry	55
Covington	58	Pike	56
De Soto	71	Pontotoc	66
Forrest	59	Prentiss	62
Franklin	49	Quitman	78
George	62	Rankin	71
Greene	59	Scott	63
Grenada	75	Sharkey	75
Hancock	56	Simpson	58
Harrison	56	Smith	60
Hinds	60	Stone	56
Holmes	84	Sunflower	71
Humphreys	74	Tallahatchie	75
Issaquena	71	Tate	82
Itawamba	58	Tippah	63
Jackson	60	Tishomingo	49
Jasper	52	Tunica	81
Jefferson	58	Union	62
Jefferson Davis	60	Walthall	66
Jones	63	Warren	80
Kemper	50	Washington	73
Lafayette	59	Wayne	57
Lamar	61	Webster	69
Lauderdale	56	Wilkinson	59
Lawrence	55	Winston	60
Leake	65	Yalobusha	61
Lee	60	Yazoo	76

COTTON—Continued

MISSOURI

County	Dollars per acre	County	Dollars per acre
Bollinger	36	Oregon	31
Butler	52	Ozark	35
Cape Girardeau	51	Pemiscot	71
Carter	33	Ripley	41
Dunklin	66	Scott	62
Howell	31	Stoddard	73
Jefferson	43	Vernon	55
Mississippi	72	Wayne	33
New Madrid	65		

NEVADA

Clark	116	Nye	71

NEW MEXICO

Bernalillo	38	Lea	79
Chaves	114	Luna	116
Curry	32	Otero	89
De Baca	81	Quay	49
Dona Ana	113	Roosevelt	33
Eddy	113	Sierra	110
Grant	57	Socorro	70
Guadalupe	35	Valencia	38
Hidalgo	94		

NORTH CAROLINA

Alamance	57	Jones	50
Alexander	56	Lee	64
Anson	58	Lenoir	58
Beaufort	66	Lincoln	60
Bertie	61	Martin	63
Bladen	52	Mecklenburg	60
Brunswick	53	Montgomery	54
Burke	54	Moore	52
Cabarrus	60	Nash	52
Caldwell	61	New Hanover	51
Camden	68	Northampton	68
Carteret	52	Onslow	55
Catawba	60	Orange	57
Chatham	52	Pamlico	52
Chowan	68	Pasquotank	56
Cleveland	66	Pender	53
Columbus	56	Perquimans	70
Craven	51	Person	50
Cumberland	59	Pitt	57
Currituck	57	Polk	62
Davidson	59	Randolph	56
Davie	58	Richmond	49
Duplin	61	Robeson	60
Durham	56	Rockingham	57
Edgecombe	54	Rowan	62
Forsyth	50	Rutherford	62
Franklin	49	Sampson	63
Gaston	59	Scotland	52
Gates	66	Stanly	64
Granville	50	Tyrrell	69
Greene	57	Union	65
Guilford	57	Vance	55
Halifax	60	Wake	51
Harnett	64	Warren	51
Hertford	60	Washington	68
Hoke	56	Wayne	63
Hyde	52	Wilkes	51
Iredell	59	Wilson	58
Johnston	60	Yadkin	59

OKLAHOMA

Adair	20	Dewey	25
Alfalfa	22	Ellis	24
Atoka	23	Garfield	24
Beaver	21	Garvin	39
Beckham	28	Grady	39
Blaine	30	Grant	24
Bryan	31	Greer	26
Caddo	36	Harmon	29
Canadian	35	Harper	19
Carter	22	Haskell	32
Cherokee	19	Hughes	31
Choctaw	36	Jackson	36
Cleveland	40	Jefferson	23
Coal	29	Johnston	28
Comanche	19	Kay	34
Cotton	25	Kingfisher	26
Craig	33	Kiowa	29
Creek	23	Latimer	20
Custer	31	Le Flore	42
Delaware	31	Lincoln	23

COTTON—Continued

OKLAHOMA—continued

County	Dollars per acre	County	Dollars per acre
Logan	27	Payne	26
Love	29	Pittsburg	33
McClain	36	Pottawatomie	26
McCurtain	54	Pushmataha	16
McIntosh	34	Roger Mills	25
Major	25	Rogers	29
Marshall	39	Seminole	20
Mayes	32	Sequoyah	52
Murray	35	Stephens	22
Muskogee	42	Texas	24
Noble	25	Tillman	37
Nowata	23	Tulsa	39
Okfuskee	24	Wagoner	36
Oklahoma	27	Washington	23
Okmulgee	26	Washita	32
Osage	37	Woodward	18
Pawnee	29		

SOUTH CAROLINA

Abbeville	55	Greenwood	50
Aiken	52	Hampton	59
Allendale	52	Horry	53
Anderson	61	Jasper	55
Bamberg	52	Kershaw	46
Barnwell	49	Lancaster	58
Beaufort	52	Laurens	59
Berkeley	55	Lee	64
Calhoun	64	Lexington	52
Charleston	46	McCormick	49
Cherokee	55	Marion	56
Chester	60	Marlboro	62
Chesterfield	51	Newberry	56
Clarendon	59	Oconee	70
Colleton	58	Orangeburg	59
Darlington	57	Pickens	66
Dillon	53	Richland	58
Dorchester	66	Saluda	62
Edgefield	68	Spartanburg	55
Fairfield	55	Sumter	63
Florence	55	Union	52
Georgetown	45	Williamsburg	56
Greenville	65	York	65

TENNESSEE

Bedford	45	Lewis	44
Benton	51	Lincoln	57
Bradley	49	Loudon	42
Cannon	45	McMinn	42
Carroll	61	McNairy	65
Chester	63	Madison	60
Coffee	63	Marion	59
Crockett	73	Marshall	48
Cumberland	42	Maury	45
Davidson	46	Meigs	42
Decatur	45	Monroe	39
De Kalb	41	Montgomery	46
Dyer	74	Moore	51
Fayette	63	Obion	76
Franklin	65	Perry	50
Gibson	66	Polk	53
Giles	48	Rhea	42
Grundy	58	Roane	35
Hamilton	48	Robertson	46
Hardeman	64	Rutherford	63
Hardin	48	Shelby	66
Haywood	67	Tipton	73
Henderson	60	Van Buren	40
Henry	54	Warren	45
Hickman	47	Wayne	42
Humphreys	40	Weakley	57
Knox	62	White	42
Lake	97	Williamson	43
Lauderdale	76	Wilson	45
Lawrence	53		

TEXAS

Anderson	26	Bastrop	24
Andrews	22	Baylor	28
Angelina	38	Bee	31
Aransas	35	Bell	28
Archer	24	Bexar	23
Armstrong	28	Blanco	25
Atascosa	21	Borden	24
Austin	49	Bosque	23
Bailey	28	Bowie	53
Bandera	26	Brazoria	66

COTTON—Continued

TEXAS—continued

County	Dollars per acre	County	Dollars per acre
Brazos	53	Hill	27
Brewster	82	Hockley	40
Briscoe	34	Hood	22
Brooks	18	Hopkins	26
Brown	18	Houston	37
Burleson	51	Howard	29
Burnet	19	Hudspeth	98
Caldwell	30	Hunt	31
Calhoun	55	Irion	21
Callahan	19	Jack	21
Cameron	58	Jackson	48
Camp	30	Jasper	36
Carson	26	Jeff Davis	96
Cass	33	Jefferson	55
Castro	55	Jim Hogg	15
Chambers	59	Jim Wells	27
Cherokee	33	Johnson	28
Childress	27	Jones	24
Clay	25	Karnes	24
Cochran	28	Kaufman	27
Coke	16	Kendall	26
Coleman	21	Kenedy	21
Collin	34	Kent	24
Collingsworth	26	Kerr	24
Colorado	43	Kimble	27
Comal	28	King	27
Comanche	17	Kinney	38
Concho	21	Kleberg	30
Cooke	31	Knox	34
Coryell	23	Lamar	33
Cottle	29	Lamb	49
Crockett	52	Lampasas	19
Crosby	43	La Salle	21
Culberson	103	Lavaca	33
Dallam	31	Lee	25
Dallas	30	Leon	37
Dawson	29	Liberty	54
Deaf Smith	40	Limestone	22
Delta	38	Live Oak	31
Denton	27	Llano	19
De Witt	28	Loving	44
Dickens	28	Lubbock	63
Dimmit	51	Lynn	29
Donley	25	McCulloch	19
Duval	18	McLennan	26
Eastland	19	McMullen	24
Ector	54	Madison	37
Ellis	32	Marion	27
El Paso	125	Martin	27
Erath	19	Mason	21
Falls	27	Matagorda	54
Fannin	33	Maverick	63
Fayette	37	Medina	25
Fisher	26	Menard	19
Floyd	53	Midland	24
Foard	28	Milam	32
Fort Bend	64	Mills	21
Franklin	31	Mitchell	29
Freestone	25	Montague	23
Frio	26	Montgomery	31
Gaines	21	Moore	27
Galveston	55	Morris	30
Garza	29	Motley	26
Gillespie	21	Nacogdoches	35
Glasscock	23	Navarro	26
Goliad	29	Newton	29
Gonzales	25	Nolan	28
Gray	26	Nueces	44
Grayson	32	Ochiltree	28
Gregg	33	Oldham	36
Grimes	45	Orange	54
Guadalupe	27	Palo Pinto	20
Hale	67	Panola	34
Hall	29	Parker	20
Hamilton	21	Parmer	59
Hansford	26	Pecos	98
Hardeman	24	Polk	35
Hardin	44	Potter	29
Harris	54	Presidio	110
Harrison	30	Rains	27
Hartley	27	Randall	23
Haskell	33	Reagan	31
Hays	30	Real	36
Hemphill	25	Red River	36
Henderson	26	Reeves	127
Hidalgo	55	Refugio	49

COTTON—Continued

TEXAS—continued

County	Dollars per acre	County	Dollars per acre
Roberts	25	Tom Green	26
Robertson	50	Travis	27
Rockwall	32	Trinity	34
Runnels	22	Tyler	48
Rusk	32	Upshur	27
Sabine	31	Uvalde	77
San Augustine	30	Val Verde	63
San Jacinto	35	Van Zandt	27
San Patricio	48	Victoria	48
San Saba	21	Walker	35
Schleicher	25	Waller	44
Scurry	27	Ward	59
Shackelford	19	Washington	43
Shelby	35	Webb	47
Smith	31	Wharton	59
Somervell	20	Wheeler	25
Starr	21	Wichita	32
Stephens	16	Wilbarger	33
Sterling	24	Willacy	54
Stonewall	23	Williamson	29
Sutton	94	Wilson	22
Swisher	51	Winkler	43
Tarrant	29	Wise	25
Taylor	20	Wood	27
Terrell	57	Yoakum	25
Terry	26	Young	23
Throckmorton	28	Zapata	52
Titus	41	Zavala	76

VIRGINIA

Accomack	64	Lunenburg	62
Brunswick	54	Mecklenburg	55
Caroline	62	Nansemond	65
Charlotte	50	Norfolk	53
Chesterfield	57	Prince Edward	51
Cumberland	53	Prince George	51
Dinwiddie	53	Princess Anne	53
Franklin	51	Southampton	62
Greensville	55	Surry	54
Halifax	51	Sussex	56
Isle of Wight	57		

RICE

ARKANSAS

Arkansas	67	Lafayette	48
Ashley	60	Lawrence	60
Chicot	61	Lee	64
Clark	62	Lincoln	57
Clay	60	Little River	49
Conway	58	Lonoke	64
Craighead	64	Miller	53
Crittenden	63	Mississippi	62
Cross	60	Monroe	62
Dallas	59	Perry	53
Desha	59	Phillips	60
Drew	60	Poinsett	64
Faulkner	61	Prairie	64
Grant	57	Pulaski	59
Greene	61	Randolph	60
Hot Springs	58	St. Francis	62
Independence	58	White	62
Jackson	63	Woodruff	62
Jefferson	58		

CALIFORNIA

Butte	82	Riverside	46
Colusa	79	Sacramento	76
Fresno	73	San Joaquin	65
Glenn	77	Solano	66
Imperial	32	Stanislaus	79
Kern	62	Sutter	78
Kings	43	Tulare	43
Madera	74	Yola	70
Merced	62	Yuba	62
Placer	73		

FLORIDA

Palm Beach	29

ILLINOIS

Adams	65

LOUISIANA

Acadia	59	Assumption	57
Allen	57	Avoyelles	60
Ascension	59	Beauregard	45

RICE—Continued

LOUISIANA—continued

County	Dollars per acre	County	Dollars per acre
Bossier	60	Plaquemines	55
Calcasieu	49	Rapides	59
Cameron	57	Richland	66
Concordia	66	St. Charles	53
East Carroll	75	St. James	55
Evangeline	57	St. John the Baptist	64
Franklin	58	St. Landry	58
Grant	59	St. Martin	65
Iberia	56	St. Mary	57
Iberville	61	St. Tammany	45
Jefferson Davis	59	Tensas	69
Lafayette	60	Terrebonne	51
Lafourche	50	Vermilion	57
Madison	66	West Carroll	71
Morehouse	71		

MISSISSIPPI

Bolivar	60	Quitman	62
Coahoma	60	Sharkey	60
De Soto	62	Sunflower	59
Hancock	24	Tallahatchie	63
Humphreys	59	Tate	57
Issaquena	57	Tunica	63
Leflore	63	Washington	60
Panola	61		

MISSOURI

Lewis	66	Dunklin	90
Marion	63	Mississippi	36
Lincoln	71	New Madrid	39
St. Charles	80	Pemiscot	68
Ripley	53	Scott	78
Butler	76	Stoddard	57

NORTH CAROLINA

Hyde	47

OKLAHOMA

McCurtain	53

SOUTH CAROLINA

Berkeley	44	Georgetown	27
Charleston	28	Horry	44
Colleton	29	Jasper	38

TENNESSEE

Dyer	44	Lauderdale	65
Fayette	44		

TEXAS

Austin	67	Lavaca	64
Bowie	57	Liberty	59
Brazoria	61	Matagorda	66
Calhoun	61	Milam	63
Chambers	57	Newton	61
Colorado	68	Orange	56
Fort Bend	64	Polk	54
Galveston	58	San Jacinto	54
Hardin	63	Victoria	66
Harris	65	Walker	61
Jackson	69	Waller	67
Jasper	56	Washington	69
Jefferson	57	Wharton	66

[F. R. Doc. 56-10483; Filed, Dec. 28, 1956; 8:45 a. m.]

PART 485—SOIL BANK

SUBPART—CONSERVATION RESERVE PROGRAM

MISCELLANEOUS AMENDMENTS

Pursuant to the authority vested in the Secretary of Agriculture pursuant to the Soil Bank Act (70 Stat. 188) the Conservation Reserve Program Regulations issued August 16, 1956 (21 F. R. 6289), and amended November 8, 1956 (21 F. R. 8792) are hereby amended as follows:

1. Section 485.156 (b) is amended by striking out the first sentence and inserting in lieu thereof the following: "A contract which includes 1956 as a part of the contract period must be signed by the farm operator and filed with the county committee not later than November 30, 1956. If a person in addition to the operator is required to sign the contract, the operator must sign the contract and deliver a signed copy to the county committee not later than November 30, 1956, and must obtain the signature of such other person and furnish the fully executed contract to the county committee not later than December 31, 1956."

2. Section 485.156 (c) (1) is amended by striking out the language "three years or five years," and inserting in lieu thereof the language "three years, five years, or ten years,".

3. Section 485.156 (c) (3) is amended by adding after the words "practice A-7" in the first sentence, the words "or woody vegetation under practice G-1".

4. Section 485.157 (b) (2) is amended to read as follows:

(2) Approved protective vegetative cover (other than tree or shrub cover) shall be limited to perennial grasses and perennial legumes normally seeded in the area for hay or pasture: *Provided*, That approved protective vegetative cover may include other grasses and legumes and volunteer vegetative cover, upon recommendation by the county committee, the local Soil Conservation Service technician, and the Forest Service representative having responsibility for farm forestry in the county, and approval of the State ASC Committee, the State Conservationist of the Soil Conservation Service, and the Forest Service official having responsibility for farm forestry in the State. Approved protective vegetative cover shall be adequate to provide good protection from wind and water erosion for the contract period and where practicable shall be of specific benefit to wildlife. Volunteer vegetative cover may be included as approved protective cover only under conditions and standards prescribed by the State committee, the State conservationist of the Soil Conservation Service and the Forest Service official having responsibility for farm forestry in the State and only where it is determined that it will be impracticable at any time during the period of the contract to require the establishment of grasses and legumes normally seeded in the area for hay or pasture.

5. Section 485.158 (a) is amended to read as follows:

(a) (1) A soil bank base shall be established by the county committee for each farm on which land is placed in the conservation reserve. The soil bank base for the farm shall be the average acreage of land devoted to soil bank base crops during the soil bank base period applicable to the farm, adjusted by the county committee where necessary to make due allowance for abnormal weather conditions or for the established crop rotation system for the farm to the extent that such abnormal weather conditions or crop rotation system affected the acreage of such crops during such period. The soil bank base period for a farm shall be the two-year period imme-

diately preceding the first year of the contract period if the contract period starts with the calendar year 1956 or 1957 or the period beginning with 1955 and ending with the year immediately preceding the first year of the contract period if the contract period starts with the calendar year 1958 or a succeeding year. The soil bank base crops shall consist of all crops produced for harvest on the farm other than (i) annual grasses pastured or cut for hay or ensilage, provided a crop of seed or grain was not harvested from such grasses, (ii) biennial legumes, (iii) perennial grasses and legumes, (iv) annual legumes except soybeans, cowpeas, peanuts, field and canning peas, and field and canning beans, and (v) land devoted to a garden primarily for home consumption: *Provided*, That the acreage of any commodity for which payment is made under the acreage reserve program during the soil bank base period shall be considered as being devoted to a crop of such commodity and shall be included in determining the soil bank base. The soil bank base established hereunder may provide different acreages for alternate years when necessary to reflect an established summer fallow rotation system, provided the average of the acreages for such alternate years shall equal the acreage as determined above.

(2) If the contract is modified to include additional land in the conservation reserve other than through reconstitution of the farm, the soil bank base established for the farm under the original contract shall remain the same under the contract as modified.

6. Section 485.158 (b) is amended by changing the period at the end thereof to a comma and adding the following: "Notwithstanding the provisions of subparagraph (2) of this paragraph, if the reconstitution of a farm under contract results in all or a part of the conservation reserve for the reconstituted farm being in excess of the soil bank base for such farm, the part of the conservation reserve in excess of the soil bank base may be continued in the conservation reserve for the duration of the contract at the non-diversion rate specified in § 485.163."

7. Section 485.159 is amended by adding a paragraph (c) to read as follows:

(c) If the farm is divided the farm soil bank base shall be apportioned among the respective parts as follows: An acreage of the farm soil bank base equal to the acreage allotments for the farm will be apportioned to each part on the same basis as the acreage allotments are apportioned to each part under the regulations governing the establishment of acreage allotments. The remainder of the acreage of the soil bank base, if any, shall be apportioned on the basis of the cropland on each part. If the county committee determines that such apportionment of the remainder of the farm soil bank base results in an apportionment which would not be representative of the farming operations normally carried out on each part, the remainder may be apportioned among the respective parts in the same manner as would have been done if each part had been a completely separate farm. The sum of the soil bank base acreages determined hereunder for the respective parts of the farm shall in no event exceed the farm soil bank base established for the farm prior to its division.

8. Section 485.162 (b) is amended by striking out the proviso in the first sentence and inserting in lieu thereof the following: "*Provided*, That where the area covered by the water impounded by a water storage facility is not wholly within the conservation reserve on a farm, the cost-share for such water storage facility practice shall be limited to a percentage of the cost-share computed as above which is equal to the percentage which the area located on the conservation reserve covered by the impounded water is of the total area covered by the impounded water: *Provided further*, That in no case shall the cost-share for a water storage facility exceed $1,500."

9. Section 485.169 (b) is amended to read as follows:

(b) (1) The loss of control of all or a part of the farm by sale or otherwise by any owner signatory to the contract or by any cash tenant, standing-rent tenant, or fixed-rent tenant who has a lease for the entire contract period and who signed the contract in lieu of the owner shall terminate the contract as to such producer with respect to the acreage over which control is lost. In the event of such termination, the producer losing such control shall not be entitled to further compensation under the contract with respect to the acreage over which control is lost and shall refund all Federal cost-shares paid under the contract with respect to such acreage unless the producer who acquires his interest in such acreage is or becomes a party to a conservation reserve contract which will continue in the conservation reserve for the duration of the contract period the acreage which was in the conservation reserve at the time such interest was acquired.

(2) The contract shall remain in full force and effect in accordance with the original terms and conditions of the contract with respect to the acreage remaining under the producer's control, modified however to reflect the changes, if any, in the acres in the farm, farm soil bank base, permitted acres, and conservation reserve resulting from the loss of control. In the event that the soil bank base on the acreage remaining under his control is less than the acreage in the conservation reserve at the regular rate the producer may elect (i) to continue the acreage in the conservation reserve for the duration of the contract period under a contract so modified or (ii) to refund all Federal cost-shares paid with respect to that part of the acreage in the conservation reserve remaining under his control. In the event of such refund, the producer shall not be entitled to further compensation under the contract and shall be relieved of further obligations under the contract.

(3) The loss of control of all or part of a farm by any producer signatory to the contract shall not affect the rights and obligations of all other producers signatory to the contract except as otherwise provided in this subpart.

10. Section 485.170 is amended to read as follows:

§ 485.170 *Assignments.* Any producer who may be entitled to any practice payment or annual payment under the Conservation Reserve Program may assign his right thereto, in whole or in part, subject to the following conditions:

(a) The assignment must be made in writing on a form prescribed by the Administrator.

(b) There may be only one outstanding assignment of compensation payable to a producer for any one year under a contract.

(c) Each assignment may cover only compensation due under one contract.

(d) The producer's signature must be affixed to the assignment in the presence of two witnesses, neither of whom may be an employee or an agent of, or related to, the assignee.

In order to be recognized the assignment must be delivered at the office of the county committee which signed the contract. In the event of two outstanding assignments by a producer for one year only the first one received at such county office will be recognized. Payment of any compensation which may become due will be paid to the assignee to the extent of the assignment and subject to the provisions of § 485.166 pertaining to set offs, unless prior thereto the county office at which the assignment was delivered receives a written release signed by the assignee. No further assignment may be made by the assignee.

(Sec. 124, 70 Stat. 198. Interpret or apply secs. 107–123, 125, 126, 70 Stat. 191–198)

Done at Washington, D. C., this 26th day of December 1956.

[SEAL] E. L. PETERSON,
Acting Secretary.

[F. R. Doc. 56–10574; Filed, Dec. 28, 1956; 8:50 a. m.]

TITLE 7—AGRICULTURE

Chapter III—Agricultural Research Service, Department of Agriculture

PART 319—FOREIGN QUARANTINE NOTICES

SUBPART—FRUITS AND VEGETABLES

AMENDMENT OF FRUIT AND VEGETABLE QUARANTINE REGULATIONS

Pursuant to the authority conferred by sections 5 and 9 of the Plant Quarantine Act of 1912 (7 U. S. C. 159, 162), § 319.56–2 of the regulations supplemental to Fruit and Vegetable Quarantine No. 56 (7 CFR 319.56–2) is amended by deleting therefrom the final sentence in the fifth paragraph thereof, reading, "However, entry of pineapples from Jamaica is restricted to the Port of New York and to such other northern ports as may be designated in the permits."

A recent survey in Jamaica by an entomologist of the United States Department of Agriculture disclosed that the pest risk previously associated with Jamaican pineapples does not now exist when the pineapples are grown under cultural conditions required for commercial production. Commercially-produced pineapples, therefore, may be safely authorized entry at all ports subject to inspection on arrival to confirm their freedom from injurious insects. Consequently, it is no longer considered necessary to restrict the entry of Jamaican-grown pineapples to the port of New York or to such other northern ports as might be authorized.

This amendment shall be effective on December 29, 1956.

This amendment is a relieving of restrictions now existing which are no longer necessary as indicated above. The amendment should be made effective as soon as possible to be of maximum benefit to importers. Accordingly, under section 4 of the Administrative Procedure Act (5 U. S. C. 1003), it is found upon good cause that notice and other public procedure are impracticable, unnecessary, and contrary to the public interest. Since the amendment relieves restrictions it may, under said section 4, be made effective less than 30 days after its publication in the FEDERAL REGISTER.

(Sec. 3, 33 Stat. 1270, sec. 9, 37 Stat. 318, 7 U. S. C. 143, 162)

Done at Washington, D. C., this 26th day of December 1956.

[SEAL] M. R. CLARKSON,
Acting Administrator,
Agricultural Research Service.

[F. R. Doc. 56-10587; Filed, Dec. 28, 1956; 8:52 a. m.]

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

PART 904—MILK IN GREATER BOSTON, MASSACHUSETTS, MARKETING AREA

ORDER AMENDING ORDER, AS AMENDED, REGULATING HANDLING

§ 904.0 *Findings and determinations.* The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of each of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon a proposed marketing agreement and proposed amendments to the order, as amended, regulating the handling of milk in the Greater Boston, Massachusetts, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended, and as hereby further amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk produced for sale in the said marketing area, as determined pursuant to section 2 of the act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the marketing area, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as and is applicable only to persons in the respective classes of industrial and commercial activity, specified in a marketing agreement upon which a hearing has been held.

(b) *Additional findings.* It is necessary in the public interest to make this order amending the order, as amended, effective January 1, 1957. Any delay beyond that date in the effective date of this order amending the order, as amended, will seriously threaten the orderly marketing of milk in the Greater Boston, Massachusetts, marketing area. The provisions of the said order are well known to handlers—the public hearing having been held on February 28–29, 1956, the recommended decision having been issued on October 30, 1956 (21 F. R. 8405; F. R. Doc. 56–8898) and the final decision having been issued December 5, 1956 (21 F. R. 9767; F. R. Doc. 56–10124). Therefore, reasonable time has been afforded persons affected to prepare for its effective date. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending the order, as amended, effective January 1, 1957, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER (See section 4 (c) Administrative Procedure Act, 5 U. S. C. 1001 et seq.).

(c) *Determinations.* It is hereby determined that handlers (excluding cooperative associations of producers who are not engaged in processing, distributing or shipping milk covered by this order) of more than 50 percent of the milk covered by the order, which is marketed within the Greater Boston, Massachusetts, marketing area, refused or failed to sign the proposed marketing agreement regulating the handling of milk in the said marketing area, and it is hereby further determined that:

(1) The refusal or failure of such handlers to sign said proposed marketing agreement tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order amending the order, as amended, is the only practical means pursuant to the declared policy of the act, of advancing the interests of producers of milk which is produced for sale in the said marketing area; and

(3) The issuance of this order is approved or favored by at least two-thirds of the producers who participated in a referendum thereon and who, during the determined representative period (November 1956), were engaged in the production and sale of milk in the said marketing area.

Order relative to handling. It is therefore ordered that on and after the effective date hereof, the handling of milk in the Greater Boston, Massachusetts, marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, and the aforesaid order is hereby further amended as follows:

1. In § 904.41 (a) delete the words "Subject to § 904.43 (c)," and capitalize the word "subtract".

2. Delete § 904.42 and substitute the following:

§ 904.42 *Zone price differentials.* The prices determined pursuant to §§ 904.40, 904.41 and 904.51 shall be subject to zone price differentials based upon the zone location of the plant at which the milk is received from producers.

(a) Each city plant shall be in the "City Plant" zone.

(b) The zone location of each country plant shall be based upon its highway mileage distance to Boston as determined by use of the appropriate State maps contained in Mileage Guide No. 6, and revisions thereof, issued by Household Goods Carriers' Bureau, Agent, Washington, D. C. The distance shall be the lowest highway mileage between Boston and the named point on the map which is nearest to the plant, over roads designated thereon as paved, first-class, all-weather roads. In the event that the named point is not located on a through first-class road, such other roads shall be used to reach a through first-class road as will result in the lowest highway mileage to Boston, except that such other roads shall not be used for a distance of more than 15 miles if it is otherwise possible to connect with a through first-class road. In any instance in which the map does not clearly show the mileage between points on a road, the mileage used shall be the mileage as determined by the highway authority for the State in which the road is located.

(c) The zone price differentials for each plant shall be those applicable to its zone location as shown in the following table.

DIFFERENTIALS FOR DETERMINATION OF ZONE PRICES

A Distance to Boston (miles)	B Zone	C Class I and blended price differentials (cents per hundredweight)	D Class II price differentials (cents per hundredweight)
Within 40	City plant	+54.0	+38.1
41 to 50	5	+19.2	+4.2
51 to 60	6	+18.0	+4.0
61 to 70	7	+16.8	+3.7
71 to 80	8	+15.6	+3.5
81 to 90	9	+14.4	+3.2
91 to 100	10	+13.2	+3.0
101 to 110	11	+12.0	+2.9
111 to 120	12	+10.8	+2.6
121 to 130	13	+9.6	+2.4
131 to 140	14	+8.4	+2.1
141 to 150	15	+7.2	+1.6
151 to 160	16	+6.0	+1.3
161 to 170	17	+4.8	+1.2
171 to 180	18	+3.6	+0.6
181 to 190	19	+2.4	+0.4
191 to 200	20	+1.2	+0.1
201 to 210	21	[1]	[1]
211 to 220	22	−1.0	−0.6
221 to 230	23	−2.0	−0.7
231 to 240	24	−3.0	−0.9
241 to 250	25	−4.0	−0.9
251 to 260	26	−5.0	−1.2
261 to 270	27	−6.0	−1.3
271 to 280	28	−7.0	−1.5
281 to 290	29	−8.0	−1.6
291 to 300	30	−9.0	−1.8
301 to 310	31	−10.0	−2.3
311 to 320	32	−11.0	−2.4
321 to 330	33	−12.0	−2.5
331 to 340	34	−13.0	−2.8
341 to 350	35	−14.0	−2.8
351 to 360	36	−15.0	−3.0
361 to 370	37	−16.0	−3.1
371 to 380	38	−17.0	−3.3
381 to 390	39	−18.0	−3.4
391 to 400	40	−19.0	−3.5
401 to 410	41	−20.0	−3.5
411 to 420	42	−21.0	−3.5
421 to 430	43	−22.0	−3.5
431 to 440	44	−23.0	−3.5
441 to 450	45	−24.0	−3.5
451 and over	46 and over	[2]	−3.5

[1] No differential.

[2] Class I and blended price differentials applicable to plants located more than 450 miles from Boston shall be obtained by extending the table at the rate of one cent for each additional 10 miles except that in no event shall the Class I or blended price at any zone be less than the Class II price for the month for plants in such zone.

3. Delete § 904.43.

4. In § 904.47 (c) delete the words "by railway mileage distance" and substitute therefor the words "according to their zone locations".

5. Delete § 904.48 (a) (2) and substitute the following:

(2) Using the data on per capita personal income, by States and regions, as published by the United States Department of Commerce, establish a "New England adjustment percentage" by computing the current percentage relationship of New England per capita personal income to per capita personal income in continental United States. Multiply by the New England adjustment percentage the quarterly figure showing the current annual rate of per capita disposable personal income in the United States as released by the United States Department of Commerce or the Council of Economic Advisers to the President. Divide the result by 15.34 to determine an index of per capita disposable personal income in New England.

6. Delete § 904.48 (e) and substitute the following:

(e) The New England basic Class I price shall be as shown in the following table:

New England basic Class I price index × $0.05592		New England basic Class I price
At least—	But less than—	
[1] $4.20	$4.42	$4.31
4.42	4.64	4.53
4.64	4.86	4.75
4.86	5.08	4.97
5.08	5.30	5.19
5.30	5.52	5.41
5.52	5.74	5.63
5.74	5.96	5.85
5.96	6.18	6.07
6.18	[1] 6.40	6.29

[1] If the New England basic Class I price index times $0.05592 is less than $4.20 or is $6.40 or more, the New England basic Class I price shall be determined by extending the table at the indicated rate of extension.

7. In § 904.63 delete the words "Subject to § 904.43 (c)," and capitalize the word "subtract".

8. Delete the introductory text of § 904.64 preceding paragraph (a) and substitute therefor the following:

§ 904.64 *Location differentials.* The payments to be made to producers by handlers pursuant to § 904.61 (a) shall be subject to the differentials set forth in Column C of the table in § 904.42 and to further differentials as follows:

9. In § 904.65 (a) (2), (3), and (b) insert immediately following the word "zone" each time it appears the word "location".

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Issued at Washington, D. C., this 21st day of December 1956 to be effective on and after January 1, 1957.

[SEAL] EARL L. BUTZ,
Assistant Secretary.

[F. R. Doc. 56-10569; Filed, Dec. 28, 1956; 8:49 a. m.]

[Navel Orange Reg. 99]

PART 914—NAVEL ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

LIMITATION OF HANDLING

§ 914.399 *Navel Orange Regulation 99*—(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 14, as amended (7 CFR Part 914; 21 F. R. 4707), regulating the handling of navel oranges grown in Arizona and designated part of California, effective September 22, 1953, under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.; 68 Stat. 906, 1047), and upon the basis of the recommendation and information submitted by the Navel Orange Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such navel oranges, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The Navel Orange Administrative Committee held an open meeting on December 27, 1956, after giving due notice thereof, to consider supply and market conditions for navel oranges and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such navel oranges; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject thereto which cannot be completed on or before the effective date hereof.

(b) *Order.* (1) The quantity of navel oranges grown in Arizona and designated part of California which may be handled during the period beginning at 12:01 a. m., P. s. t., December 30, 1956, and ending at 12:01 a. m., P. s. t., January 6, 1957, is hereby fixed as follows:

(i) District 1: 554,400 cartons;

(ii) District 2: 103,377 cartons;

(iii) District 3: Unlimited movement;

(iv) District 4: Unlimited movement.

(2) All navel oranges handled during the period specified in this section are subject also to all applicable size restrictions which are in effect pursuant to this part during such period.

(3) As used in this section, "handled," "District 1," "District 2," "District 3," "District 4," and "carton" have the same meaning as when used in said amended marketing agreement and order.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Dated: December 28, 1956.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F. R. Doc. 56-10626; Filed, Dec. 28, 1956; 11:33 a. m.]

PART 934—MILK IN MERRIMACK VALLEY, MASSACHUSETTS, MARKETING AREA

ORDER AMENDING ORDER, AS AMENDED, REGULATING HANDLING

§ 934.0 *Findings and determinations.* The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of each of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon a proposed marketing agreement and proposed amendments to the order, as amended, regulating the handling of milk in the Merrimack Valley, Massachusetts, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended, and as hereby further amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk produced for sale in the said marketing area, as determined pursuant to section 2 of the act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the marketing area, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as and is applicable only to persons in the respective classes of industrial and commercial activity, specified in a marketing agreement upon which a hearing has been held.

(b) *Additional findings.* It is necessary in the public interest to make this order amending the order, as amended, effective January 1, 1957. Any delay beyond that date in the effective date of this order amending the order, as amended, will seriously threaten the orderly marketing of milk in the Merrimack Valley, Massachusetts, marketing area. The provisions of the said order are well known to handlers—the public hearing having been held on February 28–29, 1956, the recommended decision having been issued on October 30, 1956 (21 F. R. 8405; F. R. Doc. 56–8898) and the final decision having been issued December 5, 1956 (21 F. R. 9767; F. R. Doc. 56–10124). Therefore, reasonable time has been afforded persons affected to prepare for its effective date. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending the order, as amended, effective January 1, 1957, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER (see section 4 (c) Administrative Procedure Act, 5 U. S. C. 1001 et seq.).

(c) *Determinations.* It is hereby determined that handlers (excluding cooperative associations of producers who are not engaged in processing, distributing or shipping milk covered by this order) of more than 50 percent of the milk covered by the order, which is marketed within the Merrimack Valley, Massachusetts, marketing area, refused or failed to sign the proposed marketing agreement regulating the handling of milk in the said marketing area, and it is hereby further determined that:

(1) The refusal or failure of such handlers to sign said proposed marketing agreement tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order amending the order, as amended, is the only practical means pursuant to the declared policy of the act, of advancing the interests of producers of milk which is produced for sale in the said marketing area; and

(3) The issuance of this order is approved or favored by at least two-thirds of the producers who participated in a referendum thereon and who, during the determined representative period (October 1956), were engaged in the production and sale of milk in the said marketing area.

Order relative to handling. It is therefore ordered that on and after the effective date hereof, the handling of milk in the Merrimack Valley, Massachusetts, marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, and the aforesaid order is hereby further amended as follows:

1. § 934.25 (g), (h), and (i), delete the words "to the City Hall in Lawrence" and substitute therefor the words "to Lawrence according to their zone location".

2. In § 934.40 delete the figure "52" and substitute therefor the figure "54".

3. Delete § 934.42 and substitute the following:

§ 934.42 *Country plant zone price differentials.* In the case of receipts at country plants, the prices determined pursuant to §§ 934.40, 934.41, and 934.51 shall be subject to zone price differentials based upon the zone location of the plant at which the milk is received from producers.

(a) The zone location of each country plant shall be based upon its highway mileage distance to Lawrence as determined by use of the appropriate State maps contained in Mileage Guide No. 6, and revisions thereof, issued by Household Goods Carriers' Bureau, Agent, Washington, D. C. The distance shall be the lowest highway mileage between Lawrence and the named point on the map which is nearest to the plant, over roads designated thereon as paved, first-class, all-weather roads. In the event that the named point is not located on a through first-class road, such other roads shall be used to reach a through first-class road as will result in the lowest highway mileage to Lawrence, except that such other roads shall not be used for a distance of more than 15 miles if it is otherwise possible to connect with a through first-class road. In any instance in which the map does not clearly show the mileage between points on a road, the mileage used shall be the mileage as determined by the highway authority for the State in which the road is located.

(b) The zone price differentials for each country plant shall be those applicable to its zone location as shown in the following table.

COUNTRY PLANT ZONE PRICE DIFFERENTIALS

A Distance to Lawrence (miles)	B Zone	C Class I and blended price differentials (cents per hundredweight)	D Class II price differentials (cents per hundredweight)
40 or less	4	−17.0	−2.0
41 to 50	5	−34.8	−2.0
51 to 60	6	−36.0	−3.0
61 to 70	7	−37.2	−3.0
71 to 80	8	−38.4	−3.0
81 to 90	9	−39.6	−3.0
91 to 100	10	−40.8	−3.0
101 to 110	11	−42.0	−4.5
111 to 120	12	−43.2	−4.5
121 to 130	13	−44.4	−4.5
131 to 140	14	−45.6	−4.5
141 to 150	15	−46.8	−4.5
151 to 160	16	−48.0	−6.0
161 to 170	17	−49.2	−6.0
171 to 180	18	−50.4	−6.0
181 to 190	19	−51.6	−6.0
191 to 200	20	−52.8	−6.0
201 to 210	21	−54.0	−7.0
211 to 220	22	−55.0	−7.0
221 to 230	23	−56.0	−7.0
231 to 240	24	−57.0	−7.0
241 to 250	25	−58.0	−7.0
251 to 260	26	−59.0	−8.0
261 to 270	27	−60.0	−8.0
271 to 280	28	−61.0	−8.0
281 to 290	29	−62.0	−8.0
291 to 300	30	−63.0	−8.0
301 and over	31 and over	(1)	−8.0

[1] Class I and blended price differentials applicable to plants located more than 300 miles from Lawrence shall be obtained by extending the table at the rate of one cent for each additional 10 miles, except that in no event shall the Class I or blended price at any zone be less than the Class II price for the month for plants in such zone.

4. Delete § 934.43.

5. Delete § 934.48 (a) (2) and substitute the following:

(2) Using the data on per capita personal income, by States and regions, as published by the United States Department of Commerce, establish a "New England adjustment percentage" by computing the current percentage relationship of New England per capita personal income to per capita personal income in continental United States. Multiply by the New England adjustment percentage the quarterly figure showing the current annual rate of per capita disposable personal income in the United States as released by the United States Department of Commerce or the Council of Economic Advisers to the President. Divide the result by 15.34 to determine

an index of per capita disposable personal income in New England.

6. Delete § 934.48 (e) and substitute the following:

(e) The New England basic Class I price shall be as shown in the following table:

New England basic Class I price index × $0.05592		New England basic Class I price
At least—	But less than—	
[1] $4.20	$4.42	$4.31
4.42	4.64	4.53
4.64	4.86	4.75
4.86	5.08	4.97
5.08	5.30	5.19
5.30	5.52	5.41
5.52	5.74	5.63
5.74	5.96	5.85
5.96	6.18	6.07
6.18	[1] 6.40	6.29

[1] If the New England basic Class I price index times $0.05592 is less than $4.20 or is $6.40 or more, the New England basic Class I price shall be determined by extending the table at the indicated rate of extension.

7. In the first sentence of § 934.64, delete the words "Class I price differentials applicable pursant to § 934.42" and substitute therefor the words "differentials set forth in Column C of the table in § 934.42,".

8. In § 934.65 (a) and (b) delete the words "location or zone" and substitute therefor the words "zone location".

9. In § 934.66 (a) delete the words "location or zone" and substitute therefor the words "zone location".

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Issued at Washington, D. C., this 21st day of December 1956, to be effective on and after January 1, 1957.

[SEAL] EARL L. BUTZ,
Assistant Secretary.

[F. R. Doc. 56-10570; Filed, Dec. 28, 1956; 8:49 a. m.]

PART 996—MILK IN SPRINGFIELD, MASSACHUSETTS, MARKETING AREA

ORDER AMENDING ORDER, AS AMENDED, REGULATING HANDLING

§ 996.0 *Findings and determinations.* The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of each of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon a proposed marketing agreement and proposed amendments to the order, as amended, regulating the handling of milk in the Springfield, Massachusetts, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended, and as hereby further amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk produced for sale in the said marketing area, as determined pursuant to section 2 of the act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the marketing area, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as and is applicable only to persons in the respective classes of industrial and commercial activity, specified in a marketing agreement upon which a hearing has been held.

(b) *Additional findings.* It is necessary in the public interest to make this order amending the order, as amended, effective January 1, 1957. Any delay beyond that date in the effective date of this order amending the order, as amended, will seriously threaten the orderly marketing of milk in the Springfield, Massachusetts, marketing area. The provisions of the said order are well known to handlers—the public hearing having been held on February 28–29, 1956, the recommended decision having been issued on October 30, 1956 (21 F. R. 8405; F. R. Doc. 56-8898) and the final decision having been issued December 5, 1956 (21 F. R. 9767; F. R. Doc. 56-10124). Therefore, reasonable time has been afforded persons affected to prepare for its effective date. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending the order, as amended, effective January 1, 1957, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER (see section 4 (c) Administrative Procedure Act, 5 U. S. C. 1001 et seq.).

(c) *Determinations.* It is hereby determined that handlers (excluding cooperative associations of producers who are not engaged in processing, distributing or shipping milk covered by this order) of more than 50 percent of the milk covered by the order, which is marketed within the Springfield, Massachusetts, marketing area, refused or failed to sign the proposed marketing agreement regulating the handling of milk in the said marketing area, and it is hereby further determined that:

(1) The refusal or failure of such handlers to sign said proposed marketing agreement tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order amending the order, as amended, is the only practical means pursuant to the declared policy of the act, of advancing the interests of producers of milk which is produced for sale in the said marketing area; and

(3) The issuance of this order is approved or favored by at least two-thirds of the producers who participated in a referendum thereon and who, during the determined representative period (October 1956), were engaged in the production and sale of milk in the said marketing area.

Order relative to handling. It is therefore ordered that on and after the effective date hereof, the handling of milk in the Springfield, Massachusetts, marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, and the aforesaid order is hereby further amended as follows:

1. In § 996.25 (g), (h), and (i), insert immediately preceding the period the words "according to their zone locations".

2. In § 996.40 delete the figure "52" and substitute therefor the figure "54".

3. Delete § 996.42 and substitute the following:

§ 996.42 *Country plant zone price differentials.* In the case of receipts at country plants, the prices determined pursuant to §§ 996.40, 996.41, and 996.51 shall be subject to zone price differentials based upon the zone location of the plant at which the milk is received from producers.

(a) The zone location of each country plant shall be based upon its highway mileage distance to Springfield as determined by use of the appropriate State maps contained in Mileage Guide No. 6, and revisions thereof, issued by Household Goods Carriers' Bureau, Agent, Washington, D. C. The distance shall be the lowest highway mileage between Springfield and the named point on the map which is nearest to the plant, over roads designated thereon as paved, first-class, all-weather roads. In the event that the named point is not located on a through first-class road, such other roads shall be used to reach a through first-class road as will result in the lowest highway mileage to Springfield, except that such other roads shall not be used for a distance of more than 15 miles if it is otherwise possible to connect with a through first-class road. In any instance in which the map does not clearly show the mileage between points on a road, the mileage used shall be the mileage as determined by the highway authority for the State in which the road is located.

(b) The zone price differentials for each country plant shall be those applicable to its zone location as shown in the following table.

COUNTRY PLANT ZONE PRICE DIFFERENTIALS

A	B	C	D
Distance to Springfield (miles)	Zone	Class I and blended price differentials (cents per hundredweight)	Class II price differentials (cents per hundredweight)
40 or less	4	−17.0	−2.0
41 to 50	5	−34.8	−2.0
51 to 60	6	−36.0	−3.0
61 to 70	7	−37.2	−3.0
71 to 80	8	−38.4	−3.0
81 to 90	9	−39.6	−3.0
91 to 100	10	−40.8	−3.0
101 to 110	11	−42.0	−4.5
111 to 120	12	−43.2	−4.5
121 to 130	13	−44.4	−4.5
131 to 140	14	−45.6	−4.5
141 to 150	15	−46.8	−4.5
151 to 160	16	−48.0	−6.0
161 to 170	17	−49.2	−6.0
171 to 180	18	−50.4	−6.0
181 to 190	19	−51.6	−6.0
191 to 200	20	−52.8	−6.0
201 to 210	21	−54.0	−7.0
211 to 220	22	−55.0	−7.0
221 to 230	23	−56.0	−7.0
231 to 240	24	−57.0	−7.0
241 to 250	25	−58.0	−7.0
251 to 260	26	−59.0	−8.0
261 to 270	27	−60.0	−8.0
271 to 280	28	−61.0	−8.0
281 to 290	29	−62.0	−8.0
291 to 300	30	−63.0	−8.0
301 and over	31 and over	(1)	−8.0

[1] Class I and blended price differentials applicable to plants located more than 300 miles from Springfield shall be obtained by extending the table at the rate of one cent for each additional 10 miles, except that in no event shall the Class I or blended price at any zone be less than the Class II price for the month for plants in such zone.

4. Delete § 996.43.

5. Delete § 996.48 (a) (2) and substitute the following:

(2) Using the data on per capita personal income, by States and regions, as published by the United States Department of Commerce, establish a "New England adjustment percentage" by computing the current percentage relationship of New England per capita personal income to per capita personal income in continental United States. Multiply by the New England adjustment percentage the quarterly figure showing the current annual rate of per capita disposable personal income in the United States as released by the United States Department of Commerce or the Council of Economic Advisers to the President. Divide the result by 15.34 to determine an index of per capita disposable personal income in New England.

6. Delete § 996.48 (e) and substitute the following:

(e) The New England basic Class I price shall be as shown in the following table:

New England basic Class I price index × $0.05592		New England basic Class I price
At least—	But less than—	
[1] $4.20	$4.42	$4.31
4.42	4.64	4.53
4.64	4.86	4.75
4.86	5.08	4.97
5.08	5.30	5.19
5.30	5.52	5.41
5.52	5.74	5.63
5.74	5.96	5.85
5.96	6.18	6.07
6.18	[1] 6.40	6.29

[1] If the New England basic Class I price index times $0.05592 is less than $4.20 or is $6.40 or more, the New England basic Class I price shall be determined by extending the table at the indicated rate of extension.

7. In the first sentence of § 996.64, delete the words "Class I price differentials applicable pursuant to § 996.42" and substitute therefor the words "differentials set forth in Column C of the table in § 996.42,".

8. In § 996.65 (a) and (b) delete the words "location or zone" and substitute therefor the words "zone location".

9. In § 996.66 (a) delete the words "location or zone" and substitute therefor the words "zone location".

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Issued at Washington, D. C., this 21st day of December 1956, to be effective on and after January 1, 1957.

[SEAL] EARL L. BUTZ,
Assistant Secretary.

[F. R. Doc. 56-10571; Filed, Dec. 28, 1956; 8:49 a. m.]

PART 999—MILK IN WORCESTER, MASSACHUSETTS, MARKETING AREA

ORDER AMENDING ORDER, AS AMENDED, REGULATING HANDLING

§ 999.0 *Findings and determinations.* The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of each of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon a proposed marketing agreement and proposed amendments to the order, as amended, regulating the handling of milk in the Worcester, Massachusetts, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended, and as hereby further amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk produced for sale in the said marketing area, as determined pursuant to section 2 of the act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the marketing area, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as and is applicable only to persons in the respective classes of industrial and commercial activity, specified in a marketing agreement upon which a hearing has been held.

(b) *Additional findings.* It is necessary in the public interest to make this order amending the order, as amended, effective January 1, 1957. Any delay beyond that date in the effective date of this order amending the order, as amended, will seriously threaten the orderly marketing of milk in the Worcester, Massachusetts, marketing area. The provisions of the said order are well known to handlers—the public hearing having been held on February 28–29, 1956, the recommended decision having been issued on October 30, 1956 (21 F. R. 8405; F. R. Doc. 56–8898) and the final decision having been issued December 5, 1956 (21 F. R. 9767; F. R. Doc. 56–10124). Therefore, reasonable time has been afforded persons affected to prepare for its effective date. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending the order, as amended, effective January 1, 1957, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER (see section 4 (c) Administrative Procedure Act, 5 U. S. C. 1001 et seq.).

(c) *Determinations.* It is hereby determined that handlers (excluding cooperative associations of producers who are not engaged in processing, distributing or shipping milk covered by this order) of more than 50 percent of the milk covered by the order, which is marketed within the Worcester, Massachusetts, marketing area, refused or failed to sign the proposed marketing agreement regulating the handling of milk in the said marketing area, and it is hereby further determined that:

(1) The refusal or failure of such handlers to sign said proposed marketing agreement tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order amending the order, as amended, is the only practical means pursuant to the declared policy of the act, of advancing the interests of producers of milk which is produced for sale in the said marketing area; and

(3) The issuance of this order is approved or favored by at least two-thirds of the producers who participated in a referendum thereon and who, during the determined representative period (October 1956), were engaged in the production and sale of milk in the said marketing area.

Order relative to handling. It is therefore ordered that on and after the effective date hereof, the handling of milk

in the Worcester, Massachusetts, marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, and the aforesaid order is hereby further amended as follows:

1. In § 999.25 (g), (h), and (i), insert immediately preceding the period the words "according to their zone locations".

2. In § 999.40 delete the figure "52" and substitute therefor the figure "54".

3. Delete § 999.42 and substitute the following:

§ 999.42 *Country plant zone price differentials.* In the case of receipts at country plants, the prices determined pursuant to §§ 999.40, 999.41, and 999.51 shall be subject to zone price differentials based upon the zone location of the plant at which the milk is received from producers.

(a) The zone location of each country plant shall be based upon its highway mileage distance to Worcester as determined by use of the appropriate State maps contained in Mileage Guide No. 6, and revisions thereof, issued by Household Goods Carriers' Bureau, Agent, Washington, D. C. The distance shall be the lowest highway mileage between Worcester and the named point on the map which is nearest to the plant, over roads designated thereon as paved, first-class, all-weather roads. In the event that the named point is not located on a through first-class road, such other roads shall be used to reach a through first-class road as will result in the lowest highway mileage to Worcester, except that such other roads shall not be used for a distance of more than 15 miles if it is otherwise possible to connect with a through first-class road. In any instance in which the map does not clearly show the mileage between points on a road, the mileage used shall be the mileage as determined by the highway authority for the State in which the road is located.

(b) The zone price differentials for each country plant shall be those applicable to its zone location as shown in the following table.

COUNTRY PLANT ZONE PRICE DIFFERENTIALS

A Distance to Worcester (miles)	B Zone	C Class I and blended price differentials (cents per hundredweight)	D Class II price differentials (cents per hundredweight)
40 or less	4	−17.0	−2.0
41 to 50	5	−34.8	−2.0
51 to 60	6	−36.0	−3.0
61 to 70	7	−37.2	−3.0
71 to 80	8	−38.4	−3.0
81 to 90	9	−39.6	−3.0
91 to 100	10	−40.8	−3.0
101 to 110	11	−42.0	−4.5
111 to 120	12	−43.2	−4.5
121 to 130	13	−44.4	−4.5
131 to 140	14	−45.6	−4.5
141 to 150	15	−46.8	−4.5
151 to 160	16	−48.0	−6.0
161 to 170	17	−49.2	−6.0
171 to 180	18	−50.4	−6.0
181 to 190	19	−51.6	−6.0
191 to 200	20	−52.8	−6.0
201 to 210	21	−54.0	−7.0
211 to 220	22	−55.0	−7.0
221 to 230	23	−56.0	−7.0
231 to 240	24	−57.0	−7.0
241 to 250	25	−58.0	−7.0
251 to 260	26	−59.0	−8.0
261 to 270	27	−60.0	−8.0
271 to 280	28	−61.0	−8.0
281 to 290	29	−62.0	−8.0
291 to 300	30	−63.0	−8.0
301 and over	31 and over	(1)	−8.0

[1] Class I and blended price differentials applicable to plants located more than 300 miles from Worcester shall be obtained by extending the table at the rate of one cent for each additional 10 miles, except that in no event shall the Class I or blended price at any zone be less than the Class II price for the month for plants in such zone.

4. Delete § 999.43.

5. Delete § 999.48 (a) (2) and substitute the following:

(2) Using the data on per capita personal income, by States and regions, as published by the United States Department of Commerce, establish a "New England adjustment percentage" by computing the current percentage relationship of New England per capita personal income to per capita personal income in continental United States. Multiply by the New England adjustment percentage the quarterly figure showing the current annual rate of per capita disposable personal income in the United States as released by the United States Department of Commerce or the Council of Economic Advisers to the President. Divide the result by 15.34 to determine an index of per capita disposable personal income in New England.

6. Delete § 999.48 (e) and substitute the following:

(e) The New England basic Class I price shall be as shown in the following table:

New England basic Class I price index × $0.05592		New England basic Class I price
At least—	But less than—	
[1] $4.20	$4.42	$4.31
4.42	4.64	4.53
4.64	4.86	4.75
4.86	5.08	4.97
5.08	5.30	5.19
5.30	5.52	5.41
5.52	5.74	5.63
5.74	5.96	5.85
5.96	6.18	6.07
6.18	[1] 6.40	6.29

[1] If the New England basic Class I price index times $0.05592 is less than $4.20 or is $6.40 or more, the New England basic Class I price shall be determined by extending the table at the indicated rate of extension.

7. In the first sentence of § 999.64, delete the words "Class I price differentials applicable pursuant to § 999.42" and substitute therefor the words "differentials set forth in Column C of the table in § 999.42,".

8. In § 999.65 (a) and (b) delete the words "location or zone" and substitute therefor the words "zone location".

9. In § 999.66 (a) delete the words "location or zone" and substitute therefor the words "zone location".

(Sec. 5, 49, Stat. 753, as amended; 7 U. S. C. 608c)

Issued at Washington, D. C., this 21st day of December 1956 to be effective on and after January 1, 1957.

[SEAL] EARL L. BUTZ,
Assistant Secretary.

[F. R. Doc. 56-10572; Filed, Dec. 28, 1956; 8:49 a. m.]

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Agricultural Research Service, Department of Agriculture

Subchapter C—Interstate Transportation of Animals and Poultry

[B. A. I. Order 309, Amdt. 11]

PART 73—SCABIES IN CATTLE

AREAS QUARANTINED BECAUSE OF SCABIES

Pursuant to the provisions of sections 1 and 3 of the act of March 3, 1905, as amended (21 U. S. C. 123, 125), sections 1 and 2 of the act of February 2, 1903, as amended (21 U. S. C. 111–113, 120), and section 7 of the act of May 29, 1884, as amended (21 U. S. C. 117), § 73.0, as amended, Part 73, Subchapter C, Chapter I, Title 9, Code of Federal Regulations (21 F. R. 9244), is hereby further amended to read as follows:

§ 73.0 *Notice and quarantine.* Notice is hereby given that cattle in Colorado are affected with scabies, a contagious, infectious, and communicable disease, and Bent, Crowley, Las Animas, and Otero Counties are hereby quarantined because of said disease.

Effective date. The foregoing amendment shall become effective upon issuance.

The amendment includes Bent County, Colorado, within the areas quarantined because of scabies in cattle. Part 73, as amended, Subchapter C, Chapter I, Title 9, Code of Federal Regulations, contains the regulations pertaining to the interstate movement of cattle from such quarantined areas.

The amendment imposes certain further restrictions necessary to prevent the spread of scabies in cattle, and must be made effective immediately to accomplish its purpose in the public interest. Accordingly, under section 4 of the Administrative Procedure Act (5 U. S. C. 1003), it is found upon good cause that notice and other public procedure with respect to the amendment are impracticable and contrary to the public interest, and good cause is found for making the amend-

ment effective less than 30 days after publication in the FEDERAL REGISTER.

(Sec. 7, 23 Stat. 32, as amended, secs. 1, 2, 32 Stat. 791–792, as amended, secs. 1, 3, 33 Stat. 1264, as amended, 1265, as amended; 21 U. S. C. 111–113, 117, 120, 123, 125)

Done at Washington, D. C. this 26th day of December 1956.

[SEAL] M. R. CLARKSON,
Acting Administrator,
Agricultural Research Service.

[F. R. Doc. 56–10588; Filed, Dec. 28, 1956; 8:52 a. m.]

PART 78—BRUCELLOSIS IN DOMESTIC ANIMALS

SUBPART D—DESIGNATION OF MODIFIED CERTIFIED BRUCELLOSIS-FREE AREAS, PUBLIC STOCKYARDS, AND SLAUGHTERING ESTABLISHMENTS

CHANGES IN DESIGNATION OF MODIFIED CERTIFIED BRUCELLOSIS-FREE AREAS

Pursuant to § 78.16 of the regulations in Part 78, Title 9, Code of Federal Regulations, containing restrictions on the interstate movement of animals because of brucellosis, it has been determined that certain additional areas come within the definition of modified certified brucellosis-free areas in § 78.1 (i) of the regulations and that other areas heretofore designated as such areas do not come within the definition in § 78.1 (i), and § 78.13 of the regulations is hereby amended accordingly to read as follows:

§ 78.13 *Modified certified brucellosis-free areas.* The following States, Counties, Municipalities, and other areas, are hereby designated as modified certified brucellosis-free areas:

(a) The entire State of Maine;

(b) The entire State of New Hampshire;

(c) The entire State of North Carolina;

(d) The entire State of Washington;

(e) The entire State of Wisconsin;

(f) Arizona: Apache Indian Reservation, Hopi Indian Reservation, and Navajo Indian Reservation;

(g) Colorado: Southern Indian Ute Reservation;

(h) Delaware: Kent and New Castle Counties;

(i) Georgia: Wilkinson County;

(j) Idaho: Benewah, Bonner, Boundary, Clearwater, Kootenai, Latah, Lemhi, Lewis, and Shoshone Counties;

(k) Indiana: Adams, Allen, Brown, Clark, Crawford, Daviess, Dubois, Floyd, Harrison, Lake, LaPorte, Martin, Perry, Porter, Posey, Pulaski, Spencer, Starke, and Warrick Counties;

(l) Maryland: Somerset, Wicomico, and Worcester Counties;

(m) Massachusetts: Dukes County;

(n) Michigan: Alger, Bay, Chippewa, Crawford, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Marquette, Menominee, Ontonagon, and Schoolcraft Counties;

(o) Minnesota: Aitkin, Anoka, Becker, Beltrami, Big Stone, Blue Earth, Brown, Carlton, Cass, Chisago, Clay, Clearwater, Cook, Cottonwood, Crow Wing, Dodge, Douglas, Faribault, Fillmore, Freeborn, Goodhue, Grant, Houston, Hubbard, Itasca, Jackson, Kandiyohi, Kittson, Koochiching, Lac Qui Parle, Lake, Lake of the Woods, LeSueur, Lincoln, Lyon, McLeod, Mahnomon, Marshall, Martin, Meeker, Morrison, Mower, Murray, Nicollet, Nobles, Norman, Olmstead, Ottertail, Pennington, Pine, Pipestone, Polk, Pope, Ramsey, Red Lake, Redwood, Renville, Rice, Rock, Roseau, St. Louis, Sherburne, Sibley, Steele, Stevens, Swift, Todd, Traverse, Wabasha, Wadena, Waseca, Watonwan, Wilkin, Winona, Wright, and Yellow Medicine Counties;

(p) Montana: Beaverhead, Blaine, Broadwater, Carbon, Cascade, Chouteau, Daniels, Deer Lodge, Flathead, Garfield, Golden Valley, Lake, Lewis and Clark, Liberty, Lincoln, McCone, Mineral, Missoula, Phillips, Pondera, Roosevelt, Sanders, Sheridan, Silver Bow, Stillwater, Toole, and Valley Counties;

(q) Nebraska: Burt, Chase, Cuming, Dodge, Douglas, Fillmore, Gage, Hamilton, Harlan, Jefferson, Johnson, Lancaster, Nemaha, Otoe, Pawnee, Sarpy, Seward, Thayer, Webster, and York Counties;

(r) Nevada: Mineral, Ormsby, and Storey Counties;

(s) New Jersey: Atlantic and Cape May Counties;

(t) New Mexico: Grant, Hidalgo, and Las Alamos Counties; and Isleta Indian Reservation, Navajo Indian Reservation, and Zuni Indian Reservation;

(u) New York: Warren County;

(v) North Dakota: Adams, Barnes, Benson, Bottineau, Bowman, Burke, Cavalier, Divide, Eddy, Grant, Griggs, Hettinger, McLean, Mercer, Morton, Mountrail, Nelson, Oliver, Pembina, Pierce, Ramsey, Renville, Rolette, Sheridan, Slope, Stark, Steele, Towner, Traill, Walsh, Ward, Wells, and Williams Counties;

(w) Oregon: Clatsop, Coos, Curry, Josephine, Marion, Morrow, Multnomah, Tillamook, Washington, and Yamhill Counties.

(x) Pennsylvania: Allegheny, Armstrong, Beaver, Bedford, Blair, Bucks, Butler, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Dauphin, Delaware, Elk, Erie, Fayette, Forest, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Lehigh, Luzerne, Lycoming, McKean, Mercer, Monroe, Montour, Pike, Schuylkill, Snyder, Somerset, Sullivan, Union, Venango, Warren, Washington, Westmoreland, and Wyoming Counties;

(y) Puerto Rico: Adjuntas, Aguada, Aguadilla, Aibonito, Anasco, Arecibo, Arroyo, Barceloneta, Barranquitas, Cabo Rojo, Camuy, Canovanas, Ceiba, Ciales, Cidra, Corozal, Guanica, Guayama, Guayanilla, Guaynabo, Gurabo, Hatillo, Humacao, Isabela, Jayuya, Juncos, Lares, Las Marias, Maricao, Maunabo, Mayaguez, Moca, Morovis, Orocovis, Petillas, Penuelas, Quebradillas, Rincon, San Juan, San Sebastian, Santa Isabel, Trujillo Alto, Utuado, Vega Alta, Vega Baja, Villalba, and Yauco Municipalities;

(z) South Carolina: Bamberg, Cherokee, Chester, Malboro, Saluda, Union, and York Counties;

(aa) Tennessee: Johnson and Scott Counties;

(bb) Utah: Morgan and Weber Counties; and Navajo Indian Reservation;

(cc) West Virginia: Boone, Brooke, Cabell, Clay, Fayette, Grant, Greenbrier, Hancock, Harrison, Lincoln, Logan, McDowell, Marshall, Mingo, Ohio, and Upshur Counties.

Effective date: The foregoing amendment shall become effective on January 1, 1957.

The amendment deletes certain areas from the list of areas designated as modified certified brucellosis-free areas, and adds certain other areas to the list of areas heretofore so designated. The amendment will in part relieve restrictions, and will, in part, impose restrictions, on the interstate movement of cattle, as provided in Subpart C of the regulations. Subpart C of the regulations becomes effective on January 1, 1957. The foregoing amendment also should be made effective on that date in order to accomplish its purpose in the public interest and to be of maximum benefit to persons who would be subject to the restrictions relieved by the amendment. Accordingly, under section 4 of the Administrative Procedure Act (5 U. S. C. 1003), it is found upon good cause that notice and other public procedure with respect to the amendment are impracticable, unnecessary, and contrary to the public interest, and good cause is found for making the amendment effective less than 30 days after publication in the FEDERAL REGISTER.

(Sec. 2, 32 Stat. 792, as amended; 21 U. S. C. 111)

Done at Washington, D. C., this 26th day of December 1956.

[SEAL] R. J. ANDERSON,
Chief, Animal Disease Eradication Branch, Agricultural Research Service.

[F. R. Doc. 56–10589; Filed, Dec. 28, 1956; 8:52 a. m.]

TITLE 12—BANKS AND BANKING

Chapter II—Federal Reserve System

Subchapter A—Board of Governors of the Federal Reserve System

[Reg. Y]

PART 222—BANK HOLDING COMPANIES

BANK HOLDING COMPANY'S SUBSIDIARY BANKS OWNING SHARES OF NONBANKING COMPANIES

§ 222.101 *Bank holding company's subsidiary banks owning shares of nonbanking companies.* (a) The Board's opinion has been requested on the following related matters under the Bank Holding Company Act of 1956.

(b) The question is raised as to whether shares in a nonbanking company which were acquired by a banking subsidiary of the bank holding company many years ago when their acquisition was lawful and are now held as investments, and which do not include more than 5 percent of the outstanding

voting securities of such nonbanking company and do not have a value greater than 5 percent of the value of the bank holding company's total assets, are exempted from the divestment requirements of the act by the provisions of section 4 (c) (5) of the act.

(c) In the Board's opinion, this exemption is as applicable to such shares when held by a banking subsidiary of a bank holding company as when held directly by the bank holding company itself. While the exemption specifically refers only to shares held or acquired by the bank holding company, the prohibition of the act against retention of nonbanking interests applies to indirect as well as direct ownership of shares of a nonbanking company, and, in the absence of a clear mandate to the contrary, any exception to this prohibition should be given equal breadth with the prohibition. Any other interpretation would lead to unwarranted results.

(d) Although certain of the other exemptions in section 4 (c) of the act specifically refer to shares held or acquired by banking subsidiaries, an analysis of those exemptions suggests that such specific reference to banking subsidiaries was for the purpose of excluding nonbanking subsidiaries from such exemptions, rather than for the purpose of providing an inclusionary emphasis on banking subsidiaries.

(e) It should be noted that the Board's view as to this question should not be interpreted as meaning that each banking subsidiary could own up to 5 percent of the stock of the same nonbanking organization. In the Board's opinion the limitations set forth in section 4 (c) (5) apply to the aggregate amount of stock held in a particular organization by the bank holding company itself and by all of its subsidiaries.

(f) Secondly, question is raised as to whether shares in a nonbanking company acquired in satisfaction of debts previously contracted (d. p. c.) by a banking subsidiary of the bank holding company may be retained if such shares meet the conditions contained in section 4 (c) (5) as to value and amount, notwithstanding the requirement of section 4 (c) (2) that shares acquired d. p. c. be disposed of within two years after the date of their acquisition or the date of the act, whichever is later. In the Board's opinion, the 5 percent exemption provided by section 4 (c) (5) covers any shares, including shares acquired d. p. c., that meet the conditions set forth in that exemption, and, consequently, d. p. c. shares held by a banking subsidiary of a bank holding company which meet such conditions are not subject to the two-year disposition requirement prescribed by section 4 (c) (2), although any such shares would, of course, continue to be subject to such requirement for disposition as may be prescribed by provisions of any applicable banking laws or by the appropriate bank supervisory authorities.

(g) Finally, question is raised as to whether shares held by banking subsidiaries of the bank holding company in companies holding bank premises of such subsidiaries are exempted from the divestment requirements by section 4 (c) (1) of the act. It is the Board's view that section 4 (c) (1), exempting shares owned or acquired by a bank holding company in any company engaged solely in holding or operating properties used wholly or substantially by any subsidiary bank, is to be read and interpreted, like section 4 (c) (5), as applying to shares owned indirectly by a bank holding company through a banking subsidiary as well as to shares held directly by the bank holding company. A contrary interpretation would impair the right that member banks controlled by bank holding companies would otherwise have to invest, subject to the limitations of section 24A of the Federal Reserve Act, in stock of companies holding their bank premises; and such a result was not, in the Board's opinion, intended by the Bank Holding Company Act.

(Sec. 5 (b), 70 Stat. 137; 12 U. S. C. 1844)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
[SEAL] S. R. CARPENTER,
Secretary.

[F. R. Doc. 56-10555; Filed, Dec. 28, 1956; 8:47 a. m.]

TITLE 36—PARKS, FORESTS, AND MEMORIALS

Chapter I—National Park Service, Department of the Interior

PART 3—NATIONAL CAPITAL PARKS REGULATIONS

COMMERCIAL VEHICLES AND COMMON CARRIERS

Paragraph (e) of § 3.35, entitled *Commercial vehicles and common carriers,* is amended to read as follows:

(e) The provisions of this section prohibiting commercial trucks shall not apply within "other Federal reservations", in the environs of the District of Columbia, as defined in § 3.4 (b), and shall not apply on that portion of Suitland Parkway between the intersection with Maryland Route 337 and the end of the Parkway at Maryland Route 4, a length of 0.6 mile.

(Sec. 3, 39 Stat. 535, as amended; 16 U. S. C. 3)

Issued this 21st day of December 1956.

FRED A. SEATON,
Secretary of the Interior.

[F. R. Doc. 56-10548; Filed, Dec. 28, 1956; 8:45 a. m.]

TITLE 14—CIVIL AVIATION

Chapter I—Civil Aeronautics Board

Subchapter A—Civil Air Regulations

PART 27—AIRCRAFT DISPATCHER CERTIFICATES

REVISION OF PART

Because of the number of outstanding amendments to Part 27, it has been decided to issue a revision of this part incorporating all amendments thereto in effect on December 31, 1956. Attention is called also to the deletion of § 27.16, Expired certificates; special issuance, and § 27.22, Termination of certificates, since they are obsolete and no longer applicable.

Since the changes effected by this revision are minor in nature and impose no additional burden on any person, notice and public procedure hereon are unnecessary and the revised part may be made effective on less than 30 days' notice.

In consideration of the foregoing, the Civil Aeronautics Board hereby revises Part 27 of the Civil Air Regulations (14 CFR Part 27, as amended) as attached hereto, effective on December 31, 1956.

By the Civil Aeronautics Board.

[SEAL] M. C. MULLIGAN,
Secretary.

REQUIREMENTS

AUTHORITY: §§ 27.1 to 27.33 issued under sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425. Interpret or apply secs. 601, 602, 52 Stat. 1007, as amended, 1008, as amended; 49 U. S. C. 551, 552.

REQUIREMENTS

§ 27.1 *Aircraft dispatcher certificate requirements.* To be eligible for an aircraft dispatcher certificate, an applicant shall comply with the requirements of §§ 27.2–27.8.

§ 27.2 *Age.* 23 years is the minimum age for the issuance of an aircraft dispatcher certificate.

§ 27.3 *Character.* Applicant shall be of good moral character.

§ 27.4 *Citizenship.* An applicant for an aircraft dispatcher certificate may be a citizen of any country or a person without nationality.

§ 27.5 *Education.* Applicant shall be able to read, write and understand the English language and speak the same without any accent or impediment of speech that would interfere with two-way radio conversation.

§ 27.6 *Aeronautical knowledge.* Applicant shall be familiar with and shall accomplish a satisfactory written examination on:

(a) The provisions of Part 40 and those parts of Part 60 of this subchapter which apply to dispatching. In each case the applicant shall understand the relation of each provision to air carrier operation.

(b) The characteristics of at least one make and model of air carrier aircraft, with particular reference to performance, gross load, pay loads under conditions of various fuel loads, fuel capacity, fuel consumption at specified power outputs at various altitudes, most economical speed at which level flight can be maintained, and loading charts.

(c) The general system of collection and dissemination of weather information.

(d) Weather map, forecast, and sequence abbreviations, symbols, and nomenclature. The general principles of modern methods of weather analysis including the application of data obtained from airplane weather observations and meteorological data reported from observations made by pilots engaged in air carrier flights.

(e) Cloud forms, including average heights of their bases and approximate upper and lower limits within which their bases and tops respectively occur.

(f) Weather conditions adversely affecting aeronautical activities, the circumstances under which they occur, how such are ascertained and located, and principles of forecasting such conditions.

(g) The influence of terrain upon meteorological conditions and developments, and the relation thereof to air carrier flight operations.

(h) Elementary principles of radio range operation and radio communication, including weather conditions adversely affecting them and the communication procedures and practices used between airplanes and ground stations.

(i) Department of Commerce Weather Bureau Circular N, Instructions for Airway Meteorological Service, and all amendments thereto.

(j) Air navigation facilities in use on the civil airways, including rotating beacons, course lights, radio ranges, radio marker beacons and intermediate fields.

(k) Principles of aircraft navigation, with particular respect to instrument operation and use of radio range and direction-finding equipment, including letdown procedures.

(l) Use and limitations of sensitive type altimeters, particularly with respect to barometric settings.

(m) Airway and airport traffic control procedures.

§ 27.7 *Aeronautical experience.* (a) Applicant shall have served in scheduled air carrier or scheduled military operations for 2 of the immediately preceding 3 years as:

(1) A pilot member of the crew; or

(2) A flight radio operator or ground radio operator; or

(3) A flight navigator; or

(4) A meteorologist in a dispatch organization dispatching aircraft; or

(5) A technical supervisor of aircraft dispatchers; or

(6) An assistant in dispatching of scheduled military aircraft; or

(b) Applicant shall have served for 2 of the immediately preceding 3 years as an air traffic controller; or

(c) Applicant shall have any combination of experience in paragraph (a), or in paragraphs (a) and (b) of this section, provided each is at least one year; or

(d) Applicant shall have served as an assistant in the dispatching of scheduled air carrier aircraft under the supervision of a certificated aircraft dispatcher for at least one year within the immediately preceding 2 years; or

(e) Applicant shall be a graduate of an aircraft dispatcher course approved by the Administrator.

§ 27.8 *Aeronautical skill.* Applicant shall be able to:

(a) Make a reasonably accurate and intelligent analysis of a series of daily Weather Bureau maps, in accordance with modern methods, and forecast therefrom the subsequent weather conditions pertinent to air carrier flying operations;

(b) Make an accurate and detailed analysis, in accordance with modern methods, of weather conditions prevailing in the general neighborhood of a specified civil airway from a series of daily Weather Bureau maps and sequence reports, and forecast with a high degree of accuracy subsequent weather trends pertinent to air carrier flying operations, with particular reference to specified terminals;

(c) Be sufficiently familiar with the Morse code to be able to identify radio ranges by their identification signals;

(d) Prepare and use charts to determine the most economical fuel consumption settings of an aircraft at given altitudes; and

(e) Dispatch and assist a hypothetical flight under adverse weather conditions.

AIRCRAFT DISPATCHER CERTIFICATE

§ 27.10 *Application.* Application for an aircraft dispatcher certificate shall be made upon the applicable form prescribed and furnished by the Administrator.

§ 27.11 *Display.* An aircraft dispatcher certificate shall be kept readily available to the holder thereof at all times when he is on duty in connection with the dispatching of air carrier aircraft, and shall be presented upon the request of any authorized representative of the Administrator or Board or of any State or municipal official charged with the duty of enforcing local laws or regulations involving Federal compliance.

§ 27.12 *Duration.* (a) An aircraft dispatcher certificate issued to a United States citizen shall remain in effect until surrendered, suspended, revoked, or otherwise terminated by order of the Board. A certificate issued to an applicant other than a United States citizen shall remain in effect for a period no longer than 12 months after the date of issuance, but it may be reissued without further demonstration of technical competence.

(b) After revocation, and upon request after suspension, the certificate shall be returned to the Administrator.

(c) Nothing in this section shall be construed to deny or defeat the jurisdiction of the Federal courts, the Administrator, or the Board to impose any authorized sanction, including revocation of the certificate, for a violation of the Act or of the Civil Air Regulations occuring during the effective period of the certificate.

§ 27.13 *Temporary certificates.* The Administrator or his authorized representative may issue a temporary aircraft dispatcher certificate for a period of not to exceed 90 days, subject to the terms and conditions specified therein by the Administrator.

§ 27.14 *Recent experience requirements.* The holder of an aircraft dispatcher certificate shall not exercise the privileges thereunder unless, within the preceding 12 calendar months he has either:

(a) For at least three months:

(1) Served as an aircraft dispatcher, or

(2) Served as first or second pilot in scheduled air carrier operation, or

(3) Been engaged in:

(i) The technical supervision of aircraft dispatchers or air carrier dispatching systems, or

(ii) The determination of competency or qualifications of aircraft dispatchers, or

(4) Served in any combination of the duties described in subparagraphs (1), (2), or (3) of this paragraph; or

(b) Demonstrated to the satisfaction of the Administrator that he is able to meet the standards currently prescribed by the regulations in this subchapter for the issuance of the certificate and rating.

§ 27.17 *Nontransferability.* An aircraft dispatcher certificate is not transferable.

§ 27.19 *Re-examination after failure.* An applicant who has failed any prescribed written or practical examination or test may not apply for re-examination within a 30-day period unless he presents a statement signed by a certificated aircraft dispatcher, a certificated ground instructor, or an equally qualified individual acceptable to the Administrator, which attests that the applicant has received an additional 5 hours of instruction in each of the subjects failed and that the applicant is considered competent for re-examination.

§ 27.20 *Revocation.* No person whose aircraft dispatcher certificate has been revoked shall apply for or be issued an aircraft dispatcher certificate for a period of one year after the revocation, except as the order of revocation may otherwise provide.

§ 27.21 *Change of address.* Within 30 days after any change in the permanent mailing address of a certificated aircraft dispatcher, he shall notify the Administrator in writing of his new address. The notice shall be mailed to the Admin-

istrator of Civil Aeronautics, attention Airman Records Branch, Washington 25, D. C.

EXAMINATIONS AND TESTS

§ 27.30 *General.* The examinations and tests prescribed in this part shall be conducted by an authorized representative of the Administrator.

§ 27.31 *Time and place.* All examinations and tests will be held at such times and places as the Administrator may designate.

§ 27.32 *Inspection.* The applicant for an aircraft dispatcher certificate shall offer full cooperation with respect to any inspection or examination which may be made of such applicant upon proper request by any such authorized representative of the Administrator prior or subsequent to the issuance of an aircraft dispatcher certificate.

§ 27.33 *Standard of performance.* All practical or theoretical examinations and tests shall be accomplished to the satisfaction of the Administrator and the passing grade in each subject shall be at least 70 percent.

[F. R. Doc. 56-10614; Filed, Dec. 28, 1956; 8:56 a. m.]

Subchapter B—Economic Regulations

[Regulation No. ER-219]

PART 249—PRESERVATION OF AIR CARRIER ACCOUNTS, RECORDS AND MEMORANDA

Adopted by the Civil Aeronautics Board at its office in Washington, D. C., on the 21st day of December 1956.

A notice of proposed rule-making was published in the FEDERAL REGISTER September 20, 1955 (20 F. R. 7049), and circulated to the industry as Economic Regulations Draft Release No. 76, dated September 13, 1955, which proposed to completely revise Part 249 in order to minimize the burden of indexing and storing records and to remedy certain experienced deficiencies in the provisions of this part.

The principal purposes of this revised regulation are to eliminate unnecessary and unduly burdensome record retention requirements, permit blanket microfilming of records pursuant to standardized conditions and procedures, insure that the limited classes of records pertinent to the successful completion of a final audit by the Board's staff are retained as long as necessary, and supplement definite retention periods, of fixed duration, with respect to classes of records relevant to the ultimate disposition of pending litigated proceedings and classes of records pertinent to the computation of subsidy mail pay.

As originally published, the Draft Release required that all records be preserved until termination of a final audit, by the Board's staff, covering the fiscal year to which the records relate irrespective of possible prior expiration of any applicable fixed retention period or periods. However, upon consideration of the comments filed by various air carriers objecting to the breadth of this provision, the Board has concluded that it should be liberalized by restricting this requirement to a limited number of classes of records which must necessarily be consulted in performing the audit and by permitting the microfilming of such records, upon or before the expiration of the indicated retention period, pending notification that an audit has been completed.

In response to industry comments, the Board has deleted a proposed provision which would have deprived any air carrier (destroying records in accordance with the permissive authorization contained in this part) of the privilege of contending that such records would have supported its contentions concerning their contents if still available. It appears that it is unnecessary to adopt any specific provision dealing with this subject because any party seeking to make such contentions in a Board proceeding would be subject to the application of the evidentiary rule that an adverse inference may properly be drawn from the nonproduction of material and relevant evidence within the possession or control of such a party.

Various air carriers have challenged the requirement, carried over from the present provisions of Part 249, that certified descriptions must be executed upon the destruction of all records which have been preserved until the expiration of the pertinent retention periods prescribed herein. The Board believes that this requirement must be continued because its repeal would render it impossible to assess responsibility for consequences which may result from the destruction of particular records. It should be noted that Part 249 merely grants permission to destroy records and does not affirmatively require that they shall be destroyed. Thus, each air carrier bears primary responsibility for exercising its independent judgment concerning the need for record retention beyond the mandatory period of preservation specified in this part.

The industry has also objected to the requirement that carriers must continue to retain, irrespective of the expiration of fixed retention periods, all records remaining in their custody when they become parties to a mail rate proceeding, before the Board, arising under section 406 of the Civil Aeronautics Act. Under such circumstances, the records must be kept until the litigation finally terminates or until the carrier obtains specific permission, from the Board, to destroy certain categories of records. In this manner, ample provision is made for the destruction of all classes of records not actually required in determining an appropriate mail rate. Consequently, the industry's complaint has been directed solely to the fact that the Board has imposed upon the management of each air carrier the administrative burden of initially identifying records relevant to the ultimate disposition of such pending proceedings. However, it appears entirely proper to compel an air carrier seeking permission to destroy such non-relevant records to make these initial determinations. In the first place, the carrier's personnel have an immediate and extensive familiarity with the scope of its records which cannot be duplicated by the Board's staff. Secondly, the particular records which are actually relevant to the disposition of a mail rate proceeding depend largely on the nature of the contentions which will be raised by the carrier. Here again, the Board's staff is unable to evaluate the relevance of a particular category of records to the same extent as the air carrier's staff. The complex and voluminous nature of contested mail rate proceedings renders it imperative that this initial burden be assumed by the air carrier management. Since the problem of determining relevancy is materially simpler in other types of Board proceedings, the revised final rule provides that a carrier need only retain those classes of records which have been specifically identified by the Board in such proceedings.

Certain record retention requirements concerning supplemental air carriers and irregular air carriers which are presently included in Part 242 of the Economic Regulations have been transferred to this part. This formal recodification does not, of course, require any prior notice or public rule-making proceedings. The general provisions of Part 249 have been expressly made applicable to all air carriers irrespective of whether they maintain their accounts and file their reports under Parts 241, 242, 243 or 244 of the Economic Regulations. However, appropriate and distinct retention tables and requirements ahve been formulated for each of these different classes of air carriers.

While comments have been received on the safety records aspect of Part 249, the Board has decided to defer action with respect to this matter in order to expedite the issuance of a final revised Part 249 embodying substantial liberalization and revision of present record keeping requirements. It is contemplated that the Board will issue a further notice of proposed rule-making directed toward incorporating in Part 249 all of the safety record retention requirements of air carriers. At the present time, some of these requirements are found only in the Civil Air Regulations.

The Board further finds that the classifications hereby established are just and reasonable in view of the nature of the services performed by such carriers, and that the regulations and limitations here promulgated to be applicable to and observed by such classes of air carriers are necessary and in the public interest.

Interested persons have been afforded opportunity to participate in the formulation of this revision, and due consideration has been given to all relevant matter presented.

In consideration of the foregoing, the Civil Aeronautics Board hereby amends Part 249 of the Economic Regulations (14 CFR Chapter I) effective January 28, 1957, to read as follows:

Sec.

AUTHORITY: §§ 249.1 to 249.12 issued under sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425.

§ 249.1 *Definitions.* For the purposes of this part:

(a) "Records" means original documents,[1] or microfilms thereof, made as authorized herein, constituting integral links in developing the history of, or facts regarding financial transactions or physical operations. The term "records" embraces not only accounting records in a limited technical sense but all other evidentiary accounts of events such as memoranda, correspondence, working sheets, and tabulating equipment listings or tapes. The term "records" also encompasses any material coming into the possession of the air carrier through merger or consolidation.

(b) "Original documents" means any record initially acquired, processed or subsequently modified in connection with each constituent step involved in an evidentiary account of historical events. The term "original documents" also embraces any copy of initially prepared documents bearing subsequently added approvals, comments or notations of significance to a full explanation of recorded facts or information.

(c) "Microfilms" means photographic reproductions of original documents which have been made in compliance with the requirements of § 249.7.

(d) "Records relating to an accounting year" means "records" which record transactions or events either occurring, or necessitating accounting entries to be made, in any twelve-month period an air carrier has been authorized to use for purposes of accounting and reporting to the Board.

(e) "Certified description" means an instrument which (1) identifies records by date and/or period covered; (2) describes such records in accordance with the applicable section of this Part prescribing retention categories; and (3) has been certified to be correct in an instrument, executed by a responsible officer of an air carrier.

(f) "Pending proceeding" means any formally docketed proceeding the Board is empowered to conduct, under section 205 (a) or any other applicable section of the Civil Aeronautics Act, still subject to final adjudication.

(g) "Final adjudication" shall be deemed to have occurred upon the first applicable date specified below:

(1) Where no petition for judicial review of a final Board order disposing of a pending proceeding has been filed by any party entitled to file such a petition under section 1006 (a) of the act, midnight of the last day prescribed for the filing of such a petition.[2]

(2) Where such a petition has been filed, the day of issuance of a final decision, by the highest court to have entertained the proceeding, fully disposing of such petition for review and of all further review proceedings arising therefrom or until the expiration of the time prescribed by statute for the filing of a petition for further review of a prior decision by a lower court.

(3) Where such a petition has been filed, and the proceeding has been remanded to the Board for further action, the applicable date specified in subparagraph (1) or (2) of this paragraph.

(h) "Open mail rate period" means the whole or any part of the time interval between the date of institution of a new mail rate proceeding,[3] under Rule 303 of the Board's Rules of Practice (§ 302.303 of this chapter), or of the inauguration of service over a new route or routes, for which no mail rate has previously been fixed, and the date upon which a Board order prescribing the rate of final mail compensation, payable for periods subsequent to the date of adoption thereof, becomes legally effective under sections 1005 and 1006 of the act.

(i) "Subsidy" means that portion of the rate of compensation for the transportation of mail, established pursuant to section 406 of the act, which is paid by the Board in accordance with the provisions of Reorganization Plan No. 10 of 1953.

§ 249.2 *Applicability.* Except as may otherwise be provided in this part or other parts of this subchapter, the provisions of this part shall apply to each air carrier, as defined in section 1 (2) of the act, which holds a certificate of public convenience and necessity and to each irregular or supplemental air carrier, Alaskan air carrier, air freight forwarder, and international air freight forwarder, respectively, subject to the reporting requirements of Parts 241, 242, 243, and 244 of this subchapter.

§ 249.3 *Preservation of records.* All records shall be preserved by each air carrier in accordance with the retention requirements respectively prescribed in § 249.8, § 249.9, § 249.10, or § 249.11. Records not covered by the provisions of such sections may be microfilmed or destroyed at the discretion of the air carrier. Records which are used in lieu of those specified in any of such sections shall be preserved for the periods prescribed with respect to records used for substantially similar purposes. Records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, shall be preserved in conformity with the principles embodied in this part prescribing appropriate retention requirements. However, nothing contained in either this part or subchapter is intended to excuse non-compliance with the applicable requirements of any other governmental body, Federal or State, prescribing a longer retention period for any particular category of records.

§ 249.4 *Waivers of requirements of this part.* A waiver from any provision of this part may be made by the Civil Aeronautics Board upon its own initiative or upon the submission of a written request therefor from any air carrier or group of air carriers. Each request for waiver shall demonstrate that unusual circumstances warrant a departure from prescribed retention periods, procedures or techniques; compliance with such prescribed requirements would impose an unreasonable burden upon the air carrier and that the granting of the waiver would be in the public interest.

§ 249.5 *Accidental loss or destruction of records.* If, during the prescribed period of preservation, records shall become unavailable through loss, destruction, or otherwise, the air carrier shall promptly submit to the Board a statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction. This statement shall be authenticated by an officer or some other responsible employee of the air carrier.

§ 249.6 *Permissive destruction of records.* Upon the expiration of the period of preservation prescribed in § 249.8, § 249.9, § 249.10, or § 249.11, records may be destroyed at the option of the air carrier. *Provided, however,* That each air carrier shall execute a "certified description" before destroying any such records.

§ 249.7 *Preservation of records on microfilm.* Microfilms which are prepared in accordance with the requirements of this section may be substituted for original documents with respect to all categories of records where such substitution has been specifically authorized in this part. Microfilms may be substituted for those categories of records required to be retained under § 249.11 where, and to the extent that, such substitution is specifically authorized in the "Schedule of Records" therein contained: *Provided, however,* That all such substitution shall only be made when the records involved are not subject to the retention requirements of paragraph (e) of § 249.11. Microfilms may not be substituted for any category of records required to be retained for the relatively limited time periods prescribed in §§ 249.8, 249.9, and 249.10 except to the extent that: (i) Microfilming of "corporate and general" records is specifically authorized for Air Freight Forwarders in the "Schedule of Records" contained in § 249.11 or (ii) waiver from this prohibition with respect to any particular category of records is obtained pursuant to § 249.4.

[1] Relating to a particular segment, operating division, or entire system of the carrier's operations.

[2] For the purposes of this part, the statutory period prescribed for the filing of a petition for judicial review shall be deemed to have expired as follows: (a) where no timely petition for reconsideration has been filed with the Board, in accordance with its Rules of Practice, on the sixtieth day following entry of final Board order disposing of all issues in a pending proceeding; and (b) where a timely petition for reconsideration has been filed with the Board, in accordance with its Rules of Practice, on the sixtieth day following the entry of an order denying the relief requested in such a petition.

[3] Relating to either its entire system or any geographic subdivision thereof which may have been treated as a separate rate-making unit.

(a) Prior to photographing, the original documents shall be so prepared, arranged, classified, and indexed as readily to permit the subsequent location, examination, and reproduction of the photographs thereof. Any significant characteristic, feature, or other attribute of the records which photography would not clearly reflect (e. g., that the record is a copy or that certain figures thereon are red) shall be so indicated on the records at the time of such arrangement, classification, and identification. When a number of records to be microfilmed have in common such a characteristic or attribute, an appropriate notation identifying the characteristic or attribute may be indicated in a statement at the beginning of the roll of film instead of on each individual record. Any notations on the face or reverse side of any document shall be photographed and identified as forming an integral part of the original document.

(b) Each roll of film shall include a microfilm of a certificate or certificates stating that the photographs are direct and facsimile reproductions of the originals records and that they have been made in accordance with prescribed instructions. Such certificate or certificates shall be executed by a person or persons having personal knowledge of the facts covered thereby.

(c) The photographic matter on each roll shall begin and end with a statement as to the nature and order of arrangement of the records reproduced, the name of the photographer, and the date. Rolls of film shall not be cut. Supplemental or retaken film, whether of misplaced or omitted documents or of portions of a film found to be spoiled or illegible or of other matter, shall be attached to the beginning of the roll, and in such event the aforementioned certificate or certificates shall cover also such supplemental or retaken film and shall state the reasons for taking such film.

(d) All film stock shall be of approved permanent-record microfilm type of 16-mm or 35-mm size, either perforated or unperforated, such as meets the minimum specifications of the National Bureau of Standards. (Such film stock may be identified by a manufacturer's mark, a solid triangle after the word "safety" in the edge of the film.) The photographing and processing shall be such that reproductions on photographic paper can be made, similar in size without significant loss in clarity of detail, during the period prescribed in these rules for the retention of the records concerned. The air carrier shall be prepared to furnish, at its own expense, appropriate standard facilities for reading the microfilm.

(e) The microfilms shall be indexed and retained in such manner as will render them readily accessible and identifiable. They shall be stored in such manner as to provide reasonable protection from hazards such as fire, flood, theft, etc. The films shall be cared for in such manner as to prevent cracking, breaking, splitting, etc.

§ 249.8 *Time for preservation of records by supplemental or irregular air carriers.* All supplemental air carriers, as defined in Order No. E-9744 (adopted November 10, 1955), and all large irregular air carriers, as defined in Part 291 of this subchapter, shall keep all accounts, records and memoranda (including accounts, records and memoranda of the movement of traffic as well as the receipts and expenditures of money), which are needed in order to accomplish full compliance with the reporting requirements of Part 242 of this subchapter. Such accounts, records and memoranda as relate to statistical reports shall be preserved for three years, and such as relate to flight reports shall be preserved for one year.

§ 249.9 *Time for preservation of records by Alaskan air carriers.* All Alaskan air carriers, as defined in Part 292 of this subchapter, which are subject only to the reporting requirements of § 243.1 of this subchapter, shall retain and preserve all accounts, records, and memoranda (including accounts, records and memoranda of the movement of traffic as well as of the receipts and expenditures of money) which are needed in order to accomplish full compliance with the reporting requirements of Part 243. Such accounts, records, and memoranda shall be preserved for three years. Alaskan air carriers subject to the reporting requirements of Part 241 shall retain and preserve all records in accordance with the provisions of § 249.11.

§ 249.10 *Time for preservation of records by air freight forwarders.* (a) All air freight forwarders and all international air freight forwarders, as defined in Parts 296 and 297 of this subchapter, shall retain and preserve the following records for a period of one year, unless the Board orders them to be retained for a longer period:

(1) Shipping documents—airwaybills, bills of lading, cargo manifiests, receipts, exchange orders, invoices, and similar evidences of shipping transactions;

(2) Information to agents and representatives—bulletins, circulars and all instructions to traffic-soliciting personnel;

(3) Information to the public—press releases, paid advertisements, pamphlets, brochures, circulars, and bulletins;

(4) Agreements—agreements, contracts, releases, documents, and memoranda evidencing any arrangements with its agents and representatives, direct air carriers, foreign air carriers, other freight forwarders, or with their respective agents and representatives;

(5) Correspondence—all correspondence relating to any of the foregoing.

(b) All air freight forwarders and international air freight forwarders shall retain their corporate and general records specified in the "Schedule of Records" contained in § 249.11 in accordance with the provisions thereof.

§ 249.11 *Time for preservation of records by certificated air carriers.* Each certificated air carrier subject to the reporting requirements of Part 241 of this subchapter shall retain its records in accordance with the provisions of this section.

(a) All records of the categories specified in this section shall be preserved for the duration of the retention periods specified in the "Schedule of Records" set forth in paragraph (f) of this section. *Provided, however,* That records which are included in a category identified by an asterisk (*) in the "Schedule of Records" shall be retained until receipt of a notification from the Board's Office of Carrier Accounts and Statistics to the effect that a final audit has been completed for the period to which such records relate. Upon expiration of the indicated microfilm period, original documents may be microfilmed and microfilms retained in lieu thereof at the discretion of the air carrier pending receipt of such notification. Microfilms may also be retained in lieu of original documents, belonging to any category of records for which no specific microfilm period is indicated, when the indicated retention period applicable thereto has expired. Records may be destroyed when the otherwise applicabe retention period has expired unless, prior thereto, the certificated air carrier has been named as a party to a pending proceeding. In the latter event, it shall retain all records identified in the "Schedule of Records" in accordance with the applicable provisions of either paragraph (b) or (c) of this section.

(b) Each certificated air carrier shall retain, in accordance with the provisions of this paragraph, all records remaining in its custody as of the beginning of an "open mail rate period," and all records which are subsequently acquired. Each such air carrier shall preserve any records which relate to an accounting year included in an "open mail rate period" [4] until the occurrence of either of the following specified contingencies, whichever is first:

(1) Final adjudication of a Board order fixing the final mail compensation payable for services rendered during an open mail rate period.

(2) Receipt of a notice issued by the Board, pursuant to a written application filed by the air carrier,[5] authorizing the destruction of specifically identified categories of records.

(c) Each certificated air carrier which has been joined as a party to a pending proceeding arising under any section of the act other than section 406, shall continue to preserve all records in accordance with the provisions of this section and part as though no such proceeding were pending unless prior to the occurrence of otherwise authorized destruction the air carrier has received a written notice from the Board directing that specific records (identified by category and period covered) be preserved until final adjudication of the pending proceeding. In such event, the air carrier

[4] As used in the part, an accounting year shall be deemed to be included in an open mail rate period if any portion thereof falls within such period.

[5] Such an application should be filed whenever the carrier believes that certain categories of records are not relevent to the proper processing of a pending mail proceeding. The application should list those categories of records which the carrier desires to destroy and its reasons for believing that such records are not necessary or useful in the determination of its statutory mail pay.

shall continue to preserve such records until final adjudication thereof.

(d) The provisions of paragraphs (b) and (c) of this section shall not be construed to prevent the microfilming of original documents, and the preservation of such microfilms of original documents in lieu thereof, in accordance with the provisions of the "Schedule of Records." Upon the expiration of the retention periods set forth in the "Schedule of Records," the identified categories of records may be microfilmed at the discretion of the air carrier pending satisfaction of the conditions specified in paragraphs (b) and (c) of this section regarding the destruction of records.

(e) Notwithstanding any other provisions of this section or part, each air carrier shall preserve original documents set forth below (except those relating to mail compensation for months in which the carrier is not operating under a mail rate including a "subsidy" element) until receipt of a written notice from the Board, which specifically authorizes destruction of such documents:

(1) All monthly records of operations, such as tabulations and summaries of miles flown and passenger-miles flown, which pertain to or are a part of operational records relevant to the computation of "subsidy" mail pay.

(2) All basic original documents, such as pilots' flight logs, aircraft weight and balance reports, and passenger manifests, which are relevant to a determination of the validity of the carrier's operational records described in subparagraph (1) of this paragraph.

(f) All records of the categories specified in the "Schedule of Records" below, shall be preserved for the duration of the retention periods specified therein. Except as otherwise specified in the "Schedule of Records," the periods stated therein begin with the date the records are created or otherwise come into the possession of the carrier. The following indicators are used to designate in the "Schedule of Records" those records for which microfilms may be substituted for original records provided the procedures prescribed in § 249.7 are observed:

In the absence of any "M" indicator, microfilms may not be substituted for any category of original documents unless microfilming is specifically authorized under the provisions of paragraph (a) or (d) of this section.

M—Indicates that microfilms may be substituted for retention of the original records at any time.

M–2, M–3, etc.—Indicates that microfilms may be substituted for retention of the original records only after the original records have been retained in their original form for the number of years corresponding to the numeral.

ME—Indicates records for which microfilms may be substituted for the retention of original records only for the period subsequent to the expiration, cancellation, supersedure, or other condition shown in the column, "Period to be Retained." Thus, for Item 9 (c) microfilms are not acceptable for current leases; however, they are acceptable for leases upon termination thereof, the retention period for which is three years after termination.

SCHEDULE OF RECORDS

Category of records	Period to be retained	Microfilm indicator
CORPORATE AND GENERAL		
1. Corporate organization:		
(a) Charter or certificate of incorporation and amendments thereto.	Permanently	
(b) Legal documents in connection with mergers, consolidations, reorganization, receiverships, and similar actions which affect the identity or organization of the company.	do	M–6
2. Proxies and voting lists:		
(a) Proxies of holders of voting securities	3 years	M
(b) Lists of holders of voting securities represented at meetings.	do	M
3. Minutes of meetings:		
(a) Meetings of stockholders and directors	Permanently	M–6
(b) Meetings of executive and other directors' committees	do	M–6
4. Capital stock records:		
(a) Detailed capital stock journals, ledgers or their equivalents.	Permanently	M–3
(b) Detailed capital stock subscription accounts and journals or their equivalents.	3 years	M
(c) Subscription notices and requests for allotment	do	M
(d) Stubs or similar records of capital stock certificates	Permanently	M–3
(e) Stock transfer registers	do	M–3
(f) Papers pertaining to or supporting transfers of capital stock.	3 years	M
(g) Canceled capital stock certificates	6 years after cancellation	ME
5. Bond or other long-term debt records:		
(a) Bond indentures, underwriting, mortgage, and other long-term credit agreements.	Permanently	M–6
(b) Bond or other long-term debt detailed journals, vouchers, and ledgers, or their equivalents.	3 years after redemption	ME
(c) Bond subscription accounts	3 years after account is closed.	ME
(d) Subscription notices and requests for allotment	3 years	M
(e) Stubs or similar records of bonds or other long-term debt issued.	Permanently	M–3
(f) Records of interest paid and unpaid	do	M–3
(g) Canceled bonds, mortgages, notes or other long-term debt, and interest coupons.	6 years after redemption*	ME
(h) Papers pertaining to or supporting transfers of bonds	3 years	M
6. Authorizations from regulatory bodies for issuance of securities including applications, reports and supporting papers.	1 year after expiration	ME
7. Copies of registration statements and other data filed with the Securities and Exchange Commission and supporting papers in connection with offerings of securities for sale to the public or the listing of securities on exchange.	6 years	M–3
8. Titles, franchises, and licenses:		
(a) Certificates of public convenience and necessity issued by the Civil Aeronautics Board.	Optional after expiration	ME
(b) Letters of registration and exemptions to operate issued by the Civil Aeronautics Board.	do	ME
(c) Deeds and other title papers	3 years after property disposition.	ME
(d) Copies of formal orders of regulatory bodies served upon the air carrier.	1 year after expiration	ME
9. Contracts and agreements (see also other pertinent categories):		
(a) Service contracts, such as operational, management, accounting, financial, and legal service.	3 years after termination	ME
(b) Contracts with other air carriers for interchange of aircraft or other joint use of properties.	do*	ME
(c) Leases pertaining to rental of property to, or from, others	do*	ME
(d) Contracts and agreements with employees and associated companies for the purchase and sale of the air carrier's own securities, or those of associated companies, together with memoranda clarifying or explaining provisions of such contracts.	Until termination	
(e) Releases from direct or contingent liability arising out of action in tort.	2 years	M
(f) Card or book records of contracts or agreements made	3 years after termination	ME
10. General and subsidiary ledgers or their equivalents except as otherwise provided herein:		
(a) General ledgers and ledgers subsidiary or auxiliary thereto	Permanently	M–10
(b) Indexes to general and subsidiary ledgers	do	M–10
(c) Trial balance sheets of general and subsidiary ledgers	5 years*	M–3
11. Journals and journal vouchers except as otherwise provided herein:		
(a) General and subsidiary journals and journal vouchers	10 years	M–6
(b) Papers forming a part of, or necessary to explain journal entries.	do	M–6
(c) Schedules of recurring or standard journal entries and entry numbers.	Until superseded	
12. Voucher registers:		
(a) Voucher distribution registers or their equivalents	10 years	M–6
13. Vouchers:		
(a) Voucher indexes	3 years*	
(b) Vouchers, expenditure authorizations detailed distribution sheets and other supporting papers, except as otherwise provided herein (see item 50 (a)):		
(1) Vouchers of $1,000 or more and supporting documents including original bills and invoices.	6 years*	M–3 M–3
(2) Other vouchers and expenditure authorizations including original bills and invoices.	3 years*	
(c) Receipts for cash paid out	do*	
14. Accounts Receivables and Payables:		
(a) Traffic accounts receivable or payable, detailed journals and ledgers or their equivalents, together with supporting papers.	3 years	
(b) General accounts receivable or payable, detailed journals and ledgers or their equivalent, together with supporting papers.	6 years*	M–3
(c) Copies of invoices issued by carrier and supporting papers	1 year after settlement*	ME

SCHEDULE OF RECORDS—Continued

Category of records	Period to be retained	Microfilm indicator
CORPORATE AND GENERAL—continued		
15. Uncollectible accounts:		
(a) Reports and statements showing age and status of accounts receivable.	1 year*	
(b) Authorizations for writing off accounts receivable	do*	
16. Records of securities owned:		
(a) Detailed ledgers and journals, or their equivalents, of securities owned, or held by custodians.	3 years after the related securities are sold, redeemed, or otherwise disposed of.*	ME
17. Insurance records:		
(a) Registers, cards, or other records of insurance policies in force showing coverage, premiums paid, good experience credits and expiration dates.	3 years after policy expiration.*	ME
(b) Records of self-insurance provisions and actual losses from damages to persons and property.	Same as for items 11, 12 and 13.	
(c) Insurance policies	2 years after expiration*	ME
(d) Records of losses and recoveries from insurance companies and supporting papers.	3 years after settlement*	ME
(e) Records of fidelity bonds of employees and others responsible for funds of the air carrier.	1 year after expiration of bonds.	ME
18. Tax records:		
(a) Assessments against the air carrier:		
(1) Copies of schedules and returns to taxing authorities and supporting working papers and records of appeals.	3 years after final settlement.*	ME
(2) Copies of taxing authorities termination reports	do*	ME
(b) Taxes collected as agent:		
(1) Copies of schedules and returns to taxing authorities and supporting working papers.	3 years after settlement*	ME
19. Accountants' and auditors' reports:		
(a) Certifications and reports of all examinations and audits conducted by public and certified public accountants.	3 years*	
(b) Reports of examinations and audits conducted by internal auditors and others.	do*	
20. Organization tables and charts and internal accounting manuals	do	M
21. Job or Work Orders including engineering records (maps, profiles, specifications; estimates of work; records of engineering studies, except maintenance studies; records pertaining to extensions, additions, and betterment projects).	3 years from completion or abandonment.*	
PROPERTY AND EQUIPMENT AND RELATED RESERVES		
50. Detailed journals, vouchers and ledgers or their equivalents, together with supporting papers:		
(a) For properties and equipment with unit costs in excess of $10,000.	3 years after property retirement.*	ME
(b) Other properties and equipment	3 years from acquisition*	
51. Contracts and agreements relating to purchase and to sale of properties and equipment:		
(a) Involving an interest in realty	3 years after property retirement.*	ME
(b) Involving purchase or sale of equipment	3 years after purchase or sale.	ME
52. Authorization for expenditures for new equipment, additions, modifications, and betterments, including related memoranda applicable thereto:		
(a) For expenditures in excess of $10,000	6 years from acquisition.*	
(b) Other expenditures	3 years from acquisition.*	
54. Approved authorizations for retirements	3 years after property retirement.*	ME
55. Depreciation reserves:		
(a) Detailed records or analysis sheets segregating the depreciation reserves according to type and classification.	3 years after property retirement.*	
(b) Records supporting computations of depreciation expense, including such data as service life and salvage value.	do*	
(c) Detailed records of charges against depreciation reserves	do*	
56. Flight equipment maintenance reserves:		
(a) Detailed records or analysis sheets segregating the maintenance reserves according to type and classification.	6 years*	
(b) Records supporting computations of maintenance expense, including such data as historical costs and engineering or other available studies.	do*	
(c) Detailed records of charges against maintenance reserves	do*	

SCHEDULE OF RECORDS—Continued

Category of records	Period to be retained	Microfilm indicator
TREASURY		
100. Statements of funds and deposits:		
(a) Authorizations for transfer of funds from one depository to another.	1 year after expiration*	
(b) Reports and estimates of funds required for general and special purposes.	1 year	
101. Records of deposits with banks:		
(a) Check stubs, bank deposit books and copies of deposit slips.	3 months after reconciliation.	
(b) Statements from depositaries showing the details of funds received, disbursed and transferred.	3 years*	M-1
(c) Check registers or other records or checks issued	6 years	M-3
(d) Checks canceled by banks	3 years*	M-2
102. Records of receipts and disbursements:		
(a) Daily or other periodic statements or report of receipts and disbursements of funds.	1 year*	M
REVENUES		
150. Sales reports:		
Sales, ticket or other similar reports from stations, offices, and agents.	2 years*	
151. (a) Flight and auditors coupons	do*	
(b) Perpetual inventory of ticket stock	do*	
(c) Requisitions and receipts for tickets furnished agents and ticket selling employees.	do*	
(d) Records and reports incident to ticket refund claims	do*	
(e) Lost ticket memoranda, certification of loss and receipt for refund.	do*	
(f) Airwaybills	do	M-1
152. Customers' guarantee deposits:		
(a) Customers' deposit ledgers	3 years*	M-2
(b) Air travel card authorizations	1 month after termination*	
(c) Receipts for one trip travel orders	8 months after orders are accounted for.	
153. Authorizations, records, reports, registers and supporting papers incident to the transportation of persons or property at free or reduced rates.	3 years*	
154. Charter and interline agreements (except equipment interchange)	Until termination*	
155. Official tariffs and amendments thereto	Permanently	M-6 after cancellation.
PAYROLL AND PERSONNEL EXPENSES		
200. Payroll sheets, registers, or their equivalents, of salaries and wages paid to individual officers and employees.	3 years*	
201. Records showing the distribution to accounts and jobs of salaries and wages paid to officers and employees for each periodic payroll, and summaries or recapitulation statements of such distribution.	do*	
202. Job and cost distribution cards	do	
203. Time and attendance cards	1 year	
204. Paid checks, receipts for wages paid in cash, and other evidence of payments for services rendered by employees.	3 years*	M
205. Payroll authorizations, removal, adjustment notices	do*	M-1
206. Contracts and agreements with individual employees, labor unions, company unions, and other employee organizations relative to wage or salary rates, hours, and similar matters.	1 year after termination*	ME
207. Employees' welfare and pension records (See items 11, 12, 13 and 14):		
(a) Retirement plan	2 years after supersession*	ME
(b) Workmen's compensation accident reports	3 years	M
(c) Employees relief, health and hospital insurance records pertaining to other than the expenditure of funds.	1 year	
PURCHASES AND STORES		
250. Materials and Supplies detailed journals, and ledgers or their equivalents together with supporting papers.	6 years*	M-3
252. Purchase orders	3 years*	
253. Contracts for purchase of materials and supplies	Until expiration	
254. Materials distribution summaries	3 years	
255. Requisitions for purchase orders	1 year*	
256. Inventories of materials and supplies:		
(a) General inventories of materials and supplies on hand with records of adjustments of accounts to bring stores records into agreement with physical inventories.	3 years*	M-2
(b) Perpetual inventory records of materials and supplies received, issued and on hand.	1 year after supersession	ME
257. Stores record of materials and supplies received	2 years*	
258. Stores Requisitions	3 years	

SCHEDULE OF RECORDS—Continued

Category of records	Period to be retained	Microfilm indicator
OPERATING STATISTICS		
300. Individual trip reports: [1]		
(a) Traffic data:		
Basic documents showing numbers of passengers and pounds of mail and property carried:		
(1) Passenger	2 years*	
(2) Mail	1 year*	
(3) Property	2 years*	
301. System report of airplane movements by trip number showing arrivals, departures, delays and related information.[1]	3 years	M-2
302. Reservations reports and records:		
(a) Cards and charts constituting original source of passengers' names, telephone numbers, etc.	2 months	
(b) Telegrams and radio messages relating to the clearance of space, passenger dispatches, etc.	1 month	
(c) Records and reports relating to errors or irregularities, oversales, no-show passengers, etc.	1 year	
303. Records and reports of irregularities and delays:		
(a) In handling passengers	2 years	M-1
(b) In handling air express and air freight	do	M-1
304. Financial and statistical reports to the Civil Aeronautics Board and other regulatory bodies together with supporting papers.	3 years*	
MAINTENANCE AND OVERHAUL		
350. Records and reports concerning repairs (excluding job expense distribution detail):		
A. Flight equipment:		
(1) Maintenance work:		
(a) Line check and work-performed reports	1 year	M
(b) Intermediate line engine check and work performed reports.	do	M
(2) Overhaul work:		
(a) Intermediate main base engine check and work-performed reports	Until equipment is sold or 3 years after retirement.	M
(b) Major overhaul check and work-performed reports.	do	M
(3) Log books	Until disposal of equipment.	M
351. Maintenance statistics:		
A. Vital statistics required by Civil Air Regulations relative to individual units of flight equipment.	do	M
B. Other Maintenance statistics	1 year	M
TRANSPORTATION		
400. Individual trip reports: [1]		
(a) Operations data:		
(1) Dispatchers' clearance forms	3 months*	
(2) Flight engineers', radio operators' and navigators' flight logs.	do	
(3) Flight plan	do	
(4) Pilot's flight logs	do*	
(5) Radio contacts by or with pilots en route	30 days	
(6) Weather forecasts (terminal and intermediate)	3 months	
(7) Weight and balance reports	do*	
401. Records and reports (internal and memoranda) incident to airplane accidents.	Until disposal is authorized by Civil Aeronautics Board.	M
402. Reports to Civil Aeronautics Board and other regulatory bodies of accidents involving aircraft, mechanical interruption in flight, power-plant failure, and aircraft structural failure and defects, and supporting papers therefor.	2 years	M
MISCELLANEOUS		
450. Correspondence and indexes thereto, including interoffice memoranda and working papers supporting or relating to subjects covered by other items of these regulations where necessary to a proper explanation of such related subjects.	Period prescribed for items to which related.	As may be permitted for items to which related.
451. Data relating to the destruction of records as provided in this section; authorizations and certificates executed in connection with the reproduction or destruction of records.	Permanently	M

[1] Refer to § 249.11 (e).

§ 249.12 *Effective date.* This part shall become effective January 28, 1957. The retention requirements prescribed in this part shall be applicable to all records remaining in the custody of any air carrier, subject to its provisions, upon the effective date of this regulation as well as to all records subsequently acquired. With respect to individual records, each retention period herein prescribed shall commence upon the date when the records are created or otherwise come into the possession of the air carrier.

By the Civil Aeronautics Board.

[SEAL] M. C. MULLIGAN, *Secretary.*

[F. R. Doc. 56-10531; Filed, Dec. 28, 1956; 8:45 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 6568]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

R. H. MACY & CO., INC.

Subpart—*Advertising falsely or misleadingly:* § 13.155 *Prices:* Comparative; exaggerated as regular and customary; § 13.285 *Value.* Subpart—*Neglecting, unfairly or deceptively, to make material disclosure:* § 13.1845 *Composition:* Fur Products Labeling Act.

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, sec. 8, 65 Stat. 179; 15 U. S. C. 45, 69f) [Cease and desist order, R. H. Macy & Co., Inc., New York, N. Y., Docket 6568, Dec. 12, 1956]

This proceeding was heard by a hearing examiner on the complaint of the Commission, charging a corporate seller in New York City with violating the Fur Products Labeling Act by advertisements in newspapers and by various other means which failed to disclose the names of animals producing the fur contained in certain fur products; misrepresented prices of fur products as having been reduced from regular prices which were in fact fictitious; used percentage savings claims and comparative prices not based on current market values; and misrepresented the value of certain fur products; and with failing to maintain adequate records as a basis for such representations.

At a pretrial conference, agreement was reached stating that the evidence was insufficient to support the charge of failure to maintain adequate records and that charge was dismissed. As to the remainder of the complaint, the parties entered into an agreement containing consent order to cease and desist, and, on that basis, the hearing examiner made his initial decision and order to cease and desist which became, on December 12, the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That respondent, R. H. Macy & Company, Inc., a corporation, and its officers, representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising, or offering for sale in commerce, or the transportation or distribution in commerce, of any fur products, or in connection with the sale, advertising, offering for sale, transportation, or distribution of any fur products which have been made in whole or in part of fur which has been shipped and received in commerce, as "commerce", "fur", and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement, or notice which is intended to aid, promote or assist, directly or indirectly, in the sale or offering for sale of fur products, and which:

1. Fails to disclose the name or names of the animal or animals producing the fur or furs contained in the fur products as set forth in the Fur Products Name Guide and as prescribed under the rules and regulations;

2. Represents, directly or by implication:

(a) That respondent's regular or usual price of any fur product is any amount which is in excess of the price at which the respondent has regularly or customarily sold or offered for sale in good faith fur products of like grade and quality in the recent regular course of its business;

(b) That fur products are of a certain value unless such representations or claims are true in fact;

B. Making use of comparative prices or percentage savings claims in advertising unless such compared prices or claims are based upon the current market value of the fur product or upon a bona fide compared price at a designated time.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That respondent R. H. Macy & Company, Inc., a corporation, shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order to cease and desist.

Issued: December 12, 1956.

By the Commission.

[SEAL] ROBERT M. PARRISH, *Secretary.*

[F. R. Doc. 56-10565; Filed, Dec. 28, 1956; 8:48 a. m.]

[Docket 6609]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

EMPIRE WOOLEN MILLS

Subpart—*Furnishing means and instrumentalities of misrepresentation or deception:* § 13.1055 *Furnishing means and instrumentalities of misrepresentation or deception.* Subpart—*Invoicing products falsely:* § 13.1108 *Invoicing products falsely:* Wool Products Labeling Act. Subpart—*Misbranding or mislabeling:* § 13.1190 *Composition:* Wool Products Labeling Act.

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, secs. 2-5, 54 Stat. 1128-1130; 15 U. S. C. 45, 68-68c) [Cease and desist order, Maximilian Gottlieb et al. trading as Empire Woolen Mills, Woonsocket, R. I., Docket 6609, Dec. 6, 1956]

In the Matter of Maximilian Gottlieb, and Ilona Gottlieb, Co-Partners Trading Under the Name and Style of Empire Woolen Mills

This proceeding was heard by a hearing examiner on the complaint of the Commission, charging a manufacturer of wool products at Woonsocket, R. I., with violating the Wool Products Labeling Act through representing the constituent fibers of piece goods falsely as 65 percent Beaver, 35 percent Wool, or 100 percent Wool, on attached labels, sales invoices and shipping memoranda, and on labels furnished to customers to be attached to garments manufactured from said wool products.

Following entry of an agreement between the parties containing consent order to cease and desist, the hearing examiner made his initial decision, including order to cease and desist, which became on December 6 the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That the respondents Maximilian Gottlieb and Ilona Gottlieb, trading under the name of Empire Woolen Mills, or trading under any other name; and the respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or the offering for sale, sale, transportation or distribution in commerce (as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act) of piece goods or other "wool products" (as "wool products" are defined in the Wool Products Labeling Act), do forthwith cease and desist from:

A. Misbranding such products by:

1. Attaching or using stamps, tags, labels or other means of identification which represent that such products contain a certain percentage of beaver hair or fiber which is contrary to fact;

2. Otherwise falsely or deceptively stamping, tagging, labeling or identifying such products as to the character or amount of their constituent fibers;

3. Failing to affix securely on each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool product (exclusive of ornamentation not exceeding five percentum of the total fiber weight) of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where the percentage of weight of such fiber is five percentum or more, and (5) the aggregate of all other fibers;

(b) The maximum percentage of the total weight of such wool product, of any non-fibrous loading, filling or adulterating matter;

(c) The name or the registered identification number of the manufacturer of such wool product or of one or more persons engaged in introducing such wool product into commerce, or in the offering for sale, sale, transportation, distribution, or delivery for shipment of such wool product in commerce (as "commerce" is defined in the Wool Products Labeling Act of 1939).

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of section 3 of the Wool Products Labeling Act of 1939; and

Provided further, That nothing contained in this order shall be construed as limiting any applicable provisions of said act or the rules and regulations promulgated thereunder.

It is further ordered, That respondents Maximilian Gottlieb and Ilona Gottlieb, trading under the name of Empire Woolen Mills, or trading under any other name; and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution in commerce (as "commerce" is defined in the Federal Trade Commission Act) of piece goods or other wool products, do forthwith cease and desist from:

A. Misrepresenting in invoices, shipping memoranda and by labels separately furnished or in any other manner the character or amount of the constituent fibers contained in such products.

B. Furnishing to or placing in the hands of others stamps, tags, or labels by means of which the respondents' products, or garments made from them, may be falsely or deceptively stamped, tagged, labeled or otherwise identified, either as to the character or amount of their constituent fibers or in any other respect.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: December 6, 1956.

By the Commission.

[SEAL] ROBERT M. PARRISH, *Secretary.*

[F. R. Doc. 56-10564; Filed, Dec. 28, 1956; 8:48 a. m.]

TITLE 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T. D. 54267]

PART 4—VESSELS IN FOREIGN AND DOMESTIC TRADES

PASSENGER AND CREW LISTS

The Bureau has agreed with the Immigration and Naturalization Service of the Department of Justice on a new form of combined passenger and crew list for use in complying with the requirements of both agencies. In order to provide for the use of the new form, the following changes are made in the Customs Regulations:

1. Section 4.7 (c) is amended to read as follows:

(c) The list of passengers required by the fifth subdivision of section 431, Tariff Act of 1930, and the list of the crew shall be on customs and immigration Form I-418 or on a substantially similar form. The passenger and crew list shall be presented in duplicate as a part of the manifest to the customs officer who boards the vessel. No such passenger or crew list, nor a copy of either, shall be required in the case of a vessel arriving from Canada, otherwise than by sea, at a port on the Great Lakes, or their connecting or tributary waters.[16a]

(Sec. 431, 439, 465, 581 (a), 583, 46 Stat. 710, as amended, 712, as amended, 718, 747, as amended, 748; 19 U. S. C. 1431, 1439, 1465, 1581 (a), 1583)

2. The first sentence of § 4.9 (b) is amended to read as follows: "Upon the entry of an American vessel, the master shall present to the collector, in addition to the passenger and crew lists required under § 4.7 (c), the certified copy of the crew list on customs and immigration Form I-418 obtained, in accordance with the provisions of § 4.68 (a), upon the last

previous clearance outward from the United States."

3. The citation of authority for § 4.9 is amended to read as follows:

(Secs. 434, 435, 46 Stat. 711, as amended, sec. 366, 58 Stat. 705, R. S. 4576, as amended; 19 U. S. C. 1434, 1435, 42 U. S. C. 269, 46 U. S. C. 677)

4. Section 4.50 (a) is amended to read as follows:

(a) The master of every vessel arriving at a port of the United States from foreign territory and required to make entry, except a vessel arriving from Canada, otherwise than by sea, at a port on the Great Lakes, or their connecting or tributary waters,[29] shall submit a passenger and crew list as required by § 4.7 (c) on customs and immigration Form I–418. If the vessel is arriving from noncontiguous foreign territory and is carrying steerage passengers, the additional information respecting such passengers required by Form I–418 shall be included therein.

(Sec. 431, 46 Stat. 710, as amended, sec. 9, 22 Stat. 189, as amended; 19 U. S. C. 1431, 46 U. S. C. 158)

5. Section 4.51 is amended by substituting "customs and immigration Form I–418" for "customs and immigration Forms I–415 and I–416".

6. Section 4.68 (a) is amended by substituting "customs and immigration Form I–418" for "Coast Guard Form 710–A".

The procedures prescribed in this order become effective and mandatory on March 1, 1957, and permissive, at the option of the transportation companies involved, on or after January 1, 1957.

(R. S. 161, 251, secs. 2, 3, 23 Stat. 118, as amended, 119, as amended, sec. 624, 46 Stat. 759; 5 U. S. C. 22, 19 U. S. C. 66, 1624, 46 U. S. C. 2, 3)

[SEAL] RALPH KELLY,
Commissioner of Customs.

Approved: December 18, 1956.

JAMES W. KENDALL,
Acting Secretary of the Treasury.

[F. R. Doc. 56–10625; Filed, Dec. 28, 1956; 11:14 a. m.]

[T. D. 54270]

PART 14—APPRAISEMENT

PART 16—LIQUIDATION OF DUTIES

CONVERSION OF CURRENCY

The amendments of the Customs Regulations set forth below implement the changes in section 522 (c) of the Tariff Act of 1930 (31 U. S. C. 372 (c)) made by section 3 of the Customs Simplification Act of 1956 (70 Stat. 943) relating to the use of rates of exchange certified by the Federal Reserve Bank of New York in the conversion of foreign currencies for customs purposes. Section 16.4 of the Customs Regulations is amended to provide for the use for customs purposes, in appropriate cases, of the rates first certified by the Federal Reserve Bank of New York for certain foreign currencies for a day within the quarter beginning January 1, 1957, and each quarter thereafter. And § 14.11 is amended to make clear that the general regulations issued under section 522 of the Tariff Act of 1930, as amended, are applicable where conversion of foreign currency is necessary in connection with certain matters arising under the Antidumping Act of 1921, as amended.

1. Section 14.11 is amended by substituting "section 522, Tariff Act of 1930, as amended (31 U. S. C. 372) and § 16.4 of this chapter," for "section 522, Tariff Act of 1930 (31 U. S. C. 372)".

(R. S. 161, 251, sec. 624, 46 Stat. 759; 5 U. S. C. 22, 19 U. S. C. 66, 1624)

2a. Section 16.4 of the Customs Regulations is amended by redesignating paragraphs (d) and (e) as (e) and (f) and adding a new paragraph (d) as follows:

(d) For the currency of each foreign country listed at the end of this paragraph, there will be published in the Treasury Decisions, for the quarter beginning January 1, 1957, and for each quarter thereafter, the rate or rates first certified by the Federal Reserve Bank of New York for such foreign currency for a day in that quarter. The rate or rates of exchange to be used for customs purposes for any day of exportation within the quarter shall be the rate or rates so certified and published, unless the rate or rates certified by the Federal Reserve Bank for the day of exportation (1) vary by 5 per centum or more from such first certified and published rate or rates in which case notice of such variance and the rate or rates certified for such day shall be published in the Treasury Decisions and such rate or rates shall be used for customs purposes in connection with merchandise exported on such day; or (2) vary by less than 5 per centum from the proclaimed value in which case notice of such variance shall be published in the Treasury Decisions and the proclaimed value shall be used for customs purposes in connection with merchandise exported on such day.

Australia	Japan
Austria	Mexico
Belgium	Netherlands
British Malaysia	New Zealand
Canada	Norway
Ceylon	Portugal
Finland	Sweden
France (Metropolitan)	Switzerland
Germany	Union of South Africa
India	United Kingdom
Ireland	

b. Redesignated paragraph (e) is amended by adding at the end of the first sentence "as provided in paragraphs (c) and (d) of this section".

c. Redesignated paragraph (f) is amended by substituting "(e) (4) or (5)" for "(d) (4) or (5)".

d. The citation of authority for § 16.4 is amended to read as follows: "(Secs. 505, 522, 46 Stat. 732, 739, as amended; 19 U. S. C. 1505, 31 U. S. C. 372)"

e. The second paragraph of footnote 5 appended to § 16.4 (a) is amended to read as follows:

(c) *Market rate when no proclamation.* (1) If no value has been proclaimed under subsection (a) for the quarter in which the merchandise was exported, or if the value so proclaimed varies by 5 per centum or more from a value measured by the buying rate at noon on the day of exportation, then conversion of the foreign currency involved shall be made—

(A) At a value measured by such buying rate, or

(B) If the Secretary of the Treasury shall by regulation so prescribe with respect to the particular foreign currency, at a value measured by the buying rate first certified under this subsection for a day in the quarter in which the day of exportation falls (but only if the buying rate at noon on the day of exportation does not vary by 5 per centum or more from such first-certified buying rate).

(2) For the purposes of this subsection, the term "buying rate" means the buying rate in the New York market for cable transfers payable in the foreign currency so to be converted. Such rate shall be determined by the Federal Reserve Bank of New York and certified to the Secretary of the Treasury, who shall make it public at such times and to such extent as he deems necessary. In ascertaining such buying rate, the Federal Reserve Bank of New York may, in its discretion—

(A) Take into consideration the last ascertainable transactions and quotations, whether direct or through exchange of other currencies, and

(B) If there is no market buying rate for such cable transfers, calculate such rate (i) from actual transactions and quotations in demand or time bills of exchange, or (ii) from the last ascertainable transactions and quotations outside the United States in or for exchange payable in United States currency or other currency.

(3) For the purposes of this subsection, if the day of exportation is one on which banks are generally closed in New York City, then the buying rate at noon on the last preceding business day shall be considered the buying rate at noon on the day of exportation.

(R. S. 161, 251, sec. 624, 46 Stat. 759; 5 U. S. C. 22, 19 U. S. C. 66, 1624)

Notice of the proposed issuance of the foregoing instructions was published in the FEDERAL REGISTER on December 5, 1956 (21 F. R. 9613), pursuant to section 4 of the Administrative Procedure Act (5 U. S. C. 1003). These instructions shall be effective on the date of publication in the FEDERAL REGISTER, the delayed effective date requirements of section 4 (c) of the Administrative Procedure Act being dispensed with because the instructions relate to action to be taken by customs officers and, although affecting rights of interested persons, do not require any action to be taken by such persons.

[SEAL] RALPH KELLY,
Commissioner of Customs.

Approved: December 26, 1956.

DAVID W. KENDALL,
Acting Secretary of the Treasury.

[F. R. Doc. 56–10601; Filed, Dec. 28, 1956; 8:55 a. m.]

TITLE 20—EMPLOYEES' BENEFITS

Chapter III—Bureau of Old-Age and Survivors Insurance, Social Security Administration, Department of Health, Education, and Welfare

[Reg. 1, Further Amended]

PART 401—DISCLOSURE OF OFFICIAL RECORDS AND INFORMATION

MISCELLANEOUS AMENDMENTS

Correction

In Federal Register Document 56–10051, published at page 9765 of the issue for Tuesday, December 11, 1956, the following changes should be made in § 401.3:

1. In the 27th line of paragraph (a), the word "wage" should read "earnings".

2. The eighth line of paragraph (b) should read: "such relative or legal representative in".

[Regs. 4, Further Amended]

PART 404—FEDERAL OLD-AGE AND SURVIVORS INSURANCE (1950)

"GOOD CAUSE" FOR EXTENDING TIME FOR FILING PROOF OF HUSBAND'S, WIDOWER'S, OR PARENT'S SUPPORT OR FOR FILING APPLICATION FOR LUMP-SUM DEATH PAYMENT

Regulations No. 4, as amended (20 CFR 404.1 et seq.) are further amended as follows:

1. Section 404.309 (e) is amended to read as follows:

§ 404.309 *Husband's insurance benefit; conditions of entitlement.* A husband is entitled to husband's insurance benefits if he:

* * * * *

(e) Was receiving at least one-half of his support (see § 404.332) from his wife (1) at the time she became entitled to old-age insurance benefits and he filed proof of such support within 2 years after the month in which she became so entitled, or (2) with respect to benefits under this section for months after August 1954 on the basis of applications filed after such month and then only if his wife was, without the application of section 202 (j) (1) of the act, entitled to a primary insurance benefit (see § 403.402 of this chapter, Regulations 3) under the act for August 1950, on the first day of the first month for which she was entitled to old-age insurance benefits (§ 404.303) and in which an event described in § 404.408 (a) did not occur and he filed proof of such support within 2 years after such first month (for what constitutes filing of proof of support within the 2-year period referred to in (1) above, see §§ 404.616 and 404.617); and

2. Section 404.322 (f) is amended to read as follows:

§ 404.322 *Widower's insurance benefits; conditions of entitlement.* A widower is entitled to widower's insurance benefits if he:

* * * * *

(f) Was receiving at least one-half of his support (see § 404.332) from his wife (1) at the time of her death, or at the time she became entitled to old-age insurance benefits, if she was then a currently insured individual and (except as provided in § 404.1357) filed proof of such support within 2 years after the date of her death or the month in which she became entitled to old-age insurance benefits (whichever is appropriate), or (2) with respect to benefits under this section for months after August 1954 on the basis of an application filed after such month and then only if his wife was a currently insured individual and was, without the application of section 202 (j) (1) of the act, entitled to a primary insurance benefit (see § 403.402 of this chapter, Regulations 3) under the act for August 1950, on the first day of the first month for which she was entitled to old-age insurance benefits (§ 404.303) and in which an event described in § 404.408 (a) did not occur and he filed proof of such support within 2 years after such first month (for what constitutes filing of proof of support within the 2-year period referred to in subparagraph (1) of this paragraph, see §§ 404.616 and 404.617); and

3. Section 404.328 (c) is amended to read as follows:

§ 404.328 *Parent's insurance benefits; conditions of entitlement.* A parent is entitled to parent's insurance benefits if he:

* * * * *

(c) Was receiving at least one-half of his support (see § 404.332) from such individual at the time of such individual's death and (1) (except as provided in §§ 404.1319 and 404.1357) has filed proof of such support within 2 years after the date of such death, or (2) if such individual is a fully insured individual by reason of the provisions of § 404.107 (b), has filed proof of such support prior to September 1956 (for what constitutes filing of proof of support within the 2-year period referred to above, see §§ 404.616 and 404.617); and

4. Section 404.338 (b) is amended to read as follows:

§ 404.338 *Lump-sum death payments, conditions of entitlement.* A lump sum is payable to one or more of the persons described in §§ 404.339 to 404.342, inclusive, based upon the wages and self-employment income of an individual if:

* * * * *

(b) An application (see Subpart G of this part) for such lump sum has, except as otherwise provided in Subpart G of this part or in § 404.339, been filed within 2 years after the date of death of such individual (for what constitutes filing of application within the 2-year period, see §§ 404.616 and 404.617).

5. Section 404.609 is amended by changing the period at the end of paragraph (b) to a semicolon and adding a new paragraph (c), reading:

(c) As provided in §§ 404.616 and 404.617.

6. New §§ 404.616 and 404.617 are added to follow § 404.615:

§ 404.616 *Filing of proof of support or application for lump-sum death payment after 2-year period.* In any case in which the proof of support required to be filed under § 404.309 (e), § 404.322 (f), or § 404.328 (c), or the application for the lump-sum death payment required to be filed under § 404.338 (b), is not filed within the 2-year period prescribed by the appropriate section, such proof of support or application shall nevertheless be deemed to have been filed within such 2-year period if it is filed within 2 years following the expiration of such 2-year period or on or before August 31, 1958, whichever is later, and it is determined, as provided in § 404.617, that there was good cause for failure to file such proof or application within the initial 2-year period.

§ 404.617 *"Good cause" for delayed filing of proof of support or application for lump-sum death payment*—(a) *What constitutes "good cause".* "Good cause" may be found for failure to file, within the initial 2-year period, proof of support under § 404.309 (e), § 404.322 (f), or § 404.328 (c), or application for the lump-sum death payment under § 404.338 (b), when the individual (husband, widower, parent, or lump-sum applicant, as may be appropriate) establishes to the satisfaction of the Department that such failure to file was due to:

(1) Circumstances beyond the individual's control, such as extended illness, mental or physical incapacity, or communication difficulties; or

(2) Incorrect or incomplete information furnished the individual by the Department; or

(3) Efforts by the individual to secure supporting evidence without a realization that such evidence could be submitted after filing proof of support or application; or

(4) Unusual or unavoidable circumstances, the nature of which demonstrate that the individual could not reasonably be expected to have been aware of the need to file timely the proof of support or lump-sum application.

(b) *What does not constitute "good cause."* "Good cause" for failure to file timely such proof of support or application does not exist when there is evidence of record in the Department that the individual was informed that he should file within the initial 2-year period and he failed to do so through negligence or intent not to file.

(Sec. 205, 1102, 49 Stat. 624, as amended, 647, as amended, sec. 218, 64 Stat. 514; 42 U. S. C. 405, 418, 1302)

[SEAL] C. I. SCHOTTLAND,
Commissioner of Social Security.

Approved: December 21, 1956.

M. B. FOLSOM,
Secretary of Health, Education, and Welfare.

[F. R. Doc. 56–10598; Filed, Dec. 28, 1956; 8:54 a. m.]

TITLE 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

Subchapter A—Income Tax

[T. D. 6220]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

MISCELLANEOUS AMENDMENTS

On June 26, 1956, a notice of proposed rule making regarding the regulations for taxable years beginning after December 31, 1953, and ending after August 16, 1954, under sections 102, 103, 109, 110, 111, 112, 113, 114, 115, 118, 119, 120, and 121 of the Internal Revenue Code of 1954 was published in the FEDERAL REGISTER (21 F. R. 4629). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the regulations as so published are hereby adopted, subject to the changes as set forth below:

PARAGRAPH 1. Section 1.103–1 is revised.

PAR. 2. Section 1.103–2 (a) (1) is revised by changing the fifth sentence thereof to read as follows: "Under the above-mentioned provisions, income consisting of dividends on stock of Federal land banks, national farm-loan associations, Federal home loan banks, and Federal reserve banks is not, in the case of stock issued before March 28, 1942, includible in gross income. Income consisting of dividends on share accounts of Federal savings and loan associations is includible in gross income but, in the case of shares issued before March 28, 1942, is not subject to the normal tax on income."

PAR. 3. The first sentence in § 1.103–4 (b) (1) is revised by inserting the word "income" following the word "Federal" and before the word "tax" and inserting the word "Maritime" following the word "and" and before the word "Administration".

PAR. 4. The first sentence in § 1.110–1 (a) is revised by inserting the phrase "of the Internal Revenue Code of 1954" following the term "subtitle A" and before the word "upon".

PAR. 5. Section 1.110–1 (b) is revised by inserting the phrase "of the Internal Revenue Code of 1954" following the term "subtitle A" and before the word "upon".

PAR. 6. The last sentence in § 1.111–1 (a) is revised by inserting the phrase "of 1954" following the word "Code" and before the word "or".

PAR. 7. The first sentence in § 1.111–1 (b) (2) (i) is revised by inserting the phrase "of 1954" following the word "Code" and before the word "or".

PAR. 8. Section 1.111–1 (b) (2) (ii) is revised by deleting the word "greatest" and inserting in lieu thereof the word "greater".

PAR. 9. The first sentence of § 1.111–1 (c) is revised by inserting the phrase "of 1954" following the word "Code" and before the word "shall".

PAR. 10. The second sentence of § 1.111–1 (c) is revised by inserting the phrase "of the Internal Revenue Code of 1954" following the parenthetical expression "(not including section 531 or section 541)" and before the words "or corresponding provisions".

PAR. 11. Section 1.113–1 is revised by inserting the expression "Subchapter IV of" following the word "and" and before the word "the".

PAR. 12. Section 1.119–1 (b) is revised by deleting "(1)" following the heading and by substituting "(1)", "(2)", and "(3)" for "(i)", "(ii)", and "(iii)", respectively.

PAR. 13. Section 1.121 is amended by inserting after paragraph (17) of section 121 (a) the following new paragraph:

(18) Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen's and Veterans' Survivor Benefits Act.

PAR. 14. Section 1.121 is amended by inserting after section 121 (b) the following:

(Sec. 121 (a) (18) added by section 501 (t) of P. L. 881 (84th Cong.) effective January 1, 1957)

As so changed, the regulations read as set forth below.

[SEAL] O. GORDON DELK,
Acting Commissioner of Internal Revenue.

Approved: December 21, 1956.

W. RANDOLPH BURGESS,
Acting Secretary of the Treasury.

Sec.

AUTHORITY: §§ 1.102 to 1.121 issued under sec. 7805, 68A Stat. 917; 26 U. S. C. 7805.

§ 1.102 *Statutory provisions; gifts and inheritances.*

SEC. 102. *Gifts and inheritances*—(a) *General rule.* Gross income does not include the value of property acquired by gift, bequest, devise, or inheritance.

(b) *Income.* Subsection (a) shall not exclude from gross income—

(1) The income from any property referred to in subsection (a); or

(2) Where the gift, bequest, devise, or inheritance is of income from property, the amount of such income.

Where, under the terms of the gift, bequest, devise, or inheritance, the payment, crediting, or distribution thereof is to be made at intervals, then, to the extent that it is paid or credited or to be distributed out of income from property, it shall be treated for purposes of paragraph (2) as a gift, bequest, devise, or inheritance of income from property. Any amount included in the gross income of a beneficiary under subchapter J shall be treated for purposes of paragraph (2) as a gift, bequest, devise, or inheritance of income from property.

§ 1.102–1 *Gifts and inheritances*—(a) *General rule.* Property received as a gift, or received under a will or under statutes of descent and distribution, is not includible in gross income, although the income from such property is includible in gross income. An amount of principal paid under a marriage settlement is a gift. However, see section 71 and the regulations thereunder for rules relating to alimony or allowances paid upon divorce or separation. Section 102 does not apply to prizes and awards (see section 74 and § 1.74–1) nor to scholarships and fellowship grants (see section 117 and the regulations thereunder).

(b) *Income from gifts and inheritances.* The income from any property received as a gift, or under a will or statute of descent and distribution shall not be excluded from gross income under paragraph (a) of this section.

(c) *Gifts and inheritances of income.* If the gift, bequest, devise, or inheritance is of income from property, it shall not be

excluded from gross income under paragraph (a) of this section. Section 102 provides a special rule for the treatment of certain gifts, bequests, devises, or inheritances which by their terms are to be paid, credited, or distributed at intervals. Except as provided in section 663 (a) (1) and paragraph (d) of this section, to the extent any such gift, bequest, devise, or inheritance is paid, credited, or to be distributed out of income from property, it shall be considered a gift, bequest, devise, or inheritance of income from property. Section 102 provides the same treatment for amounts of income from property which is paid, credited, or to be distributed under a gift or bequest whether the gift or bequest is in terms of a right to payments at intervals (regardless of income) or is in terms of a right to income. To the extent the amounts in either case are paid, credited, or to be distributed at intervals out of income, they are not to be excluded under section 102 from the taxpayer's gross income.

(d) *Effect of subchapter J.* Any amount required to be included in the gross income of a beneficiary under sections 652, 662, or 668 shall be treated for purposes of this section as a gift, bequest, devise, or inheritance of income from property. On the other hand, any amount excluded from the gross income of a beneficiary under section 663 (a) (1) shall be treated for purposes of this section as property acquired by gift, bequest, devise, or inheritance.

(e) *Income taxed to grantor or assignor.* Section 102 is not intended to tax a donee upon the same income which is taxed to the grantor of a trust or assignor of income under section 61 or sections 671 through 677, inclusive.

§ 1.103 *Statutory provisions; interest on certain governmental obligations.*

SEC. 103. *Interest on certain governmental obligations*—(a) *General rule.* Gross income does not include interest on—

(1) The obligations of a State, a Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia;

(2) The obligations of the United States; or

(3) The obligations of a corporation organized under act of Congress, if such corporation is an instrumentality of the United States and if under the respective acts authorizing the issue of the obligations the interest is wholly exempt from the taxes imposed by this subtitle.

(b) *Exception.* Subsection (a) (2) shall not apply to interest on obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit, to the extent they represent deposits made before March 1, 1941), unless under the respective acts authorizing the issuance thereof such interest is wholly exempt from the taxes imposed by this subtitle.

(c) *Cross references.* For provisions relating to the taxable status of—

(1) Bonds and certificates of indebtedness authorized by the First Liberty Bond Act, see sections 1 and 6 of that Act (40 Stat. 35, 36; 31 U. S. C. 746, 755);

(2) Bonds issued to restore or maintain the gold reserve, see section 2 of the Act of March 14, 1900 (31 Stat. 46; 31 U. S. C. 408);

(3) Bonds, notes, certificates of indebtedness, and Treasury bills authorized by the Second Liberty Bond Act, see sections 4, 5 (b) and (d), 7, 18 (b), and 22 (d) of that Act, as amended (40 Stat. 290; 46 Stat. 20, 775; 40 Stat. 291, 1310; 55 Stat. 8; 31 U. S. C. 752a, 754, 747, 753, 757c);

(4) Bonds, notes, and certificates of indebtedness of the United States and bonds of the War Finance Corporation owned by certain nonresidents, see section 3 of the Fourth Liberty Bond Act, as amended (40 Stat. 1311, § 4; 31 U. S. C. 750);

(5) Certificates of indebtedness issued after February 4, 1910, see section 2 of the Act of that date (36 Stat. 192; 31 U. S. C. 769);

(6) Consols of 1930, see section 11 of the Act of March 14, 1900 (31 Stat. 48; 31 U. S. C. 751);

(7) Obligations and evidences of ownership issued by the United States or any of its agencies or instrumentalities on or after March 28, 1942, see section 4 of the Public Debt Act of 1941, as amended (c. 147, 61 Stat. 180; 31 U. S. C. 742a);

(8) Commodity Credit Corporation obligations, see section 5 of the Act of March 8, 1938 (52 Stat. 108; 15 U. S. C. 713a–5);

(9) Debentures issued by Federal Housing Administrator, see sections 204 (d) and 207 (i) of the National Housing Act, as amended (52 Stat. 14, 20; 12 U. S. C. 1710, 1713);

(10) Debentures issued to mortgagees by United States Maritime Commission, see section 1105 (c) of the Merchant Marine Act, 1936, as amended (52 Stat. 972; 46 U. S. C. 1275);

(11) Federal Deposit Insurance Corporation obligations, see section 15 of the Federal Deposit Insurance Act (64 Stat. 890; 12 U. S. C. 1825);

(12) Federal Home Loan Bank obligations, see section 13 of the Federal Home Loan Bank Act, as amended (49 Stat. 295, § 8; 12 U. S. C. 1433);

(13) Federal savings and loan association loans, see section 5 (h) of the Home Owners' Loan Act of 1933, as amended (48 Stat. 133; 12 U. S. C. 1464);

(14) Federal Savings and Loan Insurance Corporation obligations, see section 402 (e) of the National Housing Act (48 Stat. 1257; 12 U. S. C. 1725);

(15) Home Owners' Loan Corporation bonds, see section 4 (c) of the Home Owners' Loan Act of 1933, as amended (48 Stat. 644, c. 168; 12 U. S. C. 1463);

(16) Obligations of Central Bank for Cooperatives, production credit corporations, production credit associations, and banks for cooperatives, see section 63 of the Farm Credit Act of 1933 (48 Stat. 267; 12 U. S. C. 1138c);

(17) Panama Canal bonds, see section 1 of the Act of December 21, 1904 (34 Stat. 5; 31 U. S. C. 743), section 8 of the Act of June 28, 1902 (32 Stat. 484; 31 U. S. C. 744), and section 39 of the Tariff Act of 1909 (36 Stat. 117; 31 U. S. C. 745);

(18) Philippine bonds, etc., issued before the independence of the Philipipnes, see section 9 of the Philippine Independence Act (48 Stat. 463; 48 U. S. C. 1239);

(19) Postal savings bonds, see section 10 of the Act of June 25, 1910 (36 Stat. 817; 39 U. S. C. 760);

(20) Puerto Rican bonds, see section 3 of the Act of March 2, 1917, as amended (50 Stat. 844; 48 U. S. C. 745);

(21) Treasury notes issued to retire national bank notes, see section 18 of the Federal Reserve Act (38 Stat. 268; 12 U. S. C. 447);

(22) United States Housing Authority obligations, see sections 5 (e) and 20 (b) of the United States Housing Act of 1937 (50 Stat. 890, 898; 42 U. S. C. 1405, 1420);

(23) Virgin Islands insular and municipal bonds, see section 1 of the Act of October 27, 1949 (63 Stat. 940; 48 U. S. C. 1403).

§ 1.103.1 *Interest upon obligations of a State, Territory, etc.* Interest upon the obligations of a State, Territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia is not includible in gross income. Obligations issued by or on behalf of the State, Territory, or possession of the United States, or a duly organized political subdivision acting by constituted authorities empowered to issue such obligations, are the obligations of a State, Territory, or possession of the United States, or a political subdivision thereof. Certificates issued by a political subdivision for public improvements (such as sewers, sidewalks, streets, etc.) which are evidence of special assessments against specific property, which assessments become a lien against such property and which the political subdivision is required to enforce, are, for purposes of this section, obligations of the political subdivision even though the obligations are to be satisfied out of special funds and not out of general funds or taxes. The term "political subdivision", for purposes of this section, denotes any division of the State, Territory, or possession of the United States which is a municipal corporation, or to which has been delegated the right to exercise part of the sovereign power of the State, Territory, or possession of the United States. As thus defined, a political subdivision of a State, Territory, or possession of the United States may or may not, for purposes of this section, include special assessment districts so created, such as road, water, sewer, gas, light reclamation, drainage, irrigation, levee, school, harbor, port improvement, and similar districts and divisions of a State, Territory, or possession of the United States.

§ 1.103–2 *Dividends from shares and stock of Federal agencies or instrumentalities*—(a) *Issued before March 28, 1942.* (1) Section 26 of the Federal Farm Loan Act of July 17, 1916 (12 U. S. C. 931), provides that Federal land banks and national farm-loan associations, including the capital and reserve or surplus therein and the income derived therefrom, shall be exempt from taxation, except taxes upon real estate. Section 7 of the Federal Reserve Act of December 23, 1913 (12 U. S. C. 531), provides that Federal reserve banks, including the capital stock and surplus therein and the income derived therefrom, shall be exempt from taxation, except taxes upon real estate. Section 13 of the Federal Home Loan Bank Act (12 U. S. C. 1433) provides that the Federal Home Loan Bank including its franchise, its capital, reserves, and surplus, its advances, and its income shall be exempt from all taxation, except taxes upon real estate. Section 5 (h) of the Home Owners' Loan Act of 1933 (12 U. S. C. 1464 (h)) provides that shares of Federal savings and loan associations shall, both as to their value and the income therefrom, be exempt from all taxation (except surtaxes, estate, inheritance, and gift taxes) imposed by the United States. Under the above-mentioned provisions, income consisting of dividends on stock of Federal land banks, national farm-loan associations, Federal home loan banks, and Federal reserve banks is not, in the case of stock issued before March 28, 1942, includible in gross income. In-

come consisting of dividends on share accounts of Federal savings and loan associations is includible in gross income but, in the case of shares issued before March 28, 1942, is not subject to the normal tax on income. For taxability of such income in the case of such stock or shares issued on or after March 28, 1942, see section 6 of the Public Debt Act of 1942 (31 U. S. C. 742a) and paragraph (b) of this section. For the time at which a stock or share is issued within the meaning of this section, see paragraph (b) of this section.

(2) Regardless of the exemption from income tax of dividends paid on the stock of Federal reserve banks, dividends paid by member banks are treated like dividends of ordinary corporations.

(3) Dividends on the stock of the central bank for cooperatives, the production credit corporations, production credit associations, and banks for cooperatives, organized under the provisions of the Farm Credit Act of 1933, constitute income to the recipients, subject to both the normal tax and surtax (see section 63 of the Farm Credit Act of 1933 (12 U. S. C. 1138c)).

(b) *Issued on or after March 28, 1942.* (1) By virtue of the provisions of section 6 of the Public Debt Act of 1942, the tax exemption provisions set forth in paragraph (a) of this section with respect to income consisting of dividends on stock of the Federal land banks, national farm-loan associations, and Federal reserve banks, or on share accounts of Federal savings and loan associations, are not applicable in the case of dividends on such stock or shares issued on or after March 28, 1942.

(2) For the purposes of this section, a stock or share is deemed to be issued at the time and to the extent that payment therefor is made to the agency or instrumentality. The date of issuance of the certificate or other evidence of ownership of such stock or share is not determinative if payment is made at an earlier or later date. Where old stock is retired in exchange for new stock of a different character or preference, the new stock shall be deemed to have been issued at the time of the exchange rather than when the old stock was paid for. These rules may be illustrated by the following examples:

Example (1). A, the owner of an investment share account, consisting of 10 shares, in a Federal savings and loan association, has a single certificate issued before March 28, 1942, evidencing such ownership. In order that A may dispose of half of such shares, the association at his request issues, after March 27, 1942, two 5-share certificates in substitution for the 10-share certificate. The shares evidenced by the two new certificates are deemed to have been issued before March 28, 1942, the shares having been paid for before such date.

Example (2). The X Bank, a member of a Federal reserve bank, owns 50 shares of Federal reserve bank stock, evidenced by a single stock certificate issued before March 28, 1942. On December 31, 1942, the X Bank reduces the amount of its capital stock, as a result of which it is required to reduce the amount of its Federal reserve bank stock to 40 shares. It surrenders the 50-share certificate to the Federal reserve bank and receives a new 40-share certificate. The 40 shares evidenced by such certificate are deemed to have been issued before March 28, 1942. On December 31, 1943, the X Bank increases the amount of its capital stock, as a result of which it is required to purchase 10 additional shares of the Federal reserve bank stock. The Federal reserve bank issues a 10-share certificate evidencing ownership of the new shares. Of the 50 shares then owned by the X Bank, 40 were issued prior to March 28, 1942, and 10 were issued after March 27, 1942.

Example (3). A, the owner of a savings share account in the amount of $100 in a Federal savings and loan association, has a passbook containing a certificate issued prior to March 28, 1942, evidencing such ownership. Subsequent to March 27, 1942, A deposits $10,000 in the account. With respect to the $10,000 deposit, the share is deemed to have been issued after March 27, 1942.

§ 1.103–3 *Interest upon notes secured by mortgages executed to Federal agencies or instrumentalities.* Section 26 of the Federal Farm Loan Act of July 17, 1916 (12 U. S. C. 931), and section 210 of such act, as added by section 2 of the act of March 4, 1923 (12 U. S. C. 1111), provide that first mortgages executed to Federal land banks, joint-stock land banks, or Federal intermediate credit banks, and the income derived therefrom, shall be exempt from taxation. Accordingly, income consisting of interest on promisory notes held by such banks and secured by such first mortgages is not subject to the income tax.

§ 1.103–4 *Interest upon United States obligations*—(a) *Issued before March 1, 1941.* (1) Interest upon obligations of the United States issued on or before September 1, 1917, is exempt from tax. In the case of obligations issued by the United States after September 1, 1917, and in the case of obligations of a corporation organized under act of Congress, if such corporation is an instrumentality of the United States, the interest is exempt from tax only if and to the extent provided in the acts authorizing the issue thereof, as amended and supplemented.

(2) Interest on Treasury bonds issued before March 1, 1941, is exempt from Federal income taxes except surtaxes imposed upon the income or profits of individuals, associations, or corporations. However, interest on an aggregate of not exceeding $5,000 principal amount of such bonds is also exempt from surtaxes. Interest in excess of the interest on an aggregate of not exceeding $5,000 principal amount of such bonds is subject to surtax and must be included in gross income.

(3) Interest credited to postal savings accounts upon moneys deposited before March 1, 1941, in postal savings banks is wholly exempt from income tax.

(b) *Issued on or after March 1, 1941.* (1) Under the provisions of sections 4 and 5 of the Public Debt Act of 1941, interest upon obligations issued on or after March 1, 1941, by the United States, or any agency or instrumentality thereof, shall not have any exemption, as such, from Federal income tax except in respect of any such obligations which the Federal Maritime Board and Maritime Administration (formerly United States Maritime Commission) or the Federal Housing Administration has, before March 1, 1941, contracted to issue at a future date. The interest on such obligations so contracted to be issued shall bear such tax-exemption privileges as were at the time of such contract provided in the law authorizing their issuance. For the purposes hereof, under section 4 (a) of the Public Debt Act of 1941, a Territory and a possession of the United States (or any political subdivisions thereof), and the District of Columbia, and any agency or instrumentality of any one or more of the foregoing, shall not be considered as an agency or instrumentality of the United States.

(2) In the case of obligations issued as the result of a refunding operation, as, for example, where a corporation exchanges bonds for previously issued bonds, the refunding obligations are deemed, for the purposes of this section, to have been issued at the time of the exchange rather than at the time the original bonds were issued.

§ 1.103–5 *Treasury bond exemption in the case of trusts or partnerships.* (a) When the income of a trust is taxable to beneficiaries, as in the case of a trust the income of which is to be distributed to the beneficiaries currently, each beneficiary is entitled to exemption as if he owned directly a proportionate part of the Treasury bonds held in trust. When, on the other hand, income is taxable to the trustee, as in the case of a trust the income of which is accumulated for the benefit of unborn or unascertained persons, the trust, as the owner of the bonds held in trust, is entitled to the exemption on account of such ownership. In general, see sections 652 (b) and 662 (b) and the regulations thereunder.

(b) As the income of a partnership is taxable to the individual partners, each partner is entitled to exemption as if he owned directly a proportionate part of the bonds held by the partnership. For rules relating to partially tax-exempt interest see section 702 (a) (7) and the regulations thereunder.

§ 1.103–6 *Interest upon United States obligations in the case of nonresident aliens and foreign corporations, not engaged in business in the United States.* By virtue of section 4 of the Victory Liberty Loan Act of March 3, 1919 (31 U. S. C. 750), amending section 3 of the Fourth Liberty Bond Act of July 9, 1918 (31 U. S. C. 750), the interest received on and after March 3, 1919, on bonds, notes, and certificates of indebtedness of the United States while beneficially owned by a nonresident alien individual, or a foreign corporation, partnership, or association, if such individual, corporation, partnership, or association is not engaged in business in the United States, is exempt from income taxes. Such exemption applies only to such bonds, notes, or certificates as have been issued before March 1, 1941. Interest derived by a nonresident alien individual, or by a foreign corporation, partnership, or association on such bonds, notes, or certificates issued on or after March 1, 1941, is subject to tax as in the case of taxpayers generally as provided in § 1.103–4 (b).

§ 1.109 *Statutory provisions; improvements by lessee on lessor's property.*

SEC. 109. *Improvements by lessee on lessor's property.* Gross income does not include income (other than rent) derived by a lessor of real property on the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.

§ 1.109–1 *Exclusion from gross income of lessor of real property of value of improvements erected by lessee.* (a) Income derived by a lessor of real property upon the termination, through forfeiture or otherwise, of the lease of such property and attributable to buildings erected or other improvements made by the lessee upon the leased property is excluded from gross income. However, where the facts disclose that such buildings or improvements represent in whole or in part a liquidation in kind of lease rentals, the exclusion from gross income shall not apply to the extent that such buildings or improvements represent such liquidation. The exclusion applies only with respect to the income realized by the lessor upon the termination of the lease and has no application to income, if any, in the form of rent, which may be derived by a lessor during the period of the lease and attributable to buildings erected or other improvements made by the lessee. It has no application to income which may be realized by the lessor upon the termination of the lease but not attributable to the value of such buildings or improvements. Neither does it apply to income derived by the lessor subsequent to the termination of the lease incident to the ownership of such buildings or improvements.

(b) The provisions of this section may be illustrated by the following example:

Example. The A Corporation leased in 1945 for a period of 50 years unimproved real property to the B Corporation under a lease providing that the B Corporation erect on the leased premises an office building costing $500,000, in addition to paying the A Corporation a lease rental of $10,000 per annum beginning on the date of completion of the improvements, the sum of $100,000 being placed in escrow for the payment of the rental. The building was completed on January 1, 1950. The lease provided that all improvements made by the lessee on the leased property would become the absolute property of the A Corporation on the termination of the lease by forfeiture or otherwise and that the lessor would become entitled on such termination to the remainder of the sum, if any, remaining in the escrow fund. The B Corporation forfeited its lease on January 1, 1955, when the improvements had a value of $100,000. Under the provisions of section 109, the $100,000 is excluded from gross income. The amount of $50,000 representing the remainder in the escrow fund is forfeited to the A Corporation and is included in the gross income of that taxpayer. As to the basis of the property in the hands of the A Corporation, see § 1.1019–1.

§ 1.110 *Statutory provisions: income taxes paid by lessee corporation.*

SEC. 110. *Income taxes paid by lessee corporation.* If—

(1) A lease was entered into before January 1, 1954,

(2) Both lessee and lessor are corporations, and

(3) Under the lease, the lessee is obligated to pay, or to reimburse the lessor for, any part of the tax imposed by this subtitle on the lessor with respect to the rentals derived by the lessor from the lessee,

then gross income of the lessor does not include such payment or reimbursement, and no deduction for such payment or reimbursement shall be allowed to the lessee. For purposes of the preceding sentence, a lease shall be considered to have been entered into before January 1, 1954, if it is a renewal or continuance of a lease entered into before such date and if such renewal or continuance was made in accordance with an option contained in the lease on December 31, 1953.

§ 1.110–1 *Income taxes paid by lessee corporation.* (a) If a lease was entered into before January 1, 1954, if both lessee and lessor are corporations, and if, under the lease, the lessee is obligated to pay, or to reimburse the lessor for, any portion of the tax imposed by subtitle A of the Internal Revenue Code of 1954 upon the lessor with respect to the rentals derived by the lessor from such lease, such payment or reimbursement of tax shall be excluded from gross income of the lessor and no deduction therefor shall be allowed to the lessee. For purposes of this section, a renewal or continuance after December 31, 1953, of a lease entered into before January 1, 1954, shall be considered a lease entered into before January 1, 1954, if such renewal or continuance is made in accordance with an option contained in the original lease on December 31, 1953, or in accordance with an option contained (on December 31, 1953) in an instrument by which the original lease was renewed or continued. Thus, assume that a corporation lessor and a corporation lessee enter into a lease on January 1, 1947. The lease expires on December 31, 1953, but may be renewed for two years at the option of the lessee. On December 31, 1953, the lessee exercises his option, and the parties further agree, in writing, that the terms of the lease may be extended for an additional two years at the lessee's option. On December 31, 1955, the lessee exercises his option. The renewal period covering 1954 and 1955 are controlled by the provisions of section 110. Similarly, section 110 is applicable to the second two-year period to which the lease has been extended. However, section 110 would not be applicable to any further extension of the terms of the lease, since such further extension would not be made pursuant to an option existing on December 31, 1953.

(b) In the case of a lease to which the provisions of section 110 are not applicable, any amounts paid or reimbursed by the lessee corporation with respect to taxes imposed by subtitle A of the Internal Revenue Code of 1954 upon the lessor corporation for rentals derived by the lessor corporation under such lease shall be included in the gross income of the lessor corporation and shall, if otherwise allowable, be allowed as a deduction to the lessee corporation.

§ 1.111 *Statutory provisions; recovery of bad debts, prior taxes, and delinquency amounts.*

SEC. 111. *Recovery of bad debts, prior taxes, and delinquency amounts*—(a) *General rule.* Gross income does not include income attributable to the recovery during the taxable year of a bad debt, prior tax, or delinquency amount, to the extent of the amount of the recovery exclusion with respect to such debt, tax, or amount.

(b) *Definitions.* For purposes of subsection (a)—

(1) *Bad debt.* The term "bad debt" means a debt on account of the worthlessness or partial worthlessness of which a deduction was allowed for a prior taxable year.

(2) *Prior tax.* The term "prior tax" means a tax on account of which a deduction or credit was allowed for a prior taxable year.

(3) *Delinquency amount.* The term "delinquency amount" means an amount paid or accrued on account of which a deduction or credit was allowed for a prior taxable year and which is attributable to failure to file return with respect to a tax, or pay a tax, within the time required by the law under which the tax is imposed, or to failure to file return with respect to a tax or pay a tax.

(4) *Recovery exclusion.* The term "recovery exclusion", with respect to a bad debt, prior tax, or delinquency amount, means the amount, determined in accordance with regulations prescribed by the Secretary or his delegate, of the deductions or credits allowed, on account of such bad debt, prior tax, or delinquency amount, which did not result in a reduction of the taxpayer's tax under this subtitle (not including the accumulated earnings tax imposed by section 531 or the tax on personal holding companies imposed by section 541) or corresponding provisions of prior income tax laws (other than subchapter E of chapter 2 of the Internal Revenue Code of 1939, relating to World War II excess profits tax), reduced by the amount excludable in previous taxable years with respect to such debt, tax, or amount under this section.

(c) *Special rules for accumulated earnings tax and for personal holding company tax.* In applying subsections (a) and (b) for the purpose of determining the accumulated earnings tax under section 531 or the tax under section 541 (relating to personal holding companies)—

(1) A recovery exclusion allowed for purposes of this subtitle (other than section 531 or section 541) shall be allowed whether or not the bad debt, prior tax, or delinquency amount resulted in a reduction of the tax under section 531 or the tax under section 541 for the prior taxable year; and

(2) Where a bad debt, prior tax, or delinquency amount was not allowable as a deduction or credit for the prior taxable year for purposes of this subtitle other than of section 531 or section 541 but was allowable for the same taxable year under section 531 or section 541, then a recovery exclusion shall be allowable if such bad debt, prior tax, or delinquency amount did not result in a reduction of the tax under section 531 or the tax under section 541.

§ 1.111–1 *Recovery of certain items previously deducted or credited*—(a) *General.* Section 111 provides that income attributable to the recovery during any taxable year of bad debts, prior taxes, and delinquency amounts shall be excluded from gross income to the extent of the "recovery exclusion" with respect to such items. The rule of exclusion so prescribed by statute applies equally with respect to all other losses, expenditures, and accruals made the basis of deductions from gross income for prior taxable years, including war losses referred to in section 127 of the Internal Revenue Code of 1939, but not including deductions with respect to depreciation, depletion, amortization, or amortizable

bond premiums. The term "recovery exclusion" as used in this section means an amount equal to the portion of the bad debts, prior taxes, and delinquency amounts (the items specifically referred to in section 111), and of all other items subject to the rule of exclusion which, when deducted or credited for a prior taxable year, did not result in a reduction of any tax of the taxpayer under subtitle A (other than the accumulated earnings tax imposed by section 531 or the personal holding company tax imposed by section 541) of the Internal Revenue Code of 1954 or corresponding provisions of prior income tax laws (other than the World War II excess profits tax imposed under subchapter E of chapter 2 of the Internal Revenue Code of 1939).

(1) *Section 111 items.* The term "section 111 items" as used in this section means bad debts, prior taxes, delinquency amounts, and all other items subject to the rule of exclusion, for which a deduction or credit was allowed for a prior taxable year. If a bad debt was previously charged against a reserve by a taxpayer on the reserve method of treating bad debts, it was not deducted, and it is therefore not considered a section 111 item. Bad debts, prior taxes, and delinquency amounts are defined in section 111 (b) (1), (2), and (3), respectively. An example of a delinquency amount is interest on delinquent taxes. An example of the other items not expressly referred to in section 111 but nevertheless subject to the rule of exclusion is a loss sustained upon the sale of stock and later recovered, in whole or in part, through an action against the party from whom such stock had been purchased.

(2) *Definition of "recovery."* Recoveries result from the receipt of amounts in respect of the previously deducted or credited section 111 items, such as from the collection or sale of a bad debt, refund or credit of taxes paid, or cancellation of taxes accrued. Care should be taken in the case of bad debts which were treated as only partially worthless in prior years to distinguish between the item described in section 111, that is, the part of such debt which was deducted, and the part not previously deducted, which is not a section 111 item and is considered the first part collected. The collection of the part not deducted is not considered a "recovery." Furthermore, the term "recovery" does not include the gain resulting from the receipt of an amount on account of a section 111 item which, together with previous such receipts, exceeds the deduction or credit previously allowed for such item. For instance, a $100 corporate bond purchased for $40 and later deducted as worthless is subsequently collected to the extent of $50. The $10 gain (excess of $50 collection over $40 cost) is not a recovery of a section 111 item. Such gain is in no case excluded from gross income under section 111, regardless of whether the $40 recovery is or is not excluded.

(3) *Treatment of debt deducted in more than one year by reason of partial worthlessness.* In the case of a bad debt deducted in part for two or more prior years, each such deduction of a part of the debt is considered a separate section 111 item. A recovery with respect to such debt is considered first a recovery of those items (or portions thereof), resulting from such debt, for which there are recovery exclusions. If there are recovery exclusions for two or more items resulting from the same bad debt, such items are considered recovered in the order of the taxable years for which they were deducted, beginning with the latest. The recovery exclusion for any such item is determined by considering the recovery exclusion with respect to the prior year for which such item was deducted as being first used to offset all other applicable recoveries in the year in which the bad debt is recovered.

(4) *Special provisions as to worthless bonds, etc., which are treated as capital losses.* Certain bad debts arising from the worthlessness of securities and certain nonbusiness bad debts are treated as losses from the sale or exchange of capital assets. See sections 165 (g) and 166 (d). The amounts of the deductions allowed for any year under section 1211 on account of such losses for such year are considered to be section 111 items. Any part of such losses which, under section 1211, is a deduction for a subsequent year through the capital loss carryover (any later receipt of an amount with respect to such deducted loss is a recovery) is considered a section 111 item for the year in which such loss was sustained.

(b) *Computation of recovery exclusion*—(1) *Amount of recovery exclusion allowable for year of recovery.* For the year of any recovery, the section 111 items which were deducted or credited for one prior year are considered as a group and the recovery thereon is considered separately from recoveries of any items which were deducted or credited for other years. This recovery is excluded from gross income to the extent of the recovery exclusion with respect to this group of items as (i) determined for the original year for which such items were deducted or credited (see subparagraph (2) of this paragraph) and (ii) reduced by the excludable recoveries in intervening years on account of all section 111 items for such original year. A taxpayer claiming a recovery exclusion shall submit, at the time the exclusion is claimed, the computation of the recovery exclusion claimed for the original year for which the items were deducted or credited, and computations showing the amount recovered in intervening years on account of the section 111 items deducted or credited for the original year.

(2) *Determination of recovery exclusion for original year for which items were deducted or credited.* (i) The recovery exclusion for the taxable year for which section 111 items were deducted or credited (that is, the "original taxable year") is the portion of the aggregate amount of such deductions and credits which could be disallowed without causing an increase in any tax of the taxpayer imposed under subtitle A (other than the accumulated earnings tax imposed by section 531 or the personal holding company tax imposed by section 541) of the Internal Revenue Code of 1954 or corresponding provisions of prior income tax laws (other than the World War II excess profits tax imposed under subchapter E of chapter 2 of the Internal Revenue Code of 1939). For the purpose of such recovery exclusion, consideration must be given to the effect of net operating loss carryovers and carrybacks or capital loss carryovers.

(ii) This rule shall be applied by determining the recovery exclusion as the aggregate amount of the section 111 items for the original year for which such items were deducted or credited reduced by whichever of the following amounts is the greater:

(*a*) The difference between (*1*) the taxable income for such original year and (*2*) the taxable income computed without regard to the section 111 items for such original year.

(*b*) In the case of a taxpayer subject to any income tax in lieu of normal tax or surtax or both (except the alternative tax on capital gains imposed by section 1201, which is disregarded), the difference between (*1*) the income subject to such tax for such original year and (*2*) the income subject to such tax computed without regard to the section 111 items for such original year.

(Neither the amount determined under (*1*) nor the amount under (*2*) of (*a*) or (*b*) of this subdivision shall in any case be considered less than zero.) For this determination of the recovery exclusion, the aggregate of the section 111 items must be further decreased by the portion thereof which caused a reduction in tax in preceding or succeeding taxable years through any net operating loss carryovers or carrybacks or capital loss carryovers affected by such items. This decrease is the aggregate of the largest amount determined for each of such preceding and succeeding years under (*a*) and (*b*) of this subdivision, the computation of each carryover or carryback to the preceding or succeeding year being made under (*1*) of (*a*) and (*b*) of this subdivision with regard to the section 111 items for the original year and such computation being made under (*2*) of (*a*) and (*b*) of this subdivision without regard to such items. For the purpose of the preceding sentence, the computations under both (*1*) and (*2*) of (*a*) and (*b*) of this subdivision shall be made without regard to any section 111 items for such preceding or succeeding year and the carryovers and carrybacks to such year shall be determined without regard to any section 111 items for years subsequent to the original year.

(iii) The determination of the recovery exclusion for original taxable years subject to the provisions of the Internal Revenue Code of 1939 shall be made under § 39.22 (b) (12)–1 (b) (2) of Regulations 118.

(3) *Example.* The provisions of this paragraph may be illustrated by the following example:

Example. A single individual with no dependents has for his 1954 taxable year the following income and deductions:

	With deduction of section 111 items	Without deduction of section 111 items
Gross income	$25,000	$25,000
Less deductions:		
Depreciation	20,000	20,000
Business bad debts and taxes	6,300	
Personal exemption	600	600
	26,900	20,600
Taxable income or (loss)	(1,900)	4,400
Adjustment under section 172 (d) (4)	600	
Net operating loss	(1,300)	

The full amount of the net operating loss of $1,300 is carried back and allowed as a deduction for 1952. The aggregate of the section 111 items for 1954 is $6,300 (bad debts and taxes). The recovery exclusion on account of section 111 items for 1954 is $600, determined by reducing the $6,300 aggregate of the section 111 items by $5,700, i. e., the sum of (1) the difference between the amount of the taxable income for 1954 computed without regard to the section 111 items ($4,400) and the amount of the taxable income for 1954 (not less than zero) computed by taking such items into account, and (2) the amount of the net operating loss ($1,300) which caused the reduction in tax for 1952 by reason of the carryback provisions. If in 1956 the taxpayer recovers $400 of the bad debts, all of the recovery is excluded from the income by reason of the recovery exclusion of $600 determined for the original year 1954. If in 1957 the taxpayer recovers an additional $300 of the bad debts, only $200 is excluded from gross income. That is, the recovery exclusion of $600 determined for the original year 1954 is reduced by the $400 recovered in 1956, leaving a balance of $200 which is used in 1957. The balance of the amount recovered in 1957, $100 ($300 less $200), is included in gross income for 1957.

(c) *Provisions as to taxes imposed by section 531 (relating to the accumulated earnings tax) and section 541 (relating to the tax on personal holding companies).* A recovery exclusion allowed for purposes of subtitle A (other than section 531 or section 541) of the Internal Revenue Code of 1954 shall also be allowed for the purpose of determining the accumulated earnings tax under section 531 or the personal holding company tax under section 541 regardless of whether or not the section 111 items on which such recovery exclusion is based resulted in a reduction of the tax under section 531 or section 541 of the Internal Revenue Code of 1954 (or corresponding provisions of prior income tax laws) for the prior taxable year. Furthermore, if there is recovery of a section 111 item which was not allowable as a deduction or credit for the prior taxable year for purposes of subtitle A (not including section 531 or section 541) or corresponding provisions of prior income tax laws (other than subchapter E of chapter 2 of the Internal Revenue Code of 1939, relating to World War II excess profits tax), but was allowable for such prior taxable year in determining the tax under section 531 or section 541 (or corresponding provisions of prior income tax laws) then for the purpose of determining the tax under section 531 or section 541 a recovery exclusion shall be allowable with respect to such recovery if the section 111 item did not result in a reduction of the tax under section 531 or section 541 (or corresponding provisions of prior income tax laws).

§ 1.112. *Statutory provisions; certain combat pay of members of the Armed Forces.*

SEC. 112. *Certain combat pay of members of the Armed Forces*—(a) *Enlisted personnel.* Gross income does not include compensation received for active service as a member below the grade of commissioned officer in the Armed Forces of the United States for any month during any part of which such member—

(1) Served in a combat zone during an induction period, or

(2) Was hospitalized as a result of wounds, disease, or injury incurred while serving in a combat zone during an induction period; but this paragraph shall not apply for any month during any part of which there are no combatant activities in any combat zone as determined under subsection (c) (3) of this section.

(b) *Commissioned officers.* Gross income does not include so much of the compensation as does not exceed $200 received for active service as a commissioned officer in the Armed Forces of the United States for any month during any part of which such officer—

(1) Served in a combat zone during an induction period, or

(2) Was hospitalized as a result of wounds, disease, or injury incurred while serving in a combat zone during an induction period; but this paragraph shall not apply for any month during any part of which there are no combatant activities in any combat zone as determined under subsection (c) (3) of this section.

(c) *Definitions.* For purposes of this section—

(1) The term "commissioned officer" does not include a commissioned warrant officer.

(2) The term "combat zone" means any area which the President of the United States by Executive Order designates, for purposes of this section or corresponding provisions of prior income tax laws, as an area in which Armed Forces of the United States are or have (after June 24, 1950) engaged in combat.

(3) Service is performed in a combat zone only if performed on or after the date designated by the President by Executive Order as the date of the commencing of combatant activities in such zone, and on or before the date designated by the President by Executive Order as the date of the termination of combatant activities in such zone; except that June 25, 1950, shall be considered the date of the commencing of combatant activities in the combat zone designated in Executive Order 10195.

(4) The term "compensation" does not include pensions and retirement pay.

(5) The term "induction period" means any period during which, under laws heretofore or hereafter enacted relating to the induction of individuals for training and service in the Armed Forces of the United States, individuals (other than individuals liable for induction by reason of a prior deferment) are liable for induction for such training and service.

§ 1.112–1 *Compensation of members of the Armed Forces of the United States for service in a combat zone during an induction period, or for service while hospitalized as a result of such combat-zone service.* (a) In addition to the exemptions and credits otherwise applicable, section 112 provides that there shall be excluded from gross income:

(1) Compensation received for active service as a member below the grade of commissioned officer in the Armed Forces of the United States for any month during any part of which such member (i) served in a combat zone during an induction period, or (ii) was hospitalized at any place as a result of wounds, disease, or injury incurred while so serving provided that during all of such month there are combatant activities in some combat zone.

(2) In the case of compensation received for active service as a commissioned officer in the Armed Forces of the United States for any month during any part of which such officer (i) served in a combat zone during an induction period, or (ii) was hospitalized at any place as a result of wounds, disease, or injury incurred while so serving provided that during all of such month there are combatant activities in some combat zone, so much of such compensation as does not exceed $200.

(b) The exclusions under section 112 and this section are applicable only if active service is performed in a combat zone during an induction period. Compensation is subject to exclusion whether or not it is received outside a combat zone or while the recipient is hospitalized or in a year different from that in which the service was rendered for which the compensation is paid. Service is performed in a combat zone only if it is performed in an area which the President of the United States has designated by Executive order, for the purpose of section 112, as an area in which Armed Forces of the United States are or have engaged in combat, and only if it is performed on or after the date designated by the President by Executive order as the date of the commencing of combatant activities in such zone and on or before the date designated by the President by Executive order as the date of the termination of combatant activities in such zone. Section 112 (c) (3) provides that June 25, 1950, shall be considered the date of commencing of combatant activities in the combat zone designated in Executive Order 10195. In Executive Order 10585 the President designated January 31, 1955, as of midnight thereof, as the date of termination of combatant activities in the combat zone designated in Executive Order 10195. If a member of the Armed Forces serves in a combat zone for any part of a month during an induction period, he is entitled to the same exclusion for such month to the same extent as if he has served in such zone, for the entire month. If a member of the Armed Forces is hospitalized for a part of a month as a result of wounds, disease, or injury incurred while serving in such zone during an induction period, he is entitled to the exclusion for the entire month provided there are some combatant activities in any combat zone during all of such month.

(c) If an individual is hospitalized for wound, disease, or injury while serving in a combat zone, the wound, disease, or injury will, unless the contrary clearly ap-

pears, be presumed to have been incurred while serving in a combat zone. In certain cases, however, a wound, disease, or injury may have been incurred while serving in a combat zone even though the individual was not hospitalized for it while so serving. And, in exceptional cases, a wound, disease, or injury will not have been incurred while serving in a combat zone even though the individual was hospitalized for it while so serving.

(d) These principles may be illustrated by the following examples (in each case service is performed in a combat zone during an induction period):

Example (1). An individual is hospitalized in a combat zone for a specific disease after having served in such zone for three weeks. The incubation period of such disease is from two to four weeks. Such disease was incurred while serving in the combat zone.

Example (2). The facts are the same as in example (1) except that the incubation period is one year. Such disease was not incurred while serving in the combat zone.

Example (3). A member of the Air Force, stationed outside the combat zone, is shot while participating in an aerial flight over the combat zone, but is not hospitalized until he returns to his home base. Such injury was incurred while serving in a combat zone.

Example (4). An individual is hospitalized for a specific disease three weeks after having departed from a combat zone. The incubation period of such disease is from two to four weeks. Such disease was incurred while serving in a combat zone.

(e) An individual is hospitalized only until such time as his status as a hospital patient ceases by reason of his discharge from the hospital.

(f) The term "induction period" means any period in which individuals are generally subject to induction into the Armed Forces of the United States under the Universal Military Training and Service Act (50 App. U. S. C. 451) or under similar acts hereafter enacted. The term does not apply to any period in which individuals are not generally subject to induction but are subject to induction by reason of a prior deferment.

(g) The term "commissioned officer" does not include a commissioned warrant officer, and, accordingly, a commissioned warrant officer is entitled to the exclusion allowed to enlisted personnel under section 112 (a). The term "compensation", for the purpose of this section, does not include pensions and retirement pay. As to who are members of the Armed Forces of the United States, see section 7701 (a) (15).

(h) These exclusions are applicable without regard to the marital status of the recipient of the compensation, and if a husband and wife both meet the requirements of the statute, then each is entitled to the benefit of an exclusion. In the case of a husband and wife domiciled in a State recognized for Federal income tax purposes as a community property State, any exclusion from gross income under section 112 operates before apportionment of the gross income of the spouses in accordance with community property law. For example, a man and his wife are domiciled in a community property State and he is entitled, as a commissioned officer, to the benefit of the exclusion of $200 for each month under section 112 (b). He receives $1,000 as compensation for active service for three months in a combat zone. Of such amount, $600 is excluded from gross income under section 112 (b) and only $400 is taken into account in determining the gross income of both husband and wife.

(i) A member of the Armed Forces is in active service if he is actually serving in the Armed Forces of the United States. Periods during which a member of the Armed Forces is absent from duty on account of sickness, wounds, leave, internment by the enemy, or other lawful cause are periods of active service. A member of the Armed Forces in active service in a combat zone who there becomes a prisoner of war or missing in action is deemed, for the purpose of section 112 and this section, to continue in active service in the combat zone for the period for which he is entitled to such status for military pay purposes. These exclusions apply to compensation received by a member of the Armed Forces for services rendered while in active service even though payment is received subsequent to discharge or release from active service. Compensation credited to a decedent's account for a period subsequent to the established date of his death and received by his estate will be excluded under section 112 from the gross income of the estate to the same extent that it would have been excluded from the gross income of the decedent if he had lived and received such compensation.

§ 1.113 *Statutory provisions; mustering-out payments for members of the Armed Forces.*

SEC. 113. *Mustering-out payments for members of the Armed Forces.* Gross income does not include amounts received during the taxable year as mustering-out payments with respect to service in the Armed Forces of the United States.

§ 1.113–1 *Mustering-out payments for members of the Armed Forces.* For the purposes of the exclusion from gross income under section 113 of mustering-out payments with respect to service in the Armed Forces, mustering-out payments are payments made to any recipients pursuant to the provisions of the Mustering-out Payment Act of 1944 and Subchapter IV of the Veterans Readjustment Assistance Act of 1952. (See 38 U. S. C. 691e and 1011–1016.)

§ 1.114 *Statutory provisions; sports programs conducted for the American National Red Cross.*

SEC. 114. *Sports programs conducted for the American National Red Cross*—(a) *General rule.* In the case of a taxpayer which is a corporation primarily engaged in the furnishing of sports programs, gross income does not include amounts received as proceeds from a sports program conducted by the taxpayer if—

(1) The taxpayer agrees in writing with the American National Red Cross to conduct such sports program exclusively for the benefit of the American National Red Cross;

(2) The taxpayer turns over to the American National Red Cross the proceeds from such sports program, minus the expenses paid or incurred by the taxpayer—

(A) Which would not have been so paid or incurred but for such sports program, and

(B) Which would be allowable as a deduction under section 162 (relating to trade or business expenses) but for subsection (b) of this section; and

(3) The facilities used for such program are not regularly used during the taxable year for the conduct of sports programs to which this subsection applies.

For purposes of this subsection, the term "proceeds from such sports program" includes all amounts paid for admission to the sports program, plus all proceeds received by the taxpayer from such program or activities carried on in connection therewith.

(b) *Treatment of expenses.* Expenses described in subsection (a) (2) shall be allowed as a deduction under section 162 only to the extent that such expenses exceed the amount excluded from gross income by subsection (a) of this section.

§ 1.114–1 *Proceeds from certain sports programs conducted for the benefit of the American National Red Cross*—(a) *In general.* Under section 114, a corporation primarily engaged in the furnishing of sports programs may exclude from its gross income amounts received as proceeds from a sports program conducted by such corporation if each of the following requirements is met:

(1) The corporation agrees in writing with the American National Red Cross to conduct such sports program exclusively for the benefit of the American National Red Cross;

(2) The corporation turns over to the American National Red Cross all the proceeds from such sports program, less only the expenses paid or incurred by such corporation which would not have been paid or incurred but for such sports program and which would be allowable as deductions as ordinary and necessary business expenses under section 162 (a) except for the provisions of section 114 (b); and

(3) The facilities of the corporation used in conducting such sports program are not regularly used during the taxable year for the conduct of sports programs to which section 114 (a) applies.

(b) *Certain corporations ineligible.* Section 114 does not apply in the case of a corporation organized or operated primarily to conduct or furnish, or to participate in the conduct or furnishing of, one or more sports programs for the American National Red Cross.

(c) *Proceeds from a sports program.* The proceeds from a sports program conducted for the benefit of the American National Red Cross include all amounts received by the conducting corporation, irrespective of when received, on account of such sports program, which amounts would be includible in the gross income of such conducting corporation, except for the provisions of section 114. Where the activities carried on in connection with the sports program include the sale or rental of radio, television, or movie rights, refreshments, souvenirs, parking facilities, programs, advertising, or other goods and services, whether sold or rented directly or through concessionaires, the amounts received by the conducting corporation from such sports program include all amounts received from such activities, but only where such amounts would not have been received by the conducting corporation but for the presentation of the particular sports program.

Where the conducting corporation receives payments for concessions on an annual or seasonal basis, and such payments are not increased because of the particular sports program, such payments are not considered as proceeds from such sports program, and any expenses paid or incurred by the conducting corporation on account of such concession operations may not be taken into account under section 114 (a) (2) in determining the net amount of the proceeds from such sports program which the conducting corporation is required to turn over to the American National Red Cross; nor are the proceeds of a sports program considered to include amounts received by the conducting corporation which do not constitute gross income of such corporation, such as admissions taxes or the breakage on a pari-mutual wagering pool which is required to be paid over to the State.

(d) *Sports programs.* (1) Section 114 applies where the program furnished by the conducting corporation consists of sports events such as baseball, football, basketball, or racing but it does not apply to programs or events such as motion pictures, circuses, or dances which are not ordinarily considered to be competitive sporting events.

(2) A sports program includes all of the events normally making up a full program in the particular sport. A single race of a racing program consisting of more than one race would not constitute a sports program, nor would one baseball or basketball game of a doubleheader program constitute a sports program.

(e) *Treatment of expenses.* Expenses described in section 114 (a) (2) shall be allowable as deductions under section 162 only to the extent that such expenses exceed the amount excluded from gross income under section 114 (a).

§ 1.115 *Statutory provisions; income of States, municipalities, etc.*

SEC. 115. *Income of states, municipalities, etc.*—(a) *General rule.* Gross income does not include—

(1) Income derived from any public utility or the exercise of any essential governmental function and accruing to a State or Territory, or any political subdivision thereof, or the District of Columbia; or

(2) Income accruing to the government of any possession of the United States, or any political subdivision thereof.

(b) *Contracts made before September 8, 1916, relating to public utilities.* Where a State or Territory, or any political subdivision thereof, or the District of Columbia, before September 8, 1916, entered in good faith into a contract with any person, the object and purpose of which was to acquire, construct, operate, or maintain a public utility—

(1) If—

(A) By the terms of such contract the tax imposed by this subtitle is to be paid out of the proceeds from the operation of such public utility before any division of such proceeds between the person and the State, Territory, political subdivision, or the District of Columbia, and

(B) A part of such proceeds for the taxable year would (but for the imposition of the tax imposed by this subtitle) accrue directly to or for the use of such State, Territory, political subdivision, or the District of Columbia,

then a tax on the taxable income from the operation of such public utility shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this subtitle, but there shall be refunded to such State, Territory, political subdivision, or the District of Columbia (under regulations prescribed by the Secretary or his delegate) an amount which bears the same relation to the amount of the tax as the amount which (but for the imposition of the tax imposed by this subtitle) would have accrued directly to or for the use of such State, Territory, political subdivision, or the District of Columbia, bears to the amount of the taxable income from the operation of such public utility for such taxable year.

(2) If by the terms of such contract no part of the proceeds from the operation of the public utility for the taxable year would, irrespective of the tax imposed by this subtitle, accrue directly to or for the use of such State, Territory, political subdivision, or the District of Columbia, then the tax on the taxable income of such person from the operation of such public utility shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this subtitle.

(c) *Contracts made before May 29, 1928, relating to bridge acquisitions.* Where a State or political subdivision thereof, pursuant to a contract entered into before May 29, 1928, to which it is not a party, is to acquire a bridge—

(1) If—

(A) By the terms of such contract the tax imposed by this subtitle is to be paid out of the proceeds from the operation of such bridge before any division of such proceeds, and

(B) A part of such proceeds for the taxable year would (but for the imposition of the tax imposed by this subtitle) accrue directly to or for the use of or would be applied for the benefit of such State or political subdivision,

then a tax on the taxable income from the operation of such bridge shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this subtitle, but there shall be refunded to such State or political subdivision (under regulations to be prescribed by the Secretary or his delegate) an amount which bears the same relation to the amount of the tax as the amount which (but for the imposition of the tax imposed by this subtitle) would have accrued directly to or for the use of or would be applied for the benefit of such State or political subdivision bears to the amount of the taxable income from the operation of such bridge for such taxable year. No such refund shall be made unless the entire amount of the refund is to be applied in part payment for the acquisition of such bridge.

(2) If by the terms of such contract no part of the proceeds from the operation of the bridge for the taxable year would, irrespective of the tax imposed by this subtitle, accrue directly to or for the use of or be applied for the benefit of such State or political subdivision, then the tax on the taxable income from the operation of such bridge shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this subtitle.

§ 1.115–1 *Bridges to be acquired by State or political subdivisions.* (a) Any State or political subdivision thereof claiming a refund under the provisions of section 115 (c) of an amount equal to all or a portion of any income tax levied, assessed, collected, and paid shall file a claim therefor on Form 843 (to which there shall be attached as exhibits the matter hereinafter prescribed) with the district director of internal revenue for the internal revenue district in which the tax was paid, which claim shall be executed on behalf of such State or political subdivision thereof by the treasurer or other fiscal officer thereof and shall contain:

(1) A statement of the name of the taxpayer, of the amount of tax levied, assessed, collected, and paid for the taxable year or period in respect of which the claim is made, and the amount of refund thereby sought;

(2) A full statement of the facts considered by the claimant sufficient to entitle it to receive the refund, including copies of all contracts and other documents bearing on the case, and a statement that the claim is submitted under the provisions of section 115 (c);

(3) A showing which will establish to the satisfaction of the district director that the fiscal officer presenting the claim has authority to receive the amount of the refund on behalf of the State or political subdivision which he assumes to represent and to apply without delay the entire amount of such refund in part payment for the acquisition of such bridge, including copies of the laws, ordinances, or similar enactments considered by the claimant sufficient to establish its authority to receive the refund and so to apply it, together with a statement that such fiscal officer will receive and immediately so apply the entire amount of the refund; and

(4) A statement, verified by a written declaration that it is made under the penalties of perjury, made by or on behalf of the taxpayer that the taxpayer thereby joins with and concurs in the request of the State or political subdivision thereof that a refund of an amount equal to all or a portion of the tax previously paid by such taxpayer be made to such State or political subdivision, that the taxpayer agrees to receive the amount refunded from the State or political subdivision to which it is paid and immediately to apply the entire amount of such refund in part payment for the acquisition of such bridge, and that if for any reason the contract which is the basis of the claim for refund is not fully executed and performed, the taxpayer will repay to the United States upon its demand the entire amount of the refund with interest at 6 percent per annum from the date the refund is made without seeking or claiming the benefit of any statute of limitations which prior thereto may have run against the United States.

(b) No refund shall be made of any amount in excess of the amount of the tax levied, assessed, collected, and paid by the taxpayer for any taxable year or period. A separate claim shall be made in respect of each separate taxable year or period. If by the terms of the contract on which the claim is based two or more States or political subdivisions of a State or States are entitled to acquire the bridge, the claim for refund in respect of each separate taxable year or period must be made jointly by the States or political subdivisions thereof so entitled. The amount refunded under section 115 (c) and this section is not con-

sidered an overpayment, within the meaning of section 6611 relating to interest on overpayments, and no interest shall be allowed or paid upon the amount of the refund.

(c) A check or voucher in payment of a claim for refund allowed under section 115 (c) will be drawn in the name of the fiscal officer or officers having authority, as established under paragraph (a) (3) of this section, to receive the same, and will contain an express provision that it is issued for the sole purpose and subject to the conditions prescribed in section 115 (c) and this section.

§ 1.118 *Statutory provisions; contributions to the capital of a corporation.*

SEC. 118. *Contributions to the capital of a corporation*—(a) *General rule.* In the case of a corporation, gross income does not include any contribution to the capital of the taxpayer.

(b) *Cross reference.* For basis of property acquired by a corporation through a contribution to its capital, see section 362.

§ 1.118–1 *Contributions to the capital of a corporation.* In the case of a corporation, section 118 provides an exclusion from gross income with respect to any contribution of money or property to the capital of the taxpayer. Thus, if a corporation requires additional funds for conducting its business and obtains such funds through voluntary pro rata payments by its shareholders, the amounts so received being credited to its surplus account or to a special account, such amounts do not constitute income, although there is no increase in the outstanding shares of stock of the corporation. In such a case the payments are in the nature of assessments upon, and represent an additional price paid for, the shares of stock held by the individual shareholders, and will be treated as an addition to and as a part of the operating capital of the company. Section 118 also applies to contributions to capital made by persons other than shareholders. For example, the exclusion applies to the value of land or other property contributed to a corporation by a governmental unit or by a civic group for the purpose of inducing the corporation to locate its business in a particular community, or for the purpose of enabling the corporation to expand its operating facilities. However, the exclusion does not apply to any money or property transferred to the corporation in consideration for goods or services rendered, or to subsidies paid for the purpose of inducing the taxpayer to limit production. See section 362 for the basis of property acquired by a corporation through a contribution to its capital by its stockholders or by nonstockholders.

§ 1.119 *Statutory provisions; meals or lodging furnished for the convenience of the employer.*

SEC. 119. *Meals or lodging furnished for the convenience of the employer.* There shall be excluded from gross income of an employee the value of any meals or lodging furnished to him by his employer for the convenience of the employer, but only if—

(1) In the case of meals, the meals are furnished on the business premises of the employer, or

(2) In the case of lodging, the employee is required to accept such lodging on the business premises of his employer as a condition of his employment.

In determining whether meals or lodging are furnished for the convenience of the employer, the provisions of an employment contract or of a State statute fixing terms of employment shall not be determinative of whether the meals or lodging are intended as compensation.

§ 1.119–1 *Meals and lodging furnished for the convenience of the employer*—(a) *Meals.* (1) The value of meals furnished to an employee by his employer shall be excluded from the employee's gross income if two tests are met: (i) The meals are furnished on the business premises of the employer, and (ii) the meals are furnished for the convenience of the employer. The exclusion shall apply irrespective of whether under an employment contract or a statute fixing the terms of employment such meals are furnished as compensation.

(2) The question of whether meals are furnished for the convenience of the employer is one of fact to be determined by analysis of all the facts and circumstances in each case. Ordinarily, meals furnished to the employee during the working day will be deemed furnished for the convenience of the employer. Likewise, meals furnished immediately preceding or immediately following working hours of the employee will be deemed to be for the convenience of the employer if the furnishing of such meals serves a business purpose of the employer other than providing additional or indirect compensation to the employee. Meals furnished on nonworking days, or at times when the employee's presence on the employer's business premises does not serve a business purpose of the employer, do not qualify for the exclusion. If the employee is required to occupy living quarters on the business premises of his employer as a condition of his employment (as defined in paragraph (b) of this section), the exclusion applies to the value of any meals furnished to the employee on such premises. There is no requirement that the employee accept such meals as a condition of employment to qualify for the exclusion.

(b) *Lodging.* The value of lodging furnished to an employee by his employer shall be excluded from the employee's gross income if three tests are met: (1) The lodging is furnished on the business premises of the employer, (2) the lodging is furnished for the convenience of the employer, and (3) the employee is required to accept such lodging as a condition of his employment. The phrase "required as a condition of his employment" means required in order for the employee to perform properly the duties of his employment. The exclusion shall apply irrespective of whether under an employment contract or a statute fixing the terms of employment such lodging is furnished as compensation.

(c) *Rules.* (1) For purposes of this section, the term "business premises of the employer" generally means the place of employment of the employee. For example, meals and lodging furnished in the employer's home to a domestic servant would constitute meals and lodging furnished on the business premises of the employer. Similarly, meals furnished to cowhands while herding their employer's cattle on leased land would be regarded as furnished on the business premises of the employer.

(2) The exclusion provided by section 119 applies only to meals and lodging furnished in kind, without charge or cost to the employee. If the employee has an option to receive additional compensation in lieu of meals or lodging in kind, or is required to reimburse the employer for meals or lodging furnished in kind, the value of such meals and lodging is not excluded from gross income. However, the mere fact that an employee, at his option, may decline to accept meals and lodging tendered in kind will not of itself require inclusion of the value thereof in gross income. Cash allowances for meals or lodging received by an employee are includible in gross income to the extent that such allowances constitute compensation.

(d) *Examples.* The provisions of section 119 may be illustrated by the following examples:

Example (1). A waitress who works from 7 a. m. to 4 p. m. is furnished without charge two meals a workday. In order to insure that the waitress will commence work on time, the employer encourages her to have her breakfast on his business premises before starting work, although she is not required to have her breakfast there. She is required to have her lunch on such premises. The waitress is permitted to exclude the value of these meals from her gross income under paragraph (a) of this section.

Example (2). The waitress in example (1) is allowed to have meals on the employer's premises without charge on her days off. The waitress is not permitted to exclude the value of such meals from her gross income.

Example (3). A Civil Service employee of a State is employed at an institution and is required by his employer to be available for duty at any time. Accordingly, the employer furnishes the employee with meals and lodging at the institution. Under the applicable State statute, his meals and lodging are regarded as part of the employee's compensation. The employee would nevertheless be entitled to exclude the value of such meals and lodging from his gross income.

Example (4). An employee of an institution is given the choice of residing at the institution free of charge, or of residing elsewhere and receiving a cash allowance in addition to his regular salary. If he elects to reside at the institution the value to the employee of the lodging furnished by the employer will be includible in the employee's gross income because his residence at the institution is not required in order for him to perform properly the duties of his employment.

§ 1.120 *Statutory provisions; statutory subsistence allowance received by police.*

SEC. 120. *Statutory subsistence allowance received by police*—(a) *General rule.* Gross income does not include any amount received as a statutory subsistence allowance by an individual who is employed as a police official by a State, a Territory, or a possession of the United States, by any political subdivision of any of the foregoing, or by the District of Columbia.

(b) *Limitations.* (1) Amounts to which subsection (a) applies shall not exceed $5 per day.

(2) If any individual receives a subsistence allowance to which subsection (a) applies, no deduction shall be allowed under any other provision of this chapter for expenses

in respect of which he has received such allowance, except to the extent that such expenses exceed the amount excludable under subsection (a) and the excess is otherwise allowable as a deduction under this chapter.

§ 1.120–1 *Statutory subsistence allowance received by police.* (a) Section 120 excludes from the gross income of an individual employed as a police official by a State, Territory, or possession of the United States, by any of their political subdivisions, or by the District of Columbia, any amount received as a statutory subsistence allowance to the extent that such allowance does not exceed $5 per day. For purposes of this section, the term "statutory subsistence allowance" means an established amount, apart from salary or other compensation, which is authorized under the laws of a State, a Territory, or a possession of the United States, by any political subdivision of any of the foregoing, or by the District of Columbia, to be paid to an individual who is employed as a police official of such governmental unit for meals and other incidental expenses in connection with his official duties. A subsistence allowance paid to a police official by any of the foregoing governmental units which is not so provided by statute may not be excluded from gross income under the provisions of section 120. The term "police official" includes an employee of any of the foregoing governmental units who has police duties, such as a sheriff, a detective, a policeman, or a State police trooper, however designated.

(b) The exclusion provided by section 120 is to be computed on a daily basis, that is, for each day for which the statutory allowance is paid. If the statute providing the allowance does not specify the daily amount of such allowance, the allowance shall be converted to a daily basis for the purpose of applying the limitation provided herein. For example, if a State statute provides for a weekly subsistence allowance, the daily amount is to be determined by dividing the weekly amount by the number of days for which the allowance is paid. Thus, if a State trooper receives a weekly statutory subsistence allowance of $40 for 5 days of the week, the daily amount would be $8, that is, $40 divided by 5. However, for purposes of this section, only $5 per day may be excluded, or $25 on a weekly basis.

(c) Expenses in respect of which the allowance under section 120 is paid may not be deducted under any provision of the income tax laws except to the extent that (1) such expenses exceed the amount of the exclusion, and (2) the excess is otherwise allowable as a deduction. For example, if a State statute provides a subsistence allowance of $3 per day and the taxpayer, a State trooper, incurs expeditures of $4.50 for meals while away from home overnight on official police duties only $3 would be excludable under this section. Expenses relating to such exclusion ($3) may not be deducted under any provision of the income tax laws. However, the remaining $1.50 may be an allowable deduction under section 162 as traveling expenses while away from home in the performance of official duties. See § 1.162–2.

§ 1.121 *Statutory provisions; cross references to other acts.*

SEC. 121. *Cross references to other acts*—(a) For exemption of—

(1) Adjustments of indebtedness under wage earners' plans, see section 679 of the Bankruptcy Act (52 Stat. 938; 11 U. S. C. 1079);

(2) Allowances and expenditures to meet losses sustained by persons serving the United States abroad, due to appreciation of foreign currencies, see the Acts of March 6, 1934 (48 Stat. 466; 5 U. S. C. 118c) and April 25, 1938 (52 Stat. 221; 5 U. S. C. 118c–1);

(3) Amounts credited to the Maritime Administration under section 9 (b) (6) of the Merchant Ship Sales Act of 1946, see section 9 (c) (1) of that Act (60 Stat. 48; 50 U. S. C. App. 1742);

(4) Benefits under World War Adjusted Compensation Act, see section 308 of that Act, as amended (43 Stat. 125; 44 Stat. 827, § 3; 38 U. S. C. 618);

(5) Benefits under World War Veterans' Act, 1924, see section 3 of the Act of August 12, 1935 (49 Stat. 609; 38 U. S. C. 454a);

(6) Dividends and interest derived from certain preferred stock by Reconstruction Finance Corporation, see section 304 of the Act of March 9, 1933, as amended (49 Stat. 1185; 12 U. S. C. 51d);

(7) Earnings of ship contractors deposited in special reserve funds, see section 607 (h) of the Merchant Marine Act, 1936, as amended (52 Stat. 961, § 28; 46 U. S. C. 1177);

(8) Income derived from Federal Reserve banks, including capital stock and surplus, see section 7 of the Federal Reserve Act (38 Stat. 258; 12 U. S. C. 531);

(9) Income derived from Ogdensburg bridge across Saint Lawrence River, see section 4 of the Act of June 14, 1933, as amended (54 Stat. 259, § 2);

(10) Income derived from Owensboro bridge across Ohio River and nearby ferries, see section 4 of the Act of August 14, 1937 (50 Stat. 643);

(11) Income derived from Saint Clair River bridge and ferries, see section 4 of the Act of June 25, 1930, as amended (48 Stat. 140, § 1);

(12) Leave compensation payments under section 6 of Armed Forces Leave Act of 1946, see section 7 of that Act (60 Stat. 967; 37 U. S. C. 36);

(13) Mustering-out payments made to or on account of veterans under the Mustering-Out Payment Act of 1944, see section 5 (a) of that Act (58 Stat. 10; 38 U. S. C. 691e);

(14) Railroad retirement annuities and pensions, see section 12 of the Railroad Retirement Act of 1935, as amended (50 Stat. 316; 45 U. S. C. 228*l*);

(15) Railroad unemployment benefits, see section 2 (e) of the Railroad Unemployment Insurance Act, as amended (52 Stat. 1097; 53 Stat. 845, § 9; 45 U. S. C. 352);

(16) Special pensions of persons on Army and Navy medal of honor roll, see section 3 of the Act of April 27, 1916 (39 Stat. 54; 38 U. S. C. 393);

(17) Gain derived from the sale or other disposition of Treasury Bills, issued after June 17, 1930, under the Second Liberty Bond Act, as amended, see Act of June 17, 1930 (C. 512, 46 Stat. 775; 31 U. S. C. 754).

(18) Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen's and Veterans' Survivor Benefits Act.

(b) For extension of military income-tax-exemption benefits to commissioned officers of Public Health Service in certain circumstances, see section 212 of the Public Health Service Act (58 Stat. 689; 42 U. S. C. 213).

(Sec. 121 (a) (18) added by sec. 501 (t) of Pub. Law 881 (84th Cong.) effective January 1, 1957)

[F. R. Doc. 56–10568; Filed, Dec. 28, 1956; 8:48 a. m.]

TITLE 31—MONEY AND FINANCE: TREASURY

Chapter I—Monetary Offices, Department of the Treasury

PART 129—VALUES OF FOREIGN MONEYS

SUSPENSION OF PART

It has been determined that the publication of Part 129, Chapter I, Title 31, Code of Federal Regulations (Treasury Department Circular No. 1, "Values of Foreign Moneys"), published quarterly under the provisions of section 522, Title IV, of the Tariff Act of 1930, is not presently required.

The law requires a determination by the Director of the Mint of the values of the standard gold coins in circulation based upon the pure metal of such coins. There are at present no gold circulating coins. The publication of the circular, therefore, will be suspended, effective January 1, 1957, until such time as there are standard gold coins in circulation in one or more countries.

(Sec. 522, 46 Stat. 739; 31 U. S. C. 372)

Dated: December 27, 1956.

[SEAL] DAVID W. KENDALL,
Secretary of the Treasury.

[F. R. Doc. 56–10602; Filed, Dec. 28, 1956; 8:55 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter VII—Department of the Air Force

Subchapter F—Reserve Forces

PART 864—ENLISTED RESERVE

RESERVE OBLIGATIONS AND PARTICIPATION REQUIREMENTS

Sections 864.31 to 864.43 are rescinded and the following substituted therefor:

Sec.
864.31 Purpose.
864.32 Ready Reserve status of obligors.
864.33 Types of Reserve obligors.
864.34 Participation requirements.
864.35 Discharge of a Reservist.
864.36 Interservice transfers.
864.37 Transfer of Reservists to Reserve components of other services.
864.38 Individuals in Air Force ROTC program.
864.39 Reenlistment upon completion of term of obligation.

AUTHORITY: §§ 864.31 to 864.39 issued under R. S. 161, sec. 202, 61 Stat. 500, as amended; 5 U. S. C. 22, 171a. Interpret or apply sec. 205, 66 Stat. 483, as amended, secs. 264, 265, 651, 671, 1033, 1034, 70A Stat. 11, 27, 80; 50 U. S. C. 925, 10 U. S. C. 264, 265, 651, 671, 1033, 1034.

DERIVATION: AFR 45–35, June 27, 1956.

§ 864.31 *Purpose.* Sections 864.31 to 864.39 outline the Reserve obligations and set forth the participation requirements for members of the Air Force Reserve not on extended active duty.

§ 864.32 *Ready Reserve status of obligors.* All Reservists with Reserve obligations are Ready Reservists until they have been designated Standby Reservists under §§ 861.1 to 861.14.

§ 864.33 *Types of Reserve obligors*—(a) *Type I.* The law requires a type I

obligor to remain a member of a Reserve component for a period of 5 years from the date of his transfer to a Reserve component upon his release from active military service. This obligation applies to each male person who, being subject to induction, enlisted or was inducted for active military service between June 24, 1948 and June 19, 1951. This person also must have:

(1) Been under 26 years of age at the time of enlistment or induction.

(2) Served for a period of less than 3 years. This does not include those persons who completed at least 21 months of active military service and who, thereafter, served satisfactorily in the active military service under a voluntary extension for a period of at least one year.

(3) Been required by law, upon completion of the period of active military service, to transfer to and serve in the Air Force Reserve for a period of 5 years.

(b) *Type II.* The law requires a type II obligor to remain a member of a Reserve component for a period of 6 years from the date of his transfer to a Reserve component upon release from active military service. This obligation applies to each male person who, while subject to induction, enlisted in the active military service for a period of 1 year between June 24, 1948 and June 19, 1951. The person also must have:

(1) Been between 18 and 19 years of age at enlistment.

(2) Been required by law, upon completion of the period of active military service, to transfer to and serve in the Air Force Reserve for a period of 6 years.

(c) *Type III.* The law requires a type III obligor to complete a total period of 8 years of active service and/or service in a Reserve component. This obligation applies to each male person without prior military status who was enlisted, appointed, or inducted in any of the Armed Forces of the United States, including their Reserve components, under any provision of law, between June 20, 1951 and August 9, 1955, before attaining his 26th birthday.

(d) *Type IV.* The law requires a type IV obligor to complete a total period of 6 years of active military service and/or service in a Reserve component. This six-year period may be extended for not more than six months under conditions outlined in § 864.34 (b) (3). A type IV obligor is a male person without prior military status, who is enlisted, appointed, or inducted in any of the Armed Forces, including their Reserve components, under any provision of law, after August 9, 1955 and before attaining his 26th birthday, except as provided in paragraph (e) of this section.

(e) *Type V.* The law requires a type V obligor to complete a total of 8 years of satisfactory service as a member of a Reserve component. A type V obligor is a male person who:

(1) Is enlisted in a Ready Reserve program of a Reserve component between August 10, 1955 and July 3, 1959 before attaining the age of 18 years 6 months and is required to perform an initial tour of active duty for training of not less than 3 months or more than 6 months.

(2) Is appointed to a commissioned officer grade after August 9, 1955 before attaining 26 years of age and, upon successful completion of Air Force ROTC and other officers training courses of other Armed Services, does not serve on extended active duty after appointment but does serve on active duty for training for a period of not less than 6 months.

§ 864.34 *Participation requirements—*(a) *For types I, II, and III obligors.* Types I, II, and III obligors may be selectively assigned to Ready Reserve units or mobilization positions. These individuals may volunteer for assignment to a Ready Reserve unit or mobilization position and be permitted to participate in Reserve training while assigned to the unit or position. However, they will not be permitted to accept an assignment to a unit or position with lower participation requirements than that of the unit or position to which selectively assigned. If not selectively assigned to a Ready Reserve unit or mobilization position, they may be voluntarily assigned to any Ready Reserve unit or mobilization position. If they are mandatorily screened into Standby Reserve status, they may be voluntarily assigned to any program element not requiring Ready Reserve status. Participation in Reserve training while in Standby Reserve status will not be credited toward the period of time the individual is required to serve in a Ready Reserve status.

(1) Type I obligors complete their period of obligated service if they remain assigned to a Ready Reserve unit or position and meet the established minimum participation requirements for a period of 36 consecutive months. Otherwise, they must retain Reserve status for a period of 5 years.

(2) Type II obligors complete their period of obligated service if they remain assigned to a Ready Reserve unit or position and meet the established minimum participation requirements for a period of 4 years. Otherwise, they must retain Reserve status for a period of 6 years.

(3) Type III obligors complete their period of obligated service if they complete a total of 8 years of service as a member of a Regular and/or Reserve component. This period may not be reduced.

(b) *For types IV and V obligors.* The number of unit training assemblies or training periods and the annual active duty training prescribed for any program element are the minimum required to maintain acceptable proficiency of units and/or assigned personnel. Types IV and V obligors will therefore be encouraged to volunteer for participating assignment to Ready Reserve units or mobilization positions. Those who do not volunteer for such assignment will be assigned without their consent as indicated in subparagraphs (1) and (2) of this paragraph. If a suitable Ready Reserve assignment is not available, they will be retained in the Ineligible Reserve Section (Training Category G) unless designated Standby Reservists.

(1) Types IV and V obligors who have completed not less than 2 years of active military service may be selectively assigned and may be retained in such assignment until the lack of training has reduced their proficiency to unacceptable levels, if:

(i) The degree of skill that they acquired while on extended active duty is such that they do not require additional training.

(ii) Their civilian occupation is so closely allied to their military specialties that neither inactive duty training nor annual tours of active duty for training are required.

(iii) They reside at a location where a participating assignment to a Ready Reserve program element is not reasonably available.

(2) Except as provided in subparagraph (1) of this paragraph qualified types IV and V obligors will be mandatorily assigned to vacant positions in Ready Reserve units, or to vacant mobilization positions, and:

(i) Must attend each year at least 90 percent of the unit training assemblies or training periods prescribed for the program element of assignment.

(ii) Must perform an annual 15-day short tour of active duty for training.

(iii) Must perform assigned duties in accordance with standards established by the appropriate commander.

(iv) May be excused from complying with subdivisions (i) and (ii) of this subparagraph only because of sickness, injury, emergency, or other circumstances beyond their control.

(v) Will, if they fail to serve satisfactorily as provided in subdivision (i) through (iii) of this subparagraph, unless excused as provided in subdivision (iv) of this subparagraph, be required to perform a 30-day tour of active duty for training. Those who fail to satisfactorily perform the 30-day tour may be ordered to active duty for training for not more than 45 days. An obligor who fails to comply with orders to perform the 45-day active duty tour for training becomes subject to disciplinary action under the Uniform Code of Military Justice. An obligor who has an obligation as outlined in § 864.33 (e) and fails to satisfactorily perform the 45-day tour will be reported to the local Selective Service board for induction. Discharge will be effected only after the Reservist has been certified to the Selective Service System.

(3) The reserve service obligation of a type IV obligor who has not qualified for elective Standby status will be extended, not to exceed six months, if he is involuntarily ordered to perform a 45-day active duty training tour and if insufficient time remains in his period of obligated service to perform such tour.

§ 864.35 *Discharge of a Reservist.* For the purpose of complete separation from any military status or upon revocation or termination of commission or appointment, acceptance of resignation in place of elimination action or separation under conditions other than honorable, being dropped from the rolls or dismissal, the Reservist will be discharged and his Reserve obligation will be considered to have been terminated. However, a discharge or other type of separation for the purpose of immediate entry or reentry into the same or any other component of the Armed Forces, in the same or any other status, or to

enter an officer training program in which the person has military status will not terminate the Reserve obligation. Additional service performed after this type of discharge or separation will be counted toward fulfillment of the Reserve obligation.

§ 864.36 *Interservice transfers.* An interservice transfer of a person with a Reserve obligation will be accomplished only in instances where the Reservist requests or consents to the transfer and where the two services concerned mutually agree that the transfer is in the best interest of the Armed Forces. An Armed Force may request the transfer of a particular Reservist from a Reserve component of another Armed Force.

(a) Requests will normally be made only when:

(1) The initiating Armed Force has a specific Ready Reserve vacancy for the person concerned within a reasonable distance of the person's domicile or place of business, or

(2) The person concerned applies for and the gaining Armed Force desires his enrollment in its officer training program.

(b) Requests will be approved only when:

(1) The losing Armed Force does not have a suitable Ready Reserve assignment within a reasonable distance of the domicile or place of business of the person to which the Reservist may be usefully assigned, or

(2) The Reservist has special experience or professional, educational, or technical background clearly of greater use to the gaining Armed Force, and the use of this experience or background outweighs the value of his previous training in the losing Armed Force, or

(3) The person concerned will be enrolled in an officer training program of the gaining Armed Force without regard to subparagraph (1) of this paragraph.

(c) Interservice transfer of a Reservist between Reserve components of the Armed Forces will be accomplished by discharging the person from the Reserve component in which serving so that the person can immediately enlist or be appointed in the Reserve component of the gaining service. Where membership in the officer training program does not confer military status, discharge will be for immediate enlistment in the Reserve component of the gaining service. Discharge for this purpose will not constitute termination or fulfillment of the reserve service obligation under section 651 of Title 10, United States Code. Additional service performed after such discharge will be counted toward fulfillment of the obligation.

(d) An application for transfer to the Air Force Reserve will be disapproved if the applicant initially enlisted under the special enlistment programs outlined in section 261, 262, or 263, Armed Forces Reserve Act of 1952, as amended (50 U. S. C. 1012, 1013, 1014), except as provided in §§ 862.1 to 862.19.

(e) AFR 36–26 (Interservice transfer of officers of the Medical Service or Corps) governs interservice transfer of officers of the various medical services.

§ 864.37 *Transfer of Reservists to Reserve components of other services.* Individual members of the Air Force Reserve when not on active duty may be transferred to Reserve components of other services:

(a) *Requests initiated by a service.* (1) The Departments of the Army and Navy may request the services of a particular Air Force Reservist.

(2) The Air Force will approve the transfer only when the requirements established in § 864.36 are met.

(3) Requests will include a statement:

(i) That there is a specific Ready Reserve vacancy for the person within a reasonable distance of his domicile or place of business where he will receive inactive duty training.

(ii) That the person concerned will accept the change and will participate in inactive duty training as Department of Defense directives on participation in Reserve training programs prescribe.

(iii) When applicable, on the Reservist's special experience, or professional or technical background and the need for this experience or background by the initiating service.

(4) State senior Army instructors or Naval district commanders may initiate a request for transfer of a member of the Air Force Reserve. The application will be forwarded with recommendation for approval or disapproval to the Commander, Air Reserve Records Center, Continental Air Command, 3800 York Street, Denver 5, Colorado. Such requests will not be forwarded to Headquarters USAF, except in the event of disapproval where the requesting agency feels that adjudication by higher authority is in the best interest of the Department of Defense.

(b) *Requests initiated by individual members of Air Force Reserve.*

(1) Individual members may initiate requests for transfer to a Reserve component of another service.

(2) The Air Force will approve requests only when all of the requirements of § 864.36 are met.

(3) Requests will include a statement:

(i) From the State senior Army instructor or Naval district commander of the service to which transfer is desired, covering in sufficient detail the requirements specified by paragraph (a) (3) of this section, when applicable.

(ii) By the person that he is or is not assigned to a Ready Reserve unit or position, and, if not, whether he has applied for such an assignment, and, further that, if the transfer is approved, he will accept a Ready Reserve assignment with the gaining service.

(iii) In detail, by the person, on the experience and qualifications which indicate the transfer is in the best interest of the Department of Defense.

(4) Individually initiated requests for transfers will be submitted to the commander of the individual's unit of Reserve assignment, and forwarded as provided in paragraph (a) (4) of this section.

(c) *Approval action.* Approval action will include informing the person in writing that action will be taken to effect his discharge as a Reserve of the Air Force when documentary evidence is received that the person has enlisted or been appointed as a Reserve of the Armed Force to which transfer has been requested. Discharge will not be accomplished, however, until notification of the person's enlistment or appointment in the new service has been received.

(d) *Transfer of officers of medical services.* AFR 36–26 (Interservice transfer of officers of the Medical Service or Corps) governs transfer of officers of the Air Force Reserve medical services to other military services.

§ 864.38 *Individuals in Air Force ROTC program.* Individuals participating in the Air Force Reserve Officers Training Corps program may remain enlisted members of the Air Force Reserve during enrollment in Air Force ROTC. The Professor of Air Science will furnish the Air Force commander having jurisdiction over such persons a statement showing satisfactory participation in the Air Force ROTC program at the end of each calendar year during enrollment. If the Reservist is dropped from enrollment in Air Force ROTC at any time, the Professor of Air Science will immediately notify the Air Force commander concerned. Reserves of the other Armed Forces who are selected for enrollment in the advanced course of Air Force ROTC must be transferred to the Air Force Reserve as provided in § 864.37 before formal enrollment.

§ 864.39 *Reenlistment upon completion of term of obligation.* Sections 864.31 to 864.39 will not prevent personnel who fulfill their obligation from remaining in Reserve components. All airmen to whom §§ 864.31 to 864.39 apply will be encouraged to reenlist upon completion of their term of obligation if they are otherwise qualified.

[SEAL] E. E. TORO,
Colonel, U. S. Air Force,
Air Adjutant General.

[F. R. Doc. 56–10596; Filed, Dec. 28, 1956; 8:53 a. m.]

PART 864—ENLISTED RESERVE

DISCHARGE OF AIRMEN OF THE AIR FORCE RESERVE

In Part 864, new §§ 864.71 to 864.91 are added as follows:

Sec.

Sec.

AUTHORITY: §§ 864.71 to 864.91 issued under R. S. 161, sec. 202, 61 Stat. 500, as amended; 5 U. S. C. 22, 171a. Interpret or apply secs. 266, 1162, 1163, 8685, 8966, 70A Stat. 11, 89, 535, 556; 10 U. S. C. 266, 1162, 1163, 8685, 8966.

DERIVATION: AFR 45-43, May 31, 1956.

§ 864.71 *General*—(a) *To whom applicable.* Sections 864.71 to 864.91 apply to all enlisted members of the Air Force Reserve component not serving on extended active duty. Except as otherwise indicated in § 864.74, it does not apply to airmen of the Regular Air Force who are transferred to the Reserve of the Air Force as members of the Air Force Reserve and retired under authority contained in the Army and Air Force Vitalization and Retirement Equalization Act of 1948 pursuant to section 8966 of Title 10, United States Code.

(b) *Policy.* Membership in the Air Force Reserve is not an inherent right of any individual. It is a privilege and confers upon an individual an obligation to serve in the active military service in the event of mobilization or emergency or at such other times as the national security may require. An airman who is not qualified or is unable to properly fulfill his obligation to serve may be separated from the service. An airman discharged for any of the reasons outlined in §§ 864.71 to 864.91 ceases to be a Reserve airman of the Air Force.

(c) *Definitions*—(1) *Airmen.* Unless otherwise indicated, an individual enlisted in or transferred in an enlisted status to the Reserve of the Air Force as a member of the Air Force Reserve.

(2) *Expiration of enlistment.* This term will include termination of voluntary enlistment; completion of Reserve service obligation as described in §§ 864.31 to 864.43; or completion of 30 years' service (active plus Reserve time after retirement) required of Regular Air Force airmen retired under the Armed Forces Voluntary Recruitment Act of 1945, as amended pursuant to section 8914 of Title 10, United States Code.

(3) *Reserve of the Air Force.* The common Federal status possessed by members of the Air Force Reserve and the Air National Guard of the United States.

(4) *Reserve components.* The Air Force Reserve and the Air National Guard of the United States.

(5) *Extended active duty.* Any tour of active duty, other than active duty for training, performed in the Federal service by a member of a Reserve component. Extended active duty may be further defined as the only tour in which strength accountability changes from the Reserve to the active establishment.

(6) *Active military service.* A general term applied to all active duty with the active establishment without regard to duration or purpose.

(7) *Active status.* The status of all Reservists except those on the Inactive Status List and those in the Retired Reserve.

(8) *Discharge.* Termination by administrative action of all status in the United States Air Force.

(d) *Retention of airmen to qualify for retirement.* Airmen may be retained in an active status as indicated in this section when such action is specifically authorized in §§ 864.72 to 864.90 outlining the reason for discharge.

(1) Any airman who on the established date of discharge has been or is entitled to be credited with 18 or more but less than 19 years of satisfactory Federal service for retired pay purposes under title III, the Army and Air Force Vitalization and Retirement Equalization Act of 1948, as amended, pursuant to section 8966 of Title 10, United States Code, will not, without his consent, be discharged before the date on which he is credited with 20 years of such satisfactory Federal service or the third anniversary of the established date of discharge, whichever is earlier.

(2) Any airman who on the established date of discharge has been or is entitled to be credited with 19 or more but less than 20 years of satisfactory service as outlined in subparagraph (1) of this paragraph, will not, without his consent, be discharged before the date on which he is credited with 20 years of such satisfactory Federal service or the second anniversary of his established date of discharge, whichever is earlier.

(e) *Service obligations.* Current laws under certain conditions impose upon individuals a liability for training or service in the Armed Forces of the United States, or, as used in §§ 864.71 to 864.91, a "service obligation." Service obligations apply only to male personnel. Service obligations under the Universal Military Training and Service Act, as amended (62 Stat. 604) are described in §§ 864.31 to 864.43. Airmen who have a service obligation under section 651 of Title 10, United States Code, or other provisions of law, are not relieved of that obligation by separation from their Reserve status to enter some other military status such as enlistment, induction, or appointment in the same or another Armed Force. They will be relieved of their service obligations if their separation is under other than honorable conditions or is effected for cause for reasons outlined in §§ 864.71 to 864.91.

§ 864.72 *Reasons for discharge*—(a) *Policy.* With a few exceptions, no person may be a member of more than one Reserve component at the same time under existing law. Other conditions may exist or arise such as when an airman voluntarily accepts or enters into an incompatible status, which will require that affirmative action be taken to effect his separation from the service. Any airman, including an airman who has a service obligation as outlined in § 864.71 (e) unless otherwise indicated, whose retention as an Air Force Reserve airman becomes incompatible or inconsistent with the best interest of the Air Force will be discharged. The reasons outlined in §§ 864.72 to 864.90, or similar reasons, will warrant consideration for discharge.

(b) *Character of discharge.* Except as otherwise specifically indicated, airmen discharged for any of the reasons outlined in §§ 864.72 to 864.90 will be honorably discharged or discharged under honorable conditions (General Discharge Certificate), depending upon the character of service rendered.

(c) *Termination of enlistment—death.* The death of an airman will be reported. All military personnel should report to the nearest Air Force authority the death of any airman not serving on extended active duty which may come to their attention.

(d) *Discharge—upon request.* An airman may, upon his request, be discharged when it is determined that discharge will be in the best interest of the Air Force in furtherance of the Reserve program, provided that:

(1) He has no unfulfilled service obligations as outlined in § 864.71 (e).

(2) Action has not been initiated to discharge him for any of the reasons outlined in §§ 864.72 to 864.90.

§ 864.73 *Incompatible status.* (a) An airman, who accepts appointment as a commissioned or warrant officer in any component of the Air Force or who enlists in the Regular Air Force, will be discharged from his enlistment as a Reserve airman.

(b) An airman, who is inducted or enlisted, or who accepts appointment in the United States Army, Navy, Marine Corps, Coast Guard, Public Health Service or Coast and Geodetic Survey, or in any component thereof or who accepts appointment for entrance into any of the service academies, will be discharged from his enlistment as a Reserve airman of the Air Force.

(1) An airman, except an airman in the Retired Reserve, who is not on orders to report for extended active duty or active duty for training, may apply for appointment as a commissioned or warrant officer or for enlistment in another service or any component thereof without jeopardizing his current status provided that a conditional release from his status as a Reserve airman of the Air Force is obtained. Upon approval of a request for a conditional release, the Commander, Continental Air Command, will advise the airman in writing that appropriate action will be taken to discharge him from his enlistment as a Reserve of the Air Force upon receipt of documentary evidence from the gaining service of the date the airman enlisted or accepted appointment in the other service or in any component thereof.

(2) Upon receipt of documentary evidence from the gaining service that an airman has been inducted, has enlisted, or accepted appointment in any of the services outlined in subparagraph (1) of this paragraph or in any component thereof, action will be taken to discharge the airman from his enlistment as a Reserve of the Air Force effective as of the date immediately preceding date of induction, enlistment, or acceptance of appointment in the gaining service. If the airman has unfulfilled service obligations, the letter of notification will also

contain a statement that the records of the airman show that as of the date of discharge from his enlistment as a Reserve of the Air Force he had completed (years, months, and days) service toward fulfillment of his service obligations as outlined in § 864.71 (e). It will also contain a statement that discharge from his enlistment as a Reserve of the Air Force under this section does not constitute fulfillment of his service obligations. A copy of the letter of notification with a copy of the orders effecting discharge will be forwarded to the gaining service.

§ 864.74 *Expiration of enlistment.* Airmen will be discharged upon expiration of their term of enlistment or period of obligated service as provided by law, whichever is later. An airman of the Regular Air Force, transferred to the Reserve of the Air Force as a member of the Air Force Reserve and placed on the retired list of the Regular Air Force under authority contained in section 8255 of Title 10, United States Code, will be discharged upon completion of 30 years of service (including active service and service in the Reserve after retirement).

§ 864.75 *Immediate reenlistment.* An airman who is qualified for reenlistment under current directives will, upon his application, be discharged to reenlist. Airmen discharged under this section will be reenlisted on the day following discharge. The discharge certificate will not be delivered to the airman until reenlistment has been effected. Discharge and reenlistment may be effected:

(a) During the 90 days preceding expiration of term of service.

(b) To meet length of active duty service requirement for active military service, individual training, training with units, or attendance at schools.

§ 864.76 *Federally recognized in Air National Guard of the United States.* Airmen of the Air Force Reserve who enlist in the Air National Guard and become members of federally recognized units thereby become members of the Air National Guard of the United States and cease to be members of the Air Force Reserve. Airmen who enlist in the Air National Guard in a grade other than the grade in which they are currently enlisted as Reserves of the Air Force, upon becoming members of the Air National Guard of the United States, will be discharged from their prior enlisted status as Reserve airmen of the Air Force. Discharge will be effected as of the date immediately preceding date they assume the latter status.

§ 864.77 *Failure to participate in Reserve training.* Subject to limitations contained in § 864.71 (d), airmen in an active status, who fail to meet prescribed qualifications for retention as outlined in §§ 861.1 to 861.14, will be discharged: *Provided,* That:

(a) They are ineligible for transfer to the Retired Reserve or they are eligible but fail to apply.

(b) They do not possess minimum professional qualifications of a designated Air Force Specialty which will be required for utilization in a future mobilization warranting their retention in the Air Force Reserve and assignment to the Inactive Status List as prescribed in §§ 861.1 to 861.14.

(c) They have no unfulfilled service obligations as outlined in § 864.71 (e).

§ 864.78 *Failure to reply to official correspondence or inability to locate.* An airman, who fails to reply to official correspondence or who cannot be located after a reasonable effort on the part of appropriate commanders, will be discharged, provided that he has no unfulfilled service obligations as outlined in § 864.71 (e). When correspondence to which a reply is required is mailed to an airman and no reply is received within such reasonable time limits as local conditions may warrant, or if the correspondence is returned by postal authorities because of inability to locate the addressee, the following action will be taken:

(a) The last address reported by the airman of his permanent mailing address will be verified and the correspondence or a follow-up, as appropriate, will be mailed by registered mail, with return receipt requested to be signed only by addressee, to the verified address.

(b) If the correspondence is again returned by postal authorities because of inability to locate the addressee, local civil authorities or other persons who might reasonably be expected to assist in locating the airman may be contacted, if such action is deemed appropriate.

(c) When the airman fails to reply to correspondence within 30 days from the date of delivery, as indicated by the signed registry receipt, or when he cannot be located after reasonable efforts have been made as outlined in paragraph (b) of this section, a complete detailed report will be forwarded by the initiating organization commander to the Air Reserve Records Center.

§ 864.79 *Elimination from inactive status list.* Airmen, other than those retired from the Regular Air Force after 20 years' active Federal service, or those with Reserve service obligations, will not be retained on the Inactive Status List when it is determined that further retention would be of no benefit to the Air Force. Airmen in this category will be discharged when it is determined from a review of their records that they are no longer proficient in their specialties or that their specialties are no longer considered for utilization in a future mobilization: *Provided,* That:

(a) They are ineligible for transfer to the Retired Reserve or they are eligible but fail to apply.

(b) They are not qualified for assignment to another training category or they are eligible but fail to request such assignment.

§ 864.80 *Minor children.* A female airman, who is the parent by birth or adoption of a child under 18 years of age and has personal or legal custody of such child, is the step-parent of a child under 18 years of age and the child is within the household of the woman for a period of more than 30 days a year, or who has or assumes personal custody of any child under 18 years of age, will be discharged provided that she is ineligible for transfer to the Retired Reserve or she is eligible but fails to apply. No female airman will be discharged under this section on the basis of circumstances which existed at the time of, and did not then render her ineligible for enlistment in the military service.

§ 864.81 *Physical disability.* Airmen, who are found by competent military medical authorities or authorized civilian medical authorities to be permanently medically disqualified for active military service or for active military service with a waiver, will be discharged provided that they are ineligible for transfer to the Retired Reserve or they are eligible but fail to apply for such transfer.

§ 864.82 *Inaptitude or unsuitability.* Airmen will be discharged for inaptitude when it is determined that they do not possess the required degree of adaptability for military service. Airmen will be discharged for unsuitability when it is determined that they are unsuitable for military service. Discharge under this section will be under honorable conditions and a General Discharge Certificate (DD Form 257AF) will be issued.

§ 864.83 *Unfitness.* Airmen will be discharged when they have demonstrated that they are unfit for further retention in the military service and definite determination is made that they cannot be rehabilitated to the extent that they may be expected to become satisfactory airmen. Discharge under this section will be under other than honorable conditions and Undesirable Discharge Certificate (DD Form 258AF) will be issued.

§ 864.84 *Fraudulent enlistment.* Airmen will be discharged for fraudulent enlistment when it is determined that they willfully and knowingly concealed or misrepresented any information which would have rendered them ineligible for enlistment or would have induced a further inquiry concerning their qualifications or disqualifications for enlistment. Discharge under this section will be under other than honorable conditions and an Undesirable Discharge Certificate (DD Form 258AF) will be issued. Exceptions may be made in those cases where a full consideration of all the facts to which the fraud relates, including the nature of the service rendered subsequent to reenlistment, whether enlistment was prompted by an honest and sincere desire to serve, and all other attendant facts and circumstances indicates that the airman is entitled to be discharged under honorable conditions and furnished a General Discharge Certificate (DD Form 257AF).

§ 864.85 *Conviction by civil court.* Airmen who, after enlistment, are convicted by civil court of an offense punishable by death or imprisonment for more than 1 year, will be discharged under this section. Discharge under this section will be under other than honorable conditions and an Undesirable Discharge Certificate (DD Form 258AF) will be issued.

§ 864.86 *Homosexuals.* Every member of the military service will consider it his duty to report to his commander or to the nearest Air Force installation

any facts concerning overt acts of homosexuality which may come to his attention. Commanders receiving information indicating that an Airman in the Air Force Reserve possesses homosexual tendencies or has engaged in acts of homosexuality will report the facts and circumstances to the local Office of Special Investigations and request an investigation by that office. Character of discharge under this section will be determined in accordance with current pertinent regulations.

§ 864.87 *Entrance or service in an Armed Force of a foreign country.* An airman who enters or serves in the Armed Forces of a foreign country may be discharged if, before entry or service, he fails to obtain written authority for such entry or service from the Secretary of State and the Secretary of Defense. Character of discharge under this section will be determined by the Secretary of the Air Force.

§ 864.88 *Accepting civil employment with foreign governments.* An airman who accepts civil employment with any foreign government or any concern which is controlled in whole or in part by a foreign government may be discharged when:

(a) He has not obtained prior written approval of the Secretary of the Air Force as provided in section 1032 of Title 10, United States Code, or

(b) He continues such employment after the Secretary of the Air Force has revoked his prior written approval.

(c) Character of discharge under this section will be determined by the Secretary of the Air Force.

§ 864.89 *Loss of nationality.* Any airman, who is a national of the United States, whether by birth or by naturalization, who loses such nationality for any of the reasons outlined in the Immigration and Nationality Act, as amended (66 Stat. 163; 8 U. S. C. 1101) or any other provision of law, will be discharged. Character of discharge under this section will be determined by the Secretary of the Air Force.

§ 864.90 *Security program.* Commanders receiving information which indicates that retention of an airman is not clearly consistent with the interests of national security will report the facts and circumstances in each case to the local Office of Special Investigations and request an investigation by that office. Within 10 days following receipt of the results of the investigation, action will be taken as outlined in §§ 886.1 to 886.21.

(a) *Application for discharge in lieu of board action.* An airman who has received a Notice of Proposed Action under sections 886.1 to 886.21, advising him that proceedings have been initiated to determine whether he should be discharged under §§ 886.1 to 886.21, may apply for discharge in lieu of further board action under §§ 886.1 to 886.21 at any time before the time that the findings and recommendations of the board are approved.

§ 864.91 *Disposition boards*—(a) *Policy.* Except as otherwise indicated, airmen will not be discharged for any of the reasons outlined in §§ 864.77 to 864.89, except pursuant to the approved recommendation of a board of officers, hereafter referred to as "Disposition Board or Boards," convened by competent authority, unless the airman concerned voluntarily elects to submit an application for discharge in lieu of board action under §§ 864.71 to 864.91.

(b) *Rights of respondent.* Each airman, hereafter referred to as "respondent," whose case is presented to a Disposition Board for consideration will have the following rights:

(1) *Personal appearance or representation.* Respondent may appear in person, with or without counsel, or be represented by counsel in his absence at all open proceedings of the Board. However, he will not be reimbursed for expenses incident to his appearance, except that upon his request, the Commander, Continental Air Command, will furnish invitational travel orders and furnish fund citation thereon for his appearance before the Board. When invitational travel orders are issued, they will direct that military air transportation will be used if available. Only where such transportation is not available will the respondent be authorized travel by commercial transportation. No per diem will be authorized. He will not be reimbursed for expenses incident to the appearance or assistance of civilian counsel to include military personnel not serving in the active miltary service. He may have military counsel at Government expense provided that such counsel is serving on extended active duty. He may have military counsel of his choice if such counsel is serving on extended active duty and is determined to be reasonably available by the major air commander concerned.

(2) *Challenge voting members.* Respondent may challenge for cause only any voting member of the Disposition Board.

(3) *Witnesses.* Respondent may request the appearance before a Board of any witness whose testimony he believes to be pertinent to his case specifying in his request the type of information the witness can provide. His request will be honored by the Board if the witness is considered to be reasonably available and his testimony can add materially to the case. Respondent will not be reimbursed for expenses incident to the appearance or assistance of civilian witnesses, to include military personnel not serving in the active military service. He or his counsel may question any witness appearing before a Board considering his case.

(4) *Submit to examination.* Respondent may or may not submit to examination by the Board. Article 31, UCMJ, will be read and explained to him and he will be advised that all the rights granted thereby are extended to him. If he then desires to submit to examination or make a statement under oath, he will be sworn. If he does not desire to make a sworn statement, he may make an unsworn statement in mitigation or extenuation of the reasons for discharge. This statement may be oral or in writing or both. It may be made by the respondent or his counsel or both. In the event that the respondent elects to make an unsworn statement, he will not thereby subject himself to examination by the Board.

(5) *Submission of evidence.* Respondent, whether present or not, may submit any answer, deposition, sworn or unsworn statement, certificate, affidavit, or stipulation for consideration by the Board. He may also, at any time before the Board convenes or during the proceedings, submit a written brief concerning the whole or any phase of his case.

(6) *Retirement or request for discharge.* Respondent may, at any time before the time that the findings and recommendations of the Disposition Board are approved:

(i) Apply for retirement, if eligible pursuant to sections 101, 676, 1001, 1331–1337, 1401, 8966 of Title 10, United States Code, or

(ii) Apply for transfer to the Retired Reserve, if eligible, or

(iii) Apply for discharge in lieu of further board action under §§ 864.71 to 864.91.

However, the Board once convened will continue until his application for retirement, transfer to the Retired Reserve or discharge is approved, or until the resultant findings and recommendations of the Board have been approved by competent authority, whichever occurs first.

[SEAL] E. E. TORO,
Colonel, U. S. Air Force,
Air Adjutant General.

[F. R. Doc. 56–10595; Filed, Dec. 28, 1956; 8:53 a. m.]

PART 861—OFFICERS' RESERVE

Subchapter G—Personnel

PART 887—APPOINTMENT OF OFFICER PERSONNEL

APPOINTMENT OF CHAPLAINS IN THE REGULAR AIR FORCE

1. In Part 861 §§ 861.171 to 861.177 are revoked.

2. In Part 887 §§ 887.171 to 887.177 are added as follows:

Sec.
887.171 Purpose.
887.172 Policy.
887.173 Definitions.
887.174 Grade determination.
887.175 Eligibility.
887.176 Periods.
887.177 Application.

AUTHORITY: §§ 887.171 to 887.177 issued under R. S. 161, sec. 202, 61 Stat. 500, as amended; 5 U. S. C. 22, 171a. Interpret or apply Pub. Law 737, 84th Cong.; 70 Stat. 582.

DERIVATION: AFR 36–19, September 13, 1956.

§ 887.171 *Purpose.* Sections 887.171 to 887.177 establish the eligibility requirements and the procedure for application and appointment of commissioned officers in the Regular Air Force with a view to designation for the performance of chaplain duties. Selection for such appointment will be based upon professional background and experience.

§ 887.172 *Policy.* The policy of the Air Force is to conduct an orderly buildup of the Regular Air Force toward authorized officer strength. This buildup will be accomplished by tendering Regular Air Force appointments in the grades of first lieutenant through lieutenant colonel to those persons who possess officer qualities, ability, and experience required by the Air Force. Vacancies exist in the Regular officer structure in promotion list service groups. Accordingly, applications will be considered for existing vacancies in promotion list service groups and over-all vacancies in denominational quotas. At the time of appointment, any person, who would be entitled to a permanent grade in the Regular Air Force which is higher than the temporary or Reserve grade in which serving on active duty, is not eligible for appointment under §§ 887.171 to 887.177; this determination will be made by Headquarters USAF. Final selection of applicants will be accomplished by a board of officers at Headquarters USAF. Those applicants considered best qualified to meet the requirements of the Air Force will be selected. Such factors as manner of performance, breadth of experience, type of assignments, technical competence, and any substantiated derogatory information will be evaluated. The recommendations of the Headquarters USAF selection board will be final. However, the President may remove from the recommended list the name of any officer who has been selected for appointment by the Headquarters USAF selection board, but who, in his opinion, is not qualified for appointment.

§ 887.173 *Definitions*—(a) *Organization commander.* The commander of the organization to which the applicant is actually assigned for administrative purposes.

(b) *Major air commander.* The commander responsible for the operation and administration of any organization designated a major air command who reports directly to the Chief of Staff, USAF.

(c) *Headquarters USAF.* Refers to the Director of Personnel Procurement and Training, Headquarters USAF, Attention: AFPTR–P–3A, Washington 25, D. C.

(d) *Promotion list service credit.* That credit awarded for the purpose of determining grade, position on a promotion list, seniority in his grade in the Regular Air Force, and eligibility for promotion.

(e) *Special effectiveness report.* That special USAF Officer Effectiveness Report (AF Form 77) furnished by the applicant's commander and submitted as part of the application for a Regular Air Force appointment.

§ 887.174 *Grade determination*—(a) *Service credit.* (1) For the purpose of determining grade, position on a promotion list, seniority in his grade in the Regular Air Force, eligibility for promotion, and mandatory retirement or elimination under the Officer Personnel Act of 1947, as amended pursuant to section 8296 of Title 10, United States Code, a person appointed under §§ 887.171 to 887.177 will be credited at the time of his appointment with the active Federal commissioned service in the Armed Forces that he performed after becoming 21 years of age and before his appointment. In addition and for the same purposes, a person may be credited by Headquarters USAF with not more than 2 years of constructive service.

(2) Each person appointed under §§ 887.171 to 887.177 will be credited at the time of his appointment, in addition to the service with which he is credited under subparagraph (1) of this paragraph, and for the purposes of determining grade, position on the promotion list, seniority in Regular grade, and eligibility for promotion, with 3 years of service.

(b) *Permanent grades.* (1) Based on promotion list service credit as outlined in paragraph (a) of this section, commissioned grade of appointment will be as follows:

Promotion list service credit	*Grade*
3 but less than 7 years	First lieutenant.
7 but less than 14 years	Captain.
14 but less than 21 years	Major.
21 or more years	Lieutenant colonel.

Notwithstanding any other provision of law, no person, who was a cadet at the United States Air Force Academy or the United States Military Academy, or a midshipman at the United States Naval Academy, may be originally appointed in a commissioned grade in the Regular Air Force before the date on which his classmates at that Academy are graduated and appointed as officers. No person, who was enrolled at, but did not graduate from, an Academy, may be credited, upon appointment as a commissioned officer of the Regular Air Force, with longer service than that credited to any member of his class at that Academy whose service in the Air Force, or in the Army and the Air Force, has been continuous since graduation.

(2) To prevent loss of seniority among newly appointed Regular officers and to eliminate a delay in promoting those Regular officers already on the promotion list, the appointment of an officer, who is within 6 months of becoming eligible for appointment in the next higher grade in the Regular Air Force at the time of selection, will be delayed until after the date on which he completes the necessary service for appointment in the next higher grade.

(3) The name of each person appointed under §§ 887.171 to 887.177 will be placed on the promotion list immediately below the most junior officer of the same grade who has the same or next greater amount of service credit, and will be awarded the appropriate date of rank in permanent grade.

(c) *Temporary grade.* Appointment in the Regular Air Force will not affect grade or date of rank in temporary grade held by appointee. A Reserve of the Air Force commission or Regular warrant officer appointment will be vacated on the day before the date of execution of oath of office as a Regular Air Force officer. An officer accepting a Regular Air Force appointment, who is serving in his Reserve of the Air Force grade equivalent to or higher than his Regular Air Force grade, will be tendered a temporary United States Air Force appointment in the equivalent or higher grade with no change in current active duty date of rank.

§ 887.175 *Eligibility.* Each person applying under §§ 887.171 to 887.177 must meet the eligibility requirements contained in paragraphs (a) through (g) of this section. Waivers are not authorized, except as provided for in paragraph (b) of this section.

(a) *Current status.* An applicant must hold a valid appointment as a Reserve of the Air Force officer or USAF temporary officer and must be serving as a commissioned officer in the active military service, and currently designated to perform chaplain duties pursuant to sections 8067, 8211, 8296, 8574 of Title 10, United States Code. In the event that an officer's established date of separation occurs before receipt of appointment, he may apply for indefinite active duty status, or, he may, upon approval of his organization commander, sign a specified period of time contract extending his date of separation until June 30, 1958, unless sooner released from extended active duty for the convenience of the Government. A person, released from active duty for any reason after submission of application, will no longer be considered for a Regular Air Force appointment.

(b) *Age.* At time of appointment, a person may not exceed the age of 30 by more than the number of years, months, and days he has served on active duty as a commissioned officer in the Armed Forces of the United States after attaining the age of 21. The Secretary of the Air Force may waive the above age limitation when, in his opinion, there is an inadequate number of officers with the required qualifications; but no person may be appointed if he is above the age which would permit him to complete 20 years of active Federal commissioned service before he attains his 55th birthday. Therefore, any person, who could complete a total of 20 years' active Federal commissioned service before reaching his 55th birthday, may apply.

(c) *Education.* Each applicant must possess a minimum of 120 semester credit hours or 180 quarter credit hours of formal undergraduate study in an accredited college or university and must have completed a minimum of 90 semester or 120 quarter hours of formal graduate work in an accredited theological school.

(d) *Ecclesiastical indorsement.* Each applicant must obtain ecclesiastical indorsement for Regular Air Force appointment from the appropriate denominational agency.

(e) *Citizenship.* An applicant must be a citizen of the United States. An applicant, who is not a citizen by birth, must furnish a certificate by an officer, notary public, or any other person authorized by law to administer oaths, giving the following information:

I certify that I have this date seen the original Certificate of Citizenship Number _____ (or certified copy of court order establishing citizenship)

stating that _____ was
(Full name)
admitted to United States citizenship by the _____ Court of _____, _____ on
(District of county) (State)
_____.
(Date)
The following person was named in the certificate as a minor child: _____;
(Full name)
age _____.

NOTE: Facsimiles or copies, photographic or otherwise, will not be made of naturalization certificates under any circumstances. Act 25 June 1948 (62 Stat. 767; 18 U. S. C. 1426 (h)) provides that "whoever, without lawful authority, prints, photographs, makes, or executes any print or impression in the likeness of a certificate of arrival, declaration of intention to become a citizen, or certificate of naturalization or citizenship, or any part thereof, shall be fined not more than $5,000 or imprisoned not more than five years, or both."

(f) *Medical.* An applicant must be medically qualified. Standard Form 88, "Report of Medical Examination," and Standard Form 89, "Report of Medical History," will not be submitted with the application, but will be requested before appointment.

(g) *Background.* An applicant must be of such background, character, and reputation to insure that his appointment into the Regular Air Force would be clearly consistent with the interests of the Air Force. Each applicant selected for appointment must be the subject of a favorable National Agency Check before the date of official tender of appointment. Any person, who is or has been a conscientious objector, may not be commissioned Regular Air Force.

§ 887.176 *Period*—(a) *Probationary period.* The appointment of any person under §§ 887.171 to 887.177 is probationary for 3 years and may be revoked by the Secretary of the Air Force at any time before the third anniversary of the acceptance of such appointment.

(b) *Application period.* An application may be submitted during the period October 15, 1956 to March 14, 1957. An application submitted after March 14, 1957 will be returned by the organization commander to the applicant. An application submitted under §§ 887.171 to 887.177 will remain valid until a new application period is announced by Headquarters USAF.

§ 887.177 *Application.* An applicant must comply with the following instructions:

(a) *Submitting application.* The application will be submitted to the applicant's organization commander and will consist of the following completed documents:

(1) Two copies of AF Form 17, "Application for Appointment in the Regular Air Force." Each applicant will plainly mark at the top of the application form "Chaplain."

(2) Original or photostat of authenticated transcripts substantiating education.

(3) Certificate from an officer verifying citizenship by naturalization, as required by § 887.175 (e), if applicable.

(4) Five copies of DD Form 398, "Statement of Personal History," and one completed FBI Applicant Fingerprint Card, if applicant has not been the subject of a favorable National Agency Check or complete background investigation during current tour of active duty.

(5) A copy of the letter forwarded by applicant to the appropriate denominational agency requesting that ecclesiastical indorsement for appointment in Regular Air Force be forwarded directly to the Chief of Air Force Chaplains, Headquarters USAF, Washington 25, D. C.

(6) Any other papers or statements considered relevant by the applicant.

(b) *Testing.* No testing required.

(c) *Distinguished graduates.* An applicant, who has been designated a Distinguished Aviation Cadet graduate, Distinguished Officer Candidate graduate, or Distinguished Air Force ROTC graduate, should attach to his application, a copy of the letter designating him as such, to insure that special consideration is given for such achievement.

(d) *Change of address.* The military address furnished on the application will be used for contacting an applicant. The applicant must give immediate notice to the Director of Personnel Procurement and Training, Headquarters USAF, Attention: AFPTR–P–3A, Washington 25, D. C., of any permanent change of address, between submission of application and notification of final action.

(e) *Replying to communications.* An applicant, who does not promptly reply to and/or comply with all communications and instructions regarding his application, will be considered as being no longer interested in a Regular commission and his application will be considered abandoned.

(f) *Returning application.* Application and supporting documents, which are forwarded to Headquarters USAF, will not be returned to an applicant, except as provided for in paragraph (g) of this section.

(g) *Withdrawing application.* A person may withdraw his application at any time before acceptance of a Regular appointment by submitting a written request to the Director of Personnel Procurement and Training, Headquarters USAF, Attention: AFPTR–P–3A, Washington 25, D. C. Application and allied papers will be returned.

[SEAL] E. E. TORO,
Colonel, U. S. Air Force
Air Adjutant General.

[F. R. Doc. 56–10597; Filed, Dec. 28, 1956; 8:53 a. m.]

TITLE 41—PUBLIC CONTRACTS

Chapter II—Division of Public Contracts, Department of Labor

PART 202—MINIMUM WAGE DETERMINATIONS

EFFECTIVE DATE

On September 7, 1956, the Secretary of Labor determined the prevailing minimum wages in certain industries and segments of industries to be $1.00 an hour and amended Title 41 of the Code of Federal Regulations to reflect these determinations (21 F. R. 6750). As stated in that document the rates therein established became effective and applied to all contracts subjects to the Walsh-Healey Public Contracts Act (41 U. S. C. 35–45) for which bids were solicited or negotiations otherwise commenced on or after October 7, 1956. The purpose of this amendment is to eliminate inconsistent and obsolete provisions for effective dates so that the Cumulative Pocket Supplement to the Code of Federal Regulations to be issued as of January 1, 1957 will present the data in its most simple form.

Accordingly, pursuant to authority under sections 1 (b), 4 and 6 of the Walsh-Healey Public Contracts Act (49 Stat. 2036, 2038; 41 U. S. C. 35, 40), Title 41 of the Code of Federal Regulations is hereby amended to reflect the effective date of each of these determinations as follows:

1. Sections 202.2 (e), 202.3 (e), 202.4 (e), 202.5 (e), 202.6 (e), 202.8 (e), 202.9 (e), 202.10 (e), 202.11 (e), 202.16 (e), 202.18 (e), 202.19 (e), 202.20 (e), 202.21 (e), 202.22 (e), 202.26 (e), 202.27 (e), 202.28 (e), 202.29 (e), 202.31 (e), 202.32 (e), 202.35 (e), 202.36 (e), 202.37 (e), 202.38 (e), 202.39 (e), 202.40 (e), 202.42 (e), 202.45 (e), 202.46 (e), 202.48 (e), are hereby amended to read as follows:

(e) *Effective date.* This section shall be effective, and the minimum wages herein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after October 7, 1956.

2. Section 202.33 (e) is hereby amended to read as follows:

(e) *Effective date.* (1) Paragraph (b) (1) of this section shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after December 5, 1955.

(2) Paragraph (b) (2) of this section shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after October 7, 1956.

3. Section 202.41 (e) is hereby amended to read as follows:

(e) *Effective date.* (1) The determination for this industry in the States of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after October 7, 1956.

(2) The determination for this industry in the remaining States of the United States and the District of Co-

lumbia shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after February 17, 1952.

4. Section 202.43 (e) is hereby amended to read as follows:

(e) *Effective date.* (1) Paragraph (b) (1) of this section shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after February 21, 1953.

(2) Paragraph (b) (2) of this section shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after October 7, 1956.

5. Section 202.44 (e) is hereby amended to read as follows:

(e) *Effective date.* (1) The determination for the industrial and refined basic chemicals branch of this industry in the States of Maryland, Virginia, South Carolina, North Carolina, Tennessee, Arkansas, Mississippi, Alabama, Georgia, Florida, and the District of Columbia shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after October 7, 1956.

(2) The determination for the industrial and refined basic chemicals branch of this industry in the remaining States of the United States and the determination for the bone black, carbon black, and lamp black branch of this industry shall be effective, and the minimum wages therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after January 23, 1951.

(3) The determination for the cleaning and polishing preparations, insecticides and fungicides, and miscellaneous chemicals branch of this industry shall be effective, and the minimum wage therein established shall apply, as to all contracts subject to the Public Contracts Act, bids for which are solicited or negotiations otherwise commenced on or after October 7, 1956.

Because the changes in the terms of the regulations effected by these amendments do not change the dates when the several wage determinations become effective, and are needed only to clarify the terms of the regulations for their imminent codification, I hereby find good cause to, and do, find that notice and public procedure thereon are unnecessary. For the same reasons I find good cause to make them effective without delay, and do, therefore, direct that they shall take effect upon publication in the FEDERAL REGISTER.

(Sec. 4, 49 Stat. 2038, as amended; 41 U. S. C. 38)

Signed at Washington, D. C. this 26th day of December 1956.

ROCCO C. SICILIANO,
Acting Secretary of Labor.

[F. R. Doc. 56-10577; Filed, Dec. 28, 1956; 8:51 a. m.]

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter VI—Business and Defense Services Administration, Department of Commerce

[BDSA Order M-5A (Formerly NPA Order M-5A), Direction 1—Revocation]

M-5A—ALUMINUM

DIR. 1—LIMITATION ON REQUIRED DELIVERY OF ALUMINUM BY PRODUCERS DURING THIRD QUARTER OF 1953

REVOCATION

Direction 1 (18 F. R. 2642) to BDSA Order M-5A (formerly NPA Order M-5A) is hereby revoked. This revocation does not relieve any person of any obligation or liability incurred under Direction 1 to BDSA Order M-5A, nor deprive any person of any rights received or accrued under said direction prior to the effective date of this revocation.

(Sec. 704, 64 Stat. 816, as amended; sec. 1, P. L. 632, 84th Cong., 70 Stat. 408; 50 U. S. C. App. 2154)

This revocation is effective December 27, 1956.

BUSINESS AND DEFENSE SERVICES ADMINISTRATION,
H. B. MCCOY,
Administrator.

[F. R. Doc. 56-10603; Filed, Dec. 27, 1956; 2:54 p. m.]

[BDSA Reg. 2 (Formerly NPA Reg. 2), Direction 6—Revocation]

REG. 2—BASIC RULES OF THE PRIORITIES SYSTEM

DIR. 6—CANCELLATION AND CONVERSION OF CERTAIN DO RATINGS

REVOCATION

Direction 6 (18 F. R. 1665) to BDSA Reg. 2 (formerly NPA Reg. 2) is hereby revoked. This revocation does not relieve any person of any obligation or liability incurred under Direction 6 to BDSA Reg. 2, nor deprive any person of any rights received or accrued under said direction prior to the effective date of this revocation.

(Sec. 704, 64 Stat. 816, as amended; sec. 1, P. L. 632, 84th Cong., 70 Stat. 408; 50 U. S. C. App. 2154)

This revocation is effective December 27, 1956.

BUSINESS AND DEFENSE SERVICES ADMINISTRATION,
H. B. MCCOY,
Administrator.

[F. R. Doc. 56-10604; Filed, Dec. 27, 1956; 2:54 p. m.]

TITLE 43—PUBLIC LANDS: INTERIOR

Chapter I—Bureau of Land Management, Department of the Interior

Appendix—Public Land Orders

[Public Land Order 1377]

NEVADA

RESERVING LANDS WITHIN NATIONAL FORESTS FOR USE OF THE FOREST SERVICE AS ADMINISTRATIVE SITES AND RECREATIONAL AREAS

By virtue of the authority vested in the President by the act of June 4, 1897 (30 Stat. 34, 36; 16 U. S. C. 473) and otherwise, and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

Subject to valid existing rights, the following-described public lands within the national forests hereinafter designated, are hereby withdrawn from all forms of appropriation under the public-land laws, including the mining but not the mineral-leasing laws or the act of July 31, 1947 (61 Stat. 681; 30 U. S. C. 601-604), and reserved for use of the Forest Service, Department of Agriculture, as administrative sites and recreational areas as indicated:

NEVADA 028474—NEVADA NATIONAL FOREST

MOUNT DIABLO MERIDIAN

Mack's Canyon Recreation Area No. 1:
T. 18 S., R. 56 E.,
Sec. 27, SW¼NW¼, W½SE¼NW¼, S½NW¼NW¼, SW¼NE¼NW¼, NW¼NE¼SW¼, N½NW¼SW¼, and SW¼NW¼SW¼.
Sec. 28, SE¼NE¼NE¼, NE¼SE¼NE¼, NE¼NE¼SE¼, and S½NE¼SE¼.
The areas described aggregate 180 acres.

Mack's Canyon Recreation Area No. 2:
T. 18 S., R. 56 E.,
Sec. 33, NW¼NE¼, N½SE¼NE¼, E½NE¼NW¼, and NE¼SE¼NW¼.
The areas described aggregate 90 acres.

NEVADA 043407—TOIYABE NATIONAL FOREST

MOUNT DIABLO MERIDIAN

San Juan Administrative Site:
T. 15 N., R. 42 E., unsurveyed,
Sec. 32, E½SE¼.
The area described contains 80 acres.

Tierney Creek Administrative Site:
T. 14 N., R. 42 E., unsurveyed,
Sec. 28, NW¼NW¼.
The area described contains 40 acres.

Stoneberger Creek Recreation Area:
T. 15 N., R. 46 E., unsurveyed,
Sec. 22, N½SW¼.
The area described contains 80 acres.

This order shall take precedence over but not otherwise affect the existing reservation of the lands for national forest purposes.

HATFIELD CHILSON,
Assistant Secretary of the Interior.

DECEMBER 26, 1956.

[F. R. Doc. 56-10599; Filed, Dec. 28, 1956; 8:54 a. m.]

TITLE 46—SHIPPING

Chapter I—Coast Guard, Department of the Treasury

Subchapter A—Procedures Applicable to the Public

[CGFR 56-56]

PART 3—MERCHANT MARINE PERSONNEL

CUSTOMS AND IMMIGRATION FORM I-418, COMBINED PASSENGER AND CREW LIST

As a result of conferences held by the Bureau of the Budget with the Department of State, Immigration and Naturalization Service, U. S. Public Health Service, Bureau of Customs, and the U. S. Coast Guard, one form has been established to replace eight existing forms utilized by the shipping and aviation industries in the manifesting of passengers and crew. This form has been designated as Customs and Immigration Form I-418, Combined Passenger and Crew List. The provisions of R. S. 4573, as amended (46 U. S. C. 674), require, before a clearance is granted to any vessel bound on a foreign voyage or engaged in the whale fishery, that the master thereof shall deliver to the Collector of Customs a list containing the names, places of birth and residence, and description of the persons who compose his ship's company. As a public service the Coast Guard has been furnishing their Form CG-710A, Crew List, to masters of such vessels. After January 1, 1957, the Coast Guard will discontinue the printing of Form CG-710A and will discontinue the free distribution of forms used in reporting members of the crew as required by R. S. 4573, as amended.

The Customs and Immigration Form I-418, Combined Passenger and Crew List, may be procured from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at the price of $2.00 per pad (100 forms). The use of this new Form I-418 will be effective January 1, 1957. The Bureau of Customs is charged with the primary responsibility of enforcing the provisions of R. S. 4573, as amended (46 U. S. C. 674), which requires the filing of a complete crew list by masters of certain vessels with the Collector of Customs before clearance may be granted.

By virtue of the authority vested in me as Commandant, United States Coast Guard, by Treasury Department Order No. 120, dated July 31, 1950 (15 F. R. 6521), to promulgate regulations in accordance with R. S. 4405, as amended, 4462, as amended, and section 7, 49 Stat. 1936, as amended (46 U. S. C. 375, 416, 689, § 3.13-20, *Crew list*, is canceled effective January 1, 1957.

(R. S. 4405, as amended, 4462, as amended; 46 U. S. C. 375, 416)

Dated: December 20, 1956.

[SEAL] A. C. RICHMOND,
Vice Admiral, U. S. Coast Guard,
Commandant.

[F. R. Doc. 56-10585; Filed, Dec. 28, 1956; 8:52 a. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 11797; FCC 56-1273]

[Rules Amdt. 3-50]

PART 3—RADIO BROADCAST SERVICES

TABLE OF ASSIGNMENTS

In the matter of amendment of § 3.606 *Table of assignments*, television broadcast stations (Evansville, Ind.-Owensboro, Ky.-Festus, Mo.-Shelbyville, Tenn.); Docket No. 11797; Rules Amdt. 3-50.

1. The Commission has before it for consideration its notice of proposed rule making (FCC 56-745) issued in this proceeding on July 25, 1956 and published in the FEDERAL REGISTER on July 28, 1956 (21 F. R. 5700) proposing to assign Channel 14 to Evansville in lieu of Channel 62 in response to a petition filed by Premier Television, Inc., permittee of Station WFIE operating on Channel 62 in Evansville. The proposed shift of channels would be accomplished by the following changes:

City	Channel No.	
	Delete	Add
Evansville, Ind	62	14-
Owensboro, Ky	14-	62
Festus, Mo	14+	25-
Shelbyville, Tenn	62-	56

2. Petitioner requested that the Commission order it to show cause why its outstanding authorization for Station WFIE should not be modified to specify operation on Channel 14 in lieu of Channel 62, and that Aircast, Inc., permittee of Station WKYT, authorized to operate on Channel 14 at Owensboro, be ordered to show cause why its outstanding authorization should not be modified to specify operation on Channel 62. In its notice of proposed rule making the Commission stated that such show cause order proceedings which may be necessary would be instituted at the termination of this proceeding.

3. No comments in opposition to the proposal have been filed. Petitioner and Aircast, Inc. have filed comments in support of the proposal.

4. WFIE urges that the proposed shift in channels would enable it to extend its coverage; that the amendments can be accomplished in accordance with the rules; and that adoption of its proposal would expedite the early establishment of local television service in Owensboro. Petitioner explains that it has reached an agreement with Aircast pursuant to which it will make available to the Owensboro station, the Channel 62 antenna, transmission line and associated equipment now used by WFIE for operation on Channel 62; and urges that this will enable the people of Owensboro to receive a local service at an early date. Aircast supports the proposal noting that many receivers in the Owensboro area are not adapted to receive Channel 14 but can receive Channel 62. Aircast submits that under the proposal it will be able to begin operation promptly and economically because of the assistance offered by petitioner.

5. The Commission believes that the proposed shift in channels between Evansville and Owensboro will serve the public interest in making possible the affording of a local television service in Owensboro at an early date. Accordingly, we are amending the Table of Assignments in accordance with WFIE's proposal. In order to accomplish the channel changes, the existing authorizations of WFIE and WKYT must be changed. We are therefore modifying the outstanding authorizations of these stations to specify operation on the new frequencies pursuant to section 316 (a) of the Communications Act of 1934, as amended. While we have refused to invoke modification procedures under section 316 (a) in requests for changes in channel assignments for the convenience of a petitioner, we believe that such procedures are appropriate in this case where a double switch in frequencies is required and where we have concluded that the change in channel assignments will serve the public interest in effectuating the early establishment of television service.

6. Authority for the adoption of the amendments herein is contained in sections 4 (i), 301, 303 (c), (d), (f) and (r), 307 (b) and 316 (a) of the Communications Act of 1934, as amended.

7. In view of the foregoing: *It is ordered*, That effective January 30, 1957, the Table of Assignments contained in § 3.606 of the Commission's rules and regulations is amended, insofar as the communities named are concerned, as follows:

City:	*Channel No.*
Evansville, Ind	7, 14-, 50-, *56
Owensboro, Ky	62
Festus, Mo	25-
Shelbyville, Tenn	56

8. In light of the fact that the parties have consented thereto; *It is further ordered*, That pursuant to sections 303 (f) and 316 (a) of the Communications Act of 1934, as amended, effective January 30, 1957, the outstanding construction permit of Premier Television, Inc. for Station WFIE on Channel 62 in Evansville, Indiana, is modified to specify Channel 14; and that the outstanding construction permit of Aircast, Inc. for Station WKYT on Channel 14 in Owensboro, Kentucky is modified to specify Channel 62. Premier and Aircast are directed to file with the Commission within 30 days new engineering information in light of the change in frequencies. In the event that WFIE will be unable to commence operation on Channel 14 by the effective date of the modification order, the Commission will consider a request for extension of its outstanding temporary authorization on Channel 62 pending completion of the switchover to Channel 14.

9. Section 3.606, recapitulated to include all outstanding amendments

adopted as of December 20, 1956, reads as set forth below.

(Sec. 4, 48 Stat. 1066, as amended; 47 U. S. C. 154. Interpret or apply secs. 301, 303, 307, 48 Stat. 1081, 1082, 1083; 47 U. S. C. 301, 303, 307)

Adopted: December 19, 1956.

Released: December 21, 1956.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

§ 3.606 *Table of assignments*—(a) *General.* The following table of assignments contains the channels assigned to the listed communities in the United States, its Territories, and possessions. Channels designated with an asterisk are assigned for use by noncommercial educational broadcast stations only. A station on a channel identified by a plus or minus mark is required to operate with its carrier frequencies offset 10 kc above or below, respectively, the normal carrier frequencies.

(b) *Table of assignments.*

	Channel No.
Alabama:	
Andalusia	*2−, 29
Anniston	70+
Auburn	*56
Bessemer	54
Birmingham	6−, *10−, 13−, 42+, 48
Brewton	23+
Clanton	14
Cullman	60+
Decatur	23−
Demopolis	18
Dothan	9+, 19−
Enterprise	40+
Eufaula	44
Florence	41
Fort Payne	19
Gadsden	15+, 21+
Greenville	49−
Guntersville	40−
Huntsville	31+
Jasper	17
Mobile	5+, 10+, *42, 48+
Montgomery	12, 20, *26+, 32
Munford	*7−
Opelika	22−
Selma	8−, 58+
Sheffield	47−
Sylacauga	24−
Talladega	64
Thomasville	27−
Troy	38−
Tuscaloosa	45, 51−
Tuskegee	16−
University	*74+
Arizona:	
Ajo	14−
Bisbee	15
Casa Grande	18−
Clifton	25−
Coolidge	30+
Douglas	3−
Eloy	24
Flagstaff	9, 13
Globe	34+
Holbrook	14
Kingman	6−
Mesa	12−
Miami	28+
Morenci	31
Nogales	17−
Phoenix	3+, 5−, *8+, 10−
Prescott	15
Safford	21
Tucson	4−, *6+, 9−, 13−
Williams	25
Winslow	16−
Yuma	11−, 13+
Arkansas:	
Arkadelphia	34+
Batesville	30−
Benton	40
Blytheville	64+, 74
Camden	50
Conway	62
El Dorado	10−, 26−
Fayetteville	*13−, 41−
Forrest City	22+
Fort Smith	5−, *16, 22, 39
Harrison	24
Helena	54−
Hope	15−
Hot Springs	9+, 52+
Jonesboro	8, 39+
Little Rock	*2−, 4, 11+, 17−, 23+
Magnolia	28+
Malvern	46
Morrilton	43−
Newport	28
Paragould	58−
Pine Bluff	7−, 36
Russellville	19
Searcy	33
Springdale	35−
Stuttgart	14+
California:	
Alturas	9
Bakersfield	10−, 29
Bishop	19
Brawley	25+
Chico	12−
Corona	52
Delano	37+
El Centro	16, 56
Eureka	3−, 13−
Fresno	12+, *18−, 24, 47, 53
Hanford	21
Los Angeles	2, 4, 5, 7, 9, 11, 13, 22, *28, 34
Madera	30+
Merced	34−, 66
Modesto	14+, 58
Monterey. (*See* Salinas.)	
Napa	62
Oakland. (*See* San Francisco.)	
Oxnard	32
Palm Springs	14
Petaluma	68
Pittsburg	16
Port Chicago	70
Porterville	55
Red Bluff	15
Redding	7
Riverside	40, 46
Sacramento	3, *6, 10, 40−, 46+
Salinas-Monterey	8+, 35
San Bernardino	18, *24−, 30
San Buenaventura	38−
San Diego	8, 10, *15+, 21−, 27, 33, 39
San Francisco-Oakland	2+, 4−, 5+ 7−, *9+, 20−, 26−, 32+, 38, 44−
San Jose	11+, 48, *54, 60
San Luis Obispo	6+
Santa Barbara	3−, 20, 26
Santa Cruz	56
Santa Maria	44
Santa Paula	16+
Santa Rosa	50
Stockton	13+, 36, *42, 64
Tulare	27+
Ukiah	18
Visalia	43, 49
Watsonville	22−
Yreka City	19
Yuba City	52−
Colorado:	
Alamosa	3−, 19+
Boulder	*12, 22+
Canon City	36
Colorado Springs	11, 13, *17+, 23+
Craig	19
Delta	24+
Denver	2, 4−, *6−, 7, 9−, 20, 26+
Durango	6+, 15
Fort Collins	44+
Fort Morgan	15+
Grand Junction	5−, 21+
Greeley	50
Colorado—Continued	
La Junta	24
Lamar	18−
Leadville	14+
Longmont	32
Loveland	38
Montrose	10+, 18
Pueblo	5, *8, 28+, 34−
Salida	25
Sterling	25−
Trinidad	21−
Walsenburg	30−
Connecticut:	
Bridgeport	43−, 49−, *71
Hartford	3+, 18−, *24
Meriden	65−
New Britain	30+
New Haven	8+, 59+
New London	26+, 81
Norwalk. (*See* Stamford.)	
Norwich	57+, *63−
Stamford-Norwalk	27
Waterbury	53
Delaware:	
Dover	40
Wilmington	12, *59−, 83+
District of Columbia:	
Washington	4, 5−, 7+, 9, 14−, 20+, *26−, 50−
Florida:	
Belle Glade	27+
Bradenton	23−
Clearwater	32+, 50
Daytona Beach	2−, 53
De Land	44+
Fort Lauderdale	17−, 39
Fort Myers	11+
Fort Pierce	19
Gainesville	*5−, 20+
Jacksonville	4+, *7, 12−, 30+, 36−
Key West	14+, 20
Lake City	33+
Lakeland	16+, 22+
Lake Wales	14
Leesburg	26−
Marianna	17+
Melbourne	37−
Miami	*2, 4, 7−, 10+, 23−, 33
Ocala	15+
Orlando	6−, 9, 18, *24−, 47
Palatka	17
Panama City	7+, *30, 36+
Pensacola	3−, 15+, *21, 46
Quincy	54+
St. Augustine	25+
St. Petersburg. (*See* Tampa.)	
Sanford	35+
Sarasota	34+
Tallahassee	*11−, 24, 51
Tampa-St. Petersburg	*3, 8−, 13−, 38
West Palm Beach	5, 12, *15, 21+
Georgia:	
Albany	10, 25
Americus	31
Athens	*8, 60−
Atlanta	2, 5−, 11+, *30, 36
Augusta	6+, 12+
Bainbridge	35−
Brunswick	28+, 34−
Cairo	45+
Carrollton	33
Cartersville	63−
Cedartown	53−
Columbus	4, 28, *34
Cordele	43
Dalton	25+
Douglas	32−
Dublin	15
Elberton	24+
Fitzgerald	53+
Fort Valley	18+
Gainesville	52
Griffin	39+
La Grange	50
Macon	13+, *41+, 47+
Marietta	57+
Milledgeville	51+
Moultrie	48−
Newnan	61+

Georgia—Continued	Channel No.
Rome	9, 59
Savannah	3+, *9—, 11
Statesboro	22
Swainsboro	20—
Thomasville	6, 27
Tifton	14—
Toccoa	35
Valdosta	37+
Vidalia	26
Waycross	16
Idaho:	
Blackfoot	33
Boise	2, *4+, 7
Burley	15—
Caldwell	9—
Coeur d'Alene	12—
Emmett	26—
Gooding	23
Idaho Falls	3, 8+
Jerome	17
Kellogg	33—
Lewiston	3—
Moscow	*15
Nampa	6, 12+
Payette	14+
Pocatello	6—, 10
Preston	41
Rexburg	27+
Rupert	21
Sandpoint	23—
Twin Falls	11, 13—
Wallace	27—
Weiser	20—
Illinois:	
Alton	48
Aurora	16
Belleville	54+
Bloomington	15—
Cairo	24—
Carbondale	34, *61—
Centralia	32+, 59+
Champaign-Urbana	3+, *12—, 21, 27, 33
Chicago	2—, 5, 7, 9+, *11, 20, 26, 32, 38, 44
Danville	24
Decatur	17, 23+
De Kalb	*67
Dixon	47+
Elgin	28+
Freeport	23
Galesburg	40—
Harrisburg	22
Jacksonville	29
Joliet	48+
Kankakee	14
Kewanee	60—
La Salle	35
Lincoln	53+
Macomb	61+
Marion	40
Mattoon	46—
Moline. (*See* Davenport, Iowa.)	
Mt. Vernon	38—
Olney	16—
Pekin	69+
Peoria	8, 19, *37—, 43+
Quincy	10—, 21+
Rockford	13+, 39+, *45+
Rock Island. (*See* Davenport, Iowa.)	
Springfield	2+, 20+, *66+
Streator	65—
Urbana. (*See* Champaign.)	
Vandalia	28—
Waukegan	22+
Indiana:	
Anderson	26+, 61
Angola	77
Bedford	68
Bloomington	4, *30—, 36
Columbus	42—
Connersville	38+
Elkhart	52
Evansville	7, 14—, 50—, *56
Fort Wayne	15+, 21+, *27+, 33—, 69
Gary	50, *66
Hammond	56—
Hatfield	9+

Indiana—Continued	Channel No.
Indianapolis	6, 8—, 13—, *20—, 39, 67—
Jasper	19+
Kokomo	31
Lafayette	18, *47, 59
Lebanon	79+
Logansport	51
Madison	25—
Marion	29+
Michigan City	62+
Muncie	49, 55+, *71
Princeton	52+
Richmond	32—
Shelbyville	58+
South Bend	34—, *40+, 46
Tell City	31—
Terre Haute	10, *57+, 63—, 73+
Vincennes	44+
Washington	60+
Iowa:	
Algona	37+
Ames	5, 25—
Atlantic	45—
Boone	19—
Burlington	32—, 38+
Carroll	39
Cedar Rapids	2, 9—, 20—, *26+
Centerville	31—
Charles City	18—
Cherokee	14
Clinton	64
Creston	43
Davenport-Rock Island-Moline, Ill.	4+, 6+, *30+, 36+, 42—
Decorah	44+
Des Moines	8—, *11+, 13—, 17+, 23—
Dubuque	56+, 62—
Estherville	24+
Fairfield	54
Fort Dodge	21
Fort Madison	50+
Grinnell	71
Iowa City	*12+, 24—
Keokuk	44—
Knoxville	33—
Marshalltown	49
Mason City	3+, 35—
Muscatine	58
Newton	65+
Oelwein	28
Oskaloosa	52+
Ottumwa	15+, 63
Red Oak	32+
Shenandoah	20+
Sioux City	4—, 9, *30, 36—
Spencer	42+
Storm Lake	34+
Waterloo	7+, 16—, *22—, 46+
Webster City	27
Kansas:	
Abilene	31+
Arkansas City	49
Atchison	60+
Chanute	50—
Coffeyville	33—
Colby	22—
Concordia	47—
Dodge City	6+, 23
El Dorado	55+
Emporia	39—
Fort Scott	27
Garden City	9, 11+
Goodland	10, 31
Great Bend	2, 28
Hays	7—, 20—
Hutchinson	12, 18
Independence	20
Iola	44+
Junction City	29+
Larned	15—
Lawrence	*11, 17—
Leavenworth	54—
Liberal	14
McPherson	26—
Manhattan	*8, 23+
Newton	14+
Olathe	52—
Ottawa	21—
Parsons	46—
Pittsburg	7+, 38—

Kansas—Continued	Channel No.
Pratt	36+
Salina	34
Topeka	13+, 42, *48+
Wellington	24—
Wichita	3—, 10—, 16—, *22+
Winfield	43+
Kentucky:	
Ashland	59—
Bowling Green	13, 17+
Campbellsville	40+
Corbin	16
Danville	35+
Elizabethtown	23
Frankfort	43—
Glasgow	28+
Harlan	73+
Hazard	19—
Hopkinsville	20
Lexington	18+, 27—, 64, 70+
Louisville	3—, 11+, *15, 21—, 41—, 51—
Madisonville	26
Mayfield	63
Maysville	24+
Middlesborough	57, 63+
Murray	33—
Owensboro	62
Paducah	6+, 43, 72
Pikeville	14—
Princeton	45—
Richmond	60
Somerset	29—
Winchester	37+
Louisiana:	
Abbeville	27+
Alexandria	5, 62+, 74
Bastrop	53+
Baton Rouge	2, 18—, 28, *34, 40—
Bogalusa	69, 78
Crowley	76
De Ridder	70
Eunice	64—
Franklin	46+
Hammond	57
Houma	30+
Jackson	59
Jennings	48
Lafayette	10, 38—, 67—
Lake Charles	7—, *14, 25, 60+
Minden	30
Monroe	8+, *13, 43+
Morgan City	36+
Natchitoches	17+
New Iberia	15+
New Orleans	4+, 6+, *8, 20—, 26, 32+, 61
Oakdale	54+
Opelousas	58
Ruston	20
Shreveport	3—, 12
Thibodaux	24
Winnfield	22—
Maine:	
Auburn	23+
Augusta	10—, 29+
Bangor	2—, 5+, *16—
Bar Harbor	22—
Bath	65
Belfast	41—
Biddeford	59
Calais	7—, 20—
Dover-Foxcroft	18+
Fort Kent	17+
Houlton	24
Lewiston	8—, 17
Millinocket	14+
Orono	*12—
Portland	6—, 13+, *47—, 53+
Presque Isle	8, 19
Rockland	25—
Rumford	55—
Van Buren	15—
Waterville	35+
Maryland:	
Annapolis	53—
Baltimore	2+, 11—, 13+, 18, *24+, 72—
Cambridge	22+
Cumberland	17+, 30—
Frederick	62
Hagerstown	52, 68+
Salisbury	16+

Massachusetts:	Channel No.
Amherst	*82
Barnstable	25+
Boston	*2+, 4−, 5−, 7+, 38, 44+, 56
Brockton	62
Easthampton	61
Fall River	46−, 68
Greenfield	32+, 58−
Holyoke. (*See* Springfield.)	
Lawrence	72
Lowell	78
New Bedford	6+, 28−, 34+
North Adams	19, *80+
Pittsfield	64+
Springfield-Holyoke	22, 40
Worcester	14, 20
Michigan:	
Alma	41+
Alpena	9+, *11, 30−
Ann Arbor	20+, *26−
Bad Axe	46−
Battle Creek	58−, 64−
Bay City	5−, 63−, *73+
Benton Harbor	42
Big Rapids	39
Cadillac	13−, 45
Calumet	5
Cheboygan	4+, 36+
Coldwater	24−
Detroit	2+, 4, 7−, 50−, *56, 62
East Lansing	60+
East Tawas	25−
Escanaba	3+, *49
Flint	12−, 16−, *22−, 28
Gladstone	40−
Grand Rapids	8+, *17+, 23−
Hancock	10−
Houghton	19, *25
Iron Mountain	9, 27
Iron River	33−
Ironwood	12−, 31−
Jackson	48
Kalamazoo	3−, 36−, *74
Lansing	6−, 54
Ludington	18+
Manistee	15−
Manistique	14+
Marquette	6−, 13+, 17, *35
Midland	19+
Mount Pleasant	47−
Muskegon	29−, 35+
Parma-Onondago	10−
Petoskey	31
Pontiac	44+
Port Huron	34+
Rogers City	24
Saginaw	51−, 57−
Sault Ste. Marie	8, 10+, 28−, *34
Traverse City	7+, 20−, *26+
West Branch	21
Minnesota:	
Albert Lea	57−
Alexandria	36
Austin	6−, 51+
Bemidji	13−, 24−
Brainerd	12
Cloquet	44
Crookston	21−
Detroit Lakes	18+
Duluth-Superior, Wis.	3, 6+, *8−, 32, 38
Ely	16
Fairmont	40+
Faribault	20
Fergus Falls	16−
Grand Rapids	20−
Hastings	29+
Hibbing	10+
International Falls	11
Little Falls	14+
Mankato	15−
Marshall	22+
Minneapolis-St. Paul	*2−, 4, 5−, 9+, 11−, 17, 23+
Montevideo	19
New Ulm	43−
Northfield	26
Owatonna	45
Red Wing	63−
Rochester	10, 55−
St. Cloud	7, 33

Minnesota—Continued	Channel No.
St. Paul. (*See* Minneapolis.)	
Stillwater	39−
Thief River Falls	15
Virginia	26+
Wadena	27+
Willmar	31+
Winona	61
Worthington	32
Mississippi:	
Biloxi	13+, *44+, 50−
Brookhaven	37+
Canton	16
Clarksdale	32
Columbia	35+
Columbus	4−, 28−
Corinth	29−
Greenville	21−, 27
Greenwood	6, 24+
Grenada	15
Gulfport	56−
Hattiesburg	9, 17−
Jackson	3+, 12+, *19+, 25−, 47
Kosciusko	52−
Laurel	33−
Laurel-Pachuta	7
Louisville	46−
McComb	31−
Meridian	11−, 30−, *36−
Natchez	29+
Pascagoula	22
Picayune	14−
Starkville	34−
State College	*2+
Tupelo	9−, 38
University	*20+
Vicksburg	41+
West Point	56+
Yazoo City	49
Missouri:	
Cape Girardeau	12, 18+, 69
Carthage	56−
Caruthersville	27−
Chillicothe	14−
Clinton	49−
Columbia	8+, 16+, 22−
Farmington	52
Festus	25−
Fulton	24+
Hannibal	7−, 27+
Jefferson City	13, 33+
Joplin	12+, 30+
Kansas City	4, 5+, 9+, *19+, 25+, 65
Kennett	21
Kirksville	3−, 18
Lebanon	23
Marshall	40+
Maryville	26
Mexico	45
Moberly	35+
Monett	14
Nevada	18−
Poplar Bluff	15+
Rolla	46
St. Joseph	2−, 30−, *36
St. Louis	4−, 5−, *9, 11−, 30, 36, 42+
Sedalia	6−, 28+
Sikeston	37
Springfield	3+, 10, *26+, 32
West Plains	20−
Montana:	
Anaconda	2+
Billings	2, 8, *11
Bozeman	*9, 22−
Butte	4, 6+, *7−, 15+
Cut Bank	20+
Deer Lodge	25+
Dillon	20
Glasgow	16
Glendive	5+, 18−
Great Falls	3+, 5+, *23−
Hamilton	17+
Hardin	4+
Havre	9+, 11+
Helena	10+, 12
Kalispell	9−
Laurel	14+
Lewiston	13
Livingston	16−
Miles City	3−, *6, 10

Montana—Continued	Channel No.
Missoula	8−, *11−, 13−, 21+
Polson	18
Red Lodge	18+
Shelby	14−
Sidney	14
Whitefish	16+
Wolf Point	20−
Nebraska:	
Alliance	13−, 21
Beatrice	40
Broken Bow	14−
Columbus	49+
Fairbury	35
Falls City	38
Fremont	52
Grand Island	11−, 21+
Hastings	5−, 27−
Hay Spring	8
Hayes Center	6
Kearney	13, 19
Lexington	23−
Lincoln	10+, *12−, 18+, 24
McCook	8−, 17
Nebraska City	50
Norfolk	33+
North Platte	2−, 4+
Omaha	3, 6+, 7, *16, 22, 28−
Scottsbluff	10−, 16+
York	15
Nevada:	
Boulder City	4+
Carlin	14
Carson City	37
Elko	10−
Ely	3−, 6+
Fallon	29−
Goldfield	5−
Hawthorne	31
Henderson	2−
Las Vegas	8−, *10+, 13−
Lovelock	18+
McGill	8+
Reno	4, 8, *21+, 27−
Tonopah	9−
Winnemucca	7+
Yerington	33
New Hampshire:	
Berlin	26
Claremont	37
Concord	75+
Durham	*11
Hanover	*27+
Keene	45−
Laconia	43
Littleton	24−
Manchester	9−, 48+
Nashua	54
Portsmouth	15
Rochester	51
New Jersey:	
Andover	*69
Asbury Park	58
Atlantic City	46, 52+
Bridgeton	64−
Camden	*80
Freehold	*74
Hammonton	*70
Montclair	*77
Newark	13−
New Brunswick	*19−, 47+
Paterson	37+
Trenton	41+
Wildwood	48−
New Mexico:	
Alamogordo	17
Albuquerque	4+, *5+, 7+, 13+
Artesia	21+
Atrisco-Five Points	18+
Belen	24+
Carlsbad	6−, 23
Clayton	27−
Clovis	12+, 35
Deming	14+
Farmington	17−
Gallup	3, *8−, 10
Hobbs	46
Hot Springs	19
Las Cruces	22−
Las Vegas	14−
Lordsburg	23+

	Channel No.
New Mexico—Continued	
Los Alamos	20—
Lovington	27
Portales	22+
Raton	46—, *52
Roswell	*3+, 8, 10—
Santa Fe	2+, *9+, 11—
Silver City	*10+, 12
Socorro	15+
Tucumcari	25+
New York:	
Albany-Schenectady-Troy	6, *17+, 23—, 35, 41
Amsterdam	52—
Auburn	37—
Batavia	33—
Binghamton	12—, 40—, *46+, 56+
Buffalo (*also see* Buffalo-Niagara Falls)	17, *23
Buffalo-Niagara Falls	2, 4—, 7+, 59
Carthage	7—
Clymer	37
Cortland	72
Dunkirk	46
Elmira	9—, 18+, 24—
Glens Falls	39+
Gloversville	29—
Hornell	50
Ithaca	*14+, 20—
Jamestown	58+
Kingston	66—
Lake Placid	5
Malone	20+, *66
Massena	14—
Middletown	60
New York	2— 4, 5+, 7, 9+, 11+, *25, 31—
Niagara Falls. (*See* Buffalo-Niagara Falls.)	
Ogdensburg	24+
Olean	54+
Oneonta	62—
Oswego	31
Patchogue	75
Plattsburg	28+
Poughkeepsie	21—, *83
Rochester	5—, 10+, 15—, *21, 27+
Rome (*See* Utica.)	
Saranac Lake	18
Schenectady. (*See* Albany.)	
Syracuse	3—, 8, *43+
Troy. (*See* Albany.)	
Utica-Rome	13, *25+, 54—
Vail Mills	10—
Watertown	48
North Carolina:	
Ahoskie	53
Albermarle	20
Asheville	13—, *56—, 62+, 78
Burlington	63
Burnsville	18
Chapel Hill	*4+
Charlotte	3, 9+, 36+, *42+
Durham	11+, *40—, 46+, 73—
Elizabeth City	31+
Fayetteville	18—, 54—
Gastonia	48
Goldsboro	34, 72
Greensboro	2—, *51—, 57—
Greenville	9—
Henderson	52—
Hendersonville	27
Hickory	30—
High Point	15+
Jacksonville	16
Kannapolis	59+
Kinston	45
Laurinburg	41—
Lumberton	21+
Mount Airy	55
New Bern	13—
Raleigh	5, *22—, 28—
Roanoke Rapids	30+
Rocky Mount	50+
Salisbury	80
Sanford	38
Shelby	39
Southern Pines	49
Statesville	64—
Washington	7
Wilmington	3—, 6, 29—, *35+
Wilson	56
Winston-Salem	12, 26+, *32—
North Dakota:	
Bismarck	5, 12—, 18, *24
Bottineau	16+
Carrington	26—
Devils Lake	8+, 14—
Dickinson	2+, 4, *17
Fargo	6, 11+, *34—, 40
Grafton	17
Grand Forks	*2, 10
Harvey	22+
Jamestown	7—, 42
Lisbon	23
Minot	*6+, 10—, 13+
New Rockford	20+
Rugby	38—
Valley City	4—, 32—
Wahpeton	45+
Williston	8—, 11—, *34+
Ohio:	
Akron	49+, *55—, 61+
Ashtabula	15
Athens	62—
Bellefontaine	63
Bowling Green	*70
Cambridge	26
Canton	29
Chillicothe	56+
Cincinnati	5—, 9, 12, *48—, 54—, 74—
Cleveland	3, 5+, 8, 19, *25+, 65+
Columbus	4—, 6+, *34, 40—
Coshocton	20
Dayton	2, 7+, *16+, 22+
Defiance	43
Findlay	53
Fremont	59+
Gallipolis	72
Hamilton-Middletown	65
Lancaster	28—
Lima	35—, 73
Lorain	31—
Mansfield	36+
Marion	17—
Massillon	23+
Middletown. (*See* Hamilton.)	
Mount Vernon	58
Newark	60—
Oxford	14+
Piqua	44—
Portsmouth	30
Sandusky	42+
Springfield	52—, 76
Steubenville. (*See* Wheeling, W. Va.)	
Tiffin	47+
Toledo	11—, 13, *30+, 79
Warren	67+
Youngstown (also see Youngstown, Ohio—New Castle, Pa.)	21—, 27, 73—
Youngstown, Ohio-New Castle, Pa	45—
Zanesville	18—, 50+
Oklahoma:	
Ada	10+, 50+
Altus	36
Alva	30
Anadarko	58—
Ardmore	12—, 55—
Bartlesville	62—
Blackwell	51—
Chickasha	64
Claremore	15
Clinton	32—
Duncan	39—
Durant	27—
Elk City	8+, 15+, 26+
El Reno	56+
Enid	5, 21, *27+
Frederick	44
Guthrie	48
Guymon	20+
Hobart	23+
Holdenville	14—
Hugo	21+
Lawton	7+, *28+, 34—
McAlester	47
Miami	58+
Muskogee	8—, *45+, 66+
Norman	31—, *37—
Oklahoma City	4—, 9—, *13, 19+, 25—
Okmulgee	26
Pauls Valley	61
Ponca City	40—
Pryor Creek	54
Sapulpa	42—
Seminole	59
Shawnee	53—
Stillwater	29—, *69
Tulsa	2+, 6, *11—, 17+, 23
Vinita	28—
Woodward	35+
Oregon:	
Albany	55+
Ashland	14—
Astoria	30—
Baker	37+
Bend	15—
Burns	16
Coos Bay	11
Corvallis	*7—, 49—
Eugene	*9+, 13, 20+, 26
Grants Pass	30
Klamath Falls	2—, 17
La Grande	13+
Lebanon	43+
McMinnville	46—
Medford	5
North Bend	16+
Pendleton	28
Portland	6+, 8—, *10, 12, 21—, 27+
Roseburg	4+, 28+
Salem	3+, *18—, 24+, 66
Springfield	37—
The Dalles	32
Pennsylvania:	
Allentown	39, 67
Altoona	10—, 19+, 25—
Bethlehem	51—
Bradford	70—
Butler	43—
Chambersburg	46—
Du Bois	31+
Easton	57—
Emporium	42—
Erie	12, 35+, *41—, 66+
Harrisburg	27—, 55+, 71+
Hazleton	63
Irwin	4+
Johnstown	6, 56—
Lancaster	8—, 21+
Lebanon	15+
Lewistown	74—
Lock Haven	32—
Meadville	62+
New Castle (see Youngstown, Ohio—New Castle, Pa.)	
Oil City	64
Philadelphia	3, 6—, 10, 17—, 23+, 29, *35—
Pittsburgh	2—, 11, *13—, 16, 47—, 53+
Reading	33+, 61—
Scranton	16—, 22—, 44
Shamokin	65
Sharon	39+
Shinglehouse	26+
State College	*48+
Sunbury	38
Uniontown	14
Washington	63+
Wilkes-Barre	28, 34
Williamsport	36—
York	43, 49
Rhode Island:	
Providence	10+, 12+, 16, *36+
South Carolina:	
Aiken	54
Anderson	40, 58—
Camden	14
Charleston	2+, 5+, *13, 17+, *68
Clemson	67+
Columbia	10—, *19+, 25—, 67+
Conway	23—
Florence	8—, 60
Georgetown	27—
Greenville	4—, 23+, *29
Greenwood	21—
Lake City	55+
Lancaster	31—
Laurens	45—
Marion	43—
Newberry	70

South Carolina—Continued	Channel No.
Orangeburg	44—
Rock Hill	61—
Spartanburg	7+, 17—, 74—
Sumter	47
Union	65—
South Dakota:	
Aberdeen	9—, 17+
Belle Fourche	23+
Brookings	*8, 25
Hot Springs	17+
Huron	12+, 15+
Lead	5—, 26
Madison	46
Mitchell	5+, 20—
Mobridge	27—
Pierre	10+, *22+
Rapid City	3+, 7+, 15—
Reliance	6—
Sioux Falls	11, 13+, 38+, *44—
Sturgis	20
Vermillion	*2+, 41
Watertown	3—, 35+
Winner	18—
Yankton	17—
Tennessee:	
Athens	14+
Bristol, Tenn.-Bristol, Va.	5+, 46—
Chattanooga	3+, 12—, 43+, 49+, *55—
Clarksville	53
Cleveland	38+
Columbia	39—
Cookeville	24, *69
Crossville	*77
Covington	19—
Dyersburg	46+
Elizabethton	22+
Fayetteville	27+
Gallatin	48+
Harriman	67
Humboldt	25
Jackson	7+, 16+
Johnson City	11—, 34+
Kingsport	28
Knoxville	6, 10+, *20+, 26—
Lawrenceburg	50+
Lebanon	58
Lexington	*11
McMinnville	46
Maryville	51
Memphis	3, 5+, *10+, 13+, 42—, 48—
Morristown	54+
Murfreesboro	18—
Nashville	*2—, 4+, 5, 8+, 30+, 36+
Oak Ridge	32+
Paris	51+
Pulaski	44—
Shelbyville	56
Sneedville	*2+
Springfield	42
Tullahoma	68—
Union City	55
Texas:	
Abilene	9+, 33—
Alice	34+
Alpine	12—
Amarillo	*2—, 4, 7, 10
Athens	25+
Austin	7+, 18—, 24, *70—
Ballinger	25
Bay City	33
Beaumont-Port Arthur	4— 6—, 31+, *37
Beeville	38—
Big Spring	4—, 34+
Bonham	43
Borger	33
Brady	15—
Breckenridge	14+
Brenham	52—
Brownfield	15
Brownsville (*also see* Brownsville-Harlingen-Weslaco)	36
Brownsville-Harlingen-Weslaco [1]	4+, 5—
Brownwood	19

[1] These assignments may be utilized in any community lying within the area of the triangle formed by Brownsville, Harlingen and Weslaco.

Texas—Continued	Channel No.
Bryan	54—
Bryan-College Station (*also see* College Station)	3+
Childress	40
Cleburne	57
Coleman	21—
College Station (also see Bryan-College Station)	*48—
Conroe	20+
Corpus Christi	6+, 10—, *16+, 22, 43
Corsicana	47+
Crockett	56
Crystal City	28+
Cuero	25—
Dalhart	16
Dallas	4+, 8, *13+, 23, 29, 73
Del Rio	16—
Denison	52
Denton	*2, 17
Eagle Pass	26
Edinburg	26—
El Campo	27
El Paso	4, *7, 9, 13, 20+, 26+
Falfurrias	52
Floydada	45
Fort Stockton	22
Fort Worth	5+, 11—, 20—, *26—
Gainesville	49—
Galveston	11+, 35—, 41—, *47—
Gonzales	64+
Greenville	69—
Harlingen (*also see* Brownsville-Harlingen-Weslaco)	23
Hebbronville	58
Henderson	42+
Hereford	19—
Hillsboro	63
Houston	2—, *8—, 13—, 23+, 29—, 39—
Huntsville	15
Jacksonville	36—
Jasper	49+
Kermit	14
Kilgore	59—
Kingsville	40
Lamesa	28
Lampasas	40—
Laredo	8, 13, *15+
Levelland	38—
Littlefield	32
Longview	32, 38+
Lubbock	5—, 11, 13—, *20, 26
Lufkin	9, 46—
McAllen	20—
McKinney	65—
Marfa	19+
Marshall	16—
Mercedes	32
Mexia	50—
Midland	2+, 18
Mineral Wells	38
Mission	14
Monahans	9—
Mount Pleasant	35
Nacogdoches	19—, 40+
New Braunfels	62—
Odessa	7—, 24—
Orange	43—
Pampa	17—
Paris	33+
Pearsall	31
Pecos	16+
Perryton	22
Plainview	29+
Port Arthur. (*See* Beaumont.)	
Quanah	42
Raymondville	42
Rosenberg	17—
San Angelo	3—, 8+, 17+, *23—
San Antonio	4, 5, *9—, 12+, 35+, 41+
San Benito	48
San Marcos	53+
Seguin	14—
Seymour	24+
Sherman	46+
Snyder	30+
Stephenville	32+
Sulphur Springs	41
Sweetwater	12
Taylor	58+

Texas—Continued	Channel No.
Temple	6, 16, 22+
Terrell	53
Texarkana	6+, *18, 24—
Tyler	7, 61+, 72
Uvalde	20
Vernon	18+
Victoria	19+
Waco	10+, *28—, 34
Waxahachie	45—
Weatherford	51
Weslaco. (*See* Brownsville-Harlingen-Weslaco.)	
Wichita Falls	3, 6—, *16+, 22—
Utah:	
Brigham	36—
Cedar City	5
Logan	12—, 30, *46
Ogden	9+, *18—, 24
Price	6
Provo	11+, 22, *28
Richfield	13+
St. George	18+
Salt Lake City	2—, 4—, 5+, *7—, 20+, 26
Tooele	44
Vernal	3+
Vermont:	
Bennington	74+
Brattleboro	77+
Burlington	3, *16+, 22+
Montpelier	57
Newport	46
Rutland	49+
St. Albans	34—
St. Johnsbury	30
Virginia:	
Blacksburg	*60+
Bristol. (*See* Bristol, Tenn.)	
Charlottesville	*45+, 64+
Covington	44+
Danville	24—
Emporia	25+
Farmville	19
Fredericksburg	47
Front Royal	39—
Harrisonburg	3—, 34—
Lexington	54
Lynchburg	13, 16—
Marion	50
Martinsville	35—
Newport News. (*See* Norfolk-Portsmouth-Newport News.)	
Norfolk-Portsmouth (*also see* Norfolk-Portsmouth-Newport News)	27
Norfolk-Portsmouth-Newport News (*also see* Norfolk-Portsmouth)	3+, 10+, 15, *21—, 33
Norton	52+
Petersburg	8, 41
Portsmouth. (*See* Norfolk-Portsmouth and *also see* Norfolk, Portsmouth-Newport News.)	
Pulaski	37—
Richmond	6+, 12—, *23, 29+
Roanoke	7—, 10, 27+, *33—
South Boston	14+
Staunton	36
Waynesboro	42
Williamsburg	17
Winchester	28+
Washington:	
Aberdeen	58
Anacortes	34
Bellingham	12+, 18+, 24—
Bremerton	44, 50
Centralia	17
Clarkston	34+, 40+
Ellensburg	49, *65
Ephrata	43
Everett	22—, 28—
Grand Coulee	37
Hoquiam	52
Kelso	39
Kennewick (*also see* Kennewick-Richland-Pasco)	25
Kennewick-Richland-Pasco	*41
Longview	33
Moses Lake	61
Olympia	60
Omak-Okanogan	*35—

Washington—Continued	Channel No.
Okanogan. (*See* Omak.)	
Pasco (*also see* Kennewick-Richland-Pasco)	19—
Port Angeles	16—
Pullman	*10—, 24
Richland (*also see* Kennewick-Richland-Pasco)	31
Seattle	4, 5+, 7, *9, 20, 26+
Spokane	2—, 4—, 6—, *7+
Tacoma	11+, 13—, *56, 62
Walla Walla	5—, 8, *22
Wenatchee	*45, 55, 67
Yakima	23+, 29+, *47
West Virginia:	
Beckley	4, 21, 66
Bluefield	6—, 41+
Charleston	8+, *43+, 49—
Clarksburg	12+, 22, 69—
Elkins	40+
Fairmont	35
Hinton	31
Huntington	3+, 13+, *53—
Logan	23—
Martinsburg	58—
Morgantown	*24
Parkersburg	15—
Welch	25
Weston	5, 32
Wheeling (*also see* Wheeling-Steubenville, Ohio)	*57+
Wheeling-Steubenville, Ohio	7, 9+, 51+
Williamson	17
Wisconsin:	
Adams	*58+
Appleton	42+
Ashland	15+
Beaver Dam	37
Beloit	57
Chilton	*24+

Wisconsin—Continued	Channel No.
Eau Claire	13, *19+, 25+
Fond du Lac	54+
Green Bay	2+, 5+, 70+
Janesville	63+
Kenosha	61—
La Crosse	8+, *32+, 38—, 72
Madison	3, *21—, 27—, 33+
Manitowoc	65
Marinette	11+, 32—, *38+
Milwaukee	4—, *10+, 12, 19—, 25, 31+
Oshkosh	48—
Park Falls	*18
Portage	17—
Prairie du Chien	34
Racine	49—, 55
Rhinelander	22
Rice Lake	21+
Richland Center	15, *66—
Sheboygan	59—
Shell Lake	*30—
Sparta	50—
Stevens Point	20+, 26—
Sturgeon Bay	44—
Superior. (*See* Duluth, Minn.)	
Wausau	7—, 16+, *46—
Whitefish Bay	6
Wisconsin Rapids	14—
Wyoming:	
Buffalo	29
Casper	2+, 6+
Cheyenne	3, 5+
Cody	24—
Douglas	14
Evanston	14—
Gillette	31—
Green River	16
Greybull	40
Lander	17—
Laramie	*8+, 18+

Wyoming—Continued	Channel No.
Lovell	36+
Lusk	19—
Newcastle	28+
Powell	30+
Rawlins	11—
Riverton	10+
Rock Springs	13
Sheridan	9—, 12+
Thermopolis	15
Torrington	27
Wheatland	24+
Worland	34
U. S. TERRITORIES AND POSSESSIONS	
Alaska:	
Anchorage	2—, *7—, 11, 12—
Fairbanks	2+, 4+, 7+, *9+, 11+, 13+
Juneau	*3, 8, 10
Ketchikan	2, 4, *9
Seward	4—, 9—
Sitka	13
Guam:	
Agana	8, 10
Hawaiian Islands:	
Hilo, Hawaii	2, *4, 7, 9, 11, 13 4—, *7+, 9—, 11+, 13—
Lihue, Kauai	3+, *8—, 10+, 12—
Wailuku, Maui	3, 8, *10, 12
Puerto Rico:	
Arecibo	13+
Caguas	11—
Mayaguez	3+, 5—
Ponce	7+, 9—
San Juan	2+, 4—, *6+
Virgin Islands:	
Charlotte Amalie	10—, 12+
Christiansted	8+

[F. R. Doc. 56-10520; Filed, Dec. 28, 1956; 8:45 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Parts 960, 963]

[Docket Nos. AO-253-A2, AO-233-A6]

MILK IN AKRON, OHIO, AND STARK COUNTY, OHIO, MARKETING AREAS

NOTICE OF RECOMMENDED DECISION AND OPPORTUNITY TO FILE WRITTEN EXCEPTIONS WITH RESPECT TO PROPOSED MARKETING AGREEMENT AND TO PROPOSED AMENDMENTS TO ORDERS AS IN EFFECT

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given of the filing with the Hearing Clerk of the recommended decision of the Deputy Administrator, Agricultural Marketing Service, United States Department of Agriculture, with respect to a proposed marketing agreement and a proposed order amending the orders, as in effect, regulating the handling of milk in the Akron, Ohio, and Stark County, Ohio, marketing areas. Interested parties may file written exceptions to this decision with the Hearing Clerk, United States Department of Agriculture, Washington 25, D. C., not later than the close of business on the 10th day after publication of this decision in the FEDERAL REGISTER. Exceptions should be filed in quadruplicate.

Preliminary statement. The hearing on the record of which the proposed marketing agreement and order were formulated was held at Akron, Ohio, August 22, 1956, pursuant to notice thereof issued August 1, 1956 (21 F. R. 5846).

The material issues of record relate to:

(1) The merger of orders No. 60 and No. 63 regulating the handling of milk in the Akron, Ohio, and Stark County, Ohio, marketing areas;

(2) The extent to which the present provisions of Order No. 60 (other than those involved in the issues listed below) are appropriate for the merged marketing area;

(3) The determination and level of the price for Class I milk;

(4) The pricing of milk used to produce cottage cheese; and

(5) Distribution of returns to producers by means of eligible milk quotas.

Findings and conclusions. The following findings and conclusions are based on the evidence presented at the hearing and the record thereof.

1. Order No. 63 regulating the handling of milk in the Stark County, Ohio, marketing area should be consolidated with Order No. 60 regulating the handling of milk in the Akron, Ohio, marketing area and in the marketing area of the merged order there should also be included two sections of land in Stark County, Ohio, not now included in the marketing area of either order.

The presently defined Akron and Stark County marketing areas are, with one minor exception, contiguous to each other. When the Stark County order was issued in 1952, the northern boundary of the marketing area was defined in considerable detail (by sections in Green Township of Summit County and by lots in Suffield Township of Portage County) in an attempt to establish the precise point at which major distribution of milk by Stark County handlers ceased and distribution by Akron handlers became more important. Sections 6 and 7 of Lake Township, Stark County, were omitted from the marketing area because of distribution of Akron milk in the village of Uniontown. When the Akron order was issued, effective February 1955, the area included all of Summit County and all of Suffield Township of Portage County other than those areas defined in the Stark County marketing area. Sections 6 and 7 of Lake Township, Stark County, were omitted, although distribution by Akron handlers still continued to be important and all sales in this area are by Akron and Stark County handlers.

There has long been substantial completion in procurement and sales of milk between Akron and Stark County

dealers. For considerable time an Akron handler has made substantial milk sales in the Stark County area. Handlers in the Akron marketing area regularly distribute milk packaged in a Stark County plant, a situation recognized by the allocation provisions of the Akron order. One distributor with a plant subject to each order transfers milk and producers between the Akron and Stark County markets. Intermarket sales and movements of milk have accelerated recently. Two Akron handlers now have permits to sell milk in Canton, the largest city of the Stark County area. Health requirements for production and handling of milk for fluid consumption are sufficiently uniform that milk acceptable to any of the municipalities of the area moves freely throughout the area.

Stark County producers are interspersed with Akron producers throughout the southeastern two-thirds of the area from which the larger Akron market draws its milk supply. Because of competition for milk in this general area between Akron, Stark County and the nearby Cleveland market, it has been necessary to bring Akron and Stark County Class I prices into precise alignment with each other and into close alignment with the Cleveland price.

The extent to which overlapping and intermingling of production and sales of milk have developed makes it clear that no clearly defined boundary between the areas any longer exists.

Producer organizations and handlers of both areas uniformly support a merger of the Akron and Stark County orders to regulate the entire area under one regulation. The principal advantages of this action will be the stability provided producers by reflecting in one uniform price the Class I sales of all handlers, rather than dividing these sales into two separate pools; and greater freedom to handlers for movements of milk within the entire area without distinction as to the individual market pools affected. Integration into a single market has in this instance progressed to the point that these objectives should be achieved by providing a single regulation governing the two presently defined marketing areas. Also included in the combined marketing area should be sections 6 and 7 of Lake Township, Stark County. These sections are in all respects similar to the adjacent territory now included in the respective separate orders.

To accomplish the merger effectively and most equitably the assets in the custody of the market administrator in the administrative marketing service and producer-settlement funds under the Stark County order should be merged with assets in similar funds under the Akron order when the merger is effected. To distribute such funds under the Stark County order to Stark County producers and handlers, would unduly burden handlers and producers now regulated by the Akron order. To distribute the funds under both orders and again accumulate the necessary reserves would entail considerable administrative detail to no good purpose.

2. *Applicability of provisions of Akron order to merged order.* While there are many differences in language between the Akron and Stark County orders, there are relatively few differences in substantive effect as applied to the marketing conditions that prevail in the areas presently defined. The majority of the provisions of a milk order apply to the individual operations of handlers in determining the classification and minimum value of receipts of milk from producers by each handler. The effect of similar provisions of such nature in two separate orders are not changed when the two orders are combined into a single regulation.

A few of the differences between the present orders are of an administrative nature such as the manner in which prices are stated, dates on which payroll reports are required, offers of reimbursement by cooperatives as a prerequisite to receipt of payments of dues or for milk of their members, or certificates of use required with respect to classification of milk transferred to nonpool plants. With respect to these matters the provisions of the present Akron order appear to be applicable to the combined marketing area.

As indicated elsewhere in this decision the Akron order provides that milk in bottled form classified and priced under another Federal order that is received by an Akron handler, be assigned to the same classification in the Akron handler's plant as under the other order. The Stark County order has no such provision. While its chief use under the Akron order has been with respect to receipts of Stark County milk, need for free movement of packaged milk from the nearby Cleveland market justifies retention of the provision.

A butter-cheese formula price now serving only as an alternative basis for pricing Class II milk under the Stark County order has never been effective. The Akron order does not include provision for use of this price. There is no reason for including this price in the order for the combined area.

The provisions of the Akron order which permit classification as Class II milk in all months of milk disposed of to manufacturers of soup, candy or bakery products, are appropriate for the classification of milk now regulated by the Stark County order, under which such classification is now limited to certain months.

The Akron order provides for the adjustment of prices to producers by a weighted average butterfat differential computed on the basis of the class use of butterfat in producer milk. This results in a somewhat higher differential than that provided in the Stark County order. Producers of both markets supported the use of weighted average differential in distributing to producers the value of milk in the combined pool. This differential reflects the value of butterfat under the order in accordance with its use.

The Stark County order provides for public announcement by the market administrator of the percentage of producer milk used in each class by each handler. It was proposed that a similar provision be included in the combined order. The principal justification for such provision appears to be its value to cooperative associations in allocating milk of their members to handlers in accordance with their need. Cooperative associations should be informed as to the use of milk of their member producers supplied to handlers. Public announcement of percentage utilization by classes for each handler is not required, however, in order to provide this information to cooperative associations with respect to use of milk of their members. Accordingly, it is provided that the market administrator provide such information to cooperative associations, if they so request, without public announcement.

It is in the related provisions with respect to producers whose milk is to be priced, pool plants, the receipts of which are fully regulated, and the provisions applicable to nonpool plants doing business in the area that there are more substantial differences between the two orders. The Akron order specifies that milk of producers must have approval of a health authority of the marketing area; the Stark County order contains no such requirement, but does provide price and pooling differentials applicable to milk received at plants which do not have a health authority permit from either Canton, Massillon, or Alliance, the principal cities of the area. All plants making route distribution of Class I milk in the Akron area, except plants located out of the area with sales of less than 300 points daily on routes entering the area, are subject to full regulation. Plants subject to full regulation under the Stark County order must distribute 18,000 pounds or more of Class I milk on routes entering the marketing area, and, if located outside the area, such distribution must be 10 percent or more of the plants' total Class I distribution. Except for reporting, plants with sales of less than 300 points in the Akron area are exempt from regulation; nonpool plants make payments with respect to Class I sales in the Stark County marketing area. The pool plant requirements of the Stark County order were largely designed to avoid full regulation of Akron plants with minor sales in the Stark County area. Regulation of the Akron area has removed need for certain of these requirements. It was proposed that the Akron pool plant provisions be retained for the merged area, but that provision be made to include as producers, dairy farmers without health authority approval, if their milk is received at a plant which distributes milk only in those portions of the marketing area for which health authorities do not exercise jurisdiction with respect to approval of milk for fluid consumption.

In Stark County, health authority approval is required only for distributors of milk in the cities of Canton, Massilon and Alliance. Despite the fact that there is very substantial urban population outside these cities, there is little milk distributed in Stark County from plants without permits issued by these cities or the recognized health authorities of the Akron area. Milk of only about 20 producers is presently subject

to the pricing and pooling differentials of the Stark County order. Stark County is expected in the near future to operate a milk inspection program. Producers supplying nonpermit plants are frequently paid without deduction of the differential provided in the order.

There is little need to continue provision for regulation of nonpermit milk. The volume of such milk has declined to the point that it is no longer a serious competitive factor in the market. Plants presently operating on a nonpermit basis must compete for supplies with regulated plants. The nominal (300 point) pooling requirements would, however, provide considerable incentive for outside manufacturing plants to pool their receipts on the basis of minimum sales in the area. It is concluded that plants dealing only in nonpermit milk should be exempt from pricing and pooling and that health authority approval should be required for all milk to be considered as producer milk under the order.

3. The price for Class I milk under the combined order should continue to be maintained in fixed alignment with that of the Cleveland market.

The price for Class I milk under each of the existing Akron and Stark County orders is established as 5 cents less than that under Order No. 75, regulating the handling of milk in the nearby Cleveland market. These Class I pricing provisions each expire January 31, 1957. Such price alignments and expiration date were established in the Akron order as originally issued effective February 1955, and in the Stark County order were included by amendment effective April 1, 1956. For some two years prior to that date, the Stark County price had been maintained at approximately this relationship to the Cleveland price, with some variations resulting from amendment of the Cleveland order without corresponding change in the Stark County order, and from minor differences in supply-demand adjustment provisions.

Producers proposed that the Class I price of the order for the combined marketing area be established by adding each month a Class I differential of $2.25 to a price identical with the Cleveland basic formula price, subject to adjustment by the supply-demand provisions of the Cleveland order. The Cleveland Class I differential is $1.40 for the months of February through July and $1.85 for other months. The proposal would thus provide a Class I price for the Akron-Stark County market 85 cents above the Cleveland price six months of the year and 40 cents above for the other six months, an annual overage of 62.5 cents.

The Akron-Stark County market is closely related to the Cleveland market in both procurement and sale of milk. The Akron-Stark County milkshed lies entirely within the area from which Cleveland draws milk supplies. Many Cleveland producers in this area deliver their milk direct to bottling plants in the Cleveland marketing area; there are, in addition, some Cleveland supply plants within the Akron-Stark County milkshed to which other Cleveland producers deliver milk. Sales competition is particularly keen. One Akron-Stark County handler operates 30 or more dairy stores in the Cleveland marketing area, from which he has substantial Class I sales. Other Akron-Stark County handlers also sell milk in the Cleveland marketing area. Several Cleveland handlers have substantial sales in the Akron-Stark County area. One such handler began serving a number of stores in Canton two days prior to the hearing. There is also substantial competition for sales between Akron-Stark County and Cleveland handlers at points outside the designated marketing areas. At least one handler with plants under each order can and does shift producers and sales outlets between these plants. The competition for supplies and sales was a major factor in establishment of the price alignments now prevailing.

To provide Class I prices averaging 62.5 cents more than the Cleveland price would place Akron-Stark County handlers at a competitive sales disadvantage. The proponents of the price proposals presented at the hearing recognized the necessity for alignment of prices between Akron-Stark County and Cleveland but insisted that changes in the seasonal pattern and level of the Class I price should be made in both markets. They further asserted the logic of making the changes they advocated in the Akron-Stark County order to be later followed by appropriate changes in the Cleveland order. Such a procedure of parallel amendment would require future hearings in each market to maintain the necessary price alignment whenever there was need for any change in pricing provisions. Official notice is hereby taken that at a public hearing held in Cleveland October 10–12, 1956, evidence was received with respect to the seasonality, level, and supply-demand adjustment of the Class I price for that market, and that Akron-Stark County producers and handlers had opportunity to and did present evidence at such hearing.

In view of the larger volume of milk in the Cleveland pool and the evidence in this record that the Akron-Stark County market depends upon the Cleveland market for supplemental supplies, rather than vice-versa, it is considered appropriate that price alignment with the Cleveland market be maintained by specifying the Akron-Stark County Class I price in terms of the Cleveland price.

The present 5-cent differential has been based on (1) a difference no longer in effect in the classification and pricing of fluid cream sales under the Cleveland order at the time the Akron order was issued, and (2) a lower average farm to plant hauling cost to Akron-Stark County plants than to Cleveland plants for farmers in the area of common supply. Farm to plant hauling cost comparisons presented for this record were principally to plants in Akron and in Cleveland and showed, in some instances, slightly higher hauling costs to Cleveland plants.

While hauling rates to Stark County plants are in the record, competitive rates from the Stark County production area to Cleveland are not. At the present price alignment Akron and Stark County producer blend prices have averaged somewhat higher than Cleveland producer prices, due to higher Class I utilization. At the present differential the Akron-Stark County market is at no disadvantage in competing for supplies with the Cleveland market in the supply area common to the two markets. To eliminate the differential would merely accentuate the differences in blend prices in the common supply area. Despite the higher Cleveland Class I price and transportation costs on packaged milk, a Cleveland handler has recently opened sales outlets in Canton. The present price alignment is evidently such that Cleveland handlers can compete for sales throughout the area. It is concluded that the Akron-Stark County Class I price should continue to be the Cleveland Class I price less 5 cents.

4. No change should be made in the pricing of milk used to produce cottage cheese.

Milk used to produce cottage cheese is presently classified as Class II milk under the Akron and Stark County orders, a class which includes all milk manufacturing uses. Under the Cleveland order, manufacturing uses, other than cottage cheese, are Class III milk. Milk used to produce cottage cheese is classified as Class II milk and priced 30 cents higher per hundredweight than Class III milk. It was proposed that the price for Class II milk used to produce cottage cheese be 20 cents per hundredweight more than that used for other Class II uses.

The Cleveland provisions are based upon the fact that Class II milk under the Cleveland order is subject to location adjustments. There are no location adjustments on supply plants in the Akron-Stark County market which require similar provisions to provide equality of costs between handlers. Cottage cheese need not be made from inspected milk. There is some indication in this record that distributors with plants in both areas have shifted cheese production to their Akron-Stark County plants from their Cleveland plants.

Increasing the Akron-Stark County price by 30 cents might result in diversion of cheese production to nonpool plants; and thus create difficulties in disposal of Class II milk. It is concluded that no change should be made in the pricing of milk used to produce cottage cheese.

5. A quota plan similar to that of the Cleveland market should be adopted as a means of encouraging more even production of milk during the year. Eligible milk quotas should be established during the short production months (beginning in 1957) for use in the following flush season as a basis for distribution of returns to producers. For milk delivered in excess of his established quota each producer would receive approximately the Class II price, while for deliveries within the quota the price would be based on the relationship of Class I sales to quota deliveries of all producers.

Such plans have been effective in many markets in encouraging a more even flow of milk throughout the year. The chief advantage of the plan is that each producer sets his own quota by his fall de-

liveries. The price for deliveries within this quota in the following spring is not reduced by the volume of excess milk. Each producer can realize the results of his own efforts to achieve level seasonal production. Such a plan has been in effect in the Cleveland market the past year. The interrelationship of the Cleveland and Akron-Stark County production areas make it highly desirable that a similar plan be in effect in the Akron-Stark County market. The extent to which the necessary alignment of class prices may be maintained depends to a considerable extent upon alignment of provisions to encourage a desirable seasonal pattern of production.

It was proposed that the months (October, November and December) used in the Cleveland market to establish quotas also be used in the Akron-Stark County market. It was also proposed that payments on the quota plan be made for the months of April, May and June as in Cleveland, and that other provisions of the plan be essentially the same as those under the Cleveland order. Certain handlers suggested that the provisions be written so that any amendments made in the plan for the Cleveland market be automatically adopted for the Akron-Stark County market. Producers opposed this provision and one cooperative association testified that no change should be made until the plan had been in operation two years.

It is concluded that, with one minor exception, the plan should be identical with that effective in the Cleveland market. The Cleveland plan provides for transfer of quotas between producers. Since quotas are used only for a three-month period, provision for widespread quota transfers are not necessary and may provide opportunity for minimizing the effectiveness of the plan in leveling production. Provision should be adopted for transfer of quotas in case of death of a producer or dissolution of joint holdings.

Proposed findings and conclusions. Briefs were filed on behalf of the producers' associations, the handlers in the market, and those affected by proposed amendments. The briefs contained proposed findings of fact, conclusions, and argument with respect to the proposals discussed at the hearing. Every point covered in the briefs was carefully considered along with the evidence in the record in making the findings and reaching the conclusions hereinbefore set forth. To the extent that such suggested findings and conclusions contained in the briefs are inconsistent with the findings and conclusions contained herein the request to make such findings or to reach such conclusions are denied on the basis of the facts found and stated in connection with the conclusions in this decision.

General findings. (a) The proposed marketing agreement and the order, as hereby proposed to be amended, and all of the terms and conditions thereof will tend to effectuate the declared policy of the act;

(b) The parity prices of milk produced for sale in the said marketing area as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds and other economic conditions which affect market supply of and demand for such milk, and the minimum prices specified in the proposed marketing agreement and in the order, as hereby proposed to be amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest; and

(c) The proposed marketing agreement and the order, as hereby proposed to be amended, will regulate the handling of milk in the same manner as, and are applicable only to persons in the respective classes of industrial and commercial activity specified in, the said marketing agreement upon which a hearing has been held.

Recommended marketing agreement and order. The following amended order is recommended as the detailed and appropriate means by which these conclusions may be carried out. The proposed marketing agreement is not included because the regulatory provisions thereof would be the same as those contained in the order:

DEFINITIONS

§ 960.1 *Act.* "Act" means Public Act No. 10 73d Congress, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.).

§ 960.2 *Secretary.* "Secretary" means the Secretary of Agriculture of the United States or any other officer or employee of the United States authorized to exercise the powers and to perform the duties of the said Secretary of Agriculture.

§ 960.3 *Marketing area.* "Akron-Stark County, Ohio, marketing area", hereinafter referred to as the "marketing area" means all territory, including but not limited to all municipal corporations within the boundaries of: Summit County; Stark County, except Paris and Sugar Creek Townships; Franklin, Ravenna, Brimfield, and Suffield Townships and Lots 5 to 10, 15 to 20, 25 to 30, and 35 to 40, inclusive, of Randolph Township in Portage County; Smith Township in Mahoning County, except Great Lot 35 thereof; Knox Township in Columbiana County; and Sections 1, 2, 3, 10, 11, and 12 of Sugar Creek Township in Wayne County; all in the State of Ohio.

§ 960.4 *Handler.* "Handler" means any person (a) in his capacity as the operator of a plant or plants where milk is processed and packaged for distribution on a route(s) in the marketing area, and (b) any cooperative association with respect to the milk of any producer which such cooperative association causes to be diverted from producers' farms to a plant for the account of such cooperative association.

§ 960.5 *Pool plant.* "Pool plant" means any plant at which milk received from dairy farmers is packaged and distributed as Class I milk on a route(s) wholly or partially within the marketing area, except plants exempted pursuant to § 960.80.

§ 960.6 *Nonpool plant.* "Nonpool plant" means a plant other than a plant operated by a producer-handler, during such months as it is not a pool plant.

§ 960.7 *Producer.* "Producer" means any person other than a producer-handler who produces milk which has approval of the health authorities of any community in the marketing area for consumption as fluid milk in such community and is received at a pool plant. This definition shall include any such person who is regularly designated as a producer but whose milk is caused to be diverted to a plant, other than a pool plant, by a handler for his account. Milk so diverted shall be deemed to have been received at a pool plant by the handler or cooperative association which caused it to be diverted.

§ 960.8 *Producer milk.* "Producer milk" means skim milk and butterfat contained in milk received from producers.

§ 960.9 *Other source milk.* "Other source milk" means all skim milk and butterfat contained in milk, skim milk, or cream, used to produce all other milk products, received from all sources other than producers and pool plants.

§ 960.10 *Producer-handler.* "Producer-handler" means any person who (a) produces milk; (b) receives no milk from producers or from other sources; and (c) operates a plant from which a route(s) is operated wholly or partially within the marketing area.

§ 960.11 *Route.* "Route" means a sale or delivery (including a sale from a plant or store) of Class I milk to a wholesale or retail stop(s).

§ 960.12 *Person.* "Person" means any individual, partnership, corporation, association, or any other business unit.

§ 960.13 *Department of Agriculture.* "Department of Agriculture" means the United States Department of Agriculture.

§ 960.14 *Cooperative association.* "Cooperative association" means any cooperative marketing association of producers which the Secretary determines after application by the association; (a) to be qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act"; (b) to have full authority in the sale of milk of its members and to be engaged in making collective sales or marketing milk or its products for its members; and (c) to have all of its activities under the control of its members.

§ 960.15 *Eligible milk.* "Eligible milk" means the amount of milk received by a handler from a producer during each of the months specified in § 960.63 which is not in excess of such producer's daily average quota computed pursuant to § 960.55 multiplied by the number of days in such month on which such producer delivered milk to such handler: *Provided,* That with respect to any producer on "every-other-day" delivery to a pool plant, the days of non-delivery

shall be considered as days of delivery for purposes of this section and of § 960.55.

§ 960.16 *Ineligible milk.* "Ineligible milk" means the amount of milk received by a handler from a producer during each of the months specified in § 960.63 which is in excess of eligible milk received from such producer during such month, and shall include all milk received from a producer for whom no daily average quota can be computed pursuant to § 960.55.

MARKET ADMINISTRATOR

§ 960.20 *Designation.* The agency for the administration of this subpart shall be a market administrator who shall be a person selected by the Secretary. Such person shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

§ 960.21 *Powers.* The market administrator shall have the power to:

(a) Administer all of the terms and provisions of this subpart;

(b) Make rules and regulations to effectuate the terms and provisions of this subpart;

(c) Receive, investigate, and report to the Secretary complaints of violations of this subpart; and

(d) Recommend to the Secretary amendments to this subpart.

§ 960.22 *Duties.* The market administrator shall perform all duties necessary to administer the terms and provisions of this subpart, including but not limited to the following:

(a) Within 30 days following the date on which he enters upon his duties or such lesser period as may be prescribed by the Secretary, execute and deliver to the Secretary a bond, effective as of the date on which he enters upon his duties as market administrator and conditioned upon the faithful performance of such duties, in an amount and with surety thereon satisfactory to the Secretary;

(b) Employ and fix the compensation of such persons as may be necessary to enable him to administer the terms and provisions of this subpart;

(c) Obtain a bond in reasonable amount and with reasonable surety thereon covering each employee who handles funds entrusted to the market administrator;

(d) Pay out of the funds provided by § 960.75, (1) the costs of his bond and of the bonds of those of his employees who handle funds entrusted to the market administrator, (2) his own compensation, and (3) all other expenses (except those incurred under § 960.76) necessarily incurred by him in the maintenance and functioning of his office in the performance of his duties;

(e) Keep such books and records as will clearly reflect the transactions provided for in this subpart and upon request by the Secretary surrender the same to his successor or to such other person as the Secretary may designate.

(f) Publicly announce unless otherwise directed by the Secretary by posting in a conspicuous place in his office and by such other means as he deems appropriate the name of any person who, within 8 days after the day upon which he is required to perform such acts, has not made reports pursuant to § 960.30 or § 960.31 or payments pursuant to §§ 960.70, 960.72, 960.75, 960.76, or 960.77;

(g) Submit his books and records to examination and furnish such information and verified reports as may be requested by the Secretary;

(h) Audit all reports and payments by each handler by inspection of such handler's records and of the records of any other person upon whose utilization the classification of skim milk and butterfat for such handler depends; and

(i) Publicly announce by posting in a conspicuous place in his office and by such other means as he deems appropriate;

(1) On or before the 5th day of each month the minimum class prices for the preceding month for milk of 3.5 percent butterfat content, as computed pursuant to §§ 960.50 and 960.51, and the butterfat differentials, computed pursuant to § 960.52.

(2) On or before the 13th day of each month the uniform price(s) for the preceding month, computed pursuant to § 960.61, or §§ 960.62 and 960.63 as applicable, and the butterfat differential for the preceding month computed pursuant to § 960.74.

(j) Prepare and disseminate, for the benefit of producers, consumers, and handlers, such information concerning the operation of this subpart as does not reveal confidential information.

(k) On or before the 13th day of each month, report to each cooperative association that so requests the class utilization of milk received during the preceding month by each handler from producers who are members of such association, prorating to such receipts the class utilization of all producer receipts of such handler.

(l) Provide notice, for each producer for whom a daily average quota is computed pursuant to § 960.55, on or before the first day of the month first stated in § 960.63 to: (1) Such producers, (2) cooperative associations for such producers who are its members, and (3) handlers for such producers from whom they received milk.

REPORTS, RECORDS AND FACILITIES

§ 960.30 *Monthly reports of receipts and utilization.* On or before the 8th day of each month, each handler who operates a pool plant(s), and any cooperative association with respect to milk for which it is a handler pursuant to § 960.4 (b), shall, with respect to milk or milk products which were received at a pool plant by such handler during the preceding month, report to the market administrator in the detail and form prescribed by the market administrator, as follows:

(a) The quantities of butterfat and skim milk contained in milk received from producers, and, for the months specified in § 960.63 the aggregate quantities of eligible milk;

(b) The quantities of butterfat and skim milk contained in or used to produce receipts of milk and milk products from other pool plants;

(c) The quantities of butterfat and skim milk contained in or used to produce receipts of other source milk (except Class II products disposed of in the form in which received without further processing or packaging by the handler);

(d) The utilization of all butterfat and skim milk the receipt of which is required to be reported pursuant to this section;

(e) The pounds of butterfat and skim milk contained in all milk, skim milk, and cream and other Class I products on hand at the beginning and at the end of the month;

(f) Such other information with respect to the use of milk as the market administrator may request.

§ 960.31 *Other reports.* Other reports shall be submitted to the market administrator as follows:

(a) Each producer-handler, and each handler who does not operate a pool plant, shall make reports at such time and in such manner as the market administrator may request.

(b) On or before the 20th day of each month each handler who operated a pool plant(s) at which producer milk was received in the preceding month shall submit such handler's producer payroll for the preceding month which shall show (1) the total pounds and the butterfat content of milk received from each producer, and for the months specified in § 960.63, the pounds of eligible milk and of ineligible milk received from each producer, (2) the amount and date of payment to each producer or cooperative association pursuant to § 960.70, (3) the nature and amount of each deduction or charge made by the handler, and (4) the number of days, if less than the entire month, for which milk was received from such producers.

§ 960.32 *Records and facilities.* Each handler and producer-handler shall maintain and make available to the market administrator or to his representative during the usual hours of business such accounts and records of any of his operations and such facilities as in the opinion of the market administrator are necessary to verify or to establish the correct data with respect to: (a) The receipts and utilization or disposition of all skim milk and butterfat received, including all milk products received and disposed of in the same form; (b) the weights and tests for butterfat, skim milk and other contents of all milk and milk products handled; and (c) all payments required to be made by such handler pursuant to §§ 960.70, 960.72, 960.75, 960.76, and 960.77.

§ 960.33 *Retention of records.* All books and records required under this subpart to be made available to the market administrator shall be retained by the handler or producer-handler for a period of three years to begin at the end of the calendar month to which such books and records pertain: *Provided,* That if within such three-year period the market administrator notifies the handler or producer-handler in writing that the retention of such books and

records or of specified books and records is necessary in connection with a proceeding under section 8c (15) (A) of the act or a court action specified in such notice the handler or producer-handler shall retain such books and records or specified books and records until further written notification from the market administrator. In either case the market administrator shall give further written notification to the handler or producer-handler promptly upon the termination of the litigation or when the records are no longer necessary in connection therewith.

CLASSIFICATION

§ 960.40 *Skim milk and butterfat to be classified.* All skim milk and butterfat received by a handler which is required to be reported pursuant to § 960.30 shall be classified pursuant to §§ 960.41 through 960.44.

§ 960.41 *Classes of utilization.* Subject to the conditions set forth in §§ 960.43 and 960.44, the classes of utilization shall be:

(a) Class I milk shall be all skim milk (including the skim milk equivalent of concentrated products) and butterfat (1) disposed of for consumption in fluid form as milk, skim milk, buttermilk, flavored milk, flavored milk drinks, concentrated milk not in hermetically sealed cans, cream, including sour cream or any mixture of cream and milk or skim milk, or (2) not accounted for as Class II milk.

(b) Class II milk shall be all skim milk and butterfat (1) used to produce any product other than those specified in paragraph (a) of this section; (2) disposed of for livestock feed or skim milk dumped subject to prior notification to and inspection (at his discretion) by the market administrator; (3) in shrinkage of producer milk up to 2 percent of receipts from producers; and (4) in shrinkage of other source milk.

§ 960.42 *Shrinkage.* (a) If producer milk is utilized in conjunction with other source milk, the shrinkage shall be allocated pro rata between the receipts of skim milk and butterfat in producer milk and other source milk.

(b) Producer milk transferred or diverted by a handler from his pool plant to another pool plant without first having been received for purposes of weighing in the transferring or diverting handler's pool plant shall be included in the receipts at the pool plant to which such milk was transferred or diverted for the purpose of computing shrinkage and shall be excluded from the receipts at the transferring or diverting handler's pool plant for such purpose.

§ 960.43 *Responsibility of handlers and reclassification of milk.* All skim milk and butterfat contained in producer milk and in other source milk received by a handler shall be classified as Class I milk unless the handler proves to the market administrator that such skim milk and butterfat or a portion thereof should be classified as Class II milk. Any skim milk or butterfat which is classified in Class II shall be reclassified to Class I if subsequent to the original classification such skim milk or butterfat is handled in such a manner as to justify its reclassification.

§ 960.44 *Transfers.* (a) Skim milk and butterfat disposed of from a pool plant to the pool plant of another handler in the form of milk, skim milk or cream shall be Class I milk unless Class II milk is indicated by the operators of both plants in their reports submitted pursuant to § 960.30: *Provided,* That in no event shall the amount so classified as Class II be greater than the amount of producer milk used in such class in the pool plant(s) of the transferee handler after allocating other source milk in such plant(s) in series beginning with the lowest priced utilization.

(b) Skim milk and butterfat moved in the form of milk, skim milk or cream from a pool plant to a handler described in § 960.80 or to a nonpool plant shall be Class I milk unless all of the following conditions are met:

(1) Class II milk is indicated by the operator of the pool plant in his report submitted pursuant to § 960.30.

(2) The operator of the nonpool plant maintains books and records which are made available for examination upon request by the market administrator and which are adequate for the verification of such Class II utilization.

(3) If the above conditions are met, the market administrator shall classify all skim milk and butterfat received at the nonpool plant and the skim milk and butterfat so transferred shall be allocated in series beginning with any skim milk and butterfat, respectively, remaining in Class I milk after allocating skim milk and butterfat in milk received from dairy farmers whom the market administrator determines constitute the regular source of milk for Class I uses at such plant, in series beginning with Class I milk.

(c) Skim milk and butterfat transferred in the form of milk, skim milk, or cream to a producer-handler shall be classified as Class I milk.

§ 960.45 *Computation of skim milk and butterfat in each class.* For each month the market administrator shall correct for mathematical and for other obvious errors the report submitted by each handler pursuant to § 960.30 and shall compute separately the pounds of skim milk and butterfat in each class.

§ 960.46 *Allocation of butterfat.* The pounds of butterfat remaining after making the following computations shall be the pounds in each class allocated to milk received from producers:

(a) Subtract from the total pounds of butterfat in Class II milk the pounds of butterfat shrinkage allowed pursuant to § 960.41 (b) (3);

(b) Subtract from the total pounds of butterfat remaining in each class, in series beginning with the lowest priced utilization, the pounds of butterfat in other source milk other than that received from a plant at which the handling of milk is fully subject to the pricing and payment provisions of another marketing agreement or order issued pursuant to the act;

(c) Subtract from the pounds of butterfat remaining in each class, in series beginning with the lowest priced utilization, the pounds of butterfat in other source milk received in a form other than that specified in paragraph (d) of this section from a plant at which the handling of milk is fully subject to the pricing and payment provisions of another marketing agreement or order issued pursuant to the act;

(d) Subtract from the pounds of butterfat remaining in each class the pounds of butterfat contained in milk or milk products received in packaged form which were classified and priced under another Federal order and disposed of in the same form as received;

(e) Subtract from the pounds of butterfat remaining in each class the pounds of butterfat received from other handlers in such classes pursuant to § 960.44 (a); and

(f) Add to the remaining pounds of butterfat in Class II milk the pounds subtracted pursuant to paragraph (a) of this section.

(g) If the remaining pounds of butterfat in both classes exceed the pounds of butterfat in milk received from producers, subtract such excess from the remaining pounds of butterfat in each class in series, beginning with the lowest-priced utilization.

§ 960.47 *Allocation of skim milk.* Allocate the pounds of skim milk in each class to milk received from producers in a manner similar to that prescribed for butterfat in § 960.46.

MINIMUM PRICES

§ 960.50 *Class I milk prices.* The minimum price per hundredweight to be paid by each handler, f. o. b. a pool plant, for milk of 3.5 percent butterfat content received from producers or from cooperative associations during the month, which is classified as Class I milk shall be 5 cents less than the Class I price as determined pursuant to § 975.61 of this chapter.

§ 960.51 *Class II milk price.* The minimum price per hundredweight to be paid by each handler, f. o. b. a pool plant, for milk of 3.5 percent butterfat content received from producers or from cooperative associations during the month which is classified as Class II milk shall be the higher of the prices computed by the market administrator pursuant to paragraph (a) or (b) of this section.

(a) The average of the basis (or field) prices ascertained to have been paid or to be paid per hundredweight for milk of 3.5 percent butterfat content received from farmers during the month at the following plants or places for which prices have been reported to the market administrator or to the Department of Agriculture by the companies indicated below:

PRESENT OPERATOR AND LOCATION

Borden Co., Mount Pleasant, Mich.
Borden Co., New London, Wis.
Borden Co., Orfordville, Wis.
Carnation Co., Oconomowoc, Wis.
Carnation Co., Richland Center, Wis.
Carnation Co., Sparta, Mich.
Pet Milk Co., Coopersville, Mich.
Pet Milk Co., Belleville, Wis.
Pet Milk Co., New Glarus, Wis.

Pet Milk Co., Wayland, Mich.
White House Milk Co., Manitowoc, Wis.
White House Milk Co., West Bend, Wis.

(b) The price computed by adding together the plus amounts pursuant to subparagraphs (1) and (2) of this paragraph:

(1) From the simple average, as computed by the market administrator, of the daily wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department of Agriculture during the month, subtract 3 cents, add 20 percent of the resulting amount, and then multiply by 3.5.

(2) From the simple average, as computed by the market administrator of the weighted averages of the carlot prices per pound for nonfat dry milk solids, spray and roller process, respectively, for human consumption, f. o. b. manufacturing plants in the Chicago area, as published for the period from the 26th day of the immediately preceding month through the 25th day of the month for which prices are being computed by the Department of Agriculture, deduct 5.5 cents, and multiply by 8.2.

§ 960.52 *Handler butterfat differentials.* If the average butterfat content of the milk of any handler allocated to any class is more or less than 3.5 percent, there shall be added to the prices of milk for each class as computed pursuant to §§ 960.50 and 960.51 for each one-tenth of one percent that the average butterfat content of such milk is above 3.5 percent, or subtracted for one-tenth of one percent that such average butterfat content is below 3.5 percent, an amount equal to the average daily wholesale price per pound of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department of Agriculture during the month, multiplied by the following factors:

(a) *Class I milk.* Multiply by 1.3, and divide the result by 10.

(b) *Class II milk.* Mutliply by 1.15, and divide the result by 10.

DETERMINATION OF ELIGIBLE MILK QUOTA

§ 960.55 *Determination of eligible milk quota for each producer.* Subject to the rules set forth in § 960.56 the market administrator shall determine quotas for producers as follows: During each of the months specified in § 960.63 of each year beginning with 1958, the daily quota of each producer whose milk was received by a handler(s) on not less than thirty (30) days during the immediately preceding months of October through December, inclusive, shall be a quantity computed by dividing such producer's total pounds of milk delivered in the 3-month period by the number of days from the date of the first delivery to the end of such 3-month period.

§ 960.56 *Quota rules.* (a) Except as provided in paragraph (b) of this section, an eligible milk quota shall apply to deliveries of milk by the producer for whose account that milk was delivered to a handler(s) during the quota forming period.

(b) A producer may transfer his daily quota during the period of April through June by notifying the market administrator in writing before the first day of any delivery period that such quota is to be transferred to the person named in such notice, but under the following conditions only:

(1) In the event of the death of a producer, the entire daily quota may be transferred to a member of such producer's immediate family who carries on the dairy operation on the same farm;

(2) If a quota is held jointly and such joint holding is terminated on the basis of written notice to the market administrator from the joint holders, the entire daily quota may be transferred to one of the joint holders, or divided in accordance with such notice between the former joint holders if they continue dairy farm operations.

DETERMINATION OF UNIFORM PRICE

§ 960.60 *Value of producer milk for each handler.* The value of producer milk received during the month by each handler who operates a pool plant(s), and by any cooperative association with respect to milk for which it is a handler pursuant to § 960.4 (b), shall be a sum of money computed by the market administrator by multiplying by the applicable class price, adjusted pursuant to § 960.52, the total combined hundredweight of skim milk and butterfat received from producers and allocated to each class pursuant to §§ 960.46 and 960.47, adding together the resulting amounts, and adding an amount computed by multiplying any excess utilization classified pursuant to § 960.46 (g) and § 960.47 by the applicable class prices.

§ 960.61 *Computation of uniform price.* For each month (except those specified in § 960.63) the market administrator shall compute a uniform price per hundredweight of milk containing 3.5 percent of butterfat to be paid to producers delivering milk to any pool plant as follows:

(a) Combine into one total the value of producer milk for each handler as computed pursuant to § 960.60 for all handlers who reported pursuant to § 960.30 for such month, except those in default in payments required pursuant to § 960.72 for the preceding month;

(b) Add the total amount of all payments made pursuant to § 960.72 (b);

(c) Add any amounts paid into the producer-settlement fund and subtract any amounts paid out of the producer-settlement fund pursuant to § 960.77;

(d) Add an amount representing not less than one-half of the unobligated balance in the producer-settlement fund exclusive of the amounts added or subtracted pursuant to paragraphs (b) and (c) of this section;

(e) Subtract, if the weighted average butterfat test of all producer milk represented by the amounts included under paragraph (a) of this section is greater than 3.5 percent, or add, if the weighted average butterfat test of such milk is less than 3.5 percent, an amount computed by multiplying the total pounds of butterfat represented by the difference of such weighted average butterfat test from 3.5 percent by the butterfat differential computed pursuant to § 960.74 multiplied by 10;

(f) Divide the resulting amount by the total hundredweight of producer milk received by all handlers during the month for which uniform prices are being computed;

(g) Subtract not less than 4 cents nor more than 5 cents, and the result shall be the uniform price to be paid per hundredweight of milk containing 3.5 percent of butterfat to producers who delivered milk during the month for which uniform prices are being computed.

§ 960.62 *Computation of ineligible milk price.* Effective April 1958, for the months specified in § 960.63, the market administrator shall compute the unifrom price per hundredweight for ineligible milk of 3.5 percent butterfat content by:

(a) Multiplying the hundredweight of such milk not in excess of the total quantity of Class II milk by the price for Class II milk of 3.5 percent butterfat content, multiplying the hundredweight of such milk in excess of the total hundredweight of such Class II milk by the price for Class I milk of 3.5 percent butterfat content, and adding together the resulting amounts; and

(b) Dividing the total value of ineligible milk obtained in paragraph (a) of this section by the total hundredweight of such milk and adjusting to the nearest cent.

§ 960.63 *Computation of eligible milk price.* Effective April 1958, for each of the months of April through June the market administrator shall compute the uniform price per hundredweight for eligible milk of 3.5 percent butterfat content received from producers at a pool plant by:

(a) Subtracting the value of ineligible milk obtained in § 960.62 (a) from the aggregate value of milk computed pursuant to § 960.61 (a) through (e) and adjusting by an amount involved in adjusting the uniform price of ineligible milk to the nearest cent;

(b) Dividing the amount obtained in paragraph (a) of this section by the total hundredweight of eligible milk included in these computations; and

(c) Subtracting not less than 4 cents nor more than 5 cents from the amount computed pursuant to paragraph (b) of this section.

§ 960.64 *Notification.* On or before the 13th day of each month the market administrator shall notify each handler who submitted a report for the preceding month pursuant to § 960.30 of:

(a) The classification pursuant to §§ 960.46 and 960.47 of skim milk and butterfat contained in producer milk received by such handler during the preceding month and the value of such milk computed pursuant to § 960.60;

(b) The uniform prices for the month computed pursuant to § 960.61 or §§ 960.62 and 960.63, as applicable; and

(c) The amount due such handler pursuant to § 960.73 and the amount to be paid by such handler pursuant to §§ 960.72, 960.75, and 960.76.

PAYMENTS

§ 960.70 *Time and method of payment.* (a) Except as provided by paragraph (b) of this section, on or before the 18th day of each month, each handler (except a cooperative association) shall pay each producer for milk received from him during the preceding month, not less than an amount of money computed by multiplying the total pounds of such milk by the applicable uniform price(s) pursuant to § 960.61 or §§ 960.62 and 960.63, adjusted by the butterfat differential pursuant to § 960.74, and less any proper deductions authorized by the producer: *Provided*, That if by such date such handler has not received full payment for such month pursuant to § 960.73 he may reduce such payments uniformly per hundredweight for all producers, by an amount not in excess of the per hundredweight reduction in payment from the market administrator; however, the handler shall make such balance of payment to those producers to whom it is due on or before the date for making payments pursuant to this paragraph next following that on which such balance of payment is received from the market administrator.

(b) (1) Upon receipt of a written request from a cooperative association which the Secretary determines is authorized by its members to collect payment for their milk and receipt of a written promise to reimburse the handler the amount of any actual loss incurred by him because of any improper claim on the part of the association, each handler shall (i) pay to the cooperative association on or before the 16th day of each month, in lieu of payments pursuant to paragraph (a) of this section an amount equal to the gross sum due for all milk received from certified members, less amounts owing by each member-producer to the handler for supplies purchased from him on prior written order or as evidenced by a delivery ticket signed by the producer and submit to the cooperative association written information which shows for each such member-producer (*a*) the total pounds of milk received from him during the preceding month, (*b*) the total pounds of butterfat contained in such milk, (*c*) the number of days on which milk was received, and (*d*) the amounts withheld by the handler in payment for supplies sold. The foregoing payment and submission of information shall be made with respect to milk of each producer whom the cooperative association certifies is a member, which is received on and after the first day of the calendar month next following receipt of such certification through the last day of the month next preceding receipt of notice from the cooperative association of a termination of membership or until the original request is rescinded in writing by the association.

(2) A copy of each such request, promise to reimburse and certified list of members shall be filed simultaneously with the market administrator by the association and shall be subject to verification at his discretion, through audit of the records of the cooperative association pertaining thereto. Exceptions, if any, to the accuracy of such certification by a producer claimed to be a member, or by a handler shall be made by written notice to the market administrator, and shall be subject to his determination.

§ 960.71 *Producer-settlement fund.* The market administrator shall establish and maintain a separate fund known as the "producer-settlement fund" into which he shall deposit all payments made pursuant to §§ 960.72 and 960.77 and out of which he shall make all payments pursuant to §§ 960.73 and 960.77.

§ 960.72 *Payments to the producer-settlement fund.* On or before the 14th day of each month handlers shall make payments to the market administrator as follows:

(a) If the value of producer milk received by a handler in the preceding month as computed pursuant to § 960.60 exceeds the amount which such handler is required to pay all producers pursuant to § 960.70 such handler shall pay the difference between the two amounts.

(b) If, during the preceding month, the total receipts from all producers was 110 percent or more of the total Class I milk at pool plants, any handler who received other source milk during the preceding month which was allocated to Class I pursuant to § 960.46 (b) or § 960.47 shall pay an amount equal to the value of such milk at the Class I price less the value of such milk at the Class II price.

§ 960.73 *Payments out of the producer-settlement fund.* On or before the 16th day of each month, the market administrator shall pay to each handler any amount by which the sum required to be paid by such handler for the preceding month pursuant to § 960.70 is greater than the total value of the milk of such handler computed pursuant to § 960.60 for such preceding month less any unpaid obligations of the handler to the market administrator pursuant to §§ 960.72, 960.75, 960.76 (a), and 960.77 (a): *Provided*, That if the balance in the producer-settlement fund is insufficient to make payments to all handlers pursuant to this paragraph, the market administrator shall reduce such payments by a uniform amount per hundredweight of milk and shall complete such payments as soon as the necessary funds become available.

§ 960.74 *Producer butterfat differential.* In making payments pursuant to § 960.70, the uniform prices shall be adjusted for each one-tenth of one percent of butterfat content in the milk of each producer above or below 3.5 percent, as the case may be, by a butterfat differential equal to the average of the butterfat differentials determined pursuant to paragraphs (a) and (b) of § 960.52, weighted by the pounds of butterfat in producer milk in each class and rounded to the nearest tenth of a cent.

§ 960.75 *Expense of administration.* As his pro rata share of the expense incurred pursuant to § 960.22 (d), each handler shall pay the market administrator on or before the 16th day of each month 3 cents per hundredweight or such lesser amount as the Secretary may from time to time prescribe with respect to (a) all receipts within the preceding month of producer milk (including such handler's own production) and (b) all other source milk allocated to Class I pursuant to § 960.46 (b) and the corresponding portion of § 960.47.

§ 960.76 *Marketing services.* In making payments to producers or cooperative associations pursuant to § 960.70 a handler shall make deductions and dispose of amounts so deducted as follows:

(a) Except as set forth in paragraph (b) of this section a handler shall deduct 6 cents per hundredweight, or such lesser amount as the Secretary may from time to time prescribe, with respect to all producer milk for which payment is being made pursuant to § 960.70 and shall pay the total amount of such deductions to the market administrator on or before the 16th day after the end of the month in which such producer milk was received. Such amount shall be expended by the market administrator to verify weights and tests of milk of producers and to provide producers with market information, such service to be performed by the market administrator or by an agent engaged by and responsible to him.

(b) Each association of producers which is actually performing the services described in paragraph (a) of this section, as determined by the Secretary, may file with a handler a claim for authorized deductions from the payments otherwise due to its producer members for milk delivered to such handler. Such claim shall contain a list of the producers for which such deductions apply, an agreement to indemnify the handler for the amount of any loss sustained by him because of any improper claim on the part of the association, and a certification that the association, and an unterminated membership contract with each producer, which contract authorizes the claim deduction. In making payments to producers for milk received during the month, each handler shall make deductions in accordance with the association's claim and shall pay the amount deducted within 16 days after the end of the month.

§ 960.77 *Errors in payments.* Whenever audit by the market administrator of any handler's reports, books, records or accounts discloses errors or whenever skim milk or butterfat is reclassified pursuant to § 960.43 resulting in monies due (a) the market administrator from such handler or such handler from the market administrator or (b) any producer or cooperative association from such handler pursuant to § 960.70 the market administrator shall promptly notify such handler of any such amount due, and payment thereof shall be made on or before the next date for making payment set forth in the provision under which such error occurred, following the 5th day after such notice. In computing amounts due pursuant to this section the class prices, the appropriate uniform price, the butterfat differential, the rate

of administrative assessment pursuant to § 960.75, and the rate of marketing service deduction pursuant to § 960.76 which were applicable in the month for which the original calculation of amounts due were made shall be used.

§ 960.78 *Termination of obligation.* (a) The obligation of any handler to pay money required to be paid under the terms of this subpart shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the calendar month during which the market administrator received the handler's report of utilization of the milk involved in such obligation, unless within such two-year period the market administrator notified the handler in writing that such money is due and payable. Service of such notice shall be complete upon mailing to the handler's last known address, and it shall contain but need not be limited to, the following information:

(1) The amount of the obligation;

(2) The month(s) during which the milk, with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers or to a cooperative association the name of such producers or association, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this subpart, to make available to the market administrator or his representatives all books or records required by this subpart to be made available, the market administrator may, within the two-year period provided in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two-year period with respect to such obligation shall not begin to run until the first day of the calendar month following the month during which such books and records pertaining to such obligation are made available to the market administrator or his representatives.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under this subpart to pay money shall not be terminated with respect to any transaction involving fraud or willful concealment of a fact, material to the obligation, on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this subpart shall terminate two years after the end of the calendar month during which milk involved in the claim was received if any underpayment is claimed, or two years after the end of the calendar month during which the payment (including deduction or set-off by the market administrator) was made by the handler if a refund on such payment is claimed, unless such handler, within that applicable period of time, files pursuant to section 8c (15) (A) of the act, a petition claiming such money.

APPLICATION OF PROVISIONS

§ 960.80 *Handler exemption.* A handler operating any plant specified below shall be exempted with respect to the milk received of such plant during the month from all provisions of this subpart except §§ 960.31, 960.32 and 960.33:

(a) A plant located outside the marketing area from which an average of less than 300 points (one point being defined as one-half pint of cream or one quart of any other Class I product) of Class I milk per day is disposed of during the month on a route(s) operated wholly or partly within the marketing area;

(b) A plant at which the Secretary finds is subject during the month to another Federal order; or

(c) A plant at which no milk approved by the health authorities of any community of the marketing area for consumption as fluid milk is received from dairy farmers and from which disposition of Class I milk in the marketing area is permitted only in portions of the marketing area for which no health authority exercises jurisdiction with respect to approval of milk for fluid consumption.

§ 960.81 *Producer-handler.* A producer-handler shall be exempt from all provisions of this subpart except that he shall make reports to the market administrator at such time and in such manner as the market administrator may request.

EFFECTIVE TIME, SUSPENSION OR TERMINATION

§ 960.90 *Effective time.* The provisions of this subpart, or any amendment to this subpart, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated. The provisions of this section shall apply to any obligation under this subpart for the payment of money.

§ 960.91 *Suspension or termination.* Whenever the Secretary finds the subpart or any provision of this subpart obstructs or does not tend to effectuate the declared policy of the act, he shall terminate or suspend the operation of this order or any such provision of this subpart.

§ 960.92 *Continuing obligations.* If, upon the suspension or termination of any or all provisions of this subpart there are any obligations thereunder the final accrual or ascertainment of which requires further acts by any person (including the market administrator), such further acts shall be performed notwithstanding such suspension or termination.

§ 960.93 *Liquidation.* Upon the suspension of the provisions of the subpart, except this section, the market administrator, or such other liquidation agent as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the market administrator's office, dispose of all property in his possession or control, including accounts receivable and execute and deliver all assignments or other instrument necessary or appropriate to effectuate any such disposition. If a liquidating agent is so designated all assets, books, and records of the market administrator shall be transferred promptly to such liquidation agent. If, upon such liquidation, the funds on hand exceed the amounts required to pay outstanding obligations of the office of the market administrator and to pay necessary expenses of liquidation and distribution, such excess shall be distributed to contributing handlers and producers in an equitable manner.

MISCELLANEOUS PROVISIONS

§ 960.100 *Agents.* The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions of this subpart.

§ 960.101 *Separability of provisions.* if any provision of this subpart, or its application to any person or circumstances, is held invalid the application of such provisions, and the remaining provisions of this subpart, to other persons or circumstances shall not be affected thereby.

Filed at Washington, D. C., this 27th day of December 1956.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator.

[F. R. Doc. 56-10600; Filed, Dec. 28, 1956; 8:55 a. m.]

Agricultural Research Service

[7 CFR Part 301]

SWEETPOTATOES

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given under section 4 of the Administrative Procedure Act (5 U. S. C. 1003) that the Administrator of the Agricultural Research Service, pursuant to sections 8 and 9 of the Plant Quarantine Act of 1912, as amended (7 U. S. C. 161, 162), is considering the amendment of Sweetpotato Quarantine No. 30 (7 CFR 301.30), to read as follows:

§ 301.30 *Notice of quarantine.* (a) The Administrator of the Agricultural Research Service has determined that it is necessary to quarantine Hawaii and Puerto Rico to prevent the spread to other parts of the United States of the sweetpotato scarabee (Euscepes postfasciatus Fairm.) and the sweetpotato stem borer (Omphisa anastomosalis Guen.), dangerous insect infestations new to and not widely prevalent or distributed within or throughout the United States, and that it is necessary also to quarantine the Virgin Islands of the United States to prevent the spread to other parts of the United States of the sweetpotato scarabee,

(b) Under the authority conferred by section 8 of the Plant Quarantine Act of August 20, 1912, as amended (7 U. S. C. 161), and having given public hearing as required thereunder, the Administrator of the Agricultural Research Service therefore has quarantined Hawaii, Puerto Rico, and the Virgin Islands of

the United States to prevent the spread of the sweetpotato scarabee (Euscepes postfasciatus Fairm.) and the sweetpotato stem borer (Omphisa anastomosalis Guen.).

(c) No variety of sweetpotatoes (Ipomoea batatas Poir.) shall be shipped, offered for shipment to a common carrier, received for transportation or transported by a common carrier, or carried transported, moved, or allowed to be moved by any person from Hawaii, Puerto Rico, or the Virgin Islands of the United States into or through any other State, Territory, or District of the United States: *Provided*, That the prohibitions of this section shall not prohibit the movement of sweetpotatoes in either direction between Puerto Rico and the Virgin Islands of the United States; nor prohibit the movement of sweetpotatoes by the United States Department of Agriculture for scientific or experimental purposes; nor prohibit the movement from Puerto Rico or the Virgin Islands of the United States of sweetpotatoes which the Chief of the Plant Quarantine Branch may authorize under permit or certificate to such northern ports of the United States as he may designate in such permit or certificate, conditioned upon the fumigation of such sweetpotatoes under the supervision of an inspector of said Branch either in Puerto Rico or the Virgin Islands of the United States or at the designated port of arrival, in a manner approved by the said Chief; nor prohibit the movement from Hawaii of sweet potatoes which the Chief of the Plant Quarantine Branch may authorize under permit or certificate to such parts of the United States as he may designate in such permit or certificate, conditioned upon the fumigation of such sweetpotatoes in Hawaii under the supervision of an inspector of said Branch, in a manner approved by the said Chief: *Provided further*, That whenever the Chief of the Plant Quarantine Branch shall find that facts exist as to pest risk involved in the movement of sweetpotatoes or any classification thereof to which this subpart applies, making it safe to modify, by making less stringent, the requirements contained therein, he shall set forth and publish such finding in administrative instructions specifying the manner in which the subpart should be made less stringent, whereupon such modification shall become effective. As used in this section, the term "State, Territory, or District of the United States" means "Alaska, Hawaii, Puerto Rico, the Virgin Islands of the United States, or the continental United States."

This amendment would authorize the movement from Hawaii of sweetpotatoes which the Chief of the Plant Quarantine Branch may authorize under permit or certificate to such ports of the United States as he may designate in the permit or certificate, provided the sweetpotatoes have been fumigated in Hawaii in an approved manner under the supervision of an inspector of the Plant Quarantine Branch.

All persons who desire to submit written data, views, or arguments in connection with this matter should file the same with the Chief of the Plant Quarantine Branch, Agricultural Research Service, United States Department of Agriculture, Washington 25, D. C., within 30 days after the date of the publication of this notice in the FEDERAL REGISTER.

Done at Washington, D. C., this 21st day of December 1956.

[SEAL] M. R. CLARKSON,
Acting Administrator,
Agricultural Research Service.

[F. R. Doc. 56-10573; Filed, Dec. 28, 1956; 8:50 a. m.]

INTERSTATE COMMERCE COMMISSION

[49 CFR Part 198]

[Ex Parte No. MC-40]

TRANSPORTATION OF MIGRANT WORKERS BY MOTOR VEHICLE

QUALIFICATIONS AND MAXIMUM HOURS OF SERVICE OF EMPLOYEES OF MOTOR CARRIERS AND SAFETY OF OPERATION AND EQUIPMENT

At a General Session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 17th day of December A. D. 1956.

It appearing that Public Law No. 939, Second Session of the 84th Congress amended sections 203 (a) and 204 (a) of the Interstate Commerce Act (49 U. S. C. 303 (a) and 304 (a)) to provide, as a duty of the Commission, the establishment for carriers of migrant workers by motor vehicle, reasonable requirements with respect to comfort of passengers, qualifications and maximum hours of service of operators, and safety of operation equipment, limited to cases of transportation of any migrant worker for a total distance of more than 75 miles, and then only if such transportation is across the boundary line of any State, the District of Columbia, or territory of the United States, or a foreign country;

It further appearing that study has been directed to existing standards embraced in recommendations of the President's Committee on Migratory Labor, the Migrant Labor Agreement of 1951, as amended, between United States and the government of Mexico, and existing practices in the operation of motor vehicles used for the transportation of passengers, with the result that reasonable regulations for the transportation of migrant workers have been developed;

It is ordered, That pursuant to section 4 (a) of the Administrative Procedure Act (60 Stat. 237, 5 U. S. C. 1003) notice is hereby given of the Commission's proposal to adopt and prescribe the following regulations as an additional part to the Motor Carrier Safety Regulations, adopted April 14, 1952, as amended (49 CFR Parts 190-197). (Authority: 49 Stat. 546, as amended, 49 U. S. C. 304). The proposed regulations are as follows:

§ 198.1 *Definitions*—(a) *Migrant worker.* "Migrant worker" means any individual proceeding to or returning from employment in agriculture as defined in section 3 (f) of the Fair Labor Standards Act of 1938, as amended (29 U. S. C. 203 (f), or section 3121 (g) of the Internal Revenue Code of 1954 (26 U. S. C. 3121 (g)).

(b) *Carrier of migrant workers by motor vehicle.* "Carrier of migrant workers by motor vehicle" means any person, including any "contract carrier by motor vehicle", but not including any "common carrier by motor vehicle", who or which transports in interstate or foreign commerce at any one time three or more migrant workers to or from their employment by any motor vehicle other than a passenger automobile or station wagon, except a migrant worker transporting himself or his immediate family.

(c) *Motor Carrier.* "Motor carrier" means any carrier of migrant workers by motor vehicle as defined in paragraph (d) of this section.

(d) *Motor Vehicle.* "Motor vehicle" means any vehicle, machine, tractor, trailer, or semitrailer propelled or drawn by mechanical power and used upon the highways in the transportation of passengers or property, or any combination thereof determined by the Commission, but does not include a passenger automobile or station wagon, any vehicle, locomotive, or car operated exclusively on a rail or rails, or a trolley bus operated by electric power derived from a fixed overhead wire, furnishing local passenger transportation in street-railway service.

(e) *Bus.* "Bus" means any motor vehicle designed, constructed, and used for the transportation of passengers; except passenger automobiles or station wagons other than taxicabs.

(f) *Truck.* "Truck" means any self-propelled motor vehicle except a truck tractor, designed and used, or exclusively used whether or not so designed, for the transportation of property.

(g) *Truck tractor.* "Truck tractor" means a self-propelled motor vehicle designed and used primarily for drawing other vehicles and not so constructed as to carry a load other than a part of the weight of the vehicle and load so drawn.

(h) *Semitrailer.* "Semitrailer" means any motor vehicle other than a "pole trailer", with or without motive power, designed to be drawn by another motor vehicle and so constructed that some part of its weight rests upon the towing vehicle.

(i) *Driver or operator.* "Driver or operator" means any person who drives any motor vehicle.

(j) *Highway.* "Highway" means the entire width between the boundary lines of every way publicly maintained when any part thereof is open to the use of the public for purposes of vehicular traffic.

§ 198.2 *Applicability.* The regulations prescribed in this part shall be applicable to motor carriers of migrant workers, as defined in § 198.1 (b), only in the case of transportation of any migrant worker for a total distance of more than seventy-five miles, and then only if such transportation is across the boundary line of any State, the District of Columbia, or territory of the United States, or a foreign country.

§ 198.3 *Qualifications of drivers or operators*—(a) *Compliance required.* Every motor carrier, and its officers, agents, representatives and employees who drive motor vehicles or are responsible for the hiring, supervision, training, assignment or dispatching of drivers shall comply and be conversant with the requirements of this part.

(b) *Minimum requirements.* No person shall drive, nor shall any motor carrier require or permit any person to drive, any motor vehicle unless such person possesses the following minimum qualifications:

(1) No loss of foot, leg, hand or arm.

(2) No mental, nervous, organic, or functional disease, likely to interfere with safe driving.

(3) No loss of fingers, impairment of use of foot, leg, fingers, hand or arm, or other structural defect or limitation, likely to interfere with safe driving.

(4) *Eyesight.* Visual acuity of at least 20/40 (Snellen) in each eye either without glasses or by correction with glasses; form field of vision in the horizontal meridian shall not be less than a total of 140 degrees; ability to distinguish colors, red, green and yellow; drivers requiring correction by glasses shall wear properly prescribed glasses at all times when driving.

(5) *Hearing.* Hearing shall not be less than 10/20 in the better ear, for conversational tones, without a hearing aid.

(6) *Liquor, narcotics and drugs.* Shall not be addicted to the use of narcotics or habit forming drugs, or the excessive use of alcoholic beverages or liquors.

(7) *Driving skill.* Experience in driving some type of motor vehicle (including private automobiles) for not less than one year, including experience throughout the four seasons.

(8) *Knowledge of regulations.* Familiarity with the rules and regulations prescribed in this subchapter pertaining to the driving of motor vehicles.

(9) *Age.* Minimum age shall be 21 years.

(10) *Knowledge of English.* Every driver shall be able to read and speak the English language.

(11) *Driver's permit.* Possession of a valid permit adequate to qualify the driver to operate a school bus in the jurisdiction by which the permit is issued.

(12) *Initial and periodic physical examination of drivers.* No person shall drive nor shall any motor carrier require or permit any person to drive any motor vehicle unless within the immediately preceding 36 month period such person shall have been physically examined and shall have been certified in accordance with the provisions of subparagraph (13) of this paragraph by a licensed doctor of medicine or osteopathy as meeting the requirements of this paragraph.

(13) *Certificate of physical examination.* Every motor carrier shall have in its files at its principal place of business for every driver employed or used by it a legible certificate of a licensed doctor of medicine or osteopathy based on a physical examination as required by subparagraph 12 or a legible photographically reproduced copy thereof, and every driver shall have in his possession while driving, such a certificate or a photographically reproduced copy thereof covering himself.

(14) *Doctor's certificate.* The doctor's certificate shall certify as follows:

DOCTOR'S CERTIFICATE

This is to certify that I have this day examined _____ in accordance with the requirements of the Interstate Commerce Commission for qualifications of drivers and that I find him—

Qualified under said rules ☐

Qualified only when wearing glasses ☐

I have kept on file in my office a completed examination.

_____ _____
(Date) (Place)

_____
(Signature of examining doctor)

_____
(Address of doctor)

Signature of driver _____

Address of driver _____

§ 198.4 *Driving of motor vehicles*—(a) *Compliance required.* Every motor carrier shall comply with the requirements of this part, shall instruct its officers, agents, representatives and drivers with respect thereto, and shall take such measures are are necessary to insure compliance therewith by such persons. All officers, agents, representatives, drivers, and employees of motor carriers directly concerned with the management, maintenance, operation, or driving of motor vehicles, shall comply with and be conversant with the requirements of this part.

(b) *Driving rules to be obeyed.* Every motor vehicle shall be driven in accordance with the laws, ordinances, and regulations of the jurisdiction in which it is being operated, unless such laws, ordinances and regulations are at variance with specific regulations of this Commission which impose a greater affirmative obligation or restraint.

(c) *Driving while ill or fatigued.* No driver shall drive or be required or permitted to drive a motor vehicle while his ability or alertness is so impaired through fatigue, illness, or any other cause as to make it unsafe for him to begin or continue to drive, except in the case of grave emergency where the hazard to passengers would be increased by observance of this section and then only to the nearest point at which the safety of passengers is assured.

(d) *Alcoholic beverages.* No driver shall drive or be required or permitted to drive a motor vehicle, be in active control of any such vehicle, or go on duty or remain on duty, when under the influence of any alcoholic beverage or liquor, regardless of its alcoholic content, nor shall any driver drink any such beverage or liquor while on duty.

(e) *Schedules to conform with speed limits.* No motor carrier shall permit nor require the operation of any motor vehicle between points in such period of time as would necessitate the vehicle being operated at speeds greater than those prescribed by the jurisdictions in or through which the vehicle is being operated.

(f) *Equipment, inspection and use.* No motor vehicle shall be driven unless the driver thereof shall have satisfied himself that the following parts and accessories are in good working order; nor shall any driver fail to use or make use of such parts and accessories when and as needed:

Service brakes, including trailer brake connections.
Parking (hand) brake.
Steering mechanism.
Lighting devices and reflectors.
Tires.
Horn.
Windshield wiper or wipers.
Rear-vision mirror or mirrors.
Coupling devices.

(g) *Safe loading*—(1) *Distribution and securing of load.* No motor vehicle shall be driven nor shall any motor carrier permit or require any motor vehicle to be driven if it is so loaded, or if the load thereon is so improperly distributed or so inadequately secured, as to prevent its safe operation.

(2) *Doors, tarpaulins, tailgates and other equipment.* No motor vehicle shall be driven unless the tailgate, tailboard, tarpaulins, doors, all equipment and rigging used in the operation of said vehicle, and all means of fastening the load, are securely in place.

(3) *Interference with driver.* No motor vehicle shall be driven when any object obscures his view ahead, or to the right or left sides, or to the rear, or interferes with the free movement of his arms or legs, or prevents his free and ready access to the accessories required for emergencies, or prevents the free and ready exit of any person from the cab or driver's compartment.

(4) *Property on motor vehicles.* No vehicle transporting persons and property shall be driven unless such property is stowed in a manner which will assure: (i) Unrestricted freedom of motion to the driver for proper operation of the vehicle; (ii) unobstructed passage to all exits by any person; and (iii) adequate protection to passengers and others from injury as a result of the displacement or falling of such articles.

(5) *Maximum passengers on motor vehicles.* No motor vehicle shall be driven if the total number of passengers exceeds the seating capacity permitted on seats prescribed in § 198.5 (f). All passengers carried on such vehicle shall remain seated while the motor vehicle is in motion.

(h) *Rest and meal stops.* Every carrier shall provide a rest stop of not less than 15 minutes duration at not more than two hour intervals. Meal stops shall be made at intervals not to exceed five hours and shall be for a period of not less than 30 minutes duration.

(i) *Kinds of motor vehicles in which workers may be transported.* Workers may be transported in or on only the following types of motor vehicles: a bus, a truck with no trailer attached, or a semitrailer attached to a truck tractor provided that no other trailer is attached to the semitrailer. Closed vans without windows or means to assure ventilation shall not be used.

(j) *Time of day for travel.* No motor vehicle other than a bus shall be driven, nor shall any carrier permit or require any such motor vehicle to be driven in transporting persons, before 6 o'clock in

the morning nor after 8 o'clock in the evening. For the purpose of this section the time standard in effect at the place of beginning the day's travel shall be used.

(k) *Obscured lamps or reflectors.* No motor vehicle shall be driven when any of the required lamps or reflectors are obscured by the tailboard, by any part of the load, by dirt, or otherwise.

(l) *Ignition of fuel; prevention.* No driver or any employee of a motor carrier shall: (1) Fuel a motor vehicle with the engine running, except when it is necessary to run the engine to fuel the vehicle; (2) Smoke or expose any open flame in the vicinity of a vehicle being fueled; (3) Fuel a motor vehicle unless the nozzle of the fuel hose is continuously in contact with the intake pipe of the fuel tank; (4) Permit any other person to engage in such activities as would be likely to result in fire or explosion.

(m) *Reserve fuel.* No supply of fuel for the propulsion of any motor vehicle or for the operation of any accessory thereof shall be carried on the motor vehicle except in a properly mounted fuel tank or tanks.

(n) *Driving by unauthorized person.* Except in case of emergency, no driver shall permit a motor vehicle to which he is assigned to be driven by any person not authorized to drive such vehicle by the motor carrier in control thereof.

(o) *Protection of passengers from weather.* No motor vehicle shall be driven while transporting passengers unless the passengers therein are protected from inclement weather conditions such as rain, snow, or sleet, by use of the top or protected devices required by § 198.5 (f).

(p) *Unattended vehicles; precautions.* No motor vehicle shall be left unattended by the driver until the parking brake has been securely set, the wheels chocked, and all reasonable precautions have been taken to prevent the movement of such vehicle.

§ 198.5 *Parts and accessories necessary for safe operation*—(a) *Compliance.* Every motor carrier, and its officers, agents, drivers, representatives and employees directly concerned with the installation and maintenance of equipment and accessories, shall comply and be conversant with the requirements and specifications of this part, and no motor carrier shall operate any motor vehicle, or cause or permit it to be operated, unless it is equipped in accordance with said requirements and specifications.

(b) *Lighting devices.* Every motor vehicle shall be equipped with the lighting devices and reflectors required by Subpart A of Part 193 of the Motor Carrier Safety Regulations of this Commission.

(c) *Brakes.* Every motor vehicle shall be equipped with brakes and shall satisfy the braking performance required by Subpart C of Part 193 of the Motor Carrier Safety Regulations of this Commission.

(d) *Coupling devices—fifth wheel mounting and locking.* The lower half of every fifth wheel mounted on any truck-tractor or dolly shall be securely affixed to the frame thereof by U-bolts of adequate size, securely tightened, or by other means providing at least equivalent security. Such U-bolts shall not be of welded construction. The installation shall be such as not to cause cracking, warping, or deformation of the frame. Adequate means shall be provided positively to prevent the shifting of the lower half of a fifth wheel on the frame to which it is attached. The upper half of every fifth wheel shall be fastened to the motor vehicle with at least the security required for the securing of the lower half to a truck-tractor or dolly. Locking means shall be provided in every fifth wheel mechanism including adapters when used, so that the upper and lower halves may not be separated without the operation of a positive manual release. A release mechanism operated by the driver from the cab shall be deemed to meet this requirement. On fifth wheels designed and constructed as to be readily separable, the fifth wheel locking devices shall apply automatically on coupling for any motor vehicle the date of manufacture of which is subsequent to December 31, 1952.

(e) *Tires.* Every motor vehicle shall be equipped with tires of adequate capacity to support its gross weight. No motor vehicle shall be operated on tires which have been worn so smooth as to expose any tread fabric or which have any other defect likely to cause failure. No vehicle shall be operated while transporting passengers while using any tire which does not have tread configurations on that part of the tire which is in contact with the road surface. No vehicle transporting passengers shall be operated with re-grooved, re-capped, or re-treaded tires on front wheels.

(f) *Passenger compartment.* Every motor vehicle transporting passengers, other than a bus, shall have a passenger compartment meeting the following requirements:

(1) *Floors.* A substantially smooth floor, without protruding obstructions more than two inches high, except as are necessary for securing seats or other devices to the floor, and without cracks or holes.

(2) *Sides.* Side walls and ends above the floor at least 60 inches high, by attachment of sideboards to the permanent body construction if necessary. Stake body construction shall be construed to comply with this requirement only if all six-inch or larger spaces between stakes are suitably closed to prevent passengers from falling off the vehicle.

(3) *Nails, screws, splinters.* The floor and the interior of the sides and ends of the passenger-carrying space shall be free of inwardly protruding nails, screws, splinters, or other projecting objects, likely to be injurious to passengers or their apparel.

(4) *Seats.* A seat for each worker transported. The seats shall be: Securely attached to the vehicle during the course of transportation; not less than 16 inch nor more than 19 inches above the floor; at least 13 inches deep; equipped with backrests extending to a height of at least 36 inches above the floor, with at least 24 inches of space between the backrests or between the edges of the opposite seats when face to face; designed to provide at least 18 inches of seat for each passenger; without cracks more than one-fourth inch wide, and the backrests, if slatted, without cracks more than two inches wide, and the exposed surfaces, if made of wood, planed or sanded smooth and free of splinters.

(5) *Protection from weather.* Whenever necessary to protect the passengers from inclement weather conditions a top at least 80 inches high above the floor and facilities for closing the sides and ends of the passenger-carrying compartment. Tarpaulins or other such removable devices for protection from the weather shall be secured in place.

(6) *Exit.* Adequate means of ingress and egress to and from the passenger space shall be provided on the rear or at the right side. Such means of ingress and egress shall be at least 18 inches wide. The top and the clear opening shall be at least 60 inches high, or as high as the side wall of the passenger space if less than 60 inches. The bottom shall be at the floor of the passenger space.

(7) *Gates or doors.* Gates or doors shall be provided to close the means of ingress and egress and each such gate or door shall be equipped with at least one latch or other fastening device of such construction as to keep the gate or door securely closed during the course of transportation; and readily operative without the use of tools.

(8) *Ladders or steps.* Ladders or steps for the purpose of ingress or egress shall be used when necessary and shall remain firmly attached to the vehicle during the course of transportation. The maximum vertical spacing of footholds shall not exceed 12 inches, except that the lowest step may be not more than 18 inches above the ground when the vehicle is empty.

(9) *Hand holds.* Hand holds or devices for similar purpose shall be provided to permit ingress and egress without hazard to passengers.

(10) *Emergency exit.* Vehicles with permanently affixed roofs shall be equipped with at least one emergency exit having a gate or door, latch and hand hold as prescribed in subparagraphs (7) and (9) of this paragraph and located on a side or rear not equipped with the exit prescribed in subparagraph (6) of this paragraph.

(11) *Communication with driver.* Means shall be provided to enable the passengers to communicate with the driver. Such means may include telephone, speaker tubes, buzzers, pull cords, or other mechanical or electrical means.

(g) *Heaters.* Every motor vehicle not designed to carry passengers when used in temperatures below 60° F. shall be equipped with a heater adequate to maintain a temperature of 60° F. under all ordinary weather conditions expected during the seasons and in the locations where it is used for the transportation of workers. The term "heater" as used in this section means any device or assembly of devices or appliances used to heat the interior of any motor vehicle. The installation or use of the following

types of heaters is prohibited: (1) Exhaust heaters—any type of exhaust heater in which the engine exhaust gases are conducted into or through any space occupied by persons or any heater which conducts engine compartment air into any such space. (2) Unenclosed flame heaters—any type of heater employing a flame which is not fully enclosed. (3) Heaters permitting fuel leakage—any type of heater from the burner of which there could be spillage or leakage of fuel upon the tilting or overturning of the vehicle in which it is mounted. (4) Heaters permitting air contamination—any heater taking air, heated or to be heated, from the engine compartment or from direct contact with any portion of the exhaust system; or any heater taking air in ducts from the outside atmosphere to be conveyed through the engine compartment, unless said ducts are so constructed and installed as to prevent contamination of the air so conveyed by exhaust or engine compartment gases. (5) Solid fuel heaters except wood charcoal—any stove or other heater employing solid fuel except wood charcoal.

§ 198.6 *Hours of service of drivers*—(a) *Maximum driving time.* Except as otherwise provided in this section, no motor carrier shall permit or require a driver employed or used by it to drive or operate for more than 10 hours in the aggregate excluding rest stops and stops for meals in any period of 24 consecutive hours, unless such driver be off duty for eight consecutive hours immediately following the 10 hours aggregate driving and within said period of 24 consecutive hours. The term "24 consecutive hours" as used in this part means any such period starting at the time the driver reports for duty.

§ 198.7 *Inspection and maintenance of motor vehicles.* (a) Every motor carrier shall systematically inspect and maintain or cause to be systematically maintained, all motor vehicles and their accessories subject to its control, to insure that such motor vehicles and accessories are in safe and proper operating condition.

It is further ordered, That interested persons may, on or before February 12, 1957, submit written statements containing data, views, or arguments, verified under oath by a person having knowledge of such data, views, or arguments, and that thereafter consideration will be given to the proposed rule or some revision thereof in the light of the statements which may be submitted.

It is further ordered, That one signed copy and 14 additional copies of such statements be furnished for the use of the Commission by mailing to the Secretary of the Interstate Commerce Commission, Washington 25, D. C. No oral hearing is contemplated.

And it is further ordered, That notice of this proposed rule shall be given to motor carriers, other persons of interest, and to the general public by depositing a copy thereof in the Office of the Secretary of the Interstate Commerce Commission, Washington, D. C., and by filing a copy with the Director, Division of the Federal Register.

By the Commission.

[SEAL] HAROLD D. McCOY,
Secretary.

[F. R. Doc. 56-10556; Filed, Dec. 28, 1956; 8:47 a. m.]

NOTICES

DEPARTMENT OF THE TREASURY

Bureau of Customs

[T. D. 54269]

PAN-OCEANIC NAVIGATION CORP.

REGISTRATION OF HOUSE FLAG AND FUNNEL MARK

DECEMBER 21, 1956.

The Commissioner of Customs by virtue of the authority vested in him and in accordance with § 3.81 (a), Customs Regulations (19 CFR 3.81 (a)), has registered the house flag and funnel mark of the Pan-Oceanic Navigation Corporation as described below:

(a) *House flag.* The house flag is rectangular in shape; the hoist is 4 feet in height; the fly is 6 feet. The flag is composed of 3 horizontal stripes. The upper stripe is white and 1 foot in depth; the middle stripe is Greek blue and 2 feet in depth; and the lower stripe is white and 1 foot in depth. Centered horizontally on the Greek blue stripe is a white diamond 1 foot 9 inches in height and 3 feet 3 inches from apex to apex horizontally. The vertical apexes are located 1½ inches from the white stripes. In the centered position within the diamond is a vermillion red Gothic capital "P", the letter being 10½ inches in height and 10½ inches wide and 3 inches thick.

(b) *Funnel mark.* The funnel mark is to appear on an oval shaped, raked, and tapered funnel of black having a forward height of 24 feet 9 inches and an after height of 24 feet. The major axis is 19 feet at the base and 18 feet at the top, and the minor axis is 10 feet top and bottom. Three adjourning colored bands encircle the funnel. The first is a white band 2 feet 2 inches in depth located 3 feet 10 inches below the top of the funnel. Immediately below the white band is a band of Greek blue 6 feet in depth and immediately below the Greek blue band is a band of white 2 feet 2 inches wide. Centered horizontally in the Greek blue band on each side of the funnel is a white diamond 5 feet 8 inches in height and 9 feet 4 inches from apex to apex horizontally. The vertical apexes of the diamond are 2 inches from the white bands. Centered on the white diamond is a vermillion red Gothic letter "P" 2 feet 6 inches high and 2 feet 6 inches wide and 6 inches thick.

Colored drawings of the house flag and funnel mark described above are on file with the Federal Register Division.

[SEAL] RALPH KELLY,
Commissioner of Customs.

[F. R. Doc. 56-10586; Filed, Dec. 28, 1956; 8:52 a. m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

ALASKA

NOTICE OF PROPOSED WITHDRAWAL AND RESERVATION OF LANDS

The Bureau of Public Roads has filed an application, Serial No. Anchorage 031917, for the withdrawal of the lands described below, from all forms of appropriation under the public land laws including the mining and mineral leasing laws. The applicant desires the land for permanent depot for road construction and maintenance purposes.

For a period of 60 days from the date of publication of this notice, persons having cause may present their objections in writing to the undersigned official of the Bureau of Land Management, Department of the Interior, Box 480, Anchorage, Alaska.

If circumstances warrant it, a public hearing will be held at a convenient time and place, which will be announced.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER. A separate notice will be sent to each interested party of record.

The lands involved in the application are:

MACLAREN RIVER AREA

Beginning at a point on the centerline of the Denali Highway, which point is ten (10) feet northeast of the northeast end of the MacLaren River Bridge; thence N. 79° 36' E. four hundred (400) feet along the centerline of the aforementioned highway to a point on the centerline; thence N. 10° 24' W. seven hundred (700) feet; thence S. 79° 36' W. two hundred ninety (290) feet to a point on the left bank of the MacLaren River; thence following the meanders of the left bank of the MacLaren River downstream for a distance of approximately five hundred forty (540) feet to a point on the left bank of the MacLaren River; thence S. 39° 20' E., one hundred seventy (170) feet to a point; thence S. 10° 24' E. to a point of beginning, containing 6.72 acres, more or less.

LLOYD E. TOLAND,
Acting Operations Supervisor.

[F. R. Doc. 56-10546; Filed, Dec. 28, 1956; 8:45 a. m.]

[Serial No. Idaho 07009]

IDAHO

ORDER PROVIDING FOR OPENING OF PUBLIC LANDS

The Federal Power Commission has certified that the hereinafter described lands which were withdrawn as a part of Power Site Reserve No. 565 dated November 21, 1916, as modified by Executive Order dated June 10, 1940, have been proclaimed to be of no value for purposes of power development and, therefore, the Federal Power Commission has no objection to revocation of the power withdrawal pertaining to these lands:

BOISE MERIDIAN, IDAHO

T. 9 S., R. 17 E.,
Sec. 34, Lot 7, 8, 9;
Sec. 35, N½N½.

The area described totals 279.19 acres of public lands.

The lands described are located about three miles northerly from Twin Falls, Idaho, on the north side of the Snake River Canyon. They lie in and are adjacent to a fairly large block of federal land which extends several miles to the west, north and east. U. S. Highway 93 crosses these lands at approximately the subdivision line between Lots 8 and 9.

The topography is generally undulating to rolling and beset with numerous large lava outcrops. The soil is medium in texture and with considerable lava debris scattered about and intermingled with it. The vegetation consists mainly of cheat grass and mustard with minor quantities of other annual weeds and grasses. The land is generally unsuitable for farming because of adverse topography and rock. Farming here would require irrigation because of the low precipitation of eight to ten inches per annum, and the irrigation water is not available from existing surface supplies. There is doubt as to whether the water would be available at economic pumping depths in this locality.

No application for these lands will be allowed under the homestead, desert land, small tract, or any other nonmineral public land law, unless the lands have already been classified as valuable or suitable for such type of application, or shall be so classified upon consideration of an application. Any application that is filed will be considered on its merits. The lands will not be subject to occupancy or disposition until they have been classified.

Subject to prior existing valid rights and the requirements of applicable law, the lands described in paragraph 2, hereof, are hereby opened to filing of applications, selections, and locations in accordance with the following:

a. Applications and selections under the nonmineral public-land laws and applications and offers under the mineral-leasing laws may be presented to the Manager, mentioned below, beginning on the date of this Order. Such applications, selections and offers will be considered as filed on the hour and respective dates shown for the various classes enumerated in the following paragraphs:

(1) Application by persons having prior existing valid settlement rights, preference rights conferred by existing laws, or equitable claims, subject to allowance and confirmation, will be adjudicated on the facts presented in support of each claim or right. All applications presented by persons other than those referred to in this paragraph will be subject to the applications and claims mentioned in this paragraph.

(2) All valid applications under the homestead, desert-land, and small-tract laws by qualified veterans of World War II and, or, the Korean conflict, and by others entitled to preference rights under the Act of September 27, 1944 (58 Stat. 747; 43 U. S. C. 279–284 as amended), presented prior to 10:00 a. m. on January 25, 1957, will be considered as simultaneously filed at that hour. Rights under such preference right applications filed after that hour and before 10:00 a. m., April 26, 1957, will be governed by the time of filing.

(3) All valid applications and selections under the nonmineral public land laws other than those coming under paragraphs (1) and (2) above, and applications and offers under the mineral leasing laws, presented prior to 10:00 a. m., April 26, 1957, will be considered as simultaneously filed at that hour. Rights under such applications and selections filed after that hour will be governed by the time of filing.

b. The lands will be open to location under the United States mining laws, beginning at 10:00 a. m. on April 26, 1957.

Persons claiming veterans preference rights under paragraph a (2) above, must enclose with their applications proper evidence of military or naval service, preferably a completed photostatic copy of the certificate of honorable discharge.

Persons claiming preference rights based upon valid settlement, statutory preference, or equitable claims must enclose properly corroborated statements in support of their applications, setting forth all facts relevant to their claims. Detailed rules and regulations governing applications which may be filed pursuant to this notice, can be found in Title 43 of the Code of Federal Regulations.

Inquiries and applications concerning the above lands shall be addressed to the Manager, Land Office, Bureau of Land Management, P. O. Box 2237, Boise, Idaho.

NOLAN F. KEIL,
Acting State Supervisor.

[F. R. Doc. 56–10547; Filed, Dec. 28, 1956; 8:45 a. m.]

Office of the Secretary

VIRGIN ISLANDS NATIONAL PARK

NOTICE OF ESTABLISHMENT

DECEMBER 1, 1956.

Whereas, in accordance with the provisions of the act of August 2, 1956 (70 Stat. 940), the Acting Secretary of the Interior, on November 15, 1956, designated the tentative exterior boundary lines of the Virgin Islands National Park comprising a total of not more than 9,500 acres of land as shown on Drawing No. NP–VI–7000 entitled "Acquisition Areas, Virgin Islands National Park"; and

Whereas more than the minimum acreage of 5,000 acres of land required for establishment of the said park, in its initial phase, within the tentative exterior boundary lines designated by the Acting Secretary has been acquired by the United States, said land being more particularly identified in two deeds, each dated November 21, 1956, and accepted by me on December 1, 1956, on behalf of the United States; and

Whereas the said act provided that notice of the establishment of the park shall be published in the FEDERAL REGISTER:

It is ordered, that:

1. Notice is hereby given that the Virgin Islands National Park has been established, within the tentative exterior boundary lines hereinbefore mentioned, said park to consist, in its initial phase, of the land acquired by the United States under and by virtue of the two deeds referred to above.

2. This notice shall be published in the FEDERAL REGISTER and notice of any subsequent additions to the Virgin Islands National Park as established shall be published in like manner.

FRED A. SEATON,
Secretary of the Interior.

[F. R. Doc. 56–10549; Filed, Dec. 28, 1956; 8:46 a. m.]

DEPARTMENT OF COMMERCE

Office of the Secretary

LEWIS T. GIBBS

STATEMENT OF CHANGES IN FINANCIAL INTERESTS

In accordance with the requirements of section 710 (b) (6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests as reported in the FEDERAL REGISTER of June 19, 1956, 21 F. R. 4298.

A. Deletions: None—no change.
B. Additions: None—no change.

This statement is made as of November 28, 1956.

Dated: December 20, 1956.

LEWIS T. GIBBS.

[F. R. Doc. 56–10576; Filed, Dec. 28, 1956; 8:50 a. m.]

DEPARTMENT OF LABOR

Wage and Hour Division

[Administrative Order 473]

PUERTO RICO

NOTICE OF RESIGNATION AND APPOINTMENT OF EMPLOYEE MEMBER OF INDUSTRY COMMITTEES

David Sternback, a resident of Puerto Rico, having resigned from Industry

Committees No. 27, the Secretary of Labor, pursuant to authority under the Fair Labor Standards Act of 1938 (52 Stat. 1060, as amended; 29 U. S. C. 201 et seq.), hereby appoints Jose M. Cueto, another resident of Puerto Rico, to serve in his stead on such Committees as an employee representative.

Signed at Washington, D. C., this 21st day of December 1956.

JAMES P. MITCHELL,
Secretary of Labor.

[F. R. Doc. 56-10591; Filed, Dec. 28, 1956; 8:52 a. m.]

ATOMIC ENERGY COMMISSION

[Docket No. F-17]

AMF ATOMICS, INC.

NOTICE OF PROPOSED ISSUANCE OF CONSTRUCTION PERMIT

Please take notice that the Atomic Energy Commission proposes to issue a construction permit to AMF Atomics, Inc. substantially in the form set forth below unless within 15 days after publication in the FEDERAL REGISTER a request for a formal hearing is filed with the Commission in the manner prescribed by § 2.102 (b) of the Commission's rules of practice (10 CFR 2.102 (b)). There is annexed a Memorandum submitted by the Division of Civilian Application which summarizes the principal features of the proposed reactor and the principal factors considered in reviewing the application for a license. For further details see the application for license at the Commission's Public Document Room, 1717 H Street NW., Washington, D. C.

CONSTRUCTION PERMIT

AMF Atomics, Inc., New York 16, New York, (hereinafter "AMF Atomics") on March 8, 1956, filed its application, docketed F-17, for a Class 104 license, defined in § 50.21 of Part 50, "Licensing of Production and Utilization Facilities", Title 10, Chapter 1, C. F. R., to construct and operate a nuclear reactor (hereinafter "the reactor"). Supplements to the application were filed on July 10, 1956 and September 17, 1956. Reference to "the application" herein will be to the original application as supplemented.

The Atomic Energy Commission (hereinafter "the Commission") has found that:

A. The reactor will be a utilization facility as defined in the Commission's regulations contained in Title 10, Chapter 1, C. F. R., Part 50, "Licensing of Production and Utilization Facilities."

B. AMF Atomics proposes to utilize the reactor in the conduct of research and development activities of the types specified in section 31 of the Atomic Energy Act of 1954.

C. AMF Atomics is financially qualified to construct and operate the reactor in accordance with the regulations contained in Title 10, Chapter 1, C. F. R.; to assume financial responsibility for the payment of Commission charges for special nuclear material and to undertake and carry out the proposed use of such material for a reasonable period of time.

D. AMF Atomics is technically qualified to design and construct the reactor.

E. AMF Atomics has submitted sufficient information to provide reasonable assurance that a reactor of the type proposed can be constructed and operated at the proposed location without undue risk to the health and safety of the public and that additional information required to complete its application will be supplied.

F. The issuance of a construction permit to AMF Atomics will not be inimical to the common defense and security and to the health and safety of the public.

Pursuant to the Atomic Energy Act of 1954 and Title 10, C. F. R., Chapter 1, Part 50, "Licensing of Production and Utilization Facilities," the Commission hereby issues a construction permit to AMF Atomics to construct the reactor as a utilization facility. This permit shall be deemed to contain and be subject to the conditions specified in §§ 50.54 and 50.55 of said regulations; is subject to all applicable provisions of the Atomic Energy Act of 1954 and rules, regulations and orders of the Commission now or hereafter in effect; and is subject to any additional conditions specified or incorporated below.

A. The earliest date for the completion of the reactor is March 1, 1957. The latest date for completion of the reactor is December 31, 1957. The term "completion date" as used herein means the date on which construction of the reactor is completed, except for the introduction of the fuel material.

B. The site proposed for the location of the reactor is the location in Plainsboro, Township, Middlesex County, New Jersey, specified in the "Hazards Summary Report" dated June 1956, submitted by AMF Atomics as part of its license application.

C. The type of facility authorized for construction is a "pool" type research reactor designed to operate at a thermal power level of 5,000 kilowatts, as described in the license application.

This permit is subject to submittal by AMF Atomics to the Commission (by proposed amendment of the application) of additional information required to complete its Hazards Summary Report and a finding by the Commission that the final design provides reasonable assurance that the health and safety of the public will not be endangered by operation of the reactor in accordance with the specified procedures.

Upon completion (as defined in Paragraph "A" above) of the construction of the facility in accordance with the terms and conditions of this permit, upon the filing of any additional information needed to bring the original application up to date, and upon finding that the facility authorized has been constructed in conformity with the application as amended and in conformity with the provisions of the Atomic Energy Act of 1954 and of the rules and regulations of the Commission, and in the absence of any good cause being shown to the Commission why the granting of a license would not be in accordance with the provisions of the Act, the Commission will issue a Class 104 license to AMF Atomics pursuant to section 104c of the Atomic Energy Act of 1954, which license shall expire twenty (20) years after the date of this construction permit.

Pursuant to § 50.60 of the regulations in Title 10, Chapter 1, C. F. R., Part 50, the Commission has allocated to AMF Atomics, for use in the operation of the reactor, 63.8 kilograms of uranium 235 contained in uranium at the isotopic ratios specified in AMF Atomics' application. Estimated schedules of special nuclear material transfers to AMF Atomics and returns to the Commission are contained in Appendix "A" which is attached hereto. Deliveries by the Commission to AMF Atomics in accordance with schedule 1 of Appendix "A" will be conditioned upon AMF Atomics' return to the Commission of special nuclear material substantially in accordance with schedule 2 of Appendix "A".

Dated at Washington, D. C. this 19th day of December, 1956.

For the Atomic Energy Commission.

H. L. PRICE,
Director,
Division of Civilian Application.

APPENDIX "A" TO AMF ATOMICS, INC., CONSTRUCTION PERMIT

SCHEDULE 1

Estimated Schedule of Transfers of Special Nuclear Material from the Commission to AMF Atomics:

Date of transfer:	*Kilograms of contained U-235*
1956	20.1
1957	36.0
1958–1975 (18 years total at 36.0 per year)	648.0
Total transfers	704.1

SCHEDULE 2

Estimated Schedule of Transfers of Special Nuclear Material from AMF Atomics to the Commission:

Date of transfer	Kilograms of contained U-235 recoverable scrap	Spent fuel	Total
1957	11.8	------	11.8
1958	21.2	6.1	27.3
1959	21.2	12.2	33.4
1960-1976 (17 years total)	360.4	207.4	567.8
Inventory to be returned	------	------	14.6
Total transfers	------	------	654.9

(Total Fabrication and burn-out losses calculated to be 49.2 kgs.)

MEMORANDUM

Part I—Description of the Reactor

In its license application, AMF Atomics, Inc., described a reactor which it proposes to build and operate at a site four miles northeast of Princeton, New Jersey. The proposed facility is a five megawatt pool-type reactor moderated, reflected and cooled by light water. The core is immersed in a two section concrete pool filled with water. One of the sections of the pool contains an experimental stall into which beam tubes and other experimental facilities converge. The other section is an open area suitable for bulk irradiations of materials with neutrons or gamma rays.

The reactor control system consists of five aluminum clad boron carbide shim-safety rods having an average reactivity control value of 2.2 percent each and one stainless steel regulatory rod with a control value of 0.6 percent, suspended from drives mounted on the reactor bridge.

Each reactor fuel element consists of an assembly of eighteen curved aluminum-clad uranium-aluminum alloy plates containing 196 grams of fully enriched U-235. These elements are arranged in a standard grid structure having a 12" x 18" cross-section. The core, which is 24" high, is designed so that as many as 54 fuel elements, arranged in a 6 x 9 array, could be inserted in the reactor. The proposed loading, however, calls for the use of only 24 elements containing approximately 4.1 kg. of U-235.

The applicant's calculations indicate that 2.8 kg. will be needed to satisfy the basic critical mass requirements. The additional 1.3 kg. will be charged to the reactor to provide reactivity 9.1 percent above that required for cold clean criticality. The applicant states that this amount of reactivity is needed to overcome the following factors

which lower the initial reactivity as the reactor is operated:

(1) 0.22 percent—temperature increase.
(2) 3.4 percent—xenon buildup.
(3) 1.9 percent—the six beam tubes.
(4) 1.5 percent—neutron absorbing experiments.
(5) 0.65 percent—burnout of U-235.
(6) 1.1 percent—control requirements.
(7) 1.1 percent—various other effects.

The applicant's proposed total control value for the shim-safety rods of about 11 percent is great enough to control a reactor having 9.1 percent excess reactivity.

Heat will be removed from the reactor core by normal convection of the pool water when the reactor is operated at low powers, and by forced convection when it is operated at high powers.

The reactor is to be housed in a vapor container consisting of a reinforced concrete parabolic shell structure 80 feet tall and 60 feet in diameter, said by the applicant to be capable of sustaining, without rupture, an internal excess pressure of 0.442 pounds per square inch. The applicant states that at this pressure the leakage rate will not exceed 2.5 percent of the container volume per day. A wing of the building adjacent to the containment structure will contain assorted laboratories and supporting facilities.

The site for this facility is a 300 acre tract located in Plainsboro Township, in southwest Middlesex County, New Jersey, between Trenton and New Brunswick. Princeton, the nearest major populated center, having approximately 13,000 residents, lies four and one half miles west of the site. The general area has a low population density. The boundary of the property controlled by the applicant is 1,300 feet from the reactor at the nearest point. Presently, there are no residents within 3,600 feet of the reactor; 85 are within one mile, 710 within two miles and approximately 25,000 within five miles.

Part II—Hazard analysis

General Considerations. There is an extensive body of relevant knowledge and successful operating experience for reactors of the type under consideration. Pool-type reactors using fuel elements and having core arrangements generally similar to those proposed for this reactor have been safely and successfully operated for several years. The power levels of these reactors are in the 10–100 kilowatt range for the Geneva demonstration reactor and the Penn State reactors, the few megawatt range for the Oak Ridge reactors, and the many megawatt range for the MTR.

While it is true that none of these previously built and operated units is exactly duplicated in the design of the proposed reactor, and while there are certain features proposed for this reactor, such as the fairly great flexibility occasioned by the large number of available fuel positions (54), which will require special attention prior to the issuance of operational approval, the stability and predictability of pool-type reactors, which has been demonstrated by the extensive successful operation of these reactors, leaves no reason to doubt that an adequately engineered and carefully constructed reactor of the type proposed by the applicant should be capable of safe operation.

Temperature coefficient of reactivity. One feature of importance in these considerations is the characteristics of negative temperature coefficient shared by this reactor in common with others of this type. The negative temperature coefficient contributes to both the static stability and the dynamic stability of the reactor. A reactor possesses static stability in changing temperatures if it decreases in reactivity with an increase in temperature (negative temperature coefficient), i. e., if for any cause there is a rise of temperature within the reactor, the effective multiplication factor, or its ability to sustain a chain reaction, will then tend to decrease. Consequently, the rate of heat production or power level will also decrease, tending to offset the rise in temperature. Conversely, if the temperature coefficient were positive, the reactor would be unstable to temperature changes. AMF has presented results of calculations which indicate that the proposed reactor possesses a relatively strong negative temperature coefficient of reactivity, insuring stability in the event of probable types of power excursions. These results are consistent with values measured in existing MTR type reactors. The extent of density changes in the coolant or moderator brought about by changes in temperature have a strong influence on the sign and magnitude of the over-all temperature coefficient. However, density changes do not respond to temperature variations instantaneously, and as a result oscillations may develop in the neutron flux and reactor power. If such oscillations are rapidly damped out because of the inherent features of the reactor, the reactor is said to have good dynamic stability. Although this phenomenon has not been completely analyzed with respect to the proposed reactor, its general aspects should not be significantly different from satisfactory observations of this characteristic made in existing reactors having similar nuclear characteristics.

Containment of maximum credible accident. We are not at this time ready to accept the applicant's assertion that the maximum accident against which the strength of the containment structure must be evaluated is one which would result from a rapid step insertion of 3.3 percent excess reactivity, with a consequent energy release, as shown by the BORAX experiments, of 135 MW–SEC. A restudy of all potential accidents, including those that could result from slow additions of reactivity, taking into consideration the possibility of metal-water reactions, must be made before this point can be finally resolved. Further, since the applicant's definition of the maximum credible accident has not been accepted, and since the structural design of the containment building has not been presented, no attempt can be made to examine the ability of the building to remain unbreached by the energy release from such an accident.

However, based on rather extensive knowledge and experience with pool-type reactors, we are satisfied that when the maximum credible accident has been defined it will be possible to design a containment structure in such a way that it will not be breached by the energy release resulting from such an accident. The applicant has stated that a sudden insertion of reactivity is the worst conceivable accident. While, as previously pointed out, we are not yet ready to agree that this is the case, we are satisfied that proper design specifications and operational procedures can make the occurrence of accidents of this nature highly improbable.

As to the proposed leakage rate, if the containment building is not breached by the violence of an incident, if the fission products are released into the containment building by the incident in amounts not exceeding those postulated by the applicant, and if the dilution and filtration procedures used are as effective as indicated, the radiation level which would exist at the boundary of the site nearest the reactor would not exceed that permissible for the public in general. Thus, if the above mentioned conditions are met, the proposed leakage rate of 2.5 percent per day at a differential pressure of 0.442 psi as a design goal would be acceptable.

Possibility of Development of Additional Potential Safety Hazards. While the safety problems of pool-type reactors seem to be fairly well understood, as the results of continuing experimental work on water moderated, relected and cooled reactors become available, and as more operating experience on such reactors is developed, new information may point out potential safety hazards which are not recognized today.

In this connection, quite recent experiments have indicated that under certain conditions unstable reactor oscillations may occur. The full implication of these instabilities on the potential hazard of reactors of this type is not yet known. See copy of letters to licensees and license applicants dated October 18, 1956, on file in the AEC Public Document Room.

Summary. The application has been reviewed at this time only for the purpose of determining whether, based on information contained in the application and any amendments thereto, and taking into account the wealth of experience which has been gained from the operation of reactors of this general type, there is reasonable assurance that a facility of the general type proposed can be constructed and operated at the proposed location without undue risk to the health and safety of the public. In making this determination, it is not necessary to give detailed consideration to the adequacy or acceptability of particular design features or specification of the reactor and its associated equipment, to the proposed operating procedures, or to the safety of the reactor for specific types of research and development programs. For this reason, no attempt has been made to review and evaluate these factors at this time.

Prior to the time when the reactor is allowed to go critical, a complete review and evaluation of (1) the hazard aspects of the reactor and containment design; (2) the operating and supervisory procedures; (3) the particular research and development programs to be carried out; and (4) the emergency plans, must demonstrate that the issuance of a license to operate the reactor will not be inimical to the common defense and security or to the health and safety of the public.

The applicant may at such times as he deems appropriate request amendment of his construction permit to include findings with regard to particular technical design features or specifications of the reactor and its associated equipment and proposed operating procedures.

Part III—Technical qualifications of applicant

American Machine and Foundry Company, parent of AMF Atomics and its predecessor in the atomic field, has acted as a major subcontractor for the Manhattan Engineering District and the Atomic Energy Commission's Savannah River Project. AMF Atomics was the contractor for the construction of a research reactor for the Battelle Memorial Institute of Columbus, Ohio, with respect to which a license to operate was issued by the Commission on August 10, 1956, License No. R–4.

Part IV—Financial qualifications of applicant

AMF Atomics estimates that the initial cost of the proposed reactor will be approximately $2,700,000 and the annual operating budget will be about $500,000.

The American Machine and Foundry Company has informed the Commission that in the event AMF Atomics is unable to obtain financing enabling it to undertake and carry through the construction and operation specified in the AMF Atomics Inc. application, American Machine and Foundry Company will provide AMF Atomics with sufficient funds to carry forward the construction and operation of the reactor.

At September 30, 1955, the parent company had $77 million in current assets compared with $31 million in current liabilities, or a

current ratio of nearly 2.5. Total assets amounted to $129 million, of which stockholders' equity accounted for $59 million or roughly 46 percent. Net income (after taxes) amounted to between $4 and $5 million each year since 1948 with one exception due to a lengthy labor strike. The company's customers are engaged in many different lines of endeavor. Therefore, its earnings do not depend on the economic conditions prevailing in any single industry.

Part V—Conclusions

Based upon the above considerations, it is concluded that:

a. There is reasonable assurance that a facility of the general type proposed can be constructed and operated at the proposed site without undue risk to the health and safety of the public.

b. The applicant is technically and financially qualified to engage in the proposed activities.

[F. R. Doc. 56–10563; Filed, Dec. 28, 1956; 8:48 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G–11622]

PHILLIPS PETROLEUM CO.

ORDER SUSPENDING PROPOSED CHANGE IN RATES

Phillips Petroleum Company (Phillips) on November 26, 1956, tendered for filing a proposed change in a presently effective rate schedule for sales subject to the jurisdiction of the Commission. The proposed change, which constitutes an increased rate, is contained in the following designated filing which is proposed to become effective on the date shown:

Description, Purchaser, Rate Schedule Description, and Effective Date [1]

Notice of change dated November 21, 1956; Colorado Interstate Gas Company; Supplement No. 7 to Phillips FPC Gas Rate Schedule No. 21; January 1, 1957.

The increased rates and charges proposed in the aforesaid filing have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the said proposed change, and that the above-designated supplement be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority contained in sections 4 and 15 of the Natural Gas Act and the Commission's general rules and regulations (18 CFR Chapter I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of said proposed change in rates and charges; and, pending such hearing and decision thereon, the above-designated supplement be and the same hereby is suspended and the use thereof deferred until June 1, 1957, and until such further time as it is made effective in the manner prescribed by the Natural Gas Act.

(B) Neither the supplement hereby suspended nor the rate schedule sought to be altered thereby shall be changed until this proceeding has been disposed of, or until the period of suspension has expired, unless otherwise ordered by the Commission.

(C) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37 (f)).

Issued: December 21, 1956.

By the Commission.[2]

[SEAL] J. H. GUTRIDE, *Acting Secretary.*

[F. R. Doc. 56–10550; Filed, Dec. 28, 1956; 8:46 a. m.]

[1] The stated effective date is the first day after expiration of the required thirty days' notice, or the effective date proposed by Phillips if later.

[Docket No. G–11623]

HUMBLE OIL & REFINING CO.

ORDER SUSPENDING PROPOSED CHANGES IN RATES

Humble Oil & Refining Company (Humble), on November 30, 1956 tendered for filing proposed changes in presently effective rate schedules for sales subject to the jurisdiction of the Commission. The proposed changes, which constitute increased rates and charges, are contained in the following designated filing:

Description, Purchaser, Rate Schedule Designation, and Effective Date [3]

Notice of Change, dated November 23, 1956; Mississippi River Fuel Corporation; Supplement No. 6 to Humble's FPC Gas Rate Schedule No. 21; January 27, 1957.

In its support for the proposed increased rates, Humble states, among other reasons, that the gas sales contract was executed after arm's-length bargaining and that the proposed increased rate is an integral part of the initial rate schedule. Humble further states that the proposed increased rate is in line with prices presently being paid in the region where these sales are made.

The increased rates and charges proposed in the aforesaid filing have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the said proposed changes, and that the above-designated supplement be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority contained in sections 4 and 15 of the Natural Gas Act and the Commission's general rules and regulations (18 CFR Chapter I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of said proposed changes in rates and charges; and, pending such hearing and decision thereon, the above-designated supplement be and the same hereby is suspended and the use thereof deferred until June 27, 1957, and until such further time as it is made effective in the manner prescribed by the Natural Gas Act.

(B) Neither the Supplement hereby suspended nor the rate schedule sought to be altered shall be changed until this proceeding has been disposed of, or until the period of suspension has expired, unless otherwise ordered by the Commission.

(C) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37 (f)).

Issued: December 21, 1956.

By the Commission.[2]

[SEAL] J. H. GUTRIDE, *Acting Secretary.*

[F. R. Doc. 56–10551; Filed, Dec. 28, 1956; 8:46 a. m.]

[2] Commissioner Digby dissenting.

[3] The stated effective date is the first day after expiration of the required thirty days' notice, or the effective date proposed by Humble if later.

[Docket No. G–11624]

TOKLAN PRODUCTION CO., ET AL.

ORDER SUSPENDING PROPOSED CHANGES IN RATES

Toklan Production Company, et al. (Toklan), on November 30, 1956, tendered for filing proposed changes in presently effective rate schedules for sales subject to the jurisdiction of the Commission. The proposed changes, which constitute increased rates and charges, are contained in the following designated filing:

Description, Purchaser, Rate Schedule Designation, and Effective Date [4]

Notice of Change, undated; Phillips Petroleum Company; Supplement No. 2 to Toklan's FPC Gas Rate Schedule No. 1; January 1, 1957.

As support for the proposed increase, Toklan recites, among other things, that the gas sales contract was executed by arm's-length bargaining and that the proposed rates will not adversely affect the competition of gas with other fuels since the intrinsic value of gas is far below the price of competing fuels.

The increased rates and charges proposed in the aforesaid filing have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning

[4] The stated effective date is the first day after expiration of the required thirty days' notice, or the effective date proposed by Toklan if later.

the lawfulness of the said proposed changes, and that the above-designated supplement be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority contained in sections 4 and 15 of the Natural Gas Act and the Commission's general rules and regulations (18 CFR Chapter I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of said proposed changes in rates and charges; and, pending such hearing and decision thereon, the above-designated supplement be and the same hereby is suspended and the use thereof deferred until June 1, 1957, and until such further time as it is made effective in the manner prescribed by the Natural Gas Act.

(B) Neither the Supplement hereby suspended nor the rate schedule sought to be altered shall be changed until this proceeding has been disposed of, or until the period of suspension has expired, unless otherwise ordered by the Commission.

(C) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37 (f)).

Issued: December 21, 1956.

By the Commission.[2]

[SEAL] J. H. GUTRIDE, *Acting Secretary.*

[F. R. Doc. 56-10552; Filed, Dec. 28, 1956; 8:46 a. m.]

[Docket No. G-11625]

DELTA DRILLING CO. ET AL.

ORDER SUSPENDING PROPOSED CHANGES IN RATES

Delta Drilling Company, et al., (Delta), on December 3, 1956 tendered for filing proposed changes in presently effective rate schedules for sales subject to the jurisdiction of the Commission. The proposed changes, which constitute increased rates and charges, are contained in the following designated filing:

Description, Purchaser, Rate Schedule Designation, and Effective Date[1]

Notice of Change, dated November 30, 1956; Southern Natural Gas Co.; Supplement No. 1 to Delta's FPC Gas Rate Schedule No. 7; January 2, 1957.

In its support of the proposed increased rate, Delta states that the gas sales contract was executed after arm's-length bargaining and that the proposed increased rate is similar to rates being paid for other sales of gas made in the same region.

The increased rates and charges proposed in the aforesaid filing have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the said proposed changes, and that the above-designated supplement be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority contained in sections 4 and 15 of the Natural Gas Act and the Commission's general rules and regulations (18 CFR Chapter I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of said proposed changes in rates and charges; and, pending such hearing and decision thereon, the above-designated supplement be and the same hereby is suspended and the use thereof deferred until June 2, 1957, and until such further time as it is made effective in the manner prescribed by the Natural Gas Act.

(B) Neither the Supplement hereby suspended nor the rate schedule sought to be altered shall be changed until this proceeding has been disposed of, or until the period of suspension has expired, unless otherwise ordered by the Commission.

(C) Interested State commissions may participate as provide by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37 (f)).

Issued: December 21, 1956.

By the Commission.[2]

[SEAL] J. H. GUTRIDE, *Acting Secretary.*

[F. R. Doc. 56-10553; Filed, Dec. 28, 1956; 8:46 a. m.]

[Docket No. G-11626]

GODFREY L. CABOT, INC.

ORDER SUSPENDING PROPOSED CHANGES IN RATES

Godfrey L. Cabot, Inc. (Cabot), on December 3, 1956, tendered for filing proposed changes in presently effective rate schedules for sales subject to the jurisdiction of the Commission. The proposed changes, which constitute increased rates and charges, are contained in the following designated filings:

Description, Purchaser, Rate Schedule Designation, and Effective Date[3]

Letter dated November 15, 1956; Hope Natural Gas Co.; Supplement No. 10 to Cabot's FPC Gas Rate Schedule No. 9; January 2, 1957.

Notice of Change, undated; Hope Natural Gas Co.; Supplement No. 11 to Cabot's FPC Gate Rate Schedule No. 9; January 2, 1957.

In its support of the increased rate, Cabot cites a provision of the gas sales contract which permits a redetermination of sales price based upon a 20 cent base price plus 50 percent of any general increase in rates obtained by Hope Natural Gas Company in its sales.

The increased rates and charges proposed in the aforesaid filings have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the said proposed changes, and that the above-designated supplements be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority contained in sections 4 and 15 of the Natural Gas Act and the Commission's general rules and regulations (18 CFR Chapter I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of said proposed changes in rates and charges; and, pending such hearing and decision thereon, the above-desginated supplements be and the same hereby are suspended and the use thereof deferred until June 2, 1957, and until such further time as they are made effective in the manner prescribed by the Natural Gas Act.

(B) Neither the Supplements hereby suspended nor the rate schedule sought to be altered shall be changed until this proceeding as been disposed of, or until the period of suspension has expired, unless otherwise ordered by the Commission.

(C) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37 (f)).

Issued: December 21, 1956.

By the Commission.

[SEAL] J. H. GUTRIDE, *Acting Secretary.*

[F. R. Doc. 56-10554; Filed, Dec. 28, 1956; 8:47 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 1-3827]

GREAT SWEET GRASS OILS LTD.

ORDER SUMMARILY SUSPENDING TRADING

DECEMBER 21, 1956.

In the matter of trading on the American Stock Exchange in the $1.00 par value Capital Stock of Great Sweet Grass Oils Limited; File No. 1-3827.

I. The $1.00 par value Capital Stock of Great Sweet Grass Oils Limited (hereinafter called "registrant") is listed and registered on the American Stock Exchange, a national securities exchange (hereinafter called "the exchange").

II. The Commission on October 19, 1956, issued its order and notice of hearing under section 19 (a) (2) of the Securities Exchange Act of 1934 (hereinafter called "the act"), and on October 24, 1956, issued its amended order and notice of hearing under the act to determine at a hearing to be held November 13, 1956, whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding twelve months, or to withdraw, the registration

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[1] The stated effective date is the first day after expiration of the required thirty days' notice, or the effective date proposed by Delta if later.

[2] Commissioner Digby dissenting.

[3] The stated effective date is the first day after expiration of the required thirty days' notice, or the effective date proposed by Cabot if later.

of the Capital Stock of registrant on the exchange for failure to comply with section 13 of the act and the rules and regulations thereunder, in that the Commission had reason to believe that the reports filed by registrant on Form 8–K and Form 10–K were false and misleading in certain respects set forth in said orders. On October 31, 1956, the Commission issued its second amended order and notice of hearing under section 19 (a) (2) of the act restating the allegations in the original and amended orders and including allegations that the Commission had reason to believe that the registrant's current report on Form 8–K for the month of December 1955, and amendments thereto, and that registrant's annual report on Form 10–K for its fiscal year ended December 31, 1955, and amendments thereto, were false and misleading in additional respects set forth in said order. On November 16, 1956, the Commission issued its third amended order and notice of hearing under section 19 (a) (2) of the act restating the allegations in the original and amended orders and including allegations that the Commission had reason to believe that the registrant's current report on Form 8–K for the month of August 1955, was false and misleading in certain respects set forth in said order, and that the Form 8–K report for the month of December 1955, and the Form 10–K report for the fiscal year ended December 31, 1955 were false and misleading in additional respects set forth in said order. On December 14, 1956, the Commission issued its order summarily suspending trading pursuant to section 19 (a) (4) of the act in said securities on the exchange for the reasons set forth in said order to prevent fraudulent, deceptive and manipulative acts or practices from December 15, 1956 to December 24, 1956, inclusive.

III. On November 7, 1956, counsel representing registrant requested a postponement of the hearing under section 19(a)(2) of the act in order to enable him to prepare for the hearing. Pursuant to this request, the Commission on November 7, 1956, issued its order postponing the date of said hearing to November 26, 1956. Said hearing has commenced but has not yet been concluded by Commission order or decision.

IV. The Commission has reason to believe that the false reports filed by registrant as alleged in the orders and notices of hearing referred to in paragraph II and the relationship between registrant and Kroy Oils Limited, also subject to an order issued concurrently herewith under section 19(a)(4) of the act, and also subject to an order and notice of hearing under section 19(a)(2) of the act, which hearing has been consolidated with the hearing referred to in paragraph III, are such as to cause widespread confusion and uncertainty in the market for registrant's shares. Under the circumstances recited in this order, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of registrant's securities or for trading in such securities to be conducted in an orderly and equitable manner.

V. The Commission being of the opinion that the public interest requires the summary suspension of trading in such security on the exchange and that such action is necessary and appropriate for the protection of investors; and

The Commission being of the opinion that such suspension is necessary in order to prevent fraudulent, deceptive, or manipulative acts or practices, with the result that it will be unlawful under section 15 (c) (2) of the act and the Commission's Rule X–15C2–2 thereunder for any broker or dealer to make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such security otherwise than on a national securities exchange.

It is ordered, Pursuant to section 19 (a) (4) of the act that trading in said securities on the American Stock Exchange be summarily suspended in order to prevent fraudulent, deceptive, or manipulative acts or practices for a period of ten days from December 25, 1956, to January 3, 1957, inclusive.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 56–10557; Filed, Dec. 28, 1956; 8:47 a. m.]

[File No. 1–3679]

KROY OILS, LTD.

ORDER SUMMARILY SUSPENDING TRADING

DECEMBER 21, 1956.

In the matter of trading on the American Stock Exchange in the 20¢ par value Capital Stock of Kroy Oils Limited; File No. 1–3679.

I. The 20¢ par value Capital Stock of Kroy Oils Limited, an Alberta corporation (hereinafter called "registrant"), is listed an registered on the American Stock Exchange, a national securities exchange (hereinafter called "the exchange").

II. The Commission on November 2, 1956, issued its order and notice of hearing under section 19 (a) (2) of the Securities Exchange Act of 1934 (hereinafter called "the act") to determine at a hearing to be held on November 20, 1956, whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding twelve months, or to withdraw, the registration of the Capital Stock of registrant on the exchange for failure to comply with section 13 of the act and the rules and regulations adopted thereunder, in that the Commission has reason to believe that a current report for the month of May, 1956, on Form 8–K, filed by registrant with the Commission was false and misleading in certain respects set forth in said order. On December 14, 1956 the Commission issued its order summarily suspending trading of said securities on the exchange pursuant to section 19 (a) (4) of the act for the reasons set forth in said order to prevent fraudulent, deceptive or manipulative acts or practices for a period of ten days from December 15, 1956, to December 24, 1956, inclusive.

III. On November 7, 1956, counsel representing registrant requested a postponement of the hearing under section 19 (a) (2) of the act in order to enable him to prepare for the hearing. Pursuant to this request, the Commission on November 7, 1956, issued its order postponing the date of said hearing to November 26, 1956. Said hearing has commenced but has not yet been concluded by Commission order or decision.

IV. The Commission has reason to believe that the false report filed by registrant as alleged in the order and notice of hearing referred to in paragraph II and the relationship between registrant and Great Sweet Grass Oils Limited, also subject to an order issued concurrently herewith under section 19 (a) (4) of the act, and also subject to an order and notice of hearing under section 19 (a) (2) of the act, which hearing has been consolidated with the hearing referred to in paragraph III, are such as to cause widespread confusion and uncertainty in the market for registrant's shares. Under the circumstances recited in this order, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of registrant's securities or for trading in such securities to be conducted in an orderly and equitable manner.

V. The Commission being of the opinion that the public interest requires the summary suspension of trading in such security on the exchange and that such action is necessary and appropriate for the protection of investors; and

The Commission being of the opinion that such suspension is necessary in order to prevent fraudulent, deceptive, or manipulative acts or practices, with the result that it will be unlawful under section 15 (c) (2) of the act and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such security otherwise than on a national securities exchange.

It is ordered, Pursuant to section 19 (a) (4) of the act that trading in said securities on the American Stock Exchange be summarily suspended in order to prevent fraudulent, deceptive, or manipulative acts or practices for a period of ten days from December 25, 1956, to January 3, 1957, inclusive.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 56–10558; Filed, Dec. 28, 1956; 8:47 a. m.]

[File No. 70-3532]

CENTRAL MASSACHUSETTS GAS CO. AND NEW ENGLAND ELECTRIC SYSTEM

ORDER REGARDING ISSUANCE OF COMMON STOCK BY SUBSIDIARY OF REGISTERED HOLDING COMPANY AND ACQUISITION OF SAID STOCK BY PARENT

DECEMBER 21, 1956.

New England Electric System ("NEES"), a registered holding company, and its direct subsidiary Central Massachusets Gas Company ("Central Massachusetts"), a gas utility company, have filed a joint application and an amendment thereto pursuant to sections 6 (b), 9 (a) and 10 of the Public Utility Holding Company Act of 1935 ("act") regarding the following proposed transactions:

Central Massachusetts proposes to issue and sell for cash 14,000 additional shares of its capital stock, at the par value thereof, $25 a share, aggregating $350,000. These additional shares are to be acquired by NEES, the sole stockholder of Central Massachusetts, for which NEES will expend available treasury funds. The proceeds from the sale of this stock are to be applied by Central Massachusetts to the discharge of a like amount of notes payable to a bank, these obligations having been incurred by Central Massachusetts for extensions, enlargements, and additions to its plant and property.

The Department of Public Utilities of Massachusetts, in which State Central Massachusetts is organized and doing business, has authorized the issuance and sale of the additional shares.

Total expenses of Central Massachusetts are estimated at $2,060 and of NEES at $300.

Due notice having been given of the filing of said application and a hearing not having been requested of or ordered by the Commission; and the Commission finding that the applicable provisions of the act and the rules promulgated thereunder are satisfied and that no adverse findings are necessary, and deeming it appropriate in the public interest and in the interest of investors and consumers that the application as amended be granted forthwith:

It is ordered, Pursuant to Rule U-23 and the applicable provisions of the act, that said application as amended be, and hereby is, granted, forthwith, subject to the terms and conditions prescribed in Rule U-24.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 56-10559; Filed, Dec. 28, 1956; 8:47 a. m.]

[File No. 54-54 etc.]

NORTHERN STATES POWER CO.

ORDER APPROVING FEES AND EXPENSES OF PIONEER SERVICE & ENGINEERING CO.

DECEMBER 21, 1956.

In the matter of Northern States Power Company (Delaware), File No. 54-54; Northern States Power Company (Minnesota), File No. 70-559; Northern States Power Company (Delaware), File No. 59-50.

Pioneer Service & Engineering Company ("Pioneer") has filed an application and an amendment thereto requesting our approval of its fees and expenses for services rendered to the estate of Northern States Power Company, a Delaware corporation ("Delaware") and registered holding company in process of liquidation under a plan of reorganization approved by the Commission pursuant to section 11 (e) of the Public Utility Holding Company Act of 1935 (27 S. E. C. 321, 547).

Pioneer states that it has kept the books and records of Delaware since January 1, 1948; that it has administered Delaware's residual estate, supervising the exchanges of Delaware's preferred and common stocks for common stock of Northern States Power Company, a Minnesota corporation ("Minnesota"), the surviving holding company, pursuant to the provisions of the plan of reorganization; and that its charges for such services have been limited to cost plus 10 percent. At the principal fee hearing in these proceedings in 1950, Pioneer submitted an application for approval of its fees and expenses for the two-year period 1948-1949, with testimony in support thereof, as follows: For fees, $52,786.61; for expenses, $9,866.32. The testimony at such hearing indicated that Pioneer had been paid for its services and reimbursed for its expenses on a current monthly basis, and that the company would suffer no hardship if approval of its application should be deferred until consummation of the plan and the filing of its final application. The Commission therefore deferred action on the application pending the completion of Pioneer's services (33 S. E. C. 287, 295).

The bar date for effecting exchanges under the plan expired on September 30, 1956 (Holding Company Act Release No. 12983), and Pioneer is now in the process of winding up the affairs of Delaware, delivering the residual assets to Minnesota, and making a final accounting to the court. The instant petition gives an itemized statement of all services rendered and expenditures incurred by Pioneer for 1950 and subsequent years, which aggregate $10,728.57 for fees and $377.58 for expenses.

Pioneer, having already received payment in full, now asks that the Commission approve such payments, aggregating $63,515.20 for fees and $10,243.90 for expenses, in order that it may make its final report to the court and terminate these proceedings.

Due notice having been given of the filing of said application, and a hearing not having been requested of or ordered by the Commission, and the Commission finding that the requested fees and reimbursement of expenses are not unreasonable and that the applicable provisions of the act and the rules promulgated thereunder are satisfied, and deeming it appropriate in the public interest and in the interest of investors and consumers that the application as amended be granted, effective forthwith:

It is ordered, Pursuant to the applicable provisions of the act and the rules thereunder, that said application as amended be, and is hereby granted, effective forthwith.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 56-10561; Filed, Dec. 28, 1956; 8:47 a. m.]

[File No. 70-3502]

PAVILION NATURAL GAS CO.

ORDER GRANTING APPLICATION REGARDING PROPOSED ACQUISITION BY SUBSIDIARY FROM PARENT OF CAPITAL STOCK OF ASSOCIATE PUBLIC UTILITY

DECEMBER 21, 1956.

The Pavilion Natural Gas Company ("Pavilion"), a public-utility company and an exempt public utility holding company which is a subsidiary of Genesee Valley Gas Company, Inc. ("Genesee"), an exempt public utility holding company, has filed an application, pursuant to sections 9 (a) (2) and 10 of the Public Utility Holding Company Act of 1935 ("act"), regarding the proposed acquisition by Pavilion from Genesee of all of the outstanding capital stock of Churchville Oil & Natural Gas Company ("Churchville"), a direct public utility subsidiary of Genesee.

Pavilion, a New York corporation, is engaged in purchasing, producing, distributing and selling, principally at retail, natural gas in the counties of Livingston, Wyoming and Genesee in the State of New York. It owns all of the outstanding capital stock of Valley Gas Corporation, a public utility organized and operating in the State of New York. Pavilion is exempt from the provisions of the act, pursuant to Rule U-2.

Genesee, a New York corporation, is solely a holding company, owning all of the capital stocks of Pavilion and Churchville. Genesee is exempt from the provisions of the act, pursuant to an order issued by the Commission under section 3 (a) (1) of the act on August 2, 1938 (3 S. E. C. 672).

Churchville, a New York corporation, is engaged in purchasing, producing, distributing and selling at retail natural gas in the counties of Genesee and Monroe in the State of New York. Churchville's principal source of natural gas is Pavilion, and the two systems are contiguous and interconnected.

Genesee, whose liquidation and dissolution is contemplated in the relatively near future, proposes to transfer to Pavilion, and Pavilion proposes to acquire, as a capital contribution, all of the outstanding 500 shares of $100 par value common stock of Churchville, and to record such investment on its books at $50,000 which is the cost thereof to Genesee.

The proposed acquisition by Pavilion of the capital stock of Churchville has been authorized by the Public Service Commission of New York, the State Commission of the state in which both Pavil-

ion and Churchville are organized and doing business.

The fees and expenses to be incurred in connection with the proposed transactions consist of the requisite stock transfer tax to be paid by Genesee, and estimated counsel fees of not to exceed $400 to be paid by Pavilion to Duke & Landis, and miscellaneous expenses estimated at approximately $50.

Due notice of the filing of the application having been given in the manner prescribed by Rule U-23 (Holding Company Act Release No. 13250), and no hearing having been requested of or ordered by the Commission; and

It appearing that the requirements of section 10 (f) are satisfied and that no adverse findings are required under sections 10 (b) or 10 (c) (1); that the fees and expenses to be incurred in connection with the proposed transactions are not unreasonable; and the Commission finding that the proposed acquisition by Pavilion of the capital stock of Churchville will have the tendency required by section 10 (c) (2), and deeming it appropriate in the public interest and in the interest of investors and consumers that the application be granted, effective forthwith;

It is ordered, Pursuant to Rule U-23 and the applicable provisions of the Act, that the application be, and it hereby is, granted, effective forthwith, subject to the conditions prescribed by Rule U-24.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 56-10560; Filed, Dec. 28, 1956; 8:47 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

JAKOB SAJNE ET AL.

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Jakob Sajne, Sezana, Yugoslavia, Claim No. 63541, $561.63 in the Treasury of the United States.

Emil Sajne, Sezana, Yugoslavia, $280.82 in the Treasury of the United States.

Stanko Sajne, Sezana, Yugoslavia, Claim No. 63542, $280.81 in the Treasury of the United States.

Vesting Order No. 1899.

Executed at Washington, D. C., on December 20, 1956.

For the Attorney General.

[SEAL] PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F. R. Doc. 56-10579; Filed, Dec. 28, 1956; 8:51 a. m.]

FERDINAND MAENNER STEIDLE

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Ferdinand Maenner Steidle, Sevilla, Spain, Claim No. 63310, Vesting Order No. 8625, $1,638.08 in the Treasury of the United States.

Executed at Washington, D. C., on December 20, 1956.

For the Attorney General.

[SEAL] PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F. R. Doc. 56-10578; Filed, Dec. 28, 1956; 8:51 a. m.]

FRITZ JOSEF JILOVSKY ET AL.

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Fritz Josef Jilovsky, Tel Aviv, Israel, $133.34 in the Treasury of the United States.

Felix Jilovsky, Nof Yam, Israel, $133.33 in the Treasury of the United States.

Otto Jilovsky, Haifa, Israel, $133.33 in the Treasury of the United States.

Claim No. 62941, Vesting Order No. 17996.

Executed at Washington, D. C., on December 20, 1956.

For the Attorney General.

[SEAL] PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F. R. Doc. 56-10582; Filed, Dec. 28, 1956; 8:51 a. m.]

HELENE BURGER

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Helene Burger, Badgastein, Austria, Claim No. 66499, Vesting Order No. 9693, $53.82 in the Treasury of the United States.

Executed at Washington, D. C., on December 20, 1956.

For the Attorney General.

[SEAL] PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F. R. Doc. 56-10581; Filed, Dec. 28, 1956; 8:51 a. m.]

JESSIE STRASSBURGER

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Jessie Strassburger, nee Orthmann, Vaduz, Liechtenstein, Claim No. 43175, Vesting Order No. 8711, $1,175.00 in the Treasury of the United States.

Executed at Washington, D. C., on December 20, 1956.

For the Attorney General.

[SEAL] PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F. R. Doc. 56-10583; Filed, Dec. 28, 1956; 8:52 a. m.]

ELLEN ETTLINGER

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Ellen Ettlinger, 44 Linkside Drive, Oxford, England, Claim No. 45394, Vesting Order No. 8535, $79.14 in the Treasury of the United States.

250 shares Federated Petroleums Ltd., Canada, no par common stock, certificates #12076 and #12077, 100 shares each; and certificate #12078, 50 shares. The security is presently in the custody of the Safekeeping Department of the Federal Reserve Bank of New York.

Executed at Washington, D. C., on December 20, 1956.

For the Attorney General.

[SEAL] PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F. R. Doc. 56-10584; Filed, Dec. 28, 1956; 8:52 a. m.]