We must wait and see. Right now it looks as if the score is two down and one to go, with Stalin's men filling the bases, and with a monopolist at the bat.

I may say, Mr. President, that the next curve they are throwing at us—the pitcher is wound up and ready to throw it—is the Bulwinkle bill which is before the Senate at the present time.

OFFICES OF VETERANS' AFFAIRS IN THE PHILIPPINES

After the conclusion of Mr. RUSSELL'S speech,

Mr. WHITE. Mr. President, in view of the inclination of the Senator from Georgia to suggest the absence of a quorum, I think it is probably appropriate that I move a recess.

Mr. MILLIKIN. Mr. President, the House has adopted an amendment to Senate Joint Resolution 115, authorizing the Administrator of Veterans' Affairs to continue and establish offices in the territory of the Republic of the Philippines. I desire to move that the Senate concur in the House amendment. As passed by the Senate, the joint resolution contained no date limitation. The House has added an amendment which limits the right to continue or to establish such offices until June 30, 1948, for the reason that the subcommittee of the House Committee on Veterans' Affairs is making a study of the whole subject and did not want to fence itself in with a bill that had no limitation. I doubt whether there would be any objection to the House amendment.

The PRESIDING OFFICER (Mr. BALDWIN in the chair) laid before the Senate the amendment of the House of Representatives to the joint resolution (S. Res. 115) authorizing the Administrator of Veterans' Affairs to continue and establish offices in the territory of the Republic of the Philippines, which was to strike out all after the enacting clause and insert:

That the authority in section 7 of the World War Veterans' Act, 1924 (43 Stat. 609; 38 U. S. C. 430), and section 101 of the Servicemen's Readjustment Act of 1944 (58 Stat. 284; 38 U. S. C. 693a) to establish regional offices, suboffices, contact units, or other subordinate offices may continue to be exercised by the Administrator of Veterans' Affairs with respect to territory of the Republic of the Philippines on and after the date of its independence if he deems such offices necessary, but in no event after June 30, 1948.

Mr. MILLIKIN. I move that the Senate concur in the amendment of the House.

Mr. McMAHON. Mr. President, I should like to ask the Senator from Colorado if this legislation had the approval of the executive department involved?

Mr. MILLIKIN. Yes, it did. The executive department would like the legislation without limitation. The Senate version was without limitation. The House Veterans' Committee is making a study of these facilities and, as I said, for that reason felt it wiser to put on a time limitation. I would rather have it without limitation, because I feel that it will be many years before we ever can get rid of our Veterans' Administration facilities in the Philippines. I see no harm, however, in accepting the House amendment, although I am confident we will have to renew the legislation against next year.

Mr. McMAHON. I thank the Senator very much.

The PRESIDING OFFICER. The question is on the motion of the Senator from Colorado to concur in the House amendment.

The motion was agreed to.

RECESS

Mr. WHITE. I now move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 22 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, June 10, 1947, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 9 (legislative day of April 21), 1947:

DEPARTMENT OF STATE

Norman Armour, of New Jersey, to be an Assistant Secretary of State.

DIPLOMATIC AND FOREIGN SERVICE

The following-named persons for promotion from Foreign Service officers of class 1 to Foreign Service officers of the class of career minister of the United States of America:

Walter J. Donnelly, of the District of Columbia.
Robert B. Macatee, of Virginia.
George R. Merrell, of Missouri.
Albert F. Nufer, of New York.
Lowell C. Pinkerton, of Missouri.

UNITED STATES DISTRICT JUDGE, DISTRICT OF PUERTO RICO

Hon. David Chavez, Jr., of New Mexico, to be United States district judge for the district of Puerto Rico, vice Hon. Robert A. Cooper.

COAST AND GEODETIC SURVEY

The following-named employees of the Coast and Geodetic Survey to the positions indicated:

To be commander in the Coast and Geodetic Survey, from the dates indicated:
William M. Scaife, August 1, 1947.
Robert F. A. Studds, August 1, 1947.

To be lieutenant commander in the Coast and Geodetic Survey, from the dates indicated:
Gilbert R. Fish, August 1, 1947.
Franklin R. Gossett, August 1, 1947.

To be lieutenant (junior grade) in the Coast and Geodetic Survey, from the date indicated:
Allen L. Powell, August 16, 1947.

To be ensign in the Coast and Geodetic Survey, from the dates indicated:
John R. Plaggmier, July 28, 1947.
Leonard S. Baker, September 9, 1947.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 9, 1947

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we pray that Thy spirit may enjoin us to turn to Thy holy word, which gives the basic pattern for every good life: Let not the wise man glory in his wisdom, neither let the mighty man glory in his might; let not the rich man glory in his riches, but let him that glorieth glory in this, that he understandeth God.

Our Father, this day make Thyself felt in every issue before the Congress. Grant that Thy wisdom may be unto us revealed, with clear thinking, buoyant faith, and the truth in our minds that there is no permanent safety for man except in the Galilean Teacher. In the veiled future, known only to Thee, let this be our prayer: O cast us not away from Thy presence and take not Thy spirit from us. In all of life there is nothing so cheap as that which is best, and nothing so blessed as Thy guiding voice.

In the name of the Prophet of Nazareth. Amen.

The Journal of the proceedings of Friday, June 6, 1947, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 52. Concurrent resolution authorizing the Clerk of the House in the enrollment of the bill (H. R. 3020) to make a certain change.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3020) entitled "An act to prescribe fair and equitable rules of conduct to be observed by labor and management in their relations with one another which affect commerce, to protect the rights of individual workers in their relations with labor organizations whose activities affect commerce, to recognize the paramount public interest in labor disputes affecting commerce that endanger the public health, safety, or welfare, and for other purposes."

The message also announced that the President pro tempore has appointed Mr. LANGER and Mr. CHAVEZ members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments and agency:

1. Department of Agriculture.
2. Department of the Interior.
3. Department of Justice.
4. Department of the Navy.
5. Department of the Treasury.
6. Office of Temporary Controls.
7. Securities and Exchange Commission.

TAX VETO WOULD BE INDEFENSIBLE

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KNUTSON. Mr. Speaker, the last Democratic Congress, upon the recommendation of President Truman, passed a tax bill in 1945 which reduced the tax on corporations by $6,000,000,000 in the face of a $20,000,000,000 deficit for the following year, and the President signed the measure with every indication of

satisfaction. The Republicans on the Ways and Means Committee and in the House and Senate supported that measure with the understanding that a second tax bill giving relief to the individual taxpayers would be brought out the following year, but this was not done.

How different it is 2 years later when a Republican Congress carried out that pledge by passing a tax-reduction bill that would give $4,000,000,000 tax relief to nearly 50,000,000 individual taxpayers, and when we will have a surplus in excess of $7,000,000,000 after expenditures. Now, the President says that the Republican tax-reduction bill, which is favorable to the individual taxpayer, would be inflationary, hence he hesitates to sign it. Indeed, the indications are that he will veto the measure.

President Truman bases his objection on the fact that individual tax reduction would give the people more of their own money to spend, which he fears may result in further price increases. If there be merit in the President's contention, how does it come that he has repeatedly urged wage increases, which also give the wage earner more money to spend? Where lies the difference?

It is in order for the President to tell us how it comes that the Canadian people have already been given one tax reduction, with a second reduction which will amount to as much as 29 percent, to become effective July 1. The individual taxpayers of the United Kingdom have also been given a substantial tax reduction since the war's end, but if the President has his way American taxpayers will continue to stagger under their wartime tax load until Mr. Truman has been retired to private life.

I have long contended that one of the major causes for the existing labor unrest comes from the numerous deductions taken from pay envelopes, one of the major being the Federal withholding tax, which is also an income tax. The average wage earner bases his pay upon what he takes home. Under H. R. 1, which the President criticizes, such withholding tax would be reduced by as much as 30 percent, which would amount to $1 per week for a worker having a wife and one child, and earning $60 weekly. A yearly saving of $52 in the Federal income tax to a worker may appear inconsequential to Mr. Truman, but it is quite a substantial sum to the average working man, and this increased take-home pay will not force up prices, as does a wage increase.

Tax reduction now would greatly stimulate our economy, while a further continuance of the present tax burden will have the opposite effect.

TAX SITUATION

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 10 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I do not know what the understanding of the gentleman from Minnesota was or what he imagined, but when the tax bill of 1945 was passed there was no understanding with Mr. Truman as to a tax bill in 1946 or 1947.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1948

Mr. JENSEN, from the Committee on Appropriations, reported the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes (Rept. No. 544), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. GORE reserved all points of order on the bill.

STATE DEPARTMENT MEETINGS

Mr. BUFFETT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BUFFETT. Mr. Speaker, a story in the Wall Street Journal this morning reports that the State Department has been holding meetings in Washington for a large group of individuals believed useful for propaganda purposes, and that at these meetings the press has been deliberately barred.

I would venture to suggest that Congress, before it passes any more appropriations for the State Department, or before it authorizes the so-called Voice of America, find out about this home-front secret Voice of America activity at the State Department. It may be that this iron curtain is small, unimportant, and justified but it is a bad sign.

The American people should have a free press and full information about the domestic-propaganda activities of their own Government. Particularly is it important that the State Department, which is rightly agitated about the lack of free information abroad, not resort here to the same iron-curtain tactics that they condemn abroad.

Congress should get the facts and stop this kind of business in its tracks. This incident is certainly a questionable procedure for a State Department that preaches freedom of press and freedom of information.

NATIONAL HEART DISEASE ACT

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, I have introduced in the House today a bill endorsed by the American Heart Association, the leading private agency in the field, which provides for a program of research in diseases of the heart and circulation and to aid in the development of more effective methods of prevention, diagnosis, and treatment of such diseases to be administered through a National Heart Disease Institute in the United States Public Health Service.

This bill should truly appeal to the Nation. In return for the expenditure of a fraction of what was spent on a month of destruction by the United States in World War II, new hope and opportunity to live out their lives can be given to millions of people in our own country who otherwise will have to face the tragic prospect of being stricken down in youth or the prime of life by heart disease.

Heart disease strikes not only at the old, causing nearly one out of every two deaths after the age of 45, but it saps the strength of the youth of the Nation as well. It causes more deaths among children and the young between the ages of 5 and 19 than any other disease.

A pathetically small amount of money is now being spent on research to cut the death toll of those who suffer from the Nation's No. 1 killer—heart disease. Although Congress has allocated $29,866,200 for research and control of plant and animal diseases, to the Department of Agriculture alone, no specific amount has been set aside in the Budget of the United States for research in cardiovascular diseases. During World War II—the most destructive in history—battle deaths in our country's armed forces approximated 325,000, but during the same period more than 2,000,000 men, women, and children on the home front were killed by diseases of the heart. Heart disease takes a greater death toll than the five other leading causes of death combined.

Voluntary agencies such as the American Heart Association have been doing yeoman work in leading the fight against heart disease, but thus far their research program in the care, prevention, and treatment of this disease has been seriously handicapped by lack of funds.

The United States Public Health Service which is responsible for raising the standards of health throughout the country and for administering the various health programs which have been established, should be given adequate funds to help meet the challenge of this disease, which has been allowed to take its toll in human lives too long without a spirited attempt to do something about the situation.

EXTENSION OF REMARKS

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in two instances, to include in one an address he delivered yesterday and in the other an editorial.

Mr. BRADLEY asked and was given permission to extend his remarks in the RECORD in two instances, to include in one an article appearing in the Long Beach Labor News and in the other a resolution adopted by the Los Angeles County Council, Veterans of Foreign Wars.

Mr. RAMEY asked and was given permission to extend his remarks in the RECORD in two instance and to include in one an article appearing in the Sylvania Sentinel entitled "Congress Represents the People."

Mr. WILSON of Indiana asked and was given permission to extend his remarks in the RECORD and include an article by Stewart Riley, publisher, appearing in the Bedford Daily Times-Mail.

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD and include a bill he is introducing today.

Mr. THOMAS of New Jersey asked and was given permission to extend his remarks in the RECORD and to include a statement showing the use made of the Committee on Un-American Activities by Members of Congress.

Mr. CUNNINGHAM asked and was given permission to extend his remarks in the RECORD and include a letter from a constituent.

Mr. SNYDER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. LEFEVRE asked and was given permission to extend his remarks in the RECORD and include an article by Mark Sullivan.

Mr. McDOWELL asked and was given permission to extend his remarks in the RECORD and include an article by his colleague, J. PARNELL THOMAS, entitled "Reds in Our Atomic Bomb Plants," appearing in the June 21 issue of Liberty magazine.

Mr. MACKINNON asked and was given permission to extend his remarks in the RECORD and include an article.

Mrs. BOLTON asked and was given permission to extend her remarks in the RECORD and include an address by Oliver LaFarge, president, Association of American Indian Affairs.

STATE DEPARTMENT MEETINGS

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mrs. BOLTON. Mr. Speaker, it was my pleasure to take part in this "secret meeting" of the State Department last week. I should like to inform the Congress that to my mind that meeting of some 250 delegates from some 250 organizations of this country, which was pursuant to legislation passed by this House to give information on foreign policy to the people of the country, was one of the most progressive, sane, and constructive conferences I have ever attended. Mr. PETE JARMAN, Senator CONNALLY, Senator FLANDERS, and I spoke on the evening when these delegates were given the opportunity to speak to and with the Congress.

In order to have the very freest discussion possible—so that the hair could be taken down—these meetings were "off the record."

On the evening when we four Members of Congress participated I can assure you the hair was taken down very constructively.

I agree that it would have been advisable had the State Department opened the meetings to Members of the Congress, but I want to say to this body, Mr. Speaker, that I feel this effort on the part of the Department to give information to one of the great sections of our citizenship—members of 250 national organizations—to have been a most commendable one. It is my earnest hope and my expectation that the material given these delegates will be made available promptly to the Congress.

EXTENSION OF REMARKS

Mr. DOLLIVER asked and was given permission to extend his remarks in the RECORD and include a letter from Otto Knudsen, president, National Institute of Farm Brokers, concerning the conference called by the President for placing ceiling prices on farm land.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. PASSMAN asked and was given permission to extend his remarks in the RECORD and include an article on flood control.

Mr. FORAND asked and was given permission to extend his remarks in the RECORD, and further to extend his remarks in four instances and include editorials.

Mr. CHELF asked and was given permission to extend his remarks in the RECORD and include an editorial from the Louisville Courier-Journal.

Mr. GRANT of Alabama asked and was given permission to extend his remarks in the RECORD and include an address by Judge Walter B. Jones, of Montgomery.

Mr. PRICE of Illinois asked and was given permission to extend his remarks in the RECORD in two instances, and in one to include a resolution of the Illinois General Assembly and in the other a newspaper article.

Mr. TRIMBLE asked and was given permission to extend his remarks in the RECORD and include certain letters.

Mr. DORN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter from Post Commander E. W. Taylor, of the American Legion at Liberty, S. C., in which this post 100 percent favors making the terminal-leave bonds negotiable and expresses its support of the Rogers bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in three instances, and in one to include editorials and articles. I am informed that one of these extensions may exceed the two-page limit, but I ask unanimous consent that it may be printed notwithstanding that fact.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

SPECIAL ORDER GRANTED

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the legislative program of the day and following any special orders heretofore granted, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

A GROSS OF GREEN SPECTACLES

Mr. TRIMBLE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a table.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. TRIMBLE. Mr. Speaker, you will recall, no doubt, the incident related in Goldsmith's The Vicar of Wakefield, when the vicar decided to sell the family colt so as to buy a horse in order to maintain the family position in local society. Little Moses, a son, was sent off by the father to the fair and entrusted with the responsibility of making the trade. In the course of carrying out his responsibility, he fell in with some horse traders. These traders found many faults with the colt and convinced the lad by their many arguments that he should dispose of the colt for a gross of green spectacles.

Recently, Mr. Cecil S. Lynch, executive vice president of the Arkansas Power & Light Co., sent me a pamphlet entitled "Taking the Mystery Out of the Power Problem." Having known Mr. Lynch for many years, I was much interested in this little booklet. I read it carefully. Then I read it again to be sure that my first reaction was correct. The arguments in this little pamphlet, because of the striking similarity, reminded me of the story of little Moses with the colt and the gross of green spectacles.

Mr. Lynch has critically examined in the pamphlet the hydroelectric projects owned by the Government in the Southwest. He has found them of little value unless all of the power produced by them is sold to the local utility companies. He argues that, since the power of these projects has little value, all of it should be sold to the local utility companies for a gross of green spectacles.

Last year the Government sold Mr. Lynch's company the entire output of the Norfork project, which, by the way, is located in the district which I represent, at an average rate of 3 mills per kilowatt-hour. This power was then sold by his company, on the average, for four times the amount which they paid for it. In other words, his company received approximately $2,400,000 for this power from its consumers, for which it paid the Government $664,000 at the dam. This is the green spectacles deal which the local utility companies advocate.

Let us examine the thesis upon which they rely. It is my contention that it is unsound on at least three counts: First, it ignores the value derived from interconnecting and integrating electric plants; second, it holds that the hydroelectric plants must work without assistance; and, third, it finds that the electric companies cannot cooperate with the Government except on the companies' own terms.

Now, let us consider these three different views of this matter:

First. Advantages of interconnecting hydroelectric projects: In this pamphlet is cited as a striking example of the value of interconnecting and coordinat-

ing private electric facilities, the organization of the Southwest power pool in which 11 utility companies in the Southwest were interconnected. The pamphlet says, "Through this arrangement; the electric companies gained in excess of 120,000 kilowatts of generating capacity by building a few transmission lines and working together in harmony without installing a single new generator."

The argument could have been carried a step further, and have pointed out that each of the 11 companies had created additional kilowatts of power by interconnecting within their own systems. I believe Mr. Lynch knows that when two hydroelectric projects are interconnected the sum total of firm power at the two projects is greater after interconnecting than before. I think he also knows that when 15 or 20 such projects located in 4 or 5 different regions separated by hundreds of miles the sum total of firm power will be far greater when these projects are interconnected than when they are separate and isolated projects. Yet when he stops to evaluate a hydroelectric project, he does so on an individual and isolated basis.

Recently a study was made over a period of 1927 to 1945, inclusive, of integrating the proposed Bull Shoals Dam, the Norfork and Denison Dams, both completed. The most critical water shortage over this 19-year period developed between 1938 and 1942, with the most critical shortage occurring in 1940. The following is taken from that report:

It will be observed that the year 1940 found all these reservoirs well below the top of the power pool; however, the low inflow period, including 1940, neither began nor ended at the same time at any two of these projects. For instance, the critical period at Denison Dam began in July 1938 and ended in May 1941; at Norfork it began in July 1939 and ended in December 1942; at Bull Shoals it began in August 1939 and ended in April 1941. Thus it became apparent that during the first year, July 1938, to July 1939, the Bull Shoals and Norfork projects could have carried a considerable amount of the load at Denison, thereby saving water and preserving a high head at Denison and allowing it a larger margin of safety through the remainder of the period. In addition, since the Bull Shoals Reservoir filled before that at Denison, it could again carry part of the Denison load and allow it to fill at an earlier date. After April 1941 Denison and Bull Shoals together were capable of absorbing almost the full load on Norfork, which would result in the Norfork Reservoir filling in less than a year before it would have otherwise filled.

The result of this study shows that by integrating these three dams, the firm capacity would be increased from 62,900 kilowatts to 72,900 kilowatts, an increase of 10,000 kilowatts. This is an increase of approximately 16 percent. It is believed that when all of the projects are interconnected, the increase in the firm capacity will be approximately 20 or 25 percent.

The above advantages are derived from diversity in climate, difference in terrain, mass air movements, and difference in speed of current. In addition, there are advantages resulting from market diversity. Then, too, there are differences in economic activities in the various parts of the region, such as agriculture, mining, oil- and gas-field operations, forestry, and manufacturing, which would tend to create a diversity between the market centers of the area, and would enable larger loads to be carried with the same generating capacity.

Why the advantages of interconnecting and coordinating hydroelectric facilities is overlooked in the pamphlet is not easily understood, especially since Mr. Lynch was basing his case upon similar advantages arising out of interconnecting and coordinating steam plants by the private companies. Could it be that green spectacles are involved?

Second. Advantages of coordinating steam and hydroelectric plants, Mr. Lynch says:

The problem is to find a job that these hydroelectric plants can do without assistance. And that job must be of sufficient value to equal the annual cost of the project.

In other words, he argues that the buyer believes that he must tell the Government, the seller, just how it must sell its power from these hydroelectric plants. The best way, Mr. Lynch says, is for the Government to turn this power over to the companies at the dams, so that they can use the capacity to handle their peak loads, then dump the remainder of the energy into their system for future use.

Now let us take a look at Mr. Lynch's figures. By isolating the Norfork project, he states that his company and sister companies in Louisiana and Mississippi during 1945 absorbed the firm capability of its 70,000-kilowatt capacity, assuming that the second unit at Norfolk had been installed, by using 66,000 kilowatts for a total of 1,640 hours during the year. Now, let me assume that the Bull Shoals project, 30 miles away with 126,000 kilowatts of installed capacity, or 60,800 kilowatts firm capacity, was in operation and that Mr. Lynch had to absorb that also into this system. The only way this could be done would be to use Norfork or Bull Shoals for many more than 1,640 hours at full capacity during the year. If he had used Norfork 3,000 hours, the return to the Government would have been $590,120. If we refer to his chart and put Bull Shoals and Norfork on the peak day load of 196,000 kilowatts, Government hydro would be carrying the full load of from 264,000 kilowatts to 460,000 kilowatts. This would mean that he would be carrying part of his base load throughout the 24 hours with Government hydroelectric power. The only way he could use hydro from any other Government dams during the same day would be as base-load plants.

If Table Rock and Blakely Mountain were in operation, he would have to base load these hydro plants, and, therefore, under his plan, the annual return from Norfork would be only $317,570 to the Government, less than one-half of the annual cost of operating Norfork. It is easy to see, therefore, that the position of the Government would be untenable under Mr. Lynch's plan long before Greers Valley, Wolf Bayou, Narrows, Bull Shoals, Table Rock, Dardanelle, Ozark, Beaver, and other hydroelectric projects come into operation.

Of course, what Mr. Lynch would try to do when more peaking power was available in the Government's hydroelectric plants in Arkansas than he could profitably use in his system, would be to export it far and wide and dump it into affiliated and favored private-company systems. In this way, it would be impossible to give the benefits of this peaking power to the people who have the money invested in the dams and who need it most in nearby communities.

The question arises then: What plan would work to the mutual advantage of both the people and the private companies?

The people will have considerable peaking capacity in their hydroelectric plants which the private-utility companies will need badly. Private-utility companies will have off-peak energy from their steam plants which the Government, as a representative of the people, will need to firm up its secondary energy. This represents a perfect situation for mutual benefits if the parties will cooperate.

Mr. Lynch says:

The Southwest Power Administration appears to be utterly unwilling to do any sharing of gains, but wants them all.

The Government is willing to share the gains, but not for a gross of green spectacles. A fine example of this willingness to work with the private companies is the recent contract signed by the Government with the Texas Power & Light Co.—a contract which all the utility companies in the Southwest should be only too willing to accept as good business.

The way to share the gains is for the Government to sell peaking capacity to the utility companies in return for off-peak steam energy. No money need be exchanged except to settle balances. The energy given by the Government to the company during the peak hours would be returned to the Government during the companies' off-peak hours. It is fairly estimated that an on-peak kilowatt-hour is worth three off-peak kilowatt hours, therefore the companies would return three kilowatt-hours for each kilowatt-hour which the Government gave it for peaking purposes.

The value of an on-peak kilowatt-hour was determined by Mr. Lynch on the basis of $11.50 per kilowatt and 1.19 mills per kilowatt-hour. Computed on this basis, the on-peak energy would be worth 12.69 mills per kilowatt-hour. To show how that figure per kilowatt-hour is arrived at, 35,000 kilowatts at $11.50 per kilowatt equals $402,500; 35,000,000 kilowatt-hours at 1.19 mills per kilowatt-hour amounts to $41,650; $402,500 plus $41,650 equals $444,150; $444,150 divided by 35,000,000 kilowatt hours equals 12.69 mills per kilowatt-hour. By returning to the Government three off-peak kilowatt-hours for each kilowatt-hour given on peak, the company would be receiving the equivalent of 4.23 mills per kilowatt-hour for its off-peak energy. The company purchased 574,000,000 kilowatt-hours in 1945 from sources other than Southwest Power Administration. These purchases represented all kinds of power, much of it dependable and firm. The company

paid 4.7 mills for this energy. By comparison, 4.23 mills for its off-peak power would be exceptionally favorable.

Now, let us apply this plan to the Norfork project over the period 1927–45, based on the actual water conditions and assuming 70,000 kilowatts of installed capacity. For argument's sake the project is interconnected with Denison and Bull Shoals. Let us assume that the Government contracts give Mr. Lynch's company the full use of one generator; that is, 35,000 kilowatt-hours for any 4 hours of each 250 working days a year. This would guarantee him 35,000 kilowatts for peaking purposes during 4 hours every day. To do this would require 2,917,000 kilowatt-hours per month. On a monthly basis the company could use Norfork for peaking more than 4 hours per day on some days of each month. This company would receive annually 35,000,000 on-peak kilowatt-hours and give back to the Government 105,000,000 off-peak kilowatt hours. The table which I ask permission to insert in the RECORD at this point shows how this plan would have worked over the 19-year period. I trust that the Members of the House will study this carefully.

Assumed revenue, Norfork project, 1927–45 [1]

Year	Energy available				Energy required for S. P. A. load plus A. P. & L. contract [4]	Surplus energy for sale	Revenue to S. P. A.		
	Net energy generated	Off-peak energy A. P. & L. to S. P. A. in return for peaking energy [2]	Energy to be borrowed from other projects [3]	Generation plus A. P. & L. return energy plus borrowed energy			Revenue from 40,000 kilowatts at 400 hours use per month	Revenue from surplus energy at 1.10 mills per kilowatt-hour	Total revenue
	Thous. of kw.-hrs.	*Thous. of kw.-hrs.*	*Thous. of kw.-hrs.*	*Thous. of kw.-hrs.*	*Thous. of kw.-hrs.*	*Thous. of kw.-hrs.*	*Thous. of kw.-hrs.*		
1927	398,340	105,000	0	503,340	227,000	276,340	1,032,000	$328,845	$1,360,845
1928	302,518	105,000	0	407,518	227,000	180,518	1,032,000	214,816	1,246,816
1929	255,427	105,000	0	360,427	227,000	133,427	1,032,000	158,778	1,190,778
1930	178,860	105,000	0	283,860	227,000	56,860	1,032,000	67,663	1,099,663
1931	120,941	105,000	1,059	227,000	227,000	0	1,032,000	0	1,032,000
1932	95,877	105,000	26,123	227,000	227,000	0	1,032,000	0	1,032,000
1933	132,040	105,000	0	237,040	227,000	10,040	1,032,000	11,948	1,043,948
1934	103,412	105,000	18,588	227,000	227,000	0	1,032,000	57,287	1,089,287
1935	170,140	105,000	0	275,140	227,000	48,140	1,032,000	0	1,032,000
1936	114,454	105,000	7,546	227,000	227,000	0	1,032,000	0	1,032,000
1937	139,795	105,000	0	244,795	227,000	17,795	1,032,000	21,176	1,053,176
1938	183,766	105,000	0	288,766	227,000	61,766	1,032,000	73,502	1,105,502
1939	192,243	105,000	0	297,243	227,000	70,243	1,032,000	83,589	1,115,589
1940	111,777	105,000	10,223	227,000	227,000	0	1,032,000	0	1,032,000
1941	114,157	105,000	7,843	227,000	227,000	0	1,032,000	0	1,032,000
1942	164,055	105,000	0	269,055	227,000	42,055	1,032,000	50,045	1,082,045
1943	225,139	105,000	0	330,139	227,000	103,139	1,032,000	122,735	1,154,735
1944	123,459	105,000	0	228,459	227,000	1,459	1,032,000	1,736	1,033,736
1945	272,872	105,000	0	377,872	227,000	150,872	1,032,000	179,538	1,211,538
Total	3,399,272	1,995,000	71,382	5,465,654	4,313,000	1,152,654	19,608,000	1,371,658	20,979,658
Minus borrowed energy						71,382		84,945	84,945
Net total						1,081,272		1,286,713	20,894,713
Average annual revenue for the 19-year period									1,099,722

[1] Table based upon (*a*) 70,000 kilowatts installed capacity utilizing actual water available during the period; (*b*) contract to supply A. P. & L. Co. with 35,000 kilowatts during any 4 hours daily for 250 workdays a year for peaking purposes and the comyany to return the project 3 kilowatt-hours of off-peak energy for each kilowatt-hour received; (*c*) borrowing small amounts of kilowatt-hours from other S. P. A. projects; (*d*) S. P. A. serving a load of its own of 40,000 kilowatts using 400 hours per month; and (*e*) selling surplus kilowatt-hours in wet years at 1.19 mills per kilowatt-hour.

[2] Represents the annual energy to be returned to S. P. A. during off-peak periods in exchange for 35,000,000 killowatt-hours of energy annually delivered to A. P. & L. Co. for peaking purposes. Exchange made on the basis of 3 kilowatt-hours for 1 kilowatt-hour.

[3] Small amounts of energy borrowed from other S. P. A. projects during some low-water years.

[4] Total annual energy required to serve S. P. A. load of 192,000,000 kilowatt-hours, and 35,000,000 kilowatt-hours supplied to A. P. & L. Co. for peaking.

The Government would have received under this plan $20,894,712 during the 19-year period. Under Mr. Lynch's plan, the companies would have received amounts varying from $6,033,830 to $17,767,280. The average return to the Government probably would be between these two figures. Mr. Lynch's company's present contract with the Government at an average rate of 3 mills per kilowatt-hour would have returned to the Government only $10,197,816 during the 19-year period.

According to the Army engineer studies, the project should return $712,000 annually to the Government in order to defray all costs of operation and amortize the investment of the people in the projects. On this basis, the project should have returned $13,528,000 during the 19-year period. Under the plan proposed, it would have returned $20,895,000, or $7,367,000 more than necessary to pay all costs at the dam—a saving of $7,367,000 during the period for the people which they could use either as a saving to the consumers in rate reduction or to reduce the time in which the people completely pay for the project.

Third. Mutually advantageous cooperation: The Southwest Power Administration has suggested to the companies the desirability of letting the Government use the supply capacity which the companies have in their lines. This plan would avoid the necessity of the Government constructing lines where unused capacity in existing lines owned by the companies would serve the Government's need.

This plan is consistent with Mr. Lynch's argument. He uses towns A and B. By cooperating, the towns solved one another's problems to the advantage of each. Mr. Lynch realizes the human element. He points out that if there is pride, jealousy, or suspicion, an agreement between the towns cannot be reached. He says:

> It would be much easier to compose the engineering features of this problem than to compose the human elements behind them.

Mr. Lynch has not been able to solve his own human element with respect to the Southwest Power Administration, as he is suspicious and fearful of it. Among other things, he says:

> Acceptance of the proposal that SPA be allowed to use transmission lines of the electric companies for distribution of SPA power would certainly make SPA power available to every customer of the electric companies, and SPA can take any of these customers from the companies by getting those customers to insist on buying SPA power. * * * The SPA rates, it must be remembered, would be subsidized through freedom of this Government Bureau from taxes and from the fact that this Bureau would be using tax funds at lower rates of interest than a business could obtain its money. * * * SPA insists on having an electric system all its own either by construction or by full use of electric-company lines, and it is pushing these insistences under the guise that it is the only possible way that can be worked out for the distribution of power and energy from the Government dams. * * * No; the plan proposed by SPA cannot be worked without great damage and ultimate destruction of the existing electric companies.

In the light of these statements by Mr. Lynch, it is understandable, just as he points out, that town A and town B could not come to a real agreement until they resolved their human differences. Likewise, Mr. Lynch and the Government cannot reach a mutually advantageous agreement relative to the power generated by the dams which the people are building in Arkansas and the Southwest, until Mr. Lynch has resolved his personal attitude toward the Southwest Power Administration, and is willing to

follow the fine example of public service set by the Texas Power & Light Co.

Therefore, the people must reject Mr. Lynch's offer of a gross of green spectacles.

EXTENSION OF REMARKS

Mr. SABATH asked and was given permission to extend his remarks in the RECORD and include two editorials and one article.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD in two instances, in one to include an address by Mr. George Maurice Morris, former president of the American Bar Association, and two Korean jurists, and in the other an editorial from the Rochester Democratic Chronicle.

Mr. VURSELL asked and was given permission to extend his remarks in the RECORD and include an editorial of June 5 from the St. Louis Post-Dispatch entitled "Lowering the Presidency," and another editorial of the same date entitled "The Attorney General Dodges the Issue."

VOICE OF AMERICA

Mr. MASON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Speaker, I take this time to serve notice on the Membership of the House that when the so-called Mundt bill providing for a so-called Voice of America comes up for action, I expect to offer a motion to recommit that bill to the Committee on Foreign Affairs.

EXTENSION OF REMARKS

Mr. FARRINGTON asked and was given permission to extend his remarks in the RECORD and include an editorial on statehood for Hawaii.

DISSEMINATING IMFORMATION ABOUT AMERICA

Mr. MILLER of Nebrasa. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. MILLER of Nebraska. Mr. Speaker, in the Christian Science Monitor of Saturday, I read the following:

> There are 17,000 unofficial ambassadors from other lands in the United States. They are watching Americans first-hand and observing everything that Americans do, say, and think. They are living in nearly every State in most of the big cities and towns and rural communities. They do not live in the embassies or the consulates. They live where the ordinary Americans do and the plain citizens in practically every walk of life. They are foreign students in American colleges and American universities.

Personally, I am glad that they are here; they are learning about America and I hope are 17,000 good missionaries that should be considered when the Congress takes up the bill for the Voice of America. The Congress ought to also consider very carefully how many more might be brought in under the so-called bill the Voice of America. We must keep in mind that our universities are now turning away worthy GI's who would like to enter school this year and next year. There is no room for them. There is no surplus housing for aliens. The Voice of America should be recommitted and cut down to just a factual interesting newscast about America.

SPECIAL ORDER GRANTED

Mr. BRYSON. Mr. Speaker, I ask unanimous consent that after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered I may address the House for 15 minutes today.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

LESS SPENDING, LESS DEBT

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I was very much interested when the gentleman from Minnesota [Mr. KNUTSON] spoke about the tax bill and how the people wanted tax relief, then the distinguished minority leader rose and said that he did not know of any agreement whereby the President agreed to reduce taxes.

That might be, and I presume it is the truth.

Taxes, taxes, taxes, taxes—not more taxes, we want less taxes; as Republicans we want less taxes for the American people. The Republicans promised less taxes and we passed the bill giving them less taxes. It is now up to the President. If the people do not get less taxes it is now the fault of President Truman.

The Republicans passed the tax bill, cutting down the burden of taxation. You know what happened in the last 10 or 15 years under the New Deal. I came here to Congress when we had a national debt of $21,000,000,000. Then the New Deal increased that national debt until on June 4 it was over $257,000,000,000. I was in this House when the Democrats brought in one tax bill after another, requesting taxes from the people, until they brought in 15 different tax bills in less than 15 years. That is some terrible record of taxation. What the Republicans are trying to do is to cut down on these great expenses that the Democrats built up in the last 15 years. More bureaus and functions of government. We have the greatest debt of any nation in the world inherited from a Democratic Congress. We want to apply everything we can on this terrible debt. I would suggest that President Truman use every effort, after he relieves the taxpayers of a little of the burden he placed on them during the Democratic administration in the last 14 years, to cut down Government expenses. If the President will try to cut down the Government expenses we can easily reduce taxes.

The President is asking for spending here and there and everywhere, not only over our own country for every purpose, but he now has a program for spending all over the world. I say to you, Mr. President, cut down on their spending. Less spending means less taxes. I recommend it also to the Democratic Party. We Republicans are cutting down expenses in the House and Senate, but we get no help from the Democrats, no help from the President. Why? They seem too anxious to spend and not to save.

Cut down taxes, cut down spending; less spending, means less debt. Our spending will be the measure of cutting down our debt. We should cut down spending six billions a year and apply it on debt payment.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. RICH] has expired.

PRIVATE RIGHT-OF-WAY TO ROSCOE L. WOOD

Mr. WELCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1288) to authorize the Secretary of the Interior to grant a private right-of-way to Roscoe L. Wood, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

> Line 8, strike out " for so long as needed" and insert "until this land has access to a contiguous highway or public way."

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. WELCH]?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

VOICE OF AMERICA

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. ELLIS. Mr. Speaker, I would like to call the attention of the Members of the House to section 301 of the Voice of America bill.

This section 301 is an immigration bill as it pertains to the entry and deportation of people. As I read the section, it gives authority to the Secretary of State to permit the entry of an endless number of persons. They can come to this country outside quotas and the immigration laws of the country. When deportation is found necessary they are put under the Immigration Act of 1917, and the Department of Justice has a poor record of deporting people. It will be possible for thousands to come to this country and declare themselves to be displaced persons by saying "I cannot be sent home. I will be shot," or "The political picture has changed and I have no home." So they become refugees and stay as long as they want to. In my opinion this section absolutely opens up the

immigration gates of this country. I ask you to please give this section 301 serious study before we vote on H. R. 3342 or the so-called Voice of America bill.

The SPEAKER. The time of the gentleman from West Virginia has expired.

DISTRICT OF COLUMBIA BUSINESS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I would like to inform the House that this is District of Columbia day and that the Committee on the District of Columbia has two bills, the first of which is not controversial, and I propose to call it up in the House as in the Committee of the Whole.

The second bill deals with a revamping of the tax structure of the District of Columbia, and on that I shall move that the House resolve itself into the Committee of the Whole House on the State of the Union, with the possibility of trying to get an agreement for 2 hours of general debate. Then the bill will be read under the 5-minute rule.

AMENDING ACT TO REGULATE THE BUSINESS OF LIFE INSURANCE IN THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. Speaker, I call up the bill (H. R. 1634) to amend section 1, and provisions (6), (7), and (8) of section 3, and provision (3) of section 4 of chapter V of the act of June 19, 1934, entitled "An act to regulate the business of life insurance in the District of Columbia," and to add sections 5a, 5b, and 5c, thereto, and I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the bill may be considered in the House as in the Committee of the Whole. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of chapter V of the Act of June 19, 1934, entitled "An Act to regulate the business of life insurance in the District of Columbia," be amended to read as follows:

"SECTION 1. Superintendent to value policies; legal standard of valuation: (a) The Superintendent shall annually value, or cause to be valued, the reserve liabilities (hereinafter called reserves) for all outstanding life-insurance policies and annuity and pure endownment contracts of every life-insurance company doing business in the District except that in the case of an alien company such valuation shall be limited to its insurance transactions in the United States, and may certify the amount of any such reserves, specifying the mortality table or tables, rate or rates of interest and methods (net level premium method or other) used in the calculation of such reserves. All such valuations made by him or by his authority, shall be made upon the net premium basis. In calculating such reserves, he may use group methods and approximate averages for fractions of a year or otherwise. In lieu of the valuation of the reserves herein required of any foreign or alien company, he may accept any valuation made, or caused to be made, by the insurance supervisory official of any State or other jurisdiction when such valuation complies with the minimum standard herein provided and if the official of such State or jurisdiction accepts as sufficient and valid for all purposes the certificate of valuation of the Superintendent when such certificate states the valuation to have been made in a specified manner according to which the aggregate reserves would be at least as large as if they had been computed in the manner prescribed by the law of that State or jurisdiction.

"Any such company which at any time shall have adopted any standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard herein provided may, with the approval of the Superintendent, adopt any lower standard of valuation, but not lower than the minimum herein provided.

"(b) This subsection shall apply to only those policies and contracts issued prior to the operative date of section 5b (the standard nonforfeiture law) of this chapter.

"The legal minimum standard for the valuation of life-insurance contracts issued before January 1, 1935, shall be the method and basis of valuation heretofore applied by the Superintendent in the valuation of such contracts, and for life-insurance contracts issued on and after said date shall be the 1-year preliminary term method of valuation, except as hereinafter modified, on the basis of the American Experience Table of Mortality with interest at 3½ per centum per annum: *Provided*, That any life company may, at its option, value its insurance contracts issued on and after January 1, 1935, in accordance with their terms on the basis of the American Men Ultimate Table of Mortality with interest not higher than 3½ per centum per annum by the level net premium method or by the modified preliminary term method hereinafter described.

"If the premium charged for term insurance under a limited payment life preliminary term policy providing for the payment of all premiums thereon is less than 20 years from date of the policy, or under an endowment preliminary term policy, exceeds that charged for like insurance under 20 payment life preliminary term policies of the same company, the reserve thereon at the end of the year, including the first, shall not be less than the reserve on a 20 payment life preliminary term policy issued in the same year and at the same age, together with an amount which shall be equivalent to the accumulation of a net level premium sufficient to provide for a pure endowment at the end of the premium payment period, equal to the difference between the value at the end of such period of such a 20 payment life preliminary term policy and the full net level premium reserve at such time of such a limited payment life or endowment policy. The premium payment period is the period during which premiums are concurrently payable under such 20 payment life preliminary term policy and such limited payment life or endowment policy.

"Policies issued on the preliminary term method shall contain a clause specifying that the reserve thereof shall be computed in accordance with the modified preliminary term method of valuation provided for herein.

"The legal minimum standard for the valuation of annuities issued on and after January 1, 1935, shall be McClintock's Table of Mortality Among Annuitants, with interest at 4 percent per annum, but annuities deferred 10 or more years and written in connection with life insurance shall be valued on the same basis as that used in computing the consideration or premium therefor, or upon any higher standard at the option of the company.

"The legal minimum standard for the valuation of industrial policies issued after January 1, 1935, shall be the American Experience Table of Mortality with interest at 3½ percent per annum: *Provided*, That any life company may voluntarily value its industrial policies on the basis of the standard industrial mortality table or the substantial industrial mortality table by the level net premium method or in accordance with their terms by the modified preliminary term method hereinbefore described.

"The Superintendent may vary the standards of interest and mortality in the case of alien companies as to contracts issued by such companies in other countries than the United States, and in particular cases of invalid lives and other extra hazards.

"Reserves for all such policies and contracts may be calculated, at the option of the company,, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required by this subsection.

"(c) This subsection shall apply to only those policies and contracts issued on or after the operative date of section 5B (the standard nonforfeiture law) of this chapter.

"(1) The minimum standard for the valuation of all such policies and contracts shall be the Commissioners reserve valuation method defined in paragraph (2), 3½ percent interest, and the following tables:

"(i) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental-death benefits in such policies, the Commissioners 1941 Standard Ordinary Mortality Table.

"(ii) For all industrial life-insurance policies issued on the standard basis, excluding any disability and accidental-death benefits in such policies, the 1941 Standard Industrial Mortality Table.

"(iii) For annuity and pure endowment contracts, excluding any disability and accidental-death benefits in such policies, the 1937 Standard Annuity Mortality Table.

"(iv) For total and permanent disability benefits in or supplementary to ordinary policies or contracts, class (3) Disability Table (1926) which, for active lives, shall be combined with a mortality table permitted for calculating the reserves for life-insurance policies.

"(v) For accidental-death benefits in or supplementary to policies, the Intercompany Double Indemnity Mortality Table combined with a mortality table permitted for calculating the reserves for life-insurance policies.

"(vi) For group life insurance, life insurance issued on the substandard basis and other special benefits, such tables as may be approved by the Superintendent.

"(2) Reserves according to the Commissioners reserve valuation method, for the life insurance and endowment benefits of policies providing for a uniform amount of insurance and requiring the payment of uniform premiums shall be the excess, if any, of the present value, at the date of valuation, of such future guaranteed benefits provided for by such policies, over the then present value of any future modified net premiums therefor. The modified net premiums for any such policy shall be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the policy, of all such modified net premiums shall be equal to the sum of the then present value of such benefits provided for by the policy and the excess of (A) over (B), as follows:

"(A) A net level annual premium equal to the present value, at the date of issue, of such benefits provided for after the first policy year, divided by the present value, at the date of issue, of an annuity of one per annum payable on the first and each subsequent anniversary of such policy on which a premium falls due: *Provided, however*, That such net level annual premium shall not exceed the net level annual premium on the 19-year premium whole life plan for insurance of the

same amount at an age 1 year higher than the age at issue of such policy.

"(B) A net 1-year term premium for such benefits provided for in the first policy year.

"Reserves according to the Commissioners reserve valuation method for (i) life-insurance policies providing for a varying amount of insurance or requiring the payment of varying premiums, (ii) annuity and pure endowment contracts, (iii) disability and accidental death benefits in all policies and contracts, and (iv) all other benefits, except life insurance and endowment benefits in life-insurance policies, shall be calculated by a method consistent with the principles of this paragraph (2).

"(3) In no event shall a company's aggregate reserves for all life-insurance policies, excluding disability and accidental death benefits, be less than the aggregate reserves calculated in accordance with the method set forth in paragraph (2) and the mortality table or tables and rate or rates of interest used in calculating nonforfeiture benefits for such policies.

"(4) Reserves for any category of policies, contracts, or benefits as established by the Superintendent, may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard herein provided, but the rate or rates of interest used shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein: *Provided, however,* That reserves for participating life-insurance policies may, with the consent of the Superintendent, be calculated according to a rate of interest lower than the rate of interest used in calculating the nonforfeiture benefits in such policies, with the further proviso that if such lower rate differs from the rate used in the calculation of the nonforfeiture benefits by more than one-half percent the company issuing such policies shall file with the Superintendent a plan providing for such equitable increases, if any, in the cash surrender values and nonforfeiture benefits in such policies as the Superintendent shall approve."

SEC. 2. That provisions (6), (7), and (8) of section 3 of Chapter V of said Act, be amended to read as follows:

"(6) A provision that after the policy has been in force three full years the company at any time, while the policy is in force, will advance, on proper assignment or pledge of the policy and on the sole security thereof, at a specified rate of interest, a sum equal to, or at the option of the insured less than the amount required by section 5c of this chapter under the conditions specified thereby; and that the company will deduct from such loan value any indebtedness not already deducted in determining such value and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year. This provision shall not be required in term insurance, nor shall it apply to temporary insurance or pure endowment insurance, issued or granted in exchange for lapsed or surrendered policies. The policy may further provide that if the interest on the loan is not paid when due it shall be added to the existing loan and shall bear interest at the same rate.

"(7) A provision for nonforfeiture benefits and cash-surrender values in accordance with the requirements of section 5a or section 5b of this chapter.

"(8) A provision specifying the options, if any, to which the policyholder is entitled in the event of default in a premium payment."

SEC. 3. That provision (3) of section 4 of chapter V of said act, be amended to read as follows:

"(3) Except for provisions relating to misstatement of age, suicide, aviation, and military or naval service in time of war, a provision for any mode of settlement at maturity, after the expiration of the contestable period of the policy, of less value than the amount insured on the face of the policy plus dividend additions, if any, less any indebtedness to the company on or secured by the policy, and less any premium that may, by the terms of the policy, be deducted. This paragraph shall not apply to any nonforfeiture provision."

SEC. 4. That said act is amended by inserting after section 5 of chapter V thereof the following three new sections:

"SEC. 5a. Nonforfeiture benefits and cash-surrender values: This section shall apply only to policies of life insurance issued prior to the operative date of section 5b (the standard nonforfeiture law) of this chapter.

"The nonforfeiture benefits referred to in provision (7) of section 3 of this chapter shall be available to the insured in event of default in premium payments, after premiums shall have been paid for 3 years, and shall be a stipulated form of insurance, effective from the due date of the defaulted premium, the net value of which shall be at least equal to the reserve at the date of default on the policy and on dividend additions thereto, if any, exclusive of the reserve on account of return premium insurance and on total and permanent disability and additional accidental death benefits (the policy to specify the mortality table and rate of interest adopted for computing such reserve), less a specified percentage (not more than 2½) of the amount insured by the policy and of existing dividend additions thereto, if any, and less any existing indebtedness to the company on or secured by the policy: *Provided,* That a company may, in lieu of the provision herein permitted for the deduction from the reserve of a sum not more than 2½ percent of the amount insured by the policy, and of any dividend additions thereto, insert in the policy a provision that one-fifth of said reserve may be deducted, or may provide therein that a deduction may be made of said 2½ percent or one-fifth of said reserve, at the option of the company: *Provided further,* That the policy may be surrendered to the company at its home office within 1 month of the due date of defaulted premium for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid: *And provided further,* That the company may defer payment for not more than 6 months after the application therefor is made. A provision may also be inserted in the policy that in event of default in a premium payment before such benefit becomes available, the reserve on any dividend additions then in force may at the option of the company be paid in cash or applied as a net premium to the purchase of paid-up term insurance for any amount not in excess of the face of the original policy. This section shall not apply to term insurance of 20 years or less. The net single-premium rate employed in computing the term of temporary insurance or the amount of pure endowment insurance granted as a nonforfeiture value under any life-insurance policy may at the option of the company be based upon a table of mortality showing rates of mortality not greater than 130 percent of those shown by the American Men Ultimate Table of Mortality instead of the table used in computing the reserve on the policy, or in case of substandard policies not greater than 130 percent of the rates of mortality shown by the table of mortality approved by the Superintendent for computing the reserve on the policy, anything herein to the contrary notwithstanding.

"SEC. 5. Standard nonfeiture laws: (a) In the case of policies issued on or after the operative date of this section, as defined in subsection (g) no policy of life insurance, except as stated in subsection (f), shall be issued or delivered in the District of Columbia unless it shall contain in substance the following provisions, or corresponding provisions which in the opinion of the Superintendent are at least as favorable to the defaulting or surrendering policyholder—

"(1) that, in event of default in any premium payment after premiums have been paid one full year in the case of ordinary insurance or three full years in the case of industrial insurance, the company will grant, upon proper request not later than 60 days after the due date of the premium in default, a paid-up nonforfeiture benefit on a plan stipulated in the policy, effective as of such due date, of such value as may be hereinafter specified;

"(2) that, upon surrender of the policy within 60 days after the due date of any premium payment in default after premiums have been paid for at least three full years in the case of ordinary insurance or five full years in the case of industrial insurance, the company will pay, in lieu of any paid-up nonforfeiture benefit, a cash surrender value of such amount as may be hereinafter specified;

"(3) that a specified paid-up nonforfeiture benefit shall become effective as specified in the policy unless the person entitled to make such election elects another available option not later than 60 days after the due date of the premium in default.

"(4) that, if the policy shall become paid up by completion of all premium payments or if it is continued under any paid-up nonforfeiture benefit which became effective on or after the third policy anniversary in the case of ordinary insurance or the fifth policy anniversary in the case of industrial insurance, the company will pay, upon surrender of the policy within 30 days after any policy anniversary, a cash surrender value of such amount as may be hereinafter specified;

"(5) a statement of the mortality table and interest rate used in calculating the cash surrender values and the paid-up nonforfeiture benefits available under the policy, together with a table showing the cash surrender value, if any, and paid-up nonforfeiture benefit, if any, available under the policy on each policy anniversary either during the first twenty policy years or during the term of the policy, whichever is shorter, such values and benefits to be calculated upon the assumption that there are no dividends or paid-up additions credited to the policy and that there is no indebtedness to the company on the policy;

"(6) a brief and general statement of the method to be used in calculating the cash surrender value and the paid-up nonforfeiture benefit available under the policy on any policy anniversary beyond the last anniversary for which such values and benefits are consecutively shown in the policy, with an explanation of the manner in which the cash surrender values and the paid-up nonforfeiture benefits are altered by the existence of any paid-up additions credited to the policy or any indebtedness to the company on the policy.

"Any of the foregoing provisions or portions thereof not applicable by reason of the plan of insurance may, to the extent inapplicable, be omitted from the policy.

"The company shall reserve the right to defer the payment of any cash surrender value for a period of 6 months after demand therefor with surrender of the policy.

"(b) Any cash surrender value available under any policy referred to in subsection (a) in the event of default in a premium payment due on any policy anniversary, whether or not required by subsection (a), shall be an amount not less than the excess, if any, of the present value, on such anniversary, of the future guaranteed benefits which would have been provided for by the policy, including any existing paid-up additions, if there had been no default, over the sum of (i) the then present value of the adjusted premiums as defined in subsection (d), corresponding to premiums which would have fallen due on and after such anniversary, and (ii) the amount of any in-

debtedness to the company on the policy. Any cash surrender value available within 30 days after any policy anniversary under any policy paid up by completion of all premium payments or any policy continued under any paid-up nonforfeiture benefit, whether or not required by subsection (a), shall be an amount not less than the present value, on such anniversary, of the future guaranteed benefits provided for by the policy, including any existing paid-up additions, decreased by any indebtedness to the company on the policy.

"(c) Any paid-up nonforfeiture benefit available under any policy referred to in subsection (a), in the event of default in a premium payment due on any policy anniversary shall be such that its present value as of such anniversary shall be at least equal to the cash surrender value then provided for by the policy or, if none is provided for, that cash surrender value which would have been required by this section in the absence of the condition that premiums shall have been paid for at least a specified period.

"(d) The adjusted premiums for any policy referred to in subsection (a) shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year, excluding amounts stated in the policy as extra premiums to cover impairments or special hazards, that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of (i) the then present value of the future guaranteed benefits provided for by the policy; (ii) 2 percent of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy, (iii) 40 percent of the adjusted premium for the first policy year, (iv) 25 percent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less: *Provided, however*, That in applying the percentages specified in (iii) and (iv) above, no adjusted premium shall be deemed to exceed 4 percent of the amount of insurance or level amount equivalent thereto.

"In the case of a policy providing an amount of insurance varying with duration of the policy, the equivalent level amount thereof for the purpose of this subsection shall be deemed to be the level amount of insurance provided by an otherwise similar policy, containing the same endowment benefit or benefits, if any, issued at the same age and for the same term, the amount of which does not vary with duration and the benefits under which have the same present value at the date of issue as the benefits under the policy.

"All adjusted premiums and present values referred to in this section shall be calculated on the basis of the Commissioners 1941 Standard Ordinary Mortality Table for Ordinary Insurance and the 1941 Standard Industrial Mortality Table for Industrial Insurance and the rate of interest, not exceeding 3½ percent per annum, specified in the policy for calculating cash-surrender values, if any, and paid-up nonforfeiture benefits: *Provided, however*, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than 130 percent of the rates of mortality according to such applicable table: *Provided, further*, That for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the Superintendent.

"(e) Any cash surrender value and any paid-up nonforfeiture benefit, available under any such policy in the event of default in the payment of any premium due at any time other than on the policy anniversary, shall be calculated with allowance for the lapse of time and payment of fractional permiums beyond the last preceding policy anniversary. All values referred to in subsections (b), (c), and (d) may be calculated upon the assumption that any death benefit is payable at the end of the policy or contract year of death. The net value of any paid-up additions, other than paid-up term additions, shall be not less than the dividends used to provide such additions. Notwithstanding the provisions of subsection (b), additional benefits payable (i) in the event of death or dismemberment by accident or accidental means, (ii) in the event of total and permanent disability, (iii) as reversionary annuity or deferred reversionary annuity benefits, (iv) as decreasing term insurance benefits provided by a rider or supplemental policy provision to which, if issued as a separate policy, this section would not apply, and (v) as other policy benefits additional to life insurance and endowment benefits, and premiums for all such additional benefits, shall be disregarded in ascertaining cash-surrender values and nonforfeiture benefits required by this section, and no such additional benefits shall be required to be included in any paid-up nonforfeiture benefits.

"(f) This section shall not apply to any reinsurance, group insurance, pure endowment, annuity or reversionary-annuity contract, nor to any term policy of uniform amount, or renewal thereof, of 15 years or less expiring before age 66, for which uniform premiums are payable during the entire term of the policy, nor to any term policy of decreasing amount on which each adjusted premium, calculated as specified in subsection (d), is less than the adjusted premium so calculated, on such 15-year term policy issued at the same age and for the same initial amount of insurance, nor to any policy or contract which shall be delivered outside the District of Columbia through an agent or other representative of the company issuing the policy.

"(g) After the effective date of this act, any company may file with the Superintendent a written notice of its election to comply with the provisions of this section after a specified date before January 1, 1950. After the filing of such notice, then upon such specified date (which shall be the operative date for such company), this section shall become operative with respect to the policies and contracts thereafter issued by such company. If a company makes no such election, the operative date of this section for such company shall be January 1, 1950."

"SEC. 5c. Loan provisions in policies: (a) In the case of ordinary policies issued prior to the operative date of section 5b (the standard nonforfeiture law) of this chapter the loan value referred to in provision (6) of section 3 of this chapter shall be the reserve at the end of the current policy year on the policy and on the dividend additions thereto, if any, exclusive of the reserve on account of return premium insurance and of total and permanent disability and additional accidental death benefits, less a sum not more than 2½ percent of the amount insured by the policy and of any dividend additions thereto (the policy to specify the mortality table and rate of interest adopted for computing such reserve). The policy may provide that such loan may be deferred for not exceeding 6 months after the application therefor is made. A company may, in lieu of the provision hereinabove permitted for the deduction from a loan on the policy of a sum not more than 2½ percent of the amount insured by the policy and of any dividend additions thereto, insert in the policy a provision that one-fifth of the said reserve may be deducted in case of a loan under the policy, or may provide therein that the deduction may be the said 2½ percent or the one-fifth of the said reserve at the option of the company.

"(b) In the case of ordinary policies issued on or after the operative date of section 5b (the standard nonforfeiture law) of this chapter the loan value referred to in provision (6) of section 3 of this chapter shall be the cash surrender value at the end of the current policy year as required by section 5b of this chapter. The company shall reserve the right to defer such loan, except when made to pay premiums, for 6 months after application therefor is made."

Mr. DIRKSEN. Mr. Speaker, I might state for the information of the membership that by the action taken in passing this bill we are bringing the District of Columbia in line with most of the jurisdictions of the country in adopting certain new mortality standards for the District. These are already compulsory in 25 States and are permissive in 12 others and will be of real general benefit to the entire insurance industry.

There is some $873,000,000 worth of effective insurance in the District of Columbia at the present time. This bill proposes to make effective new mortality tables based upon later years so that there may be credit for all the skill and advance that have been made adding to longevity. This in turn will spell out in terms of benefit for all of the policyholders.

It has been prepared under the direction of the Advisory Committee of the industry and it comes here without controversy and with the recommendation of the Commissioners and the Superintendent of Insurance.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. HARRIS. I should like to ask the distinguished chairman of this committee if it is not a fact that it has been some 60 years since the mortality rates for the District of Columbia have been revised.

Mr. DIRKSEN. As a matter of fact, it has been 68 years since the mortality tables have been revised.

Mr. HARRIS. And this proposal brought to the House today is for the purpose of bringing the mortality tables down to date in line with States of the Union which have mortality rates fixed in recent years, and in line with those States where such tables are permissive.

Mr. DIRKSEN. That is correct.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. RICH. This, then, conforms more closely to the standards that have been adopted by the majority of the States.

Mr. DIRKSEN. And brings it up to date.

Mr. Speaker, I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his re-

marks in the Appendix of the RECORD and include a radio address.

Mr. SHORT asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

SPECIAL ORDER GRANTED

Mrs. ST. GEORGE. Mr. Speaker, I ask unanimous consent to address the House on Wednesday, June 11, following the business of the day and the special orders that may have been entered heretofore for that day.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

PROVIDING REVENUE FOR THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3737) to provide revenue for the District of Columbia, and for other purposes; and pending that, Mr. Speaker, I should like to arrange with the gentleman from Arkansas [Mr. HARRIS], who for the moment is the ranking minority member of the committee on the floor, with respect to time. I respectfully suggest that perhaps 2 hours of general debate equally divided between both sides will be ample, after which, of course, there will be abundant time to examine the various sections under the 5-minute rule.

Mr. Speaker, I ask unanimous consent that general debate be limited to 2 hours, the time to be equally divided.

Mr. HARRIS. Reserving the right to object, Mr. Speaker; as I understand, this is an omnibus bill, a revision of the tax laws of the District of Columbia. There is likely to be quite a lot of debate. There are many Members who have manifested quite an interest in it.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. SABATH. Is the so-called sales tax embodied in this bill?

Mr. DIRKSEN. Mr. Speaker, I can enter into no controversy with respect to the merits of the bill. At the moment we are trying to fix a limitation of time.

Mr. SABATH. Before I can consent to a limitation such as asked for by the gentleman from Illinois I wish to be informed as to whether the bill includes a sales tax.

Mr. HARRIS. The bill as presented to the House does not include a sales tax provision. We understand, however, that some Members have under consideration a proposal to include a sales tax by way of amendment. We have no control over that, of course. I personally have no objection to a time limit of 2 hours if it is equally divided.

Mr. EBERHARTER. Mr. Speaker, reserving the right to object, there are many Members interested in the provision which would penalize the residents of certain States that do not have an income-tax law. I refer to people temporarily residing in the District of Columbia coming from States that do not have an income-tax law. Is that provision to be discussed or has it been put into this bill?

Mr. DIRKSEN. Mr. Speaker, that provision will be abundantly discussed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CALL OF THE HOUSE

Mr. CHURCH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 74]

Allen, Ill.	Hand	Meade, Ky.
Allen, La.	Harless, Ariz.	Morgan
Bakewell	Harness, Ind.	Morrison
Barden	Hart	O'Toole
Bell	Hartley	Owens
Bishop	Heffernan	Patman
Bland	Hendricks	Pfeifer
Bloom	Hess	Philbin
Boykin	Hill	Plumley
Buckley	Holmes	Potts
Burleson	Huber	Powell
Busbey	Hull	Rabin
Byrnes, Wis.	Jarman	Rayfiel
Carson	Jenison	Redden
Case, S. Dak.	Johnson, Okla.	Reeves
Clark	Judd	Richards
Clements	Kearns	Riley
Clippinger	Kefauver	Rizley
Combs	Kelley	Robertson
Courtney	Kennedy	Rockwell
Dawson, Ill.	Keogh	Rooney
Dingell	King	Sasscer
Doughton	Klein	Scoblick
Durham	Landis	Scott, Hardie
Elston	Lane	Scott, Hugh D., Jr.
Evins	Lemke	Seely-Brown
Fisher	Lesinski	Shafer
Flannagan	Lynch	Smith, Ohio
Fuller	McCowen	Somers
Gallagher	McGarvey	Springer
Gamble	McMahon	Sundstrom
Gary	Macy	Taylor
Gifford	Maloney	Towe
Gorski	Mansfield, Mont.	Vail
Granger	Mansfield, Tex.	Vursell
Grant, Ind.	Marcantonio	Weichel
Gwinn, N. Y.	Martin, Iowa	West
Hall, Leonard W.		Youngblood

The SPEAKER. Three hundred and fourteen Members have answered to their names. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE TO INVESTIGATE POTATOES

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent that the Committee To Investigate the Potato Situation may sit today during the general debate.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

DISTRICT OF COLUMBIA INCOME AND FRANCHISE TAX ACT OF 1947

The SPEAKER. The question is on the motion of the gentleman from Illinois [Mr. DIRKSEN] that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3737).

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3737) to provide revenue for the District of Columbia, and for other purposes, with Mr. ARENDS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DIRKSEN. Mr. Chairman, I yield myself 5 minutes.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. DIRKSEN. Mr. Chairman, today the House will consider a revenue bill for the District of Columbia. Before yielding to the chairman of the subcommittee that handled this bill I wish to indicate a few highlights by way of preliminary.

When the President's budget message came to the Congress in January there was included a budget for the District of Columbia—that is a budget for the seat of government—for the fiscal year 1948. That budget indicated a deficit between expenditures and revenues for the District of Columbia of some $10,500,000. So it became the responsibility of the Congress, since the District is absolutely and entirely dependent upon the Congress for policy legislation and for revenues, to devise ways and means of finding the funds whereby this deficit could be cured.

The Commissioners, who are the executive heads for the District of Columbia, worked out a program that was embodied in some 9 or 10 bills. Those bills were forwarded to me, and in my capacity as chairman of the committee they were introduced. They related to additional revenues from gasoline, amusements, electrical energy, telephone bills, and a variety of services, and included also a proposal for a 2-percent sales tax.

On innovation was developed this year. We contrived with the Senate to hold joint instead of separate hearings upon this revenue measure. A joint committee of the House and the Senate thereupon held extensive hearings, and this work really got under way in January of 1947. They have been at it for a long time, and they made a very exhaustive exploration of this whole matter. They have followed this with the aid of the Census Bureau, the budget officer, and of the Commissioners, and every type of information with respect to revenue and expenditures in the hope that they could contrive a very sound fiscal program not only for the fiscal year 1948 but for the fiscal year 1949 with a minimum of tax devices.

This bill is presented to you today as the fruit of the work of this subcommittee. In my capacity as chairman, I want to commend to the House, the chairman, and the members of that subcommittee, the chairman and the members of the Senate committee. After all, it is a labor of love. They have given freely of their time for more than 4 months for the purpose of devising the bill that is presented today; and I think it is owing to the gentleman from Massachusetts [Mr. BATES], who has had a wealth of experience in the whole field of municipal finance and who was at one time fiscal adviser to

some 39 communities in the eastern section of the country, who has given so freely of his time and who has studied so diligently and so thoroughly in the hope that a tax program could be devised that was sound, that would generate the necessary revenues, and that would have that degree of practicability that it could be applied over the years. So, with that in mind, I recommend to you the bill which the subcommittee has reported and on which the District Committee took action.

I shall yield some time now to the gentleman who has given so freely of his time and who merits not only the credit of those in the Congress, since this committee is an agency and an honor to the Congress, but it does merit the appreciation and credit of the people of the District of Columbia.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. Does the bill contain a sales tax?

Mr. DIRKSEN. No; but I can say to the gentleman from Michigan that some effort may be made to insert one. This I can say informally, since I have taken judicial notice of the fact that a proposal to include a sales tax may be offered.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Ilinois.

Mr. CHURCH. The gentleman from Washington [Mr. HORAN] intends to offer a sales-tax proposal. That has been well known for some time.

Mr. DIRKSEN. The Chairman was advised that potentially was ahead of us, but I did not feel it incumbent upon me to name the gentleman from Washington [Mr. HORAN].

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Chairman, I yield myself one additional minute.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Washington.

Mr. HORAN. I intend to offer the so-called Dirksen bill, I may say.

Mr. DIRKSEN. I should say in explanation thereof that when the Commissioners message bills to the Congress it is the policy of the chairman of the committee to introduce those bills whether they represent his viewpoint or not. That is one of the responsibilities that the chairman of this committee has.

Mr. Chairman, I now yield 15 minutes to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, may I say at the outset that this is the tax or revenue bill for the District of Columbia. As we all know, the legislative functions for the District of Columbia are embraced within the authority of Congress.

At the beginning of the year, because of the very distressing financial condition the District was facing, the Commissioners of the District of Columbia, who are the administrators of the District, found it necessary, in order that they might be able to balance the budget for the fiscal year 1948 which starts on July 1 next and also for succeeding years, to recommend nine different new sources of revenue.

One of those sources was the so-called income tax on individuals and on unincorporated business, the estimated yield to be about $3,150,000; a sales tax of 2 percent on taxable items that would yield an estimated $9,000,000; a tax on alcoholic beverages that would yield an estimate of $2,800,000; a tax on gasoline, increasing it from 3 cents to 4 cents, yielding $1,500,000; an increase in the inspection fee on motor vehicles and trailers from 50 cents to $1, to yield $65,000; an excise tax on cigarettes at 1 cent per package of 20 cigarettes, yielding an estimate of $800,000; and an amusement tax of 10 percent, which would yield $1,000,000; an excise tax on gas, electric, and telephone bills of 2 percent that would yield another $1,000,000, and a payment by the Federal Government for the water that we use, supplied by the District Government, that will yield an estimated revenue of $850,000. The sum total of those nine different sources of revenue would yield altogether approximately $20,298,000.

The reason the Commissioners recommended this tax program was to meet the constantly increasing cost of government in the District. When we stop to think that the District of Columbia, like all other large tax jurisdictions, is faced with ever-increasing costs, not only of personnel but material and everything else that goes into the operation of a community, we find justification for an increase in revenues.

As we look back over the record of the last 10 years from 1937 to 1948 we find that the expenditures in the District have increased from $42,759,000 in 1937 to an estimate of $97,457,000 in 1948, an increase of $54,698,000, or an increase in 10 years of 127 percent.

During the last 3 years alone, as the result of salary increases imposed on the District by Congress, we had to make allowance in the Budget for approximately $11,000,000. Together with the increased cost of operating the District in other respects, we found that we faced in the year 1948 a deficit of $10,494,693. The year 1949 we found we would be facing a deficit of over $12,181,787, and as we went into the year 1950 we were facing a deficit of $20,699,000.

Now, because of this condition that the District faced, your committee thought it would be the proper thing to make a complete exploration of the administration of the District for the past 10 years. To that end we held extensive hearings. We have gone most minutely into the operation and the cost of every department of the District in order to lay the groundwork for what was the reason for the increased cost of government down through that period of time. We came to the conclusion that a good deal of it was unavoidable because of the increases in the labor costs, in the material cost, in the expansion of municipal services, and we also came to the conclusion that by and large the District, operated by the Commissioners, was being carried on in a rather efficient manner. But, having in mind that we were face to face with these deficits, we had to do something about it.

The present source of revenue, it was felt, would not be sufficient, and to that end we had to devise some means by which those deficits could be taken care of and the essential purposes be maintained for a growing community. We must consider also that in the period of only 11 years we have seen an expansion of the highway system, new roads, from 1937, when we then had 826 miles of road with an average width of 30 feet whereas in 1948 we will have 990 miles of road with an average width of 30 feet. So, considering all of those matters we had to make a complete objective study as to what should be done to put this city on a paying basis in order to make its income equal its outgo, or in other words in order that we may meet the expenses of government. To that end we have given a great deal of thought and study to the many suggested revenues offered by the Commissioners, which embrace the various methods of revenue that I read to you a moment ago.

We came to the conclusion that we ought not to embrace a multiplicity of taxes; that we ought to concentrate, if we could, on the most basic of all taxes, and then determining whether or not from those most basic of all taxes sufficient revenues could be developed to meet the operating expenses of the District.

Now, what are the most basic of all taxes in any community? First of all, we know that the real estate tax since time immemorial, has been the major tax in any community. We know also that the income tax is one of the basic taxes in this and many other tax jurisdictions. We know that if we cannot develop sufficient revenues from those most basic of all taxes, that then we ought to go into the so-called emergency field to develop other taxes to meet the expenses of government.

So, we did consider whether or not in the District of Columbia the real estate tax was fair and equitable, and we came to the conclusion that an increase in the real estate tax in the District of Columbia was very justifiable from almost every angle; from the standpoint of fairness, the equalization of the tax level, and the comparison that real estate here pays with other communities of the country. We know as a result of the study of the tax systems in these other large cities of the country, that we have explored into very thoroughly, that the tax load on the real estate taxpayers in the District is below that of any of the large communities of over 500,000 population in the country, so we feel that from that viewpoint, and from the viewpoint of spreading the tax, that real estate, which has not suffered any increase in the tax rate from 1937 up to the present time, ought to be increased from $1.75 per $100 to $2 per $100.

We are not unmindful of the recent increase in the valuation that has taken place in the District. As to what relation that new assessment of values would bear to the fair market today, we find that in the District of Columbia,

with the revised value, the ratio between the assessed value and the actual value is about 70 percent. We have always been led to believe that property in the District was assessed at 100 percent of its actual value, but the reports I have received from the assessors themselves show that the average ratio on business property, apartment houses, and residential properties in the District approximates 70 percent, the ratio of assessed value to what we might say is the market value as of today.

Then we go into the question of adjusted rates compared with all these other 11 cities of 500,000 population and more, and we find that even on the adjusted rate the District of Columbia is still, with one exception, lower than any one of those cities of 500,000 population. Therefore, we have recommended an increase in the tax rate of 25 cents a hundred, that will bring the rate up to $2 a hundred on the 70 percent value.

In addition, we have recommended revision in the income tax that will yield the District approximately $3,100,000. That tax will be assessed on every resident of the District who has resided here for a period of 7 months or resides here on the last day of the taxable year.

Then we feel, in addition to the real-estate tax, in order to adjust the deficit in what we call the general fund, that the Federal Government itself has an obligation to the District of Columbia for the many services it has rendered and is still rendering, and also as a result of the great expansion in carrying through many expensive projects in the Capital City of the Nation. To that end we have recommended an increase of $4,000,000 in the Federal contribution, that is now $8,000,000, and that $1,000,000 of the $4,000,000 be credited to the water fund in repayment for the water the Federal Government now uses in the District.

Further, Mr. Chairman, we are adopting the recommendation of the Commission for an increase in the inspection fee from 50 cents to a dollar, which will bring in about $65,000 a year.

We are also recommending an increase in the gasoline tax from 3 cents to 4 cents. When we stop to consider the tremendous expansion that is now taking place in the capital outlay, that is heavy expenditures for streets, for bridges, and everything else of major consequence in the Highway Department we feel that over and above the ordinary expenses of maintenance and operations we must allow additional revenue to carry through the major projects in this department. The gasoline fund and the inspection fee, upon which they depend primarily, are insufficient to meet their requirements today. We are convinced as a result of thorough study of the finances of the Highway Department that unless we are able to get increased revenue through an increase in the gasoline tax from 3 to 4 cents, many of the major projects will have to stop, such as the highway bridges and the Dupont Circle project. We must provide more revenue and the only way we could find to do that was through an increase of 1 cent per gallon tax on gasoline. The tax of 4 cents will be lower than in either of the adjacent States, where today it is 5 cents in the State of Maryland and 6 cents in the State of Virginia.

Mr. Chairman, that in brief outlines the program for the tax bill in the District of Columbia. I know other Members are going to speak on this very important question. We feel it ought to be thoroughly analyzed from every point of view, but we should keep in mind that the basic taxes on real estate, income, and the Federal contribution in the District of Columbia will meet all the requirements of the District for the next 2 years. I see no reason why we should embark upon a program of developing any other sources of emergency revenue when all the needs can be met from these basic taxes.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield.

Mr. BENDER. In my own State we have a sales tax of 3 cents on the dollar. Has the sales tax been abandoned in the District of Columbia?

Mr. BATES of Massachusetts. We have no sales tax in the District of Columbia. It was recommended, but as I said at the outset, if the basic tax on real estate and the Federal contribution and income tax will meet all the requirements of the District, certainly there is no need to develop other sources of revenue.

Mr. BENDER. We have a valuation of 100 percent on our real estate for the purposes of taxation. Do you say it averages about 70 percent here in the District of Columbia?

Mr. BATES of Massachusetts. I have in my hand, Mr. Chairman, a statement prepared by Mr. Dent, Chairman of the Board of Assessors in the District of Columbia, with reference to the assessed value of all properties that have been sold during the last 2-year period, involving several hundred business properties, apartment houses, and residential properties, and his figures show that the ratio of assessed value to the present market value in the District of Columbia is about 70 percent. He agrees with this and he so testified before the committee.

Mr. BENDER. When was the last general reappraisal of real estate here in the District?

Mr. BATES of Massachusetts. I believe way back prior to 1937, possibly 1930.

Mr. BENDER. How about the personal property tax? Do they have any personal property tax in the District?

Mr. BATES of Massachusetts. The same rate applies to personal property—not income, but personal property. They have the same local rate.

Mr. BENDER. You say the last general reappraisal was in 1930?

Mr. BATES of Massachusetts. About 1930. There has been none since 1937.

Mr. BENDER. That is, there was a reappraisal of some kind in 1937?

Mr. BATES of Massachusetts. No; this year is the first time in 10 years that there has been a revaluation in the District.

Mr. BENDER. That is, there has been a revaluation of all the property?

Mr. BATES of Massachusetts. This is the first year. The adjusted rate today is lower with one exception than in any of those communities of over 500,000 population.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, nobody loves a tax bill, but they are necessary evils. In the District of Columbia you are confronted with a situation that has to be met. The budget is confronted with a deficit of $10,500,000. Everybody in Washington and in the Congress admits that in the Nation's Capital we have the best, and there is always complaint when anything occurs here that indicates we do not have the best. You cannot have the best unless you are going to pay for it. We have to raise $10,500,000 of additional revenue. It does not make anybody happy to have to impose taxes. It does not make me happy. So when, at the beginning of this session the Subcommittee on Fiscal Affairs met with a similar subcommittee of the Senate we had before us some ten alternative proposals. The most important of those proposals was the alternative whether you are going to have a sales tax of whether you are going to raise revenue out of income tax that would bring in more revenue than the present income tax.

I think the House is confronted with that proposition of whether you want a sales tax or whether you want to adjust this income tax so as to make it fair to everybody, and not permit any more tax dodgers on income earned in the District of Columbia. It seems to me that is the simple proposition. If you want a sales tax, you can have it, but you have got to have something.

After very mature consideration and after weeks, and I might say months, of hearings on this complicated proposition, this committee selected the items in this bill, the most important of which is the income tax. Then we have an increase in the gasoline tax. This is a rounded proposition to raise the necessary revenue to operate the Nation's Capital as you and the Nation want it operated. If you do not want to raise the revenue to operate it as it should be operated, then you can say so today, and the responsibility is on the House. This committee has done 3 months of work on this matter and has presented to you what we think is a fair program. That committee sat day after day, busy Members of the Senate and of this House, and we invited every organization, business and otherwise, and every individual in the District who had any interest in this study, to come forward and express their views; and they did so in numbers and at length.

Now, having gone through with all that work and having perfected a program which we tell you we think is fair and just and the best program we can present, the question before this House is, Are you going to accept that program or are you going to throw it in the ash can?

Now it is up to the House. So far as I know, I do not think there is much controversy except about two items in

this bill, and I want to talk about those two items briefly.

One item is raising the gasoline tax in the District of Columbia from 3 to 4 cents. We hear a howl about that. Well, of course, traditionally, everybody howls when you place a tax on them. But let us analyze this objection to the gasoline tax in the District of Columbia. I think before you vote on that matter you ought to know and seriously consider the fact that the District of Columbia has the lowest gasoline tax in the United States.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. SMITH] has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. SMITH of Virginia. Can you think of any good reason why the District of Columbia, which is supposed to be the best operated and the most expensively operated city in the Nation, and we want it so—can you think of any reason why this District should have the lowest gasoline tax in the United States? I do not enjoy paying 1 cent additional gasoline tax any more than the rest of you do, but I think we have to consider this matter on the basis of what is fair and right and honest and just. I wonder if you Members know what happens about this gasoline tax. Do you ever see these great big trucks rolling up and down the roads between Florida and New York? And did you ever notice that great big barrel that holds 50 gallons of extra gasoline that is attached on the side of the truck? And do you ever stop to consider why it is there? I will tell you why it is there. It is there so that those trucks which are using the highways of Virginia, North Carolina, South Carolina, Georgia, Florida, Maryland, Delaware, and New York—it is put there so they can dodge the gasoline tax in those States whose highways they are using and wearing out. Is that fair? Is that just? Is that what you believe to be honest and right?

Now, why, why should the District of Columbia enjoy the lowest gasoline tax in the United States when all this money is needed and has got to be had if you are going to have your highways and your bridges in the District of Columbia as they ought to be?

This fund is absolutely essential to the program laid down for the construction of highways and bridges in the District of Columbia over the next few years. If you want those highways and bridges you have got to have the tax to pay for them. If you are going to get the tax you have got to raise the gasoline tax from 3 to 4 cents. That is all there is to it. If you want to strike it out that is up to you. It makes no personal difference to the members of the committee whether you do or not.

Mr. SPRINGER Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. SPRINGER. As a matter of fact with this low gasoline tax in the District of Columbia it is eminently unfair to all the surrounding territory, is it not?

Mr. SMITH of Virginia. It is unfair to all the States on the Atlantic seaboard, yes; because, as I say these big trucks carry these supplemental gas tanks, load them up in the District of Columbia, and do not pay any tax in the various States through which they operate.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield further?

Mr. SMITH of Virginia. I yield.

Mr. SPRINGER. And, as a matter of fact, the District of Columbia not receiving enough tax money to take care of her roads, highways, and bridges, they then call upon the people from the various States of the Union to make a contribution by way of taxation to make up the deficit. Is not that true?

Mr. SMITH of Virginia. I think it is the other way around. I just think these improvements will not be made unless the money to pay for them is raised out of the gasoline tax, because it is specifically set aside by law for that purpose.

Mr. SPRINGER. The improvements will not be made if the rest of the States are required to make their contribution.

Mr. SMITH of Virginia. That would be true.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. HARRIS. The gentleman, of course, knows that no Federal contribution is made to the District highway fund. Is not that true?

Mr. SMITH of Virginia. That is true except for the matching fund.

Mr. HARRIS. Except for the matching fund which is apportioned to the District of Columbia under the law just as it is apportioned to the various States of the Union.

Mr. SMITH of Virginia. That is right.

Mr. HARRIS. I should like to ask the gentleman what is the gas tax in Maryland and Virginia?

Mr. SMITH of Virginia. It is 6 cents in Virginia and 5 in Maryland.

Mr. DIRKSEN. By virtue of a recent order signed by the Governor of Maryland it is now 5 cents.

And whereas the tax in the District has been 3, it is proposed to increase it by 1 cent until 1952.

Mr. HARRIS. Mr. Chairman, will the gentleman yield further?

Mr. SMITH of Virginia. I yield.

Mr. HARRIS. I understand that the 3-cent rate for the District was fixed during the war, that prior thereto it was 2 cents. Am I right?

Mr. SMITH of Virginia. Yes; I think that is true.

Mr. DIRKSEN. And I might say that under existing law the 3-cent rate continues until 1951.

Mr. HARRIS. It would were it not for this bill.

Mr. DIRKSEN. Yes.

Mr. SMITH of Virginia. In this bill it goes up to 4 cents until 1951.

Mr. HARRIS. 1952, is it not?

Mr. DIRKSEN. Yes; I believe it is 1952.

Mr. HARRIS. Can the gentleman from Virginia tell me what the registration fee is in the State of Virginia?

Mr. SMITH of Virginia. The gentleman has asked me something I cannot answer.

Mr. HARRIS. Can the gentleman tell me whether or not there is any difference in the registration fee in Virginia as compared with the District of Columbia?

Mr. DIRKSEN. No; I cannot.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. SMITH of Virginia. There is one additional feature of the bill I wish to touch, and that is the one dealing with the income tax. I do not know of any controversy over this or objection to it with the one exception of the person who claims domicile elsewhere. Here is what the bill would provide: If a person pays an income tax in another State then he is given credit for that income tax and does not have to pay an income tax in the District of Columbia.

As the District of Columbia will have under this bill the lowest income tax in the country the result is that any person who claims domicile elsewhere and pays his income tax there does not pay any income tax in the District of Columbia. I wonder who will argue that is not fair? Why should not persons pay an income tax somewhere? If they live in the District of Columbia, if they educate their children here, if they enjoy the services of the finest city in the world, why should they not pay this slight income tax if they do not pay it anywhere else? Why should they not pay it to the District of Columbia? I would like somebody to answer that question when we get into the debate.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. That proposition also applies to persons having intangible property here.

Mr. SMITH of Virginia. Yes. If the State in which the persons claim domicile has an income tax or an intangible property tax they get credit for that and do not have to pay it in the District.

Mr. ALLEN of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Louisiana.

Mr. ALLEN of Louisiana. The gentleman stated that a person residing in the District of Columbia would get credit for a tax paid in another State in which he might claim domicile. Does the gentleman mean to say that he would not have to pay any tax in the District then?

Mr. SMITH of Virginia. They would be credited with the amount of the income tax they paid in the other State. If they pay it in another State they would not pay any in the District of Columbia because the income-tax laws in other States are all higher than the proposed income-tax law in the District of Columbia.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. DIRKSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Chairman, of course, this tax bill does raise the tax rate for the purpose of financing the District of Columbia and applies to real estate, water, and gas. It broadens the base of the income tax and increases the Federal contribution.

It is a great pleasure to me to follow the gentleman from Virginia [Mr. SMITH], particularly upon that phase of the income-tax bill which is made effective by this law. To begin with I would like to advise the House that under this bill Members of Congress, Cabinet officers, and appointive officers of the President are specifically exempted. So there will be no question about that and you will understand that is so. But anyone else in the District of Columbia is not exempted.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Arkansas.

Mr. HARRIS. Is it not a fact that the language in the bill specifically exempts elective officers?

Mr. O'HARA. That is right.

Mr. HARRIS. And those appointed by the President and Cabinet officers?

Mr. O'HARA. That is right.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Illinois.

Mr. MASON. The language in the bill does not specifically exempt elective officers.

Mr. O'HARA. It so states.

Mr. DIRKSEN. I think what the gentleman from Illinois has reference to is this: He thinks there ought to be clarification. It has been generally agreed, and I think it is the intent and the interpretation of the corporation counsel and every member of the committee that the language is specific. But the amendment that the gentleman from Illinois has indicated to me as clarifying is not objectionable. Certainly if there is any doubt there can be no objection to the clarifying language.

Mr. O'HARA. I am not any more concerned about Members of Congress than I am those who are working down here on our staff and the people in the Government down here who are going to be harassed to pay taxes whether they pay them at home or not. My point is this: If we are going to except ourselves because we are down here as officers of the Government the employees ought to have the same consideration. I shall offer an amendment at the proper time to take care of that little matter.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Illinois.

Mr. DIRKSEN. For the sake of clarification, the income tax is on the books at the present time, and it was adopted by Congress to apply to the District in 1939, and specifically exempts elective officers. That is correct, is it not?

Mr. O'HARA. That is correct.

Mr. DIRKSEN. Secondly, it applies to people who are resident here, and that the difficulties arise from a clarification of residence in domicile, and what this tries to do, in view of some 300 court cases and thousands of cases in the assessor's office, is merely to clarify it, and it adds not one bit, of course, to harassment or the difficulties that tax collection implies.

Mr. O'HARA. The gentleman can argue that at the proper time, but I would like to proceed with my views.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Washington.

Mr. HORAN. I would like to know if any estimates of additional cost of collecting or administering this income tax have been made to the subcommittee.

Mr. O'HARA. Well, I have had none. Perhaps the gentleman from Massachusetts has some information. Actually this is his bill; I mean he was on the joint committee of the House and the Senate and did a tremendous amount of work. It started out to be a joint Senate and House committee, but it ended up with the Senator from Washington [Mr. CAIN] and the gentleman from Massachusetts [Mr. BATES], and, finally, I think it was the gentleman from Massachusetts who did the greater part of the work, and I now yield to him for an answer.

Mr. BATES of Massachusetts. There would be practically no increase in cost because we have today the income-tax law in the District of Columbia, and the administration is set up here already to take on whatever responsibility would come under the provisions of this bill.

Mr. O'HARA. I understand that the income tax here has sort of been run on an honor basis. The people were paid, but they did not go out after them as they probably will under this bill.

Mr. BATES of Massachusetts. There was administration enough to yield $9,000,000 under the present law.

Mr. HORAN. I might say that the testimony before our subcommittee was that we will have to have an increase in the force, and a considerable increase in appropriations, if this income tax as presently written is enacted into law.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Indiana.

Mr. SPRINGER. As I recall, the distinguished gentleman who is now addressing the House introduced a measure in the last Congress, and perhaps in the Seventy-eighth Congress also, to free the employees of the necessity of paying an income tax in the District of Columbia when they were paying an income tax back in their home communities. Is the gentleman now certain that the provisions of this bill will reach that objective which the gentleman had in mind when he introduced his bill?

Mr. O'HARA. This bill provides, and in fact the language, if you read it, includes every one of your office staff, because it says that if they maintain a place of abode within the District of Columbia for more than 7 months of the taxable year, whether domiciled in the District of Columbia or not, that they shall be liable for taxes. The only exemption that this bill takes care of is elective officers and the Members of the Cabinet.

The point I wanted to make in answer to the gentleman's question is this. I introduced what was known as H. R. 3592. It went before the Committee on the Judiciary and passed the House on March 27, 1944. That bill did exempt officers or employees who were working for the Government and who were legally domiciled back home, and that bill was passed by the House. It was passed, I might say, unanimously out of the Committee on the Judiciary. It was granted a rule. We had extended debate here in the House. It was opposed, incidentally, by a few Members from Maryland at that time. It passed the House and went to the Senate. The Senate never acted upon it.

Then again an identical bill, H. R. 534, passed on the Consent Calendar in 1945. It went to the Senate and was amended by the Senator from Virginia [Mr. BYRD]. It came back here and the gentleman from Virginia [Mr. SMITH] objected to sending it to conference. It went to the Rules Committee, of which he was a member, and was locked up there the rest of the time.

Mr. SPRINGER. As a matter of fact, in States where these employees are paying income tax, or a gross income tax, or whatever it is called, they should not be called upon to pay a similar tax here because that would amount to double taxation.

Mr. O'HARA. Of course. In some instances it amounts to triple taxation. I know of cases where Government employees live in the District of Columbia and are paying a tax back home. They work either in the State of Virginia or the State of Maryland, or vice versa. You can make it any combination you want. They get taxed in all three jurisdictions. It is an example of unjust multiple tax chasing. If you talk about communism, if you want to treat your Government employees like that and have a bunch of tax beagles out chasing them, the tax imposed may be $25, or $30, or $50, and those little people do not have the money to fight over that tax. They pay it. I think it is horribly unjust—horribly unjust.

Mr. SPRINGER. Our employees who come here from the various States and have to pay this tax back in our own States should not be called upon to pay any of this tax in the District of Columbia. This bill should be clarified to make that situation specific and certain.

Mr. O'HARA. Yes. I think it definitely should.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I am sure my good friend from Minnesota will not contend that this bill imposes double taxation. It clearly seeks to clarify and define so as to avoid double taxation.

Mr. O'HARA. It does not do any such thing. It says definitely that if they are here 7 months they pay a tax.

Mr. DIRKSEN. Let us get this thing clear so that there can be no confusion.

Mr. O'HARA. I do not think there is any confusion.

Mr. DIRKSEN. There are 32 States that have an income tax.

Mr. O'HARA. That is right. I shall read the 16 that do not have any income tax at all.

Mr. DIRKSEN. There are 16 that do not have an income tax. All the 32 that have income taxes have a rate that is higher than the District of Columbia. There can be no double assessment or taxation in those States. With respect to the 16 States, if they have an intangible tax, that is credited. If there is no income tax in the 16 States, then of course if these people come under the provision with reference to domicile or residence in this bill, they would be taxable here.

Mr. O'HARA. What is an intangible tax?

Mr. DIRKSEN. It might be any kind of a tax, on any kind of an intangible, a security, whatever it might be.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield five additional minutes to the gentleman from Minnesota.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Illinois.

Mr. CHURCH. Let me say to the gentleman that people coming from Illinois pay the burden of Government when they pay the sales tax, which they do not have here in the District.

Mr. DIRKSEN. While they come from Illinois they are living in the Nation's Capital.

Mr. CHURCH. Many of them pay the sales tax, many of them pay the personal property tax. You have not exempted that burden on the little fellow who pays the sales tax in Illinois.

Mr. DIRKSEN. My friend is thoroughly confused. You cannot pay a sales tax in Illinois unless the incidence of the purchase was in the State.

Mr. CHURCH. They are in Illinois for 5 months after the 7 months here. That is what the gentleman is speaking about.

Mr. O'HARA. I am speaking particularly of the income taxes.

Mr. CHURCH. You should have a sales tax, as you have in Illinois. They have not exempted the sales tax.

Mr. O'HARA. I did not intend to create any disagreement between Members from Illinois.

Mr. DIRKSEN. It does not bother this gentleman from Illinois.

Mr. SPRINGER. May I say for the benefit of the gentleman from Illinois that in my own State of Indiana we have a gross income tax, and those employees are required to pay a gross income tax on the salary they receive for their work down here.

Mr. O'HARA. Exactly.

Mr. DIRKSEN. That is right, and they would not pay here.

Mr. O'HARA. They do pay it here, and they have to pay it back in Indiana. That is the point.

Mr. DIRKSEN. So the gentleman's argument that there is double taxation here simply does not work out.

Mr. O'HARA. A Government employee who works down here, who may live in Virginia and work in the District of Columbia, is subject to the tax, or he may live in the District of Columbia and work in Virginia. He gets taxed here and back home.

Mr. DIRKSEN. He gets credit for it. He certainly does.

Mr. O'HARA. He does in the District of Columbia.

Mr. DIRKSEN. That is certainly clear.

Mr. O'HARA. He gets credit for it, but still he is going to pay if the tax is less in his own State.

Mr. DIRKSEN. But he only pays one tax.

Mr. O'HARA. I yield to my friend the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. It has been said that they would pay no tax in the District of Columbia if they pay a tax in their home State, because the tax there is higher than that in the District of Columbia. May I ask my chairman this question. Let us suppose that the tax in my State is sometime in the future lowered to the extent that it is lower than the tax in the District of Columbia. Thereupon the people from my State working in the District would then pay a tax to the State of Mississippi as well as paying a tax to the District of Columbia. Is that right?

Mr. DIRKSEN. But the aggregate of the tax is only one maximum tax and not two taxes.

Mr. ABERNETHY. But the point is, the person would be paying taxes to two jurisdictions.

Mr. DIRKSEN. He pays one tax, and if there is any disparity, he pays in one jurisdiction or the other. But there is only one tax, and there is a reciprocal provision here to take care of that.

Mr. ABERNETHY. I disagree that it would be one tax because I can see in many instances where the tax might be lowered in the States and where the person would pay a tax in the State and also in the District of Columbia.

I know many people who maintain an apartment here but they actually reside in their apartments only 2, 3, or 4 months out of the year. They continue to maintain their apartments because of the tight rental situation at this time. In view of the fact that they are compelled to maintain their apartments, would they not be required to pay a tax to the District of Columbia, although they are here less than 7 months?

Mr. O'HARA. I would think so. I do not see how many of our own employees are going to be protected in that sort of situation. That is merely an example.

Mr. Chairman, my amendment is not for the purpose of permitting a tax dodger to get away. He cannot get away. He must pay his tax back home if there is a tax levied, or he pays it here in the District of Columbia. That is all there is to it.

Of course, the gentleman from Massachusetts knows a great deal about this, but I have lived with this problem quite a while. Permit me to call this fact to your attention.

There are 16 States that have no State income tax. The people from those States are going to be paying taxes here, and you can be sure about that. I will read the names of the States to you: Florida, Illinois, Maine, Michigan, Nebraska, New Jersey, Nevada, Ohio, Pennsylvania, Rhode Island, South Dakota, Texas, West Virginia, Wyoming, and Connecticut.

Mr. RAMEY. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. RAMEY. The people in the State of Ohio in four of its largest cities pay a tax there.

Mr. O'HARA. Yes; that is the wage tax.

Mr. RAMEY. What about the exemptions there?

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. JENNINGS. Let us consider a case of this kind. Suppose there is a Member of Congress from whatever State it may be who employs a secretary who resides in that State and that secretary pays a Federal income tax on his or her salary or income. Under this law, does the secretary by virtue of the fact that the secretary may be domiciled here, not a citizen, but domiciled here in the District of Columbia say for 6 or 7 months, have to pay another Federal income tax?

Mr. O'HARA. May I say to my friend from Tennessee there is this limitation—that the word "resident" means every individual domiciled within the District on the last day of the taxable year and every other individual who maintains a place of abode within the District for more than 7 months.

Mr. JENNINGS. What is the last day of the taxable year?

Mr. O'HARA. I do not know just what day that would be.

Mr. JENNINGS. We ought to find out about that.

Mr. O'HARA. I think this is definitely the situation, as a practical matter, that our secretaries are going to be here for more than 7 months of the year, and I know that my office help certainly will be.

Mr. JENNINGS. They are citizens of another State who are temporarily here.

Mr. O'HARA. That is right. That is what this bill does not recognize. That is my point. They refuse to recognize the right of that individual to maintain his domicile where he wants it.

Mr. Chairman, I yield to my friend the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. The gentleman read a list of States that have no income tax. Is he aware of the fact that several of those States have no income tax because of a compromise of their State legislatures and they have imposed a sales tax and, therefore, there is a tax?

Mr. O'HARA. I understand that is true.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. HARNESS of Indiana. As I understood the gentleman's reply to the gentleman from Tennessee [Mr. JENNINGS], a person who is domiciled in the District of Columbia for more than 7 months or maintains a place where he can live for more than 7 months is obliged to pay taxes under this provision.

Mr. O'HARA. By the provisions of this act; yes.

Mr. HARNESS of Indiana. Members of Congress have been forced, in recent years, to maintain an apartment or a home here the year round.

Mr. O'HARA. That is correct.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. HARNESS of Indiana. Members of Congress may spend 5 or 6 months in their districts. Are the Members of Congress going to pay a tax here simply because they maintain a place to live?

Mr. O'HARA. Oh, no. The bill takes care of that. Members of Congress are exempted; but the little fellow, the Government employee, and the secretary is not exempted.

Mr. HARNESS of Indiana. That is what I am talking about. Secretaries have to maintain their homes in the District of Columbia and in the districts which we represent. Some of them maintain apartments here the year round.

Mr. O'HARA. That is correct.

Mr. HARNESS of Indiana. Are they going to pay a tax under this bill?

Mr. O'HARA. If they are here more than 7 months of the year, they are. If their tax back home is less, then they would have to pay here.

Mr. HARNESS of Indiana. That does not seem to be fair.

Mr. O'HARA. Of course it is not fair. There is nothing fair about it. Certainly it is a dishonest legislative process when we exempt ourselves but do not take care of the people who are down here for the same reason we are.

Mr. HARNESS of Indiana. I agree with the gentleman.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. JENNINGS. It seems to me their status is exactly the status of a citizen of another State who is here as a transient. These people are transients. They are not residents of the District of Columbia. A person's residence is wherever in their mind they say it is for purposes of voting or for citizenship or for taxes. They are not residents of the District of Columbia and the Federal Government under no circumstances should have the power to toll the income of that person twice. They pay a Federal income tax. They ought not be subject to another Federal income tax for the support of anything here.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. MILLER of Connecticut. I cannot see but what a secretary, resident in a State that has no income tax, is being penalized under this bill. The per capita cost of government in the State of Connecticut, without any income tax, is just as great as the per capita cost of government in the neighboring State of Massachusetts which does have an income tax.

Mr. O'HARA. Exactly.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. BROOKS. What about the constitutionality of the State of Louisiana, for example, attempting to tax a transient from the District of Columbia, residing in the State of Louisiana? Do we have the right to levy an income tax on a nonresident in Louisiana or in your State?

Mr. O'HARA. Let me say to the gentleman that theory has been upheld by the courts. I regret to say that our theory of taxation and tax law has gone to the point where it is a tax dollar-chasing proposition. People who do not live within a State get taxed. In the city of Philadelphia they have what they call a wage tax. People who never lived there, but who work within the confines of the city, are assessed 2 percent of their wages. The principle I believe has been upheld by the court in the Northwestern Air Lines case, which went to the United States Supreme Court.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. O'HARA] has again expired.

Mr. DIRKSEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, in considering the District of Columbia tax bill, I hope that we intend to be fair with the citizens of the District of Columbia, and at the same time, it is my intention to be just as fair with my constituents who pay a large share of their income to the Federal Government. This tax problem of the District of Columbia has always been a rather complex one to all of us. There should be no program adopted that would saddle a burden upon the people of Washington, but on the contrary the District of Columbia should not be a haven of tax dodgers.

Taxes are always a burden on any people, and the Supreme Court of the United States has aptly said that the "power to tax is the power to destroy." This statement of the Supreme Court applies as much to the taxpayers of Indiana as it does to the taxpayer in Washington, D. C. It is the problem of Congress to equalize this tax burden as much as possible and then keep it at the lowest possible level consistent with good government and sound business principles. I do not want the people of Washington, D. C., to pay any more taxes than do my constituents in Indiana, but on the other hand I do not want them to pay less taxes than the people in my congressional district, and at the same time, the Federal Government contribute to their budget. If they pay less taxes than my constituents and your constituents, and at the same time Congress contributes to the District of Columbia budget, we are in effect transferring that much of the cost of District government to our constituents as measured by the excess of tax which our constituents pay. That is not fair to our own people, the men and women who elect us to Congress.

The history of the gas tax and its distribution has been the subject of studies by this body upon many occasions. It is one element of the tax structure that can be easily understood. There may be some difference of opinion as to whether the people of the District of Columbia are carrying their share of the tax burden in some of its application, but there can be no dispute as to the gasoline tax.

An exhaustive study of this subject was made in 1940 and a report filed early in 1941, which went into the history of the gasoline-tax fund. That report carried a very thorough and carefully prepared letter by the then Engineer Commissioner of the District of Columbia, Col. D. McCoach, Jr. The letter was dated June 5, 1940, and contained the following statement: "The increase in traffic resulting in constant justifiable demand for major highway improvements, the opening of new streets due to building operations, and the ever-increasing volume of traffic have placed a very great burden on this fund to meet and cope with the situation." He further advised that the Highway Department measure its work by the available money, and let the balance of the street-improvement work go undone. That has been happening for about 8 or 10 years, and especially during the war was needed repair work left undone, so that now the streets of Washington are in a deplorable condition. The need for major capital improvements in the Street and Highway Department is a colossal one as disclosed by the 6-year proposed Young plan of improvements.

Going back into the history of the gasoline fund as disclosed by the report made to this House in 1941, it is disclosed that this gasoline fund never did meet the needs of street work in Washington. Page 7 of this report discloses that during the period from 1924 to 1940 that street and highway improvements drew from the general fund about $42,035,447. At that time the city was much smaller than it is now and there was much less demand on this fund than there is now. The Highway Department in 1941 asked for an increase of 2 cents on the District of Columbia gasoline tax, which would have made it 4 cents, just as we are proposing to do now. The tax was increased in 1941 by 1 cent, making the total District tax 3 cents. I thought then, and I am convinced now, that we should have then raised the tax to 4 cents and we would now have accumulated a small backlog of funds to meet the improvements caused by our inability to do this work during the war period. Now, then, we are faced with a huge capital street, highway, and bridge program and must face it with a gasoline-tax fund practically empty. We now have only enough

in this gasoline-tax fund, plus a 1-cent increase which we propose here to meet current needs. Where is the money coming from to meet capital street improvements? Is it coming from a Federal contribution which will be used to augment the gasoline fund, while we permit District of Columbia drivers to pay a less tax than our own constituents pay? That is just what we have done in the past 20 years of street operation.

Gentlemen, I say that is unfair to our own taxpayers. The average gasoline tax in this country is 4.6 cents per gallon State tax plus 1½ cents Federal tax, which is to say your constituents and mine pay an average of 6.1 cents tax, while the District of Columbia is now paying 4½ cents. Is that fair? I would have no objection if the District of Columbia did not need this additional gasoline tax money for road and street improvements. But when they do need it and do not contribute enough to pay their own street-improvement bill, and Federal funds must augment their dereliction, then it is time for you and me to do our duty by our own constituents. It is not properly spreading the tax burden for us to permit the people of the District to pay less taxes in a given field than do the citizens of your State and mine, and then make a Federal contribution to make up their lack of taxpaying. The true test of tax balance between the people of Washington, D. C., and the people of Indiana, Kansas, Oklahoma, Iowa, and all the other States, is to require them to contribute as much in taxes as do our people, and then the Federal Government make up the difference needed to balance their budget. The people of Washington have not shown a willingness to do that, and I for one am not in favor of going out of my way to help them until they are willing to get down to earth and really meet their own obligations.

Every interested official in the District Government is asking for a permanent gasoline tax of 4 cents per gallon. They are not certain that this will meet the need. In the light of this report which I hold in my hand, I am certain that it will not meet the need. As for me, if it does not, then the tax should be raised to 4.6 cents per gallon, and then the Federal Government contribute the balance needed to meet street repair and capital improvement work in Washington. Let us be fair about this whole matter. There is nothing complicated in the tax problem for Washington. It is one of equalizing the burden as between the District taxpayer and the constituents of the Members of this body. This is the Federal city, and it is my conviction that when the Washington, D. C., taxpayer pays his fair share of the burden, that the Federal Government should make up the balance. Until the District of Columbia taxpayer is willing to do that, then I am somewhat inclined to let him paddle his own canoe.

At least, the gasoline tax portion of this tax problem is a simple one. It amounts to balancing the burden of the District auto driver against the burden of the State driver, and the State driver's burden ranges from 4 cents to 7 cents. Certainly the District of Columbia driver cannot complain about a tax which is equivalent to the lowest tax out in the States. And especially is that true when the 4 cents will not give them all the street improvement money they need.

If you will take a look at page 8 of this report you will see that the District of Columbia officials have been recommending an increase in the gasoline tax to 4 cents since 1932. There has always been evidence of need for additional street funds, and much needed work has been left undone and the streets and bridges neglected until they become a menace and then, at times in the past, the Federal Government has provided the funds through contributions to the general fund of the District which have been diverted to the gasoline fund. That is the history of the past as disclosed by this report. I do not know what mechanics they have used to "mooch" on the Federal Government, but the "mooching" has been accomplished.

The principal "moochers" now are the gasoline station operators, who want to sell gasoline at the expense of Maryland and Virginia, and then have the Federal Government make up the difference in street work. At the time this subject was under consideration in 1941, representatives of the highway departments of both Virginia and Maryland appeared and asked that the difference between the gasoline tax be adjusted, especially since the District needed the money. They asked that the District quit robbing them of large sums of road money which they needed to repair roads leading into Washington.

This report deals with the situation in 1941, and it is much more acute now than it was then. The city is much larger; there are many more streets to repair, and in addition there is much capital improvement needed to solve traffic problems. Who is going to furnish the money for these needs? Will the people of the District of Columbia ask Congress to help build the bridges across the Potomac River, every foot of which lies within the District of Columbia, and at the same time bellyache about equalizing the gasoline tax when they need the money? I believe that the Federal Government should contribute to the cost of building these Potomac River bridges, but not unless and until the people of the District of Columbia are willing to pay their share of road-improvement tax. If they do not want to do that, then let them figure their own way to pay for these Potomac River bridges. It might be a good idea to put a good stiff sales tax on them to pay for these bridges. Finally, the solution of the tax problem is for Congress, and it is up to the people of the District of Columbia to be fair.

I will say, in justice to the people of Washington, D. C., that most of the civic organizations have come out in favor of a 4-cent gasoline tax in the District of Columbia. The Board of Trade, the automobile associations, and others have been fair about this matter. However, gasoline dealers prompted by selfish motives would rather sell more gasoline than be fair about a gasoline tax. The same is true of the Capital Transit Co. This Capital Transit Co. has already been granted an increase in fare and yet is not willing to pay its share of road-tax improvement. Capital does more to damage the streets in Washington than any other agency in the city, and still with selfish complacency is unwilling to pay its share of the cost of keeping up those streets. When the proof is so overwhelming that the money is needed, why does Capital Transit object?

I trust that Congress will equalize this burden between the State taxpayer and the District taxpayer, and then if more money is needed the Federal Government would be more inclined to listen to the appeal of such taxpayers as Capital Transit and gasoline dealers. Until then, I am deaf to their demands as they are unfair and unreasonable.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, I did not have the privilege of serving on the subcommittee that acted on this bill. I have made an effort to study it since the bill was printed. Of course, I do not agree with some of the items in the bill. I do not think anybody can agree with every item in a bill of this magnitude.

I want to congratulate the gentleman from Massachusetts [Mr. BATES] and the gentleman from Virginia [Mr. SMITH] on the hard work they did on this bill when it was under consideration. I cannot, however, agree with all the statements that have been made in support of the income tax and some of the other items. I will not, however, deal with the income-tax question, as I believe that has been very well thrashed out, but I would like to mention this gasoline tax.

If the Highway Department of the District of Columbia needs this tax at the present time, I would be for it, but we all know that the District of Columbia was privileged to spend $10,000,000 during the war on construction work here in Washington. In my State and in other States they were denied the privilege of constructing bridges or doing any type of heavy road work. Even at the present time in my own State the highway department is unable to get approval for a few bridges from the Bureau of Public Roads on account of the high cost of materials. If that is true in my State, I think it would likewise be true here in the city of Washington.

I think the highway department in Washington could wait at least 2 years to begin this over-all construction program. There is absolutely no reason in the world why they should pay the tremendously high prices they have to pay now for materials to build elevated highways in the city of Washington. They will not suffer any to wait until we have passed these critical reconstruction days following the war; and I expect to offer an amendment to cut out the increased tax on gasoline not because I do not think it would be needed in ordinary times but I think they can wait. I think that when the emergency is over we can well consider the matter at that time. The people of Washington who passed through the war years can certainly stand the traffic conditions for another two, or at least until prices decline somewhat.

There are several items in this highway program that I cannot understand. One, for instance, is their request for $1,-

800,000 for miscellaneous expenses. I do not believe any highway department can get away with a request for $1,800,000 without explaining what the money is to be expended for. Practically every street in the city of Washington is paved and I understand money has already been allocated for the building of these two bridges across the Potomac.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield.

Mr. VURSELL. I am impressed by the argument the gentleman is making against an increase of the gasoline tax at the present time.

Is it not a fact that inasmuch as special privilege has been granted to the District of Columbia to expend $10,000,000 on highway construction they can well afford to wait a couple of years when they will get much more for their money, because materials and labor are extremely high at the present time? It will be an economy if the committee in its wisdom should refuse to extend this gasoline tax for in time it will give them more highway construction for less money, and will release these materials for more needed housing and various other public improvements.

Mr. McMILLAN of South Carolina. I agree with the gentleman thoroughly. I believe if they will wait 2 years that $1 then will do what it takes $2 to construct today.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield.

Mr. REES. I was under the impression that the Federal Government had contributed large sums outside of the gasoline tax for the building of bridges and highways and things of that kind in the District of Columbia.

Mr. McMILLAN of South Carolina. The Federal Government built this $15,000,000 Memorial Bridge.

Mr. REES. That was not taken out of gasoline-tax funds, was it?

Mr. McMILLAN of South Carolina. No.

Mr. REES. Is it a fact that the District of Columbia has not had enough revenue from the gasoline tax to build the necessary highways and bridges? I am simply asking for information.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield.

Mr. JONES of Alabama. Possibly the gentleman is somewhat confused by the matter of the Federal contribution to highway construction. The District of Columbia participates just as though it were a State organization, participates in the matching of funds proportionately based on the amount of money raised through gasoline and automobile taxes. It has the same relationship as a State in that respect.

Mr. REES. I appreciate that, but I have been under the impression that there has been a considerable amount of highway building, bridge building, and street building financed directly by the Federal Government and not by contribution from funds raised by the gas tax in the District. Am I wrong about that?

Mr. McMILLAN of South Carolina. I believe the chairman of the subcommittee can answer that question if he cares to.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. As has been stated, the Government contributes on the same basis as it does in other States. We have a bridge over here running into Anacostia and we have a bridge into Virginia, for which the Government will pay half the cost. The same is true of the $4,000,000 proposed elevated structure and the Dupont Circle improvement. The Government will pay one-half the cost. Of course, the District has participated, like other States, in PWA authorizations and they have participated in other things that were available just like all other States and subdivisions of those States. There is no difference here from what there is in other States.

Mr. ALLEN of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield to the gentleman from Louisiana.

Mr. ALLEN of Louisiana. May I request the gentleman to take a little more time to discuss, if he will, the real estate tax in the city of Washington and the District of Columbia as compared with the same tax in other States? I have always been under the impression that the city of Washington here is pretty much of a taxpayers' paradise.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. McMILLAN of South Carolina. I yield myself two additional minutes.

Mr. ALLEN of Louisiana. As I understand it, the real estate tax that some of us, at least, have to pay is more than 100 percent above what the tax in Washington is. I would like to have the gentleman discuss that.

Mr. McMILLAN of South Carolina. For some years I had the same opinion as the gentleman but after looking into the matter I find they have in the District about the same tax as we do because they report their property at full valuation and in my State and in other States they do not hand in their property at full value.

Mr. DIRKSEN. It should be made clear that, first of all, there has been a revaluation of property here and millions of dollars of additional value have been written on the books. Secondly, when we have provided for a 25-cent increase in the present bill over the existing rate of $1.75, that will increase the revenue.

Mr. ALLEN of Louisiana. An assessment of $2 a hundred is not like $5 a hundred that some of us have to pay.

Mr. DIRKSEN. The gentleman from Massachusetts has gone into that whole thing, not only in Washington, but in comparable cities all over the country. He can indicate exactly what that situation is at the moment.

Mr. BATES of Massachusetts. That is exactly the point I raised when I discussed the tax feature on the floor of the House a moment ago. There has been no increase in the tax rate in the District of Columbia since 1937; there has been no increase in valuation since 1937 until this year; but on the basis of assessed value compared with actual value, according to assessment, the ratio is 70 percent of present value and it shows, when compared with cities with over 500,000 population in all the country, that in the District of Columbia we have the lowest tax bill of any city in the country over 500,000 population, even with this legislation.

Mr. McMILLAN of South Carolina. Mr. Chairman, I am opposed to an increase in the gasoline tax in the District for a number of reasons. First and most important is the fact that the increase is not needed. I am reliably informed that even after allowing for a further substantial increase in operating expenses over the 1947 level, which was far above the prewar rate of operating expenditures, the highway department will be able to match its Federal aid allocations and carry out its scheduled program of major capital improvements during the next 2 years. The highway department's own figures further show that from existing tax sources and Federal aid, the District will have nearly double as much money for highway purposes during the next 3 years as was available in the 3 years before the war.

The trouble is, of course, that the highway department wants not only to carry out its ambitious major capital improvement program, but it also wants to spend far more for minor capital improvements and for operating expenses than in 1947, which as I already indicated were far above prewar levels. To be more specific, I understand the department wants to spend about $5,000,000 more for these items alone during the next 3 years than it would spend at the 1947 level of appropriations, and the total appropriated for operating expenses last year was nearly 50 percent above the average amount allocated in the 1939–42 period. On top of all this, the highway department has included in the present program over $1,800,000 for miscellaneous expenditures, none of which had been previously included in the Federal postwar program but were listed after this program was to be completed. If these items are moved back to their original status and if operating costs are increased by, say, another 20 percent over the already high 1947 level, then the highway department will be able to carry out its major capital improvement program without any difficulty.

This seems to be the reasonable course and one which will be in the best interest not only of the highway users but of the public generally in the District. It is generally conceded that any increase in highway transportation costs cannot fail to have adverse effects on the economy as a whole. An increase in the gasoline tax would fall with particular severity on the truckers, the taxicab operators, and similar groups who earn

their living through the operation of motor vehicles. But the effect would be felt by all groups. For example, the truckers who are finding it so difficult to operate on a profitable basis would have to pass the increased cost along. This would mean that the price of milk, bread, and all of the other commodities which are carried by motor vehicles on some stage of their journey to market, would have to be advanced to compensate for the higher cost arising from the gasoline tax.

There seems to be a general impression that because the District gasoline tax is only 3 cents per gallon, the receipts from this tax are relatively small and also that the automotive tax burden is low. Nothing could be further from the truth. According to the figures of the Public Roads Administration, the District collected over $4,000,000 from the gasoline tax last year, with the trend strongly upward. This is substantially more than was collected by such States as Wyoming, North Dakota, and New Hampshire which have extensive road mileages to maintain—see tables below.

Now let us examine the per vehicle tax burden in the District. Based on the number of private and commercial vehicles registered in the District last year, as reported by the Public Roads Administration, the collections from the 3-cent gasoline tax plus motor vehicle taxes were equivalent to almost $50 per vehicle. This compares with slightly over $37 for the State of Illinois, $30 for Massachusetts and $44 for New Jersey. Then, of course, we must include the Federal tax of 1½ cents per gallon of gasoline. When this is added, the per vehicle tax burden in the District comes to approximately $66. And this is still not counting in Federal excise taxes on lubricating oil, parts, tires and accessories, not to mention the Federal excise on a new car. So I think you will agree that the motor vehicle owners in the District are already shouldering a tremendous burden of taxation to operate their cars and trucks.

I see no need or justification at this time for increasing this tax load. As I indicated at the beginning, with any reasonable control of operating expenses the Highway Department will be able to remain solvent and carry out its major capital improvement program during the next 3 years within the present framework of taxation. If 2 years from now the need for additional funds is indicated, then the situation can be reviewed in the light of conditions at that time. But I repeat that there is no need for additional funds now. Furthermore, I strongly feel that any additional increase in the gasoline tax at this time would merely be adding to the inflationary spiral and would result in the highway users receiving diminishing value in roads for their tax dollars. We all know how tight the labor and materials situation is today and little relief from this situation is in sight for some time to come, at least. As I see it, this is the major problem facing the Highway Department at the present time, not lack of funds.

So in closing, I strongly recommend that the gasoline tax be allowed to continue at its present rate in the confident belief that, along with other motor vehicle taxes and Federal aid, it will provide ample funds to meet the Highway Department's need during the next 2 years, at least.

TABLE I.—*Per vehicle tax burden*

	Gas tax rate	State gas tax and registration fees	Federal gas tax	Total
	Cents			
Washington, D. C.	3	$49.47	$16.46	$65.93
Illinois	3	37.58	11.80	49.38
Massachusetts	3	30.21	10.84	41.05
New Jersey	3	44.24	11.60	55.84

TABLE II.—*1946 highway receipts*

	Net gas tax receipts	Registration and carrier taxes (excluding dealers licenses)	Total
District of Columbia	$4,126,000	$2,108,000	$6,234,000
North Dakota	3,840,000	3,532,000	7,372,000
Rhode Island	3,710,000	1,732,000	5,442,000
New Hampshire	3,878,000	3,184,000	7,062,000
Nevada	2,119,000	896,000	3,015,000
Delaware	2,514,000	1,321,000	3,835,000
Vermont	3,026,000	2,724,000	5,750,000
Wyoming	3,704,000	1,334,000	5,038,000

Source: PRA tables, G-1, MV-2, MC-1.

TABLE III.—*Rural road mileage figures*

Rhode Island	2,513
North Dakota	114,657
New Hampshire	12,491
Nevada	23,759
Delaware	3,754
Vermont	13,485
Wyoming	26,794

Source: PRA table RM1, 1945.

District of Columbia: Total street and highway mileage, 990.

Mr. DIRKSEN. Mr. Chairman, I yield 15 minutes to the distinguished gentleman from Washington [Mr. HORAN].

Mr. HORAN. Mr. Chairman, the joint committee deserves every word of commendation that has been expressed here, because the committee has been most diligent in its studies and in its efforts to compile data which will be of inestimable value to the Congress in the future. I want particularly to congratulate my colleague, the distinguished gentleman from Massachusetts, for his untiring efforts; and even though I cannot agree with the result of his labors it is impossible to forego the privilege of expressing the greatest admiration for his zeal and untiring energy.

I conceive it to be my responsibility to invite your attention to the fact that a study of the District of Columbia's financial condition is an annual event and not something novel or unusual. Your Subcommittee on Appropriations for the District of Columbia each year makes a complete study of District affairs for appropriation purposes and in that connection must of necessity inquire into sources of revenue availability. Any interested individual can get a complete picture of the financial condition and the working functions of this city government by reading those hearings.

Many months ago we knew that the District was going to run into financial difficulty, and we worked with the officials of the District in formulating plans for a complete study of the tax structure. We were constantly advised of the progress being made and we were hopeful for the future. Let us for a moment examine the record.

In May 1945, the report of our committee on the 1946 District appropriation bill stated in part as follows:

If the amount of the budget request for the ensuing fiscal year is indicative of a trend for continually increasing appropriations, it would seem to the committee that a suggestion to the District Commissioners for a thorough analysis of the financial structure and the prospective needs of the District is in order. This should take the form of a more detailed scrutiny of budget requests as presented by the individual deparment heads as well as consideration of locating additional sources of revenue.

In April 1946, in reporting on the 1947 District appropriation bill, our committee said:

The increased cost of government, construction, labor costs, and all other items, makes it necessary to find new sources of revenue or increase existing sources, or curtail services now being performed by government. The committee is informed that studies are now being made in search of new sources as well as of increasing existing sources in the most equitable manner. The Commissioners are to be commended for undertaking such a study and looking to the future needs of the District. They will find encouragement and perhaps some ideas as to sources of new revenue from discussions reported in the hearings.

In May 1945, the Commissioners had appointed a committee of District officials to review the tax structure of the District of Columbia. After this committee made preliminary studies of the subject, and before any final conclusions were reached, the Commissioners felt that it was desirable to secure a cross section of public opinion, and accordingly enlarged the committee by appointing thereon a number of representative citizens.

Thereafter, the full committee gave careful consideration to the sources from which additional revenue might be obtained. They studied almost every conceivable method of taxation. Finally, they selected those methods or programs which they believed would produce the greatest amount of revenue, distributed in the most equitable manner. This was democracy at work on a community problem in a governmental division of our Nation which has no other facility for expressing its opinion.

After that committee made its report, but before any final action was taken thereon, the Commissioners held a public hearing to which were invited all interested individual citizens, as well as representatives of citizen, civic, and trade organizations, who were there given a full opportunity to express their opinions on the tax program. Again the vital principle of democratic action was being employed by the city officials in formulating a just and equitable proposition for submission to Congress.

This was not the final step, however, for in their desire to most explicitly express the opinion of the majority of residents of the District of Columbia who would in the last analysis bear the financial burden of the proposed action, the Commissioners went even further in encouraging a full and complete discussion and expression of public opinion.

There were many discussions over the radio. The Board of Trade devoted full meetings to the discussion of the many proposals. Citizens Associations spend many long and serious evenings in discussion of the vital needs of the community, and the manner in which the taxpayers themselves would bear the increased costs of these improvements. All these steps were taken in order that the entire public and Congress might be fully advised as to the tax program necessary to pay the increased costs of government and services in the District of Columbia.

The plan that was finally decided upon by the District Commissioners was, as much as it could be under the voteless form of government District residents must suffer, the plan most representative of the desires and wishes of the people who would pay the bills.

The plan finally came to the Congress, the bills were drawn and cleared through the Bureau of the Budget. The hearings started. Many days, many witnesses, much, much costs were added because of the extended post-investigation. And now the long-awaited report of the Fiscal Committee at long last is completed.

The result? Well, the city once again is shocked with a feeling of impotency as it observes their own long-studied and long-debated plan almost totally discarded. The Commissioners, with their back against the wall and with the end of the fiscal year only a few days off, can hardly do anything but agree to almost any plan that will mean more revenue.

Well, I cannot agree. I plead with you for a recognition of your responsibility toward the residents of the District of Columbia, those voteless thousands whom we tax and whose money we appropriate.

Just because we have the power is all the more reason why we should not exercise it arbitrarily. Certainly, you all know that the sovereign power is lodged in the United States and the Congress possesses full and complete jurisdiction both of a municipal and Federal nature over the District of Columbia.

Do not let us fool these residents who gave earnest consideration to this tax program. If you do, then please forego all pious expressions of interest in their welfare, which lead them to the belief that they will someday have some semblance of home rule. It is my firm opinion that when the citizens of this community, through their own officials and through their citizens associations and civic organizations, have presented to Congress a tax program which would in their opinion be adequate to finance the cost of local government and provide essential services—that that program should be given first consideration.

These citizens have by an overwhelming majority expressed their desire for a sales tax, the one tax that spreads the cost to all those who derive the benefits; they have demanded overwhelmingly an increased alcoholic beverage tax; they have approved a gasoline tax; and they want a more equitable income tax. The present recommendations of the fiscal committee do not by any stretch of the imagination reflect this community's opinion. The taxpayers are not in favor of an increased real-estate tax. In fact, under the existing law the Commissioners have authority to raise the real-estate tax rate without coming up to the Congress; the income tax proposed is still not corrective of the inequities which exist in the present law; and the increased Federal contribution recommended is apparently based upon nothing but—whim.

Why was the alcoholic beverage tax spurned, and the sales tax ignored? It strikes me that the political expediency of far distant areas of our Nation is clearly and biasly written into the proposals emerging from the fiscal committee. Are we going to play politics with the people of this city in the belief that they cannot come back at us through the power of the ballot box? I am taking my stand with the people and asking the Congress for a square deal.

All too frequently in the past Congress has increased the costs of the District of Columbia without making any provision for increasing its income. In the last Congress $1,950,000 were included in the appropriation bill for which there were no budget estimates.

That, you may say, was the responsibility of the Appropriation Committee. However, I invite your attention to the Hospital Center program, authorizing an appropriation of $35,000,000 with a 30 percent charge against the revenues of the District of Columbia. I invite your attention to the slum clearance bill, the District Redevelopment Act wherein it is provided that at the end of 10 years any deficit will be shared equally by the Federal Government and the District.

I invite your attention to the recent appropriation of $400,000 for plans for a new court building which undoubtedly will cost the District taxpayers many millions of dollars.

I invite your attention to all of the salary acts affecting the teachers, firemen, policemen, per diem and civil-service employees of the District government, which run into millions of dollars in additional compensation annually. I invite your attention to the increased cost of maintenance and operation in every form of municipal endeavor, and frankly tell you that we do not know what we are going to do to maintain the standard of service that is required for this great capital city. We need millions and millions of dollars and this program will not be adequate to fulfill those needs.

I personally am very much disturbed over the school situation in the District of Columbia. Think of 7,000 pupils going to school on a part-time basis in the Nation's Capital. This condition must be rectified and it must be rectified now. It cannot be done, however, if we are to be limited by the program presented to you by the Fiscal Committee.

Those 7,000 pupils in the Nation's Capital City will continue to receive a second-rate education until such time as this Congress accepts its responsibility and provides adequate facilities for them. We have a dozen or so bills pending in this Congress, asking for Federal aid to the school systems across the Nation. There is an ironic sort of humor in this, when we consider that, in the one place where our Federal Government has full responsibility for education—the schools are poorly equipped, overcrowded, and crumbling on their foundations. Heaven help the 48 States if Federal aid means placing the Nation's schools on a par with those in the District of Columbia. And yet we are being asked further to postpone the urgent plans for providing at least a minimum of educational facilities for this Capital City.

Mr. Chairman, there is a little secret among us that what opposition there is to a sales tax comes—not from a due regard for the desires of the residents of the District of Columbia—but from a fear of the effect upon situations back in the home districts of certain Members of this body.

Indeed, one of the Members only last week told me: "I cannot vote for a sales tax here; it would be political suicide back home." That gentleman happens to come from a State which has no sales tax and in which pressure groups probably have convinced him that a sales tax would be unpopular with the people.

Well, they said the same thing out in Washington, some 10 years ago, when our legislature adopted the sales tax. I have yet to hear of one political death which came as a result. In fact, the vast bulk of the people have long since realized that it was a far better solution to their fiscal problems than would have been gained from further increases in real estate taxes or imposition of a second income tax.

There is no place in the country today where a sales tax is more in order than in the District of Columbia. This is the one place where an income tax is hardest of all to enforce—and that fact is one that still is being unrealistically dodged in the present attempt to spread its application. A further increase in property taxes can result only in increased monopoly in real estate holding—making it virtually impossible for a man to own his own home. And every one of us here realizes full well that the stability of this Nation is founded upon its home owners.

There is only one way in which we can force the great bulk of transient and temporary resident population here to pay its share of the District's expense load—and that is by collecting a tax on the transactions entered into by all of those people who take advantage of the facilities here provided for them.

That, as I see it, is the only fair way. It is the only way we can collect from the leeches who have been riding free for years. It is the only way we can lessen the burden on the honest few who have carried the load these many years. It must be adopted if the needs of the District are to be recognized.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I am glad to yield to the gentleman from Indiana.

Mr. SPRINGER. Under this plan which the gentleman is proposing are purchases of clothing and essential food items excluded?

Mr. HORAN. No; the original act did have exemptions, but we are going to introduce that act with amendments of

our own excluding those items, because where you have exemptions and discriminations you greatly impair the act, raise the cost of administration, and encourage abuses.

Mr. SPRINGER. In other words, the proposal is going to be all-inclusive?

Mr. HORAN. That is right. I think it would have to be.

Mr. GRIFFITHS. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield to the gentleman from Ohio.

Mr. GRIFFITHS. I was interested in the statement the gentleman made concerning the 7,000 school children who are going to school part time.

Mr. HORAN. That is right. There are 20 schools now operating part-time classes.

Mr. GRIFFITHS. What is the excuse of the school administration for accepting over 3,200 students from outside the District of Columbia?

Mr. HORAN. We have discussed that with Dr. Corning and Dr. Wilkinson, of the school administration, and they feel that the District really has an additional cost, that is, they are losing about $412,000 a year because of out-of-District people taking advantage of the schools here. However, if they exclude those people they will not gain $412,000, since those students are spread throughout the entire school system, and hence there would not be any great chances to close schools.

Mr. GRIFFITHS. Well, a saving of $412,000 surely would be worth while, would it not?

Mr. HORAN. It would not result in a saving. We have asked them to tighten up on what is a clear invasion of a privilege.

Mr. GRIFFITHS. How many teachers would it take for 3,200 people?

Mr. HORAN. Outside children are allowed to come in and use the District institutions under certain circumstances. It is understood that a large proportion of those who are coming into the District and raising our expenses was allowed by specific acts of Congress, which specifically allowed them to do it. In answer to the gentleman's question, as I have said, they are spread throughout the entire system—a student here and another there.

The CHAIRMAN. The time of the gentleman from Washington [Mr. HORAN] has expired.

Mr. DIRKSEN. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. CHURCH. I would like the gentleman to make this clear to the House. First, real-estate assessments are made in the District every year. There is the opportunity of revaluing every year; but the practice has been, as was testified by the Assessor before your committee and my committee, that the Assessor does not do that; he does not accept the new market valuations. He has a rule of assessing property over a 10-year period or longer; what it might be worth over the average time, when he has an opportunity to revalue it every year.

Mr. HORAN. That is correct. Of course, the real-estate tax is a difficult thing to handle on account of the way the District is limited by the Constitution. Parts of the District of Columbia that were originally in Virginia have been removed and since that time the Federal Government has increased its holdings until today of the approximately 70 square miles area only about 49 percent of it is subject to taxation. So you have an expanding city, moving out into the suburbs, but with taxable land stopping at Western and Eastern Avenues. Manifestly, if you are going to have an increase in the metropolitan area that cannot be taxed for the purpose of running the government here, a sales tax is the only way you can get at those people who use the District.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. HARRIS. As I understand, the gentleman is going to propose an amendment, or is it in the nature of a substitute, for a sales tax?

Mr. HORAN. The amendment I will offer will be a new article. It will be based upon the Dirksen bill that was offered by the chairman of the committee. We are amending that, however, to exclude exemptions, and we are making some other changes that I will explain later.

Mr. HARRIS. Would that be additional revenue to what this bill proposes?

Mr. HORAN. Yes; we believe it is very difficult to evaluate the amount that will be collected by a sales tax.

Mr. HARRIS. How much revenue does the gentleman think could be derived from a sales tax such as he will propose?

Mr. HORAN. I believe the estimates are $15,000,000 for the second year. The first year it will be about $11,000,000.

Mr. HARRIS. A 2-percent sales tax?

Mr. HORAN. Yes; it has to be limited by the adjoining States. Maryland has a 2-percent sales tax.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. DIRKSEN. I yield the gentleman two additional minutes, Mr. Chairman.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. BATES of Massachusetts. Does the gentleman claim that by a suggested sales tax that will yield $15,000,000 and eliminate all other taxes, that the real-estate tax today is what might be called a fair tax in the District of Columbia?

Mr. HORAN. I think it would be.

Mr. BATES of Massachusetts. And compared with what the taxpayers pay in their own communities and in their own States?

Mr. HORAN. I think it would be.

Mr. BATES of Massachusetts. I think the gentleman had better look at the figures.

Mr. HORAN. The reason why we have to be careful about property tax is that the area is limited. It puts an added burden on the owners of property.

Mr. BATES of Massachusetts. Do you not think the owners of real estate here ought to assume some share of the increased cost of government, which they have not assumed since 1937?

Mr. HORAN. I think they should. Manifestly, they cannot assume it all.

Mr. BATES of Massachusetts. No, and they are not asked to under this bill.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, we are discussing here today a most unusual problem. I think it is most interesting in that we have seen our good friends whom I love and admire over on our left who have been advocating tax reduction, reduced expenditures, and so forth ever since last November bring us now a proposal to increase taxes.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Washington.

Mr. HORAN. I wish to make it plain that this is not a Federal tax, this is a tax for the local government, raising revenues to balance the budget of an area that can be called both a municipality and a State. Since, of course, only the Federal Government can coin or issue money it becomes incumbent upon us—I know the gentleman from Arkansas agrees—if we are going to make sure that the Federal budget is balanced to do everything we can to take burdens off of the Federal Government and let the municipalities and States shoulder the burdens they should shoulder.

Mr. HARRIS. Yes, I recognize the fact that the gentleman cannot forget that the majority proposes to increase the Federal contribution here out of the Public Treasury in the sum of $4,000,000. I am calling the attention of the House to the fact, that is most amazing and amusing, that after having gone through a 5 months' session hollering about reduction of expenditures, hollering about the reduction of taxes, now we are faced in this Congress with a bill that proposes to increase taxes.

Mr. HORAN. Mr. Chairman, will the gentleman yield further?

Mr. HARRIS. I yield.

Mr. HORAN. If you adopt a sales tax there will be no need to increase the Federal contribution.

Mr. HARRIS. The gentleman knows, of course, that taxes are taxes; it does not make any difference what kind is imposed. If it is a sales tax the people are going to have to pay just like they will have to pay any other increase of revenue.

Mr. Chairman, I am not one of those who feel that we should shirk any responsibility that is ours in connection with the fiscal affairs of the District of Columbia. I recognize the fact that the revenue laws of the District need some readjustment. We must recognize the fact that there is a responsibility to the Nation's Capital that we must meet.

One thing of which I am a little apprehensive in connection with any of the fiscal affairs of the District is the tendency first to run to the Federal Treasury. I suppose that no one individual or group here in the District can

be criticized. We talk about increasing the school allotment, providing more welfare funds, providing for increased highways, capital outlay. The first thing, "Let's go to the Federal Treasury."

The proposal under consideration today is not without its controversial features and I wish to discuss it frankly with you. I think every Member of Congress should understand what it is, know what he is doing before he votes. This is a proposal to increase the revenues of the District of Columbia to take care of the added expenditures of the operation of the government of the District of Columbia and the extra capital outlay in both major and minor construction. I want to call your attention to the fact that this proposes to increase the revenues to meet the budget by $10,400,000. Is that right?

Mr. BATES of Massachusetts. That is exactly right, $10,494,000.

Mr. HARRIS. What is the plan to raise this money? In the first place, as you have been told, the real-estate tax is being increased from $1.75 to $2. That within itself, it is estimated, will increase the revenues of the District by $4,500,000.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HARRIS. Mr. Chairman, I think that explains itself. We all know, as everyone in the District knows, what an increase of 25 cents a hundred would mean on real estate.

Mr. ALLEN of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Louisiana.

Mr. ALLEN of Louisiana. But after you increase it from $1.75 to $2, as I understand it, you are still not halfway to what we in the States are paying. Would it not be the fair thing here in the city of Washington, where property is so valuable and so high, where renting has always been good, where the revenues will always be fine, to make the real-estate owners pay a part of this increase and more than two bits?

Mr. HARRIS. May I say to the gentleman that the real-estate people will pay an increase of four and a half million dollars in the revenue yield totaling ten and a half million dollars approximately to be raised.

Mr. ALLEN of Louisiana. But they are paying almost nothing now. They are not paying half as much now as we are paying in the States. The gentleman from Massachusetts has the record over there, and I know the gentleman is familiar with it. Would it not be fair to let the District of Columbia pay at least what the average big city in the Nation pays?

Mr. HARRIS. The tax in the District of Columbia is $1.75 now. This will make it $2 a hundred on a supposed 100-percent valuation.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. According to the Assessor's records, even on the revaluation, it is only 70 percent and on residential property it is only 62 percent. That is what the Assessor has handed to me and what he has testified before the committee. On revaluation even, those are the figures.

Mr. HARRIS. What is it supposed to be?

Mr. BATES of Massachusetts. Of course, the law says and the gentleman from Illinois suggests 100 percent, and I go along with that. I think the assessed valuation is high enough.

Mr. HARRIS. If the gentleman will permit, I explained the difference in the law insofar as the District of Columbia is concerned and various other States. Different States have different assessment valuations. Some States have a 50-percent valuation, some 100 percent. It varies from one State to another. For instance, in my State I believe it is $4.80 a hundred on a 50-percent valuation. In the District of Columbia it is $1.75 on a 100-percent valuation.

Mr. ALLEN of Louisiana. We in our State are assessed on a 100-percent valuation and we pay $5 a hundred.

Mr. HARRIS. I agree with the gentleman that the real estate in the District of Columbia should bear its fair and proportionate part of the responsibility and cost of operation of the government.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Minnesota.

Mr. O'HARA. The gentleman realizes that the Commissioners have raised the assessment 20 percent, whether this bill becomes law or not. So the people in the District of Columbia will be paying, as I am informed, about a 31-percent increase in real-estate assessments. I think the gentleman will agree with me that we cannot make a rule simply because the real-estate tax is as high as it is in the gentleman's State or my State or the State of the gentleman from Louisiana. That does not necessarily fix the fair share of the burden of real estate in the District of Columbia.

Mr. HARRIS. I think it is fair to state that the real-estate tax in the District of Columbia is in the very low brackets compared with other States throughout the Nation.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. The adjusted rate—that is, applying the assessed value to the full value and then getting the adjusted tax rate—in every city of over 500,000 population averages $18.81, and the adjusted rate here is $11.64, and that does not include the so-called town, city, or school taxes in the other cities, so it is much lower here.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HARRIS. There are two other things particularly in this bill that this House ought to become familiar with: One is the income tax to be proposed and the other is the increase in the gas tax.

Now, since my State has an income-tax law, what I am going to say will not necessarily apply. The proposed bill would exempt anyone who has a regular domicile or residence and pays his income tax back in his home State from having to pay in the District of Columbia. This bill provides that where you do not have a residence or domicile status in your own State, and you reside in or are domiciled in the District of Columbia as much as 7 months out of the year or are here on the last day of the taxable year, you then become subject to income tax. Is that not right?

Mr. JONES of Alabama. Mr. Chairman, if the gentleman will yield, does he mean coming from an income-tax-paying State?

Mr. HARRIS. Yes.

Mr. JONES of Alabama. No; he is not subject to the payment of the tax for the simple reason that he makes a certification that he has paid his income tax in his own State, which would be higher than the amount he would pay in the District of Columbia.

Mr. HARRIS. That is just what I said.

Mr. JONES of Alabama. I beg the gentleman's pardon.

Mr. HARRIS. But you have some States where you do not have an income-tax law. The State of Pennsylvania is one and I believe the State of Texas is another. I thnk there are 16.

Mr. BATES of Massachusetts. They have intangible personal-property taxes, and if they pay them, they again would be exempt.

Mr. HARRIS. But the gentleman cannot very well say that a person in the District of Columbia is going to be exempt from the payment of income tax in the State of Pennsylvania because he happens to pay a little intangible property tax there.

Mr. BATES of Massachusetts. Intangible personal-property tax.

Mr. HARRIS. All right. Here is what it will do. It will say to that person who pays no income tax back home, or if he wants to pay an intangible tax, that regardless of where your residence is, where you live, because the State of Texas or the State of Pennsylvania or the other 14 States do not have the income tax, because you stay 7 months in the District of Columbia or live here on the last day of the taxable year, you have got to pay income tax in the District of Columbia.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. You do not have to stay here 7 months, you just keep an apartment here 7 months and you will have to pay it.

Mr. HARRIS. You have to be domiciled here.

Mr. ABERNETHY. It may be just a place of abode. You do not have to stay in it, you just keep it.

Mr. HARRIS. I am talking now of what I believe to be a basic policy. In other words, you say to the people in the States that have an income tax that

if you have a man representing you in Washington in some capacity except an elective office, and he is required to spend a certain amount of his time here each year, he pays his income tax back home and is exempt from paying here in the District of Columbia, but if he does not have an income tax in that State he is not subjected to the tax laws of that State but must pay here in the District of Columbia. I say that is a discrimination insofar as the rights of the States are concerned. I do not know when my State might want to repeal its income-tax provisions, not any time soon, I think, but there is a basic policy involved here. Are you going to treat persons from one State differently from those from another State?

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Illinois.

Mr. VURSELL. I have a question that I think may be of interest to other Members of Congress. I have two secretaries here who do not pay any real estate tax or any taxes of any kind in my own county, but they do pay a rather heavy Federal income tax. As I understand, if this bill passes, in addition to the Federal income tax they will pay a District income tax by virtue of being employed here practically 7 months a year.

Mr. HARRIS. The Federal income tax has nothing at all to do with it. They will be required to pay the income tax here in the District of Columbia.

Mr. Chairman, I wanted to say something about the proposed increase in the gas tax here but I shall refrain from that until later when we read the bill for amendment.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, on last Thursday the Committee on the District of Columbia met to consider the tax question for the coming fiscal year. At that time the committee did not even have before it a printed copy of the bill. The bill, as you will see by looking at it, is 88 pages over-all.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I do not know whether I understood the gentleman correctly. We had a meeting on Wednesday, at which time we had a copy of the bill but not in printed form. On Thursday, the following morning, the bill was available to all the members when we had the final session.

Mr. DAVIS of Georgia. The morning I attended I believe was Thursday morning. Is that right.

Mr. BATES of Massachusetts. That is right.

Mr. DAVIS of Georgia. The bill was not available to me at that time.

Mr. BATES of Massachusetts. It was Friday when we had the full meeting, but we had a reprint of the original bill containing precisely the same language that was considered about 4 days before.

Mr. DAVIS of Georgia. When was the bill I hold in my hand printed and made available to the committee members?

Mr. BATES of Massachusetts. Last Friday morning, before we had the meeting, but precisely the same language, with very minor exceptions, was in the bill of about 4 days before.

Mr. DAVIS of Georgia. That is what I stated at the outset, that I received this bill when I came to the committee meeting Friday morning. I had not seen the bill to which the gentleman has just referred as being almost identical in language, which was discarded, and this bill here printed. I understand the gentleman to say now that that bill was available 4 days earlier than this bill?

Mr. BATES of Massachusetts. We had a separate income-tax bill, as the gentleman recalls. We combined them into this omnibus bill. The original income-tax bill was precisely the same, with one minor change suggested by the gentleman from Virginia [Mr. SMITH] that was incorporated in the new bill. That is about the only real change.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from Arkansas.

Mr. HARRIS. Was not another substantial change made with reference to the gasoline tax, placing a limitation of 5 years on it?

Mr. BATES of Massachusetts. The gentleman is speaking about the income tax itself.

Mr. HARRIS. He is speaking about the entire bill.

Mr. DAVIS of Georgia. I am speaking about the entire bill.

Mr. BATES of Massachusetts. The other bill, relating to the gasoline tax, had been printed for 4 days before that time, and it is precisely the same bill as we have on the calendar today in this omnibus bill, except that instead of its being a continuing tax of 4 cents, we make it 3 cents, with the additional cent to continue until after 1952. That is the only change.

Mr. DAVIS of Georgia. I do not dispute with the gentleman as to when the income tax or the gasoline tax bill was printed, but the committee had not had under consideration the bill now before us or the tax items that are in this bill so far as I know or so far as any session of the committee is concerned which I attended.

I join with those who have expressed, and I wish now to express, great appreciation to the chairman of the subcommittee, the gentleman from Massachusetts [Mr. BATES], as well as joining with all those who have paid tribute to his remarkable ability in handling matters of this kind. He has stated that in the short time this bill was under discussion by the whole committee that he and his subcommittee had spent many weeks in considering these items. I have no doubt but what they did spend many weeks considering them. However, this is an 88-page bill and involves money amounting to almost $100,000,000. However much the gentleman and his subcommittee may have studied it, I do not think it is sound to enact legislation involving as much money as this bill does, as long as this bill is, on the basis of what somebody else knows about it. I, myself, would like to know about these matters, and up to this time I have not had an opportunity to make investigations that I would like to make.

For that reason, I believe this bill should go back for further study.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. JONES].

Mr. JONES of Alabama. Mr. Chairman, since we have been discussing the mechanics of this bill, I am afraid that we are losing sight of the objectives of these taxes.

We must keep in mind that during 1937 the taxable income to the District was $42,759,132. In 1948, more than 10 years later, the increased demands for revenue have gone to $97,000,000, that is, an increase of $54,000,000.

Mr. BATES of Massachusetts. Those are the expenditures for 1937?

Mr. JONES of Alabama. Yes, those were the expenditures of 1937, and the anticipated expenditures of 1948, which reflect an increase of $54,000,000.

We have 2 alternatives. Either we go to the Treasury and make a raid on it for the appropriations necessary to manage the functions of government of the District or we raise additional taxes. At the beginning of the session of Congress our most able chairman undertook the study of the financial structure and fiscal policy of the District of Columbia and through these long months he has spent much time and hard labor in perfecting a sound tax program.

Of course, it is unfortunate that taxes must be raised, but there are new demands that must be met. I recognize the fact that it might work some hardship on the income-tax proposal but I hope the Congress will not look upon the exceptions to make the rule, and that is those people who do not pay an income tax in their respective States. Even with this additional tax revenue that will be raised in the District of Columbia, it will be less than any other city of its size in the United States except one, I believe.

So I hope the House will accept these tax provisions. Even though before the committee I was not impressed with the tax on gasoline, I had to take it in connection with the over-all tax program. So there was a limitation placed in the gasoline tax provision that limited it to the fiscal year 1952.

The construction program, schools, street improvements, and all the various functions of government in the District of Columbia need help and need immediate help. As I stated a minute ago, there is no pleasant way of imposing taxes on any people, but at the same time they have the responsibility of their government in the District of Columbia.

I hope you will accept the committee's recommendations and approve the tax program that has been promulgated and presented to you today.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. JONES of Alabama. I yield.

Mr. DEANE. I appreciate very much the statement of the gentleman from

Alabama. I would like to ask concerning the gasoline tax. Is it understood that at the expiration of this period, which is 1952, the gas tax will be stabilized?

Mr. JONES of Alabama. No. In 1952 the 1 cent additional tax imposed between now and that time would be in effect. After 1952 it would require additional legislation to maintain the 1 cent additional tax.

Mr. BATES of Massachusetts. It goes back to the 3 cents which we now have.

Mr. JONES of Alabama. It will revert to the present tax schedule.

Mr. DEANE. One question occurs to me at this time, as to whether or not we might, with justification, secure some additional revenue from this large number of students who are coming into the District from the outside, and who are now coming to the various schools without cost.

Mr. JONES of Alabama. I do not know how you could impose any additional tax, because you would have to impose one type of tax on a nonresident and another type on a resident. I do not see how you could contemplate that.

Mr. BATES of Massachusetts. Of course, by statute the Congress a few years ago authorized the school department to accept pupils from adjoining States without cost if their parents worked for the Government. They have increased the number from 2,200 to 3,300 as of today, and it is now costing the District and the taxpayers nearly half a million dollars to take care of those children.

Mr. DEANE. Does not the chairman feel some remedy should be made of that situation?

Mr. BATES of Massachusetts. I feel the law ought to be repealed, in fairness to the taxpayers of the District, but that is not embraced in this tax bill.

Mr. JONES of Alabama. Let me tell you my own experience in that regard. Immediately after I came to Washington I sent my son to the Kimball School out in the section where I live. He went to school 3 hours a day because they do not have sufficient accommodations for the enrollment. They take half the group at one time and half at another. So we have had not only an increase in population but we have a population shifting within the city.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield the remainder of my time to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I yield the remainder of the time on this side, together with that yielded by the gentleman from South Carolina, to myself.

The CHAIRMAN. The gentleman is recognized for 10 minutes.

Mr. DIRKSEN. Mr. Chairman, the expiration of this time will conclude the general debate.

I deem it scarcely necessary to add anything to the excellent summary made by my good friend, the gentleman from Alabama [Mr. JONES]. I think he has stated the case very aptly and very succinctly. There are perhaps one or two items we might have changed, it is true, but we are dealing with the 1948 District budget. The Legislative Committee of the District of Columbia has no control over it. It is handed to us. So on that basis there is an ascertained deficit of $10,500,000. The question therefore is how to find $10,500,000. That is the question that was asked the subcommittee under the leadership of Mr. BATES. I may say in that connection that the subcommittee had a special adviser by the name of Parker L. Jackson, from Massachusetts. He is regarded as a national authority on municipal finance. He is the adviser to the Governor of Massachusetts on municipal finances. He is the adviser to large financial interests who buy municipal bonds. So the committee was amply implemented, I believe, by expert advice.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield briefly.

Mr. HORAN. In connection with the budget, we are not too sure that on the basis of need and unavoidance we may not have more than a $10,500,000 deficit. It is very serious.

Mr. DIRKSEN. But the statement stands that the legislative committee of the District of Columbia has no choice except to deal with the 1948 budget. So the question then is, Where do we get $10,500,000? Where do we get the deficit? Obviously, as the gentleman from Alabama [Mr. JONES] just said, unless we raid the Federal Treasury it must come in the form of taxes. There are a variety of taxes, they are legion, that could be suggested. The Commissioners themselves submitted nine, and the subcommittee explored many under the chairmanship of the gentleman from Massachusetts [Mr. BATES], and the Senator from Washington [Mr. CAIN]. Finally they submitted a proposal to change the rate of the real-estate tax. It is $1.75 now. It is proposed to raise it to $2. It is expected that this will raise substantially $4,000,000. The Commissioners under existing law have the power to increase the real-estate rate, but they do it only in an emergency; so we have to direct them to do it. From this source we will get an additional $4,000,000. We are not going beyond the limit of the formula that is often applied in most of the States. About 65 percent of all the general revenues in the States, in some cases 80 percent, comes from real estate. At the present time real estate in the District supplies about 45 percent of the tax revenue; so the tax increase on real estate is fairly justified.

A second item is the income tax. In addition to the revenues we get now it is hoped this will raise somewhere in excess of $3,000,000 additional taxes. We do not change the rate that exists here, and that has been in existence since 1939. The crux of this proposition is the question of residence and domicile. May a person live in Washington or some other jurisdiction for 7 months in the year, enjoy all the benefits of a splendid sanitary system, enjoy the benefits of police protection, enjoy the benefits of protection by the Fire Department, enjoy the parks, and all the other benefits of a public nature, the stop-and-go signs that protect against hazards on the street corners——

Mr. HORAN rose.

Mr. DIRKSEN. I cannot yield now.

Mr. HORAN. I merely wished to make the suggestion that we have that same privilege.

Mr. DIRKSEN. I am not quarreling about that.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Not now, please.

May a person enjoy those benefits and escape paying any share of their cost?

A great deal of study has been given to this subject. We have had 308 domicile cases and we have had thousands come before the Assessor. We are trying to work this thing out so that it is not on a voluntary basis that people pay, depending on whether or not they want to. This question arose in Maryland in 1942. The Court of Appeals of Maryland ruled on it. I think the decision is very interesting. They said that a person having an intention to return to his domicile outside the State of Maryland at some indefinite period but living in Maryland at the time for a purpose not regarded as transient cannot be regarded as a sojourn by the taxpayer so as to destroy resident status. This man came from New York and had lived in Maryland since 1939, had a splendid Federal job. He claimed he was not domiciled in the State, but the Court of Appeals said, "You are here for a sufficiently specific purpose so that you get all the benefits and protection of an orderly social existence; so you are expected to pay your share." What is wrong with that? That is what we are trying to do in this bill in clarifying this question of domicile and residence. That is the whole story in a nutshell.

First, there is this question of the real-estate tax; secondly, clarifying in existing law this question of domicile without raising the rate. What is the rate? It is 1 percent on the first $5,000 of taxable income. What are the exemptions? One thousand dollars for an individual, $2,000 for a family. If the gross income is $5,000 for a man and wife, the exemption is $2,000, so there is left $3,000 of taxable net income. What is the rate? In that particular case his tax would not be over $30 a year. It is the lowest tax anywhere.

In the 32 jurisdictions that have an income tax, they are all higher and the people coming from there do not pay because there is an offset. In the other 16 they do not pay that at home and if they are domiciled here or if they are resident here for 7 months, if they enjoy all of the benefits of the District, including the parks, the Police Department, and everything else, why should they not contribute something to the Nation's Capital? Is that asking too much? Certainly not. That is the only question that is really involved here.

The other item in this revenue program is the lump sum. Did you know that for 89 years starting with 1790 the Federal Government paid a sum equal to 38 percent of all the District general revenue? Then for a period of 42 years

from 1879 on we paid 50 percent of the whole cost of the District of Columbia. Then for 4 years it was 40 percent. Then it went on a lump-sum basis. Mind you in all that time it was from 40 percent on up, all those years. How much is it in 1947? It is 8.6 percent. That is all we pay. So we felt it ought to be increased.

Why should it be increased? I will tell you why. There are 5,000 mentals over in St. Elizabeths Hospital—and this answers the gentleman from Arkansas—that are charged to Washington. The rate was $2.55 per day, as you will recall, but this has been increased to $3.20 per day. You may correct me if I am wrong. It is now costing us $2,200,000 more. Last year we had a pay-roll increase for Federal employees. We increased the rate, so we had to increase that for the District of Columbia. That cost $5,000,000. We increased the rate for the per diem employees. That legislation came out of the Civil Service Committee. It applied to the Government generally. So we had to raise the per diem employees in the District of Columbia. That cost $724,000.

Now you can understand why the District budget has gone up from $42,000,000 to $95,000,000. It is because of general legislation applying to the whole country that is in the very nature of things made applicable to the District of Columbia. How are you going to help yourselves?

The Congress is responsible. Under these circumstances is it not fair to contribute something more than 8½ percent out of the Federal Treasury?

Now, that $4,000,000 increase is divided as follows: Three million dollars goes to general revenue, and $1,000,000 goes to the water fund. Maybe you do not know it but since time immemorial the Federal Government has been getting its water free of charge from the District of Columbia—$850,000 worth of water every year, for which Uncle Sam has not paid a nickel.

Mr. Chairman, in the name of all good conscience we have to be fair. These people cannot help themselves. They came to us on bended knee and said: "Put a tax on us, but see that it is reasonable and equitable. We will take a real-estate tax increase if you will increase the lump sum a little bit." We made that deal with them and today this program has the approval of the Commissioners, it has been approved by the budget officer, it has been approved by the subcommittee of the Senate and the subcommittee of the House, it has been approved by the Committee on the District of Columbia by a vote of 15 to 2. In the name of conscience, what more can we do in order to bring in here a sound, stable fiscal program to meet the deficit in the 1948 budget that has been laid in our lap?

Mr. Chairman, I hope all Members will support this bill.

The CHAIRMAN. The time of the gentleman from Illinois has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act, divided into articles, may be cited as the "District of Columbia Revenue Act of 1947," and that article I of this act may be cited as the "District of Columbia Income and Franchise Tax Act of 1947."

Mr. DIRKSEN. Mr. Chairman, in the nature of an inquiry, I would like to know whether or not we could consider the bill as read, because it is a long bill, and then let any portion of the bill be subject to amendment.

Mr. Chairman, I ask unanimous consent, if it is agreeable with the members of the committee, that the bill be considered as read, and that it be open to amendment at any place?

Mr. HARRIS. Mr. Chairman, reserving the right to object, I think this is a good opportunity for the Members of the House who will be here on the floor to observe the reading of what a revenue bill is for the District of Columbia. Aside from the fact that this bill completely revises the revenue laws of the District of Columbia, and because it was introduced as an omnibus bill only last Thursday, I believe that the Members of this House should have the opportunity of having it read by the Clerk; not that I want to unnecessarily delay the committee and the business of the House today, but I do feel that this is rather important, and I do not think that we should hurriedly pass this without considering the effect of the legislation.

Mr. DIRKSEN. Mr. Chairman, let me amend my request. I ask unanimous consent that the bill be read by title, in other words, we get continuity for each title of the bill, which would mean that the entire income-tax provision would be read without interruption, and then the bill be open to amendment at any point thereof.

Mr. HARRIS. I do not believe we could expedite the consideration of this bill by doing that, and I believe it should be read.

Mr. H. CARL ANDERSEN. Mr. Chairman, if the gentleman will yield, the fact is that we do not have a quorum on the floor at the present time, and what is the use of reading the entire bill?

Mr. HARRIS. Has the gentleman read the bill?

Mr. H. CARL ANDERSEN. I have read a portion of it; yes.

Mr. HARRIS. Does the gentleman really know what the bill contains?

Mr. H. CARL ANDERSEN. I think I know what the average Member of the House knows about it.

Mr. DIRKSEN. I withdraw my request, Mr. Chairman.

The Clerk read as follows:

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Mr. DAVIS of Georgia. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I did not finish all that I wanted to say a few moments ago about this bill, and I would like to ask the Chairman of the subcommittee, the gentleman from Massachusetts, a question at this point. I notice that in the report the figures are given as expenditures under the budget requirement for this year as $83,000,000 and some odd hundred thousand, and during the one session at which we discussed this bill in the whole committee, on some notes which I made growing out of the discussion—and the gentleman from Massachusetts gave more information than any one else—I think that these figures were given by the gentleman from Massachusetts. I have here a note that the budget for the ensuing year is $95,082,000. Did the gentleman give those figures at the committee meeting?

Mr. BATES of Massachusetts. The administration set-up in the District is, first, the general fund, into which flow general revenues to meet the obligations of the general departments, including schools. Then we have a highway fund, that is supported entirely from gasoline revenues and registration fees. We also have a water department, which is carried on separately on the revenue from water rates. Lumping the three of them together the estimated expenditures this year are $97,457,500.

Mr. DAVIS of Georgia. That is the sum of $95,082,000 plus the increase in the teachers' salaries, $2,500,000?

Mr. BATES of Massachusetts. That is exactly right, because the teachers' salary increase was not carried in the budget the Commission submitted to the subcommittee this year.

Mr. DAVIS of Georgia. Those are the figures I have. In the committee report, which was only printed on June 6, according to its first page, I saw the figures $83,000,000-odd as being the budget for this year.

Mr. BATES of Massachusetts. There is $71,000,000 in the general fund for 1948, the highway fund is $9,200,000, and the water fund is $8,600,000.

Mr. DAVIS of Georgia. In the discussion before the full committee the gentleman referred to the fact also that the Dupont Circle underpass could not be completed until the year 1950, that is, the construction of it would not even be begun, as I remember now, until 1950. Is that correct?

Mr. BATES of Massachusetts. That is correct. If this 1-cent increase in the gas tax is not approved, the Dupont Circle construction cannot start at all. If it is increased to yield $1,600,000 next year and in 1949, the Dupont Circle project—that is the major project—can start in 1949.

Mr. DAVIS of Georgia. Regardless of the increase in the bill we are now considering, they cannot start now under existing circumstances?

Mr. BATES of Massachusetts. Neither can the additional bridge to Virginia start. Both those projects must go out the window.

Mr. DAVIS of Georgia. Until 1950?

Mr. BATES of Massachusetts. They go out altogether if we do not increase the tax.

Mr. DAVIS of Georgia. If the 1-cent tax is passed, when will the construction be begun?

Mr. BATES of Massachusetts. In the Dupont Circle job the first allocation of funds is the first quarter of 1950, if we approve this 1-cent gasoline tax.

Mr. DIRKSEN. There are some funds available.

Mr. BATES of Massachusetts. The funds the gentleman from Illinois [Mr. DIRKSEN] is referring to are minor expenditures for what we call underground work, but the major part cannot start until 1950 unless this tax increase is approved.

Mr. DAVIS of Georgia. When is it contemplated that the bridge to Virginia can be started?

Mr. BATES of Massachusetts. The cost of both those bridges is $9,000,000. One of them is going to start presently, because the contract is being entered into. They tell me that the other bridge cannot be started until after 1950.

Mr. DAVIS of Georgia. Regardless of whether or not the 1 cent is added now.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to continue for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. May I ask the gentleman what relation, if any, there is between the steel structural work on the South Capitol bridge and the bill?

Mr. BATES of Massachusetts. The foundation for the South Capitol Street bridge is already in. They have readvertised for bids for the superstructure. The bids were excessive so they did not accept them. They do intend to readvertise them around September. But again may I say that if we do not get this 1-cent gas tax it is very probable that the South Capitol Street bridge will go out the window, and also the Dupont Circle job.

Mr. CRAWFORD. I thank the gentleman.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. SHORT. Do I understand our friend the gentleman from Massachusetts to say that we are going to suffer the obstruction of the streets and the street being torn up at Dupont Circle for 3 more years until 1950 before any major work is begun on it when they have already torn it up?

Mr. BATES of Massachusetts. I do not know what the administration problem is, Mr. Chairman, but I do say that the underground work is presently going on and will be completed with available funds. Then, I understand the hole can be covered up temporarily with pavement, and then in 1950 they can start on the actual construction work on the major project.

Mr. DIRKSEN. May I say there will be about $423,000 worth of relocation work under way right along?

Mr. DAVIS of Georgia. Mr. Chairman, inasmuch as my time has been consumed by the Members, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DAVIS of Georgia. Mr. Chairman, the facts which have been discussed here indicate to me that this important subject ought to be carefully and thoroughly considered. The matters we are discussing here are matters that I as a member of the District Committee have not had an opportunity to discuss and investigate as thoroughly as I think they should be investigated and discussed.

I recall at one meeting of the joint subcommittee of the Senate and House District Committees when some of the citizens in the Dupont Circle area were complaining and asking that this project be postponed or not entered into that a Mr. Winchester, who, I believe, is the proper official of the District to discuss this matter and give facts concerning it, said as an inducement to the joint subcommittee to provide for and continue with this work that the District had the money with which to do the job. At the meeting last Thursday, the gentleman from Massachusetts told us that the District does not have the money to do the job and repeats his assertion today.

This business of going into a serious question like this of raising taxes without knowing exactly what we are going to do and how far it will go is something that we should not indulge in. We ought to know exactly what is what, and when a member of the District government appears before a joint subcommittee, he ought to be able to give accurate information, information that will be as good today as it was 4 weeks ago when it was given.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. BATES of Massachusetts. That information was given to the subcommittee of which the gentleman himself is a member, and not our subcommittee. Is that correct?

Mr. DAVIS of Georgia. That is correct. It was the joint committee of the Senate and House District Committees.

Mr. BATES of Massachusetts. In the examination of the expenditure sheets I observed that it did not provide for any expenditure until 1950 for the major job of Dupont Circle, and the head of the Highway Department admits that to be so.

Mr. DAVIS of Georgia. The point is that the joint subcommittee was given information on which we had a right to rely and which ought to be accurate, and in passing on these things we ought to take time to carefully consider them.

If I could investigate this I might be like the gentleman from Massachusetts and think this is the right bill to pass, but I do not know that now. I think the Declaration of Independence is a wonderful document, but I would not be inclined to pass it if it had been printed for the first time on Friday and put up for a vote on Monday. More time than that should be devoted to important legislation, and these discrepancies and inaccuracies indicate to me that we ought to take time enough to thresh this out and not undertake to rush it through like this when the Members of the House as well as the members of the committee do not know what the facts are.

The Clerk read as follows:

SEC. 3. Returns under prior income tax act and returns for first taxable year to which this article is applicable: If the taxable year of any person ends on the last day of any month other than December prior to the 1st day of January 1947, such person shall file his return for such taxable year under the provisions of the District of Columbia Income Tax Act as approved and enacted July 26, 1939, and as amended, and pay the taxes imposed by said act on his income for such taxable year at the times specified therefor in said act. Such taxpayer shall also file his return of income, received or accrued, according to his method of accounting, during the period between the last day of such taxable year and the 1st day of January 1947 under the provisions of the District of Columbia Income Tax Act as approved July 26, 1939, and as amended, and pay the taxes imposed by said act on his income for such period at the times specified therefor in said Act. Such portion of such person's income as is received or accrued, according to his method of accounting, during taxable years or parts thereof to which this article is applicable shall be reported and taxed under the provisions of this article: *Provided, however,* That any person whose taxable year ends subsequent to the 1st day of January 1947 may irrevocably elect to file his return of his income for such entire taxable year and pay the taxes imposed thereon under the provisions of this article.

SEC. 4. General definitions: For the purposes of this article and wherever appearing herein, unles sotherwise required by the context—

(a) The word "District" means the District of Columbia.

(b) The word "Commissioners" means the Commissioners of the District of Columbia or their duly authorized representative or representatives.

(c) The word "Assessor" means the Assessor of the District of Columbia or his duly authorized representative or representatives.

(d) The word "Collector" means the Collector of Taxes of the District of Columbia or his duly authorized representative or representatives.

(e) The word "person" means an individual (other than a fiduciary), a fiduciary, a partnership (other than an unincorporated business), an association, an unincorporated business, and a corporation.

(f) The word "individual" means all natural persons (other than fiduciaries), whether married or unmarried.

(g) The word "fiduciary" means a guardian, trustee, executor, committee, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any person.

(h) The words "trade or business" include the engaging in or carrying on of any trade, business, profession, vocation or calling or commercial activity in the District of Columbia; and include the performance of the functions of a public office.

(i) The word "taxpayer" means any person required by this Article to pay a tax, file a return or report, or apply for a license.

(j) The words "fiscal year" mean an accounting period of 12 months ending on the last day of any month other than December.

(k) The words "taxable year" mean the calendar year or the fiscal year, upon the basis of which the net income of the taxpayer is computed under this article; if no fiscal year has been established by the taxpayer, they mean the calendar year. The phrase "taxable year" includes, in the case of a return made for a fractional part of a calendar or fiscal year under the provisions of this article or under regulations prescribed by the Commissioners, the period for which such return is made: *Provided, however,* That no taxpayer may change from a calendar year to a fiscal year or from a fiscal year to a calendar year within any taxable year without the written permission of the assessor.

(l) The words "capital assets" mean any property, whether real or personal, tangible or intangible, held by the taxpayer for more than 2 years (whether or not connected with his trade or business), but do not include stock in trade of the taxpayer or other prop-

erty of a kind which would properly be included in the inventory of the taxpayer if on hand at the end of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

(m) The word "dividend" means any distribution made by a corporation (domestic or foreign) to its stockholders or members, out of its earnings, profits, or surplus (other than paid-in surplus), whenever earned by the corporation and whether made in cash or any other property (other than stock of the same class in the corporation if the recipient of such stock dividend has neither received nor exercised an option to receive such dividend in cash or in property other than stock instead of stock) and whether distributed prior to, during, upon, or after liquidation or dissolution of the corporation: *Provided, however,* That in the case of any dividend which is distributed other than in cash or stock in the same class in the corporation and not exempted from tax under this article, the basis of tax to the recipient thereof shall be the market value of such property at the time of such distribution: *And provided, however,* That the word "dividend" shall not include any dividend paid by a mutual life insurance company to its shareholders.

(n) The word "stock" includes a share in any association, joint-stock company, or insurance company.

(o) The word "shareholder" includes a member in an association, joint-stock company, or insurance company.

(p) The words "include," "includes," or "including," when used in a definition contained in this article shall not be deemed to exclude other things otherwise within the meaning of the word or words defined.

(q) The word "deficiency" as used in this act with respect to any tax imposed by this article means—

(1) the amount or amounts by which the tax imposed by this article as determined by the assessor exceeds the amount shown as the tax by the taxpayer upon his return; or

(2) the amount assessed as a tax by the assessor if no return is filed by the taxpayer.

(r) The word "corporation" includes any trust, association, joint-stock company, or parnership which is classed or should be classed as a corporation for purposes of Federal income taxation.

(s) The word "resident" means every individual domiciled within the District on the last day of the taxable year, and every other individual who maintains a place of abode within the District for more than 7 months of the taxable year, whether domiciled in the District or not. The word "resident" shall not include any elective officer of the Government of the United States or any officer of the executive branch of such Government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, unless such officers are domiciled within the District on the last day of the taxable year.

(t) The word "nonresident" means every individual other than a resident.

(u) The term "dependent" means any of the following persons over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer:

(1) A son or daughter of the taxpayer, or a descendant of either.

(2) A stepson or stepdaughter of the taxpayer.

(3) A brother, sister, stepbrother, or stepsister of the taxpayer.

(4) The father or mother of the taxpayer, or an ancestor of either.

(5) A stepfather or stepmother of the taxpayer.

(6) A son or daughter of a brother or sister of the taxpayer.

(7) A brother or sister of the father or mother of the taxpayer.

(8) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer.

The terms "brother" and "sister" include a brother or sister of the half-blood. For the purposes of determining whether any of the foregoing relationships exists, a legally adopted child of a person shall be considered a child of such person by blood. The term "dependent" does not include any individual who is a citizen or subject of a foreign country unless such individual is a resident of the United States or of a country contiguous to the United States.

Mr. O'HARA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA:

Page 11, line 15, after the words "United States", insert "or employees of the United States Government."

Page 11, line 20, strike out comma after words "United States" and insert period. Strike out words "unless such officers" and all of lines 21 and 22, and add the following: "For the purposes of this act the domicile of such officer or employee shall be in the State in which he expressly declares to be the State of his domicile: *Provided,* That he shall have acquired a domicile in such State under the laws of such State prior to the beginning of the annual period for which the tax is claimed. Such declaration must be made in writing, under oath, to the assessor and the time for filing such declaration shall not expire until 60 days after written demand shall have been received by such officer or employee."

Mr. SMITH of Virginia. Mr. Chairman, I reserve a point of order against the amendment.

Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. SMITH of Virginia. This amendment differs in form from the one the gentleman offered in committee, does it not?

Mr. O'HARA. That is correct. It is different so as to apply specifically, I may say to the gentleman from Virginia, to this language in the bill which defines residence, and it applies to only residents of the District of Columbia.

Mr. SMITH of Virginia. And it would not affect any person who resided outside of the District of Columbia.

Mr. O'HARA. Not at all.

Mr. SMITH of Virginia. In other words, it does not in any way interfere with the existing tax laws of any State.

Mr. O'HARA. Not at all. It applies only to this tax law in the District of Columbia.

Mr. SMITH of Virginia. Mr. Chairman, I withdraw my reservation of the point of order.

The CHAIRMAN. The gentleman from Minnesota is recognized on his amendment.

Mr. O'HARA. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The gentleman from Minnesota is recognized for 10 minutes.

Mr. O'HARA. Mr. Chairman, I hope I will not need the additional time for which I have asked because of the fact that I spoke at some length on this matter during general debate.

This is the principle, I may say, of a bill which was adopted by this House on March 27, 1944, known as H. R. 3592; likewise of a bill which passed the House on March 5, 1945, H. R. 534.

This amendment applies to section (s) found on page 11 of the bill. Those of you who followed the reading of the bill noticed that "resident" is defined as being an individual domiciled within the District on the last day of the taxable year or a person who maintains a place of abode within the district for a period of 7 months. Members of Congress, Members of the Cabinet, and officers appointed by the President are specifically exempted; yet we have the situation where our secretaries, the help in our offices, and the Government employees are not exempted.

This amendment has a twofold purpose, Mr. Chairman. In the first place let me say—and I say it to the entire Membership—the purpose is to insist that those residents of the District of Columbia who claim to be domiciled in a State pay their taxes back home where they should be paid. That is the first principle. The second principle is: I maintain that every citizen whether he works for the Government, is a Member of Congress, or whoever he may be, has the right to his own domicile whether he lives in Virginia, Maryland, Minnesota, Massachusetts, or some other State. What happens? Your employees are down here for the same reason you are, because you are elected to office. You are exempt yourself under this law; your employees are not. They have no choice about it if they want to work for you, and they are harassed by this law in the District of Columbia. They are going to pay their taxes back home and they are going to have to pay them here because they cannot afford to go into court and fight over the matter of $25 or $30 tax.

It applies to the little man who works here for the Government because he is down here in Washington just as you and I are due to the fact that they tell him this is where he has to work. He is down here and I want him to pay his taxes out in the State where he belongs. I do not want him harassed by additional taxes down here. Oh, yes; they will say this tax is very light. The gentleman from Massachusetts and the gentleman from Illinois, chairman of the committee, will say: "Oh, well, if he pays his tax at home then that ends it because this tax is very light."

Mr. Chairman, I am against the tax dodger. I want him to pay his taxes if he is living here. I do not want him to dodge his tax. Furthermore, my amendment says that he will have to file an affidavit under oath stating where his residence is. If he lies in that affidavit he is subject to the charge of perjury. If he says that his residence is back in Rhode Island, Louisiana, or Minnesota, or wherever it may be, all right, he has a right to make that claim under oath.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Indiana.

Mr. SPRINGER. In other words, each one of the persons who is working here for the Federal Government makes a declaration as to place of residence. When they make that declaration that they live in the State of Indiana or in Arkansas or whatever State they retain their residence in, then they are subject to taxation in that State?

Mr. O'HARA. That is right.

Mr. SPRINGER. And not subject to tax in the District of Columbia?

Mr. O'HARA. That is right. The language in the bill does not create that protection even to the District that my language gives and neither does it create a protection for the State back home where he should be paying the tax.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. How many States are there with no income tax law?

Mr. O'HARA. There are 16.

Mr. McCORMACK. What effect would it have on persons working here and claiming residence in those 16 States?

Mr. O'HARA. I may say to the gentleman that they have the same right under this affidavit to claim their residence back in those States. It is only justice to the residents of those 16 States who have an honest-to-goodness domicile back in 1 of those 16 States. They are paying taxes in some form back there other than income taxes.

Mr. McCORMACK. I will agree with the gentleman in relation to one who is in the employ of a Member of the House or Senate from those States and who lived there before they came to Washington, but what about those who are working year in and year out, month in and month out, in a department down here and who claim a residence in one of those States. How about them?

Mr. O'HARA. They are going to have to come in here and answer and prove in addition to their affidavit that they are bona fide residents back there and they will be subject to the tax back there. They can be pursued by those States, where they claim residence. This is not the case of tax dodging at all. I want those people to pay their taxes in their States. If they are dodging that let them pay it down here.

Mr. McCORMACK. I would not want the RECORD to show the slightest inclination on my part at all that I thought the gentleman had anything like that in mind because I know the gentleman has not. I was trying to pursue the matter to find out what the situation would be with reference to persons in different employment categories.

Mr. O'HARA. They have to make an honest statement. Suppose someone claimed that they are a resident of the State of Texas when they were not. If it was shown upon proof by the District of Columbia that they were not, that person would be subject to a charge of perjury in addition to the penalties provided in the bill.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. As the gentleman pointed out in connection with those 32 States which do have an income tax, it being agreed that the income tax in those 32 States is higher than that which exists in the District of Columbia, there is a possibility, and no doubt certainly many people working in the District of Columbia are paying their taxes here when they ought to be paying them back home?

Mr. O'HARA. The gentleman is exactly right.

Mr. SCHWABE of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Oklahoma.

Mr. SCHWABE of Oklahoma. I would like the gentleman to tell me if instead of this being a tax-dodging amendment, it is not a tax-collecting amendment?

Mr. O'HARA. It is a tax-collecting amendment.

Mr. SCHWABE of Oklahoma. It places the money where it belongs.

Mr. O'HARA. Right.

Mr. SCHWABE of Oklahoma. In addition to that, we get our money from the various States. As it is now and as it is under this bill, the money will not go where it belongs at all.

Mr. O'HARA. That is right.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. Let us take two States for example, the State of Minnesota and the State of Oklahoma. If the person that is to be taxed lives in the District, and he claims Oklahoma or Minnesota as his place of domicile and pays taxes there, then he is exempt from the payment of any taxes under the provisions of this bill. The gentleman knows that is so.

Mr. O'HARA. That may be true. But we also have the situation existing in Virginia and Maryland, people working in the District, where they are hounding these people and they are paying the taxes back home and also forced to pay taxes here.

Mr. BATES of Massachusetts. That may be true.

Mr. O'HARA. Now, let us not make this a tax-beagle bill; let us make it a fair tax bill.

Mr. BATES of Massachusetts. That is what we are trying to do. We are trying to get away from tax evasion in the District.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from South Dakota.

Mr. MUNDT. I would like to ask a question for information. I come from South Dakota, where we do not have a State income tax. In Massachusetts they do have a State income tax. Does it seem fair to the gentleman that we enact a District tax here which compels the people from South Dakota living in the District to pay a District tax, but which would not compel the people of Massachusetts to pay a tax?

Mr. O'HARA. Let me say to my good friend from South Dakota that we are legislating for the 48 States and the District of Columbia, because when you write a tax bill like this you are affecting every little person who comes in here, and when you make exemptions for yourselves and the higher-paid officers and give no consideration to the little people who are going to be hounded, I think it is mighty poor legislation.

Mr. MUNDT. I believe we should not discriminate between ourselves and our neighbors, and we should not discriminate between States.

Mr. O'HARA. We should not discriminate between the 32 States that have an income tax and the 16 who do not have an income tax, because they have, by agreement, some other tax, which is that share of the burden which would ordinarily be paid in income tax.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. O'HARA. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes to answer some questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MUNDT. Mr. Chairman, if the gentleman will yield further, the gentleman well knows that in States like ours that have no income tax there are other taxes that compensate for that.

Mr. O'HARA. Yes.

Mr. MUNDT. So you are pyramiding a tax on one group of taxpayers and exempting others.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Illinois.

Mr. CHURCH. The gentleman from South Dakota is in the same situation I am in. In Illinois a great part of the burden of taxes is taken care of by the sales tax. Many of these people are not here longer than 7 months, and so would be paying the sales tax in Illinois, if a resident of Illinois and in Illinois a part of the year. They are paying the sales taxes back home while back home.

Mr. O'HARA. Exactly.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Kentucky.

Mr. CHELF. As I understand it, this would make the person elect where he wanted to pay his taxes; in other words, to his home State or to the District.

Mr. O'HARA. He has to state where he claims he is a resident and has a domicile, nd he must swear to it.

Mr. CHELF. And once he has made that election or selection, then he would make an affidavit, and then would the gentleman say he would have to submit a receipt for income taxes?

Mr. O'HARA. No. We do not get a receipt for our income taxes back home. That is just the difficulty with some of these things. But, he makes his affidavit. He may be able to follow it up with a check that he paid it, or he may have to send and get a photostatic copy

of it. But, he is going to be put to some trouble. If there is any question about his being a tax dodger, he ought to be put to that trouble.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Tennessee.

Mr. JENNINGS. It occurs to me that this is an effort to levy a double Federal income tax on these employees who are not citizens or residents of Washington. They are simply here in a transitory sense. Their residences are in their home States. This is their local residence, and as a rule that is always the principle upon which you determine where a person pays his tax.

Mr. O'HARA. That is the principle of this amendment.

Mr. JENNINGS. The gentleman is exactly right about it. It is fair. We ought not to make fish out of one man and fowl out of another.

Mr. O'HARA. Exactly.

Mr. JENNINGS. Let us have a sales tax if they want some money. I do not mind paying a sales tax on what I buy here, but I do not like to see these little people skinned alive.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. As I understand, the purpose of this amendment is to exempt people who pay taxes in other States.

Mr. O'HARA. That is right; who are employees of the Government.

Mr. ZIMMERMAN. Each State has its own method of taxing its citizens. If a person from Missouri, for example, which has an income tax and also a sales tax and a property tax, pays his taxes there, and another person comes from a State that does not have any income tax, each person paying according to the laws of his State, that person should be exempted just as much as the man who pays in accordance with the law of his State.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the amendment, and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Georgia.

Mr. DAVIS of Georgia. I am not an expert on income-tax questions, so I want to ask the gentleman this question. What is his construction of this bill as it stands on the question of whether the wife of a Congressman would be considered a resident of the District within the meaning of this bill for income-tax purposes?

Mr. DIRKSEN. I would assume, of course, that the exclusion of a Member of Congress would go also to his family.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. There has been some discussion of double taxation. Where is it?

Mr. DIRKSEN. There is no double taxation. Nobody has pointed it out. Nobody has pointed out where it is. That is the trouble. There are a lot of words, and there is a lot of sentimentality round here, but nobody puts it down.

You talk about the little people, and in the same breath talk about putting a sales tax on them. The little person will pay $10 under an income tax but pay $50 under a sales tax. The gentleman from Washington [Mr. HORAN] is going to offer the sales-tax amendment, and there will be no exclusions, so you will pay on food and clothing. If you are worried about the little people, of course, this is an out for them.

Mr. BATES of Massachusetts. The facts are that unless we adopt this tax bill as it is we will in all probability have to resolve ourselves in favor of a sales tax.

Mr. DIRKSEN. We have to find the revenue somewhere. It is inescapable.

What does the amendment offered by the gentleman from Minnesota do? No. 1, it specifically excludes all employees of the United States in Washington from the word and the definition "resident." There are hundreds of thousands here. Some of them have been here for 25 or 30 years. They have not been back home. They say, however, that that home is their domicile, but they live here 12 months in a year. They enjoy the benefits of everything the Nation's Capital has to offer. They enjoy the police protection, the fire protection, the parks, and the schools. The courts are open to them. In one case a gentleman came to me whose domicile is in Pennsylvania but who has lived here for 40 years and has contributed nothing to the upkeep of the District of Columbia.

There is an end to this business of whether you are a visitor or a sojourner in the District but can stay here a lifetime. We have it pretty easy. We have undertaken to say there will be no double taxation. If you pay back home in 32 States, you do not pay here. If you do not pay in the 16 States that have no income tax or have no intangible-property tax, and you are here on the last day of the taxable year and have been here for 7 months of the year, we say it is only fair that you should pay something to the upkeep of the District of Columbia. How easy it is.

The special adviser of this committee, who is one of the foremost experts on municipal taxation, Mr. Jackson, of Boston, spends 4 months a year in New York and 8 months a year in Massachusetts, but he pays an income tax in both Massachusetts and New York. We do not do that under this bill. We try to make it just as palatable and just as fair as possible.

Our friend from Minnesota talks about sending the beagle hounds out after people and harassing them.

We have had an income tax here since 1939 and it is for the purpose of getting away from harassment and getting the thing clarified that we have brought this bill to you. But he proposed by this language to exclude hundreds of thousands of people. It is said we ought to put ourselves as Members of Congress on the same basis as appointees. You are elected to office by the people in a constituency, and you have no choice except to come here unless you want to resign your commission. Then, you would not have to come to Washington and you would have no interest in it.

The other exclusion consists of those who hold tenure by sufferance of the President of the United States when confirmed by the Senate. Those are in the act today. That has been the law for 8 years. Nobody has quarreled about it.

Now, we are simply trying to put everybody who avails himself of all of the benefits of the Nation's Capital in the position of having to pay a little something.

The State of Maryland has resolved this question by her court of appeals. Virginia has resolved it. They say you cannot come here and stay a good many years and get a job on the Federal pay roll and buy a house in Bethesda or Rockville or Hyattsville or any place else and then claim you are a sojourner or a visitor. Here is a decision in 1942 of the Maryland Court of Appeals. They said very definitely they would go into the facts and see whether or not such a person is a sojourner or ought to be taxed for the benefits that are provided. The gentleman's amendment says that you have to expressly declare your domicile in some other State. The language of the amendment says:

> For the purpose of this act, the domicile of such officer or employee shall be the State which he expressly declares to be the State of domicile.

Let us look at that. You could not go into any ancillary facts for the purpose of proving domicile. Let me tell you the most interesting case with reference to that. This question was resolved by the circuit court of appeals in Washington. The Supreme Court of the United States said for the purpose of establishing residence and domicile they can determine your church affiliations, your lodge affiliations, and so forth, for the purpose of determining where you live and the benefits you have. When that determination was made a justice of the circuit court of appeals who had lived in Washington for a long time and who intended to stay here because he has a lifetime tenure resigned his job as vestryman in one of the prominent churches of Washington so that they could not hook it on him so that he would have to pay taxes here, since for the purpose of taxation he would be a resident here.

Talk about dodging? That is the thing we are trying to nail down in the bill as it came to you. Now, my friend the gentleman from Minnesota wants to tear it wide open and bring in the chaos and confusion that we have experienced up to the present time. We have had 2 cases in the Supreme Court, 8 in the circuit court of appeals, and another 300 cases in the district court,

and several thousand cases in the assessor's hands.

If you adopt this amendment, then we are right where we were, and then the assessors will really have to harass them to find out where they live. Here is a chance to get away from this harassment. Here is a chance to get some clarification of these words "domicile" and "resident." Here is an opportunity to have the people bear a fair share of the benefits that they enjoy in an organized society in the place where they live, even though with their lips and with words issuing from their mouths they say, "Yes, we have enjoyed the benefits of Washington for 30 years, but I live in Illinois or Tennessee or Alabama or Minnesota."

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. FORAND. Does the gentleman care to express himself relative to the staffs in our own offices? Most of them are registered in our respective districts.

Mr. DIRKSEN. They would come within the provisions of the language on page 11. If they are here on the last day of the taxable year or if they have lived here continuously for 7 months, they would pay, and they have an offset. If they come from one of the 32 States whose income taxes are higher than in the District of Columbia, then, of course, that would be offset, and they do not pay.

A point has been made with respect to the 16 States where there is no income tax. It seems to me that Judge Jones of Alabama expressed it nicely when he said, "Are you going to let the exception govern the rule or the rule govern?" That is the answer.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. EBERHARTER. Does the gentleman claim that the 16 States should be ignored and that they are merely a slight exception? That constitutes 33 percent of the 48 States.

Mr. DIRKSEN. No; certainly not. If they pay an intangible tax in those States they can offset that; and if they have an income tax they can offset that. But we say they must pay one tax somewhere. It is contended that it is double taxation. It is not. If you pay in Virginia you do not pay here. If you pay in Maryland you do not pay here. If you live in Illinois, my home State, where they have no income tax, and if somebody says, "Sure, I have lived in Washington for 2 or 3 years, but I vote in Illinois"—year after year they enjoy the benefits down here. Should they not pay a few dollars toward the support of this Government?

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes; I yield.

Mr. EBERHARTER. Is it not up to the State where they are domiciled to collect the tax, and not the District of Columbia?

Mr. DIRKSEN. My friend knows that the tax collector of Springfield, Ill., is not going to come down here to Washington on that matter. So, year after year, look at the people who evade taxes. It is not illegal, because under the kind of law we have at the present time it is possible to do it.

Mr. EBERHARTER. The gentleman has not convinced me that there is no discrimination here. I am certain there is.

Mr. DIRKSEN. There is only one tax to pay. We do not care where you pay it. If you do not pay it back home you pay it here.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. JONES of Alabama. A proceeding for the collection of taxes is an action in personam; not an action in rem. It follows the situs of the real estate. It is to the person who enjoys the benefits of the Government where he resides.

Mr. DIRKSEN. That is correct.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DEANE. The distinguished chairman has nade a very able presentation, but in his argument he did not discuss whether this is class legislation, or whether it is constitutional when we exempt the Members of Congress and we tax our secretaries in States that do not have income-tax laws.

Mr. DIRKSEN. All I can say is that provision has been the law for the past 18 years and, insofar as I know, it has not been impeached constitutionally, as yet.

Mr. SCHWABE of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SCHWABE of Oklahoma. I understood the gentleman to say that under the provision of subsection (s) on page 11 of the bill, if the tax were paid back home they would not have to pay it here or that he would be given credit for it. I would like to have the gentleman point out that provision.

Mr. DIRKSEN. It is in a subsequent provision. I do not have it before me just now, but I think it is on page 44. However, it is very definite.

I hope the amendment will not be adopted, because you will tear the vitals out of this thing and we will be right back where we started. Then, of course, it becomes necessary to find additional revenue, and you will have to entertain this question of a sales tax or some other tax, because here is a deficit that has to be met. It is the obligation of the Congress, which has life and death power over the District of Columbia, to point the way and develop the revenue.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. HARRIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is the issue that I brought before the Committee in general debate earlier today. Let us not for a moment overlook the real issue that we have here. It is not whether or not it is going to be double taxation on any individual. It is whether or not the employees in States that do not have an intangible tax or an income tax are going to have to pay an income tax in the District of Columbia. That is the issue that you have here.

The gentleman from Minnesota [Mr. O'HARA] proposes, if I understand his amendment, that Federal employees from States which do not have an income-tax law will be treated just as Federal employees from States who do have income-tax laws.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. Yes; I yield.

Mr. CHURCH. The State of Illinois has no income tax, but let me also state there is a great burden on the taxpayers of Illinois, paid for by those taxpayers in the nature of a sales tax.

Mr. HARRIS. Yes. The point I was trying to make——

Mr. CHURCH. I know, but that is an intangible tax and not included in this bill as an exemption.

Mr. HARRIS. But the employees of the Federal Government residing in the District of Columbia, although they pay that intangible tax in the State of Illinois, will be required to pay an income tax in the District of Columbia.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. BATES of Massachusetts. If they pay an intagible personal tax or a property tax they have the right to deduct it.

Mr. HARRIS. I should like to ask the distinguished chairman of the subcommittee how many people he thinks would keep a detailed account, a day by day account, of the amount of money they pay under the sales tax in Illinois and take that as an offset on what he pays here.

Mr. BATES of Massachusetts. The gentleman made no mention of sales tax. He was speaking about intangible and personal property taxes.

Mr. HARRIS. But the gentleman from Illinois mentioned the sales tax.

Again the real issue here is whether we shall say to the 16 States of this Nation which do not have an income tax that they are going to have to pay in the Distric of Columbia.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. POAGE. In my home town the property tax for State, city, county, and school purposes is approximately three times what it is in the city of Washington. Because of that tax we do not have to levy an income tax and have not levied an income tax, but under this bill the District in effect would be saying what kind of tax we can impose upon our own people.

Mr. HARRIS. That is exactly what the gentleman from Minnesota proposes to correct by his amendment. His purpose is to have the Congress say to the States that they may have the privilege of levying the kind of tax they want in their State and that the citizens of their State are not to be harassed some other place in the United States which has

adopted some form of tax the other State may not care to adopt.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. JENNINGS. This amendment simply says to the taxing power of the Government, "You cannot within the District of Columbia levy a double income tax on somebody who happens to be here as a transient."

Mr. HARRIS. I disagree with the gentleman. There is no double tax levied here because if there is an income tax in the State of Tennessee, then a Tennessean in the District of Columbia would receive credit for it for District of Columbia income tax purposes. If the Tennessee tax is the higher then he pays no tax here.

Mr. JENNINGS. But the point is that these people are not residents within the contemplation or the general origin of the law; they are simply here temporarily.

Mr. HARRIS. I agree with the gentleman that it is not the province of this Congress through a bill such as this to impose on any State any certain type of tax or to prevent them from adopting any form of tax they wish. We ought not to give the power to the District of Columbia to say that because a resident of their State working here does not pay a certain kind of tax in his home State the District is going to make him pay here.

Mr. FORAND. Mr. Chairman, will the gentleman yield right there?

Mr. HARRIS. I yield.

Mr. FORAND. I agree with the gentleman that this would not be a double income tax, but it would be an additional income tax upon those whose State tax rates were below this rate.

Mr. HARRIS. It would in my opinion be saying to a State, "We are going to penalize the Federal employee from your State because you do not have an income tax." It would not be a double income tax.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HARRIS. I have asked for this additional time for the purpose of asking a question of the very able gentleman who is the chairman of the subcommittee and who has done a fine piece of work in writing this bill.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. BATES of Massachusetts. I wish to refer to the point raised by the gentleman from Rhode Island, the case of a State where the income-tax rate is lower than in the District of Columbia. In such case the person would have to pay a tax; but the fact is that the rate in the District of Columbia is far, far less than it is in any other State that has an income tax.

Mr. FORAND. But in the case of a State where the rate was lower this would be an additional tax.

Mr. BATES of Massachusetts. He would be exempted from paying a District income tax if his home rates were higher; and the reverse would apply likewise.

Mr. HARRIS. The point that I want to emphasize is that we are dealing with a policy.

I wish to ask the chairman of the subcommittee, who is opposing this, how much revenue would be lost to the District of Columbia assuming the amendment offered by the gentleman from Minnesota were adopted? How much would it take from his estimated revenues under this bill as now written?

Mr. BATES of Massachusetts. The gentleman understands that this amendment offered on the impulse of the moment makes it impossible to give an intelligent estimate; but if the Federal employees of the 16 States that have no income-tax law were exempted it would make a material difference. We, of course, have no way of estimating what the amount would be by way of changed revenue. As the gentleman from Illinois [Mr. DIRKSEN] just told me, it will kill a very important source of revenue upon which we depend to balance the books this year.

Mr. HARRIS. In other words, does the gentleman estimate that these 15 States that have employees here that do not report an income tax back in their States will pay an additional $3,100,000 income tax in the District of Columbia?

Mr. BATES of Massachusetts. The gentleman can make no assumption such as that from what I said. We know in connection with the Federal payments in the past year that over 280,000 people gave the District of Columbia as their place of residence, yet in the District of Columbia less than 85,000 taxpayers paid an income tax in the District of Columbia.

Mr. HARRIS. The gentleman knows that not everyone in the District of Columbia, not everyone who resides here, pays an income tax. They do not make that kind of money. There are a lot of people in the District of Columbia who do not make enough money to pay an income tax, though the exemption is rather low.

I would like to say one or two things further. I do not think the gentleman should in any way by extenuating circumstances or inference leave the impression that any citizen will purge himself in order to avoid paying an honest income tax that he is due to pay.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the gentleman may have two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Illinois.

Mr. DIRKSEN. There is no such implication and, in the second place, now that the gentleman has raised this question, look what this amendment of the gentleman from Minnesota [Mr. O'HARA] will do. It places all the Federal employees in one group, but what about those people in Washington who are not Federal employees?

Mr. HARRIS. They have got to file an affidavit.

Mr. DIRKSEN. That amendment puts them in two groups, whether they work for the Federal Government or do not.

Mr. HARRIS. The amendment makes them file an affidavit stating that they live in the District of Columbia and are residents here.

Mr. DIRKSEN. Why make fish of one and fowl of the other?

Mr. HARRIS. Does the gentleman imply that a person, regardless of where he is from, in this country, is going to purge himself to avoid paying an honest income tax to the District?

Mr. DIRKSEN. Why, certainly not, but the language of the amendment offered by the gentleman from Minnesota says that this shall not include any elective officer, Cabinet member or employees of the United States Government. Now, what about those who do not work for the Government?

Mr. HARRIS. Does the gentleman think his own State of Illinois could provide a tax for that State and for the people of that State wherever they live?

Mr. DIRKSEN. No, but that begs the question with respect to this amendment.

Mr. HARRIS. I disagree with the gentleman. Does the gentleman deny this does not apply generally to the 16 States that do not have an income tax provision?

Mr. DIRKSEN. No. We simply contend that they ought to pay a tax somewhere for the enjoyment of the benefits they have as a result of an organized existence in our society. If they pay back home they do not have to pay here. If they are not here for 7 months of the year or a resident on the last day of the taxable year, they would not pay.

Mr. HARRIS. Then, is this the issue: That the people from the State of Arkansas, where I live, will pay their income tax back home, consequently they will not pay any income tax in the District of Columbia, while people from Pennsylvania, which does not have an income tax law, will have to pay in the District of Columbia?

Mr. DIRKSEN. Does the gentleman want someone to enjoy the fruits of municipal existence without paying a little something for it? That is the question.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. POAGE. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Illinois.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 20 minutes, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. POAGE. Yes, sir; let me answer the gentleman's question. As a Congressman from the State of Texas, I will not have to pay any income tax to the District of Columbia under the terms of this bill, but the girl in my office who makes $2,000 a year will have to pay an income tax to the District of Columbia, although her time spent in Washington is the same as mine, and she has to pay out of that $2,000 a year her transportation to and from Washington whereas the Government pays mine for at least one round trip. That is what this bill does. That is the kind of bill that is offered in the name of justice and equal taxation.

Mr. MORRIS. Can that be justified?

Mr. POAGE. Of course not.

Mr. MORRIS. Is there any way in which we can justify it?

Mr. POAGE. Of course not. Not unless you want to try to justify special privileges for yourself at the expense of your employees, and I know the gentleman from Oklahoma does not want to do that, and neither do I.

Mr. MORRIS. If there is, I would like to hear it.

Mr. POAGE. I, too, would like to hear a justification of it, but I am not going to try to justify anything so unfair as this bill. The legislation on its face condemns itself as being an appeal for votes for Members of Congress. The legislation on its face condemns itself as being unfair and inequitable against those least able to express opposition thereto. The legislation on its face condemns itself as being demagogic in that it seeks to secure the support of the Representatives of the majority of the States of the Union without any regard for the rights of those 16 States that have, through their duly elected representatives in their legislatures, adopted other systems of taxation.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Just a moment, and I will be glad to yield. First, let me call this to the attention of the House, because I think it is of vital importance, and I hope that the Members will give me their attention for just a moment. I hope the distinguished gentleman from Illinois will listen to this. Out of keeping with the thoughtful study that the gentleman from Illinois generally gives to matters of this kind, he has this afternoon indicated that he has not thoroughly thought this through. I hope I may have his attention. There is no State in this Union that does not levy taxes sufficient to run that State. And the cities and other subdivisions of each levy sufficient taxes of one form or another to run their governments. As far as the people of the District of Columbia are concerned and as far as this Congress is concerned, it should not make any difference whether they levy it in the form of an income tax or whether they levy it in the form of a property tax, a sales tax, intangible tax, or whatnot. Each State and its subdivisions has its own system of taxation and each State and its subdivisions pays for running its own government out of its own system of taxation. I wish the gentleman from Illinois would listen to me, because I think it is important. Each State in this Union pays for the running of government, and the various localities pay for the running of their governments. These bills are not paid by this Congress, nor are they paid by the people of the District of Columbia. Why does it make any difference to the District of Columbia or the citizens therein or this Congress whether the State of Texas or the State of Illinois levies income taxes or whether they levy property taxes? Whatever form of tax they have, they do not levy it on anybody else except on their own citizens. It happens that in my State and it happens that in the State of Illinois, the people through their legislative assemblies have decided that they would rather levy a higher property tax than to impose an income tax. Whether that is right or wrong, I do not know. I personally, but for my belief that we should divide the forms of taxation between the Federal and local government, might vote for an income tax; I think there is much to be said for it, but my State and 15 other States have decided that they do not want that kind of tax. Why should our citizens be penalized?

Now, this much no one can deny. We levy enough taxes to run the State of Texas and the State of Illinois levies enough taxes to support the State of Illinois, whether they levy it in income taxes or not. So. when the gentleman tells this committee that all he wants is to see that these people pay their share of taxation somewhere, that every citizen of this Nation pays his fair share of taxation somewhere, I do not think he has made out a case for Federal control of State taxation. It is not the duty of this Congress to try to enforce the State laws in Texas, New York, or California, or anywhere else. That is the duty of the State.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Illinois.

Mr. DIRKSEN. The difference is simply this, in the great State of Texas, the legislature does not have to pay any attention to a viewpoint expressed by somebody from Illinois or elsewhere. In the State of Illinois our legislature does not have to pay any attention to the viewpoint expressed by somebody from Texas. But, when it comes to the District of Columbia, which must come to the national lawmaking body, almost invariably they become the victims of the viewpoint that is expressed from the standpoint of Illinois or the standpoint of Texas, and that is the difficulty that we have here, in getting people, whose domiciles may be in Texas or Illinois, or who have lived here for 15 or 20 years, to carry their fair share of the burden. That is the difficulty.

Mr. POAGE. The gentleman again begs the question because, as I have shown, and as no one will deny, the State of Texas and the State of Illinois levy taxes on their people to support their State government. Why should it make any difference to the people of the District of Columbia whether we get those taxes in the form of property taxes or in the form of sales taxes or in the form of income taxes? Actually, in the town where I live the property tax for all purposes, State, county, school, and city, is approximately three times what the property tax is in the District of Columbia, and the tax here includes all the property taxes paid. Why, then, if the people of the District of Columbia want to raise more taxes, they might follow the same policy that the people of Texas follow. I do not say that they necessarily should use our system, but before we decide that the people of the District are imposed on by citizens of other States, we might consider bringing up the property tax in the District and the gasoline tax. If the people of Texas are willing to burden themselves with a property tax far higher than that collected in the District, why should Texas be penalized? Would the sponsors of this legislation be willing to give the citizens of Texas who pay property taxes in that State an offset against any property taxes they might owe in the District? If you propose to levy the same property tax on anyone owning property in the District, regardless of the property taxes paid in that person's home State, why not levy the same income tax regardless of what income tax the person pays in his home State?

I will tell you why they apply a different rule as between incomes and property taxes. I will show you what this discrimination does. I will show you who will be penalized. The gentleman from Oklahoma called attention to who is penalized under this bill. Here is the actual way it works out. In the State of Texas I happen to be blessed with a little property on which I pay property taxes. I as a citizen of Texas, living in a good-sized town, pay $6 per $100 on the property I own in Waco, Tex. They pay $1.75 for $100 in the District of Columbia, incidentally. I could probably get by paying $1.75 on my property in the State of Texas as the people in the District of Columbia do, and by paying only a 3-cent gasoline tax as the people of the District of Columbia do if my State were willing to levy an income tax on that $2,000-a-year stenographer that this bill proposes to tax. But I am glad that in the State of Texas we believe that those who are a little better fixed and own a little more of this world's goods should bear the burden of taxes to support our State and local governments, that those who have property should pay for the running of this State, in order that we might exempt those who have a smaller income, and those on whom the taxes levied in this bill would fall so heavily. The State of Texas collects largely from property owners, but it collects from its people all the money we spend for running the State of Texas and all of the subdivisions thereof. The

property owners of Texas and the automobile drivers of Texas pay more than the property owners or the automobile drivers of the District of Columbia in order that we may give relief to the small wage earner. The proponents of this bill now come forward and say to us, "Even though you people in Texas have taxed yourselves to exempt this $2,000-per-year clerk, even though you pay three times as much property tax as the citizens of the District in order that she may be relieved, we do not like your system, and therefore we are going to tax this girl even though you people are willing to pay her share at home."

What right has Congress to come along and say to us, "We do not like the form of taxation you have in Texas. Of course, you are taxing your people just as much as they are being taxed in the District of Columbia or any other State. Of course, you are running the State government and all its subdivisions just as well as the States that levy an income tax. Of course, you are taxing your people all you need to, but you are taxing them in some other form that the members of this committee dislike." It is not a question, as the gentleman from Illinois suggested, of whether the people of Texas are paying all the taxes they should. It is purely a question of whether or not the members of this committee like the form of taxation we have in my State. It is purely a question that the Representatives here who are trying to saddle this kind of law on us do not like the form of taxation we have and want to tell us what form of taxation we shall levy. They want to assume for themselves the power of our State legislature to decide how we shall levy taxes in the several States. Of course, they say, "We simply want to catch the tax dodger." This is not a question of tax dodging, because every State in this Union levies taxes enough to run its State, and I contend that the people of my State have a right to say to that $2,000-a-year stenographer, "We are going to see that you are exempt from taxation even though in order to give you that exemption the man who owns 100,000 acres of land must be taxed more." Is there anything wrong in our doing that? Not in my book; there is not. But this committee is trying to tell us that that stenographer has to pay taxes, and that if the State of Texas wants her to get a fair deal, then the State of Texas has to reduce the taxes that we levy upon the great wealth in our State, and put part of the burden on small salaries. I do not believe this Congress has either the right or the desire to do that sort of thing.

Mr. FISHER. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Texas.

Mr. FISHER. In this tax bill which proposes to raise a certain amount of money to help run the District of Columbia the net effect of the provision is to make those present here from 16 States pay a larger proportion in contribution to that amount than those from the other 32 States.

Mr. POAGE. That is exactly right; regardless of what benefits they get from the District of Columbia. It bears no relation to the benefits they get. Certainly it cannot be said that the girl working in my office gets greater benefits from the District of Columbia than the young lady who works for the gentleman from Oklahoma, where they do have an income tax.

Mr. ALLEN of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Louisiana.

Mr. ALLEN of Louisiana. Does the gentleman know any place in this Nation where property owners have a better return on their investment and a more certain return than in the city of Washington? Further, the city of Washington has the lowest tax on real property in the Nation.

Mr. POAGE. That is right. The gentleman and I and everybody else who lives any part of the year pay for that. We would pay any increase in the property tax, of course. You know that rentals always carry the property tax. Do not tell me that the people who are here in Washington do not contribute anything to the support of the District government, because they must. You cannot live in a community without contributing to the support of that community. The renters of Washington pay their full share of the property taxes in Washington, of course.

I recognize that these conditions apply to all citizens who are temporarily in Washington, whether they are Government employees or not, and I, therefore, had prepared an amendment to page 44. My amendment is at the clerk's desk. It does all this amendment does and more. It is applicable to all who are bona fide domiciliaries of any State, whether they are Government employees or not. If this amendment is defeated, I shall, of course, insist on my amendment, but since this amendment is before us and since it covers most of the cases of injustice, I shall certainly support it.

Mr. MORRIS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Oklahoma.

Mr. MORRIS. I want to get this straight and I ask the question purely as a matter of information. Is it true, as a result and as a concrete situation that an employee in a Congressman's office coming from a State where there is no income tax would have to pay an income tax?

Mr. POAGE. Yes. That is exactly what this bill as it now stands provides. I know the gentleman from Oklahoma will agree with me that that is not the kind of equal or exact justice that this Congress should accord the citizens of this country.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I rise in opposition to the amendment. As a member of this subcommittee, as I said this morning, we have tried very hard to devise a tax bill which we thought was fair and which would raise the necessary deficit of $10,500,000.

We could have come here today and proposed a sales tax instead of this income tax. Then we would have the same thing. Members would be getting red in the face and raising their blood pressure because we propose to put a sales tax on poor people. Now, somebody has to pay some taxes. This amendment would not only cut out a considerable amount of the anticipated revenue under this bill, but it is an open invitation to every person who ever lived in any other State of the Union to come in and say, "No, I was born in Texas, and I am, therefore, domiciled in Texas, and I do not have to pay any taxes."

I do not know how many of you are familiar with the language of this amendment. All they have to do is say, "I am domiciled in Texas, or I am domiciled in Tennessee."

Gentlemen have been saying, "You ought not to tell the people of Texas what kind of laws Texas should have." We are not telling Texas anything. We are just saying to the residents of the District of Columbia who come here and live and raise their families and educate their children in the public schools, who enjoy all the benefits of this municipality and who pay no income tax elsewhere, that they must share in the burden and the expenses and help us carry on the city which gives you the benefits that you enjoy.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. HALLECK. I do not claim to be an expert on all the technical matters involved in this proposal. However, my understanding is that this matter has been under consideration by the Committee on the District of Columbia for some months and that careful consideration has been given to the problem in all of its different phases, and that the bill was finalliy reported out by a vote of 15 to 2. In view of that fact, it seems to me we ought to indulge the presumption that the committee has gone into the matter and that the legislation is such that we can support it, and I propose to support it.

Mr. MORRIS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MORRIS. I do presume that. I think that is a fair presumption. Why should not the Members of Congress who get the same benefits as those in the offices get come under the provisions of this law?

Mr. SMITH of Virginia. If the gentleman cares to offer an amendment to include Congressmen, so far as I am concerned I shall not oppose it. I am inclined to suspect that a good many others would.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. DAVIS of Georgia. The gentleman from Indiana asked the gentleman from Virginia if this bill had not been considered by the committee.

Mr. SMITH of Virginia. That is the subcommittee.

Mr. DAVIS of Georgia. That was not the whole committee.

Mr. SMITH of Virginia. It was considered by the subcommittee. I want to say that during the consideration by

the subcommittee public hearings were held and everybody had an opportunity to come in and express their opposition to this proposal. As far as I know, I do not know of any citizen of the District of Columbia who did come in and oppose it. As a matter of fact, I doubt it very much whether the people of the District of Columbia feel the same way about this matter of evading taxes as some Members of Congress would seem to imply that they do.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. EBERHARTER. Is it not true that the same proposition was before this Congress within the last 2 or 3 years and was defeated by this House?

Mr. SMITH of Virginia. Not that I know of.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. DIRKSEN. Absolutely not. This matter was disposed of in the Income Tax Act of 1939, which is the law of the District today. What we are endeavoring to do is to reform and make more certain this question of domicile and residence, so that the harassing, as was spoken of, can be stopped and we can determine and ascertain who should pay.

The CHAIRMAN. The time of the gentleman from Virgina [Mr. SMITH] has expired.

The Chair recognizes the gentleman from Oklahoma [Mr. MORRIS] for 5 minutes.

Mr. MORRIS. Mr. Chairman, I claim to be no expert in these matters. I definitely am not. I appreciate the work that has been done by the committee. I compliment the members on their arduous labors, but I cannot for the life of me see how it could be possible and be fair and just to tax those who are least able to pay and yet permit those who are most able to pay to escape. It evidently cannot be, unless somebody answers that. That is a point I make in addition to this other point. I agree with these gentlemen who come from States where they do not have an income tax, that those States evidently levy heavier burdens on real estate and other matters, which equalizes that. Consequently, those people who come from those States which do not have income taxes, it must be assumed, are already actually paying as much as those who come from States where we do have income-tax laws. Therefore, when you levy a burden of District income taxes on them, here, you do in fact put an extra tax burden upon them. And again on the first point I made how can it be just and fair to tax the employees in our offices and not tax the Congressmen? I just cannot see it.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. MORRIS. I yield.

Mr. FORAND. The bill provides that a person living in the District more than 7 months would be subject to the tax.

Mr. MORRIS. Yes, sir.

Mr. FORAND. Someone approached me a few moments ago and asked me how long my staff was in Washington. If the Congress is not to adjourn until the end of July, that is 7 months. Our committee has already received notice unofficially that we are coming back in October. My staff will have to come back. They will have to pay travel expenses back and forth, and will be in the District more than 7 months, and will have to maintain their apartments in the District. Therefore, they will be subject to the tax.

Mr. MORRIS. That is correct. That is a concrete illustration which proves, in my judgment, that the bill is not good as it is written.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MORRIS. I yield.

Mr. BATES of Massachusetts. The bill also provides that in those States, some 16 in number, that have intangible and personal property taxes, the amount of money they pay shall be deducted, the same as would occur in the cases of those whose personal income tax is paid in other States. The same principle applies to both States and both taxes.

Mr. MORRIS. Well, I cannot quite follow you on that. I believe the only fair way to do it would be to use the sales tax. I think the people who live here ought to pay some taxes. I believe the only way you can equitably arrange it will be by a sales tax. I understand there will be an amendment offered to that effect.

Now, about this committee report, I am sure the members of that committee are all patriotic and splendid men. Some of them are real tax experts, but in my judgment there is nothing sacrosanct about the report of any of these committees. Just because they bring in a report does not mean that we ought to follow it blindly. I am saying to you that I do presume the report of any committee is correct. I presume it is, but when such presumption has been overcome by direct logic and reason and common sense, I am not going to follow it and I do not care what committee it is.

The remarks I have just made were extemporaneous. Later on, in the RECORD, it will appear that this amendment that I have just spoken in favor of—the O'Hara amendment—carried, and therefore it becomes unnecessary for me to offer an amendment as suggested in the RECORD by the gentleman from Virginia [Mr. SMITH].

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. BATES of Massachusetts. Mr. Chairman, may I say at the outset that this committee has struggled with this tax revenue bill ever since the middle of last January. From that time to the present we have been continually with it. We realize, of course, the tremendous cost of municipal government. Let me say at this point that I have spent nearly 25 years of my life with this type of problem in pretty responsible positions; and I have some conception of what the real difficulty is that faces the District of Columbia as we look ahead over the period of a few years in respect to the financing of the obligations of this community. To that end a $10,000,000 deficit was facing the District at the end of 1948, a $12,000,000 deficit at the end of 1949, and a $20,000,000 deficit at the end of 1950. The District Commissioners had recommended nine different types of revenue we could develop here under legislation they recommended.

We feel that we should concentrate on the most basic of the taxes, as I said in the beginning, real estate, income, and the Federal contribution. It seems to me we should try to meet the financial obligations of the District government from these three sources instead of going into the field of these so-called special or emergency taxes; and under the provisions of this bill we hope to get the revenue to run the District for the next 2 years. Much has been said, of course, about the so-called sales tax. Under the sales tax, the individual would pay more than under the so-called income tax we are proposing in this bill. As an illustration let us assume that an individual has an income of $8,000 at the present time, that his personal exemption and exemptions for dependents bring that down to where his taxable income was $5,000. Under this bill he would pay only $25. The same person under the 2 percent sales tax that has been suggested by the Commissioners and that we have not approved, he would pay $32.84.

As has been said earlier on the floor all taxes are onerous. There is an old adage that says that "taxes are paid in the sweat of the brow of the man who labors." It makes no difference from what source it may come. We are trying to provide here a basic system of taxation which will meet the requirements of the District of Columbia.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I cannot; I have only 5 minutes.

Mr. POAGE. The gentleman has ten.

Mr. BATES of Massachusetts. But five of that must go to the gentleman from Illinois [Mr. DIRKSEN].

So it seems to me, Mr. Chairman, in the interest of the equalization of the tax load, of the necessity to meet the responsibilities of the District government that we ought to approve the committee's report. We feel that after many months of study and some knowledge of the subject that it is the most fair, the most equitable, the most constructive we can recommend to the Congress. To that end I hope the commitee bill will be accepted. The Commissioners are in favor of the bill, the subcommittee is in favor of the bill, and the full Committee on the District of Columbia which has studied the bill is likewise in favor of it as was shown by their vote reporting it out 15 to 2. I sincerely trust that the bill as we have recommended it will be approved.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from Missouri.

Mr. SHORT. The gentleman will recall that only a few years before the war the Federal Government contributed about half of the District's budget or nearly 48 percent. That budget has been doubled almost.

Mr. BATES of Massachusetts. Doubled and a half.

Mr. SHORT. Is it not a fact that the population of greater Washington has almost doubled until we have over 1,200,000 people in the great metropolitan area of Washington?

Mr. BATES of Massachusetts. The population of the District of Columbia has increased in a period of 7 years from 690,000 people to 860,000 people in the District itself.

Mr. SHORT. The Members of the House should bear in mind that while the real-estate-tax rate of $1.75 is one of the cheapest and lowest in this country, the assessed valuation of the property in the District is almost 100 percent, whereas in different States it is perhaps only 50 percent of the actual valuation.

Mr. BATES of Massachusetts. May I answer that question as I answered it earlier in the afternoon. Upon the revised revaluation that is being put into effect in the District of Columbia this year, according to the Assessor's report itself, the assessment compared to actual value represents 70 percent.

Mr. SHORT. Is it not also significant for us to bear in mind, to be perfectly fair with the people of the city of Washington, that the Federal Government owns about one-fifth of the total acreage of the District of Columbia?

Mr. BATES of Massachusetts. More than half.

Mr. SHORT. About 19 or 20 percent?

Mr. BATES of Massachusetts. Forty-nine percent.

Mr. SHORT. About 19 or 20 percent of the acreage and more than $843,000,000 in buildings which are tax exempt and on which the Government does not pay a dime?

Mr. BATES of Massachusetts. Mr. Chairman, this is the most equitable tax system we have been able to devise after many months of study and I trust the committee will accept it.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

The question is on the amendment offered by the gentleman from Minnesota [Mr. O'HARA].

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were—ayes 78, noes 30.

So the amendment was agreed to.

Mr. MASON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MASON: On page 11, line 15, after the words "United States" insert a comma, strike out the following word "or" and insert in place thereof the words "nor shall it include."

Mr. DIRKSEN. Mr. Chairman, this is a clarifying amendment to clarify the last clause. I am sure the committee has no objection because it does not change the text or the meaning of the bill.

Mr. HARRIS. Mr. Chairman, just how would this apply in view of the amendment that has just been adopted?

Mr. DIRKSEN. As between the two clauses in there, the last sentence of subsection (s), page 11, reads such that you do not make a distinction between appointive officers and elective officers. That is the only thing the amendment is designed to correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MASON].

The amendment was agreed to.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that title II may be considered as read and open to amendment at any point.

Mr. HARRIS. Mr. Chairman, reserving the right to object, I would like to inquire of the gentleman from Washington [Mr. HORAN] where he expects to offer his proposed amendment?

Mr. HORAN. My amendment to the bill would come on page 84.

Mr. Chairman, I offer an amendment.

The CHAIRMAN. That is not in order at this time.

Is there objection to the request of the gentleman from Illinois?

Mr. HARRIS. Mr. Chairman, reserving the right to object, and I shall not object, except I would like to ask if the chairman of the committee would not explain these titles briefly, as we agree to them having been read, where there are no amendments.

Mr. DIRKSEN. In explaining the titles where there are no amendments, I think I can say that virtually they are the administrative titles dealing with gross income and net income following the Federal law, with the exception of amounts. As the gentleman knows, the rate begins at 1 percent and goes up to 3 percent over $20,000. Then there are the standard deductions. There are personal deductions of $1,000 in case of an individual and $2,000 in the case of married persons.

Mr. HARRIS. And that would include titles 2, 3, and 4?

Mr. DIRKSEN. Yes, virtually all of the general provisions, and would go all the way down, I think, to the end of the income tax title of the bill.

Mr. HARRIS. On what page would that be?

Mr. DIRKSEN. I would say it would go all the way to "licenses" page 79, title XIV.

Mr. SCHWABE of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Oklahoma.

Mr. SCHWABE of Oklahoma. On page 22, paragraph 3, taxes:

All taxes imposed upon the taxpayer and paid or accrued during the taxable year except—

(A) Income taxes;

Is it not a fact that in practically every State, if not every State in which there are income tax laws in force, 32 of them, they exempt income taxes paid to the Federal Government; I mean, allow that as a proper deduction. Why should it not be true in reference to income taxes which are sought to be levied by the District of Columbia?

Mr. HARRIS. Mr. Chairman, I have no objection to the titles with reference to the income-tax provisions and relating to the administrative features of it being considered as read and open to amendment. As I understood the gentleman from Illinois, he proposed that the bill be read by title.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the bill be considered as read down to article II on page 84.

Mr. H. CARL ANDERSEN. Mr. Chairman, reserving the right to object, earlier in the afternoon the gentleman from Arkansas [Mr. HARRIS], became rather vehement in his demands that the House know what is in the bill, and he forced the reading of the bill. Now I want to ask the gentleman from Arkansas if he feels that the House has been sufficiently educated at this point so that we can dispense with the reading of it?

Mr. HARRIS. I think the House was sufficiently advised to vote on an amendment awhile ago that was highly important and the reading of the bill thus far has been of immense value, and I think the gentleman himself is probably enlightened.

Mr. H. CARL ANDERSEN. In line with that confession on the part of the gentleman from Arkansas, I withdraw my reservation of objection.

Mr. HALLECK. Mr. Chairman, reserving the right to object, and I am not going to object, and I hope the unanimous-consent request will be granted. The situation is such that we must complete action on this bill this evening. If we can dispense with the reading and proceed with the consideration of the bill, I am quite sure we can finish it without having to stay here too late.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Will the gentleman advise us what the next order of business will be?

Mr. HALLECK. I have just talked with the minority leader. I think probably we will meet at 11 o'clock tomorrow morning. The action on Reorganization Plan II is privileged. As I understand, that will come up next, and be followed by further consideration of the so-called Mundt bill.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Michigan.

Mr. MICHENER. May I make this suggestion in connection with these 11 o'clock meetings called at the last minute, that Congress be given more notice, if possible, for this reason. You cannot do business in the House unless the committees can do business. Under the Reorganization Act the committees are busy. When committees have hearings set, or executive sessions, and then the night before notice is given that we will come in at 11 o'clock, it throws all the machinery out of gear. I shall not object, but I do wish the majority and minority leaders will give consideration to that.

Mr. HALLECK. If the gentleman will permit me, I have not now asked unanimous consent to meet at 11 o'clock in the morning. I simply made that announcement at this time in order that the Members might be apprised of what is proposed. If the gentleman from Michigan and other committe chairmen have committee meetings scheduled for

the morning of such a character that the 11 o'clock meeting will interfere, then the gentleman can suggest that to me, and certainly that would be given every consideration before any such request for early meeting is made. Of course, generally speaking, I did not anticipate that we would be this long on this bill. We have a number of things we must dispose of. We have a lot of appropriation bills coming along, in respect to which we have dead lines to meet. I do not like to have the House convene before the customary noon hour any more than anyone else. It is simply in an effort to expedite business that the suggestion is made.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The remainder of article I is as follows:

TITLE II—EXEMPT ORGANIZATIONS

SEC. 1. The following organizations shall be exempt from taxation under this article:

(a) Labor organizations.

(b) Fraternal beneficiary societies, orders, or associations, (1) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and (2) providing for the payment of life, sick, or accident benefits to the members of such society, order, or association, or their dependents.

(c) Cemetery companies owned and operated exclusively for the benefit of their members and which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private individual or shareholder.

(d) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, to a substantial extent within the District, no part of the net earnings of which inures to the benefit of any private individual or shareholder, and no part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation.

(e) Business leagues, chambers of commerce, real-estate boards, or boards of trade, not organized or operated for profit and no part of the net earnings of which inures to the benefit of any private individual or shareholder.

(f) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted principally to charitable, educational, or recreational purposes within the District.

(g) Banks, trust companies, building and loan associations, insurance companies, companies which guarantee the fidelity of any individual or individuals, such as bonding companies, and companies which furnish abstracts of title or which insure titles to real estate, all of which pay taxes on their gross earnings, premiums, or gross receipts under existing laws of the District.

(h) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt from the tax imposed by this article.

(i) Corporations organized under acts of Congress, if such corporations are instrumentalities of the United States and if, under such acts, as amended and supplemented, such corporations are exempt from Federal income taxes.

(j) Voluntary employees' beneficiary associations providing for the payment of life, sick, or accident benefits to the members of such association or their dependents, if (1) no part of their net earnings inures (other than through such payments) to the benefit of any private individual or shareholder, and (2) 85 per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses.

(k) Voluntary employees' beneficiary associations providing for the payment of life, sick, or accident benefits to the members of such association or their dependents or their designated beneficiaries, if (1) admission to membership in such association is limited to individuals who are officers or employees of the United States Government or the government of the District of Columbia, and (2) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private individual or shareholder.

TITLE III—NET INCOME, GROSS INCOME AND EXCLUSIONS THEREFROM, AND DEDUCTIONS

SEC. 1. Net income: For the purposes of this article and wherever appearing herein, unless otherwise required by the context, the words "net income" mean the gross income of a taxpayer less the deductions allowed by this article.

SEC. 2. Gross income and exclusions therefrom: (a) The words "gross income" include gains, profits, and income derived from salaries, wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees to the extent the same is not exempt under this article, or income derived from any trade or business or sales or dealings in property, whether real or personal, other than capital assets as defined in this article, growing out of the ownership, or sale of, or interest in, such property; also from rent, royalties, interest, dividends, securities, or transactions of any trade or business carried on for gain or profit, or gains or profits, and income derived from any source whatever.

(b) The words "gross income" shall not include the following:

(1) Proceeds of life-insurance policies: The proceeds of life-insurance policies paid by reason of the death of the insured, whether in a single sum or otherwise (but if such amounts are held by the insured under an agreement to pay interest thereon, the interest payments shall be included in gross income).

(2) Annuities, and so forth: (a) Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year), then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title in respect to such annuity equals the aggregate premiums or consideration paid for such annuity. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under subsection (1) or this subsection. This subsection and subsection 2 (b) (1) of this title shall not apply with respect to so much of a payment under a life-insurance, endowment, or annuity contract, or any interest therein, as, under section 3 (a) (10) of this title, is includible in the gross income of the recipient.

(B) Employees' annuities: If an annuity contract is purchased by an employer for an employee under a plan with respect to which the employer's contribution is deductible under subsection 3 (a) (11) of this title, the employee shall include in his income the amounts received under such contract for the year received except that if the employee paid any of the consideration of the annuity, the annuity shall be included in his income as provided in subsection 2 (b) (2) (A) of this title, the consideration for such annuity being considered the amount contributed by the employee. In all other cases, if the employee's rights under the contract are nonforfeitable except for failure to pay future premiums, the amount contributed by the employer for such annuity contract on and after such rights become nonforfeitable shall be included in the income of the employee in the year in which the amount is contributed, which amount together with any amounts contributed by the employee shall constitute the consideration paid for the annuity contract in determining the amount of the annuity required to be included in the income of the employee under subsection 2 (b) (2) (A) of this title.

(3) Gifts, bequests, and devises: The value of property acquired by gift, devise, or inheritance (but the income from such property shall be included in gross income).

(4) Tax-free interest: Interest upon (a) the obligations of a State, Territory of the United States, or any political subdivision thereof, or the District of Columbia; and (b) obligations of the United States, its agencies, or instrumentalities.

(5) Compensation for injuries or sickness: Amounts received, through accident or health insurance or under workmen's compensation or employer's liability acts, or by way of damages for personal injuries, whether by suit or agreement.

(6) In the case of ministers: The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation.

(7) Income exempt under treaty: Income of any kind to the extent required by any treaty obligation of the United States.

(8) Income of foreign governments.

(9) Pensions to veterans: All amounts up to and including $2,000 paid during the taxable year to veterans under any law of the United States, or under any law of any State, Territory, or political subdivision thereof as benefits or pensions for disability arising out of injuries received during any period of war.

(10) Income from unincorporated business: In the case of any person entitled to a share in the net income of any unincorporated business subject to tax under the provisions of title VIII of this article, an amount equal to the proportionate share of such person in such part of such net income as is in excess of the exemption provided in section 4 of said title VIII: *Provided, however,* That such part so excluded from the gross income of such person shall be reported by and taxed against the unincorporated business under the provisions of title VIII of this article.

(11) Capital gains: Gains from the sale or exchange of any capital asset as defined in this article.

(12) Personal services: If at least 80 percentum of the total compensation for personal services covering a period of thirty-six calendar months or more (from the beginning to the completion of such services) is received or accrued in one taxable year by an individual or a partnership, the tax attributable to any part thereof which is included in the gross income of any individual shall not be greater than the aggregate of the taxes attributable to such part had it been included in the gross income of such individual ratably over that part of the period which precedes the date of such receipt or accrual.

SEC. 3. (a) Deductions allowed: The following deductions shall be allowed from gross income in computing net income:

(1) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity: *Provided, however,* That nothing herein contained shall be construed to exempt any salary or other compensation for personal services from taxation as a part of the taxable income of the person receiving the same.

(2) Interest: All interest paid or accrued, according to the taxpayer's method of accounting, within the taxable year.

(3) Taxes: All taxes imposed upon the taxpayer and paid or accrued during the taxable year except—

(A) income taxes;

(B) franchise taxes imposed by this article;

(C) estate, inheritance, legacy, succession, and gift taxes;

(D) taxes assessed against local benefits of a kind tending to increase the value of the property assessed;

(E) taxes paid to any State, Territory, county, or municipality on property, business, or occupation the income from which is not taxable under this article.

(4) Losses: Losses sustained during the taxable year and not compensated for by insurance or otherwise—

(A) if incurred in a trade or business; or

(B) if incurred in any transaction entered into for the production or collection of income subject to tax under this article, or for the management, conservation, or maintenance of property held for the production of income subject to tax under this article, though not connected with any trade or business; or

(C) of property not connected with a trade or business; if such losses arise from fires, storms, shipwrecks, or other casualty: *Provided, however,* That no such loss shall be allowed as a deduction under this subsection if such loss is claimed as a deduction for inheritance- or estate-tax purposes: *And provided further,* That this subsection shall not be construed to permit the deduction of a loss of any capital asset as defined in this article.

(5) Bad debts: Debts ascertained to be worthless and charged off within the taxable year or, in the discretion of the Assessor, a reasonable addition to a reserve for bad debts. When satisfied that a debt is recoverable only in part the Assessor may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction. No debt which existed prior to January 1, 1939, shall be allowed as a deduction.

(6) Insurance premiums: All fire-, tornado-, and casualty-insurance premiums paid during the taxable year in connection with property held for investment or used in a trade or business, the income from which is taxable under this article.

(7) Depreciation: A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources allowances for depletion as permitted by reasonable rules and regulations which the Commissioners are hereby authorized to promulgate. The basis upon which such allowances are to be computed is the basis provided for in title XI, section 6, of this article.

(8) Charitable contributions: Contributions or gifts, actually paid within the taxable year to or for the use of any religious, charitable, scientific, literary, military, or educational institution, the activities of which are carried on to a substantial extent in the District, and no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided, however,* That such deductions shall be allowed only in an amount which in the aggregate of all such deductions does not exceed 15 percent of net income as computed without the benefit of this subsection.

(9) Medical, dental, and so forth, expenses of individuals: Expenses in the case of residents, paid by the taxpayer during the taxable year, not compensated for by insurance or otherwise, for the medical care of the taxpayer, his spouse, or dependents as defined in this article. The term "medical care," as used in this subsection, shall include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of diseases, or for the purpose of effecting healthier function of the body (including amounts paid for accident or health insurance): *Provided, however,* That a taxpayer may deduct only such expenses as exceed 5 percent of his net income, or 5 percent of the aggregate net income in the case of husband and wife filing a joint return, computed with the benefit of subsection (8) of this section but without the benefit of this subsection: *And provided further,* That the maximum deduction for the taxable year shall not exceed $2,500 in the case of a husband and wife filing a joint return, or $1,250 in the case of all other residents.

(10) Alimony or separate maintenance: In the case of residents, amounts paid as alimony or separate maintenance pursuant to and under a decree or judgment of a court of record of competent jurisdiction to adjudge or decree that the taxpayer pay such alimony or separate maintenance: *Provided, however,* That all amounts allowed as a deduction under this subsection shall be reported and taxed as income of the recipient thereof if such recipient is a resident as defined in this article.

(11) Contributions of an employer to an employees' trust or annuity plan and compensation under a deferred-payment plan: In the return of an employer, contributions made by such employer to an employees' trust or annuity plan and compensation under a deferred-payment plan to the extent that deductions for the same are allowed the taxpayer under the provisions of section 23 (p) of the Federal Internal Revenue Code.

(12) Nontrade or nonbusiness expense: In the case of an individual, all the ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income taxable under this article.

(13) In lieu of the foregoing deductions, any resident, whose gross income less allowance for dependents is $5,000 or more may irrevocably elect to deduct for the taxable year an optional standard deduction of $500: *Provided, however,* That the option provided in this subsection shall not be permitted to any such taxpayer on any return filed by him for any period less than a full calendar or fiscal year: *And provided further,* That in the case of husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction or by use of the optional method provided in title VI, section 4 (a).

(14) Allocation of deductions: In the case of corporations and unincorporated businesses, the deductions provided for in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District within the meaning of title X of this article; and the proper apportionment and allocation of the deductions to be allowed shall be determined by the Assessor under formula or formulas provided for in section 2, title X of this article

(b) Deductions not allowed: In computing net income, no deductions shall be allowed in any case for—

(1) Personal, living, or family expenses;

(2) Any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

(3) Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; and

(4) Premiums paid on any life-insurance policy covering the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer when the taxpayer is directly or indirectly a beneficiary under such policy.

(5) If the net income of an unincorporated business for the taxable year is in excess of the exemption provided in section 4 of title VIII, no deduction which is allowed or allowable under section 3 (a) of this title from the gross income of any unincorporated business subject to the tax imposed by title VIII of this article shall be allowed as deduction in the return and computation of the net income of any person entitled to share in the net income of such unincorporated business.

(6) Capital losses: Losses from the sale or exchange of any capital asset as defined in this article.

TITLE IV—ACCOUNTING PERIODS, INSTALLMENT SALES, AND INVENTORIES

SEC. 1. ACCOUNTING PERIODS: The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the assessor does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 4 (j) of title I or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. If the taxpayer makes a Federal income-tax return, his income shall be computed, for the purposes of this title, on the basis of the same calendar or fiscal year as in such Federal income-tax return, if the basis is accepted and approved by the Commissioner of Internal Revenue.

SEC. 2. Period in which items of gross income included: The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer unless, under methods of accounting permitted under section 1, any such amounts are to be properly accounted for as of a different period. In the case of death of a taxpayer on the cash basis, no amount will be accrued on his final return; and on the accrual basis, amounts (except amounts

includible in computing a partner's net income) accrued only by reason of the death of the taxpayer shall not be included in computing net income for the period in which falls the date of the taxpayer's death, but such amounts shall be included in the income of the person receiving such amounts by inheritance or survivorship from the decedent.

SEC. 3. Period for which deductions and credits taken: The deductions and credits provided for in this article shall be taken for the taxable year in which "paid or accrued" or "paid or incurred," dependent upon the method of accounting upon the basis of which the net income is computed unless, in order to clearly reflect the income, the deductions or credits should be taken as of a different period. In the case of death of a taxpayer on the cash basis, no amount will be allowed as a deduction which was accrued up to the date of the taxpayer's death; and on the accrual basis, no amount (except amounts includible in computing a partner's net income) accrued only by reason of the death of the taxpayer shall be included in computing net income for the period in which falls the date of the taxpayer's death but such amounts shall be deductible by the estate or other person who paid them or is liable for their payment.

SEC. 4. Installment sales: If a person reports any portion of his income from installment sales for Federal income-tax purposes under section 44 of the Federal Internal Revenue Code and as the same may hereafter be amended, and if such income is subject to tax under this article, he may report such income under this article in the same manner and upon the same basis as the same was reported by him for Federal income-tax purposes, if such method of reporting is accepted and approved by the Commissioner of Internal Revenue.

SEC. 5. Inventories: Whenever in the opinion of the Assessor the use of inventories is necessary in order to properly determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the Assessor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

SEC. 6. Assessor may reject method of accounting employed by taxpayer: Notwithstanding any other provisions of this article, the Assessor is hereby authorized to reject any return of income reported on a cash basis where, in his opinion, the net income of the taxpayer is not properly reflected and cannot be determined on such basis, and to require the return to be filed on such a basis as in his opinion will properly reflect the net income of the taxpayer.

TITLE V—RETURNS

SEC. 1. (a) Form of returns: The Assessor is hereby authorized and directed to prescribe the forms of returns. All returns required under this title shall be filed on the forms and in the manner prescribed by the Assessor.

(b) Taxpayer to make return whether form is sent or not: Blank forms of returns of income shall be supplied by the Assessor. It shall be the duty of the Assessor to obtain an income-tax return from every taxpayer who is liable under this article to file such return; but this duty shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so.

(c) Information returns: Every person subject to the jurisdiction of the District in whatever capacity acting, including receivers or mortgagors of real or personal property, fiduciaries, partnerships, and employers making payment of dividends, interest, rent, premiums, annuities, compensations, remunerations, emoluments, or other income to any person subject to tax under this article, shall render such returns thereof to the Assessor as he may by rule prescribe.

SEC. 2. Requirement: Each of the following persons shall file a return with the Assessor stating specifically the items of his gross income and the items claimed as deductions and credits allowed under this article, and such other information for the purpose of carrying out the provisions of this article as the Assessor may require:

(1) Residents and nonresidents: Every nonresident of the District receiving income subject to tax under this article and every resident of the District, except fiduciaries, when—

(1) his gross income for the taxable year exceeds $1,000, if single, or if married and not living with husband or wife; or

(2) his gross income for the taxable year exceeds $2,000, if married and living with husband or wife; or

(3) his gross sales or gross receipts from any trade or business, other than an unincorporated business subject to tax under title VIII of this article, exceeds $5,000, regardless of the amount of his gross income; or

(4) the combined gross income for the taxable year of a husband and wife living together exceeds $2,000 in the aggregate or the combined gross sales or gross receipts from any trade or business, other than an unincorporated business subject to tax under title VIII of this article, exceeds $5,000 regardless of the amount of their gross income.

(b) Fiduciaries: Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) for—

(1) every individual for whom he acts having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband or wife;

(2) every individual for whom he acts having a net income for the taxable year of $2,000 or over, if married and living with husband or wife;

(3) every individual for whom he acts having a gross income for the taxable year of $2,000 or over, regardless of the amount of his net income;

(4) every estate for which he acts, the net income of which for the taxable year is $1,000 or over;

(5) every trust for which he acts, the net income of which for the taxable year is $100 or over; and

(6) every estate or trust for which he acts, the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income.

(c) Joint fiduciaries: A return by one of two or more joint fiduciaries filed with the Assessor shall be sufficient compliance with the provisions of section 2 (b) of this title.

(d) If any resident or nonresident or any fiduciary is unable to make his own return, the return shall be made by his duly authorized agent.

(e) (1) Corporations: Every corporation engaging in or carrying on any trade or business within the District or receiving income from sources within the District within the meaning of title X. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or are engaged in or carrying on the trade or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns.

(2) Affiliated corporations shall file separate returns unless permitted by the assessor to file consolidated returns.

(f) Unincorporated businesses: Every unincorporated business engaging in or carrying on any trade or business within the District or receiving income from sources within the District within the meaning of title X having a gross income of more than $10,000, regardless of whether or not it has a net income. Such returns shall be made by the taxpayer or taxpayers liable for the payment of the tax.

(g) Partnerships: Every partnership, other than partnerships subject to the taxes imposed by title VIII of this article on unincorporated businesses, engaged in any trade or business, or receiving income from sources within the District. There shall be included in such return the names and addresses of the individuals who would be entitled to share in the net income of the partnership, if distributed, and the amount of distributive share of each individual.

SEC. 3. (a) Time and place for filing returns: All returns of income for the preceding taxable year required to be filed under the provisions of section 1 of this title shall be filed with the assessor on or before the 15th day of April in each year, except that such returns, if made on the basis of a fiscal year, shall be filed on or before the fifteenth day of the fourth month following the close of such fiscal year.

(b) Extension of time for filing returns: The assessor may grant a reasonable extension of time for filing the returns required by section 2 of this title whenever in his judgment good cause exists therefor, and he shall keep a record of every such extension. Except in case of a taxpayer who is not within the continental limits of the United States, no such extension shall be granted for more than 6 months, and in no case shall such extension be granted for more than 1 year.

SEC. 4. (a) Secrecy of returns: Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of income or any particulars relating thereto or the computation thereof set forth or disclosed in any return required to be filed under section 1 of this title, and neither the original nor a copy of any such return desired for use in litigation in court shall be furnished where neither the District nor the United States is interested in the result of such litigation, whether or not the request is contained in an order of the court: *Provided, however,* That nothing herein contained shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of $2.

(b) Reciprocal exchange of information with the United States and the several States: Notwithstanding the provisions of this section, the Assessor may permit the proper officer of the United States or of any State imposing an income tax or his authorized representative to inspect income-tax returns filed with the Assessor or may furnish to such officer or representative a copy of any such income-tax returns provided the United States or such State grant substantially similar privileges to the Assessor or his representative or to the proper officer of the District charged with the administration of his title. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Assessor or collector relative to any person subject to the taxes imposed by this article.

(c) Publication of statistics: Nothing contained in section 4 (a) of this title shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or the publication of delinquent lists showing the names of taxpayers who have failed to pay their taxes at the time and in the manner provided by law, together with any relevant information which in the opinion of the Assessor may assist in the collection of such delinquent taxes.

(d) Information which may be disclosed: Nothing contained in section 4 (a) of this title shall be construed to prohibit the Assessor, in his discretion, from divulging or making known any information contained in, or relating to, any report, application, license, or return required under the provisions of this article other than such information

as may be contained therein relating to the amount of income or any particulars relating thereto or the computation thereof.

(e) Penalties for violation of this section: Any violation of the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding $1,000 or imprisonment for 6 months, or both, in the discretion of the court. All prosecutions under this section shall be brought in the Municipal Court of the District of Columbia on information by the Corporation Counsel of the District of Columbia or any of his assistants in the name of the District of Columbia.

(f) Preservation of returns: All reports, applications, and returns received by the Assessor under the provisions of this article shall be preserved for 6 years, and thereafter until the Assessor orders them to be destroyed.

TITLE VI—TAX ON RESIDENTS AND NONRESIDENTS

SEC. 1. Definition: For the purposes of this article, and unless otherwise required by the context, the words "taxable income" mean the entire net income of every resident, in excess of the personal exemptions and credits for dependents allowed by section 2 of this title and that portion of the entire net income of every nonresident which is subject to tax under title VIII of this article.

SEC. 2. Personal exemptions and credit for dependents: There shall be allowed to residents the following credits against net income:

(a) An exemption of $1,000 for the taxpayer.

(b) An exemption of $1,000 for the spouse of the taxpayer (1) if a joint return is made by the taxpayer and his spouse, in which case the aggregate exemption of the spouses shall be $2,000, or (2) if a separate return is made by the taxpayer, and his spouse has no gross income for the calendar year in which the taxable year of the taxpayer begins and is not the dependent of another taxpayer.

(c) An exemption of $500 for each dependent, as defined in this article, whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than $500, except that the exemption shall not be allowed in respect of a dependent who has made a joint return with his spouse for the taxable year beginning in such calendar year.

(d) If the status of a taxpayer changes during the taxable year with respect to his marital status the amount allowed under subsection (b) of this section shall be apportioned in accordance with the number of months before and after such change. For the purposes of this subsection, a fractional part of a month shall be disregarded unless it amounts to more than half a month, in which case it shall be considered as a month.

(e) Beginning with the first taxable year to which this article is applicable and in succeeding taxable years, the amounts allowed under subsections (a) and (b) of this section shall be prorated to the day of death in the final return of a decedent dying before the end of the taxable year, and as of the date of death the personal exemption is terminated and not extended over the remainder of the taxable year.

(f) In the case of a return made for a fractional part of a taxable year, the personal exemptions and credits for dependents shall be reduced, respectively, to amounts which bear the same ratio to the full credits provided as the number of months in the period for which the return is made bear to 12 months.

SEC. 3. Imposition and rates of tax: There is hereby annually levied and imposed for each taxable year upon the taxable income of every resident a tax at the following rates:

One percent on the first $5,000 of taxable income.

One and one-half percent on the next $5,000 of taxable income.

Two percent on the next $5,000 of taxable income.

Two and one-half percent on the next $5,000 of taxable income.

Three percent on the taxable income in excess of $20,000.

SEC. 4. (a) Optional method of computation: In lieu of the method of computation prescribed by section 3 of this title, a resident reporting on a cash basis for any full calendar year who does not claim credit for taxes paid by him to any State or Territory of the United States or political subdivision thereof under the provisions of section 5 of this title on the whole or any part of his income for such calendar year and, if his gross income for such calendar year is $5,000 or less, and is derived solely from salaries, wages, dividends, and interest, may elect to pay the tax as shown in the following table:

Gross income less allowance for dependents		Personal exemption status	
Over	But not over	$1,000	$2,000
		Tax	*Tax*
0	$1,150	0	0
$1,150	$1,200	$0.50	0
$1,200	$1,250	1.00	0
$1,250	$1,300	1.50	0
$1,300	$1,350	2.00	0
$1,350	$1,400	2.50	0
$1,400	$1,450	3.00	0
$1,450	$1,500	3.50	0
$1,500	$1,550	3.50	0
$1,550	$1,600	4.00	0
$1,600	$1,650	4.50	0
$1,650	$1,700	5.00	0
$1,700	$1,750	5.50	0
$1,750	$1,800	6.00	0
$1,800	$1,850	6.50	0
$1,850	$1,900	7.00	0
$1,900	$1,950	7.50	0
$1,950	$2,000	8.00	0
$2,000	$2,050	8.00	0
$2,050	$2,100	8.50	0
$2,100	$2,150	9.00	0
$2,150	$2,200	9.50	0
$2,200	$2,250	10.00	0
$2,250	$2,300	10.50	$0.50
$2,300	$2,350	11.00	1.00
$2,350	$2,400	11.50	1.50
$2,400	$2,450	12.00	2.00
$2,450	$2,500	12.50	2.50
$2,500	$2,550	12.50	2.50
$2,550	$2,600	13.00	3.00
$2,600	$2,650	13.50	3.50
$2,650	$2,700	14.00	4.00
$2,700	$2,750	14.50	4.50
$2,750	$2,800	15.00	5.00
$2,800	$2,850	15.50	5.50
$2,850	$2,900	16.00	6.00
$2,900	$2,950	16.50	6.50
$2,950	$3,000	17.00	7.00
$3,000	$3,050	17.00	7.00
$3,050	$3,100	17.50	7.50
$3,100	$3,150	18.00	8.00
$3,150	$3,200	18.50	8.50
$3,200	$3,250	19.00	9.00
$3,250	$3,300	19.50	9.50
$3,300	$3,350	20.00	10.00
$3,350	$3,400	20.50	10.50
$3,400	$3,450	21.00	11.00
$3,450	$3,500	21.50	11.50
$3,500	$3,550	21.50	11.50
$3,550	$3,600	22.00	12.00
$3,600	$3,650	22.50	12.50
$3,650	$3,700	23.00	13.00
$3,700	$3,750	23.50	13.50
$3,750	$3,800	24.00	14.00
$3,800	$3,850	24.50	14.50
$3,850	$3,900	25.00	15.00
$3,900	$3,950	25.50	15.50
$3,950	$4,000	26.00	16.00
$4,000	$4,050	26.00	16.00
$4,050	$4,100	26.50	16.50
$4,100	$4,150	27.00	17.00
$4,150	$4,200	27.50	17.50
$4,200	$4,250	28.00	18.00
$4,250	$4,300	28.50	18.50
$4,300	$4,350	29.00	19.00
$4,350	$4,400	29.50	19.50
$4,400	$4,450	30.00	20.00
$4,450	$4,500	30.50	20.50
$4,500	$4,550	30.50	20.50
$4,550	$4,600	31.00	21.00
$4,600	$4,650	31.50	21.50
$4,650	$4,700	32.00	22.00
$4,700	$4,750	32.50	22.50
$4,750	$4,800	33.00	23.00
$4,800	$4,850	33.50	23.50
$4,850	$4,900	34.00	24.00
$4,900	$4,950	34.50	24.50
$4,950	$5,000	35.00	25.00

(b) In applying the above schedule, to determine the tax of a taxpayer with one or more dependents, there shall be subtracted from his gross income beginning with the first taxable year to which this article is applicable and succeeding taxable years, $500 for each dependent as defined in this article.

(c) In applying the above schedule, to determine whether the taxpayer is entitled to the personal exemption of $1,000 or $2,000, his status during the greater portion of the taxable year, as defined in this article, shall control.

(d) An individual not living with husband or wife during the greater portion of the taxable year for the purposes of this article, shall be considered as a single person.

(e) The election given by this section as to the computation of tax due shall be considered to have been made if the taxpayer files the return prescribed for such computation and such election shall be final and irrevocable.

(f) If the taxpayer for any taxable year has filed a return computing his tax without regard to this section, he may not thereafter elect for such year to compute his tax under this section.

(g) This section shall not apply to any fiduciary or to any married resident living with husband or wife at any time during the taxable year whose spouse files a return and computes the tax without regard to this section.

(h) If a husband and wife living together file separate returns, each shall be treated as a single person for the purposes of this section.

SEC. 5. Credit against tax allowed residents: The amount of tax payable under this title by an individual who, although a resident of the District of Columbia as defined in this article, was nevertheless a bona fide domiciliary of any State or Territory of the United States or political subdivision thereof during the taxable year shall be reduced by the amount required to be paid by such individual as income or intangible personal property taxes, or both, for such taxable year to the State, Territory, or political subdivision thereof of which he was a domiciliary. The assessor may require proof, satisfactory to him, of the payment of such income or intangible personal property taxes: *Provided, however,* That the credit provided for by this section shall not be allowed against any tax imposed under title VIII of this article.

TITLE VII—TAX ON CORPORATIONS

SECTION 1. Taxable income defined: For the purposes of this title, and unless otherwise required by the context, the words "taxable income" means the amount of net income derived from sources within the District within the meaning of title X of this article.

SEC. 2. Imposition and rate of tax: For the privilege of carrying on or engaging in any trade or business within the District and of receiving income from sources within the District, there is hereby levied for each taxable year a tax at the rate of 5 percent upon the taxable income of every corporation, whether domestic or foreign (except those expressly exempt under title II of this article).

TITLE VIII—TAX ON UNINCORPORATED BUSINESSES

SEC. 1. Definition of unincorporated business: For the purposes of this article (not alone of this title) and unless otherwise required by the context, the words "unincorporated business" mean any trade or business, conducted or engaged in by any individual, whether resident or nonresident, statutory or common-law trust, estate, partnership, or limited or special partnership, society, association, executor, administrator, receiver, trustee, liquidator, conservator, committee, assignee, or by any other entity or fiduciary, other than a trade or business conducted or

engaged in by any corporation; and include any trade or business which if conducted or engaged in by a corporation would be taxable under title VII of this article. The words "unincorporated business" do not include any trade or business which by law, customs, or ethics cannot be incorporated or any trade or business in which more than 80 percent of the gross income is derived from the personal services actually rendered by the individual or members of the partnership or other entity in the conducting or carrying on of any trade or business and in which capital is not a material income-producing factor.

SEC. 2. Taxable income defined: For the purposes of this title, and unless otherwise required by the context, the words "taxable income" mean the amount of net income derived from sources within the District within the meaning of title X of this article in excess of the exemption granted by section 4 of this title.

SEC. 3. Imposition and rate of tax: For the privilege of carrying on or engaging in any trade or business within the District and of receiving income from sources within the District, there is hereby levied for each taxable year a tax at the rate of 5 percent upon the taxable income of every unincorporated business, whether domestic or foreign (except those expressly exempt under title II of this article).

SEC. 4. Exemption: Before computing the tax upon the taxable income of an unincorporated business, there shall be deducted therefrom an exemption of $10,000, except that where the period covered by a return is less than a year, or where a return shows that an unincorporated business has been carried on for less than 12 months, such exemption shall be prorated on a daily basis: *Provided, however,* That any amount exempted under this section from the tax imposed by section 3 of this title shall be reported and included in the gross income of that person or those persons entitled to a share therein in proportion to the share to which each person is entitled, and shall be reported in the return of each of such persons for his taxable year in which is ended the taxable year of the unincorporated business.

SEC. 5. By whom payable: The taxes imposed by section 3 of this title shall be payable by the person or persons, jointly and severally, conducting the unincorporated business. The taxes imposed under this title may be assessed in the name of the unincorporated business or in the name or names of the person or persons liable for the payment of such taxes, or both.

SEC. 6. Partners only taxable: Individuals carrying on any trade or business in partnership in the District, other than an unincorporated business, shall be liable for income tax only in their individual capacities. The tax on all such income shall be assessed against the individual partners under title VI of this article. There shall be included in computing the net income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the taxable year upon the basis of which the partner's net income is computed.

TITLE IX—TAX ON ESTATES AND TRUSTS

SEC. 1. Resident and nonresident estates and trusts: For the purposes of this title, estates and trusts are (a) resident estates or trusts, or (b) nonresident estates or trusts. If the decedent was at the time of his death domiciled within the District, his estate is a resident estate, and any trust created by his will is a resident trust. If the decedent was not at the time of his death domiciled within the District, his estate is a nonresident estate, and any trust created by his will is a nonresident trust. If the creator of a trust was at the time the trust was created domiciled within the District, or if the trust consists of property of a person domiciled within the District, the trust is a resident trust. If the creator of the trust was not at the time the trust was created domiciled within the District, the trust is a nonresident trust. If the trust resulted from the dissolution of a corporation organized under the laws of the District of Columbia the trust is a resident trust. If the trust resulted from the dissolution of a foreign corporation, the trust is a nonresident trust.

SEC. 2. Residence or situs of fiduciary not to control: The residence or situs of the fiduciary shall not control the classification of estates and trusts as resident or nonresident under the provisions of section 1 of this title.

SEC. 3. Imposition of tax: The taxes imposed by title VI of this article upon residents shall apply to the income of resident estates, and income from any kind of property held in resident trusts, including—

(a) income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;

(b) income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of any infant or incompetent person which is to be held or distributed as the court may direct;

(c) income received by estates of deceased persons during the period of administration or settlement of the estate; and

(d) income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

SEC. 4. Computation of the tax: The tax shall be computed upon the taxable net income of the estate or trust, and shall be paid by the fiduciary, except as provided in section 7 of this title (relating to revocable trusts) and section 8 of this title (relating to income for benefit of the grantor).

SEC. 5. Net income: The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except as to the personal exemptions and credits for dependents, and except that—

(a) there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under subsection (b) of this section in the same or any succeeding taxable year;

(b) in the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficiary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is properly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary;

(c) there shall be allowed as a deduction (in lieu of the deductions for charitable contributions authorized by title III, section 3 (a) (8), of this article) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating a trust, is during the taxable year paid or permanently set aside for the purposes and in the manner provided in title III, section 3 (a) (8), of this article or is to be used exclusively for the purposes enumerated in title III, section 3 (a) (8), of this article.

SEC. 6. Different taxable year: If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under section 5 (a) of this title, to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust ending within his taxable year.

SEC. 7. Revocable trusts: The income of a trust shall be included in computing the net income of the grantor of such trust where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

(a) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom; or

(b) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom.

SEC. 8. Income for benefit of grantor: So much of the income of any trust shall be included in computing the net income of the grantor as—

(a) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

(b) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

(c) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in title III, section 3 (a) (8), relating to the so-called charitable contribution deduction).

SEC. 9. Definition of "in discretion of grantor": As used in this title, the term "in the discretion of the grantor" means in the discretion of the grantor either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question.

SEC. 10. Employees' trusts: (a) exemption from tax: A trust forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries shall not be taxable under this article and no other provision of this article shall apply with respect to such trust or to its beneficiary, except as hereinafter in this section expressly provided, if such trust meets the requirements for exemption from Federal income tax under section 165 of the Federal Internal Revenue Code.

(b) Taxability of beneficiary: The amount actually distributed or made available to any distributee by any such trust shall be taxable to him, in the year in which so distributed or made available, under section 2 (b) (2) of title III of this article as if it were an annuity the consideration for which is the amount contributed by the employee.

(c) Treatment of beneficiary of trust not exempt under subsection (a): Contributions to a trust made by an employer during a taxable year of the employer which ends within or with a taxable year of the trust for which the trust is not exempt under subsection (a)

of this section shall be included in the gross income of an employee for the taxable year in which the contribution is made to the trust in the case of an employee whose beneficial interest in such contribution is nonforfeitable at the time the contribution is made.

TITLE X—PURPOSE OF ARTICLE AND ALLOCATION AND APPORTIONMENT

SEC. 1. Purpose of article: It is the purpose of this article to impose (1) an income tax upon the entire net income of every resident and every resident estate and trust, and (2) a franchise tax upon every corporation and unincorporated business for the privilege of carrying on or engaging in any trade or business within the District and of receiving such other income as is derived from sources within the District: *Provided, however,* That, in the case of any corporation, the amount received as dividends from a corporation which is subject to taxation under this article, and, in the case of a corporation not engaged in carrying on any trade or business within the District, interest received by it from a corporation which is subject to taxation under this article shall not be considered as income from sources within the District for the purposes of this article. The measure of the franchise tax shall be that portion of the net income of the corporation and unincorporated business as is fairly attributable to any trade or business carried on or engaged in within the District and such other net income as is derived from sources within the District.

SEC. 2. Allocation and apportionment: The entire net income of any corporation or unincorporated business, derived from any trade or business carried on or engaged in wholly within the District shall, for the purposes of this article, be deemed to be from sources within the District, and shall, along with other income from sources within the District, be allocated to the District. If the trade or business of any corporation or unincorporated business is carried on or engaged in both within and without the District, the net income derived therefrom shall, for the purposes of this article, be deemed to be income from sources within and without the District. Where the net income of a corporation or unincorporated business is derived from sources both within and without the District, the portion thereof subject to tax under this article shall be determined under regulation or regulations prescribed by the Commissioners. The Assessor is authorized to employ any formula or formulas provided in any regulation or regulations prescribed by the Commissioners under this article which, in his opinion, should be applied in order to properly determine the net income of any corporation or unincorporated business subject to tax under this article.

SEC. 3. Allocation of income and deductions between organizations, and so forth: In any of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the Assessor is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, whenever in his opinion such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. The provisions of this section shall apply, but shall not be limited in application to any case of a common carrier by railroad subject to the Interstate Commerce Act and jointly owned or controlled directly or indirectly by two or more common carriers by railroad subject to said act.

TITLE XI—BASES

SEC. 1. Basis for determining gain or loss: The basis for determining the gain or loss from the sale, exchange, or other disposition of property shall be the cost of such property, except that—

(a) If the property is of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, the basis shall be the last inventory value thereof.

(b) In respect of any real or tangible property acquired after December 31, 1938, the cost thereof shall be adjusted as follows:

(1) By adding to its original cost to the taxpayer the amount of all expenditures connected therewith, including real-estate taxes upon the property, which were properly chargeable to capital account and were not deducted in any income-tax return which the taxpayer was required to file under the provisions of this article or the District of Columbia Income Tax Act of 1939, as amended; but such additions as are herein provided for shall include only those expenditures made by the taxpayer between the time the property was acquired by him and the date of sale or other disposition of the property.

(2) By deducting from such cost the full loss sustained since acquisition for exhaustion, wear and tear, obsolescence, amortization, and depletion to the extent allowed or allowable (whichever amount is the greater) on such property in all returns required to be filed by the taxpayer under the provisions of this article or of the District of Columbia Income Tax Act of 1939, as amended.

(3) In the case of property (including intangible personal property) acquired by gift or inheritance, where the transfer thereof to the taxpayer was subject to tax by the United States or by any jurisdiction in which the property had a taxable situs at that time, the basis of the property so acquired shall be the highest valuation then placed upon such transfer by the United States or by any authorized taxing State or Territory thereof. If such transfer of the property was not subject to the aforesaid transfer tax, the base shall be the fair market value of such property at the time acquired. For the purpose of this subsection, the time such inherited property was acquired shall be the date of death of the decedent. The basis herein provided for shall be subject to the appropriate adjustment or adjustments defined in section 1 (b) of this title.

(c) If the property was acquired before January 1, 1939, the basis shall be the fair market value as of that date, or, at the option of the taxpayer, the cost of such property, and in the case of real or tangible property such cost shall be diminished by exhaustion, wear and tear, obsolescence, and depletion actually sustained before such date: *Provided, however,* That the preceding valuation so determined shall be adjusted by the appropriate additions and deductions provided for in section 1 (b) of this title to cover the period from January 1, 1939, to the date of sale or other disposition of the property.

SEC. 2. (a) Computation of gain or loss: The gain or loss, as the case may be, from the sale or other disposition of property shall be the difference between (a) the amount realized from such sale or other disposition of the property and (b) the basis as defined in section 1 of this title.

(b) Amount realized: The amount realized from the sale or exchange of property shall be its selling price, and such price shall include cash payments received or to be received subsequently therefor, plus the sum of any mortgage and other encumbrances thereon at the time of such sale or exchange. The amount realized shall also include at its then market value any property received in part or in full settlement of the property sold or exchanged, adjusted to include the then existing encumbrances on such property received in exchange.

SEC. 3. Exchange in reorganizations: When in connection with the reorganization of a corporation, a taxpayer receives, in place of stock or securities owned by him, any stock or securities of the reorganized corporation, no gain or loss shall be deemed to occur from the exchange until the new stock or securities are sold or realized upon and the gain or loss is definitely ascertained, until which time the new stock or securities received shall be treated as taking the place of the stock and securities exchanged. For the purposes of this section, the word "reorganization" means (1) a statutory merger or consolidation; or (2) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation; or (3) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of substantially all the properties of another corporation, but in determining whether the exchange is solely for voting stock the assumption by the acquiring corporation of a liability of the other, or the fact that property acquired is subject to a liability, shall be disregarded; or (4) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its shareholders, or both, are in control of the corporation to which the assets are transferred; or (5) a recapitalization; or (6) a mere change in identity, form, or place of organization, however effected.

SEC. 4. Basis for dividends paid in property: Where any property other than money is paid by a corporation as a dividend, the base to the recipient thereof shall be the market value of such property at the time of its distribution by such corporation.

SEC. 5. The provisions of sections 1 through 3 of this title shall not apply to the sale or exchange of any property defined as a capital asset by section 4 (1) of title I of this article.

SEC. 6. Depreciation: The bases used in determining the amount allowable as a deduction from gross income under the provisions of section 3 (a) (7) of title III of this article shall be—

(a) where the property was acquired after December 31, 1938, by purchase, the basis shall be the cost thereof to the taxpayer;

(b) where the property was received in exchange for other property after December 31, 1938, the basis shall be the market value thereof at the time of such exchange;

(c) where the property was inherited or acquired by gift after December 31, 1938, the basis shall be that defined in subsection 1 (b) (3) of this title;

(d) if the property was acquired prior to January 1, 1939, the appropriate basis set forth in subsection (a), (b), or (c) of this section shall be used: *Provided, however,* That the taxpayer may, at his option, use as the basis the market value of such property as of January 1, 1939;

(e) the taxpayer may deduct in each taxable year only such amount of depreciation as was actually sustained during that year and such annual deduction shall be based upon the useful life of the property remaining after the date used by the taxpayer in establishing the valuation: *Provided, however,* That the allowance for depreciation actually sustained during any taxable year may not be increased by any depreciation of the property which was allowable as a deduction in any earlier taxable year: *And provided further,* That any basis so established may not be changed in a subsequent taxable year, unless written approval of the Assessor has been first obtained.

TITLE XII—ASSESSMENT AND COLLECTION; TIME OF PAYMENT

SEC. 1. Duties of Assessor: The Assessor is hereby required to administer the provisions of this article. As soon as practicable after the return is filed the Assessor shall examine it and shall determine the correct amount of tax.

SEC. 2. Statements and special returns: Every person upon whom the duty is imposed by this article to file any applications, returns, or reports or who is liable for any tax imposed by this article shall keep such records, render under oath such statements, and comply with such rules and regulations as the Assessor from time to time may prescribe. Whenever the Assessor deems it necessary he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as he believes sufficient to show whether or not such person is liable to tax under this article and the extent of such liability.

SEC. 3. Examination of books and witnesses: The Assessor, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making an estimate of the taxable income of any taxpayer, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the Assessor shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the Assessor may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court. Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in such returns, who shall refuse to permit the examination by the Assessor or any person designated by him of any such books, papers, records, or memoranda, or who shall obstruct or hinder the Assessor or any person designated by him in the examination of any books, papers, records, or memoranda, shall upon conviction thereof be fined not more than $300. All prosecutions under this section shall be brought in the municipal court of the District of Columbia on information by the corporation counsel of the District of Columbia or any of his assistants in the name of the District of Columbia.

SEC. 4. Return by Assessor: If any person fails to make and file a return at the time prescribed by law or by regulations made under authority of law, or makes, willfully or otherwise, a false or fraudulent return, the Assessor shall make the return from his own knowledge and from such information as he can obtain through testimony or otherwise. Any return so made and subscribed by the Assessor shall be prima facie good and sufficient for all legal purposes.

SEC. 5. Determination and assessment of deficiency: If a deficiency in tax is determined by the Assessor, the taxpayer shall be notified thereof and given a period of not less than 30 days, after such notice is sent by registered mail, in which to file a protest and show cause or reason why the deficiency should not be paid. Opportunity for hearing shall be granted by the Assessor, and a final decision thereon shall be made as quickly as practicable.

SEC 6. Jeopardy assessment: (a) Authority for making: If the Assessor believes that the collection of any tax imposed by this article will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the Collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

(b) Bond to stay collection: The collection of the whole or any part of the amount of such assessment may be stayed by filing with the Collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties as the Collector deems necessary, conditioned upon the payment of the amount the collection of which is stayed, at the time at which, but for this section, such amount would be due.

SEC. 7. (a) Time of payment: One-half of the total amount of the tax due as shown on the taxpayer's return shall be paid to the Collector on the 15th day of April following the close of the calendar year and the remaining one-half of such tax shall be paid to the Collector on the 15th day of October following the close of the calendar year, or, if the return be made on the basis of a fiscal year, then one-half of the total amount of such tax shall be paid on the 15th day of the fourth month following the close of the fiscal year and the remaining one-half of such tax shall be paid on the 15th day of the tenth month following the close of the fiscal year. Any deficiency in tax determined by the Assessor under the provisions of section 5 of this title shall be due and payable within 10 days from the date of the assessment.

(b) Extension of time for payments: At the request of the taxpayer the Assessor may extend the time for payment by the taxpayer of the amount determined as the tax for a period not to exceed 6 months from the date prescribed for the payment of the tax or an installment thereof: *Provided, however,* That where the time for filing a return is extended for a period exceeding 6 months under the provisions of title V, section 3 (b), the Assessor may extend the time for payment of the tax, or the first installment thereof, to the same date to which he has extended the time for filing the return. In such case the amount in respect to which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

(c) Voluntary advance payment: A tax imposed by this article, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

SEC. 8. Withholding of tax at source: Whenever the Assessor shall deem it necessary in order to satisfy the District's claim for a tax payable by any foreign corporation or unincorporated business, he may, by rules and regulations, require any person subject to the jurisdiction of the District to withhold and pay to the Collector an amount not in excess of 5 percent of all income payable by such person to such foreign corporation or unincorporated business. After such foreign corporation or unincorporated business shall have filed all returns required under this title, and the same shall have been audited, the Collector shall refund any overpayment to the taxpayer.

SEC. 9. Tax a personal debt: Every tax imposed by this article, and all increases, interest, and penalties thereof, shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the District and shall be entitled to the same priority as other District taxes, and the taxes levied under this article and the interest and penalties thereon shall be collected by the Collector in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection.

SEC. 10. Period of limitation upon assessment and collection. (a) General rule: Except as provided in subsection (b) of this section—

(1) the amount of income taxes imposed by this article shall be assessed within 3 years after the return is filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period;

(2) in the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun within 12 months after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of 3 years after the return is filed. This subsection shall not apply in the case of a corporation unless—

(A) such written request notifies the Assessor that the corporation contemplates dissolution at or before the expiration of such 12-month period; and

(B) the dissolution is in good faith begun before the expiration of such 12-month period; and

(C) the dissolution is completed;

(3) if the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 5 years after the return was filed;

(4) for the purposes of subsections (a) (1), (a) (2), and (a) (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day: *Provided, however,* That the periods of limitations upon the assessment and collection of taxes provided in this section in cases where the taxpayer has appealed to the Board of Tax Appeals as provided in this article shall be suspended until such cases have been finally disposed of in the Board of Tax Appeals by final decision, dismissal, or otherwise.

(b) False return: In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(c) Waiver: Where before the expiration of the time prescribed in subsection (a) for the assessment of the tax, both the assessor and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(d) Collection after assessment: Where the assessment of any income tax imposed by this article has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (1) within 3 years after the assessment of the tax or (2) prior to the expiration of any period for collection agreed upon in writing by the assessor and the taxpayer before the expiration of such 3-year period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

SEC. 11. Refunds: Except as to any deficiency taxes assessed under the provisions of section 5 of this title, where there has been an overpayment of any tax imposed by this article, the amount of such overpayment shall be credited against any income tax or installment thereof, whether such tax was assessed as a deficiency or otherwise,

then due from the taxpayer, and the balance shall be refunded to the taxpayer. No such credit or refund shall be allowed after 3 years from the time the tax was paid unless before the expiration of such period a claim therefor is filed by the taxpayer, and no tax or part thereof which the assessor may determine to have been an overpayment shall be refunded after the period prescribed therefor in the act appropriating the funds from which such refund would otherwise be made. The amount of such credit or refund shall not exceed the portion of the tax paid during the 3 years immediately preceding the filing of the claim, or if no claim was filed, then during the 3 years immediately preceding the allowance of such credit or refund. Every claim for credit or refund must be in writing, under oath; must state the specific grounds upon which the claim is founded, and must be filed with the assessor: *Provided*, That if it shall be determined by the assessor, the Board of Tax Appeals for the District of Columbia, or any court that any part of any tax which was assessed as a deficiency under the provisions of section 5 of this title was an overpayment, interest shall be allowed and paid upon such overpayment at the rate of 4 percent per annum from the date such overpayments were paid until the date of refund.

SEC. 12. Closing agreements: The Assessor is authorized to enter into a written agreement with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any income tax for any period ending prior to the date of the agreement. If such agreement is approved by the Commissioners within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—the case shall not be reopened as to the matters agreed upon or the agreement modified; and in any suit or proceeding relating to the tax liability of the taxpayer such agreement shall not be annulled, modified, set aside, or disregarded.

SEC. 13. Compromises: (a) Authority to make.—Whenever in the opinion of the Commissioners there shall arise with respect of any tax imposed under this article any doubt as to the liability of the taxpayer or the collectibility of the tax for any reason whatsoever, the Commissioners may compromise such tax.

(b) Concealment of assets: Any person who, in connection with any compromise under this section or offer of such compromise or in connection with any closing agreement under this title or offer to enter into any such agreement, willfully (1) conceals from any officer or employee of the District of Columbia any property belonging to the estate of the taxpayer or other person liable with respect of the tax, or (2) receives, destroys, mutilates, or falsifies any book, document, or record or makes under oath any false statement relating to the estate or the financial condition of the taxpayer or to the person liable in respect of the tax, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than 1 year, or both. All prosecutions under this section shall be brought in the municipal court of the District of Columbia on information by the Corporation Counsel of the District of Columbia or any of his assistants in the name of the District of Columbia.

(c) Of penalties and interest: The Commissioners shall have the power for cause shown to compromise any penalty which may be imposed by the Assessor under the provisions of this article. The Assessor may adjust any interest where, in his opinion, the facts in the case warrant such action.

SEC. 14. Definition of "person": The term "person" as used in this title includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under duty to perform the act in respect to which the violation occurs.

SEC. 15. Payment to Collector and receipts: The taxes provided under this article shall be collected by the Collector and the revenues derived therefrom shall be turned over to the Treasury of the United States for credit to the District in the same manner as other revenues are turned over to the United States Treasury for credit to the District. The Collector shall, upon written request, give to the person making payment of any income tax a full written or printed receipt therefor.

TITLE XIII—PENALTIES AND INTEREST

SEC. 1. Failure to file return: In case of any failure to make and file a return required by this article, within the time prescribed by law or prescribed by the Commissioners or Assessor in pursuance of law, 5 percent of the tax shall be added to the tax for each month or fraction thereof that such failure continues, not to exceed 25 percent in the aggregate, except that when a return is filed after such time and it is shown that the failure to file it was due to reasonable cause and not due to willful neglect, no such addition shall be made to the tax. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be assessed and collected.

SEC. 2. Interest on deficiencies: (a) Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the Collector, and shall be collected as a part of the tax, at the rate of 6 percent per annum from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed.

(b) If extension granted for payment of deficiency: If the time for payment of any part of a deficiency is extended, there shall be collected, as a part of the tax, interest on the part of the deficiency the time for payment of which is so extended at the rate of 6 percent per annum for the period of the extension. If a part of the deficiency the time for payment of which is so extended is not paid in full, together with all penalties and interest due thereon, prior to the expiration of the period of the extension, then interest at the rate of 6 percent per annum shall be added and collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

SEC. 3. Additions to the tax in case of deficiency: (a) Neglignece: If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 percent of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency.

(b) Fraud: If any part of any deficiency is due to fraud with intent to evade tax, then 50 percent of the total amount of the deficiency (in addition to such deficiency) shall be so assessed, collected, and paid.

SEC. 4. Additions to the tax in case of nonpayment: (a) Tax shown on return: (1) General rule: Where the amount determined by the taxpayer as the tax imposed by this article, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax interest upon such unpaid amount at the rate of 6 percent per annum from the date prescribed for its payment until it is paid.

(2) If extension granted: Where an extension of time for payment of the amount so determined as the tax by the taxpayer, or any installment thereof has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under section 5 of this title is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in subsection (a) (1) of this section, interest at the rate of 6 percent per annum shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

(b) Deficiency: Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 2 or under section 3, or any addition to the tax in case of delinquency provided for in section 1 is not paid in full within 10 days from the date of assessment thereof, there shall be collected, as part of the tax, interest, upon the unpaid amount at the rate of 6 percent per annum from the date of such notice and demand until it is paid.

SEC. 5. Time extended for payment of tax shown on return: If the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, is extended under the authority of title XII, section 7 (b), there shall be collected, as a part of such amount, interest thereon at the rate of 6 percent per annum from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension.

SEC. 6. Penalties: (a) Willful violation: Any person required under this article to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of this article, who willfully refuses to pay or collect such tax, to make such return, to keep such records, or to supply such information, or who makes a false or fraudulent return, or who willfully attempts in any manner to defeat or evade the tax imposed by this act, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and shall be fined not more than $5,000 or imprisoned for not more than 1 year, or both, together with costs of prosecution. All prosecutions under this section shall be brought in the municipal court of the District of Columbia on information by the Corporation Counsel or one of his assistants in the name of the District.

(b) Definition of "person": The term "person" as used in this title includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under duty to perform the act in respect to which the violation occurs.

TITLE XIV—LICENSES

SEC. 1. Requirement: No corporation or unincorporated business, except such corporations or unincorporated business as are expressly exempt under the provisions of title II of this article, shall engage in or carry on any trade or business in the District without a license so to do issued under this article in addition to all other licenses and permits required by law, except as hereinafter provided. For the first calendar year to which this article is applicable, no license shall be required of any corporation licensed under the provisions of the act of July 26, 1939, as amended. Every corporation not so licensed and every unincorporated business shall obtain such license within 60 days after the approval of this act. Every corporation or unincorporated business which commences to engage in or carry on any trade or business in the District after the passage of this act shall obtain a license under this article within 60 days after the date of the commencement of such trade or business in the District. Applications for licenses shall be filed with the Assessor prior to January 1 of each year upon forms prescribed and furnished by the Assessor, and each application shall be accompanied by a fee of $10.

SEC. 2. Duration of license: All licenses issued under this title shall be in effect for

the duration of the calendar year for which issued, unless revoked as provided in this title, and shall expire at midnight on the 31st day of December of each year. No license may be transferred to any other corporation or unincorporated business.

SEC. 3. Licenses to be posted: All licenses granted under this title to corporations or unincorporated businesses having an office or place of business in the District must be conspicuously posted in the office or on the premises of the licensee, and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection.

SEC. 4. Where a corporation or unincorporated business has no office or place or business in the District, agent or employee shall carry certificate or license: Every corporation and every unincorporated business not having an office or place of business in the District which engages in or carries on any trade or business in the District by or through an employee or agent shall procure the license provided by this title. Every employee or agent of any such corporation or unincorporated business shall carry either the license or a certificate from the Assessor that the license has been obtained, which license or certificate shall be exhibited to the police or other officers duly authorized to inspect the same. Such certificate shall be in such form as the Assessor shall determine, and shall be furnished, without charge, by the Assessor, upon request. No employee or agent of the corporation not having an office or place of business in the District shall engage in or carry on any trade or business in the District for or on behalf of such corporation or unincorporated business unless such corporation or unincorporated business shall have first obtained a license, as provided by this title.

SEC. 5. Revocation: The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this article, or to pay any installment of tax when due.

SEC. 6. Renewal: Licenses shall be renewed for the ensuing calendar year upon application as provided in section 1 of this title. No license shall be issued or renewed if the taxpayer has failed or refused to pay any tax or installment thereof, or penalties or interest thereon, imposed by this article: *Provided, however*, That the Commissioners, in their discretion, for cause shown, may, on such terms or conditions as they may determine or prescribe, waive the provisions of this section.

SEC. 7. Penalty for failure to obtain license: Any corporation or unincorporated business engaged in or carrying on any trade or business in the District or receiving income from sources within the District within the meaning of title X of this article without having obtained a license so to do, within the time prescribed by section 1 of this title, and any person engaging in or carrying on any trade or business in the District or receiving income from sources within the District within the meaning of title X of this article for or on behalf of any corporation or unincorporated business not having a license so to do, shall, upon conviction thereof, be fined not more than $300 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense. All prosecutions under this section shall be brought in the municipal court of the District of Columbia on information by the Corporation Counsel or any of his assistants in the name of the District: *Provided, however*, That the provisions of this section shall not apply to mere collection by an agent of income of a corporation or unincorporated business not having the license required under this title.

TITLE XV—APPEAL

SEC. 1. Appeal to board of tax appeals for the District of Columbia: Any person aggrieved by any assessment of a deficiency in tax determined and assessed by the Assessor under the provisions of title XII, section 5, of this article and any persons aggrieved by the denial of any claim for refund made under the provisions of title XII, section 11 of this article, may, within 90 days from the date of the assessment of the deficiency or from the date of the denial of a claim for refund, as the case may be, appeal to the Board of Tax Appeals for the District of Columbia, in the same manner and to the same extent set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of the Act entitled "An Act to amend the District of Columbia Revenue Act of 1937, and for other purposes", approved May 16, 1938, and as the same may hereafter be amended.

SEC. 2. Election of remedy: The remedy provided in section 1 of this title shall not be deemed to take away from the taxpayer any remedy which he might have under any other provision of law, but no suit by the taxpayer for the recovery of any part of any tax shall be instituted in any court if the taxpayer has elected to file an appeal with respect to such tax in accordance with the provisions of section 1 of this title.

TITLE XVI—RULES AND REGULATIONS

SEC. 1. The Commissioners shall prescribe and publish such rules and regulations consistent with the provisions of this article, as may be necessary and proper for its enforcement and efficient administration.

The CHAIRMAN. Are there any amendments?

The Chair is advised that the gentleman from Texas [Mr. POAGE] has an amendment on the desk.

Mr. FORAND. Mr. Chairman, in view of the fact that none of us believed that we would jump to page 84 so rapidly, I ask unanimous consent that when the gentleman from Texas returns to the Chamber he be permitted to offer his amendment, if he so desires.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. HORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HORAN: Page 84, after line 5, insert the following:

"ARTICLE II—SALES AND COMPENSATING USE TAX

"Title I—Sales tax

"SEC. 1. Definitions: When used in this title the following terms shall mean or include:

"(a) 'Person': Includes an individual, partnership, society, association, joint-stock company, corporation, estate, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals.

"(b) 'Vendor': Includes a person selling property or rendering services upon the receipts from which a tax is imposed under section 2 of this title.

"(c) 'Purchaser': Includes a person who purchases property or to whom are rendered services, receipts from which are taxable under section 2 of this title.

"(d) 'Receipt': The amount of the sale price of any property or the charge for any service specified in section 2 of this title, valued in money, whether received in money or otherwise, including all receipts, cash, credits and property of any kind or nature, and also any amount for which credit is allowed by the vendor to the purchaser, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor, transportation or service cost, interest or discount paid, taxes paid, or any other expense whatsoever.

"(e) 'Sale' or 'selling': Any transfer of title or possession or both, exchange or barter, license to use, license to consume, conditional or otherwise, in any manner or by any means whatsoever for a consideration, or any agreement therefor, and shall include the rendering of any service specified in section 2 of this title.

"(f) 'Tangible personal property': Corporeal personal property of any nature.

"(g) 'Retail sale' or 'sale at retail': A sale to any person for any purpose other than for resale in the form of tangible personal property. A 'sale or purchase at retail of tangible personal property' shall also be deemed to include the sale of the services of producing, fabricating, processing, printing or, except for the imprinting of copy upon an already printed product, imprinting tangible personal property, to a person who directly or indirectly furnishes the tangible personal property, not purchased by him for resale, upon which such services are performed; other than the rendering of services in connection with the repair, alteration, or reconditioning of tangible personal property on behalf of the owner thereof to refit it for the use for which it was originally produced.

"(h) 'Return': Includes any return filed or required to be filed as herein provided.

"(i) 'District': The District of Columbia.

"(j) 'Commissioners': The Commissioners of the District or their duly authorized representatives.

"(k) 'Assessor': The Assessor of the District or his duly authorized representatives.

"(l) 'Collector': The Collector of Taxes of the District or his duly authorized representatives.

"SEC. 2. Imposition of tax: Beginning 60 days after approval of this act but not prior to July 1, 1947, there is hereby imposed and there shall be paid a tax upon the amount of the receipts from every sale in the District, as follows:

"(a) Two percent upon the amount of the receipts from every sale of tangible personal property sold at retail, including services rendered in connection therewith, except those exempted in section 3 of this title.

"(b) Two percent upon the receipts from every sale of gas, electricity, refrigeration, and steam and from gas, electric, refrigeration, and steam service of whatsoever nature for domestic or commercial use and a tax of 2 percent upon the receipts from every sale of telephony and telegraphy and telephone and telegraph service of whatsoever nature.

"SEC. 3. Exemptions: (a) Receipts from sales of the following and services rendered in connection therewith shall be exempt from the taxes imposed by this title:

"(1) Motor-vehicle fuels upon the sale of which a tax is imposed by the act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes", approved April 23, 1924, as amended or as may be hereafter amended; gas, electricity, telephone and telegraph service, and any other commodity or service sold or furnished by a public utility corporation, and cigarettes, if such sales are taxed by some other provision of law in force in the District during or for the period of time covered by any return required to be filed by the provisions of this title.

"(2) By or to the United States or the District or any instrumentality thereof.

"(3) Whisky, wines, liquors, beer, and other alcoholic beverages and drinks compounded thereof or therewith sold for consumption off or on the premises, upon which a beverage tax is levied during or for any period

for which a return is required to be filed under the provisions of this title.

"(4) Materials used in the initial construction of structures or major structural alterations which materials, upon completion of such construction or alterations, become real property.

"(b) The Commissioners are authorized to exempt from the taxes imposed by this title any or all sales, the consideration of which amounts to 50 cents or less.

"SEC. 4. Upon each taxable sale or service the tax to be collected shall be stated and charged separately from the sale price or charge for service and shown separately on any record thereof, at the time when the sale is made or evidence of sale issued or employed by the vendor and shall be paid by the purchaser to the vendor as trustee for and on account of the District, and the vendor shall be liable for the collection thereof and for the tax. The vendor and any officer of any corporate vendor shall be personally liable for the tax collected or required to be collected under this title, and the vendor shall have the same right in respect to collecting the tax from the purchaser, or in respect to nonpayment of the tax by the purchaser, as if the tax were a part of the purchase price of the property or service and payable at the time of the sale: *Provided, however*, That the Collector shall be joined as a party plaintiff in any action or proceeding brought by the vendor to collect the tax.

"SEC. 5. The tax imposed by this title shall be paid upon all sales made and services rendered beginning 60 days after approval of this act but not prior to July 1, 1947, although made or rendered under a contract dated prior thereto. Where a service is billed on either a monthly or other term basis, the payment of such bill for such month or other period of time shall be a receipt subject to the tax herein imposed. The Commissioners may provide by regulation that the tax upon receipts from sales on the installment plan may be paid in full at the time the agreement therefor is made or on the account of each installment and upon the date when such installment is due. The Commissioners may provide by regulation for the exclusion of amounts representing sales where the contract of sales has been canceled, or the property returned, or the receipt has been ascertained to be worthless or, in case the tax has been paid upon such receipt, for a credit or refund of the amount of the tax upon such receipt upon application therefor as provided in section 13 of this title.

"SEC. 6 Presumptions For the purpose of the proper administration of this title and to prevent evasion of the tax hereby imposed, it shall be presumed that all receipts for property and services mentioned in this title are subject to tax until the contrary is established, and the burden of proving that a receipt is not taxable hereunder shall be upon the vendor or the purchaser. Unless the vendor shall have taken from the purchaser a certificate signed by and bearing the name and address of the purchaser and the number of his registration certificate to the effect that the property or service was purchased for resale, the sale shall be deemed to be a taxable sale at retail.

"SEC. 7. No person engaged in the business of selling property or services the receipts from which are subject to tax under this title shall advertise or hold out to the public in any manner directly or indirectly that the tax imposed by this title is not considered as an element in the price to the purchaser.

"SEC. 8. Collection of tax from purchaser: The Commissioners shall by regulation prescribe a method or methods and a schedule or schedules of the amounts to be collected by vendors from purchasers in respect to any receipt upon which a tax is imposed by this title so as to eliminate fractions of 1 cent and so that the aggregate collections of taxes by a vendor shall, as far as practicable, equal 2 per centum of the total receipts from the sales and services of such vendor upon which a tax is imposed by this title. Such schedule or schedules may provide that no tax need be collected from the purchaser upon receipts from any sale the consideration of which is 50 cents or less, and may be amended from time to time so as to accomplish the purposes herein set forth. The tax imposed by this title on motor vehicles and vehicles which are propelled or moved by motor vehicles shall be paid as a condition precedent to the issuance of certificates of title therefor and the issuance of identification tags.

"SEC. 9. Every vendor shall keep records of receipts and of the tax payable thereon in such form as the Commissioners may by regulation require. Such records shall be offered for inspection and examination at any time upon demand by the Assessor and shall be preserved for a period of three years.

"SEC. 10. Returns: (a) Every vendor shall file with the Assessor a return of his receipts and of the taxes payable thereon for the periods ending September 30, December 31, March 31, and June 30 of each year.

"(b) Such returns shall be filed within twenty days from the expiration of the period covered thereby. The Assessor may permit or require returns to be made by other periods and upon such dates as he may specify: *Provided*, That the receipts during any year shall be included in returns covering such year and no other. If the Assessor deems it necessary in order to insure the payment of the tax imposed by this title, he may require returns to be made for shorter periods than those prescribed pursuant to the foregoing provisions of this section, and upon such dates as he may specify.

"(c) The form of returns shall be prescribed by the Assessor and shall contain such information as he may deem necessary for the proper administration of this title. The Assessor may require amended returns to be filed within twenty days after notice and to contain the information specified in the notice.

"SEC. 11. Payment of tax: At the time of filing a return of receipts each vendor shall pay to the Collector the taxes imposed by this title upon the receipts required to be included in such return, as well as all other moneys collected by the vendor acting or purporting to act under the provisions of this title even though it be judicially determined that the tax collected is invalidly imposed. All the taxes for the period for which a return is required to be filed shall be due from the vendor and payable to the Collector on the date limited for the filing of the return for such period, without regard to whether a return is filed or whether the return which is filed shows correctly the amount of receipts and the taxes due thereon.

"SEC. 12. Determination of tax: If a return required by this title is not filed, or if a return when filed is incorrect or insufficient, the amount of tax due shall be determined by the Assessor from such information as may be obtainable and, if necessary, the tax may be estimated on the basis of external indices, such as number of employees of the person concerned, rentals paid, stock on hand, income-tax returns, or other factors. Notice of such determination shall be given to the person liable for the collection of the tax from the purchaser and payment thereof to the Collector. Such determination shall finally and irrevocably fix the tax unless the person against whom it is assessed, within 30 days after the giving of notice of such determination, shall apply in writing to the Assessor for a hearing, or unless the Assessor of his own motion shall redetermine the same. After such hearing or redetermination the Assessor shall give notice of his final determination to the person against whom the tax is assessed.

"SEC. 13. Refunds: (a) Except as to any tax finally determined as provided in section 12, where any tax has been erroneously or illegally collected the tax shall be refunded if application is filed with the Assessor for such refund within 1 year from the payment thereof. For like cause and within the same period a refund may be made upon the certificates of the Assessor and the Collector. Whenever a refund is made upon the certificates of the Assessor and the Collector, the Assessor and Collector shall state their reasons therefor in writing. Such application may be made by the person upon whom such tax was imposed and who has actually paid the tax. Such application may also be made by a vendor who has collected and paid such tax to the Collector: *Provided*, That the application is made within 1 year of the payment by the purchaser to the vendor, but no actual refund of moneys shall be made to such vendor until he shall first establish to the satisfaction of the Assessor, under such regulations as the Commissioners may prescribe, that the vendor has repaid to the purchaser the amount for which the application for refund is made. In lieu of any refund required to be made, a credit may be allowed therefor on payments due from the applicant.

"(b) Application for a refund or credit made as herein provided shall be deemed an application for a revision of any tax, penalty, or interest complained of and the Assessor may receive evidence with respect thereto. After making his determination of whether any refund shall be made, the Assessor shall give notice thereof to the applicant.

"SEC. 14. Any person aggrieved by a final determination of tax as provided in section 12 or denial of an application for refund of any tax under section 13 may, within 90 days from the date of the final determination of the tax or from the date of the denial of an application for refund, as the case may be, appeal to the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of the act entitled 'An act to amend the District of Columbia Revenue Act of 1937, and for other purposes,' approved May 16, 1938, as amended, and as the same may hereafter be amended. The remedy provided in this section shall not be deemed to take away from the taxpayer any remedy which he might have under any other provision of law, but no suit by the taxpayer for the recovery of any part of any tax shall be instituted in any court if the taxpayer has elected to file an appeal with respect to such tax with the Board of Tax Appeals for the District of Columbia.

"SEC. 15. The taxes imposed by this title and penalties and interest thereon may be collected by the Collector in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection; and liens for the taxes imposed by this title and penalties thereon may be acquired in the same manner that liens for personal property taxes are acquired. If the Assessor believes that the collection of any tax imposed by this act will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the Collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

"SEC. 16. Whenever there is made a sale, transfer, or assignment in bulk of any part or the whole of a stock of merchandise or of fixtures, or of merchandise and of fixtures pertaining to the conducting of the business of the seller, transferor, or assignor, otherwise than in the ordinary course of trade and in the regular prosecution of said business, the purchaser, transferee, or assignee shall at least 5 days before taking possession of such merchandise, fixtures, or merchandise and fixtures, or paying therefor, notify the Assessor by registered mail of the proposed sale and of the price, terms, and conditions thereof, whether or not the seller, transferor, or assignor has represented to or informed the purchaser, transferee, or assignee that he owes any tax pursuant to this title or whether he has complied with section 1 of the act entitled 'An act to prevent the fraudulent sale of merchandise in the District of Columbia,' approved April 28, 1904, or whether or not he has knowledge that such taxes are owing, or whether any such taxes are in fact owing.

"SEC. 17. Whenever the purchaser, transferee, or assignee shall fail to give the notice to the Assessor as required by the preceding section, or whenever the Assessor shall inform the purchaser, transferee, or assignee that a possible claim for such tax or taxes exists, any sums of money, property, or choses in action, or other consideration, which the purchaser, transferee, or assignee is required to transfer over to the seller, transferor, or assignor shall be subject to a first priority right and lien for any such taxes theretofore or thereafter determined to be due from the seller, transferor, or assignor to the District, and the purchaser, transferee, or assignee is forbidden to transfer to the seller, transferor, or assignor any such sums of money, property, or choses in action to the extent of the amount of the District's claim. For failure to comply with the provisions of this subdivision, the purchaser, transferee, or assignee shall be personally liable for the payment to the District of any such taxes theretofore or thereafter determined to be due to the District from the seller, transferor, or assignor, and such liability may be assessed and enforced in the same manner as the liability for tax under this title.

"SEC. 18. Regulations: In addition to the powers granted to the Commissioners in this title, they are hereby authorized and empowered to make, adopt, and amend rules and regulations appropriate to the carrying out of this title and the purposes thereof.

"SEC. 19. In addition to the powers granted to the Assessor in this title, he is hereby authorized and empowered—

"(a) To extend for cause shown the time of filing any return for a period not exceeding 30 days; and for cause shown, to remit penalties and interest in whole or in part except as provided in section 22 of this title; and to compromise disputed claims in connection with the taxes hereby imposed.

"(b) To request information from the Bureau of Internal Revenue of the Treasury Department of the United States relative to any person for the purpose of assessing taxes imposed by this title; and said Bureau of Internal Revenue is authorized and required to supply such information as may be requested by the Assessor relative to any person for the purpose herein provided.

"(c) To prescribe methods for determining the receipts from sales made or services rendered and for the allocation of such receipts into taxable and nontaxable receipts.

"(d) To require any vendor selling to persons within the District to keep detailed records of the nature and value of personal property sold for use within the District and the names and addresses of the purchasers, where such sales are not subject to the tax imposed by this title, and to furnish such information upon request to the Assessor.

"(e) To assess, determine, revise, and readjust the taxes imposed under this title.

"SEC. 20. The Assessor, for the purpose of ascertaining the correctness of any return filed as required by this title, or for the purpose of making a return where none has been made, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear before him and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return and to give testimony or answer interrogatories under oath respecting the same, and the Assessor, or his duly authorized representative, shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person, having been personally summoned, shall neglect or refuse to obey the summons issued as herein provided, then in that event the Assessor, or the Deputy Assessor, may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court. Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in such returns, who shall refuse to permit the examination by the Assessor or any person designated by him of any such books, papers, records, or memoranda, or who shall obstruct or hinder the Assessor or any person designated by him in the examination of any books, papers, records, or memoranda, shall upon conviction thereof be fined not more than $500.

"SEC. 21. Registration: (a) On or before the sixtieth day after approval of this act but not prior to July 1, 1947, or in the case of vendors commencing business after July 1, 1947, or opening new places of business after such date, within 3 days after such commencement or opening, every vendor and every person purchasing tangible personal property for resale shall file with the Assessor a certificate of registration in a form prescribed by the Assessor. The Assessor shall within 5 days after such registration issue without charge to each vendor or person who purchases for reseale a certificate of authority empowering such vendor to collect the tax from the purchaser. Duplicates of such certificate shall be obtained from the Assessor for each additional place of business of such vendor. Each certificate or duplicate shall state the place of business to which it is applicable. Such certificates of authority shall be prominently displayed to the public in the places of business of the vendor. A vendor who has no regular place of doing business shall attach such certificate to his cart, stand, truck, or other merchandising device. Such certificates shall be nonassignable and nontransferable and shall be surrendered within 3 days to the Assessor upon the vendor's ceasing to do business at the place named.

(b) A vendor shall refuse to accept a certificate that any property or service upon which a tax is imposed by this title is purchased for resale and shall collect the tax imposed by this title unless the purchaser shall have filed a certificate of registration and received a certificate of authority to collect the tax imposed by this title: *Provided, however,* That the payment of the tax by such purchaser shall not relieve the purchaser of the duty herein imposed upon such purchaser to collect the tax upon any resale made by him; but such purchaser who shall file a certificate of registration and receive a certificate of authority to collect the tax may, upon application therefor, receive a refund of the taxes paid by him upon property and services thereafter resold by him and upon the receipts from which he shall have collected and paid over to the Collector the tax herein imposed.

"SEC. 22. Penalties and interest: (a) Any person failing to file a return or to pay or pay over any tax to the Collector within the time required by this title shall be subject to a penalty of 5 percent of the amount of tax due, plus interest at the rate of 1 percent of such tax for each month of delay excepting the first month after such return was required to be filed or such tax became due; but the Assessor, if satisfied that the delay was excusable, may waive all or any part of such penalty in excess of interest at the rate of 6 percent per year. Such penalties and interest shall be paid and disposed of in the same manner as other revenues from this title. Unpaid penalties and interest may be collected in the same manner as the tax imposed by this title.

"(b) Officers of a corporate vendor shall be personally liable for the tax collected or required to be collected by such corporation under this title, and subject to the penalties hereinabove imposed.

"(c) The certificate of the Collector or Assessor, as the case may be, to the effect that a tax has not been paid, that a return or registration certificate has not been filed, or that information has not been supplied pursuant to the provisions of this title, shall be presumptive evidence thereof: *Provided,* That the presumptions created by this subsection shall not be applicable in criminal prosecutions.

"SEC. 23. Returns to be secret: (a) Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of receipts or any particulars relating thereto or the computation thereof set forth or disclosed in any return required to be filed under this title, and neither the original nor a copy of any such return desired for use in litigation in court shall be furnished where neither the District nor the United States is interested in the result of such litigation whether or not the request is contained in an order of the court: *Provided, however,* That nothing herein contained shall be construed to prevent the furnishing to a taxpayer a copy of his return upon the payment of a fee of $2.

"(b) Nothing contained in section 23 (a) of this title shall be construed to prohibit the publication of notices authorized in section 27 of this title, or the publication of statistics so classified as to prevent the identification of particular returns or reports and the items thereof, or the publication of delinquent lists showing the names of persons, vendors, or purchasers who have failed to pay the taxes imposed by this title within the time prescribed herein, together with any relevant information which in the opinion of the Assessor may assist in the collection of such delinquent taxes.

"(c) Nothing contained in section 23 (a) of this title shall be construed to prohibit the Assessor, in his discretion, from divulging or making known any information contained in any report, application, or return required under the provisions of this title other than such information as may be contained therein relating to the amount of receipts or tax thereon or any particulars relating thereto or the computation thereof.

"(d) Any violation of the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding $1,000 or imprisonment for 6 months, or both, in the discretion of the court.

"(e) All reports, applications, and returns received by the Assessor under the provisions of this act shall be preserved for 3 years, and thereafter until the Assessor orders them to be destroyed.

"SEC. 24. Penalty for failure to file returns, and so forth: (a) Any person required to file a return or report or perform any act under

the provisions of this title who shall fail or neglect to file such return or report or perform such act within the time required shall, upon conviction thereof, be fined not more than $300 for each and every failure or neglect, and each and every day that such failure or neglect continues shall constitute a separate and distinct offense. The penalty provided herein shall be in addition to the other penalties provided in this title.

"(b) Any person required to file a return or report or perform any act under the provisions of this title who willfully fails or refuses to file such return or report or perform such act within the time required shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than 1 year, or both, for each and every failure or refusal. The penalty provided herein shall be in addition to the other penalties provided in this title.

"SEC. 25. Assessment, reassessment, false, and incorrect returns: The Assessor shall determine, redetermine, assess, or reassess, any tax imposed by this title, except in cases where the tax is correct as computed in any return filed with the Assessor, within 3 years after the filing of any return, except as follows:

"(a) In the case of a false return or a failure to file a return, or failure to include taxable receipts in any return filed, whether in good faith or otherwise, the tax may be assessed at any time.

"(b) In the case of an incorrect return which has not been prepared as required by this title and by the return and instructions, rules, or regulations applicable thereto, the receipts reported shall be assessed or reassessed within 5 years after the filing of such return.

"SEC. 26. Prosecutions: All prosecutions under this title shall be brought in the Municipal Court for the District of Columbia on information by the Corporation Counsel of the District in the name of the District of Columbia.

"SEC. 27. Notices: Any notice authorized or required under the provisions of this title may be given by mailing the same to the person for whom it is intended in an envelope, postage prepaid, addressed to such person at the address given in the last return filed by him pursuant to the provisions of this title or, if no return has been filed, then to the last address of such person. If the address of any person is unknown, such notice may be published in one or more of the daily newspapers in the District of Columbia for three successive days. The cost of any such advertisement in newspapers shall be added to the tax. The proof of mailing of any notice required or authorized in this title shall be presumptive evidence of the receipt of such notice by the person to whom addressed. The proof of publishing any notice required in this title in one or more of the daily newspapers in the District shall be conclusive notice to the person for whom such notice is intended.

"SEC. 28. Extensions of time: Where, before the expiration of the period prescribed herein for the assessment or redetermination of an additional tax, a taxpayer has consented in writing that such period be extended, the amount of such tax due may be determined at any time within such extended period. The period so extended may be further extended by subsequent consents in writing made before the expiration of the extended period.

"SEC. 29. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

TITLE II—COMPENSATING USE TAX

"SEC. 1. Definitions: (a) When used in this title the following terms shall mean or include:

"(1) 'Use': The exercise of any right or power over tangible personal property by the purchaser thereof and includes but is not limited to the receipt, storage, or any keeping or retention for any length of time, withdrawal from storage, any installation, any affixation to real or personal property or any consumption of such property.

"(2) 'Sale' or 'purchase': Any transfer of title or possession or both, exchange or barter, rental, lease, or license to use or consume, conditional or otherwise, in any manner or by any means whatsoever for a consideration, or any agreement therefor.

"(3) 'Vendor': Every person making sales of tangible personal property in the District: *Provided, however,* That, when in the opinion of the assessor it is necessary for the efficient administration of this title to regard any salesman, representative, peddler, or canvasser as the agent of the dealer, distributor, supervisor, or employer under whom he operates or from whom he obtains the tangible personal property sold by him, the Assessor may, in his discretion, treat and regard such agent as the vendor jointly responsible with his principal, employer, or supervisor for the collection and payment over of the tax.

"(4) 'Purchase at retail': A purchase by any person for any purpose other than for resale in the form of tangible personal property.

"(5) 'Tangible personal property': Corporeal personal property of any nature.

"(b) The definitions of 'person,' 'retail sale,' or 'sale at retail,' 'return,' 'District,' 'Commissioners,' 'Assessor,' and 'Collector,' as defined in section 1 of title I of this act, are hereby incorporated in and made applicable to this title.

"SEC. 2. Imposition of tax: Beginning 60 days after approval of this act but not prior to July 1, 1947, there is hereby imposed and there shall be paid by every person a tax on the use within the District of any tangible personal property purchased at retail. Such tax shall be at the rate of 2 percent of the consideration given or contracted to be given for such property or its use plus the cost of transportation, except where such cost is stated and charged separately.

"SEC. 3. Exemptions: The provisions of this title shall not apply—

"(a) In respect to the use of property used by the purchaser in the District prior to the date on which the tax is imposed by this act.

"(b) In respect to property which is in transit through the District, or which is stored and not used in the District but is so stored solely for the purpose of awaiting further transit through the District.

"(c) In respect to the use of property if the sale thereof has already been or will be subject to tax under title I of this act.

"(d) In respect to the use of property purchased at retail, upon the sale of which the purchaser would be exempt from the taxes imposed under title I of this act.

"(e) In respect to the use by any one person of property purchased from a vendor not maintaining a place of business in the District where the aggregate value of such property subject to the tax imposed by this title is less than $25 in value during any quarterly period.

"(f) In respect to the use of property which is converted into or becomes an ingredient or constituent part of, or is transformed or wrought into, attached to or sold with, a product or commodity produced or manufactured for sale by the purchaser.

"(g) In respect to the use of property by any person who comes into the District on or after the date on which the tax is imposed by this act and establishes a temporary or permanent residence in the District, or engages in any trade or business or commercial activity in the District, if such property was purchased at retail by such person not less than 1 year prior thereto.

"(h) In respect to the use of property if the sale or purchase thereof has been taxed by a taxing jurisdiction other than the District, and if such tax was paid by the person who brings such property into the District: *Provided,* That this section shall not apply to any sales or excise tax imposed or paid for Federal revenue purposes: *And provided further,* That if a tax on the sale or purchase of property is imposed by and paid to any taxing jurisdiction other than the District is less than the tax imposed by this title, the difference between such taxes shall not be exempted under this section.

"SEC. 4. Vendor to collect tax from purchaser; unlawful to advertise tax will be assumed or absorbed: (a) Every vendor maintaining a place of business in the District and making sales of tangible personal property the use of which is taxable under this title, and every other vendor who, upon application to the Assessor, has been expressly authorized to collect the tax, shall at the time of making such sales, or if the use is not then taxable hereunder, at the time such use becomes taxable hereunder, collect the tax from the purchaser. The tax to be collected shall be stated and charged separately from the sale price and shown separately on any record thereof, at the time when the sale is made or evidence of sale issued or employed by the vendor, and shall be paid by the purchaser to the vendor as trustee for and on account of the District, and the vendor shall be liable for the collection thereof and for the tax. The vendor and any officer of any corporate vendor shall be personally liable for the tax collected or required to be collected under this title, and the vendor shall have the same right in respect to collecting the tax from the purchaser, or in respect to nonpayment of the tax by the purchaser, as if the tax were a part of the purchase price of the property and payable at the time of the sale: *Provided,* That the Collector shall be joined as a party in an action or proceeding to collect the tax. No vendor shall advertise or hold out to the public in any manner, directly or indirectly, that the tax imposed by this title is not considered an element in the price to the purchaser.

"(b) Where the vendor has not collected a tax imposed by this title, such tax shall be payable by the purchaser directly to the Collector and it shall be the duty of the purchaser to file a return thereof and pay the tax imposed thereon as provided in sections 7 and 8 of this title.

"(c) For the purpose of the proper administration of this title and to prevent evasion of the tax hereby imposed, it shall be presumed that the use of tangible personal property is subject to tax until the contrary is established, and the burden of proving that the use is not taxable shall be upon the vendor or the purchaser. Unless the vendor shall have taken from the purchaser a certificate signed by and bearing the name and address of the purchaser and the number of his registration certificate to the effect that the property was purchased for resale, the sale shall be deemed a retail sale.

"SEC. 5. Collection of tax from purchaser: The Commissioners shall by regulation prescribe a method or methods and a schedule or schedules of the amounts to be collected from purchasers in respect to any property the use of which is subject to tax under this title so as to eliminate fractions of 1 cent and so that the aggregate collections of taxes by a vendor shall, as far as practicable, equal 2 percent of the aggregate value of the tangible personal property sold. Such schedule or schedules may provide that no tax need be collected from the purchaser upon receipts from any purchase the consideration of which is 50 cents or less, and may be amended from time to time so as to accomplish the purposes herein set forth. The tax imposed by this title on motor vehicles and vehicles which are propelled or

moved by motor vehicles shall be paid as a condition precedent to the issuance of certificates of title therefor and the issuance of identification tags.

"SEC. 6. Records to be kept: Every person shall keep records of sales and of the tax payable in connection therewith and also records of purchases in such form as the Commissioners may by regulation require. Such records shall be offered for inspection and examination at any time upon demand by the Assessor and shall be preserved for a period of 3 years.

"SEC. 7. Returns: (a) Every vendor maintaining a place of business in the District and every vendor not maintaining such place of business but who, upon application to the Assessor, has been expressly authorized to collect the tax, shall file with the Assessor a return for the quarterly periods ending September 30, December 31, March 31, and June 30 of each year, showing the aggregate value of the tangible personal property sold by the vendor, the use of which became subject to the tax imposed by this title during the preceding quarterly period.

"(b) Every person purchasing tangible personal property, the use of which is subject to the tax imposed by this title, and who has not paid the tax due hereunder to a vendor required or authorized to collect the tax, shall file with the Assessor a return for such quarterly periods, showing the value of the tangible personal property purchased by such person, the use of which became subject to the tax imposed by this title during the respective quarterly periods and with respect to which the tax was not paid to a vendor required or authorized hereunder to collect the tax.

"(c) The provisions of section 10 (b) and (c) of title I are hereby incorporated in and made applicable to this title.

"SEC. 8. Payment of tax: At the time of filing the return the vendor or purchaser, as the case may be, shall pay to the Collector the taxes imposed by this title as well as all other moneys collected by the vendor acting or purporting to act under the provisions of this title even though it be judicially determined that the tax collected is invalidly imposed. All the taxes for the period for which a return is required to be filed shall be due from the vendor or purchaser, as the case may be, and payable to the Collector on the date limited for the filing of the return for such period, without regard to whether a return is filed or whether the return which is filed correctly shows the amount of receipts and the taxes due thereon.

"SEC. 9. Registration: (a) On or before the sixtieth day after approval of this act but not prior to July 1, 1947, or in the case of vendors commencing business or opening new places of business after such date, within 3 days after such commencement or opening, every vendor selling tangible personal property for use within the District and maintaining a place of business in the District shall file with the Assessor a certificate of registration in a form prescribed by the Assessor. A person selling tangible personal property for use within the District but not maintaining a place of business in the District, may, if he so elects, likewise file a certificate of registration with the Assessor. The Assessor shall within 5 days after such registration issue without charge to each such vendor a certificate of authority empowering such vendor to collect the tax from the purchaser and duplicates thereof for each additional place of business of such vendor. Each certificate or duplicate shall state the place of business to which it is applicable. Such certificates of authority shall be prominently displayed in the places of business of the vendor. A vendor who has no regular place of doing business shall attach such certificate to his cart, stand, truck, or other merchandising device. Such certificates shall be nonassignable and nontransferable and shall be surrendered within 3 days to the Assessor upon the vendor's ceasing to do business at the place therein named. The provisions of this section shall not be applicable to vendors and persons who have filed certificates of registration pursuant to section 21 (a) of title I.

"(b) The provisions of section 21 (b) of title I are hereby incorporated in and made applicable to this title.

"SEC. 10. The provisions of sections 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 28, and 29 of title I of this act are hereby incorporated in and made applicable to this title.

"SEC. 11. There is hereby authorized to be appropriated out of the revenues of the District of Columbia not to exceed the sum of $20,000 for the employment of persons specially qualified in the field of sales tax law in connection with the administration of this act. Such sum shall be available for expenditure for personal services without regard to section 3709 of the Revised Statutes and to the civil service laws and to the Classification Act of 1923, as amended."

Mr. HORAN (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the remainder of the amendment be considered as read.

Mr. FORAND. Reserving the right to object, Mr. Chairman, we should know what is in the amendment.

Mr. HORAN. This is the Dirksen bill, I would say to my colleague.

Mr. FORAND. But there are very few Members who know anything about it. I think it should be read.

Mr. DIRKSEN. Mr. Chairman, if the gentleman would yield, what the gentleman from Washington proposes here is a completely new title that embraces a sales tax of 2 percent without any exclusions or exemptions as to commodities and so forth. The gentleman said it was the Dirksen bill. As a matter of fact, it is not except in this sense: It was proposed by the commissioners of the District of Columbia, as part of a program that embraces 9 different taxes. The chairman of the committee in rendering the usual customary official courtesy to the Commissioners of the District of Columbia introduced this bill, whether he agreed with this bill or any such bills or not; and it does bear my name, of course, but only because of the official rule. What is proposed here now is a so-called sales tax, and I see no reason why the amendment should be read, because the gentleman from Washington will explain it in detail.

Mr. FORAND. Does the gentleman say that everything is going to be taxed and that there will be no exemptions?

Mr. HORAN. Unless the committee should decide otherwise.

Mr. DIRKSEN. That is right. There are no exemptions involved. It is a straight across-the-board sales tax.

Mr. FORAND. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. The gentleman from Washington [Mr. HORAN] is recognized in support of his amendment.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. CHURCH. I would like to point out some of the reasons why there should be so few, if any, exemptions. There is the expense of collection involved and additional appropriations.

Mr. HORAN. All exemptions lead to abuses sooner or later. Put that down in your book right now. All experience with sales taxes indicates that exemptions are a weakness rather than a strength and leave the door open to abuses. There are some exemptions included here, however, because of a previous Federal tax. I will briefly explain what this amendment which I have offered does.

This amendment provides for inclusion of a sales tax in the bill reported out by the fiscal committee. It would appear as article II, entitled "Sales and Compensating Use Tax." It is the same tax bill as introduced by Mr. DIRKSEN as H. R. 2290, but with the following amendments:

First. It strikes from section 3, subsection (a), paragraph (1), exemptions of cereals and cereal products, milk and milk products, meat and meat products, fish, eggs, vegetables and fruits, tea, cocoa, drugs, medicines, and so forth. It is my opinion that to have such exemptions makes the difficulty of collection increase, and also makes for an unmoral opportunity to cheat on the part of the retailer.

The amendment as proposed does exempt motor-vehicle fuels and alcoholic beverages because a tax is already levied against these items. It exempts all materials used in the initial construction of structures and in major structural alterations.

Second. This amendment further amends H. R. 2290 by providing for collection by distraint upon refusal to pay tax, penalty, and interest. This change was suggested by the District corporation counsel after the bill had been originally introduced.

Third. One further amendment to H. R. 2290 is provided for in the added section, section 11 of the use-tax provision, which amendment provides for authorization of persons specially qualified to administer this act in the sum of $20,000 without regard to section 3709 of the Revised Statutes and to civil-service laws, and to the Classification Act of 1923, as amended.

I make this point—if we pass this bill—and I tell you that I know something about it because we are having hearings on the District budget right now and have to assume the tax program it suggests, the bill before you now is not adequate for the job. We must remember that this city is supplying police service and other services to hundreds of thousands of tourists. These services have greatly increased and run into millions of dollars. The burdens on the District of Columbia are increasing tremendously in every respect and yet the taxable area is fixed. The only tax that you can devise which will meet this situation is a sales tax. Those who ride should pay. That is the basis of a sales tax.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. FORAND. The gentleman said that those who ride should pay. Does he mean that there will be tax on taxicab rides?

Mr. HORAN. It does not so provide.

Mr. FORAND. And also an additional tax on admission to the movies as well as on bread and milk for children, and busses and streetcars?

Mr. HORAN. Let us assume that if we are going to have Government service and we are going to have all of this $13,000,000 a year welfare work projected now that it takes money. Nobody likes taxes, but you must raise the money.

Mr. FORAND. In other words, it is an over-all tax.

Mr. HORAN. That is right.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. WADSWORTH. Can the gentleman give us an estimate as to the revenues which may accrue from this amendment?

Mr. HORAN. It has been estimated, with the exemptions as so amended, to produce as high as $15,000,000 a year, but there are plenty of people who know something about it who say it would raise more money than that. Certainly, if we are going to take up the backlog of construction and capital outlay which faces the District, and which has been authorized by the Congress, $130,000,000 worth of which is still awaiting in capital outlay alone, we can see that we have a difficult tax problem. And we are not meeting it this afternoon.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

Mr. HORAN. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CHURCH. Will the gentleman also mention about the school system and the requirements there?

Mr. HORAN. As pointed out by the gentleman, we have 20 schools in the District right now that are on part-time classroom work. It is estimated that somewhere between four and seven million dollars is necessary right now to keep the school children in school for a full day. It is estimated by Dr. Corning, Superintendent of the District Schools, that it is only a matter of weeks until the juvenile-delinquency problem will become a tremendous problem in the District, because of so many children being forced into leisure, during the afternoons particularly.

Mr. MACKINNON. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. MACKINNON. This sales-tax provision has no exemptions, you say. Does it cover building materials?

Mr. HORAN. The exemptions are listed. These amendments exempt certain initial materials going into construction.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks and to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, Government officials and officials of farm loan agencies are meeting in Washington today to seek a way to halt recent wild increases in farm-land prices, according to present reports in the morning papers.

One hundred insurance companies, Federal land bank officials, farm-loan investors, and farm-organization officers have been summoned to the Washington meeting. Among those attending will be State officials of both Maryland and Virginia. According to the announcement, farm-land prices throughout the Nation now average 92 percent above the 1935–39 price level.

According to the report, the Secretary of Agriculture is expected today to urge private-loan agencies to bear down on farm loans from now on. He will ask insurance companies and other lending agencies, it is reported, to follow the Government's lead in farm financing.

The press carries a statement to the effect that Government-controlled Federal land banks now refuse to lend more than 65 percent of what they term "normal agricultural value of a farm." This value is defined as the amount a prudent farmer will be willing to pay in the expectation of average production in normal prices in farm commodities. Normal prices are defined as those which may be expected over a long period in the future—a period reasonably free from inflation or depression. According to the announcement, present farm-products prices are slightly more than double those which Government lending institutions consider normal. They are 150 percent above the more normal prewar period 1935–39 level.

It is difficult for me to understand how the press could carry the story to the effect that Government-controlled Federal land banks now refuse to lend more than 65 percent of what they term "normal agricultural values of a farm," when, as a matter of fact, the 65-percent limitation is a limitation fixed by law, a limitation which Federal land banks cannot exceed. The significant thing, however, about bearing down on farm loans and the Government's lead in farm financing is the fact that the present Governor of the Farm Credit Administration is now urging the passage of H. R. 3330, which is now pending before the House Committee on Agriculture, the very purpose of which bill is to lift the 65 percent of normal value limitation to 75 percent, to the end that Federal land banks might make more liberal loans on farm land. It is more than passing strange that while an agency of the Government, the Farm Credit Administration, is calling upon Congress to authorize a more liberal lending program, a conference is being held in Washington, and we are told that Government officials will advise insurance companies and private lending agencies to bear down on farm loans.

In testifying before the House Committee on Agriculture on Thursday, May 15, 1947, Hon. Ivy W. Duggan, Governor of the Farm Credit Administration, stated that according to a study made by the Farm Credit Administration—

There is a definite need for loans up to 75 percent of normal agricultural value if the mortgage credit requirements of agriculture are to be served adequately. This has been true ever since the establishment in 1933 of the normal value concept in making appraisals. An analysis of all land-bank loans made since 1933 indicates clearly that many farmers would not have been able to obtain their full mortgage-credit requirements from the land bank if there had been no Commissioner lending authority.

Governor Duggan stated further that—

Since July 1, 1945, when the land banks began operating under the 65-percent lending authority, the banks have made a determined effort to serve the credit needs of farmers without the use of Commissioner funds. They have found that the extent to which borrowers ordinarily could be expected to take up the difference between a 65-percent Federal land-bank loan and a 75-percent Commissioner loan, either from their own resources or from other lenders, is uncertain, especially during periods when farm income and economic conditions generally are less favorable than present conditions. The study made of applications received by the banks from July 1, 1945, through December 1945 disclosed that in a great many instances the difference between a 65-percent loan and a 75-percent loan was the margin that enables a returned veteran or a young tenant farmer to complete the purchase of a farm and establish himself as an owner-operator.

Governor Duggan pointed out further that—

We have made loans to veterans since 1944 in the amount of $13,000,000.

And stated further that—

Although at the present time farmers generally are in good financial condition, and most lenders give agricultural loans a high-credit rating, there is still a genuine need for loans of 75 percent of normal agricultural value. Past experience shows that this need will be much greater when conditions are less prosperous.

Special loans as provided for in H. R. 3330 have a definite place in the long-term mortgage field.

The thing that Mr. Duggan is actually worried about is that private lending agencies, managed and operated by the businessmen of America, who have with foresight and vision managed their own affairs, are making loans more liberal than his agency is authorized by law to make. The result is that private capital, through the operation of the private enterprise system, is now meeting the needs of farmers as never before in history. This activity on the part of private capital has decreased the volume of Governor Duggan's business and he is urging Congress to authorize him to make more liberal loans, while the Secretary of Agriculture is urging private lending agencies "to bear down on farm loans."

"CONSISTENCY, THOU ART A JEWEL"

In this connection, Governor Duggan stated to our committee that—

The Federal land banks need a sufficient volume of new loans to enable them to maintain an organization of sufficient efficiency and importance in the farm mortgage field to render adequate and effective service to

farmers who need and prefer the cooperative type of credit service. * * * In order to maintain an effective organization, there must be a sufficient flow and volume of business to provide enough earnings to keep such an organization functioning at all times.

The question is, Does Governor Duggan want more liberal lending authority so that he will be able to maintain an effective organization, or does he consider such liberal lending authority essential to the farm credit needs of the Nation?

I do not think that Governor Duggan will deny the fact that he is the person responsible for having initiated the conference which is meeting in Washington today. From the information I have received, he is the person who at least supplied the substance of the letter written by the President to the Secretary of Agriculture, suggesting the calling of such a conference. For years the present Governor of the Farm Credit Administration has consistently and constantly done everything within his power to beat down farm land values, which represent most of the capital investment of the farmers of this Nation. He has made numerous speeches to this effect. He has traveled from one end of the country to the other in an effort to frighten the public, to the end that farm land values might be definitely and adversely affected. Governor Duggan said that in 1934 "the Federal land banks and Land Bank Commissioner made 73.8 percent of all farm loans; individuals made about 12.6 percent; life-insurance companies made about 2.6 percent, and commercial banks about 6.4 percent. The Federal land-bank loan business has fallen off in the intervening years so sharply that during the first 9 months of 1946, according to figures of the Farm Credit Administration, Federal land banks, and Land Bank Commissioners were doing only 9.6 percent of the farm-loan business; while individuals were making 35.9 percent of the farm loans, commercial banks 35 percent, insurance companies about 13.6 percent, and other lenders about 5.9 percent.

This conference is a deliberate effort to drive down the value of farm land and to frighten the public. This conference will do irreparable injury, to the extent of millions of dollars, to the farm owners of America. Most of our farmers have their entire life savings invested in farm lands and farm homes. Why should they be singled out as the one group in our economy for the slaughter of the value of their investments? What about city property? That, too, has substantially increased in value along with the increase in the national income.

The letter written by the President was ill advised and ill timed. The truth is, this letter has already resulted in the entire amount of $25,000,000 being stricken out of the agricultural appropriation bill which the administration, the Department of Agriculture, and the Subcommittee on Agricultural Appropriations had recommended and approved. It further resulted in a $7,000,000 cut in administrative funds for the Farmers Home Corporation. The effect of these cuts will mean that at least 49,000 veterans who have applications now pending will not be able to finance the purchase of farm homes.

The conference should not have been called. The record clearly shows that farm-land values have neither kept pace with commodity prices, with the Nation's farm income, nor the national income of this Republic. The Governor of the Farm Credit Administration is the person responsible for the conference.

Suppose the president of Standard Oil Co. should announce to the public that Standard Oil stock was not worth the money it is now bringing in the market place. Suppose the president of General Motors or the president of any of the thousands of other big corporations of America were to announce to the public that an investment in the stocks of their companies was not a sound investment; that the investment of such stocks would be inflationary and unsafe. Do not you know that the directors of such corporations would throw out such an unfaithful officer.

The truth is, this man, Ivy Duggan, is poison ivy to the farmers of this Nation. He is a perfect example of a "tomtit" in a top-flight job. The farmers of America should immediately demand his resignation.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GROSS. Is not this a clear example of the inconsistencies now existing within the administration all around?

Mr. COOLEY. This is a glaring inconsistency, I may say to my friend. I am a good party man and I do not criticize unless I think I am justified, but how on earth can a man say he is consistent when he asks Congress to liberalize his lending power and then tells private enterprise to be careful and tighten up the lending by private agencies?

According to press reports, there has been a 92-percent rise in farm-land prices above the 1935–39 average. Even if this percentage is accurate, it does not indicate that land values have reached inflationary levels. As I have said, land values have not kept pace with either farm income or with the national income. According to information furnished to me by an agricultural economics statistician of the Department of Agriculture, cash receipts from farm marketings in 1935 were $7,086,000,000 and in 1946, $23,933,000,000—an increase of 238 percent. Net income to farmers in 1935 was $5,052,000,000; in 1946, $15,144,000,000—or an increase of 200 percent. The national income in 1935 was $56,398,000,000 and in 1946 it was $165,000,000,000—or an increase of 195 percent.

Land values have not kept pace with commodity prices. Cotton in 1935 sold for 11.09 cents per pound and on May 15, 1947, cotton sold for 33.50 cents per pound, an increase of 202 percent. Wheat in 1935–39 sold for 83.1 cents per bushel and on May 15, 1947, wheat sold for $2.39 per bushel an increase of 188 percent. Tobacco in 1935 averaged 18.4 cents per pound, and in 1946, 44.6 cents per pound, an increase of 142 percent. I do not have available the information showing the situation with regard to the increase in value of stock in American corporations, but I make the assertion that there has been a far greater increase in the value of stocks of corporations and also in the value of city property generally than there has been in the value of farm land.

Land values have not kept pace with manufactured articles. From 1935 to 1947 there was an increase in the price of men's overalls of 164 percent, of work shirts 163 percent, of women's house dresses 220 percent, unbleached muslin 216 percent, sheets 190 percent, cotton blankets 106 percent, comforters 149 percent.

Certainly farm land values have increased between the years 1935 and 1947. During a substantial portion of that time our Nation was at war and there was an unusually large demand for the products of both our fields and factories. Even though we are now in the postwar period, the world-wide demand for agricultural commodities is just as great, if not greater, than during the war period. If American farmers are expected to supply domestic, civilian, and military needs, and to make a substantial contribution to the food and fiber supply of the world, there is every reason to believe that farm income should continue at or about the present level. We cannot hope to support the vital functions of the Government and to pay the tremendous national debt hanging over this country with declining commodity prices and wage levels. We must maintain our national income at or about the present level. If our agricultural economy is wrecked or thrown out of balance, it will have an immediate effect upon our national income and upon the country's economy.

This is a matter of great importance and if the officials of the private lending agencies of America are expected to follow the lead of the Government in the field of farm lending, it is only natural for them to want to know which way the Government is leading. How can they tell which way the Government is leading when one official of the Government is advocating more liberal loans, before a congressional committee, while another official of the Government is telling private lending agencies to bear down on farm loans and to stop making such liberal loans on farm property? In this important matter, officials of the Government should at least be consistent.

Frankly, I have observed no inflation in farm values in the community in which I live, and I believe that every acre of North Carolina land is worth every dollar that it will bring on the present-day market.

Mr. Duggan should read again the remarks he made before the House Committee on Agriculture in testifying in behalf of H. R. 3330 on May 15, 1947, less than 30 days ago.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. BATES of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the amendment offered by the gentleman from Washington [Mr. HORAN] provides for the introduction of a sales tax in the District of Columbia. As he said at the outset, it is a tax that will raise $15,000,000. The committee gave a great deal of consideration to the sales tax. Our greatest difficulty has been

in trying to find some equitable way to spread the tax load as we feel we have done in the section dealing with the real estate tax, the income tax, and Federal contribution. With the adoption of the amendment to the income tax title we are about one million away from balancing the budget in the fiscal year 1948. With the income tax deleted we still have other sources of revenue which have been recommended by the Commissioners that are still open for consideration by the Committee. We feel, however, that this bill ought to go to the Senate but not containing a tax so wide in scope as a sales tax exempting practically nothing and raising $15,000,000 when we need to raise only $1,000,000. Under the revised schedule that we submitted with the report on this bill we found a surplus at the end of the year of $2,108,000. If you take $3,100,000 away by reason of the revision of the income tax title of this bill it would leave us with a deficiency of only $1,000,000 to meet in order to balance the budget, yet this sales tax amendment provides $15,000,000.

The gentleman from Washington says that our bill does not balance the budget. We are providing the means of revenue by which all the proper requirements in the 1948 budget will be met.

Not only are we providing means by which the 1949 requirements will be met; but we are providing in this bill provisions for an expenditure of $25,000,000 in capital outlay considering funds now available; of that amount $7,000,000 will be available to spend this year for school buildings. I have in mind also, when the gentleman speaks about the overcrowded conditions of the District, that in 1938 there were 92,000 school children in the District of Columbia. Today there are only 90,000. Yet during that period of time we have spent huge sums of money.

Mr. HORAN. Mr. Chairman, will the gentleman yield? The gentleman does not want to misinform the House.

Mr. BATES of Massachusetts. I yield to the gentleman.

Mr. HORAN. Dr. Corning said that is an illusion, that those statements are not backed up by facts. He said that as a matter of fact, and everybody knows it, the birth rate has been on the increase and instead of having less school children there is going to be an increase.

Mr. BATES of Massachusetts. I will answer that by citing figures I received from the School Department today verifying facts I received only a week ago. These figures come from the School Department: In 1938 there were 92,178 children in the public schools of the District of Columbia. As of May 1947, according to the School Department, there are 90,764 children, 1,400 less in the schools of the District of Columbia than there were 10 years ago. During the 11-year period of time, 1937 to 1938, inclusive, for school construction, that is for capital outlay, we have provided $18,611,770. This year there is available for school construction over $5,000,000. In other words, available in 11 years for school construction, at a time when the school population was decreasing, over $23,000,000. It seems to me that that is a lot of money for school construction in any city at a time when the school population is actually less than it was 10 years ago.

Mr. Chairman, this sales-tax bill is a new venture into the tax problem, raising as it does over $15,000,000, which is a fair estimate, when we need only $1,000,000. We ought to defeat the pending amendment this afternoon and permit the bill to go to the Senate for further consideration.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield? I may say that I had reserved time on this amendment and the gentleman obtained his time before I did.

The CHAIRMAN. The last 5 minutes is available to the committee, but the gentleman from Massachusetts may yield to the gentleman from California for a statement, if he so desires.

Mr. BATES of Massachusetts. Mr. Chairman, I yield to the gentleman from California.

Mr. HINSHAW. Mr. Chairman, this bill of the gentleman from Washington [Mr. HORAN] which he has offered as an amendment is a very comprehensive one. I would not be able to state exactly all that is in it. Nevertheless, I think the mere fact that the amendment will raise so much money is a mighty good argument in favor of it, so that ultimately we can reduce the real-estate tax in the District of Columbia instead of increasing it and cutting out the income tax altogether, letting those who use the services of the city of Washington pay for the running of the city. If this will raise fifteen or twenty million dollars it is a mighty good deal.

Mr. BATES of Massachusetts. What the gentleman is suggesting is that we completely rewrite the tax bill on the floor of the House this afternoon and not have in mind anything at all in respect to the equity of the taxes which we are suggesting. It was brought out on the floor of the House this afternoon that the real-estate tax in the District of Columbia has not been increased since 1927; that the ratio of assessed value to real value in the open market is only about 70 percent of its actual value, and that the adjusted rate is lower than any city, with one exception, in the United States with a population of 500,000 or more.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from New York.

Mr. BUCK. I would like to ask the gentleman this question: If the Horan amendment is adopted, would not that permit the elimination of article VI, which is Federal contribution, altogether?

Mr. BATES of Massachusetts. Of course, as I say, if you want to write the whole tax bill over on the floor of the House.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

The question is on the amendment offered by the gentleman from Washington [Mr. HORAN].

The question was taken; and on a division (demanded by Mr. HORAN) there were—ayes 38, noes 58.

So the amendment was rejected.

The Clerk read as follows:

ARTICLE II—INCREASE IN RATE OF TAXATION OF REAL AND TANGIBLE PERSONAL PROPERTY

For eacn of the fiscal years ending June 30, 1948, and June 30, 1949, respectively, the rate of taxation imposed for the District of Columbia on real and tangible personal property shall not be less than 2 percent on the assessed value of such property.

ARTICLE III—AMENDMENT TO MOTOR FUEL TAX ACT

SECTION 1. Section 1 of the act entitled "An act to provide for a tax on motor vehicle fuels sold within the District of Columbia, and for other purposes," approved April 23, 1924, as amended, be, and the same hereby is, further amended by striking out the numeral "2" and inserting in lieu thereof the numeral "4."

SEC. 2. Section 14 of said act approved April 23, 1924, is hereby amended by striking out the numeral "2" and inserting in lieu thereof the numeral "4."

SEC. 3. Section 1 of the act entitled "An act increasing motor vehicle fuel taxes in the District of Columbia for the period January 1, 1942, to June 30, 1951," approved December 26, 1941, is hereby repealed.

SEC. 4. This article shall become effective on the first day of the first month following the approval of this act.

With the following committee amendment:

Page 84, line 14, strike out all of article III and insert:

"ARTICLE III—INCREASE IN MOTOR-FUEL TAX

"SEC. 1. The tax of 2 cents per gallon on motor-vehicle fuels within the District of Columbia, sold or otherwise disposed of by an importer, or used by him in a motor vehicle operated for hire or for commercial purposes, imposed by the act entitled 'An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes,' approved April 23, 1924, as amended, and increased by the act entitled 'An act increasing motor-vehicle-fuel taxes in the District of Columbia for the period January 1, 1942, to June 30, 1951,' approved December 26, 1941, to 3 cents per gallon effective January 1, 1942, and extending to and including June 30, 1951, is hereby further increased to 4 cents per gallon effective on the first day of the first month following the approval of this act and extending to and including June 30, 1952, and thereafter the tax shall be 3 cents per gallon. When, pursuant to section 14 of such act, gasoline or other motor-vehicle fuel is sold by an agency of the United States within the District of Columbia, for use in privately owned vehicles, such agency of the United States shall, by agreement with the Commissioners of the District of Columbia, arrange for the collection of the full amount of the tax per gallon herein authorized to be imposed and as increased by this section, and shall account to the collector of taxes of the District of Columbia for the proceeds of such tax collections.

"SEC. 2. Section 1 of the act entitled 'An act increasing motor-vehicle-fuel taxes in the District of Columbia for the period January 1, 1942, to June 30, 1951,' approved December 26, 1941, is hereby repealed."

Mr. McMILLAN of South Carolina. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield to the gentleman from Illinois.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this article close in 15 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. McMILLAN of South Carolina. Mr. Chairman, the members of the subcommittee and the full committee and the Commissioners have failed to prove to me that it would best serve the interest of the District of Columbia to build superstructure highways of the latest model over the District of Columbia. I understand they want to use this extra tax to build elevated highways and a few other super-duper model highways around Washington. My State has been unable to secure the approval of the Bureau of Public Roads for erecting additional concrete and steel bridges. I can see no reason why they should approve more superhighways in Washington if the States cannot get approval of this appeal at the present time. You can spend $5 now and get about $2 worth of construction. I just cannot see where it is so urgent that we should build additional highways in the District of Columbia at such extreme cost. I do not doubt that we need new school buildings and we need new construction of other types, and I am for getting more money for the District of Columbia, but I just do not believe that it is so urgent that we have additional highways in Washington that we should impose another cent tax on gasoline at this time and deprive the States of material they can use for much needed concrete bridges and other structures the District of Columbia has been having during wartime. As I stated this morning, the District has constructed over $10,000,000 worth of highways during the war, although the States were not permitted to construct any type of bridges whatsoever.

I just cannot go along with this amendment. I think it should be stricken from the bill. I promise to go along with increased taxes or doing anything else to help the people of the District of Columbia get additional highway construction when material gets down to normal where you can get a dollar's worth of material for a dollar. If it were very urgent I would be for it today, but, as I stated before, I just cannot see why this provision should be in the bill when the Highway Department has a surplus of funds at the present time. With the Government funds matching, this fund amounts to around $8,000,000 a year. I cannot see how they can spend any more than that in 1 year when all the streets are paved already and the only thing they can spend it for is building additional bridges, which we need, I will admit, but they can wait until at least one more year, since we have passed the critical war days when we had unusual traffic in the District of Columbia.

I hope this amendment will be voted down. The people of the District can be assured that Congress will assist them in every way possible when material is where it should be. I do not think the District of Columbia needs any more lights or traffic signs. I understand the District has more lights than any other city in the world. I know they are not synchronized as they should be. I am not in favor of giving the Highway Department any more money until we get what we have under control. We have one item in this bill of $1,800,000 for miscellaneous expenses that can cover a multitude of sins. I want to wait until we get some more information on this work before we vote additional funds.

Mr. DEANE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DEANE. Mr. Chairman, there is no justification for raising the gasoline tax in the District of Columbia at this time when revenues from the present tax rate are increasing in such an encouraging manner. Already motor fuel tax receipts in the District have reached the previous peak level, which was achieved in 1942. At that time, you will recall, we granted an increase in the gasoline tax from 2 cents per gallon to the present 3 cents to help the Highway Department carry out the very same program for which they are now asking a further increase in the tax. Due to the effect of the war, of course, there was a falling off in collections, but now we are witnessing a resurgence in the funds available from 3-cent gasoline tax.

At the present time the situation is entirely different from conditions which existed when the tax was last increased. We are now in a period of rapidly expanding gasoline consumption, and the receipts from the present tax rate is bringing in more funds than ever before for highway construction and maintenance purposes. Also, it seems obvious from a study of the projected revenues from the current gasoline tax and other highway-use levies that enough funds will be available from existing sources to carry out an extensive program of highway improvement in the District over the next few years. This seems particularly true when it is considered that it is impossible to proceed with a number of the projects at this time because of the inflationary level of construction costs.

I understand that it has been necessary recently for the Highway Department to turn down bids on certain planned improvements for this reason. As you know, the Public Roads Administration has felt that highway construction should not be performed at just any cost, so that when bids are too far out of line as compared with 1940 they refuse to approve the project for Federal aid.

The people of the District are no different from those in any other part of the country when it comes to feeling the pinch from the rising cost of living. The mere fact that most people agree that it would be nice to have immediately all the highway improvements that are planned for the 7 or 8 years cannot eliminate the other much more important factors in this whole problem. In other words, we cannot ignore the added burden that a 33⅓-percent increase in the gasoline tax here will impose on the motor-vehicle users at a time when all the Government's efforts are being devoted to bringing about a reduction in living costs through the Nation.

Moreover, it must be obvious to even the most amateur economist that larger highway funds from a gasoline tax increase now would only serve to compete with other construction funds in bidding up prices to still more inflated levels. This, of course, would mean that the people could expect to receive less for their money in the way of highway improvements than would be the case if we were a little less frantic about doing work now which could and should be postponed until conditions become more normal.

Another way in which an increase in the gasoline tax would reflect to the disadvantage of the general public is the effect it would have on transportation costs. All foods, fuel, clothing, and so forth, moves to some extent by motor vehicle in its journey from the producer to the consumer. Any increase in the gasoline tax, therefore, necessarily would result in higher prices of essential commodities.

When the funds which the District of Columbia receives from its present gasoline tax are compared with the total motor fuel tax collections in a number of the States, it becomes apparent how ridiculous is the plea that the District cannot get along on its current tax. For example, the District's gasoline-tax revenues in 1946 actually were greater than in seven States—Delaware, Nevada, New Hampshire, North Dakota, Rhode Island, Vermont, and Wyoming. And the highway mileage for which these States are responsible is many times that of the District Highway Department.

Considering all special levies imposed upon the highway users in the District of Columbia, the tax burden is already very heavy. This is shown by the fact that total taxes per vehicle for private and commercial cars and trucks amounted to over $85 last year which is a third or more higher than the average of such taxes throughout the country. Under these circumstances, it seems unfair to further increase this burden at the present time, particularly since additional funds are not needed now to carry out the Highway Department's long-range program.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, the amendment proposed by the committee would increase the gasoline tax of the District of Columbia from the present basic law of 2 cents to 4 cents until June 30, 1952. During the war, in order to get increased revenues for highway purposes in the District, the gasoline tax was increased from 2 to 3 cents. That 3-cent tax was to expire in 1951 and then it was to revert to 2 cents as formerly provided.

The bill as it was originally presented to the committee by the subcommittee contained a permanent provision for a 4-cent tax. In the consideration of the amendment for this increase before the committee, the committee agreed and reported the amendment to the bill to apply the increased tax of 4 cents for a period of 5 years.

We all recognize the fact that we must have highway and street improvements in the District of Columbia. The only question in my mind in connection with this amendment is whether or not the District can actually and will actually expend the money during this period of time, and whether it is needed or justified.

It is proposed that we will have this increase until June 30, 1952, at which time we will then revert back to the 3-cent tax in the District. But if you read the report as it is presented, you will find the real capital outlay beginning in 1950 and running through to 1955. It is not possible to understand why it is necessary to increase the gasoline tax in the District of Columbia by 1 cent for the next 5 years and then when the actual capital outlay on street and structures and improvements begin that it can be reduced to 3 cents. That just does not make sense to me.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. MILLER of Nebraska. Can the gentleman inform the committee what the tax is in Maryland and Virginia on gasoline?

Mr. HARRIS. The tax is 6 cents in Virginia and 5 cents in Maryland.

Mr. MILLER of Nebraska. What is the present tax in the District of Columbia?

Mr. HARRIS. It is 3 cents, and this increases it to 4 cents. That is the only question in my mind, Mr. Chairman, in connection with this increase. I do not hesitate for a moment to say that if we need the money for these capital outlays, certainly we should go ahead and provide for it in some way that would permit the highway department of the District to proceed with these improvements. I do not think, however, we should take it out on increasing tax on gasoline. We are trying to reduce taxes and reduce expenditures when possible. I say again this places our Republican friends in an unusual position. They have been "squalling" their heads off for tax reductions and reduction in expenditures, but here they insist on increasing instead of reducing. We have had a pretty fair amount of construction on our streets and highways during the war in the District of Columbia. As was pointed out a moment ago by the ranking minority member of our committee, we are now confronted with the high cost of construction and shortage of materials as we have been in the past. They tell you that the big project here at Dupont Circle, which was initiated some time ago, must be deferred until 1950. Why? Some say because they do not have the funds. But yet they say they are going to postpone this until 1950 because they do not have the funds, and shortly thereafter they are going to reduce the tax and bring it down to the old figure of 3 cents. It just does not make sense. It does not add up to a program.

Furthermore, we have an annual revenue from the gasoline tax in the District of Columbia of approximately $5,000,000 or just a little more. We have the apportionment from the Federal Highway Act of approximately $3,000,000 annually for 1946, 1947, and 1948, which means that for the District of Columbia you have an annual outlay of improvements for streets and highways totaling between $9,000,000 and $10,000,000.

I maintain that with all the efforts and the fine work of the highway department of the District of Columbia, they will not be able to actually expend the increased amount of money that would be derived from this proposed increased tax. This amendment should be defeated and further consideration given as to the need of the highway program and how best to provide for it.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. BATES] to close debate.

Mr. BATES of Massachusetts. Mr. Chairman, this is the very much discussed gasoline tax. The present gasoline tax in the District is 3 cents. It was 2 cents prior to 1940. In 1940 an additional 1 cent was put on to run until 1951. This bill provides a permanent 3-cent gas tax, and an increase of 1 cent beyond that, up to and including the fiscal year 1952.

This is one of the revenue bills to which we have given a great deal of thought and consideration. As a matter of fact, the petroleum industry was well represented and right on the job. We gave their representatives a great deal of time, to see whether or not there could be any possible way by which we could reconcile the outlays or expenditures in the next 3 or 4 years with the revenue from the 3-cent gasoline tax. I am frank to say that after three different days, with a restudy of all the figures they could possibly possess and a reexamination of all the expenditures presented to me by the Highway Department, we had to come to the conclusion that there is no way by which all these major projects we have heard so much about, such as the two highway bridges to Virginia, the K Street elevated project, the South Capitol Street project, and the Dupont Circle project could be carried on. There is absolutely no way by which those major projects can be carried on unless we do find some way to increase the revenue. To that end this 1-cent gasoline tax increase will provide about $1,600,000 a year. If the increase is not made, I tell you frankly, and I express the point of view of the District officials, that the work on the South Capitol Street job or one of the other major projects will have to be stopped. The Dupont Circle job that we hear so much about in the newspapers, which they thought might be started next year or the year after, even with the 1-cent gasoline tax increase cannot start until 1950.

Mr. Chairman, I hold in my hand the expenditure sheets from the period 1947 up to and including the last quarter of 1950. I say to you that we have given a great deal of thought and study to this question and have made a complete analysis of all the facts in order to determine in our own minds whether or not that increase could be justified. We have come to the conclusion that there is no way to avoid it if we want these projects, which have already been authorized by the Congress, to be carried through to completion. We must not forget that in the District of Columbia we have had a tremendous expansion in miles of streets since 1937 when there were 826 miles (based on 30-foot width). There are at present 990 miles, an increase of 164 miles in 10 years. The population since 1940 has increased from 663,000 to 860,000 people at the present time an increase of over 200,000 people. It seems to me, with the accelerated cost in labor, material, and supplies, and everything else that goes into construction of these highways, there must be some additional way by which we can develop revenue by which we can complete these heavy projects that the District of Columbia has planned ahead. The authorization and contracts have been entered into for some of these projects. The only way we can carry them through is to increase the gasoline tax for the next 5 years to 4 cents a gallon. When we do that, we find we are below the gasoline tax in Maryland which is 5 cents. In Virginia it is 6 cents. I trust the report of the committee in this regard will be accepted.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. MCMILLAN of South Carolina) there were—ayes 103, noes 23.

So the committee amendment was agreed to.

The Clerk read as follows:

ARTICLE IV—AMENDMENT TO MOTOR VEHICLE INSPECTION ACT

SEC. 1. Section 1 of the act entitled "An act to provide for the annual inspection of all motor vehicles in the District of Columbia," approved February 18, 1938, be, and the same hereby is, amended to read as follows:

"That at the time of the registration of each motor vehicle or trailer there shall be levied and collected a fee known as the 'inspection fee' of $1."

SEC. 2. Section 3 of said act is hereby amended by inserting immediately after the words "motor vehicles" the words "and trailers."

SEC. 3. Section 4 of said act is hereby amended by inserting immediately after the words "motor vehicles" the words "and trailers."

SEC. 4. This article shall become effective 30 days after the approval of this act.

ARTICLE V—INCREASE IN WATER RENTS AND ASSESSMENTS FOR WATER MAINS

SEC. 1. Water rents charged by the District of Columbia for water used in the District of Columbia on and after July 1, 1947, shall be increased 25 percent over the rents now in effect. Whenever the application of this increase to an existing rate results in a rate with a fractional part of a cent, the rate shall be, if the fraction be one-half cent or more, the nearest higher amount not containing a fraction, and, if the fraction be less than one-half cent, the nearest lower amount not containing a fraction. In computing the rent for the consumption of water in excess of the minimum amount allowed by law for metered service, if the rent is charged for a period beginning prior to July 1, 1947, and ending thereafter, the rent for such excess consumption shall be prorated.

SEC. 2. The rate of assessment for laying or constructing water mains in the District of

Columbia under the provisions of the act entitled "An act authorizing the laying of water mains and service sewers, and for other purposes," approved April 22, 1904, is hereby established at $1.90 per linear foot for any water mains constructed or laid on and after July 1, 1947.

ARTICLE VI—FEDERAL PAYMENT

For the fiscal year ending June 30, 1948, and for each fiscal year thereafter there is hereby authorized to be appropriated, as the annual payment by the United States toward defraying the expenses of the government of the District of Columbia, the sum of $12,000,000, of which $11,000,000 shall be credited to the general fund of the District of Columbia and $1,000,000 shall be credited to the water fund of the District of Columbia, established by law (title 43, ch. 15, D. C. Code, 1940 ed.).

ARTICLE VII—SEPARABILITY CLAUSE

If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act, and the application of such provision to the other persons or circumstances, shall not be affected thereby.

Mr. SCHWABE of Oklahoma. Mr. Chairman, I ask unanimous consent to revert to page 22 for the purpose of striking out two words.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. DIRKSEN. Mr. Chairman, I object.

Mr. BATES of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I realize the time is getting late but I feel that before we approve this bill there should be at least a word or two in the RECORD regarding the increase in the water tax. Under the provisions of this bill the District is to embark on a $45,000,000 major waterworks construction program. In order to finance the program we provided for an increase of 25 percent in the rate plus a million dollar Federal contribution. From these revenues we will be able on a pay-as-you-go policy to carry on this program over a period of 15 or 20 years and save the taxpayers of the District about $10,000,000 in interest charges that the District would have been compelled to pay if the program of borrowing money was approved as suggested in the bill we had before us.

I just wanted this brief explanation to appear in the RECORD as to the reason for the increase in the water rate and the increase of $1,000,000 in the Federal contribution for water purposes.

Mr. DIRKSEN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARENDS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3737) to provide revenue for the District of Columbia, and for other purposes, directed him to report the same back to the House with sundry amendments with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. DIRKSEN. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. HORAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Does any member of the minority desire to offer a motion to recommit? [After a pause.] Is the gentleman from Washington opposed to the bill?

Mr. HORAN. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. HORAN moves to recommit the bill to the Committee on the District of Columbia with instructions to report back the bill with the inclusion of more revenue.

Mr. DIRKSEN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The motion to recommit was rejected.

The bill was passed.

A motion to reconsider was laid on the table.

HOUR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

THE ELECTION IN THE THIRD DISTRICT OF WASHINGTON

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, the election of Republican RUSSELL V. MACK in Washington State's Third Congressional District is a repudiation of the Truman administration and radicalism.

Do not forget that President Truman endorsed the candidacy of the loser, New Deal Democrat Charles R. Savage. The Democratic national organization made a desperate campaign on behalf of Mr. Savage.

This election again shows that the Democratic Party nationally is dominated by radicals with their ruinous policy of tax, spend, and elect.

The people again have shown where they stand on that kind of government. What happened in the Washington congressional district is what will happen across the country. Radicals will capture Democratic nominations and the people will continue to vote Republican as the sure way to keep the American way of life.

During the Washington State campaign the issues of sane retrenchment in Government expenditures, relief from outrageous tax burdens and sensible labor legislation, were fought out. Mr. MACK was and is in harmony with the Republican Party.

Mr. Truman certainly would not have endorsed Mr. Savage if he did not believe that, all issues considered, he wanted Mr. Savage elected. The people rejected his plea.

President Truman presently has his opportunity to repudiate Henry Wallace by signing the labor and tax relief bills which the Republican Congress initiated and passed by huge majorities in response to the will of the people and by supporting us in our efforts to cut the cost of government.

Mr. MACK's election is a timely reminder to President Truman that the people are sick and tired of the tax-eating bureaucracy that surrounds him.

The people are for the Republican economy and tax-reducing program. Vetoes of the tax relief and labor bill will be interpreted as expediences to placate the radical masters of the Democratic Party.

As majority leader of the House of Representatives, I congratulate the people of the Third Congressional District of Washington State in sending Mr. MACK to Washington to help us reestablish sanity in government.

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend his remarks in the Appendix of the RECORD on the subject of rural electrification, and to include a table of statistics.

ABSENCE DURING QUORUM CALL

Mr. ALLEN of Louisiana. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ALLEN of Louisiana. Mr. Speaker, when the call of the House came today I was unavoidably absent, being before the Supreme Court of the United States moving the admission of a constituent. I want the RECORD to show why I was absent during the roll call.

EXTENSION OF REMARKS

Mr. LODGE asked and was given permission to extend his remarks in the Appendix of the RECORD and include two statements.

ABSENCE DURING QUORUM CALL

Mr. HUGH D. SCOTT, JR. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HUGH D. SCOTT, JR. Mr. Speaker, at the time of the roll call this morning I was also in the Supreme Court moving the admission of a member of the Philadelphia bar, therefore unable to be present.

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.] is recognized for 20 minutes.

LATIN-AMERICAN POLICY

Mr. HUGH D. SCOTT, JR. Mr. Speaker, have we hit on a consistent policy in Latin America? Is it the maintenance of dictatorships?

A message from the President to the Congress submits a program for the arming of Latin-American Nations, contained in a bill to be entitled "The Inter-American Military Cooperation Act."

If enacted into law it might better be entitled "The Inter-American Meddling Catastrophe."

On a recent national holiday in Brazil, nearly as many paraded in a military show of force as we now have under arms in the United States Army. A friend of mine said to the Bolivian Ambassador, "Whom is this intended to impress?" Said the Bolivian, "Why not ask my friend the Ambassador from Argentina, who is standing next to me? He knows." "Are you impressed, Mr. Ambassador?" said this inquiring gentleman. The Argentine Ambassador replied, "Not particularly, sir."

Well, perhaps he was and perhaps he was not. But he had seen pass in review a mighty show of force including scores of United States tanks and massed weapons, marked "Made in the U. S. A." and presented by us to Brazil. The exigencies of war may have been ample justification for all of this matériel being in Brazil, but its use on this occasion sharpens the point. There is none of it in Argentina. This may be as it should be.

But Argentina has been purchasing Meteor IV jet fighters from Great Britain and negotiations are reported to be pending for the sale of warships by Great Britain to the Argentine Republic.

What is our purpose in arming our neighbors?

Surely not for aggression—all of us, and the administration first of all, would deny that such is our intent.

For defense? Against whom?

Against attacks from abroad?

A prominent Central American said to me recently: "With the kind of arms you're sending us we couldn't begin to defend ourselves against any major power. We know—and you know—that your country would have to step in and do that for us. We strongly suspect that you are simply keeping the current regime in power, whether our people think it is good or bad. How will we ever get a bad man out of office after this?"

Is this, then, a program to prevent the spread of Communist thought throughout Latin America? If it were that, and could be operated effectively, it would command as powerful support as did the Greek-Turkish program.

The Truman program to legitimatize gun-running cannot be directed against communism, if it is a continuation of our present arms-selling program, because one of our favorite customers appears to be Chile, which is paying us $746,000 for equipment that cost United States taxpayers $6,000,000. Chile is the first country in Latin America to welcome Communist members in a recent cabinet. And we give Chile—at about 12 cents on the dollar—landing craft, attack cargo ships, and combat ordnance for one infantry regiment and one field artillery battalion.

And it is no secret that a left-wing government maintains itself in power in Guatemala by tanks and guns generously supplied by us at a time when they might have done more good in United States hands overseas.

Presumably we will give arms to the same countries to whom we lent them or sold them; therefore we will continue to build up the left-wing elements in Chile and Guatemala.

If the program is intended to mean the arming of any and all countries in Latin America, we can pick up—where perhaps we never left off—in Nicaragua. There Dictator Somoza has just kicked out his hand-picked President, using soldiers whom our United States Marines had taught the acts of war.

A policy of helping all without discrimination means helping Argentina, too. And what will our liberals think of that? Certainly they will much prefer to have Argentina buy her guns instead of butter from Britain. Thus she may keep up in the arms race with the United States-aided neighbors.

And while right-wing Argentina puts an economic squeeze on left-wing Chile, as she is now reported to be doing, do we arm Argentina so that she may save the money she is now spending in Britain or do we arm Chile? Or do we arm both?

The British policy, in its high old imperialist prime, was to arm both.

If this new Truman doctrine is "Arm everybody," is that progress?

Up to now, the right wing government in one Latin-American country has known well enough what its left-wing neighbor is doing—both of them—as in the case of Nicaragua and Guatemala—have been loading up with arms donations from Uncle Sam.

Is our future program to include the sending of machine guns to maintain a left-wing government in Cuba while we send military technicians to the Dominican Republic to make certain that Trujillo's tryanny does not totter?

And what connection does any of this have with the good-neighbor policy?

If it be contended that the idea is to avert the growth of communism, how do we know when the Army and Navy equipment which we supply to Brazil may not be taken over by Luis Carlos Prestes, the Communist leader there?

Or when the Communist former cabinet members in Chile may return to power—and to control of the United States-given military supplies?

But the State Department will protest that is not our project. The President's message refers to our "determination to guard against placing weapons of war in the hands of any groups who may use them to oppose the peaceful and democratic principles to which the United States and other American nations have so often subscribed"; the message also says that our arms distribution will not be "indiscriminate."

So we are being told, perhaps, that not everyone will get to ride the gravy train, at the same time that we are being assured that our purpose is to standardize the weapons used throughout the Western Hemisphere—that is, to maintain a market for our munitions makers?

If our purpose is simply to standardize weapons of war in use in the Western Hemisphere, why do we not proceed as we have with other American problems—should not such a proposal be presented to the next Pan-American conference and if our cause is good and our arguments logical we may arrive at the desired result without pressing our armaments upon our neighbors? As surely as we arm one nation we will arouse demands in all of the other nations on her borders for similar weapons from us. As presented in the Presidential message, the program has no end.

If the vague terms of this message can be taken to mean that we will arm only those American Republics we happen to like best at the moment, then we are about to use our tax receipts to buy ourselves some temporary friends and some permanent enemies.

The new Truman doctrine faces backward to the bad old days of intervention into the internal affairs of other American Republics. The one difference is that where once we sent the soldiers now we arm our neighbors and tell them to use their own soldiers, in the event of war or revolution. Our new Truman proposal ought to be labeled the "Wimpy doctrine: Let's you and him fight."

For we cannot truthfully claim that once we supply the arms they will never be used. There have been more than two score wars and armed revolts in the Western Hemisphere since 1932. Napoleon said: "You can do anything with a bayonet except sit on it."

No one will sit indefinitely on all this bargain counter hardware.

Let us not deceive ourselves. The purpose behind this distribution of arms is not to maintain freedom but stability. Save in a few instances, such as Mexico, Costa Rica and Uruguay, for example, our outpouring of military and naval supplies, furnished gratis or cut-rate, will be used to keep in power the current going dictatorships, many of which have survived as long as they have by virtue of our largesse with lend-lease weapons.

Has anybody thought to ask the opinion of Juan Pablo, the Latin American man-in-the-street? Juan Pablo, like John Q. Public, knows that the chance of establishing true democracies where they do not now exist, will diminish in proportion as we pour armed assistance into the hands of established dictatorships.

Do we distrust the "common man" so much that we must rush to prop up every tyrant who oppresses him?

As is to be expected, no estimate of the possible cost of this vast program accompanies the Presidential message. A partial estimate obtained later from the War Department guesses that it would cost about $10,000,000 a year for 10 years to standardize the weapons of the nations in this hemisphere with those of the United States and to train the other nations' soldiers, sailors, and airmen here in the United States.

Yesterday the Navy Department announced that 4 cruisers and 117 other vessels are ready for transfer to Latin-American Nations. These are valued at

$21,115,020. It is not clear what they may have cost us in total.

Even so, these items total over $121,000,000 as a partial installment on the cost of plunging this hemisphere into numerous conflicts—for all of which we shall be roundly blamed by the participants, or at least by the losers.

The $121,000,000 does not include the cost of so-called surplus weapons, the new gifts to be pressed upon our neighvalue of which may well exceed a billion dollars for this surplus property alone.

And this is only a drop in the bucket. There will of course be new weapons and bors; there will be military, naval, and air missions, civilian liaison and clerical staffs, and the State Department will find it necessary to enlarge all of its embassies, consulates, and legations to take care of the new intervention business.

Nor must we forget that the State Department will require substantial funds for information and propaganda. Someone will have to explain how the new weapons are to be used only for the most peaceful pursuits.

The entire program may ultimately run into billions and do much to solve the unemployment situation for the politically faithful.

I have tried to back up the administration's foreign policy as presented to this Congress. But I cannot follow these new vagaries. This slap-happy policy of arming our friends against each other—for that is how it will work out—is the last straw.

I have had enough, Mr. Speaker. I am not going to support a policy which has not been weighed carefully for determination of the many dangers and disadvantages it holds for us, in loss of hemispheric good will and national resources.

There is no sign of a reasoned, consistent over-all policy here, unless there be consistency in a policy dedicated to the maintenance of dictatorships.

If we follow this Presidential proposal, we not only toss away our friends and our dollars—we take leave of our senses.

EXTENSION OF REMARKS

Mr. BREHM asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CLEVENGER (at the request of Mr. HALLECK), for 4 days, on account of important official business.

To Mr. GAMBLE (at the request of Mr. ARENDS), indefinitely, on account of death in family.

To Messrs. HINSHAW, O'HARA, HARDIE SCOTT, BULWINKLE, and PRIEST, for 3 days, on account of official business in connection with transportation investigation.

To Mr. LANDIS (at the request of Mr. SPRINGER), for 10 days, on account of death in his family.

The SPEAKER. Under previous order of the House, the gentleman from South Carolina [Mr. BRYSON] is recognized for 15 minutes.

PROHIBITION OF LIQUOR TRAFFIC

Mr. BRYSON. Mr. Speaker, the problem of liquor traffic is greater today than at any other time in the history of our Nation. Our Nation is drinking itself to death, and it is my opinion that the only adequate way to handle the liquor traffic is to wipe it out completely—to prohibit it by constitutional law.

Our homes, our churches, our schools, and our institutions of government are suffering as a result of the liquor traffic. The only thing that is being built up under the present system is the profits of the alcoholic-beverage traffic whose sales have increased from $3,500,000,000 during the year 1941 to more than $8,000,000,000 in 1946.

Divorce rates, broken homes, and crime are steadily rising, and those factors can to a great extent be attributed to the liquor traffic. Read your daily newspapers and see how many of the major crimes are directly connected with the consumption of intoxicating beverages.

I am introducing today a joint resolution proposing an amendment to the Constitution of the United States to prohibit the manufacture, sale, transportation, or possession of beverages containing more than one-half of 1 percent alcohol by volume.

The problem of beverage alcohol is one that has concerned this country almost from the days of its first settlement. The first prohibition law was passed by the General Court of Massachusetts in 1637. It prohibited the sale of "sack or strong water" to Indians. The Virginia Constitution of 1676 prohibited the manufacture and sale of "ardent spirits."

In 1808 the first temperance society was founded at Moreau—Saratoga—N. Y. It was known as "the Union Temperance Society of Moreau and Northumberland."

In 1829 the selectmen of each town in the State of Maine were authorized to decide whether or not liquor selling should be prohibited.

In 1833 a congressional temperance society, composed entirely of Members of Congress, was organized by Secretary of War Lewis Cass, of Michigan. In 1840 the Washingtonian Temperance Movement was inaugurated at Baltimore, and some 150,000 men throughout the United States took the pledge.

In 1847 all but one county of Iowa voted dry under local option. In 1850 Vermont went dry by 8,000 votes and throughout the 1850's many States passed prohibitory laws, including the State of New York. Most of these laws were defeated by technicalities.

In 1856 the movement for national constitutional prohibition was inaugurated by the Sons of Temperance.

In 1372 the Catholic Total Abstinence Union was organized.

In 1873 occurred the famous Woman's Crusade when bands of praying women closed many saloons, and out of which grew the National Woman's Christian Temperance Union.

In 1873 the Legislature of the State of Minnesota enacted a law providing for a special tax on saloon keepers, the funds realized to be used for an inebriate asylum.

On December 27, 1876, the first step toward the enactment of the eighteenth amendment was taken when a Member of the other body rose from his knees at a prayer meeting held in a house on the site of which the Supreme Court now stands, went to the Capitol and introduced a bill providing for the submission to the States of a prohibitory resolution and made a speech in its behalf.

In 1879 the House of Representatives of the United States, by a vote of 128 to 99, created a House Committee on the Alcoholic Liquor Traffic. The same year the National Liquor Dealers Association was organized at Cincinnati, Ohio, and the following year they got an alcohol-leakage bill adopted, under which later many scandals arose by reason of the alcoholic-beverage traffic cheating the Government out of taxes.

In 1882 again a resolution for a national constitutional prohibition amendment was introduced in the other body. In 1885 this was reintroduced and the committee reported the resolution out favorably.

In 1888 the same resolution was introduced in the other body, and Representative J. A. Pickler, of South Dakota, introduced it in the House. Again it received a favorable report from the committee of the other body.

In 1913 the resolution which afterward became the eighteenth amendment was introduced in the other body, and in the House it was introduced by Representative Richmond Pearson Hobson. The Hobson resolution received 197 votes for and 189 against, failing of the two-thirds vote necessary for passage.

The same resolution was introduced in the House in 1915 by Representatives Edwin Y. Webb, of North Carolina, and Addison T. Smith, of Idaho; and in the Senate, by two Members in the other body. Both resolutions were reported favorably by the respective Judiciary Committees, but died on the calendar.

But in 1917 the same resolution reintroduced in both Houses was adopted 282 to 128 in the House; 65 to 20 in the other body, was submitted to the States, and finally became law. It remained the law of the land until 1933, when it was repealed by the twenty-first amendment.

This history has been repeated to show of what slow, gradual growth was the movement that finally led up to an overwhelming determined majority of the common people of this country taking a decision to completely and nationally outlaw beverage alcohol in 1920 and holding to it for 13 years.

The adoption of a national constitutional prohibition in 1917, which was quickly ratified by the required number of States, came after 28 States had already adopted State-wide prohibition; in 7 other States more than a majority of the people were living in dry territory in counties, villages, and townships; and in still 3 other States a majority of the members of the State legislatures represented legislative districts which were under local prohibition by a majority vote of the people.

The upswing toward State prohibition began about 1906, 11 years before the eighteenth amendment was adopted. By 1913, when the amendment was introduced, there were 9 dry States, with a population of 14,685,961; 31 other States which under local prohibition had a population living in dry territory of 26,446,810. But the swift multiplication of dry States ending in Nation-wide prohibition took only 4 years—from 1913 to 1917.

It was a people's movement. Political leaders for the most part ignored or resisted it. The people were led only by ministers, priests, converted drunkards, and nonenfranchised women. But they raised up for themselves leaders and devised techniques. For 13 years they successfully resisted all assaults on this, their achievement.

Now again a peoples' movement has started. The Gallup poll has shown consistently 33 percent or slightly over, of the people favor a return to national constitutional prohibition. A steady increase of dry territory under local option has been proceeding ever since repeal. While it is difficult to obtain accurate local option figures because some States do not require returns on such elections to be made to the State liquor authorities, it has been estimated that, of some 20,469 local option elections held since repeal, the drys have won 12,519. Local option net gains in 1946 were more than twice as great as in 1945. Elections were held in about 2,078 places in 25 States, of which the drys won 1,276 and the wets 798. The steady increase in no license territory has been remarkable in some States, such as the State of Kentucky where 92 out of its 120 counties are now dry. It is estimated that about one-third of the territory of the United States with a population of some 30,000,000 is dry today, although 12 States, some of which are the driest in the Union, have no local option. These States are: Arizona, California, Idaho, Indiana, Iowa, Kansas, Nevada, North Dakota, Oklahoma, South Carolina, Utah, and Wyoming. The District of Columbia and the Territories of Hawaii and the Virgin Islands are also denied the right to vote on whether they shall be subjected to the sale of alcoholic beverages or not. Two States are nominally dry by constitutional provisions, Kansas and Oklahoma, but permit beer sales. Mississippi is dry except for beer and wine.

A not inconsiderate number of the people of this country have been disenfranchised on a question of as much moment to them as the right to ban the sale of alocholic beverages in their own communities if they see fit. The State of South Carolina has by an overwhelming popular majority elected to return to State prohibition, but this right has been denied them by the State legislature. The Federal Government by a practice of issuing tax receipts for taxes collected on the sale of alcoholic beverages in the several States in violation of the laws thereof has created a situation in which all law is being brought into contempt. This immoral action has reached the point where a Kansas newspaper has charged that a Federal tax receipt was issued by a Treasury Department employee to a Kansas bootlegger at the sheriff's desk in a jail in which he was imprisoned for violation of Kansas State law. The State of Mississippi has been persuaded by this immoral practice of the Federal Government to tax her black market in liquor profits, thus condoning instead of prosecuting and fining violations of her State liquor law.

Meanwhile, the condition of the people of this country under the free sale of alcoholic beverages has become pitiable.

Reports of the Federal Bureau of Investigation show arrests for offenses connected with the use of beverage alcohol during the repeal period, as follows:

Year	Total number of arrests	Arrests per 100,000 population
1932	373,124	1726.3
1933	557,764	1842.0
1934	637,390	2085.0
1935	742,675	2249.1
1936	803,584	2266.8
1937	852,268	2269.6
1938	786,277	2044.4
1939	815,539	2083.6
1940	888,635	2160.0
1941	926,002	2346.6
1942	938,099	2777.9
1943	1,038,342	2414.1
1944	1,077,399	2362.2
1945	1,228,150	2613.1

Increase in arrests for drunkenness have soared from a ratio of 22.7 percent per 100,000 population of 1933 over 1932 to 134.2 percent per 100,000 in 1945. Two States, Connecticut and Massachusetts, have made surveys of their condition as regards drunkenness. The Connecticut War Council, which made its survey in 1943, reported two-thirds of all nontraffic arrests were for drunkenness and that this burden had a bad effect on courts, jails, and the police. The special commission to investigate the problem of drunkenness in Massachusetts found the State was paying out approximately $61,000,000 per year for mental patients, crime costs, and dependency due to alcohol, while taking in some $13,000,000 a year in tax revenue from its sale. Offset this against the reports of Dr. George W. Kirchway, former dean of Columbia Law School and former warden of Sing Sing Prison, a noted criminologist, who stated:

As between 1910 and 1923, the latter date being the high-water mark of reaction against national prohibition, there was a decrease of 37.7 percent in general criminality in the United States in proportion to population. The chief reductions were in public intoxication, 56.3 percent; disorderly conduct, 51.5 percent; vagrancy, 52.8 percent; fornication and prostitution, 28.8 percent; malicious mischief, etc., 68 percent; larceny, 42.3 percent; assault, 53.1 percent; and burglary, 11.4 percent.

And Sanford Bates, Superintendent of Federal Prisons and Commissioner of Correction for the State of Massachusetts, who stated in his report for 1928:

Offenses against the person declined from 11,394 in 1910 to 7,962 in 1927.

Offenses against property declined from 12,179 in 1910 to 12,160 in 1927.

However, the rate of offenses against the person during this period declined from 337.42 per 100,000 to 187.69 per 100,000, while the offenses against property declined from 360.66 to 286.66 per 100,000 population.

Mr. Bates showed that under prohibition the number of offenses against the person declined more than 40 percent; offenses against property, about 30 percent; drunkenness, 40 percent; while neglect of children had declined more than 50 percent.

Many States are being impelled to erect special hospitals and clinics for the care of their alcoholics at an expense which will greatly increase the discrepancy between tax revenue and outgo caused by the use of such beverages. The Keeley Cure Institutions which had reported 8,000 patients a year before prohibition, in 1931 had only a parent institution in Dwight, Ill., with 35 to 50 patients and only a dozen branches as compared with 100 branches and 300 competing institutions in preprohibition years. Prohibition practically solved the problem of alcoholics.

The Attorney General of the United States, opening the citizenship meeting of the District of Columbia American Legion, on April 8, said:

The seriousness of the need for building resistance in our youth is best seen when it is recognized that about 70 percent of all men and women sentenced to Federal penitentiaries have records of juvenile delinquency.

He said these statistics clearly indicated—

We can expect better results from all-out efforts to build up this resistance to the spread of this highly communicable infection on our social structure than from any efforts to cure the disease, no matter how vigorous. Once the thinking of youth is warped to unsocial and destructive tendencies, it appears that our efforts to turn these delinquents to constructive and useful lives becomes very difficult. Our problem, therefore, is to devise ways of immunizing youth to the spread of this destructive thinking.

The best place to build up this resistance is in the home. We may be pardoned for doubting, however, that it will be built up in homes where the mother leaves little children neglected while she spends her time in beer parlors and cocktail lounges, or takes babes in arms and children of 3 and 4 with her into these places and feeds them beer out of her glass.

The only thing that is being built up under the present system is the profits of the alcoholic beverage traffic whose sales have increased from $3,327,664,370 during the fiscal year, ending June 30, 1941 to $7,770,000,000 for the fiscal year, ending June 30, 1945.

Everything else is being broken down, including the home.

We have waited until the war was over and the troops were home to introduce this measure, in order that there might be no question as to the full discussion and free determination of all the people of the United States on this matter of public policy.

If it is desired by the people that the present conditions shall continue, that is their privilege and also their responsibility. But if the people are tired of

these conditions and desirous of changing them, it is proper that they should be given an opportunity of doing so, and that the people of those States which have been disenfranchised on a subject of such vital importance to them should have their remedy through the Federal Government.

If it is argued that there will again be resistance to law by those who will refuse to abide by the decision of the majority in this matter and that the people are helpless to put their decisions on a high level of public policy into effect, I have only to point out that this amendment cannot become law without the will of a majority of the American people. And that as before, leaderless, the people themselves raised up leaders and devised techniques, so there is still in the genius of the American people when confronted with a problem, that power of creating techniques through the power and pressure of public opinion which will, once they have arrived at clear-cut conclusions and decisions on this question, bring about that effective enforcement which will not admit of their longer being balked in their desire to raise their children in healthy communities, free from the intrusions of offensive liquor advertising and the monopolization of public amusement by an utterly soulless traffic that delights to profit on the destruction of youth under the pretense of providing recreation.

We have practically succeeded in banning opium from the entire world.

I introduce, not the eighteenth amendment, but a resolution for a proposed amendment to the Constitution which includes the good features of both the eighteenth and twenty-first amendments and which I believe furnishes a framework within which that other narcotic drug, alcohol, that is destroying the American people, can be relegated to the shelves of the curious poisons of the Middle and Dark Ages.

This is not an exercise of Federal controls over the functioning of normal activities of the States but an exercise of the police power to ban completely the sale of a dangerous narcotic drug, similar to our present Federal control of opium.

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. EBERHARTER] is recognized for 20 minutes.

SPECIAL TAX STUDY GROUP NOT AUTHORIZED BY COMMITTEE ON WAYS AND MEANS

Mr. EBERHARTER. Mr. Speaker, the announcement of the appointment by the chairman of the Committee on Ways and Means of a Special Tax Study Committee came as a stunning surprise. The matter was never discussed by the committee—either in open hearings or executive session—and, as far as I know, the committee has not authorized the appointment of this or any other advisory committee of outside experts. The chairman of the committee has taken it upon himself frequently to make decisions that should have been reserved to the entire committee. But the star chamber procedure of making committee decisions in the Knutson private office must stop.

Under the Legislative Reorganizaton Act, each standing committee is required to keep a complete record of committee action. I charge that there is now in existence no record of any committee action authorizing the appointment of a special tax study committee. Since the chairman obviously has exceeded his authority, the tax study group has no official standing, and I shall strongly oppose any efforts to legitimatize its present illegitimate status.

There are several reasons for my opposition to giving any official status to this outside advisory group:

First. The committee already has the constant and able advice of the Chief of Staff of the Joint Committee on Internal Revenue Taxation, Mr. Colin Stam, and his competent staff of full-time tax experts. The Secretary of the Treasury has assured the committee that his staff, as well as the tax legislative counsel, Mr. Surrey, and the director of tax research, Mr. Shere, whose experience and capabilities are recognized among tax authorities throughout the country—will be available for consultation by the committee during the proposed revenue revision. The technical and administrative people of the Bureau of Internal Revenue are subject to our call. Mr. Stam, Messrs. Surrey and Shere, and internal revenue representatives, in order to obtain the recommendations of industry, agriculture, and labor on tax matters, already have held frequent conferences with taxpayers' groups on the subjects which the Committee on Ways and Means now has under consideration. Many of these taxpayers' groups, however, will present their problems directly to the committee in open hearings. Moreover, a staff of technical advisers has recently been added to assist the committee in its day-to-day activities. Whenever we go into executive session, therefore, to draft the tax bill, we shall have as much information and as proficient technical assistance as can be efficiently utilized. It is difficult to see what useful role a "special tax study committee" can perform. This group cannot sit on a full-time basis with the committee or with our professional staffs. A comprehensive revision of the Internal Revenue Code is a matter for continuous and painstaking study and draftsmanship and even the ablest and most objective advisory group of Federal tax specialists, on a part-time basis, would be nothing but a hindrance to the committee and its staffs.

Second. If an advisory committee is to be appointed, it should not be stacked with members whose views on tax matters are so openly one-sided. Roswell Magill, selected by Chairman KNUTSON to head the advisory group, and Mr. John W. Hanes were the two witnesses before the Committee on Ways and Means in favor of H. R. 1, which the minority report correctly described as "a discriminatory patchwork of political expediency, neither equitable, timely nor sound." At least four of the remaining members have at various times supported the enactment of a Federal sales tax.

Mr. J. Cheever Cowdin has for many years presented the tax views of the National Association of Manufacturers to the Congress, while Dr. C. S. Duncan has been for 25 years an economist with the Association of American Railroads.

This tax study committee is overloaded with a group of reactionaries on tax matters. This hand-picking of the members renders utterly ridiculous Chairman KNUTSON'S observation that the inclusion of several Democrats on the committee "will assure that the tax revision bill which we hope to bring out early in the next session will have the united support of both parties."

This episode is diabolical in its cleverness—but it is too slick to be palatable even to many Members of the Republican Party in Congress. The Knutson theory of Federal taxation is now revealed for all to see. As the author of H. R. 1 he advocates income-tax reduction which will result in an increase in take-home pay of 4 cents an hour to the $4,000 man, but $19 an hour for the $300,000 man. To provide this bonanza for the rich, he now proposes a host of Federal excise or sales taxes which everybody knows falls heaviest on the poor.

I do not make these charges idly—for this intention of the Republican majority has been expressed several times in the current hearings of the Committee on Ways and Means. The final touch has been the affected air of impartiality through the appointment of this Special Tax Study Committee to pronounce the NAM benediction over the sordid scheme.

I serve notice that these efforts will not go unchallenged. Mr. Magill and his cohorts have no official status, and they should be given none. Should they ever appear in executive session of the Committee on Ways and Means, I shall raise a point of order. And if I am overruled on the point of order, I shall take the matter to the floor of the House The Constitution vests the House of Representatives with exclusive power to originate revenue legislation. The House has delegated jurisdiction over tax measures to the Committee on Ways and Means. The people are entitled to the assurance that only their duly elected representatives, or properly selected professional employees of the Government, shall participate in the drafting of tax legislation. The taxing power so carefully restricted in the Constitution should not surreptitiously be delegated to, or subverted by, small groups representing their own selfish interests.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the RECORD and include an editorial from the Bridgeport Post of June 5.

ENROLLED BILL SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3020. An act to amend the National Labor Relations Act, to provide additional facilities for the mediation of labor disputes affecting commerce, to equalize legal respon-

sibilities of labor organizations and employers, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 3020. An act to amend the National Labor Relations Act, to provide additional facilities for the mediation of labor disputes affecting commerce, to equalize legal responsibilities of labor organizations and employers, and for other purposes.

ADJOURNMENT

Mr. CANFIELD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 58 minutes p. m.), under its previous order, the House adjourned until tomorrow, Tuesday, June 10, 1947, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred, as follows:

772. A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of a proposed bill to authorize the official shorthand reporters of the municipal court for the District of Columbia to collect fees for transcripts, and for other purposes; to the Committee on the District of Columbia.

773. A letter from the Attorney General, transmitting a report reciting the facts and pertinent provisions of law in the cases of 127 individuals whose deportation has been suspended for more than 6 months under the authority vested in the Attorney General, together with a statement of the reason for such suspension; to the Committee on the Judiciary.

774. A letter from the President, Board of Commissioners, District of Columbia, transmitting a report entitled "A Parking Program for Washington"; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JENSEN: Committee on Appropriations. H. R. 3756. A bill making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes; without amendment (Rept. No. 544). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 3106. A bill to reenact and amend the Organic Act of the United States Geological Survey by incorporating therein substantive provisions confirming the exercise of long-continued duties and functions and by redefining their geographic scope; without amendment (Rept. No. 548). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 2878. A bill to amend the act approved May 18, 1928 (45 Stat. 602), as amended, to revise the census roll of the Indians of California provided for therein; with amendments (Rept. No. 549). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 3022. A bill to promote the mining of coal, phosphate, sodium, potassium, oil, oil shale, gas, and sulfur on lands acquired by the United States; with amendments (Rept. No. 550). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee on Banking and Currency. S. 1230. An act to amend sections 2 (a) and 603 (a) of the National Housing Act, as amended; with an amendment (Rept. No. 551). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FELLOWS: Committee on the Judiciary. H. R. 553. A bill for the relief of Arsenio Acacio Lewis; with an amendment (Rept. No. 545). Referred to the Committee of the Whole House.

Mr. WELCH: Committee on Public Lands. H. R. 1486. A bill to authorize and direct the Secretary of the Interior to issue to Alice Scott White a patent in fee to certain land; with an amendment (Rept. No. 546). Referred to the Committee of the Whole House.

Mr. WELCH: Committee on Public Lands. H. R. 2151. A bill authorizing the Secretary of the Interior to issue a patent in fee to Erle E. Howe; with an amendment (Rept. No. 547). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JENSEN:

H. R. 3756. A bill making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes; to the Committee on Appropriations.

By Mr. BEALL:

H. R. 3757. A bill to exempt from the manufacturers' excise tax certain articles sold to fire-fighting companies not organized for profit; to the Committee on Ways and Means.

By Mr. CASE of South Dakota:

H. R. 3758. A bill to create or establish a memorial to Chief Sitting Bull; to the Committee on Public Lands.

By Mr. CUNNINGHAM:

H. R. 3759. A bill to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Public Works.

By Mr. CURTIS:

H. R. 3760. A bill to amend section 22 (b) (6) of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. FORAND:

H. R. 3761. A bill to raise the limit on the amount of annual income from other sources which may be received by the widow or child of a veteran of World War I or II without disqualifying such widow or child for a pension for the non-service-connected death of such veteran; to the Committee on Veterans' Affairs.

By Mr. JAVITS:

H. R. 3762. A bill to provide for research relating to diseases of the heart and circulation and to aid in the development of more effective methods of prevention, diagnosis, and treatment of such diseases, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LANDIS:

H. R. 3763. A bill to amend the Federal Food, Drug, and Cosmetic Act; to the Committee on Interstate and Foreign Commerce.

By Mr. MADDEN:

H. R. 3764. A bill to raise the minimum wage standards of the Fair Labor Standards Act of 1938; to the Committee on Education and Labor.

By Mr. PRICE of Florida:

H. R. 3765. A bill relating to the sale of Paxon Field, Duval County, Fla.; to the Committee on Expenditures in the Executive Departments.

By Mr. McCORMACK:

H. R. 3766. A bill to raise the minimum wage standards of the Fair Labor Standards Act of 1938; to the Committee on Education and Labor.

By Mr. TOLLEFSON:

H. R. 3767. A bill to provide for the protection, preservation, and extension of the sockeye salmon fishery of the Fraser River system, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BOGGS of Delaware:

H. R. 3768. A bill to amend section 3469 (b) of the Internal Revenue Code to provide that the tax imposed on the transportation of persons shall not apply to transportation on boats for fishing purposes; to the Committee on Ways and Means.

By Mr. CUNNINGHAM:

H. R. 3769. A bill to provide that membership in the National Guard shall not disqualify a person from serving as a part-time referee in bankruptcy; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 3770. A bill to amend the Hawaiian Organic Act so as to reduce the residence qualification in divorce proceedings from 2 years to 1 year; to the Committee on Public Lands.

H. R. 3771. A bill to provide for the admission to citizenship of certain noncitizen parents of persons who served in the armed forces of the United States, or in the merchant marine, in World War II; to the Committee on the Judiciary.

By Mr. ROGERS of Florida:

H. R. 3772. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, so as to permit adjustment of benefits authorized by section 1506 thereof and similar benefits extended by governments allied with the United States in World War II; to the Committee on Veterans' Affairs.

By Mr. PACE:

H. R. 3773. A bill to amend title I of the Bankhead-Jones Farm Tenant Act, as amended, so as to increase the interest rate on title I loans, to provide for the purchase of insured mortgages, to establish a redemption period for nondelinquent insured mortgages, to authorize advances for the protection of the insured loan security, and for other purposes; to the Committee on Agriculture.

By Mr. BRYSON:

H. J. Res. 213. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. MEADE of Maryland:

H. J. Res. 214. Joint resolution to provide for the designation of the Veterans' Administration hospital at Baltimore, Md., as the Pfc. Carl V. Sheridan Hospital; to the Committee on Veterans' Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Connecticut, ratifying the proposed amendment to the Constitution of the United States relating to the terms of office of the President; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Florida, memorializing the President and the Congress of the United States to enact a uniform system of old-age pensions and aid to widows and aid to dependent children; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California:

H. R. 3774. A bill for the relief of Bank of America National Trust and Savings Association; to the Committee on the Judiciary.

By Mr. BARTLETT:

H. R. 3775. A bill for the relief of Anthony Lewis; to the Committee on the Judiciary.

By Mr. CORBETT:

H. R. 3776. A bill for the relief of John J. Franklin, James H. Bradford, William M. Orr Co., and Alex Maier; to the Committee on the Judiciary.

By Mr. SOMERS:

H. R. 3777. A bill authorizing Henry W. Rodney, an employee of the War Assets Administration, to accept the decoration tendered him by the Chinese Government; to the Committee on Foreign Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

613. By Mr. WELCH: Resolution 6552, passed by the Board of Supervisors of the City and County of San Francisco, that Congress be and hereby is strongly urged to reconsider the action of the House of Representatives and act to provide sufficient funds for the orderly, rapid development of the Central Valley project, the completion of which is so vital to the people of California; to the Committee on Appropriations.

614. By the SPEAKER: Petition of Mr. J. Kennedy Carr, Daytona Beach, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

615. Also, petition of Mrs. B. F. Crane, Zephyrhills, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

616. Also, petition of the membership of the St. Petersburg Townsend Club, No. 2, St. Petersburg, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

SENATE

TUESDAY, JUNE 10, 1947

(Legislative day of Monday, April 21, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

O Lord of our lives, wilt Thou teach us true discrimination, that we may be able to discern the difference between faith and fatalism, between activity and accomplishment, between humility and an inferiority complex, between a passing salute to God and a real prayer that seeks to find out God's will. We can stand criticism. We can stand a certain amount of pressure. But we cannot stand, O God, the necessity of making grave decisions with nothing but our own poor human wisdom. Our heads are not enough and our hearts fail us. Cabbages have heads, but they have no souls. We, who are created in the image of God, are restless and unhappy until we know that we are doing Thy will by Thy help.

This is what we pray for, through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 9, 1947, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Mills, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 1634. An act to amend section 1, and provisions (6), (7), and (8) of section 3, and provision (3) of section 4 of chapter V of the act of June 19, 1934, entitled "An act to regulate the business of life insurance in the District of Columbia," and to add sections 5a, 5b, and 5c thereto; and

H. R. 3737. An act to provide revenue for the District of Columbia, and for other purposes.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the President pro tempore:

H. R. 1288. An act to authorize the Secretary of the Interior to grant a private right-of-way to Roscoe L. Wood; and

S. J. Res. 115. Joint resolution authorizing the Administrator of Veterans' Affairs to continue and establish offices in the territory of the Republic of the Philippines.

RATIFICATION OF PROPOSED AMENDMENT TO CONSTITUTION RELATING TO TERM OF OFFICE OF PRESIDENT

The PRESIDENT pro tempore laid before the Senate a certified copy of a joint resolution of the Legislature of the State of Connecticut ratifying the proposed amendment to the Constitution of the United States relating to the term of the office of the President, which was ordered to lie on the table.

PARKING PROGRAM FOR THE DISTRICT OF COLUMBIA

The PRESIDENT pro tempore laid before the Senate a letter from the President of the Board of Commissioners of the District of Columbia transmitting a report entitled "A Parking Program for Washington," which, with an accompanying report, was referred to the Committee on the District of Columbia.

PETITION AND MEMORIAL

A petition and a memorial were laid before the Senate by the President pro tempore and referred as indicated:

A telegram in the nature of a petition from Property Owners and Associates' Protective League of America, Dallas, Tex., praying for the enactment of legislation to abolish rent controls; ordered to lie on the table.

A letter in the nature of a memorial, signed by Albert Vontz, Jr., secretary, Montgomery County (Ohio) Brewers and Beer Distributors' Association, remonstrating against the enactment of legislation providing an appropriation of $5,000 to the WCTU to help bring representatives from England to their convention; ordered to lie on the table.

CONTINUATION OF SOIL-CONSERVATION PROGRAM

Mr. CAPPER. Mr. President, I have received a telegram from the Western Kansas Development Association, Garden City, Kans., signed by J. Herman Salley, president, embodying a resolution adopted by that association urging an appropriation sufficient to insure the continuation of the soil-conservation program.

I ask unanimous consent to present the telegram and request that it be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

GARDEN CITY, KANS. *June 10, 1947.*

Senator ARTHUR CAPPER,

Washington, D. C.:

The directors of the Western Kansas Development Association, representing the 46 western counties of Kansas, in executive sessions on June 9, 1947, passed unanimously the following resolution:

"Be it resolved, That the Western Kansas Development Association bring all possible pressure to bear on the proper authorities to keep the fundamentals of our agricultural-conservation program intact so that it may continue to encourage those practices that will be of permanent residual value in maintaining the productivity of our soils for future generations."

WESTERN KANSAS DEVELOPMENT ASSOCIATION,
J. HERMAN SALLEY, *President.*

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr MILLIKIN, from the Committee on Public Lands:

H. R. 3143. A bill to authorize the construction, operation, and maintenance of the Paonia Federal reclamation project, Colorado; without amendment (Rept. No. 253);

H. R. 3151. A bill to grant a certain water right and a certain parcel of land in Clark County, Nev., to the city of Las Vegas, Nev.; without amendment (Rept. No. 254);

H. R. 3197. A bill to authorize the Secretary of the Interior to contract with the Mancos Water Conservancy District increasing the reimbursable construction cost obligation of the district to the United States for construction of the Mancos project and extending the repayment period; without amendment (Rept. No. 255); and

H. R. 3348. A bill to declare the policy of the United States with respect to the allocation of costs of construction of the Coachella Division of the All-American Canal irrigation project, California; without amendment (Rept. No. 256).

By Mr. ROBERTSON of Wyoming, from the Committee on Public Lands: