Public Law 89-591

September 19, 1966
[H. R. 11087]

AN ACT

To amend the District of Columbia Income and Franchise Tax Act of 1947, as amended, and the District of Columbia Business Corporation Act, as amended, with respect to certain foreign corporations.

D.C.
Foreign corporations, real property investments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(b) of title III of the District of Columbia Income and Franchise Tax Act of 1947, as amended (61 Stat. 335, art. I, title III, sec. 2, as amended by 62 Stat. 207, ch. 246, sec. 3; 63 Stat. 130, ch. 146, title IV, secs. 403, 420; 71 Stat. 605, Public Law 85–281, secs. 1, 3; and 74 Stat. 219, Public Law 86–522, sec. 1; D.C. Code 47–1557a(b)), is amended by adding at the end thereof the following new paragraph:

"(17) FOREIGN CORPORATION REAL PROPERTY INVESTMENT INCOME.—Income derived by a foreign corporation authorized to invest in loans secured by real estate, which does not maintain any office, officer, agent, representative or employees for the purpose of making, maintaining, or liquidating such investment, in the District of Columbia, provided that the only activities of such foreign corporation in the District of Columbia, other than those of a liaison employee, are one or more of the following:

"(A) the acquisition of loans (including the negotiation thereof) secured by mortgages or deeds of trust on real property, including leaseholds, situated in the District of Columbia pursuant to commitment agreements or arrangements made prior to or following the origination or creation of such loans: *Provided, however*, That nothing herein shall be deemed to permit servicing other than as permitted by subparagraph (D) of this paragraph (17);

"(B) the physical inspection and appraisal of property in the District of Columbia as security for mortgages or deed of trust;

"(C) the ownership, modification, renewal, extension, transfer, or foreclosure of such loans, or the acceptance of substitute additional obligors thereon;

"(D) the making, collecting, and servicing of loans solely through a person authorized to engage in the District of Columbia in the business of servicing real estate loans for investors;

"(E) maintaining or defending any action or suit or any administrative or arbitration proceeding arising as a result of such loans;

"(F) the acquisition of title to property which is the security for such a loan in the event of default on such loan, either by foreclosure, sale, or agreement in lieu thereof;

"(G) pending liquidation of its investment within such period, not to exceed one year, as the Commissioners may by regulation prescribe, operating, maintaining, renting or otherwise dealing with, selling or disposing of, real property acquired by foreclosure, sale, or by agreement in lieu thereof: *Provided*, That if, upon the expiration of the period prescribed by the Commissioners, such property has not been sold or otherwise disposed of, such foreign corporation shall be subject to tax on all of the income derived by the corporation arising out of its ownership of such property, but such liability shall not be construed as affecting the exclusion from gross income of income from other loans made or acquired by it in accordance with this paragraph (17).

"Income derived from the ownership of real property and not excludible from gross income as provided in this paragraph (17) shall

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be reported to the Commissioners by the person servicing the corporation's loans in the District of Columbia or by a participating bank in the District of Columbia at such times and in such manner, together with such information, as the Commissioners may by regulation require, and if there be no such person servicing loans or participating bank, then the corporation shall itself make such report of income including any other income derived from District of Columbia sources which is includible in gross income under this article. Any person or corporation who shall fail to report such income to the Commissioners, as herein provided, shall be guilty of a misdemeanor and shall be fined not more than $500.

Penalty.

"As used herein, the term 'liaison employee' shall mean a person who does not engage in or make, maintain, or liquidate any investment of the foreign corporation and who is engaged by the foreign corporation solely for the purpose of establishing and maintaining contacts with governments and international bodies and agencies thereof; arranging conferences for, receiving and furnishing legislative publications and other information or material of interest to, transmitting information for, and arranging transportation or other accommodations for, officers or other personnel of such foreign corporation within, or to and from, the District of Columbia."

"Liaison employee."

SEC. 2. Section 99 of the District of Columbia Business Corporation Act (68 Stat. 219, ch. 269, sec. 99; D.C. Code 29–933) is amended by adding at the end thereof the following new subsections:

"(c) No foreign corporation having income from loans excluded from gross income under section 2(b)(17) of title III of the District of Columbia Income and Franchise Tax Act of 1947, as amended, shall be subject to the provisions of this Act.

Ante, p. 812.

"(d) Nothing in subsection (c) of this section shall be construed as affecting the amenability of a foreign corporation to the service of any process, notice, or demand to which such corporation would be amenable without reference to the provisions of such subsection (c).

"(e)(1) Any foreign corporation having income from loans excluded from gross income under section 2(b)(17) of title III of the District of Columbia Income and Franchise Tax Act of 1947, as amended, shall be deemed to have waived any immunity to service of process and suit in the courts of the District of Columbia. Any such foreign corporation shall appoint and maintain in the District of Columbia an agent for service of process, and shall register with the Commissioners of the District of Columbia the address of its principal office and the name and address of its agent for service of process in the District of Columbia, including any changes in such addresses.

"(2) Whenever any such foreign corporation does not have an agent for service of process or such agent cannot be found with reasonable diligence at his registered address, then the Commissioners of the District of Columbia shall be the agent for service of process for such corporation. Service of process on the Commissioners shall be made by delivery to, and leaving with them, or with any person having charge of their office, duplicate copies of the process, together with a fee, the amount of which shall be fixed from time to time by the Commissioners but not in excess of $5. In the event of such service the Commissioners shall immediately cause one of such copies to be forwarded by certified or registered mail, addressed to such foreign corporation at its principal office as it appears on the records of the Commissioners. Any such service shall be returnable in not less than thirty days, unless the rules of the court issuing such process prescribe another period, in which case such prescribed period shall govern.

"(3) Nothing contained in this subsection shall limit or affect the right to serve any process, notice of demand required or permitted

by law to be served on a foreign corporation in any other manner now or hereafter permitted by law.

Penalty.

"(4) Any foreign corporation which fails to comply with the requirements of paragraph (1) of this subsection shall be guilty of a misdemeanor and shall be fined not more than $500.

"(5) The Commissioners of the District of Columbia are authorized to make such rules and regulations as may be necessary to carry out the purpose of this subsection.

"Foreign corporation."

"(f) As used herein, the term 'foreign corporation' having income from loans excluded from gross income under section 2(b)(17) of title III of the District of Columbia Income and Franchise Tax Act of 1947, as amended, shall include any foreign corporation subject to a tax only as a result of activities contemplated by subparagraph (G) of section 2(b)(17) of title III of such Act."

Ante, p. 812.

Effective date.

SEC. 3. This Act shall take effect on the date of its enactment.

Approved September 19, 1966.

Public Law 89-592

September 19, 1966
[S. 3354]

AN ACT

To amend the law establishing the revolving fund for expert assistance loans to Indian tribes.

Indians.
Loans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the appropriation authorization in section 1 of the Act of November 4, 1963 (77 Stat. 301), is hereby amended by changing "$900,000" to "$1,800,000".

25 USC 70n-1.

Approved September 19, 1966.