

SEC. 508. None of the funds in this Act shall be available to finance interdepartmental boards, commissions, councils, committees, or similar groups under sec. 214 of the Independent Offices Appropriation Act, 1946 (31 U.S.C. 691) which do not have prior and specific Congressional approval of such method of financial support.

Interdepart-
mental groups,
expenses.

59 Stat. 134.

SEC. 509. No part of the funds appropriated under this Act shall be used to pay salaries of any Federal employee who is convicted in any Federal, State, or local court of competent jurisdiction, of inciting, promoting, or carrying on a riot, or any group activity resulting in material damage to property or injury to persons, found to be in violation of Federal, State, or local laws designed to protect persons or property in the community concerned.

Payments to
convicted
rioters,
prohibition.

SEC. 510. Positions in the agencies covered by this Act, whether financed from funds contained in this Act or from other sources, may be filled during the fiscal year 1970 without regard to the provisions of section 201 of Public Law 90-364, and such positions shall not be taken into consideration in determining numbers of employees under subsection (a) of that section or numbers of vacancies under subsection (b) of that section.

Ante, p. 83.

This Act may be cited as the "Department of Agriculture and Related Agencies Appropriation Act, 1970".

Short title.

Approved November 26, 1969.

Public Law 91-128

AN ACT

To provide an extension of the interest equalization tax, and for other purposes.

November 26, 1969
[H. R. 12829]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) **SHORT TITLE.**—This Act may be cited as the "Interest Equalization Tax Extension Act of 1969".

Interest
Equalization
Tax Extension
Act of 1969.

(b) **AMENDMENT OF 1954 CODE.**—Whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. EXTENSION OF INTEREST EQUALIZATION TAX.

Section 4911(d) is amended, effective with respect to acquisitions made after September 30, 1969, by striking out "September 30, 1969" and inserting in lieu thereof "March 31, 1971".

68A Stat. 3.
26 USC 1 et
seq.

78 Stat. 809;
Ante, p. 105.

SEC. 3. MODIFICATION OF TAX RATES BY EXECUTIVE ORDER.

(a) **MODIFICATIONS PROVIDING LOWER RATES FOR ORIGINAL OR NEW ISSUES.**—Section 4911(b)(2)(A) is amended to read as follows:

“(A) **IN GENERAL.**—If the President of the United States determines that the rates of tax imposed by paragraph (1), or provided in any prior Executive order issued pursuant to this paragraph, are lower or higher than the rates of tax necessary to limit the total acquisitions by United States persons of stock of foreign issuers and debt obligations of foreign obligors within a range consistent with the balance-of-payments objectives of the United States (including achieving a minimum reliance on the tax), he may by Executive order (effective as provided in subparagraph (C)(ii)) increase or decrease such rates of tax. To the extent specified in such Executive order, the rates applicable to acquisitions of stock or debt obligations which are part of an original or new issue may be lower than the rates applicable to acquisitions of stock or debt obligations which are not part of an original or new issue. An Executive order which has the effect of establishing lower rates for original or new issues may be applicable to all original or new issues or to any aggregate amount or classification thereof and to acquisitions occurring during such period of time as may be stated therein, and may provide for other limitations and implementing procedures. In determining whether stock or a debt obligation shall be treated as part of an ‘original or new issue’ for purposes of this subparagraph, the provisions of section 4917(c) shall apply.”

(b) **TECHNICAL AMENDMENT.**—Section 4911(b)(2)(C)(i) is amended by striking out “Each increase” and inserting in lieu thereof “Subject to the authorization to establish lower rates with respect to acquisitions of stock or debt obligations which are part of an original or new issue, each increase”.

SEC. 4. OTHER AMENDMENTS.

(a) **TRANSFERS TO FOREIGN TRUSTS.**—

(1) Section 4912(b)(1) is amended to read as follows:

“(1) **CERTAIN TRANSFERS TO FOREIGN TRUSTS.**—

“(A) **EXTENT OF TAX LIABILITY.**—Any transfer (other than in a sale or exchange for full and adequate consideration) of

81 Stat. 146.
26 USC 4911.

78 Stat. 831.

81 Stat. 146.

78 Stat. 810.

money or other property to a foreign trust shall, if such trust acquires stock or debt obligations (of one or more foreign issuers or obligors) the direct acquisition of which by the transferor would be subject to the tax imposed by section 4911, be deemed an acquisition by the transferor (as of the time of such transfer) of stock of a foreign issuer in an amount equal to the actual value of the money or property transferred or, if less, the actual value of the stock or debt obligations so acquired by such trust. Contributions made by an employer to a foreign pension or profit-sharing trust established by such employer for the exclusive benefit of employees (who are not owner-employees as defined in section 401(c)(3)) who perform personal services for such employer on a full-time basis in a foreign country, and contributions to a foreign pension or profit-sharing trust established by an employer, made by an employee who performs personal services for such employer on a full-time basis in a foreign country (and is not an owner-employee as defined in section 401(c)(3)), shall not be considered under the preceding sentence as transfers which may be deemed acquisitions of stock of a foreign issuer.

78 Stat. 809;
81 Stat. 145.
26 USC 4911.

76 Stat. 812.
26 USC 401.

“(B) PRESUMPTION OF ACQUISITION OF FOREIGN SECURITIES.—Whenever money or other property is transferred to a foreign trust in the manner described in the first sentence of subparagraph (A), it shall be presumed, with respect to the calendar quarter in which the transfer took place and each succeeding calendar quarter beginning prior to the termination date specified in section 4911(d), that such trust subsequently acquired stock or debt obligations the direct acquisition of which by the transferor would be subject to the tax imposed by section 4911, in an amount equal to the actual value of the money or other property transferred. The transferor may rebut this presumption with respect to each such calendar quarter by submitting, on or before the 30th day following the close of such quarter, documents or other proof which will establish to the satisfaction of the Secretary or his delegate that, during such quarter, liability for such tax has not been incurred or any liability which has been incurred has been paid.”

Ante, p. 261.

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to transfers made after June 9, 1969.

Effective date.

(b) FOREIGN MINERAL FACILITIES.—

(1) Section 4914(c)(5)(B) is amended by adding at the end thereof the following new sentence: “If the proceeds of the loan by such United States person constitute only a part of the cost of the installation, maintenance, or improvement of such facilities, the substantial portion requirement in the preceding sentence shall be satisfied if the percentage of the total capacity of such facilities which will be used in connection with ores or minerals (or derivatives thereof) extracted or obtained in the specified manner is more than one-half of the percentage of the cost of such facilities represented by the amount of such loan and in no event is less than 10 percent of such total capacity.”

78 Stat. 817;
81 Stat. 158.

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

Effective date.

(c) TRANSFERS OF EXPORT CREDIT PAPER.—

78 Stat. 823.
26 USC 4914.

(1) Section 4914(j) (1) (A) is amended by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively, and by inserting after clause (ii) the following new clause:

76 Stat. 969.

“(iii) to an includible corporation in an affiliated group (as defined in section 48(c) (3) (C)) of which such person is a member;”.

81 Stat. 158.

(2) Section 4914(c) (7) is amended by striking out “(j) (1) (A) (iii)” and inserting in lieu thereof “(j) (1) (A) (iv)”.

Effective date.

(3) The amendments made by this subsection shall apply with respect to subsequent transfers (within the meaning of section 4914(j) (1) (A) of the Internal Revenue Code of 1954) occurring after the date of the enactment of this Act.

(d) DEALER RESALE EXEMPTION.—

78 Stat. 835.

(1) Section 4919(c) is amended by striking out “and” at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof “; and”, and by adding at the end thereof the following new paragraph:

78 Stat. 809;
81 Stat. 145.
78 Stat. 814;
79 Stat. 958.

“(3) the term ‘persons other than United States persons’ includes any foreign branch whose acquisition of stock or a debt obligation of a foreign issuer or obligor from an underwriter or dealer is excluded from the tax imposed by section 4911 by reason of the last sentence of section 4914(b) (2) (B), but only with respect to the acquisition of stock or debt obligations to which such exclusion applies.”

Effective date.

(2) The amendments made by paragraph (1) of this subsection shall apply with respect to acquisitions made by foreign branches after the date of the enactment of this Act.

(e) CERTAIN FINANCING COMPANIES.—

81 Stat. 161.

(1) Section 4920(a) (3B) is amended to read as follows:

“(3B) CERTAIN DOMESTIC FINANCING COMPANIES.—The terms ‘foreign issuer’, ‘foreign obligor’, and ‘foreign issuer or obligor’ also mean a domestic corporation to the extent provided in subsection (d).”

78 Stat. 839;
79 Stat. 963.

(2) Section 4920 is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new section:

“(d) CERTAIN DOMESTIC FINANCING COMPANIES.—For purposes of this chapter, the terms ‘foreign issuer’, ‘foreign obligor’, and ‘foreign issuer or obligor’ include a domestic corporation if—

“(1) such corporation is exclusively engaged in the trade or business of—

“(A) acquiring, servicing, or acquiring and servicing—

“(i) debt obligations arising out of the sale of tangible personal property produced, manufactured, assembled, or extracted by one or more includible corporations in an affiliated group (as defined in section 48(c) (3) (C)) of which such corporation is a member,

“(ii) debt obligations arising out of the sale of tangible personal property received as part or all of the consideration in sales of property described in clause (i),

“(iii) debt obligations arising out of the sale of tangible personal property received as part or all of the consideration in sales of property described in clause (ii),

“(iv) debt obligations arising out of the sale or lease of tangible personal property or the performance of

services (or both), if not less than 85 percent of the purchase price is attributable to the sale (or not less than 85 percent of the value of the property subject to the lease is attributable to the use) of property manufactured, produced, grown, or extracted in the United States or the performance of services by any United States person (or both),

“(v) debt obligations arising out of loans to dealers or distributors primarily engaged in the business of selling property described in clauses (i), (ii), and (iii), the proceeds of which are used by such dealers or distributors in such business,

“(vi) debt obligations arising out of loans to an includible corporation in an affiliated group (as defined in section 48(c)(3)(C)) of which such corporation is a member, if such obligations are secured by debt obligations described in clauses (i) through (v), or

“(vii) any combination of the foregoing,

“(B) acquiring, servicing, or acquiring and servicing debt obligations otherwise arising out of sales of tangible personal property,

“(C) carrying on other incidental activities in connection with its sales finance business, or

“(D) any combination of the foregoing,

“(2) except for debt obligations arising out of deposits in commercial banks having at the time of the deposit a period remaining to maturity of less than one year, and debt obligations of one or more includible corporations in an affiliated group (as defined in section 48(c)(3)(C)) of which such corporation is a member acquired as payment for stock, or as a contribution to the capital, of such corporation—

“(A) at least 90 percent of the face value of the debt obligations owned by such corporation at all times during the taxable year consists of debt obligations described in paragraph (1)(A), and

“(B) all debt obligations owned by such corporation at all times during the taxable year are debt obligations described in paragraph (1)(A) or (1)(B), or are debt obligations acquired in carrying on the trade or business described in paragraph (1),

“(3) all debt obligations acquired by such corporation (whether or not described in paragraph (1)) are acquired solely out of—

“(A) the proceeds of the sale (including a sale in a transaction described in section 4919(a)(1)) by such corporation (or by a domestic corporation described in section 4912(b)(3) which owns all of the stock of such corporation) of debt obligations of such corporation (or such other domestic corporation) to persons other than—

“(i) a United States person (not including a foreign branch of a domestic corporation or of a domestic partnership, if such branch is engaged in the commercial banking business and acquires such debt obligations in the ordinary course of such commercial banking business),

“(ii) a foreign partnership in which such corporation (or one or more includible corporations in an affiliated group, as defined in section 1504, of which such corpora-

76 Stat. 969.
26 USC 48.

78 Stat. 833.

78 Stat. 811.

68A Stat. 369.

78 Stat. 824.
26 USC 4915.

68A Stat. 369.

76 Stat. 969.

78 Stat. 809;
81 Stat. 145.

tion is a member) owns directly or indirectly (within the meaning of section 4915(a)(1)) 10 percent or more of the profits interest, or

“(iii) a foreign corporation, if such corporation (or one or more includible corporations in an affiliated group, as defined in section 1504, of which such corporation is a member) owns directly or indirectly (within the meaning of section 4915(a)(1)) 10 percent or more of the total combined voting power of all classes of stock of such foreign corporation, except to the extent such foreign corporation has, after having given advance notice to the Secretary or his delegate, sold its debt obligations to persons other than persons described in clauses (i) and (ii) and this clause and is using the proceeds of the sale of such debt obligations to acquire the debt obligations of such corporation (or such other domestic corporation),

“(B) the proceeds of payment for stock, or a contribution to the capital of such corporation, if the payment or contribution was derived from the sale of debt obligations by one or more includible corporations in an affiliated group (as defined in section 48(c)(3)(C)) of which such corporation is a member to persons other than persons described in clauses (i), (ii), and (iii) of subparagraph (A) and such debt obligations, if acquired by United States persons, would be subject to the tax imposed by section 4911,

“(C) retained earnings and reserves of such corporation, or

“(D) trade accounts and accrued liabilities which are payable by such corporation within 1 year (3 years in the case of tax liabilities) from the date they were incurred or accrued, and which arise in the ordinary course of the trade or business of the corporation otherwise than from borrowing,

“(4) such corporation does not acquire any stock of foreign issuers or of domestic corporations or domestic partnerships other than stock of one or more includible corporations in an affiliated group (as defined in section 48(c)(3)(C)) of which such corporation is a member acquired as payment for stock, or as a contribution to capital, of such corporation,

“(5) such corporation, in a manner satisfactory to the Secretary or his delegate, identifies the certificates representing its stock and debt obligations, and maintains such records and accounts and submits such reports and other documents as may be necessary to establish that the requirements of the foregoing paragraphs have been met, and

“(6) such corporation elects to be treated as a foreign issuer or obligor for purposes of this chapter.

The election under paragraph (6) shall be made, under regulations prescribed by the Secretary or his delegate, on or before the 60th day after the organization of the corporation or the 60th day after the date of the enactment of the Interest Equalization Tax Extension Act of 1969, whichever day is the later. Any such election shall be effective as of the date thereof and shall remain in effect until revoked. If, at any time, the corporation ceases to meet any requirement of paragraph (1), (2), (3), (4), or (5), the election shall thereupon be deemed revoked. When an election is revoked, no further election may be made.

If an election is revoked, the corporation shall incur liability at the time of such revocation for the tax imposed by section 4911 with respect to all stock or debt obligations which were acquired by it during the period for which the election was in effect and which are held by it at the time of such revocation; and the amount of such tax shall be equal to the amount of tax for which the corporation would be liable under such section if it had acquired such stock or debt obligations immediately after such revocation. For purposes of sections 4912 and 4915, a corporation which has made an election under paragraph (6) shall, during the period for which such election is in effect, be treated with respect to acquisitions from such corporation as a foreign corporation which is not formed or availed of for the principal purpose described in section 4915(c)(1)."

78 Stat. 809;
81 Stat. 145.
26 USC 4911.

78 Stat. 810.

78 Stat. 826.
81 Stat. 163.

(3) Section 4915(c)(3) is amended to read as follows:

"(3) FOREIGN FINANCING COMPANY.—A foreign corporation—

"(A) 50 percent or more of the voting power of all classes of stock of which is owned directly or indirectly (within the meaning of subsection (a)) by a domestic corporation (or by one or more includible corporations in an affiliated group, as defined in section 48(c)(3)(C), of which such domestic corporation is a member),

76 Stat. 969.

"(B) which, if it were a domestic corporation, would be eligible to make an election under section 4920(d), and

Ante, p. 264.

"(C) gives notice to the Secretary or his delegate within the period for making an election under such section,

shall, during the period after the date of such notice during which it would, if it were a domestic corporation, meet the requirements of paragraphs (1), (2), (3), (4), and (5) of section 4920(d), be treated as not formed or availed of for the principal purpose described in paragraph (1) of this subsection. If such corporation ceases to meet such requirements, such corporation shall be treated as having been availed of for the principal purpose described in paragraph (1) of this subsection at the time of such cessation."

(4) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

Effective date.

(f) TRANSACTION TAX RETURNS.—Section 6011(d)(1)(B) is amended by inserting after "subparagraph (A)" the following: "(unless such disposition is made under circumstances which entitle such person to a credit under the provisions of section 4919)".

81 Stat. 155.

78 Stat. 833.

(g) REPORTING REQUIREMENTS OF NONPARTICIPATING FIRMS.—Section 6011(d)(3) is amended to read as follows:

78 Stat. 844.

"(3) REPORTING REQUIREMENTS FOR CERTAIN MEMBERS OF EXCHANGES AND ASSOCIATIONS.—Every member or member organization of a national securities exchange or of a national securities association registered with the Securities and Exchange Commission, which is not subject to the provisions of section 4918(c), shall keep such records and file such information as the Secretary or his delegate may by forms or regulations prescribe in connection with acquisitions and sales effected by such member or member organization, as a broker or for his own account, of stock of a foreign issuer or debt obligations of a foreign obligor—

81 Stat. 149.

"(A) with respect to which a validation certificate described in section 4918(b)(1)(A) has been received by such member or member organization; or

81 Stat. 149.

"(B) with respect to which an acquiring United States person is subject to the tax imposed by section 4911."

(h) **FAILURE OF NONPARTICIPATING FIRMS TO FILE CERTAIN INFORMATION RETURNS.**—

(1) Section 6680 is amended to read as follows:

"SEC 6680. FAILURE TO FILE INTEREST EQUALIZATION TAX RETURNS.

"In addition to the penalty imposed by section 7203 (relating to willful failure to file return, supply information, or pay tax)—

"(1) **RETURN REQUIRED UNDER SECTION 6011 (d) (1).**—Any person who is required under section 6011(d)(1) (relating to interest equalization tax returns) to file a return for any period in respect of which, by reason of the provisions of section 4918, he incurs no liability for payment of the tax imposed by section 4911 and who fails to file such return within the time prescribed by section 6076, shall pay a penalty of \$10 or 5 percent of the amount of tax for which he would incur liability for payment under section 4911 but for the provisions of section 4918, whichever is the greater, for each such failure unless it is shown that the failure is due to reasonable cause. The penalty imposed by this paragraph shall not exceed \$1,000 for each failure to file a return.

"(2) **RETURN REQUIRED UNDER SECTION 6011 (d) (3).**—Any person required to file a return under section 6011(d)(3) who fails to file such return at the time prescribed by the Secretary or his delegate, or who files a return which does not show the information required, shall pay a penalty of \$1,000, unless it is shown that such failure is due to reasonable cause."

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to returns required to be filed after the date of the enactment of this Act.

(i) **CERTAIN LEASE TRANSACTIONS.**—

(1) Section 4914(c)(6) (relating to certain export leases) is amended—

(A) by inserting "tangible" before "personal property" in the matter preceding subparagraph (A),

(B) by inserting "(i)" after "(A)", by striking out "(B)" and inserting in lieu thereof "(ii)", and by striking out the period at the end of such section and inserting in lieu thereof "; or", and

(C) by adding at the end of such section the following new subparagraph:

"(B)(i) payment of such debt obligation (or of any related debt obligation arising out of such lease) is guaranteed or insured, in whole or in part, by an agency or wholly owned instrumentality of the United States, or

"(ii) the lease is entered into with such foreign obligor and the United States person acquiring such debt obligation enters into the lease in the ordinary course of his trade or business and not less than 85 percent of the value of the property subject to the lease is attributable to the use of tangible personal property which was manufactured, produced, grown, or extracted in the United States, or to the performance of services pursuant to the terms of the lease by such United States person (or by one or more includible corporations in an affiliated group, as defined in section 1504, of which such person is a member) with respect to such personal property, or to both."

(2) Section 4914(j) (relating to loss of entitlement to exclusion) is amended by striking "or (6)" each place it appears

78 Stat. 845.
26 USC 6680.

68A Stat. 851.

81 Stat. 154.

81 Stat. 148.
78 Stat. 809;
81 Stat. 145.
81 Stat. 155.

Ante, p. 267.

Effective date.

79 Stat. 956.

78 Stat. 823.

therein and inserting in lieu thereof "(6) (A), or (6) (B) (ii)".

(3) Section 4920(a)(1)(A) (relating to definition of debt obligation) is amended by adding at the end thereof the following new sentence:

78 Stat. 835.
26 USC 4920.

"For purposes of the preceding sentence, the term 'indebtedness' includes obligations arising under a lease which is entered into principally as a financing transaction."

(4) The amendments made by this section shall apply with respect to acquisitions of debt obligations made after the date of the enactment of this Act.

Effective date.

SEC. 5. AMMUNITION RECORDKEEPING REQUIREMENTS.

Section 4182 (relating to exemptions from tax on certain firearms and ammunition) is amended by adding at the end thereof the following new subsection:

68A Stat. 490.

"(c) RECORDS.—Notwithstanding the provisions of sections 922(b)(5) and 923(g) of title 18, United States Code, no person holding a Federal license under chapter 44 of title 18, United States Code, shall be required to record the name, address, or other information about the purchaser of shotgun ammunition, ammunition suitable for use only in rifles generally available in commerce, or component parts for the aforesaid types of ammunition."

82 Stat. 1214.
18 USC 921-
928.

Approved November 26, 1969.

Public Law 91-129

AN ACT

To establish a Commission on Government Procurement.

November 26, 1969
[H. R. 474]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Commission on
Government Pro-
curement.
Establishment.

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and effectiveness in the procurement of goods, services and facilities by and for the executive branch of the Federal Government by—

(1) establishing policies, procedures, and practices which will require the Government to acquire goods, services, and facilities of the requisite quality and within the time needed at the lowest reasonable cost, utilizing competitive bidding to the maximum extent practicable;

(2) improving the quality, efficiency, economy, and performance of Government procurement organizations and personnel;

(3) avoiding or eliminating unnecessary overlapping or duplication of procurement and related activities;

(4) avoiding or eliminating unnecessary or redundant requirements placed on contractor and Federal procurement officials;

(5) identifying gaps, omissions, or inconsistencies in procurement laws, regulations, and directives and in other laws, regulations, and directives, relating to or affecting procurement;

(6) achieving greater uniformity and simplicity whenever appropriate, in procurement procedures;

(7) coordinating procurement policies and programs of the several departments and agencies;

(8) conforming procurement policies and programs, whenever appropriate, to other established Government policies and programs;