

[CHAPTER 6]

JOINT RESOLUTION

Making an additional appropriation for the Military Establishment for the fiscal year ending June 30, 1941.

February 13, 1941
[H. J. Res. 89]
[Public Law 6]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sum is appropriated, out of any money in the Treasury not otherwise appropriated, for the Military Establishment for the fiscal year ending June 30, 1941: For clothing and equipage, to be supplemental to, and merged with, previous appropriations under this head for the fiscal year 1941, including the objects and subject to the limitations and conditions specified therein, \$175,000,000.

Clothing and equipage.

54 Stat. 358.
Post, p. 125.

Approved, February 13, 1941.

[CHAPTER 7]

AN ACT

To increase the debt limit of the United States, to provide for the Federal taxation of future issues of obligations of the United States and its instrumentalities, and for other purposes.

February 19, 1941
[H. R. 2959]
[Public Law 7]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Public Debt Act of 1941.

SEC. 2. (a) Section 21 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 21. The face amount of obligations issued under the authority of this Act shall not exceed in the aggregate \$65,000,000,000 outstanding at any one time."

(b) The authority granted in the following provisions of law to issue obligations is terminated:

(1) Section 32 of the Act entitled "An Act to provide ways and means to meet war expenditures, and for other purposes", approved June 13, 1898, as amended (U. S. C., 1934 edition, title 31, sec. 756) (authorizing the issue of \$300,000,000 certificates of indebtedness);

(2) Section 6 of the First Liberty Bond Act, as amended (U. S. C., 1934 edition, title 31, sec. 755) (authorizing the issue of \$2,000,000,000 certificates of indebtedness); and

(3) Section 6 of the Second Liberty Bond Act, as amended (U. S. C., 1934 edition, title 31, sec. 757) (authorizing the issue of \$4,000,000,000 of war savings certificates).

(c) Section 301 of title III of the Revenue Act of 1940 (54 Stat. 526) (creating a special fund for the retirement of defense obligations) is repealed.

SEC. 3. Section 22 of the Second Liberty Bond Act, as amended (U. S. C., title 31, sec. 757c), is amended to read as follows:

"SEC. 22. (a) The Secretary of the Treasury, with the approval of the President, is authorized to issue, from time to time, through the Postal Service or otherwise, United States savings bonds and United States Treasury savings certificates, the proceeds of which shall be available to meet any public expenditures authorized by law, and to retire any outstanding obligations of the United States bearing interest or issued on a discount basis. The various issues and series of the savings bonds and the savings certificates shall be in such forms, shall be offered in such amounts, subject to the limitation imposed by section 21 of this Act, as amended, and shall be issued in such manner and subject to such terms and conditions consistent with subsections (b), (c), and (d) hereof, and including any restrictions on their

Public Debt Act of 1941.

Limitation on obligations.
49 Stat. 21.
31 U. S. C. § 757b.

Termination of authority to issue obligations.

30 Stat. 466.
31 U. S. C. § 756.

40 Stat. 36.
31 U. S. C. § 755.

40 Stat. 291.
31 U. S. C. § 757.

Repeal.
31 U. S. C. § 757b note.

49 Stat. 21.

U. S. savings bonds and Treasury savings certificates.
Issue; use of proceeds.

transfer, as the Secretary of the Treasury may from time to time prescribe.

Basis on which issued.

“(b) Savings bonds and savings certificates may be issued on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis and shall mature, in the case of bonds, not more than twenty years, and in the case of certificates, not more than ten years, from the date as of which issued. Such bonds and certificates may be sold at such price or prices, and redeemed before maturity upon such terms and conditions as the Secretary of the Treasury may prescribe: *Provided*, That the interest rate on, and the issue price of, savings bonds and savings certificates and the terms upon which they may be redeemed shall be such as to afford an investment yield not in excess of 3 per centum per annum, compounded semiannually. The denominations of savings bonds and of savings certificates shall be such as the Secretary of the Treasury may from time to time determine and shall be expressed in terms of their maturity values. The Secretary of the Treasury is authorized by regulation to fix the amount of savings bonds and savings certificates issued in any one year that may be held by any one person at any one time.

Proviso.
Interest rate, etc.

Denominations.

Holdings.

Issuance of stamps, etc., to evidence partial payments.

“(c) The Secretary of the Treasury may, under such regulations and upon such terms and conditions as he may prescribe, issue, or cause to be issued, stamps, or may provide any other means to evidence payments for or on account of the savings bonds and savings certificates authorized by this section, and he may make provision for the exchange of savings certificates for savings bonds. The limitation on the authority of the Postmaster General to prescribe the denominations of postal-savings stamps contained in the second paragraph of section 6 of the Act of June 25, 1910, as amended (U. S. C., title 39, sec. 756), is removed; and the Postmaster General is authorized, for the purposes of such section and to encourage and facilitate the accumulation of funds for the purchase of savings bonds and savings certificates, to prepare and issue postal-savings stamps in such denominations as he may prescribe.

Denominations.

36 Stat. 815.

Tax exemption, existing savings bonds.
40 Stat. 291,
31 U. S. C. § 747.

“(d) The provisions of section 7 of this Act, as amended (relating to exemptions from taxation), shall apply to savings bonds issued before the effective date of the Public Debt Act of 1941. For purposes of taxation any increment in value represented by the difference between the price paid and the redemption value received (whether at or before maturity) for savings bonds and savings certificates shall be considered as interest. The savings bonds and the savings certificates shall not bear the circulation privilege.

Circulation privilege.

Availability of funds.

40 Stat. 292.

“(e) The appropriation for expenses provided by section 10 of this Act and extended by the Act of June 16, 1921 (U. S. C., title 31, secs. 760 and 761), shall be available for all necessary expenses under this section, and the Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General from such appropriation such sums as are shown to be required for the expenses of the Post Office Department and of the Postal Service, in connection with the handling of savings bonds, savings certificates, and stamps or other means provided to evidence payment therefor, which sums may be used for additional employees or any other expenditure, wherever or in whatever class of post office incurred, in connection with such handling.

No further original issue.

36 Stat. 817.

“(f) No further original issue of bonds authorized by section 10 of the Act approved June 25, 1910 (U. S. C., title 39, sec. 760), shall be made after July 1, 1935.

Fiscal agency services.

“(g) At the request of the Secretary of the Treasury the Postmaster General, under such regulations as he may prescribe, shall

require the employees of the Post Office Department and of the Postal Service to perform, without extra compensation, such fiscal agency services as may be desirable and practicable in connection with the issue, delivery, safekeeping, redemption, or payment of the savings bonds and savings certificates, or in connection with any stamps or other means provided to evidence payments.”

SEC. 4. (a) Interest upon, and gain from the sale or other disposition of, obligations issued on or after the effective date of this Act by the United States or any agency or instrumentality thereof shall not have any exemption, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted; except that any such obligations which the United States Maritime Commission or the Federal Housing Administration has, prior to the effective date of this Act, contracted to issue at a future date, shall when issued bear such tax-exemption privileges as were, at the time of such contract, provided in the law authorizing their issuance. For the purposes of this subsection a Territory, a possession of the United States, and the District of Columbia, and any political subdivision thereof, and any agency or instrumentality of any one or more of the foregoing, shall not be considered as an agency or instrumentality of the United States.

(b) The provisions of this section shall, with respect to such obligations, be considered as amendatory of and supplementary to the respective Acts or parts of Acts authorizing the issuance of such obligations, as amended and supplemented.

SEC. 5. This Act, except sections 2 (b) and (c), shall become effective on the first day of the month following the date of its enactment.

Approved, February 19, 1941.

[CHAPTER 8]

AN ACT

To provide for the establishment, administration, and maintenance of a Coast Guard Auxiliary and a Coast Guard Reserve.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the “Coast Guard Auxiliary and Reserve Act of 1941”.

TITLE I—REPEAL OF COAST GUARD RESERVE ACT OF 1939, AS AMENDED, AND ESTABLISHMENT OF COAST GUARD AUXILIARY

SEC. 1. The Coast Guard Reserve Act of 1939 (53 Stat. 854; U. S. C., Supp. V, title 14, ch. 9), as amended by Public Law Numbered 564, Seventy-sixth Congress, third session, is hereby repealed and in lieu of the United States Coast Guard Reserve provided for in such Act there is hereby created and established a United States Coast Guard Auxiliary (hereinafter referred to as the “Auxiliary”).

SEC. 2. It is hereby declared to be the purposes of the Auxiliary (a) to further interest in safety of life at sea and upon the navigable waters, (b) to promote efficiency in the operation of motorboats and yachts, (c) to foster a wider knowledge of, and better compliance with, the laws, rules, and regulations governing the operation of motorboats and yachts, and (d) to facilitate operations of the Coast Guard.

SEC. 3. The Auxiliary shall be composed of citizens of the United States and of its Territories and possessions, except the Philippine

Taxation of obligations.

Exception.

Provisions considered amendatory, etc.

Effective date.

February 19, 1941
[S. 187]
[Public Law 8]

Coast Guard Auxiliary and Reserve Act of 1941.

14 U. S. C., ch. 9.
54 Stat. 246.

Purposes of Auxiliary.

Composition.