

Public Law 86-564

AN ACT

June 30, 1960
[H. R. 12381]

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act and to extend for one year the existing corporate normal-tax rate and certain excise-tax rates, and for other purposes.

Public Debt and
Tax Rate Extension
Act of 1960.

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 and Tax Rate Extension Act of 1960".

TITLE I—PUBLIC DEBT LIMIT UNDER SECOND LIBERTY BOND ACT

SEC. 101. TEMPORARY INCREASE.

During the period beginning on July 1, 1960, and ending on June 30, 1961, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended, shall be temporarily increased by \$8,000,000,000.

73 Stat. 156,
31 USC 757b.

TITLE II—EXTENSION OF EXISTING TAX RATES

SEC. 201. ONE-YEAR EXTENSION OF CORPORATE NORMAL-TAX RATE.

Section 11(b) (relating to corporate normal tax), section 821(a)(1)(A) (relating to mutual insurance companies other than interinsurers), and section 821(b)(1) (relating to interinsurers) of the Internal Revenue Code of 1954 are amended as follows:

- (1) By striking out "JULY 1, 1960" each place it appears and inserting in lieu thereof "JULY 1, 1961";
- (2) By striking out "July 1, 1960" each place it appears and inserting in lieu thereof "July 1, 1961";
- (3) By striking out "JUNE 30, 1960" each place it appears and inserting in lieu thereof "JUNE 30, 1961";
- (4) By striking out "June 30, 1960" each place it appears and inserting in lieu thereof "June 30, 1961".

SEC. 202. ONE-YEAR EXTENSION OF CERTAIN EXCISE-TAX RATES.

(a) EXTENSION OF RATES.—The following provisions of the Internal Revenue Code of 1954 are amended by striking out "July 1, 1960" each place it appears and inserting in lieu thereof "July 1, 1961"—

- (1) section 4061 (relating to motor vehicles);
- (2) section 4251(b)(2) (relating to termination of tax on general telephone service);
- (3) section 4261 (relating to tax on transportation of persons);
- (4) section 5001(a)(1) (relating to distilled spirits);
- (5) section 5001(a)(3) (relating to imported perfumes containing distilled spirits);
- (6) section 5022 (relating to cordials and liqueurs containing wine);
- (7) section 5041(b) (relating to wines);
- (8) section 5051(a) (relating to beer); and
- (9) section 5701(c)(1) (relating to cigarettes).

(b) TECHNICAL AMENDMENTS.—The following provisions of the Internal Revenue Code of 1954 are amended as follows:

- (1) Section 5063 (relating to floor stocks refunds on distilled spirits, wines, cordials, and beer) is amended by striking out "July 1, 1960" each place it appears and inserting in lieu thereof "July 1, 1961", and by striking out "October 1, 1960" and inserting in lieu thereof "October 1, 1961".

26 USC 4061-
5701, *passim*.

26 USC 5063.

(2) Subsections (a) and (b) of section 5707 (relating to floor stocks refunds on cigarettes) are amended by striking out "July 1, 1960" each place it appears and inserting in lieu thereof "July 1, 1961", and by striking out "October 1, 1960" and inserting in lieu thereof "October 1, 1961".

26 USC 5707.

(3) Section 6412(a)(1) (relating to floor stocks refunds on automobiles) is amended by striking out "July 1, 1960" each place it appears and inserting in lieu thereof "July 1, 1961", by striking out "October 1, 1960" and inserting in lieu thereof "October 1, 1961", and by striking out "November 10, 1960" each place it appears and inserting in lieu thereof "November 10, 1961".

26 USC 6412.

Section 497 of the Revenue Act of 1951 (relating to refunds on articles from foreign trade zones), as amended, is amended by striking out "July 1, 1960" each place it appears and inserting in lieu thereof "July 1, 1961".

73 Stat. 158,
26 USC 5701
note.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. INVESTIGATION OF, AND REPORTS ON, TREATMENT OF ENTERTAINMENT AND CERTAIN OTHER EXPENSES.

(a) INVESTIGATION AND REPORT BY JOINT COMMITTEE ON INTERNAL REVENUE TAXATION.—The Joint Committee on Internal Revenue Taxation is hereby authorized and directed to make a full and complete investigation and study of the operation and effects of present law, regulations, and practices relating to the deduction, as ordinary and necessary business expenses, of expenses for entertainment, gifts, dues or initiation fees in social, athletic, or sporting clubs or organizations, and similar or related items. The Joint Committee shall report to the House of Representatives and to the Senate the results of its investigation and study as soon as practicable during the 87th Congress, together with its recommendations for any changes in the law and administrative practices which in its judgment are necessary or appropriate.

(b) REPORT BY SECRETARY OF THE TREASURY.—The Secretary of the Treasury is hereby authorized and directed to report as soon as practicable during the 87th Congress to the House of Representatives and to the Senate the results of the enforcement program of the Internal Revenue Service (announced in Technical Information Release 221, dated April 4, 1960) relating to the deductions, as ordinary and necessary business expenses, of expenses for entertainment, travel, yachts, hunting lodges, club dues, and similar or related items, together with such recommendations with respect thereto as he considers necessary or appropriate to avoid misuse of the business expense deduction.

(c) CONSULTATION OF STAFFS.—The staff of the Joint Committee on Internal Revenue Taxation, and the staff of the Secretary of the Treasury, shall consult and cooperate with each other in performing any duties assigned to carry out the purposes of this section.

SEC. 302. DEPLETION RATE FOR CERTAIN CLAYS; TREATMENT PROCESSES CONSIDERED AS MINING FOR COMPUTING PERCENTAGE DEPLETION IN THE CASE OF MINERALS AND ORES.

(a) DEPLETION RATE FOR CERTAIN CLAYS.—Subsection (b) of section 613 of the Internal Revenue Code of 1954 (relating to percentage depletion rates) is amended as follows:

68A Stat. 208.
26 USC 613.

(1) Paragraph (3) is amended to read as follows:

"(3) 15 percent—

"(A) metal mines (if paragraph (2) (B) does not apply), rock asphalt, and vermiculite; and

“(B) if paragraph (5) (B) does not apply, ball clay, bentonite, china clay, sagger clay, and clay used or sold for use for purposes dependent on its refractory properties.”

(2) Paragraph (5) is amended to read as follows:

“(5) 5 percent—

“(A) gravel, mollusk shells (including clam shells and oyster shells), peat, pumice, sand, scoria, shale, and stone, except stone described in paragraph (6);

“(B) clay used, or sold for use, in the manufacture of building or paving brick, drainage and roofing tile, sewer pipe, flower pots, and kindred products; and

“(C) if from brine wells—bromine, calcium chloride, and magnesium chloride.”

(3) Paragraph (6) is amended by striking “refractory and fire clay.”

(b) TREATMENT PROCESSES CONSIDERED AS MINING.—Subsection (c) of section 613 of the Internal Revenue Code of 1954 (relating to the definition of gross income from property) is amended as follows:

(1) By amending paragraph (2) to read as follows:

“(2) MINING.—The term ‘mining’ includes not merely the extraction of the ores or minerals from the ground but also the treatment processes considered as mining described in paragraph (4) (and the treatment processes necessary or incidental thereto), and so much of the transportation of ores or minerals (whether or not by common carrier) from the point of extraction from the ground to the plants or mills in which such treatment processes are applied thereto as is not in excess of 50 miles unless the Secretary or his delegate finds that the physical and other requirements are such that the ore or mineral must be transported a greater distance to such plants or mills.”

(2) By striking out paragraph (4) and inserting in lieu thereof the following new paragraphs:

“(4) TREATMENT PROCESSES CONSIDERED AS MINING.—The following treatment processes where applied by the mine owner or operator shall be considered as mining to the extent they are applied to the ore or mineral in respect of which he is entitled to a deduction for depletion under section 611:

“(A) In the case of coal—cleaning, breaking, sizing, dust allaying, treating to prevent freezing, and loading for shipment;

“(B) in the case of sulfur recovered by the Frasch process—cleaning, pumping to vats, cooling, breaking, and loading for shipment;

“(C) in the case of iron ore, bauxite, ball and sagger clay, rock asphalt, and ores or minerals which are customarily sold in the form of a crude mineral product—sorting, concentrating, sintering, and substantially equivalent processes to bring to shipping grade and form, and loading for shipment;

“(D) in the case of lead, zinc, copper, gold, silver, uranium, or fluorspar ores, potash, and ores or minerals which are not customarily sold in the form of the crude mineral product—crushing, grinding, and beneficiation by concentration (gravity, flotation, amalgamation, electrostatic, or magnetic), cyanidation, leaching, crystallization, precipitation (but not including electrolytic deposition, roasting, thermal or electric smelting, or refining), or by substantially equivalent processes or combination of processes used in the separation or extraction of the product or products from the ore or the mineral or minerals from other material from the mine or other natural deposit;

58A Stat., 209.
26 USC 613.

26 USC 611.

"(E) the pulverization of talc, the burning of magnesite, the sintering and nodulizing of phosphate rock, and the furnacing of quicksilver ores;

"(F) in the case of calcium carbonates and other minerals when used in making cement—all processes (other than preheating of the kiln feed) applied prior to the introduction of the kiln feed into the kiln, but not including any subsequent process;

"(G) in the case of clay to which paragraph (5) (B) of subsection (b) applies—crushing, grinding, and separating the mineral from waste, but not including any subsequent process; and

"(H) any other treatment process provided for by regulations prescribed by the Secretary or his delegate which, with respect to the particular ore or mineral, is not inconsistent with the preceding provisions of this paragraph.

"(5) TREATMENT PROCESSES NOT CONSIDERED AS MINING.—Unless such processes are otherwise provided for in paragraph (4) (or are necessary or incidental to processes so provided for), the following treatment processes shall not be considered as 'mining': electrolytic deposition, roasting, calcining, thermal or electric smelting, refining, polishing, fine pulverization, blending with other materials, treatment effecting a chemical change, thermal action, and molding or shaping."

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall be applicable only with respect to taxable years beginning after December 31, 1960.

Approved June 30, 1960.

Public Law 86-565

AN ACT

To provide for the participation of the United States in the International Development Association.

[June 30, 1960
[H. R. 11001]]

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

SHORT TITLE

SECTION 1. This Act may be cited as the "International Development Association Act".

International Development Association Act.

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the International Development Association (hereinafter referred to as the "Association"), provided for by the Articles of Agreement (hereinafter referred to as the "Articles") of the Association deposited in the archives of the International Bank for Reconstruction and Development.

GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

SEC. 3. The Governor and Executive Director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286a), shall serve as Governor, Executive Director and alternates, respectively, of the Association.

59 Stat. 512.