

AMENDING SECTION 100 OF THE SERVICEMEN'S READ- JUSTMENT ACT OF 1944

JUNE 5 (legislative day, MARCH 5), 1946.—Ordered to be printed

Mr. JOHNSON of Colorado, from the Committee on Finance, submitted
the following

REPORT

[To accompany H. R. 6069]

The Committee on Finance, to whom was referred the bill (H. R. 6069) to amend section 100 of the Servicemen's Readjustment Act of 1944, having considered the same, report favorably thereon, without amendment, and recommend that the bill do pass.

The House report on this bill is self-explanatory and is as follows:

The Committee on World War Veterans' Legislation, to whom was referred the bill (H. R. 6069) to amend section 100 of the Servicemen's Readjustment Act of 1944, having considered the same, report favorably thereon with the recommendation that the bill do pass.

GENERAL STATEMENT

H. R. 6069 was recommended by the Veterans' Administration in a letter addressed to the Speaker of the House of Representatives, dated April 8, 1946. It has the approval of the Bureau of the Budget as necessary legislation in view of present conditions.

The bill authorizes the Administrator of Veterans' Affairs, until June 30, 1947, to enter into leases for periods of not to exceed 5 years. In making such leases the Administrator is exempted from the provisions of the Economy Act of 1932, as amended (47 Stat. 412, as amended by 47 Stat. 1517). This exemption will permit making a lease where the first year's rental exceeds 15 percent of the fair-market value of the premises and will allow alterations in excess of 25 percent of the first year's rental. Today's real-estate market is such that it is nearly impossible to determine the exact fair-market value of any property from day to day, and the present scarcity of materials and labor plus the increased costs of both in today's market require exemption from the 25-percent limitation.

Two other statutes are included in the exemption for technical reasons. Section 3679 of the Revised Statutes prohibits the expenditure in any one fiscal year in excess of the amount appropriated for that year, and also prohibits the making of a contract for future payments in excess of the amount of appropriations. Section 3732 of the Revised Statutes prohibits entering into any contract unless there is an appropriation adequate to its fulfillment. Since the leases will be for periods of 5 years it is probable that the sums needed will be appropriated annually for each year of the lease rather than for the entire period. It is necessary to

exempt these two provisions in order to make a lease entered into under the authority of this bill binding upon the Government where the period is more than 1 year.

The authority sought herein is not new. The Public Buildings Administration is now authorized to make leases for 5 years (40 U. S. C. 304c). The War and Navy Departments in time of war or emergency are authorized to issue certificates which exempt the agency to which issued from the 15- and 25-percent limitations of the Economy Act. Previously the Veterans' Administration obtained such certificates when necessary but these Departments have advised the Veterans' Administration that no certificates would be issued after June 30, 1946.

The authority herein granted will expire automatically on June 30, 1947. It is considered necessary until that time to aid the Veterans' Administration to locate premises for its various offices throughout the country, which offices are now being set up under the decentralization program intended to bring the Veterans' Administration closer to the veteran. To fit these new offices for the specialized uses of the Veterans' Administration many alterations will be necessary. Because of the present limitation of leases to 1-year periods many desirable properties are now being rented to private enterprises which can make long-term leases.

The report of the Administrator of Veterans' Affairs recommending the bill follows:

VETERANS' ADMINISTRATION,
Washington 25, D. C., April 8, 1946.

HON. SAM RAYBURN,
The Speaker's Rooms, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: There is transmitted herewith a draft of a bill to amend section 100 of the Servicemen's Readjustment Act of 1944, with the request that it be referred to the appropriate committee of the House of Representatives, in order that it may be introduced and enacted into law.

The proposed bill would amend section 100 of the Servicemen's Readjustment Act of 1944 by adding thereto a new paragraph authorizing the Administrator of Veterans' Affairs to enter into 5-year leases, notwithstanding the fact that appropriations are not immediately available for the entire period, and further would permit such leases to be made free from the restrictions of the so-called Economy Act of 1932 (47 Stat. 412, approved June 30, 1932, as amended 47 Stat. 1517, approved March 3, 1933), prohibiting entering into any lease where the first year's rental exceeds 15 percent of the fair market value of the premises, or where the amount of alterations to be made at Government expense exceeds 25 percent. The authority so granted would expire by the terms of the act on June 30, 1947.

The condition of the real-estate market throughout the country makes this legislation necessary if the Administrator of Veterans' Affairs is to carry out the provisions of the laws entrusted to his administration. It is estimated that approximately 14,000,000 World War II veterans and dependents come within the terms of the various acts in addition to veterans who served at other times. To reach this vast total in the most economical manner, it is necessary to set up nearly 1,500 offices in communities of various sizes throughout the country, and by so doing, not only is the service rendered to the veteran and his dependent speeded by actual contact with representatives of the Administration, but large sums are saved which would otherwise have to be expended in travel at Government expense, both for the veteran to come to and from veterans' centers and for investigation expenses, where such investigation covers a large area.

The present real-estate market is such that no actual yardstick as to the fair market value of properties exists, which can be relied on from month to month to give the true picture. Existing assessments are based on 10-year-old appraisals which in no way reflect today's values, and the Government is bound by such appraisals where no others are available. Yet the owner, being fully aware of the selling price he can command in the local market, expects rental in accordance with comparative rentals he can obtain from private tenants. The net result is that the Government is deprived of the use of highly desirable properties because of the statutory restrictions under existing law.

Again, many buildings in their existing condition, are not arranged so that they can be used by the Veterans' Administration. To remodel or alter the interior of such buildings may cost more in today's market than 25 percent of a year's rent and the restriction of a lease to 1 year, under such circumstances, places an additional disadvantage upon the Government.

The proposed legislation is absolutely necessary to meet competition with private individuals who can obtain space actually needed by the Veterans' Administration because the owner prefers to have a tenant for a longer term

than 1 year, even though such a lease to the Veterans' Administration might be renewed from time to time. In a fluid market, such as exists throughout the Nation today, the existing controls make for greater expense than they do economy. In normal times it would be cheaper to buy or build than it would be to lease for long terms. In the present situation prices are abnormally high and space must be secured before new construction could be completed. Moreover, it cannot be definitely determined at this time what sites generally will be permanently required for Veterans' Administration purposes. Under such circumstances, leasing of property appears to be the most advantageous solution of the problem.

If veterans and their dependents are to receive the benefits to which they are entitled under existing laws, suitable space must be secured immediately.

For the foregoing reasons, it is respectfully requested that the proposed legislation be introduced and considered for enactment as soon as possible.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of the proposed legislation to the Congress.

Very truly yours,

OMAR N. BRADLEY,
General, United States Army, Administrator.

RAMSEYER RULE

In compliance with the provisions of clause 2a, rule XIII, House of Representatives, the changes in existing law made by the bill are shown as follows (existing law in which no changes are proposed is shown in roman; new matter is printed in italics):

"SECTION 100 OF THE SERVICEMEN'S READJUSTMENT ACT OF 1944, AS AMENDED

"SEC. 100: The Veterans' Administration is hereby declared to be an essential war agency and entitled to priority equal to the highest granted any department or agency of the Government in personnel, service, space, equipment, supplies, and material under any laws, Executive orders, and regulations pertaining to priorities. The Administrator is authorized, for the purpose of extending benefits to veterans and dependents, and to the extent he deems necessary, to procure the necessary space for administrative, clinical, medical, and out-patient treatment purposes by lease, purchase, or construction of buildings, or by condemnation or declaration of taking, pursuant to existing statutes.

"Until June 30, 1947, the Administrator is authorized to enter into leases or renewals of leases of property for any of the purposes specified in this section for periods not exceeding five years. The provisions of the Act of June 30, 1932 (47 Stat. 412), as amended by section 15 of the Act of March 3, 1933 (47 Stat. 1517; 40 U. S. C. 278a), the provisions of section 3679 of the Revised Statutes, as amended by the Act of March 3, 1905 (33 Stat. 1257), and the Act of February 27, 1906 (34 Stat. 48; 31 U. S. C. 665); and the provisions of section 3732 of the Revised Statutes (41 U. S. C. 11) shall not apply to any lease entered into by the Administrator under the authority of this section. Nothing in this section shall be construed to diminish, or in any way limit any right, power, or authority granted to the Administrator under any other law."

