

EXTENDING FOR AN ADDITIONAL YEAR THE PROVISIONS OF THE SUGAR ACT OF 1937, AS AMENDED, AND THE TAXES WITH RESPECT TO SUGAR

JUNE 20 (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. 6689]

The Committee on Finance, to whom was referred the bill (H. R. 6689) to extend for an additional year the provisions of the Sugar Act of 1937, as amended, and the taxes with respect to sugar, having considered the same, report thereon with amendments and recommend that the bill, as amended, do pass.

The following letter, from the Acting Secretary of Agriculture to the chairman of the Committee on Agriculture of the House, will show the purposes of, and need for this proposed legislation:

DEPARTMENT OF AGRICULTURE,
Washington, June 11, 1946.

HON. JOHN W. FLANNAGAN, Jr.,
House of Representatives.

DEAR MR. FLANNAGAN: This has reference to your conversation on June 10 with James H. Marshall, Director of the Sugar Branch of the Production and Marketing Administration, during which you asked for the views of the Department of Agriculture regarding a 1-year extension of the Sugar Act of 1937, as amended.

The views of the Department on this question have been stated in a letter to the chairman of the Senate Finance Committee, which is being transmitted through the Bureau of the Budget in response to a request for the Department's comments on S. 2249. A concluding paragraph of the letter stated our views as follows:

"Beginning in the fall of 1945, the Director of the Sugar Branch of the Production and Marketing Administration attempted to obtain recommendations from all major groups in the domestic sugar industry regarding amendment and extension of the Sugar Act of 1937. It was our hope that a bill could be developed which could be supported by a majority of the groups in the domestic industry and which could be recommended by the Department. Because of the divergence of opinion among the industry groups and because of the pressure of other activities upon the industry during this emergency period in sugar, it has not been possible to obtain recommendations from all of the major groups nor has it been possible

to reconcile all the recommendations received. In view of this and in view of the foregoing analysis of S. 2249, we recommend that the Sugar Act of 1937 be extended for a period of 1 year in order to give us more time to attempt to develop a bill which can be more fully supported by the Department and all the major groups in the industry. This procedure would permit revision of the Sugar Act before it will be necessary to reinstate sugar quotas.

Sincerely yours,

N. E. DODD, *Acting Secretary.*

Your committee amended the bill as it passed the House of Representatives, and extended the life of the Sugar Act for 3 years instead of 1 year.

Your committee also struck out section 3 of the bill as it passed the House of Representatives, upon the recommendation of the Treasury Department. The following letter from the Acting Secretary of the Treasury Department will explain in detail the reasons for striking out such section:

JUNE 19, 1946.

Hon. WALTER F. GEORGE,
*Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.*

MY DEAR MR. CHAIRMAN: Your attention is directed to section 3 of H. R. 6689, as passed by the House of Representatives. Section 3 amends section 503 of the Sugar Act of 1937 by striking out "June 30, 1947" and inserting in lieu thereof "June 30, 1948". Section 503 of the Sugar Act provides an authorization for appropriations to the Commonwealth of the Philippines of amounts equal to amounts of taxes collected or accrued prior to June 30, 1947, under the Sugar Act on sugarcanes produced or grown in the Philippines.

It is our understanding that H. R. 6689 was drafted before the passage of the Philippine Trade Act of 1946, Public Law 371, and therefore did not take account of section 506 of that act. Section 506 provides that, notwithstanding other provisions of law, no collections of tax on Philippine articles after July 3, 1946, shall be covered into the Philippine Treasury. This provision was made in view of the independence of the Philippines on July 4, 1946.

Although the legal effect of section 506 of the Philippine Trade Act may not be altered by section 3 of H. R. 6689, it is believed that some confusion may be created by a change subsequent to the Philippine Trade Act of the date in section 503 of the Sugar Act. For this reason it is believed that section 3 of H. R. 6689 should be eliminated.

Very truly yours,

JOSEPH J. O'CONNELL, Jr.,
Acting Secretary of the Treasury.

