

AMENDING SECTION 3126 OF THE INTERNAL REVENUE
CODE, AS AMENDED

JULY 18 (legislative day, JULY 5), 1946.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

REPORT

[To accompany S. J. Res. 166]

The Committee on Finance, to whom was referred the resolution (S. J. Res. 166) to amend section 3126 of the Internal Revenue Code, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the resolution do pass.

The first section extends the period of Government authorization for the production of sugars and sirups in the Government-owned industrial-alcohol plants at Omaha, Nebr., Kansas City, Mo., and Muscatine, Iowa, until December 31, 1947. Public Law No. 457, approved June 24, 1946, authorizes the operation of these plants to February 1, 1947, but since Congress may not reconvene until January, the committee recommends that sufficient time be permitted to consider the matter fully before the expiration date, and feels that it is in the national interest to further extend the period of operation to December 31, 1947.

In view of the existing shortage of sugar and sirups, it is essential that this program be continued until such time as the production of sugar from other sources is adequate to meet the public needs, or until Congress authorizes some disposition of the plants involved.

This section provides for the suspension of the sale of these three industrial-alcohol plants, and one of the Government-owned alcohol-butadiene plants, in order that sufficient time may be permitted to establish a permanent rubber policy. The Office of War Mobilization and Reconversion has indicated to the Subcommittee on Surplus Property of the Committee on Military Affairs that they would not object to the retention of one of these plants for this purpose.

The Senate has already approved Senate Joint Resolution 174 which would reserve one of the alcohol-butadiene plants, in conformity with the recommendations of the OWMR and as provided in this resolution, but inasmuch as this was for the purpose of con-

forming to the program proposed in the resolution under consideration, it is desirable that this same provision be directly indentified to this program, as provided under this section.

Senate Document 167, containing a letter from the Secretary of Agriculture, relating to the continued operation of federally owned plants for processing agricultural products, specifically refers to the industrial-alcohol plants covered in this resolution, i. e., Omaha, Nebr. (p. 9), Kansas City, Mo. (p. 14), and Muscatine, Iowa (p. 16), and recommends their retention under Government control pending the formulation of a permanent program. The Surplus Property subcommittee did not take any action on the withholding of the sale of these plants since they do not come under its jurisdiction. Section 19 (a) of the Surplus Property Act of 1944, relating to the disposal of surplus plants, requires that the various disposal agencies shall submit a report to Congress on the disposition of all plants which cost the Government \$5,000,000 or more, in the following classes: (1) aluminum plants and facilities; (2) magnesium plants and facilities; (3) synthetic rubber plants and facilities; (4) chemical plants and facilities; (5) aviation gasoline plants and facilities; (6) iron and steel plants and facilities; (7) pipe lines and facilities used for transporting oil; (8) patents, processes, techniques, and inventions, except such as are necessary to the operation of the plants and facilities herein listed; (9) aircraft plants and facilities and aircraft and aircraft parts; (10) shipyards and facilities; (11) transportation facilities; and (12) radio and electrical equipment.

The primary objective of this resolution is to permit a complete study of the utilization of agricultural commodities in the production of industrial alcohol and derivatives therefrom, including synthetic rubber, and it is essential that, should processes be perfected with corresponding utilization of present waste byproducts whereby an economical production of rubber is feasible, the necessary facilities may be available for the absorption of impending agricultural surpluses. It is the opinion of the committee that to convert, dismantle, destroy, or remove from the country these plants and facilities prior to the time Congress considers the many aspects of problems involved would be a grave mistake.

The extension of the utilization of surplus agricultural products in the period beginning in 1947, when there will in all probability be tremendous surpluses, will be one of the most important problems of the next Congress, and the retention of Government-owned facilities which might be adapted to such a program is an essential phase of such a program. The conversion of agricultural waste products into dextrose, glucose, and malt sirups, or into industrial alcohol, feed, and other byproducts from surplus grains, potatoes, and waste agricultural materials is one of the primary objectives of the Government. The retention of these plants to conform to such a policy is strongly recommended by the Secretary of Agriculture as being of vital importance to the national economy as an integral part of any program for national defense and in the disposal and consumption of surplus crops.

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