

EXTENDING CERTAIN NARCOTIC DRUG PROVISIONS TO TRUST TERRITORY OF THE PACIFIC ISLANDS

JULY 27, 1953.—Ordered to be printed

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

REPORT

[To accompany H. R. 5257]

The Committee on Finance, to whom was referred the bill (H. R. 5257) to extend to the Trust Territory of the Pacific Islands certain provisions of the Internal Revenue Code relating to narcotics, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

H. R. 5257 makes applicable to the Trust Territory of the Pacific Islands the sections of the Internal Revenue Code which are derived from the Harrison Antinarcotic Act, enacted in 1914. The legislation is required to provide for the orderly supply of narcotic drugs for medical purposes in the trust territory.

GENERAL STATEMENT

The need for this legislation has arisen from the transfer of the administrative responsibility for the government of the trust territory to the Department of the Interior, pursuant to Executive Order No. 10265 on June 29, 1951. Prior to that date, the trust territory was the administrative responsibility of the Department of the Navy and narcotic requirements were met through Navy supplies. Since the transfer of control to the Department of the Interior, it has become necessary to devise a system of procuring narcotics through civilian channels. The problem of procurement is complicated by the fact that of the two relevant Federal statutes one is applicable, while the other is not.

The Narcotic Drugs Import and Export Act (21 U. S. C., 1946 ed., sec. 171 et seq.) applies generally to the United States and "any:

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territory under its control or jurisdiction," and it therefore is applicable to the trust territory, over which the United States has "full powers of administration, legislation, and jurisdiction" pursuant to article 3 of the trusteeship agreement approved by the President on July 18, 1947, by authority of the act of July 18, 1947 (61 Stat. 397). The Narcotic Drugs Import and Export Act makes it unlawful to import into the United States or territory under its control or jurisdiction any narcotic drug, except for such amounts of crude opium and coca leaves as the Commissioner of Narcotics finds to be necessary for medical or legitimate uses. This exception, however, is not of practical value to the trust territory, since it does not extend to manufactured drugs.

On the other hand, the provisions of the Internal Revenue Code which are derived from the Harrison Antinarcotic Act (26 U. S. C., 1946 ed., secs. 2550-2565, 3220-3228) apply only to the continental United States, its Territories and possessions (26 U. S. C., 1946 ed., sec. 2563). They therefore do not apply to the trust territory, which is not a territory or possession of the United States. The Harrison Act established a system for the internal control of narcotics, requiring the registration with the appropriate collector of internal revenue of those who have a legitimate reason for dealing in narcotics, the purchase of narcotics only on approved order forms or by means of a certificate of exemption, and the payment of certain taxes incident to the purchase and handling of narcotic drugs.

Because the Narcotic Drugs Import and Export Act applies, the trust territory cannot import from foreign sources the narcotic drugs which it requires. Since the Harrison Act provisions do not apply, there is no system for the internal control of narcotic drugs, and the usual method by which purchases are made in the continental United States cannot be employed in the trust territory. Trust territory doctors cannot register with a collector of internal revenue, secure official order forms, or pay the narcotic taxes, and as a consequence they cannot procure narcotic drugs through regular commercial channels. It is therefore of the greatest importance that section 2563 of the Internal Revenue Code, which sets forth the extent of territorial application of the Harrison Act provisions, be amended to include the Trust Territory of the Pacific Islands. This will be accomplished by your committee's bill.

In addition, H. R. 5257 amends subsection (a) of section 2564 of the Internal Revenue Code to add the trust territory to those areas in which local administration and enforcement of the Harrison Act provisions are authorized. Such local administration and enforcement by the government of Puerto Rico has proved singularly successful. If local administration and enforcement are authorized for the trust territory, a system can be devised which will be somewhat simpler and far more expeditious than the Federal scheme, yet wholly adequate to meet the trust territory's requirements.

A further, but incidental, effect of H. R. 5257 is to delete from subsection (a) of section 2564 of the Internal Revenue Code provisions relating to the Philippine Islands that have become obsolete by reason of the granting of independence to the people of that country.

CONCLUSION

In view of the urgent need for providing a system of control of narcotics for medical purposes in the trust territory, your committee recommend prompt enactment of this bill.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE

SEC. 2554. ORDER FORMS.

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(h) CROSS REFERENCES.—
 (1) ISSUANCE IN PUERTO RICO AND THE [PHILIPPINE ISLANDS] TRUST TERRITORY OF THE PACIFIC ISLANDS.—
 For issuance of order forms in Puerto Rico and the [Philippine Islands] Trust Territory of the Pacific Islands, see subsection (a) of section 2564.

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SEC. 2563. TERRITORIAL EXTENT OF LAW.

The provisions of this subchapter and part V of subchapter A of chapter 27 shall apply to the United States, the District of Columbia, the Territory of Alaska, the Territory of Hawaii, the insular possessions of the United States, the Territory of the Pacific Islands, and the Canal Zone.

SEC. 2564. [ADMINISTRATION IN INSULAR POSSESSIONS AND CANAL ZONE.] ADMINISTRATION IN PUERTO RICO, THE TRUST TERRITORY OF THE PACIFIC ISLANDS, THE CANAL ZONE, AND THE VIRGIN ISLANDS

(a) PUERTO RICO AND THE [PHILIPPINE ISLANDS] TRUST TERRITORY OF THE PACIFIC ISLANDS.—In Puerto Rico and the [Philippine Islands] Trust Territory of the Pacific Islands, the administration of this subchapter and part V of subchapter A of chapter 27, the collection of the special tax imposed by section 3220 of chapter 27, and the issuance of the order forms specified in section 2554 shall be performed by the appropriate internal revenue officers of those governments, and all revenues collected thereunder in Puerto Rico and the [Philippine Islands] Trust Territory of the Pacific Islands shall accrue intact to the general governments thereof, respectively. [The courts of first instance in the Philippine Islands] The highest court of original jurisdiction of the Trust Territory of the Pacific Islands shall possess and exercise jurisdiction in all cases arising in [said islands] such Territory under this subchapter and [said] part V of subchapter A of chapter 27.

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SEC. 2565. DEFINITIONS.

For definitions of the following, see the subsections of section 3228 indicated below:

PERSON.—

Subsection (a).

IMPORTER, MANUFACTURER, OR PRODUCER.—

Subsection (b).

WHOLESALE DEALER.—

Subsection (c).

RETAIL DEALER.—

Subsection (d).

ISONIPECAINE.—

Subsection (e).

OPIATE.—

Subsection (f).

TERRITORY.—

Subsection (g).

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SEC. 3228. DEFINITIONS.

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(g) TERRITORY.—As used in this part and subchapter A of chapter 23, (1) the word "Territory" shall include the Trust Territory of the Pacific Islands, and (2) the word "Territorial" shall reflect such inclusion.

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