
EXTENSION OF RENEGOTIATION ACT OF 1951

JULY 14, 1955.—Ordered to be printed

Mr. COOPER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 4904]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4904) to extend the Renegotiation Act of 1951 for 2 years, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with the following amendments:

(1) Restore the matter proposed to be stricken out by the Senate amendment and, on page 1 of the House engrossed bill, in line 11, strike out "section 106" and in lieu thereof insert the following: *section 106 (a) (8)*

(2) On page 1 of the Senate engrossed amendment, in line 3, strike out "SEC. 2." and in lieu thereof insert: *SEC. 3.*

(3) On page 2 of the Senate engrossed amendment, in line 6, strike out "for civilian, industrial, or commercial" and in lieu thereof insert the following: *for general civilian industrial or commercial*

(4) On page 2 of the Senate engrossed amendment, in line 16, strike out "SEC. 3." and in lieu thereof insert the following: *SEC. 4.*

(5) On page 3 of the Senate engrossed amendment, strike out lines 4 to 7, inclusive, and in lieu thereof insert the following:

(b) The amendments made by subsection (a) shall apply only to contracts with the Departments made after December 31, 1954.

(6) On page 3 of the Senate engrossed amendment, in line 8, strike out "SEC. 4." and in lieu thereof insert the following: *SEC. 5.*

(7) On page 3 of the Senate engrossed amendment, in line 19, strike out "SEC. 5." and in lieu thereof insert the following: *SEC. 6.*

(8) On page 4 of the Senate engrossed amendment, beginning with line 19, strike out all through line 2 on page 7.

And the Senate agree to the same.

JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

HARRY F. BYRD,
WALTER F. GEORGE,
ROBERT S. KERR,
By HARRY F. BYRD.

E. D. MILLIKIN,
EDWARD MARTIN,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4904) to extend the Renegotiation Act of 1951 for 2 years, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment proposed to strike out section 2 of the House bill and insert in lieu thereof five new sections numbered 2 to 6, inclusive.

Section 2 of the House bill proposed to amend section 102 (d) of the Renegotiation Act of 1951. This subsection provides that the profit-limitation provisions of the act of March 27, 1934, as amended and supplemented (the Vinson-Trammell Act), and of section 505 (b) of the Merchant Marine Act shall not apply to contracts or subcontracts if any of the receipts or accruals therefrom are subject to the Renegotiation Act of 1951. Under the amendment proposed by section 2 of the House bill, these profit-limitation provisions also would not apply to contracts or subcontracts if any of the receipts or accruals therefrom would be subject to the Renegotiation Act of 1951 except for the provisions of section 106 (relating to exemptions). Under the conference agreement, section 2 of the House bill is restored with an amendment limiting its application to contracts or subcontracts if any of the receipts or accruals therefrom would be subject to the Renegotiation Act of 1951 except for the provisions of section 106 (a) (8) (relating to exemption of standard commercial articles and standard commercial services).

Section 2 contained in the Senate amendment amended section 106 (a) (8) of the Renegotiation Act of 1951, which exempts contracts and subcontracts for the making or furnishing of a standard commercial article, so as to provide a similar exemption for a standard commercial service. This provision, like that previously enacted with respect to the standard commercial article exemption, is made applicable to contracts with the departments and subcontracts to the extent of the amounts received or accrued by a contractor or subcontractor after December 31, 1953. The conference agreement retains this provision, with a clarifying amendment, as section 3 of the bill.

Section 3 contained in the Senate amendment provided for a mandatory exemption of competitive-bid construction contracts similar to the exemption contained in subsection (i) (1) (E) of the Renegotiation Act of 1943. Under the Senate amendment this provision would have applied to contracts with the departments and subcontracts to the extent of the amounts received or accrued by a contractor or subcontractor after December 31, 1954. The exemption provided by the Senate amendment was made not applicable to military housing construction financed with a mortgage or mortgages insured under the provisions of title VIII of the National Housing Act as now or hereafter amended. Section 3 is included in the conference agreement as sec-

tion 4 of the bill, but with a provision that the amendment applies only to contracts with the departments made after December 31, 1954.

Section 4 contained in the Senate amendment related to the definition of durable productive equipment contained in section 106 (c) (2) of the Renegotiation Act of 1951. This amendment was adopted as a clarifying amendment to cure an inconsistency created by a previous amendment which extended the partial mandatory exemption for new durable productive equipment to prime contracts. Under existing law a manufacturer who sells an item of new durable productive equipment directly to the Government is exempt, whereas he is not exempt if he sells the same item to another manufacturer who incorporates it in equipment which is sold to the Government. Under the amendment the exemption applies in both cases. The amendment was made effective to coincide with the effective date of the amendment extending the new durable productive equipment provision to prime contracts, namely, to fiscal years ending on or after June 30, 1953. The conference agreement retains this provision as section 5 of the bill.

Section 5 contained in the Senate amendment authorizes and directs the Joint Committee on Internal Revenue Taxation, or any duly authorized subcommittee thereof, to make a complete study in order to determine (1) whether there is any necessity of extending the Renegotiation Act of 1951 beyond December 31, 1956, and (2) if any such further extension is found necessary, the extent to which renegotiation of Government contracts should apply after such date. The joint committee is required to make a report to the Senate and House of Representatives not later than May 31, 1956. The conference agreement retains this provision as section 6 of the bill.

Section 6 contained in the Senate amendment would have amended title II of the Renegotiation Act of 1951 by adding at the end thereof a new section authorizing the Renegotiation Board, notwithstanding any statute of limitations or any other provision of law, to review the renegotiation of contracts or subcontracts which were renegotiated under the Renegotiation Act, which applied during World War II, in cases specified in the amendment. The provision also would have authorized review of the Board's action in such cases by the Tax Court. Under the conference agreement this section is eliminated from the bill.

JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

