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{ REPORT  
No. 273

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## AUTHORIZING OF ACCEPTANCE BY THE GOVERNMENT OF GIFTS TO REDUCE THE PUBLIC DEBT

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MAY 18, 1961.—Ordered to be printed

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Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

### R E P O R T

[To accompany H.R. 311]

The Committee on Finance, to whom was referred the bill (H.R. 311) to authorize the acceptance by the Government of gifts to be used to reduce the public debt, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### I. SUMMARY OF BILL

This bill specifically authorizes the U.S. Government to accept gifts of money or other property which are to be used for the reduction of the public debt. It provides for the deposit of cash gifts, or proceeds from the sale of other gifts, in a special account on the books of the Treasury, and money in this account is to be utilized to retire obligations of the United States which are a part of the public debt.

#### II. GENERAL STATEMENT

Occasionally the U.S. Government receives gifts of money or other property made on the condition that the gift be used to reduce the public debt. However, the Treasury Department has no specific authority to use gifts it receives in this manner, and questions could be raised by other possible claimants of the property as to whether the Government was fulfilling the conditions of the gift. The Treasury Department, in the absence of specific directions to the contrary, has been treating gifts the United States receives for the purpose of reducing the public debt as unconditional gifts and depositing them in the general fund of the Treasury. It can be contended that this

meets the condition on which such gifts are made since this either increases the budgetary surplus or reduces the budgetary deficit and therefore has the effect of decreasing the public debt or preventing an increase in the debt.

Those making gifts to reduce the public debt may prefer, however, to have their specific contributions used for this purpose, and making specific provision for such gifts may encourage persons to make provision for gifts of this type. Therefore, your committee has reported this bill which authorizes the Secretary of the Treasury to accept gifts of money, obligations of the United States, or other intangible personal property (such as stocks or securities) which are made on the sole condition that they are to be used to retire the public debt. In the case of the obligations of the United States, the obligations would be canceled or retired. In the case of other intangible personal property, the property would be sold and the proceeds used to reduce the debt.

In addition to the property referred to above which the Secretary of the Treasury is authorized to receive, the Administrator of General Services is authorized to receive other property, either real or personal, which is given to the United States on the sole condition that it be sold and the proceeds from the sale be used to reduce the public debt. However, in the case of any of the gifts received by either the Secretary of the Treasury or the Administrator of General Services, either of these persons can reject the gift if he determines that this is in the interest of the United States.

The bill specifically authorizes the Secretary of the Treasury upon receipt of a gift in the form of intangible personal property (other than money or U.S. obligations included in the public debt) to convert this property into money at the best terms available. The same authorization is also made in the case of the Administrator of General Services with respect to the gifts of property he receives. This would, of course, permit such agencies to withhold receipts from the sale of such property to the extent necessary to meet expenses attributable to such sale. The bill also provides that if any of the gifts accepted are subject to a gift or inheritance tax, the Secretary of the Treasury or the Administrator of General Services is to be authorized to pay this tax out of the proceeds received from the redemption or sale of the property.

The bill also establishes a special account on the books of the Treasury into which all the money received as gifts under this bill is to be placed, as well as all of the money received as a result of the conversion into money of gifts of other property. The Secretary of the Treasury is authorized to utilize the funds in this special account for the payment of obligations of the United States (included in the public debt) at maturity or upon redemption or at the time of purchase before maturity. The bill also provides a permanent appropriation for amounts deposited in this special account for the purposes set forth in the bill.

## III. DEPARTMENTAL REPORT

THE GENERAL COUNSEL OF THE TREASURY,  
*Washington, May 18, 1961.*

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,  
U.S. Senate, Washington, D.C.*

MY DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 311, to authorize the acceptance by the Government of gifts to be used to reduce the public debt.

The proposed legislation would authorize the Secretary of the Treasury to accept gifts of money, obligations of the United States included in the public debt, or gifts of intangible personal property made on the condition that such money be used to reduce the public debt. It would also authorize the Administrator of General Services to accept gifts of other property, real and personal, made on the condition that the proceeds from the sale of such property be used to reduce the public debt.

The Treasury Department occasionally receives gifts of money made with the request that they be used to reduce the public debt. Such gifts, in the absence of information to the contrary from the donors, are treated as unconditional gifts and the amounts deposited in the general fund of the Treasury. Also, the Department is of the opinion that it now possesses authority in appropriate instances to apply such donations directly to the reduction of the public debt. However, the Department would have no objection to the enactment of the proposed legislation which would provide specific statutory authority for the acceptance of gifts for this purpose.

As a practical matter, the only way there can be a reduction of the public debt is by having a surplus of receipts over expenditures and applying such surplus to debt reduction. While gifts to the Government are helpful, it is only when total Government receipts are greater than total expenditures that there can be a corresponding reduction in the size of the debt.

The Department was advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of a similar report to the Committee on Ways and Means.

Sincerely yours,

ROBERT H. KNIGHT, *General Counsel.*

