

INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN, AND HELPERS OF AMERICA LOCAL 863 PENSION FUND

SEPTEMBER 13, 1962.—Ordered to be printed

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

R E P O R T

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 8205]

The Committee on Finance, to whom was referred the bill (H.R. 8205) to provide tax relief to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local 863 pension fund and the contributors thereto, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of the proposed legislation is to provide that the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America Local Union 863 pension fund, created January 10, 1955, and retroactively effective to September 1, 1954, as a result of an agreement between the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America Local 863 and the A. & P. Contract Carriers Association, shall be deemed to have met the requirements of section 401(a) of the Internal Revenue Code of 1954 and shall be deemed to have been and to be exempt from tax under section 501(a) of the Internal Revenue Code of 1954 for the period beginning September 1, 1954, and ending December 31, 1956. This relief is to be extended only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate

that the trust has not in this period been operated in a manner which would jeopardize the interest of its beneficiaries.

GENERAL STATEMENT

The Internal Revenue Service has ruled that this fund, which was established under a collective bargaining agreement, meets the requirements for qualification under section 401 of the Internal Revenue Code for taxable years ending after May 22, 1957. However, the fund does not so qualify for prior taxable years, although the collective bargaining agreement specified that employers were to make contributions to the fund as of September 1, 1954. This is because it was not until May 23, 1957, that a specific pension plan, indicating such features as the size of the benefits to be paid to retired employees and the eligibility requirements, was actually established.

H.R. 8205 would extend retroactive qualification under the Internal Revenue Code to the fund from September 1, 1954, the date from which the collective bargaining agreement provided for employer-pension contributions, until December 31, 1956. The objective of the bill is to give the employers concerned the right to deduct contributions, made to the fund before it qualified under the Internal Revenue Code, in the year such contributions took place. In addition, the bill seeks to grant the fund exemption from tax on its investment income during this prequalification period.

In previous years the Congress adopted legislation extending to a number of negotiated pension plans retroactive qualification under the Internal Revenue Code for periods in which they did not qualify under the provisions generally applicable. Such retroactive qualification for specific plans was provided by Private Law 85-540 approved August 8, 1958, by Public Law 86-781, approved September 14, 1960, by Public Law 86-779, approved September 14, 1960, and by Public Law 87-59, approved June 27, 1961.

In its report to the Committee on the Judiciary, House of Representatives, the Treasury Department indicated that it had no objection to the adoption of H.R. 8205 if it were amended to provide that retroactive qualification would be granted only "if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the plan has not in this period been operated in a manner which would jeopardize the interest of its beneficiaries." The bill as passed by the House and approved by the Committee on Finance includes such a requirement.

Except where there has been a waiver of assessment, the period of limitations provided by present law for the assessment and collection of tax and for granting refunds will have expired for the retroactive period covered by the bill. At present, claim for credit or refund of income tax must be filed within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later. Accordingly, for taxpayers on a calendar year basis, the period of limitations on filing a claim for refund has already expired for the tax years 1954 through 1956.

FAVORABLE DEPARTMENTAL VIEWS

Favorable reports were received from the Treasury Department and the Bureau of the Budget.

SUPPLEMENTARY STATEMENT BY SENATOR PAUL
DOUGLAS

No hearings were held on this bill either in the House or in the Senate. It is impossible therefore to determine whether or not it is in the public interest. I think this is poor procedure and that therefore this bill probably needs more thorough scrutiny.

We have drifted into loose procedures on these bills rushed through at the end of the session. They have been going through Congress with little examination and this has sometimes had unfortunate results. I believe our Senate procedures should be revised to provide for a more thorough examination of their possible merits and demerits. In the meantime the Senate should, in my opinion, go slowly.

SUPPLEMENTARY STATEMENT BY SENATOR HARRY F. BYRD, CHAIRMAN

The Senate Finance Committee, in formal meeting September 10, 1962, ordered to be reported 11 bills with recommendations that they be considered favorably by the Senate. This bill was among those ordered to be reported at that time.

As a member of the committee, the Senator from Illinois (Mr. Douglas) voted against committee approval of all of these bills except one. He voted affirmatively to report only H.R. 12529 which affected his State.

He voted against reporting all other bills before the committee on that date with the statement that he was voting in the negative because public hearings had not been held.

In his supplementary statements on these bills the Senator from Illinois creates the impression, intentional or not, that the Finance Committee is not giving proper and adequate attention to legislation reported to the Senate.

With respect to all of these bills he apparently tries to leave the inference that the committee has drifted into a loose procedure of rushing bills through at the end of the session which he claims produces unfortunate results.

On behalf of the majority of the Senate Finance Committee I want to make it clear to the Senate that, in the case of the bills ordered to be reported by the committee on September 10, 1962:

1. Each of the bills has been passed by the House of Representatives;
2. No request was made for Senate hearings on these bills, and this includes the bill for which the Senator from Illinois voted in the affirmative;
3. Each of the bills ordered to be reported, except H.R. 12529 in which the Senator from Illinois is interested, was formally approved by the executive agencies having jurisdiction over their administration;
4. The contents of each bill were fully outlined by members of the committee staff, and discussed by members of the committee; and
5. When the committee voted, members had full knowledge of the purpose and effects of the proposed legislation.

Momentous matters are referred to the Senate Committee on Finance, including legislation with respect to taxation, tariffs, and customs, social security, veterans, etc., and the committee has always been meticulous in exploring the effects of all legislation it recommends.

The current tax bill, H.R. 10650, now in conference is a case in point. More than 200 witnesses were heard on this bill, and the legislation was under committee consideration more than 4 months.

The Senator from Virginia cannot recall that the Senate has rejected a bill recommended by the Senate Finance Committee. It

suffices to say that when the need for hearings is indicated, the committee will hold them.

The procedure followed by the committee in consideration of the agenda for the meeting of September 10 involved no departure from committee practice over the 30 years during which I have been a member.

The committee always holds hearings when they are necessary for the enlightenment of the membership, and the procedure of the past, so far as the chairman is concerned, will be continued in the future.

