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SENATE

{ REPORT
No. 2510

AMENDING SECTION 3224 (b) OF THE INTERNAL REVENUE CODE RELATING TO THE TRANSPORTATION OF NARCOTIC DRUGS

SEPTEMBER 7 (legislative day, JULY 20), 1950.—Ordered to be printed

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

REPORT

[To accompany H. R. 7891]

The Committee on Finance, to whom was referred the bill (H. R. 7891) to amend section 3224 (b) (3) of the Internal Revenue Code, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

Section 3224 (b) of the Internal Revenue Code makes it unlawful for any person to send or transport narcotic drugs "to any person" in another State. Exceptions are provided for registered dealers, physicians, common carriers, and certain others. In practice it has been difficult for the Government's enforcement officers to prove that an illicit interstate transportation of narcotic drugs has taken place since they must prove that the drugs were delivered or intended for delivery to another person. The proposed legislation, therefore, would amend section 3224 (b) so as to prohibit the unauthorized transportation of narcotic drugs into another State. Under such a prohibition, it would not be necessary to prove that delivery was made or intended to be made to a person in another State. This amendment would close a loophole in the law, under which narcotic peddlers avoid prosecution by personally carrying narcotic drugs across State lines for illicit distribution.

The bill would also extend the exceptions contained in section 3224 (b) to include additional classes of persons whose transportation of narcotic drugs is considered to be legitimate. The added exceptions include contract carriers and other agents for registered dealers or physicians, and persons to whom drugs have been legitimately prescribed or dispensed by a licensed physician.

The bill was introduced at the request of the Treasury Department and has been approved by the Bureau of the Budget.

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):

SECTION 3224 (b) OF THE INTERNAL REVENUE CODE

SEC. 3224. UNLAWFUL ACTS IN CASE OF FAILURE TO REGISTER AND PAY SPECIAL TAX.

(a) * * *

[(b) TRANSPORTATION.—It shall be unlawful for any person who shall not have registered and paid the special tax as required by sections 3220 and 3221 to send, ship, carry, or deliver any of the aforesaid drugs from any State or Territory or the District of Columbia, or any insular possession of the United States, to any person in any other State or Territory or the District of Columbia or any insular possession of the United States: *Provided*, That nothing contained in this subsection shall apply to common carriers engaged in transporting the aforesaid drugs, or to any employee acting within the scope of his employment, of any person who shall have registered and paid the special tax as required by sections 3220 and 3221, or to any person who shall deliver any such drug which has been prescribed or dispensed by a physician, dentist, or veterinarian required to register under the terms of this part or section 2551 (a), who has been employed to prescribe for the particular patient receiving such drug, or to any United States, State, county, municipal, district, Territorial, or insular officer or official acting within the scope of his official duties.]

(b) TRANSPORTATION.—*Except as otherwise provided in this subsection, it shall be unlawful for any person to send, ship, carry, or deliver any of the aforesaid drugs from any State or Territory or the District of Columbia, or any insular possession of the United States, into any other State or Territory, or the District of Columbia or any insular possession of the United States. Nothing contained in this subsection shall apply—*

(1) to any person who shall have registered and paid the special tax as required by sections 3220 and 3221;

(2) to common carriers engaged in transporting the aforesaid drugs;

(3) to any employee acting within the scope of his employment for any person who shall have registered and paid the special tax as required by sections 3220 and 3221, or to any contract carrier or other agent acting within the scope of his agency for such registered person;

(4) to any person who shall deliver any such drug which has been prescribed or dispensed by a physician, dentist, or veterinarian required to register under the terms of this part or section 2551 (a) and employed to prescribe for the particular patient receiving such drug;

(5) to any person carrying any such drug which has been obtained by the person from a registered dealer in pursuance of a prescription, written for legitimate medical uses, issued by a physician, dentist, veterinarian, or other practitioner registered under section 3221 if the bottle or other container in which such drug is carried bears the name and registry number of the druggist, serial number of prescription, name and address of the patient, and name, address, and registry number of the person writing such prescription;

(6) to any person carrying any such drug which has been obtained by the person as a patient from a registered physician, dentist, or other practitioner in the course of his professional practice if such drug is dispensed to the patient for legitimate medical purposes; or

(7) to any United States, State, county, municipal, district, Territorial, or insular officer or official acting within the scope of his official duties.