

# Calendar No. 240.

67TH CONGRESS, }  
1st Session. }

SENATE.

{ REPORT  
No. 229.

## DELIVERY OF FORFEITED MANUFACTURED TOBACCO PRODUCTS TO UNITED STATES HOSPITALS.

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JULY 19, 1921.—Ordered to be printed.

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MR. CALDER, from the Committee on Finance, submitted the following

### REPORT.

[To accompany S. 1718.]

The Committee on Finance, to whom was referred the bill (S. 1718) authorizing the distribution of abandoned or forfeited tobacco, snuff, cigars, or cigarettes to hospitals maintained by the United States for the use of present or former members of the military or naval forces of the United States, having given the same careful consideration, reports the same back to the Senate with an amendment, and as amended recommends that the bill do pass.

The purpose of the bill is to permit the diversion to hospitals maintained by the United States for the use of present or former members of the military or naval forces of the United States of forfeited tobacco, snuff, cigars, or cigarettes in cases in which it is found the same are not salable for the price equal to the internal-revenue tax due and payable thereon. The bill as amended has the approval of the Treasury Department and the letter of the Secretary of the Treasury approving the same is hereto appended and made a part of this report.

TREASURY DEPARTMENT,  
Washington, May 31, 1921.

HON. BOIES PENROSE,  
*United States Senate.*

MY DEAR SENATOR: I am in receipt, from the clerk of the Committee on Finance, United States Senate, of a copy of bill S. 1718, authorizing the distribution of abandoned or forfeited tobacco, snuff, cigars, or cigarettes to hospitals maintained by the United States for the use of present or former members of the military or naval forces of the United States, with request for suggestions in regard to its merits and the propriety of its passage.

In reply you are advised that there appears to be no reason for objection on the part of this department to the passage of an act permitting the diversion to hospitals maintained by the United States for the use of present or former members of the military or naval forces of the United States, of manufactured tobacco products

which it is found are not salable for a price equal to a tax due and payable thereon. It is, however, suggested that in place of the amendment as proposed in the bill S. 1718, section 336), Revised Statutes, be amended to make the last proviso thereof read as follows:

"That in case it shall appear that any abandoned, condemned, or forfeited tobacco, snuff, cigars, or cigarettes, when offered for sale, will not bring a price equal to the tax due and payable thereon such goods shall not be sold for consumption in the United States; and upon application made to the Commissioner of Internal Revenue, he is authorized to order the destruction of such tobacco, snuff, cigars, or cigarettes by the officer in whose custody and control the same may be at the time, and in such manner and under such regulations as the Commissioner of Internal Revenue may prescribe, or he may, under such regulations, order delivery of such tobacco, snuff, cigars, or cigarettes, without payment of any tax, to any hospital maintained by the United States for the use of present or former members of the military or naval forces of the United States."

Attention is called to the fact that the proposed bill (S. 1718) require that the regulations be approved by the Secretary of the Treasury, whereas the present act in regard to the destruction merely requires that the regulations be prescribed by the Commissioner of Internal Revenue; also, the language in the amendment as suggested by this department would make the order for delivery dependent upon the same kind of regulations as an order for destruction, at the same time making clear that such delivery be made without tax payment.

The language of section 3369, Revised Statutes, as it now stands, does not specifically refer to cigarettes, though the term cigars has been generally treated as inclusive of cigarettes. Therefore, if cigarettes are to be mentioned specifically in the amendment, the present provision should be made to conform.

Sincerely, yours,

A. W. MELLON, *Secretary.*

