

EXTENSION OF CERTAIN EXCISE TAXES AND POSTAGE RATES

JUNE 15, 1937.—Ordered to be printed

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

REPORT

[To accompany H. J. Res. 375]

The Committee on Finance, to whom was referred the joint resolution (H. J. Res. 375) to provide revenue, and for other purposes, having had the same under consideration, report favorably thereon with amendments and, as so amended, recommend that the joint resolution do pass.

House Joint Resolution 375, as it passed the House of Representatives, extended certain excise taxes and postage rates for a period of 2 years. The Committee on Finance amended the joint resolution so that such taxes and postage rates will be extended for only 1 year. The purposes of the joint resolution are set out in full in a report from the Committee on Ways and Means of the House of Representatives which is incorporated herein and made a part of this report.

[S. Rept. No. 935, 75th Cong., 1st sess.]

The Committee on Ways and Means, to whom was referred the joint resolution (H. J. Res. 375) to provide revenue, and for other purposes, having had the same under consideration, report it back to the House without amendment and recommend that the joint resolution do pass.

Under existing law certain excise taxes become inoperative after June 30, 1937, certain others become inoperative after July 31, 1937, and certain others will continue to operate only at reduced rates or with increased exemptions after June 30, 1937. In addition, the rate on nonlocal, first-class mail matter will be subject to reduction from 3 cents to 2 cents after June 30, 1937.

If the temporary taxes, and the temporary increased rates or decreased exemptions, and the temporary increased rate on nonlocal, first-class mail matter are permitted to lapse at this time, the Treasury faces a total annual loss of revenue estimated at nearly \$650,000,000, as will be shown hereafter in this report.

It is the opinion of your committee that the revenues provided by the temporary provisions above referred to cannot be spared at this time. In this connection, there are submitted the following letters, one from the Secretary of the Treasury and one from the Acting Postmaster General, pointing out the necessity for continuing these temporary provisions at this time:

TREASURY DEPARTMENT,
Washington.

HON. ROBERT L. DOUGHTON,
Chairman, Ways and Means Committee, House of Representatives.

MY DEAR MR. DOUGHTON: The annual Budget message of the President to the Congress, which appears in the Congressional Record under date of January 8, 1937, at page 125, contained the following recommendation:

"Temporary miscellaneous internal-revenue taxes: I recommend that the Congress take steps by suitable legislation to extend the miscellaneous internal-revenue taxes which under existing law will expire next June and July, and also to maintain the current rates of those taxes which would otherwise be reduced next June. I consider that the revenue from such taxes or its equivalent is necessary for the financing of the Budget for 1938."

It was also recommended that the 3-cent postage rate for first-class mail other than for local delivery be continued.

In his supplemental Budget message, which appears in the Congressional Record under date of April 20, 1937, at page 4670, the President pointed out that his expectation of bringing actual income and outgo for the fiscal year 1938 into balance was predicated on two highly important conditions, one of which is the extension of existing taxes which expire this year.

In the light of these recommendations and in view of the Treasury's urgent need of the substantial revenues which these temporary taxes are producing and the fact that they will soon terminate by limitation unless extended, the Department recommends that appropriate action be taken to extend those taxes, which are about to expire, at the existing rates for a period of 2 years. It may be noted that a similar extension was accomplished 2 years ago by the enactment of House Joint Resolution 324, which for purposes of convenience was drafted in such manner as to cover the continuation both of the temporary taxes and the 3-cent postage rate.

Sincerely,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

POST OFFICE DEPARTMENT,
OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., March 9, 1937.

HON. WILLIAM B. BANKHEAD,
Speaker, House of Representatives, Washington, D. C.

MY DEAR MR. BANKHEAD: I wish at this time to bring to the attention of Congress the desirability of continuing the 3-cent rate of postage now applicable to certain first-class matter.

It is estimated that if the 2-cent rate should be in effect during the fiscal year 1938 the Department's revenues would be between \$80,000,000 and \$90,000,000 less than at the 3-cent rate and that, consequently, there would be a net deficiency in the postal revenues of more than \$100,000,000. This would, of course, have to be made up by funds raised by general taxation.

In view of this situation and the fact that the cost of operating the Postal Service has been greatly increased through the establishment of the 40-hour work-week and other increases in the expenditures of the Department, it is deemed most essential that the present 3-cent rate for first-class matter be continued at least 2 years longer.

It has been ascertained from the Bureau of the Budget that this report is in accord with the program of the President.

Very truly yours,

W. W. HOWES,
Acting Postmaster General.

These temporary taxes and increased rates were provided for in the Revenue Act of 1932, many of the new taxes and rate increases being suggested by Secretary Mills.

Your committee recommends that these temporary provisions be extended for a period of 2 years. The 2-year extension period is selected merely because it is not yet apparent that these additional revenues can be spared before the expiration of such a period. However, your committee recognized that many of these taxes are objectionable or contain objectionable features. But the extension of these taxes for a period of 2 years will not foreclose action on the part of Congress to remove them at an earlier date or to revise the same. In addition, the joint resolution extends to June 30, 1939, the power granted to the President under existing law to reduce the rates on nonlocal first-class mail matter. Thus, if the President finds, after a survey, that conditions so warrant, he can reduce the 3-cent postage rate at any time.

In order to show the taxes affected by this joint resolution, the actual revenues derived therefrom in the fiscal year 1936, the estimated revenues to be derived therefrom in 1937 and in 1938, and the estimated annual loss in revenues to be expected from a failure to extend the present temporary provisions of the existing revenue laws, the following table, prepared by the Treasury, is submitted:

EXPIRING MISCELLANEOUS TAXES AND TAXES SUBJECT TO CHANGE IN RATE AND BASE

Taxes which expire on June 30, or July 31, 1937, or are subject to change in rate and/or base after June 30, 1937, together with their yields for the fiscal year 1936 and estimates of their yields for the fiscal years 1937 and 1938

Tax	Yields during fiscal years—		
	1936	1937 (estimated)	1938 (estimated)
TAXES EXPIRING JUNE 30, 1937			
Gasoline.....	\$177,340,000	\$195,000,000	\$204,000,000
Electrical energy.....	33,575,000	35,500,000	36,400,000
Lubricating oil.....	27,103,000	31,500,000	33,300,000
Telegraph, telephone, cable, radio facilities, leased wires.....	21,098,000	24,000,000	25,400,000
Toilet preparations.....	13,302,000	15,000,000	15,900,000
Transportation of oil by pipe line.....	9,794,000	10,700,000	11,000,000
Mechanical refrigerators.....	7,930,000	9,800,000	11,100,000
Matches.....	6,886,000	7,000,000	7,200,000
Sporting goods.....	5,531,000	7,620,000	8,050,000
Radio sets, etc.....	5,075,000	7,000,000	7,800,000
Articles made of fur.....	3,321,000	6,000,000	7,000,000
Firearms, shells, etc.....	2,495,000	3,000,000	3,300,000
Brewers' wort and malt slrup.....	1,008,000	900,000	900,000
Chewing gum.....	807,000	900,000	960,000
Cameras and lenses.....	578,000	(1)	(1)
Subtotal.....	315,852,000	353,920,000	372,310,000
Taxes on imports of—			
Crude petroleum, etc.....	7,168,000	(1)	(1)
Coal, coke, etc.....	2,437,000	(1)	(1)
Copper and copper concentrates, etc.....	2,105,000	(1)	(1)
Lumber.....	1,142,000	(1)	(1)
Paraffin and other petroleum wax products.....	113,000	(1)	(1)
Gasoline; lubricating oil.....	(1)	(1)	(1)
Subtotal.....	12,965,000	(1)	17,800,000
Stamp taxes: 4	(1)	(1)	(1)
Transfer of bonds.....	(1)	(1)	(1)
Deeds of conveyance.....	(1)	(1)	(1)
Subtotal.....	(1)	(1)	(1)
Total yield of taxes expiring June 30, 1937 (exclusive of taxes on transfers of bonds and deeds of conveyance)...	328,817,000	353,920,000	390,110,000

Footnotes at end of table.

EXTEND CERTAIN EXCISE TAXES AND POSTAGE RATES

Taxes which expire on June 30, or July 31, 1937, or are subject to change in rate and/or base after June 30, 1937, together with their yields for the fiscal year 1938 and estimates of their yields for the fiscal years 1937 and 1938—Continued

Ta	Yields during fiscal years—		
	1936	1937 (estimated)	1938 (estimated)
TAXES EXPIRING JULY 31, 1937			
Automobiles and motorcycles.....	48,201,000	55,900,000	58,200,000
Tires and tubes.....	32,208,000	36,200,000	37,000,000
Automobile accessories.....	7,110,000	8,900,000	9,300,000
Automobile trucks.....	7,000,000	8,100,000	8,100,000
Total yield, taxes expiring July 31, 1937 ¹	91,519,000	109,100,000	112,600,000
Total yield, taxes expiring June 30 and July 31, 1937 ² ...	423,336,000	463,020,000	502,710,000
TAXES SUBJECT TO CHANGE IN RATE AND/OR BASE AFTER JUNE 30, 1937			
Issue of bonds.....	(³)	(³)	(³)
10 cents per \$100 face value or fraction changed to 5 cents per \$100 or fraction.			
Issue of capital stock.....	(³)	(³)	(³)
10 cents per \$100 face value or if without face value; (a) if actual value is less than \$100, 2 cents on each \$20 or fraction. (b) if actual value is over \$100, 10 cents on each \$100 or fraction changed to 5 cents per \$100 face value or if without face value; (a) if actual value is less than \$100, 1 cent on each \$20 or fraction. (b) if actual value is over \$100, 5 cents on each \$100 or fraction.			
Transfer of capital stock.....	33,055,000	34,600,000	38,400,000
4 cents per \$100 face value or fraction or if without face value; (a) if selling price is less than \$20 per share, 4 cents. (b) if selling price is \$20 or over, 5 cents per share changed to 2 cents per \$100 face value on per no-par share.			
Sales of produce for future delivery.....	2,944,000	4,000,000	3,000,000
3 cents per \$100 or fraction changed to 1 cent per \$100 or fraction.			
Admissions.....	15,581,000	(³)	(³)
1 cent for every 10 cents over 40 cents changed to 1 cent for every 10 cents over \$3.			
Total ⁴	51,580,000	38,600,000	41,400,000

¹ Includes cameras and lenses.

² Yield included along with sporting goods.

³ Not available.

⁴ Yield for transfer of bonds, deeds of conveyance, and issues of securities are: 1936, \$28,162,658.42; 1937 (estimate), \$34,000,000; 1938 (estimate), \$37,000,000.

Estimated reduction in revenue for fiscal year 1938 for stamp taxes on transfers of bonds and deeds of conveyance is \$12,300,000.

Estimated reduction in revenue, 1938, for those taxes subject to change in rate or base:

Issues of securities.....	\$0,400,000
Stock transfers.....	17,600,000
Sales of produce for future delivery.....	1,830,000
Admissions.....	15,240,000

Total..... 44,070,000

⁵ Excluding amounts not available.

Source: Budget, 1938; Annual Report of the Commissioner of Internal Revenue, 1936.

Since the majority of these temporary taxes will cease to be operative after June 30, 1937, unless this joint resolution becomes law before that date, the prompt consideration of this measure is urged by your committee.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in the Revenue Act of 1932, as amended, made by the joint resolution 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:

TITLE IV—MANUFACTURERS' EXCISE TAXES

SECTION 601 (AS AMENDED BY SEC. 4 (B) OF THE ACT EXTENDING THE GASOLINE TAX FOR 1 YEAR, APPROVED JUNE 16, 1933, AND SEC. 603 (A) OF THE REVENUE ACT OF 1934, THE ACT ENTITLED "AN ACT TO AMEND SECTION 601 (C) (2) OF THE REVENUE ACT OF 1932", APPROVED JUNE 18, 1934, AND SEC. 336 OF THE LIQUOR TAX ADMINISTRATION ACT). EXCISE TAXES ON CERTAIN ARTICLES

(a) In addition to any other tax or duty imposed by law, there shall be imposed a tax as provided in subsection (c) on every article imported into the United States unless treaty provisions of the United States otherwise provide.

(b) The tax imposed under subsection (a) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

(1) the value on which such tax shall be based shall be the sum of (A) the dutiable value (under section 503 of such act) of the article, plus (B) the customs duties, if any, imposed thereon under any provision of law;

(2) for the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation) such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the article, and for the purposes of section 336 of such act (the so-called flexible tariff provision) such tax shall not be considered a duty;

(3) such tax shall not be imposed upon any article imported prior to the date on which this title takes effect;

(4) no drawback of such tax (except tax paid upon the importation of an article described in subsection (c) (4), (5), (6), or (7) shall be allowed under section 313 (a), (b), or (f) of the Tariff Act of 1930 or any provision of law allowing a drawback of customs duties on articles manufactured or produced with the use of duty-paid materials;

(5) such tax (except tax under subsection (c) (4) to (7), inclusive) shall be imposed in full notwithstanding any provision of law granting exemption from or reduction of duties to products of any possession of the United States; and for the purposes of taxes under subsection (c) (4) to (7), inclusive, the term "United States" includes Puerto Rico.

(c) There is hereby imposed upon the following articles sold in the United States by the manufacturer or producer, or imported into the United States, a tax at the rates hereinafter set forth, to be paid by the manufacturer, producer, or importer:

(1) Lubricating oils, 4 cents a gallon; but the tax on the articles described in this paragraph shall not apply with respect to the importation of such articles. Every person liable for tax under this paragraph shall register and file bond as provided in section 617, as amended. Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax shall be imposed under this section upon lubricating oils sold to a manufacturer or producer of lubricating oils for resale by him, but for the purposes of this title such vendee shall be considered the manufacturer or producer of such lubricating oils.

(2) Brewer's wort, 15 cents a gallon. Liquid malt, malt syrup, and malt extract, fluid, solid, or condensed, made from malted cereal grains in whole or in part, unless sold to, or for resale to, a baker for use in baking or to, or for resale to, a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture or production of such products, 3 cents a pound. For the purposes of this paragraph liquid malt containing less than 15 per centum of solids by weight shall be taxable as brewer's wort.

(4) Crude petroleum, $\frac{1}{2}$ cent per gallon; fuel oil derived from petroleum, gas oil derived from petroleum, and all liquid derivatives of crude petroleum, except lubricating oil and gasoline or other motor fuel, $\frac{1}{2}$ cent per gallon; gasoline or other motor fuel, $2\frac{1}{2}$ cents per gallon; lubricating oil, 4 cents per gallon; paraffin and other petroleum wax products, 1 cent per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

(5) Coal of all sizes, grades, and classifications (except culm and duff), coke manufactured therefrom; and coal or coke briquettes, 10 cents per hundred pounds. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles, and shall not be imposed upon any such article if during the preceding calendar year the exports of the articles described in this paragraph from the United States to the country from which such article is imported have been greater in quantity than the imports into the United States from such country of the articles described in this paragraph.

(6) Lumber, rough, or planed or dressed, on one or more sides, except flooring made of maple (except Japanese maple), birch, and beech, \$3 per thousand feet, board measure; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

(7) Copper-bearing ores and concentrates and articles provided for in paragraphs 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the Tariff Act of 1930, 4 cents per pound on the copper contained therein: *Provided*, That no tax under this paragraph shall be imposed on copper in any of the foregoing which is lost in metallurgical processes: *Provided further*, That ores or concentrates usable as a flux or sulphur reagent in copper smelting and/or converting and having a copper content of not more than 15 per centum, when imported for fluxing purposes, shall be admitted free of said tax in an aggregate amount of not to exceed in any one year 15,000 tons of copper content. All articles dutiable under the Tariff Act of 1930, not provided for heretofore in this paragraph, in which copper (including copper in alloys) is the component material of chief value, 3 cents per pound. All articles dutiable under the Tariff Act of 1930, not provided for heretofore in this paragraph, containing 4 per centum or more of copper by weight, 3 per centum advalorem or $\frac{3}{4}$ of 1 cent per pound, whichever is the lower. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles. The Secretary is authorized to prescribe all necessary regulations for the enforcement of the provisions of this paragraph.

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SECTION 602. TAX ON TIRES AND INNER TUBES

There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer, a tax at the following rates:

(1) Tires wholly or in part of rubber, $2\frac{1}{4}$ cents a pound on total weight (exclusive of metal rims or rim bases), to be determined under regulations prescribed by the Commissioner with the approval of the Secretary.

(2) Inner tubes (for tires) wholly or in part of rubber, 4 cents a pound on total weight, to be determined under regulations prescribed by the Commissioner with the approval of the Secretary.

SECTION 603. TAX ON TOILET PREPARATIONS, ETC.

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per centum of the price for which so sold: Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, tooth and mouth washes (except that the rate shall be 5 per centum), dentifrices (except that the rate shall be 5 per centum), tooth pastes (except that the rate shall be 5 per centum), aromatic cachous, toilet soaps (except that the rate shall be 5 per centum), toilet powders, and any similar substance, article, or preparation, by whatsoever name known or distinguished; any of the above which are used or applied or intended to be used or applied for toilet purposes.

SECTION 604. TAX ON FURS

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 3 per centum of the price for which so sold: Articles made of fur on the hide or pelt or of which any such fur is the component material of chief value.

SECTION 605 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT). AND THE JOINT RESOLUTION OF JUNE 28, 1935, TAX ON AUTOMOBILES, ETC.

There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer, a tax equivalent to the following percentages of the price for which so sold:

(a) Automobile truck chassis and automobile truck bodies (including in both cases parts or accessories therefor sold on or in connection therewith or with the sale thereof), 2 per centum. A sale of an automobile truck shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

(b) Other automobile chassis and bodies and motorcycles (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof), except tractors, 3 per centum. A sale of an automobile shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

(c) Parts or accessories (other than tires and inner tubes) for any of the articles enumerated in subsection (a) or (b), 2 per centum. For the purposes of this subsection and subsections (a) and (b), spark plugs, storage batteries, leaf springs, coils, timers, and tire chains, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in subsection (a) or (b), shall be considered parts of accessories for such articles, whether or not primarily adapted for such use. This subsection shall not apply to chassis or bodies for automobile trucks or other automobiles. Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax under this subsection shall not apply in the case of sales of parts or accessories by the manufacturer, producer, or importer to a manufacturer or producer of any of the articles enumerated in subsection (a) or (b). If any such parts or accessories are resold by such vendee otherwise than on or in connection with, or with the sale of, an article enumerated in subsection (a) or (b) and manufactured or produced by such vendee, then for the purposes of this section the vendee shall be considered the manufacturer or producer of the parts or accessories so resold.

(d) Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax under subsection (a) or (b) shall not apply in the case of sales of bodies by the manufacturer, producer, or importer to a manufacturer or producer of automobile trucks or other automobiles to be sold by such vendee. For the purposes of subsection (a) or (b) such vendee shall be considered the manufacturer or producer of such bodies.

(e) If tires or inner tubes on which tax has been imposed under this title are sold on or in connection with, or with the sale of a chassis, body, or motorcycle, there shall (under regulations prescribed by the Commissioner, with the approval of the Secretary) be credited against the tax under this section an amount equal to, in the case of an automobile truck chassis or body, 2 per centum, and in the case of any other automobile chassis or body or motorcycle, 3 per centum—

(1) Of the purchase price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) if such tires or inner tubes were taxable under section 602 (relating to tax on tires and inner tubes); or

(2) If such tires or inner tubes were taxable under section 622 (relating to use by manufacturer, producer, or importer) then of the price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) at which such or similar tires or inner tubes are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the Commissioner.

(f) (1) Where prior to August 1, [1937] 1939, any article subject to the tax imposed by this section or section 602, relating to tax on tires and inner tubes, has been sold by the manufacturer, producer, or importer, and is on such date held by a dealer and intended for sale, there shall be refunded to the manufacturer, producer, or importer the amount of the tax, or if the tax has not been paid, the tax shall be abated.

(2) As used in this subsection the term "dealer" includes a wholesaler, jobber, or distributor. For the purposes of this subsection, an article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made), and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(3) Under regulations prescribed by the Commissioner, with the approval of the Secretary, the refund provided by this subsection—(A) may be applied as a credit against the tax shown by subsequent returns of the manufacturer, producer, or importer, and (B) may be made to the dealer instead of to the manufacturer, producer, or importer, if the manufacturer, producer, or importer waives any claim for the amount so to be refunded.

(4) When the refund, credit, or abatement provided for in this subsection has been allowed to the manufacturer, producer, or importer, he shall remit to the dealer to whom was sold the article in respect of which the refund, credit, or abate-

ment was allowed, so much of that amount of the tax corresponding to the refund, credit, or abatement, as was included in or added to the price paid or agreed to be paid by the dealer. Upon the failure of the manufacturer, producer, or importer to make such remission he shall be liable to the dealer for damages in the amount of three times the amount thereof, and the court shall include in any judgment in favor of the dealer in any suit for the recovery of such damages, costs of the suit and a reasonable attorney's fee to be fixed by the court.

SECTION 607. TAX ON RADIO RECEIVING SETS, ETC.

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 5 per centum of the price for which so sold: Chassis, cabinets, tubes, reproducing units, power packs, and phonograph mechanisms, suitable for use in connection with or as part of radio receiving sets or combination radio and phonograph sets (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof), and records for phonographs. A sale of any two or more of the above articles shall, for the purpose of this section, be considered a sale of each separately.

SECTION 608. TAX ON MECHANICAL REFRIGERATORS

There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer, a tax equivalent to 5 per centum of the price for which so sold:

(a) Household type refrigerators (for single or multiple cabinet installations) operated with electricity, gas, kerosene, or other means (including parts or accessories therefor sold on or in connection therewith or with the sale thereof).

(b) Cabinets, compressors, condensers, expansion units, absorbers, and controls (hereinafter referred to as "refrigerator components") for, or suitable for use as part of or with, any of the articles enumerated in subsection (a) (including in each case parts or accessories for such refrigerator components sold on or in connection therewith or with the sale thereof) except when sold as component parts of complete refrigerators or refrigerating or cooling apparatus. Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax under this subsection shall not apply in the case of sales of any such refrigerator components by the manufacturer, producer, or importer to a manufacturer or producer of refrigerators or refrigerating or cooling apparatus. If any such refrigerator components are resold by such vendee otherwise than on or in connection with, or with the sale of, complete refrigerators or refrigerating or cooling apparatus, manufactured or produced by such vendee, then for the purposes of this section the vendee shall be considered the manufacturer or producer of the refrigerator components so resold.

SECTION 609. TAX ON SPORTING GOODS

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per centum of the price for which so sold: Tennis rackets, tennis-racket frames and strings, nets, racket covers and presses, skates, snowshoes, skis, toboggans, canoe paddles, polo mallets, baseball bats, gloves, masks, protectors, shoes and uniforms, football helmets, harness and uniforms, basketball goals and uniforms, golf bags and clubs, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games (except playing cards and children's toys and games); and all similar articles commonly or commercially known as sporting goods.

SECTION 610. TAX ON FIREARMS, SHELLS, AND CARTRIDGES

There is hereby imposed upon firearms, shells, and cartridges, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per centum of the price for which so sold. The tax imposed by this section shall not apply (1) to articles sold for the use of the United States, any State, Territory, or possession of the United States, any political subdivision thereof, or the District of Columbia, or (2) to pistols and revolvers.

SECTION 611. TAX ON CAMERAS

There is hereby imposed upon cameras (except aerial cameras), weighing not more than 100 pounds, and lenses for such cameras, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per centum of the price for which so sold.

SECTION 612 (AS AMENDED BY SEC. 611 OF THE REVENUE ACT OF 1934). TAX ON MATCHES

There is hereby imposed upon matches, sold by the manufacturer, producer, or importer, a tax of 2 cents per 1,000 matches, except that in the case of paper matches in books the tax shall be one-half of 1 cent per 1,000 matches, and except that in the case of fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, the tax shall be 5 cents per 1,000 matches.

SECTION 614. TAX ON CHEWING GUM

There is hereby imposed upon chewing gum or substitutes therefor, sold by the manufacturer, producer, or importer, a tax equivalent to 2 per centum of the price for which so sold.

SEC. 616 (AS AMENDED BY SEC. 6 (A) OF THE ACT EXTENDING THE GASOLINE TAX FOR 1 YEAR, APPROVED JUNE 16, 1933). TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION

(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 per centum of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. None of the provisions of this section shall apply to publicly owned electric and power plants. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may, by regulation, prescribe.

SECTION 617 (AS AMENDED BY SEC. 211 (B) OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND SEC. 603 OF THE REVENUE ACT OF 1934). TAX ON GASOLINE

(a) There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 1 cent a gallon, except that under regulations prescribed by the Commissioner with the approval of the Secretary the tax shall not apply in the case of sales to a producer of gasoline.

(b) If a producer or importer uses (otherwise than in the production of gasoline) gasoline sold to him free of tax, or produced or imported by him, such use shall for the purposes of this title be considered a sale. Any person to whom gasoline is sold tax-free under this section on or after the effective date of the Revenue Act of 1932 shall be considered the producer of such gasoline.

(c) As used in this section—

(1) the term "producer" includes a refiner, compounder, or blender, and a dealer selling gasoline exclusively to producers of gasoline, as well as a producer.

(2) the term "gasoline" means (A) all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline), benzol, benzene, or naphtha, regardless of their classifications or uses; and (B) any other liquid of a kind prepared, advertised, offered for sale, or sold for use as, or used as, a fuel for the propulsion of motor vehicles, motor boats, or airplanes; except that it does not include any of the foregoing (other than products commonly or commercially known or sold as gasoline) sold for use otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or airplanes, and otherwise than in the manufacture or production of such fuel, and does not include kerosene, gas oil, or fuel oil.

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(d) Every person subject to tax under this section or section 601 (c) (1) shall, before the thirtieth day after the date of the enactment of the Revenue Act of 1934 (or in the case of a person commencing business after such day before incurring any liability for tax under such sections) register with the collector for the district in which is located his principal place of business (or, if he has no principal place of business in the United States, with the collector at Baltimore, Maryland) and shall give a bond, to be approved by such collector, conditioned that he shall not engage in any attempt, by himself or by collusion with others, to defraud the United States of any tax under such sections; that he shall render truly and completely all returns, statements, and inventories required by law or regulations in pursuance thereof and shall pay all taxes due under such sections; and that he shall comply with all requirements of law and regulations in pursuance thereof with respect to tax under such sections. Such bond shall be in such sum as the collector may require in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, but not less than \$2,000. The collector may from time to time require new or additional bond in accordance with this subsection. Every person who fails to register or give bond as required by this subsection, or who in connection with any purchase of gasoline or lubricating oil falsely represents himself to be registered and bonded as provided by this subsection, or who willfully makes any false statement in an application for registration under this subsection, shall upon conviction thereof be fined not more than \$5,000 or imprisoned not more than five years, or both, together with the costs of prosecution. If the Commissioner finds that any manufacturer or producer has at any time evaded any Federal tax on gasoline or lubricating oil, he may revoke the registration of such manufacturer or producer, and no sale to, or for resale to, such manufacturer or producer thereafter shall be tax-free under section 601 (c) (1), this section, or section 620, as amended, but such manufacturer or producer shall not be relieved of the requirement of giving bond under this subsection.

(e) Under regulations prescribed by the Commissioner with the approval of the Secretary, records required to be kept with respect to taxes under section 601 (c) (1), as amended, or this section, and returns, reports, and statements with respect to such taxes filed with the Commissioner or a collector, shall be open to inspection by such officers of any State or Territory or political subdivision thereof or the District of Columbia as shall be charged with the enforcement or collection of any tax on gasoline or lubricating oils. The Commissioner and each collector shall furnish to any of such officers, upon written request, certified copies of any such statements, reports, or returns filed in his office upon the payment of a fee of \$1 for each one hundred words or fraction thereof in the copy or copies requested.

SECTION 618. DEFINITION OF SALE

For the purpose of this title, the lease of an article shall be considered the sale of such article.

SECTION 619. SALE PRICE

(a) In determining, for the purposes of this title, the price for which an article is sold, there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this title, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations.

(b) If an article is—

(1) sold at retail;

(2) sold on consignment; or

(3) sold (otherwise than through an arm's-length transaction) at less than the fair market price;

the tax under this title shall (if based on the price for which the article is sold) be computed on the price for which such articles are sold, in the ordinary course of trade, by manufacturers or producers thereof, as determined by the Commissioner.

(c) In the case of (1) a lease, (2) a contract for the sale of an article wherein it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments.

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SEC. 620 (AS AMENDED BY SEC. 4 (A) OF THE ACT EXTENDING THE GASOLINE TAX FOR 1 YEAR, APPROVED JUNE 16, 1933, AND SEC. 401 (A) OF THE REVENUE ACT OF 1935). TAX-FREE SALES

Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax under this title shall be imposed with respect to the sale of any article—

(1) for use by the vendee as material in the manufacture or production of, or as a component part of, an article enumerated in this title;

(2) for resale by the vendee for such use by his vendee, if such article is in due course so resold;

(3) for the exclusive use of the United States, any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia.

For the purposes of this title the manufacturer or producer to whom an article is sold under paragraph (1) or resold under paragraph (2) shall be considered the manufacturer or producer of such article. The provisions of paragraphs (1) and (2) shall not apply with respect to tires or inner tubes or articles enumerated in section 604, relating to the tax on furs.

SECTION 621 (AS AMENDED BY SEC. 4 (C) OF THE ACT EXTENDING THE GASOLINE TAX FOR 1 YEAR, APPROVED JUNE 16, 1933, AND SEC. 401 (B) AND (C) OF THE REVENUE ACT OF 1935). CREDITS AND REFUNDS

(a) A credit against tax under this title, or a refund, may be allowed or made—

(1) to a manufacturer or producer, in the amount of any tax under this title which has been paid with respect to the sale of any article (other than a tire or inner tube) purchased by him and used by him as material in the manufacture or production of, or as a component part of, an article with respect to which tax under this title has been paid, or which has been sold free of tax by virtue of section 620, relating to sales of articles for further manufacture.

(2) to any person who has paid tax under this title with respect to an article, when the price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona fide discount, rebate, or allowance; in the amount of that part of the tax proportionate to the part of the price which is refunded or credited.

(3) to a manufacturer, producer, or importer, in the amount of tax paid by him under this title with respect to the sale of any article to any vendee, if the manufacturer, producer, or importer has in his possession such evidence as the regulations may prescribe that on or after the first day of the second month following the date of the enactment of the Revenue Act of 1935—

(A) such article was, by any person—

(i) resold for the exclusive use of the United States, any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia;

(ii) used or resold for use as fuel supplies, ship's stores, sea stores, or legitimate equipment on vessels of war of the United States or of any foreign nation, vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions;

(iii) in the case of products embraced in paragraph (2) of section 617(c), as amended, used or resold for use otherwise than as fuel for the propulsion of motor vehicles, motor boats, or airplanes, and otherwise than in the production of such fuel: *Provided, however,* That no credit or refund shall be allowed or made under this paragraph in the case of sales or uses of products commonly or commercially known or sold as gasoline, including casinghead and natural gasoline;

(iv) in the case of lubricating oils, used or resold for nonlubricating purposes.

(B) The manufacturer, producer, or importer has repaid or agreed to repay the amount of such tax to the ultimate vendor or has obtained the consent of the ultimate vendor to the allowance of the credit or refund.

(b) Credit or refund under subsection (a) shall be allowed or made only upon compliance with the regulations prescribed by the Commissioner with the approval of the Secretary.

(c) Interest shall be allowed at the rate of 6 per centum per annum with respect to any amount of tax under this title credited or refunded, except that no interest shall be allowed with respect to any amount of tax credited or refunded under the provisions of subsection (a) hereof, and except that no interest shall be allowed for any period prior to the first day of the second month following the date of the enactment of the Revenue Act of 1935.

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(d) No overpayment of tax under this title shall be credited or refunded (otherwise than under subsection (a)), in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected the amount of tax from the vendee, or (2) that he has repaid the amount of the tax to the ultimate purchaser of the article, or unless he files with the Commissioner written consent of such ultimate purchaser to the allowance of the credit or refund.

SECTION 622. USE BY MANUFACTURER, PRODUCER, OR IMPORTER

If—

(1) any person manufactures, produces, or imports an article (other than a tire or inner tube) and uses it (otherwise than as material in the manufacture or production of, or as a component part of, another article to be manufactured or produced by him which will be taxable under this title or sold free of tax by virtue of section 620, relating to sale of articles for further manufacture); or

(2) any person manufactures, produces, or imports a tire or inner tube and sells it on or in connection with, or with the sale of, an article taxable under section 606 (a) or (b), relating to the tax on automobiles, or uses it; he shall be liable for tax under this title in the same manner as if such article was sold by him, and the tax (if based on the price for which the article is sold) shall be computed on the price at which such or similar articles are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the Commissioner.

SECTION 623. SALES BY OTHERS THAN MANUFACTURER, PRODUCER, OR IMPORTER

In case any person acquires from the manufacturer, producer, or importer of an article, by operation of law or as a result of any transaction not taxable under this title, the right to sell such article, the sale of such article by such person shall be taxable under this article as if made by the manufacturer, producer, or importer, and such person shall be liable for the tax.

SECTION 624. EXEMPTION OF ARTICLES MANUFACTURED OR PRODUCED BY INDIANS

No tax shall be imposed under this title on any article of native Indian handicraft manufactured or produced by Indians on Indian reservations, or in Indian schools, or by Indians under the jurisdiction of the United States Government in Alaska.

SECTION 625. CONTRACTS PRIOR TO MAY 1, 1932

(a) If (1) any person has, prior to May 1, 1932, made a bona fide contract for the sale, after the tax takes effect, of any article in respect of the sale of which a tax is imposed under this title, or in respect of which a tax is imposed under this subsection; and (2) such contract does not permit the adding to the amount to be paid under such contract, of the whole of such tax, then (unless the contract prohibits such addition) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price. If a contract of the character above described was made with the United States, no tax shall be collected under this title. If any article has, under a contract of the character above described, been delivered, prior to June 21, 1932, to any person (other than a dealer or other than a person intending to use the article as material in the manufacture or production of another article, or to sell it on or in connection with, or with the sale of, another article), no tax shall be collected under this title.

(b) The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner as provided in section 702. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

SECTION 626. RETURN AND PAYMENT OF MANUFACTURERS' TAXES

(a) Every person liable for any tax imposed by this title other than taxes on importation (except tax under section 615, relating to tax on soft drinks) shall make monthly returns under oath in duplicate and pay the taxes imposed by this

title to the collector for the district in which is located his principal place of business or, if he has no principal place of business in the United States, then to the collector at Baltimore, Maryland. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

(b) The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percentum a month from the time when the tax became due until paid.

NOTE.—Section 404 of the Revenue Act of 1935, approved August 30, 1935, changed the rate of interest provided in the above subsection to 6 percent per annum. Such section 404 reads as follows:

SEC. 404. INTEREST ON DELINQUENT TAXES

Notwithstanding any provision of law to the contrary, interest accruing during any period of time after the date of the enactment of this Act upon any internal-revenue tax (including amounts assessed or collected as a part thereof) or customs duty, not paid when due, shall be at the rate of 6 percentum per annum.

SECTION 627. APPLICABILITY OF ADMINISTRATIVE PROVISIONS

All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with this act, be applicable in respect of the taxes imposed by this title.

SECTION 628. RULES AND REGULATIONS

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title insofar as it relates to the taxes on articles sold by the manufacturer, producer, or importer. The Secretary shall prescribe and publish all needful rules and regulations for the enforcement of this title insofar as it relates to the taxes which under the provisions of section 601 (b) are to be levied, assessed, collected, and paid in the same manner as duties imposed by the Tariff Act of 1930.

SECTION 629 (AS AMENDED BY SEC. 1 OF THE ACT EXTENDING THE GASOLINE TAX FOR 1 YEAR, APPROVED JUNE 16, 1933, SECTION 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). EFFECTIVE DATE

This title shall take effect on the fifteenth day after the date of the enactment of this act, except that section 628, relating to rules and regulations, and this section, shall take effect on the date of the enactment of this act. No sale or importation after June 30, [1937] 1939 (or after July 31, [1937] 1939, in the case of articles taxable under section 606, relating to the tax on automobiles, etc., or sec. 602, relating to the tax on tires and inner tubes), shall be taxable under this title.

SEC. 630 (ADDED BY SEC. 5 OF THE ACT EXTENDING THE GASOLINE TAX FOR 1 YEAR, APPROVED JUNE 16, 1933). EXEMPTION FROM TAX OF CERTAIN SUPPLIES FOR VESSELS

Under regulations prescribed by the Commissioner, with the approval of the Secretary, no tax under this title shall be imposed upon any article sold for use as fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war of the United States or of any foreign nation, vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions. Articles manufactured or produced with the use of articles upon the importation of which tax has been paid under this title, if laden for use as supplies on such vessels, shall be held to be exported for the purposes of section 601 (b).

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TITLE V—MISCELLANEOUS TAXES

PART I—TAX ON TELEGRAPH, TELEPHONE, RADIO, AND CABLE FACILITIES

SECTION 701 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). IMPOSITION

(a) On and after the fifteenth day after the date of the enactment of this act, there shall be imposed—

(1) in the case of each telegraph, telephone, cable, or radio dispatch, message, or conversation, which originates on or after such date and before July 1, [1937] 1939, within the United States, a tax at the following rates:

(A) Telephone conversations for which the charge is 50 cents or more and less than \$1, 10 cents; for which the charge is \$1 or more and less than \$2, 15 cents; for which the charge is \$2 or more, 20 cents;

(B) telegraph dispatches and messages, 5 per centum of the amount charged therefor; and

(C) cable and radio dispatches and messages, 10 cents; but only one payment of such tax shall be required, notwithstanding the lines or stations of one or more persons are used for the transmission of such dispatch, message, or conversation; and

(2) a tax equivalent to 5 per centum of the amount paid on or after the fifteenth day after the date of the enactment of this act to any telegraph or telephone company for any leased wire or talking circuit special service furnished on or after such date and before July 1, [1937] 1939. This paragraph shall not apply to the amount paid for so much of such service as is utilized in the conduct, by a common carrier or telephone or telegraph company or radio broadcasting station or net work, of its business as such.

(b) No tax shall be imposed under this section upon any payment received for services or facilities furnished to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia, nor upon any payment received from any person for services or facilities utilized in the collection of news for the public press or in the dissemination of news through the public press, if the charge for such services or facilities is billed in writing to such person. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner with the approval of the Secretary may by regulation prescribe.

SECTION 702. RETURNS AND PAYMENT OF TAX

(a) The taxes imposed by section 701 shall be paid by the person paying for the services or facilities.

(b) Each person receiving any payments specified in section 701 shall collect the amount of the tax imposed by such section from the person making such payments, and shall on or before the last day of each month make a return, under oath, for the preceding month, and pay the taxes so collected, to the collector of the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Maryland. Such returns shall contain such information and be made in such manner as the Commissioner with the approval of the Secretary may by regulation prescribe. The Commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe with the approval of the Secretary, but no such extension shall be for more than ninety days.

PART II—ADMISSIONS TAX

SECTION 711 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). ADMISSIONS TAX

(a) Paragraph (1) of section 500 (a) of the Revenue Act of 1926, as amended, is amended to read as follows:

“(1) A tax of 1 cent for each 10 cents or fraction thereof of the amount paid for admission to any place, including admission by season ticket or subscription to be paid by the person paying for such admission; except that in case the amount paid for admission is less than 41 cents, no tax shall be imposed. In the case of persons (except bona fide employees, municipal officers on official business, and children under 12 years of age) admitted free or at reduced rates to any

place at a time when and under circumstances under which an admission charge is made to other persons, an equivalent tax shall be collected based on the price so charged to such other persons for the same or similar accommodations, to be paid by the person so admitted. Amounts paid for admission by season ticket or subscription shall be exempt only if the amount which would be charged to the holder or subscribed for a single admission is less than 41 cents”;

(b) Paragraph (2) of section 500 (a) of the Revenue Act of 1926, as amended, is amended to read as follows:

“(2) Upon tickets or cards of admission to theaters, operas, and other places of amusement, sold at news stands, hotels, and places other than the ticket offices of such theaters, operas, or other places of amusement, at a price in excess of the sum of the established price therefor at such ticket offices plus the amount of any tax imposed under paragraph (1), a tax equivalent to 10 per centum of the amount of such excess; such tax to be returned and paid, in the manner and subject to the interest provided in section 502, by the person selling such tickets;”

(c) Section 500 of the Revenue Act of 1926, as amended, is amended by adding at the end thereof the following subdivision:

“(e) The exemption from tax provided by subdivision (b) (1) (A) shall not be allowed in the case of admissions to wrestling matches, prize fights, or boxing, sparring, or other pugilistic matches or exhibitions. The exemption from tax provided by subdivision (b) (1) shall not be allowed in the case of admissions to any athletic game or exhibition the proceeds of which inure wholly or partly to the benefit of any college or university (including any academy of the military or naval forces of the United States).”

(d) Subsections (a) and (c) shall take effect on the fifteenth day after the date of the enactment of this act.

(e) Effective July 1, [1937] 1939, section 500 (a) (1) of the Revenue Act of 1926, as amended by subsection (a) of this section, is amended by striking out “less than 41 cents” wherever appearing in such paragraph, and inserting in lieu thereof “\$3 or less”.

PART III—STAMP TAXES

SECTION 721 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). STAMP TAX ON ISSUES OF BONDS, ETC.

(a) Subdivision 1 of schedule A of title VIII of the Revenue Act of 1926 is amended by striking out “5 cents” and inserting in lieu thereof “10 cents”, and by inserting at the end thereof a new sentence to read as follows: “The tax under this subdivision shall not apply to any instrument under the terms of which the obligee is required to make payment therefor in installments and is not permitted to make in any year a payment of more than 20 per centum of the cash amount to which entitled upon maturity of the instrument.”

(b) Subsection (a) shall take effect on the 15th day after the date of the enactment of this act.

(c) Effective July 1, [1937] 1939, such subdivision 1, as amended by subsection (a) of this section, is amended by striking out “10 cents” and inserting in lieu thereof “5 cents”.

SECTION 722 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). STAMP TAX ON ISSUES OF STOCK, ETC.

(a) Subdivision 2 of schedule A of title VIII of the Revenue Act of 1926 is amended to read as follows:

“2. Capital stock (and similar interests), issue: On each original issue, whether on organization or reorganization, of shares or certificates of stock, or of profits, or of interest in property or accumulations, by any corporation, or by any investment trust or similar organization (or by any person on behalf of such investment trust or similar organization) holding or dealing in any of the instruments mentioned or described in this subdivision or subdivision 1 (whether or not such investment trust or similar organization constitutes a corporation within the meaning of this act), on each \$100 of par or face value or fraction thereof of the certificates issued by such corporation or by such investment trust or similar organization (or of the shares where no certificates were issued), 10 cents: *Provided*, That where such shares or certificates are issued without par or face value, the tax shall be 10 cents per share (corporate share, or investment trust or other organization share, as the case may be), unless the actual value is in excess of

\$100 per share, in which case the tax shall be 10 cents on each \$100 of actual value or fraction thereof of such certificates (or of the shares where no certificates were issued), or unless the actual value is less than \$100 per share, in which case the tax shall be 2 cents on each \$20 of actual value, or fraction thereof, of such certificates (or of the shares where no certificates were issued).

"The stamps representing the tax imposed by this subdivision shall be attached to the stock books or corresponding records of the organization and not to the certificates issued."

(b) Subsection (a) shall take effect on the fifteenth day after the date of the enactment of this act.

(c) Effective July 1, [1937] 1939, such subdivision 2, as amended by subsection (a) of this section, is amended by striking out "10 cents" wherever appearing in such subdivision and inserting in lieu thereof "5 cents", and by striking out "2 cents" and inserting in lieu thereof "1 cent".

SECTION 723 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). STAMP TAX ON TRANSFER OF STOCKS, ETC.

(a) Subdivision 3 of Schedule A of Title VIII of the Revenue Act of 1926 is amended to read as follows:

"3. Capital stock (and similar interests), sales or transfers: On all sales, or agreements to sell, or memoranda of sales or deliveries of, or transfers of legal title to any of the shares or certificates mentioned or described in subdivision 2, or to rights to subscribe for or to receive such shares or certificates, whether made upon or shown by the books of the corporation or other organization, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale (whether entitling the holder in any manner to the benefit of such share, certificate, interest, or rights, or not), on each \$100 of par or face value or fraction thereof of the certificates of such corporation or other organization (or of the shares where no certificates were issued), 4 cents, and where such shares or certificates are without par or face value, the tax shall be 4 cents on the transfer or sale or agreement to sell on each share (corporate share, or investment trust or other organization share, as the case may be): *Provided*, That in case the selling price, if any, is \$20 or more per share the above rate shall be 5 cents instead of 4 cents: *Provided further*, That it is not intended by this title to impose a tax upon an agreement evidencing a deposit of certificates as collateral security for money loaned thereon, which certificates are not actually sold, nor upon the delivery or transfer for such purpose of certificates so deposited nor upon the return of stock loaned: *Provided further*, That the tax shall not be imposed upon deliveries or transfers to a broker for sale, nor upon deliveries or transfers by a broker to a customer for whom and upon whose order he has purchased same, but such deliveries or transfers shall be accompanied by a certificate setting forth the facts: *Provided further*, That the tax shall not be imposed upon deliveries or transfers from a fiduciary to a nominee of such fiduciary, or from one nominee of such fiduciary to another, if such shares or certificates continue to be held by such nominee for the same purpose for which they would be held if retained by such fiduciary, or from the nominee to such fiduciary, but such deliveries or transfers shall be accompanied by a certificate setting forth the facts: *Provided further*, That in case of sale where the evidence of transfer is shown only by the books of the corporation or other organization the stamp shall be placed upon such books; and where the change of ownership is by transfer of the certificate the stamp shall be placed upon the certificate; and in cases of an agreement to sell or where the transfer is by delivery of the certificate assigned in blank there shall be made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed; and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers. Any person liable to pay the tax as herein provided, or anyone who acts in the matter as agent or broker for such person, who makes any such sale, or who in pursuance of any such sale delivers any certificate or evidence of the sale of any stock, share, interest, or right, or bill or memorandum thereof, as herein required, without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000, or be imprisoned not more than six months, or both."

(b) Subsection (a) shall take effect on the fifteenth day after the date of the enactment of this act.

(c) Effective July 1, [1937] 1939, such subdivision 3, as amended by subsection (a) of this section, is amended by striking out "4 cents" wherever appearing in such subdivision and inserting in lieu thereof "2 cents", and by striking out the following: "in case the selling price, if any, is \$20 or more per share the above rate shall be 5 cents instead of 4 cents: *Provided further, That*".

SECTION 724 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). STAMP TAX ON TRANSFER OF BONDS, ETC.

(a) Schedule A of title VIII of the Revenue Act of 1926 is amended by adding at the end thereof a new subdivision to read as follows:

"9. Bonds, etc., sales or transfers: On all sales, or agreements to sell, or memoranda of sales or deliveries of, or transfers of legal title to any of the instruments mentioned or described in subdivision 1 and of a kind the issue of which is taxable thereunder, whether made by any assignment in blank or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale (whether entitling the holder in any manner to the benefit of such instrument or not), on each \$100 of face value or fraction thereof, 4 cents: *Provided, That* it is not intended by this title to impose a tax upon an agreement evidencing a deposit of instruments as collateral security for money loaned thereon, which instruments are not actually sold, nor upon the delivery or transfer for such purpose of instruments so deposited: *Provided further, That* the tax shall not be imposed on deliveries or transfers of bonds in connection with a reorganization (as defined in section 112 of the Revenue Act of 1932) if any of the gain or loss from the exchange or distribution involved in the delivery or transfer is not recognized under the income tax law applicable to the year in which the delivery or transfer is made: *Provided further, That* the tax shall not be imposed upon deliveries or transfers to a broker for sale, nor upon deliveries or transfers by a broker to a customer for whom and upon whose order he has purchased same, but such deliveries or transfers shall be accompanied by a certificate setting forth the facts: *Provided further, That* the tax shall not be imposed upon deliveries or transfers from a fiduciary to a nominee of such fiduciary, or from one nominee of such fiduciary to another, if such instruments continued to be held by such nominee for the same purpose for which they would be held if retained by such fiduciary, or from the nominee to such fiduciary, but such deliveries or transfers shall be accompanied by a certificate setting forth the facts: *Provided further, That* where the change of ownership is by transfer of the instrument the stamp shall be placed upon the instrument; and in cases of an agreement to sell or where the transfer is by delivery of the instrument assigned in blank there shall be made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed; and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers. Any person liable to pay the tax as herein provided, or anyone who acts in the matter as agent or broker for such person, who makes any such sale, or who in pursuance of any such sale delivers any certificate or evidence of the sale of any such instrument, or bill or memorandum thereof, as herein required without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000, or be imprisoned not more than six months, or both."

(b) Subsection (a) shall take effect on the fifteenth day after the date of the enactment of this act.

(c) Subdivision 9 of schedule A of title VIII of the Revenue Act of 1926, added to such schedule by subsection (a) of this section, is repealed effective July 1, [1937] 1939.

SECTION 725 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). STAMP TAX ON CONVEYANCES

Schedule A of title VIII of the Revenue Act of 1926 is amended by adding at the end thereof a new subdivision to read as follows:

"8. Conveyances: Deed, instrument, or writing, delivered on or after the 15th day after the date of the enactment of the Revenue Act of 1932 and before July 1, [1937] 1939 (unless deposited in escrow before April 1, 1932), whereby

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any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her, or their direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds \$100 and does not exceed \$500, 50 cents; and for each additional \$500 or fractional part thereof, 50 cents. This subdivision shall not apply to any instrument or writing given to secure a debt."

SECTION 726 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT, SEC. 612 OF THE REVENUE ACT OF 1934, AND THE JOINT RESOLUTION OF JUNE 28, 1935). STAMP TAX ON SALES OF PRODUCE FOR FUTURE DELIVERY

(a) Subdivision 4 of schedule A of title VIII of the Revenue Act of 1926 is amended by striking out "1 cent" wherever appearing in such subdivision, and inserting in lieu thereof "3 cents".

(b) Subsection (a) shall take effect on the fifteenth day after the date of the enactment of this act.

(c) Effective July 1, [1937] 1939, such subdivision 4, as amended by subsection (a) of this section, is amended by striking out "3 cents" wherever appearing in such subdivision and inserting in lieu thereof "1 cent".

PART IV—TAX ON TRANSPORTATION OF OIL BY PIPE LINE

SECTION 731 (AS AMENDED BY SEC. 212 OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE JOINT RESOLUTION OF JUNE 28, 1935). TAX ON TRANSPORTATION OF OIL BY PIPE LINE

(a) There is hereby imposed upon all transportation of crude petroleum and liquid products thereof by pipe line originating on or after the fifteenth day after the date of the enactment of this act and before July 1, [1937] 1939—

(1) A tax equivalent to 4 per centum of the amount paid on or after the fifteenth day after the date of the enactment of this act for such transportation, to be paid by the person furnishing such transportation.

(2) In case no charge for transportation is made, either by reason of ownership of the commodity transported or for any other reason, a tax equivalent to 4 per centum of the fair charge for such transportation, to be paid by the person furnishing such transportation.

(3) If (other than in the case of an arm's length transaction) the payment for transportation is less than the fair charge therefor, a tax equivalent to 4 per centum of such fair charge, to be paid by the person furnishing such transportation.

(b) For the purposes of this section, the fair charge for transportation shall be computed—

(1) from actual bona fide rates or tariffs, or

(2) if no such rates or tariffs exist, then on the basis of the actual bona fide rates or tariffs of other pipe lines for like services, as determined by the Commissioner, or

(3) if no such rates or tariffs exist, then on the basis of a reasonable charge for such transportation, as determined by the Commissioner.

(c) Every person liable for the tax imposed under subsection (a) shall make monthly returns under oath in duplicate and pay such taxes to the collector for the district in which is located his principal place of business or, if he has no principal place of business in the United States, then to the collector at Baltimore, Maryland. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

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PART VIII—ADMINISTRATIVE PROVISIONS

SECTION 771. PAYMENT OF TAXES

The taxes imposed by parts I, IV, V, and VI of this title shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per centum a month from the time the tax become due until paid.

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NOTE.—Section 404 of the Revenue Act of 1935, approved August 30, 1935, changed the rate of interest provided in the above subsection to 6 percent per annum. Such section 404 reads as follows:

SECTION 404. INTEREST ON DELINQUENT TAXES

Notwithstanding any provision of law to the contrary, interest accruing during any period of time after the date of the enactment of this act upon any internal-revenue tax (including amounts assessed or collected as a part thereof) or customs duty, not paid when due, shall be at the rate of 6 per centum per annum.

SECTION 472. REFUNDS AND CREDITS

(a) Credit or refund of any overpayment of tax imposed by part I, V, or VI of this title may be allowed to the person who collected the tax and paid it to the United States if such person establishes to the satisfaction of the Commissioner, under such regulations as the Commissioner with the approval of the Secretary may prescribe, that he has repaid the amount of such tax to the person from whom he collected it, or obtained the consent of such person to the allowance of such credit or refund.

(b) Any person entitled to refund of tax under part I, IV, V, or VI of this title paid, or collected and paid, to the United States by him may take credit therefor against taxes due upon any monthly return.

(c) Any person making a refund of any payment on which tax under part I or V has been collected may repay therewith the amount of tax collected on such payment, and the amount of tax so repaid may be credited against the tax under any subsequent return.

SECTION 773. REGULATIONS

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of parts I, IV, V, and VI, of this title.

SECTION 774. APPLICABILITY OF ADMINISTRATIVE PROVISIONS

All provisions of law (including penalties) applicable in respect of the taxes imposed by section 500 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with this Act, be applicable in respect of the taxes imposed by parts I, IV, V, and VI of this title.

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TITLE VIII—POSTAL RATES

SECTION 1001 (A) (AS AMENDED BY SEC. 3 OF THE ACT EXTENDING THE GASOLINE TAX FOR 1 YEAR, APPROVED JUNE 16, 1933, SEC. 515 OF THE REVENUE ACT OF 1934, AND THE JOINT RESOLUTION OF JUNE 28, 1935). POSTAL RATES

(a) On and after the thirtieth day after the date of the enactment of this Act and until July 1, [1937] 1939, the rate of postage on all mail matter of the first class (except postal cards and private mailing or post cards, and except other first-class matter on which the rate of postage under existing law is 1 cent for each ounce or fraction thereof) shall be 1 cent for each ounce or fraction thereof in addition to the rate provided by existing law: *Provided*, That such additional rate shall not apply on or after July 1, 1933, to first-class matter mailed for local delivery.

Also, in compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in section 2 of the act entitled "An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes", approved June 16, 1933, as amended by section 515 of the Revenue Act of 1934, and the joint resolution of June 28, 1935, 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:

Sec. 2. The President is authorized during the period ending June 30, **[1937] 1939**, to proclaim such modifications of postage rates on mail matter (except that in the case of first-class matter the rate shall not be reduced to less than 2 cents an ounce or fraction thereof) as, after a survey by him, he may deem advisable by reason of increase in business, the interest of the public, or the needs of the Postal Service, and such modifications shall be in effect on and after such date as he shall proclaim and until July 1, **[1937] 1939**. In case a modification of the rate of postage on first-class matter is proclaimed, the President shall also make a corresponding modification in the percentages of gross postal receipts specified in section 1001 (c) of the Revenue Act of 1932 as amended by this Act, which percentages shall be in effect during the period such modification of the rate of postage on first-class matter is in effect. Nothing in this section shall be construed as giving the President authority to change the rate fixed by law on first-class matter mailed for local delivery, postal cards, and private mailing or post cards.

MINORITY VIEWS

We, the Republican members of the Ways and Means Committee, are unanimously opposed to House Joint Resolution 375, which would continue the so-called "nuisance taxes" for another period of 2 years.

These taxes were originally imposed in 1932 with the definite promise to the American people that they would be allowed to expire at the end of 2 years as provided in the statute. They have twice been continued by the present administration in violation of that pledge, once for a 1-year period and again for a 2-year period. The present proposed extension constitutes a third breach of faith on the part of the Administration.

The so-called "nuisance taxes" are all consumption taxes, which fall most heavily on the poor and those least able to pay. They are also discriminatory, in that they apply only to certain selected items.

The fact should not be overlooked that the 3-cent rate on first-class postage, which is continued by the pending joint resolution, constitutes a tax to the extent that the revenues therefrom exceed the cost of carrying this class of mail. In the current fiscal year, this "tax" on the American people is estimated to amount to \$122,000,000.

While it in no way affects our opposition to the joint resolution, we think it appropriate to call attention to the fact that the extension of the nuisance taxes for 2 years, rather than 1 year, contains an element of politics. A 1-year extension would require another extension resolution next year, just prior to the Congressional elections, which of course would work to the political disadvantage of the Democratic Party. The 2-year extension bridges the 1938 elections, and therefore avoids raising the tax issue at that time. Moreover, by continuing the taxes for 2 years, the Democrats possibly may have in mind bringing in a resolution next year to repeal the nuisance taxes just before the election and thus reap the political advantage which would thereby result. This, however, could not be sincerely done in view of the acute financial condition of the Treasury.

The principal basis of our objection to the extension resolution is that we are absolutely opposed to the enactment of any new taxes, or the continuance of any of the nuisance taxes, until the administration has first made an honest and sincere effort to reduce expenditures by the elimination of extravagance and waste.

We have expressed these sentiments before, particularly in connection with the Revenue Acts of 1935 and 1936. We are not retreating one step from this position. We repeat that we are in favor of a balanced Budget, but we feel that in the interest of the already overburdened taxpayers, especially those of small means, it should be balanced by reducing expenditures and not wholly by taxation.

Ever since the President, as a candidate for office in 1932, pledged "that rigid governmental economy shall be forced by a stern and unrelenting administration policy of living within our income", there

has been a succession of deficits under his administration which by the close of the current fiscal year will aggregate nearly \$16,000,000,000. Taxes have been raised again and again, but increased revenues have been completely offset by increased expenditures. The President definitely promised to reduce governmental costs 25 percent below the 1932 level of 5 billions, but instead he has increased them by 2 to 3 billions annually. If he had merely held expenditures at the 1932 level, our present tax structure would produce in the fiscal year 1938 nearly 2 billions in excess of our needs.

For the foregoing reasons, among others, we are opposed to the passage of House Joint Resolution 375.

ALLEN T. TREADWAY.
FRANK CROWTHER.
HAROLD KNUTSON.
DANIEL A. REED.
ROY O. WOODRUFF.
THOMAS A. JENKINS.
LLOYD THURSTON.

