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TO AMEND TITLE II OF THE NATIONAL INDUSTRIAL RECOVERY ACT, AS AMENDED AND EXTENDED

FEBRUARY 24 (calendar day, MAR. 16), 1936.—Ordered to be printed

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

REPORT

[To accompany S. 3247]

The Committee on Finance, to whom was referred the bill (S. 3247) to amend title II of the National Industrial Recovery Act, as amended by the Emergency Appropriation Act, fiscal year 1935, and as extended by the Emergency Relief Appropriation Act of 1935, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The purposes of the bill are set forth in detail in a letter from the Federal Emergency Administrator of Public Works, attached herewith.

The committee amendment is for the purpose of clarifying the provision in the bill preserving to the several States their civil and criminal jurisdiction over property acquired for slum-clearance projects.

FEDERAL EMERGENCY ADMINISTRATOR OF PUBLIC WORKS,
Washington, July 27, 1935.

Hon. PAT HARRISON,
United States Senate.

MY DEAR SENATOR HARRISON: This is a further reply to your letter of July 13, 1935, requesting my views on S. 3247, which is a bill to amend title II of the National Industrial Recovery Act as amended by the Emergency Appropriation Act for the fiscal year 1935 and extended by the Emergency Relief Appropriation Act of 1935.

Pursuant to the provisions of these laws as originally enacted, the Housing Division of the Federal Emergency Administration of Public Works has undertaken, or is about to undertake, the construction of low-cost housing and slum-clearance projects in numerous cities throughout the United States. In order to execute this housing program more effectively, it is believed that certain amendments to this legislation should be enacted.

The mayors and governing bodies of various cities throughout the country in which such projects are or will be located insist that these projects should assume a fair share of the tax burdens of the local community. I am in full accord with their views in this regard. However, it is not believed that the Federal Government is authorized to pay taxes or sums in lieu thereof under existing laws.

Refusal or inability to pay sums in lieu of taxes will invite adverse local criticism which might seriously affect the entire housing program.

I, therefore, believe it essential that power be given to the President, acting through the Federal Emergency Administration of Public Works, to enter into agreements with the various States, counties, municipalities, or political subdivisions thereof wherein such projects are located, to pay sums in lieu of taxes for services rendered by such States, counties, municipalities, or political subdivisions thereof to such projects. Such sums in lieu of taxes should be considered as an operating expense and, therefore, should be paid from the revenues derived from the operation of such projects. While it is believed that the expenses incurred in connection with the operation of such projects can be paid from the income derived from such projects, there is no express provision to this effect in existing legislation and to clarify this an amendment in this regard is deemed advisable. This bill makes provision for the payment of operating expenses including sums in lieu of taxes, from the revenues derived from such projects.

Legal representatives of various municipalities throughout the country have contended that because of the Constitution of the United States and the cession laws of various States, the United States acquires exclusive civil jurisdiction over the property embraced in the low-cost housing and slum-clearance projects. If this contention is true, the tenants or inhabitants of these projects would be disenfranchised and would lose their civil rights under local laws. While it is doubtful that the courts would reach any such decision, I think it is imperative that any doubt in this regard be resolved by ceding civil jurisdiction over such projects back to the States in which such property is or may be located, as the mere possibility of the existence of this condition may keep prospective tenants from moving into these projects.

The Federal Emergency Administration of Public Works has obtained the cooperation of the various cities in which such projects are located in connection with the vacation and relocation of streets and alleys. Such cities are also willing to maintain streets and alleys located within and around housing projects and also to maintain as parks vacant areas within the project sites provided the necessary land for such purposes is dedicated for public use. In most instances the city has no power to pay such maintenance charges unless the land embraced in such streets, alleys, and parks is dedicated to public use. Unless the city pays these maintenance charges, it will be necessary for the Government to assume this burden, thereby increasing the maintenance charges. Such charges could be materially reduced if express power to dedicate land for street and park purposes is given to the President, acting through the Federal Emergency Administration of Public Works.

On July 15, 1935, the Circuit Court of Appeals for the Sixth Circuit rendered a decision in the case of *United States of America* v. *Gernert, et al.*, stating that the United States did not have the power to exercise the right of eminent domain to acquire property for low-cost housing and slum-clearance purposes. One of the judges dissented from this opinion. The decision does not affect the title to properties heretofore acquired by the United States for low-cost housing and slum-clearance purposes and does not prevent the Government from acquiring, by purchase, additional sites for such projects. Therefore, such decision has no effect on the legislation proposed in this bill.

For these reasons, I recommend that S-3247 be enacted into law.

Sincerely yours,

HAROLD L. ICKES, *Administrator.*

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