

RENEGOTIATION ACT OF 1951

MARCH 7, 1951.—Ordered to be printed

Mr. DOUGHTON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 1724]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1724) to provide for the renegotiation of contracts, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 52, 63, 72, 73, 74, 75, 76, 77, 79, 80, 81, 82, 83, 84, 85, 86, and 87.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34, 35, 36, 37, 39, 40, 41, 42, 44, 51, 53, 54, 55, 56, 59, 60, 62, 65, 66, 67, 68, 69, 70, 71, and 78, and agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

On page 1 of the Senate engrossed amendments insert, after line 13, the following: *This subsection shall have no application in the case of contracts, or related subcontracts, which, but for subsection (c), would be subject to the Renegotiation Act of 1948.*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows:

On page 2 of the Senate engrossed amendments, lines 4 and 5, strike out the following: "and attributable to performance after June 30, 1950,"; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *the Reconstruction Finance Corporation, the Canal Zone Government, the Panama Canal Company, the Housing and Home Finance Agency,*; and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *the Board of Directors of the Reconstruction Finance Corporation, the Governor of the Canal Zone, the president of the Panama Canal Company, the Housing and Home Finance Administrator,*; and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows:

Omit the matter proposed to be inserted by the Senate amendment, and on page 6 of the House engrossed bill, line 11, strike out "Such costs" and insert in lieu thereof the following: *Notwithstanding any other provision of this section, there shall be allowed as an item of cost in any fiscal year, subject to regulations of the Board, an amount equal to the excess, if any, of costs (computed without the application of this sentence) paid or incurred in the preceding fiscal year with respect to receipts or accruals subject to the provisions of this title over the amount of receipts or accruals subject to the provisions of this title which were received or accrued in such preceding fiscal year, but only to the extent that such excess did not result from gross inefficiency of the contractor or subcontractor. For the purposes of the preceding sentence, the term "preceding fiscal year" does not include any fiscal year ending prior to January 1, 1951.* Costs; and the Senate agree to the same.

Amendment numbered 30:

That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *Renegotiation shall be conducted on a consolidated basis with a parent and its subsidiary corporations which constitute an affiliated group under section 141 (d) of the Internal Revenue Code if all of the corporations included in such affiliated group request renegotiation on such basis and consent to such regulations as the Board shall prescribe with respect to (1) the determination and elimination of excessive profits of such affiliated group, and (2) the determination of the amount of the excessive profits of such affiliated group allocable, for the purposes of section 3806 of the Internal Revenue Code, to each corporation included in such affiliated group.*; and the Senate agree to the same.

Amendment numbered 38:

That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: , *except that no interest shall accrue or be payable on such lesser amount if such lesser amount is not in excess of an amount which the contractor or subcontractor tendered in payment prior to the issuance of the order of the Board*; and the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and, on page 18, line 12, of the House engrossed bill, strike out all after "RECOVERIES.—" down to and including "Treasury.", in line 24, and insert the following: *All money recovered by way of repayment or suit under this subsection shall be covered into the Treasury as miscellaneous receipts. Upon the withholding of any amount of excessive profits or the crediting of any amount of excessive profits against amounts otherwise due a contractor from appropriations from the Treasury, the Secretary shall certify the amount thereof to the Treasury and the appropriations of his Department shall be reduced by an amount equal to the amount so withheld or credited. The amount of such reductions shall be transferred to the surplus fund of the Treasury.*; and the Senate agree to the same.

Amendment numbered 45:

That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *\$250,000*; and the Senate agree to the same.

Amendment numbered 46:

That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *\$250,000*; and the Senate agree to the same.

Amendment numbered 47:

That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *\$250,000*; and the Senate agree to the same.

Amendment numbered 48:

That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and insert in lieu thereof the following: *In computing the*

aggregate of the amounts received or accrued during any fiscal year for the purposes of paragraphs (1) and (2) of this subsection, there shall be eliminated all amounts received or accrued by a contractor or subcontractor from all persons under control of or controlling or under common control with the contractor or subcontractor and all amounts received or accrued by each such person from such contractor or subcontractor and from each other such person.; and the Senate agree to the same.

Amendment numbered 49:

That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *\$250,000*; and the Senate agree to the same.

Amendment numbered 50:

That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with the following amendments:

On page 8, line 16, of the Senate engrossed amendments, strike out "*\$500,000*" and insert the following: *\$250,000*

On page 8, line 17, of the Senate engrossed amendments, strike out "*\$500,000*" and insert the following: *\$250,000*

And the Senate agree to the same.

Amendment numbered 57:

That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(5) any contract or subcontract with an organization exempt from taxation under section 101 (6) of the Internal Revenue Code, but only if the income from such contract or subcontract is not includible under section 422 of such code in computing the unrelated business net income of such organization; or

And the Senate agree to the same.

Amendment numbered 58:

That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(6) any contract which the Board determines does not have a direct and immediate connection with the national defense. The Board shall prescribe regulations designating those classes and types of contracts which shall be exempt under this paragraph; and the Board shall, in accordance with regulations prescribed by it, exempt any individual contract not falling within any such class or type if it determines that such contract does not have a direct and immediate connection with the national defense. Notwithstanding section 108 of this title, regulations prescribed by the Board under this paragraph, and any determination of the Board that a contract is or is not exempt under this paragraph, shall not be reviewed or redetermined by the Tax Court or by any other court or agency; or

And the Senate agree to the same.

Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with the following amendments:

On page 12 of the Senate engrossed amendments, line 12, strike out "from subcontracts for" and insert in lieu thereof the following: *(other than rents) from subcontracts for new*

On page 12 of the Senate engrossed amendments, line 24, insert after "product" the following: *acquired by any agency of the Government under a contract with a Department*

On page 13 of the Senate engrossed amendments, line 3, insert after "for" the following: *new*

And the Senate agree to the same.

Amendment numbered 64:

That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with the following amendments:

On page 14, line 1, of the Senate engrossed amendments, insert after "person" the following: *from civilian life*

On page 14, line 2, insert after "Board." the following: *The President shall, at the time of appointment, designate one member to serve as Chairman.*

And the Senate agree to the same.

R. L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
DANIEL A. REED,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

WALTER F. GEORGE,
HARRY F. BYRD,
EDWIN C. JOHNSON,
E. D. MILLIKIN,
ROBERT A. TAFT,
HUGH BUTLER,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1724) to provide for the renegotiation of contracts, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1 and 2: The House bill, in general, applied to all contracts with the Departments named in the bill and to all contracts with agencies designated by the President as Departments. Under Senate amendments Nos. 1 and 2, only contracts having a direct and immediate connection with the national defense would be subject to renegotiation. The Senate recedes on these two amendments in view of the conference agreement with respect to amendment No. 58. Under amendment No. 58, as agreed to in conference, contracts which the Board determines do not have a direct and immediate connection with the national defense are exempt from renegotiation.

Amendments Nos. 3 and 5: The House bill provided that the Renegotiation Act of 1948 should not apply with respect to any receipts on accruals subject to renegotiation under the House bill. Senate amendment No. 3 struck out this provision of the House bill, but Senate amendment No. 5 reinserted a similar provision under which the Renegotiation Act of 1948 would not be applicable to amounts received or accrued on or after January 1, 1951, and attributable to performance after June 30, 1950. The House recedes on Senate amendment No. 3 and recedes on Senate amendment No. 5 with an amendment making the Renegotiation Act of 1948 inapplicable to all amounts received or accrued on or after January 1, 1951.

Amendment No. 4: This amendment inserted a new provision the effect of which was to limit the application of the bill to amounts received or accrued after January 1, 1951, which are attributable to performance after June 30, 1950. The House recedes with an amendment under which amounts received or accrued after January 1, 1951, and attributable to performance before July 1, 1950, will be subject to renegotiation under the bill if (but for amendment No. 5) such amounts would be subject to the Renegotiation Act of 1948.

Amendment No. 6: This is a clerical amendment. The House recedes.

Amendments Nos. 7, 8, and 9: The House bill provided that the profit-limitation provisions of the act of March 27, 1934, as amended and supplemented (the Vinson-Trammell Act), shall not apply to any contract or subcontract if any of the receipts or accruals therefrom are subject to the bill. Under Senate amendments Nos. 7, 8, and 9 the profit-limitation provisions of section 505 (b) of the Merchant Marine Act, 1936, as amended and supplemented, shall not apply to any contract or subcontract entered into after December 31, 1950,

if any of the receipts or accruals therefrom are subject to the bill. The House recedes.

Amendment No. 10: The Senate amendment added the Reconstruction Finance Corporation, Panama Canal, and the Housing and Home Finance Agency, with respect to construction undertaken by it, to the list of Government agencies included within the definition of the term "Department". The conference agreement makes the Housing and Home Finance Agency a Department without qualification and includes the Canal Zone government and the Panama Canal Company as Departments rather than the "Panama Canal". It is to be noted, however, that under amendment No. 58, as agreed to in conference, contracts determined by the Board not to have a direct and immediate connection with national defense are not subject to renegotiation.

Amendment No. 11: The House bill provided that the President could designate any agency of the Government exercising functions in connection with the national defense as a Department. This amendment provides that the President may designate as Departments only agencies exercising functions having a direct and immediate connection with the national defense. The House recedes.

Amendment No. 12: This amendment would add the heads of the agencies designated as Departments under amendment No. 10 to the definition of "Secretary" in the House bill. The House recedes with a technical amendment.

Amendments Nos. 13 and 14: These are clarifying amendments with respect to the provision in the House bill that one of the factors to be considered in determining excessive profits is the efficiency of the contractor. The House recedes.

Amendments Nos. 15 and 16: These are clerical amendments. The House recedes.

Amendment No. 17: The House bill provided that in determining excessive profits consideration should be given to the reasonableness of return on net worth. This amendment provides that consideration shall be given to the net worth. The House recedes.

Amendments Nos. 18, 19, 20, and 21: These are clerical amendments. The House recedes.

Amendment No. 22: The Senate amendment provides that losses on renegotiable business sustained in one year shall be allowed as an item of cost in the next year. The House recedes with an amendment which provides that such losses may be so allowed only to the extent that the losses are not attributable to gross inefficiency of the contractor or subcontractor. The amendment also makes it clear that under no circumstances shall losses be allowed as an item of cost in any year after the first year following the year in which the loss occurred and that no loss shall be carried forward from any fiscal year ending prior to January 1, 1951.

Amendments Nos. 23, 24, and 25: These are technical amendments. The House recedes.

Amendment No. 26: The House bill provided that no item of cost shall be charged to contracts with the Departments or subcontracts or used in any manner for determining such costs to the extent that, in the opinion of the Board or the Tax Court, as the case may be, such item is unreasonable or not properly chargeable to such contracts or subcontracts. The Senate amendment strikes out this provision as superfluous. The House recedes.

Amendment No. 27: This amendment provides that no purchase order or agreement to furnish office supplies shall be included in the term "subcontract" as defined in the bill. The House recedes.

Amendment No. 28: The House bill provided that in the case of a partnership the term "fiscal year" means such period as the Board by regulations may prescribe. The Senate amendment provides that in the case of a partnership the term "fiscal year" means its taxable year under chapter 1 of the Internal Revenue Code except that where a readjustment of interests occurs in the partnership its fiscal year shall be determined in accordance with regulations of the Board. The House recedes.

Amendment No. 29: This is a clarifying amendment changing the word "books" to "records". The House recedes.

Amendment No. 30: This amendment provides that corporations constituting an affiliated group under section 141 (d) of the Internal Revenue Code shall be renegotiated on a consolidated basis if all the corporations in the group request the consolidation and consent to such regulations as the Board may prescribe with respect to the determination and elimination of excessive profits of the group. The House recedes with an amendment making it clear that the Board may, under regulations, determine the amount of the excessive profits of the group allocable, for the purposes of section 3806 of the Internal Revenue Code, to each corporation included in the group.

Amendments Nos. 31 and 34: The House bill provided that the rate of interest to be paid on excessive profits due to the Government shall be 6 percent. These amendments fix the rate at 4 percent. The House recedes.

Amendments Nos. 32 and 33: The House bill provided that interest on excessive profits due the Government should accrue from the date fixed for repayment by the order of the Board or the agreement, as the case may be. The Senate amendments provide that in the case of excessive profits determined by order, interest shall accrue from the thirtieth day after the date of the order of the Board. The House recedes.

Amendments Nos. 35, 36, and 37: These are conforming amendments necessitated by amendment No. 32. The House recedes.

Amendment No. 38: The Senate amendment provides that where the amount of excessive profits determined by the Tax Court is less than the amount determined by the Board, no interest shall accrue or be payable on the lesser amount if the lesser amount is not in excess of an amount which the contractor or subcontractor tendered in payment prior to the filing of the petition with the Tax Court. The House recedes with an amendment providing that payment of the lesser amount must be tendered prior to the issuance of the order of the Board in order to avoid the accrual of interest.

Amendment No. 39: The Senate amendment provides that in any case where there has not been a final determination by the Tax Court within 3 years after the filing of a petition, no interest shall accrue after such 3-year period. The House recedes.

Amendment No. 40: This amendment adds a provision to the House bill that nothing in this act shall be construed to authorize any Department or agency of the Government (a) except as provided in the Assignment of Claims Act of 1940, as now or hereafter amended, to withhold or recover from any bank, trust company or other financ-

ing institution (including any Federal lending agency) which is an assignee under any contract with a Department, any moneys due or to become due or paid to any such assignee under such contract, or (b) to direct the withholding or to recover, pursuant to this act, from any such financing institution which is an assignee under any subcontract, any moneys due or to become due or paid to any such assignee under such subcontract.

There was no corresponding provision in the House bill. The House recedes.

Amendments Nos. 41 and 42: These are clerical amendments. The House recedes.

Amendment No. 43: The House bill provided that all money recovered in respect of amounts paid a contractor from corporate or other revolving funds (other than appropriations from the Treasury) should be restored to such funds. Senate amendment No. 43 strikes out this provision. The House recedes with a clarifying amendment. Under the conference agreement, all excessive profits recovered by way of repayment or suit from a contractor or subcontractor shall be paid into the Treasury as miscellaneous receipts without regard to the source of such funds. Any amount withheld from or credited against amounts otherwise due a contractor from corporate or other revolving funds (other than appropriations from the Treasury) in order to eliminate excessive profits arising from contracts obligating such funds, remains in such corporate or other revolving funds. Any amount withheld from or credited against amounts otherwise due a contractor from appropriations from the Treasury are transferred to the surplus fund of the Treasury.

Amendment No. 44: This is a clerical amendment. The House recedes.

Amendment No. 45: The House bill provided in section 105 (f) that if the aggregate of the amounts received or accrued during a fiscal year by a contractor or subcontractor, and all persons under control of or controlling or under common control with the contractor or subcontractor, under contracts with the Departments and subcontracts described in section 103 (g) (1) and (2) is not more than \$100,000, such receipts or accruals shall not be renegotiated. The Senate amendment raised this amount to \$500,000. The House recedes with an amendment making the amount \$250,000.

Amendment No. 46: The House bill provided in section 105 (f) that if the aggregate of the amounts received or accrued during the fiscal year under contracts and subcontracts is more than \$100,000, no determination of excessive profits to be eliminated for such year with respect to such contracts and subcontracts shall be in an amount greater than the amount by which such aggregate exceeds \$100,000. The Senate amendment raised this amount to \$500,000. The House recedes with an amendment, in conformity with the action of the conferees on amendment No. 45, making the amount \$250,000.

Amendments Nos. 47, 49, and 50: These are conforming amendments necessitated by Senate amendments Nos. 45 and 46, raising the \$100,000 amount contained in the House bill to \$500,000. The House recedes with conforming amendments making this amount \$250,000.

Amendment No. 48: The House bill provided in section 105 (f) (3) that in computing the aggregate of the amounts received or accrued during any fiscal year for the purposes of paragraphs (1) and (2) of

subsection (f), such computation shall be made without elimination of intercompany sales. The Senate amendment strikes out this provision.

The House recedes with an amendment which provides affirmatively that such computation shall be made after the elimination of intercompany sales.

Amendments Nos. 51, 53, 54, and 55: The House bill exempted from renegotiation any contract or subcontract for (1) an agricultural commodity in its raw or natural state (or in the first form or state beyond the raw or natural state in which it is customarily sold or has an established market, if it is not customarily sold or has no established market in its raw or natural state), if such contract or subcontract is with the producer of such agricultural commodity; (2) for the product of a mine, oil or gas well, or other mineral or natural deposit which has not been processed, refined, or treated beyond the ordinary treatment processes normally applied by the producers in order to obtain the first commercially marketable product, if the contract or subcontract is with the owner or operator of the mine, well, or deposit; and (3) timber which has not been processed beyond the form of logs, if such contract or subcontract is with the owner of the timber property or the producer of the logs.

The effect of Senate amendments Nos. 51, 53, 54, and 55 is to modify the language in which these exemptions from renegotiation are set forth so as to express the exemptions in the exact language contained in the World War II renegotiation law. The House recedes.

Amendment No. 52: The House bill provided that the term "agricultural commodity" should include, inter alia, animals and the produce of live animals, such as wool. Senate amendment No. 52 expanded upon the term "wool" so as to include wool in the grease and scoured wool. The Senate recedes.

Amendment No. 56: This amendment adds to the list of contracts and subcontracts which the House bill exempted from renegotiation any contract or subcontract with a common carrier for transportation, or with a public utility for gas, electric energy, water, communications, or transportation, (1) when such contract or subcontract is made at rates which are not in excess of rates filed with, established, approved, or regulated by a Federal, State, or local public regulatory body, or (2) when made at rates not in excess of unregulated rates of such a public utility if the regulated rates are substantially as favorable to consumers as are unregulated rates. In the case of transportation by common carrier by water, however, the exemption is applicable only if the furnishing or sale of such transportation is subject to the jurisdiction of the Interstate Commerce Commission under part III of the Interstate Commerce Act or the Federal Maritime Board under the Intercoastal Shipping Act, 1933.

There was no corresponding exemption in the House bill. The House recedes.

Amendment No. 57: This amendment adds to the list of contracts and subcontracts which the House bill exempted from renegotiation any contract or subcontract with an organization exempt from taxation under section 101 (6) of the Internal Revenue Code, provided that the income from such contract or subcontract would not constitute "unrelated business income" within the meaning of section 422 of the Internal Revenue Code. The House recedes with a technical clarifying amendment.

Amendment No. 58: This amendment would have exempted from the provisions of the bill any contract with a Department awarded as a result of competitive bidding for the construction of any building, structure, improvement, or facility. The House bill contained no comparable provision. The House recedes with an amendment substituting, in lieu of the Senate provision, a mandatory exemption of any contract which the Renegotiation Board determines does not have a direct and immediate connection with the national defense. Under the conference agreement the Board is required to issue regulations designating those classes and types of contracts which shall be so exempt and is required, in accordance with regulations prescribed by it, to exempt any individual contract not falling within any such class or type if it determines that such contract does not have a direct and immediate connection with the national defense. Regulations prescribed by the Board under this provision, and any determination of the Board that a contract is or is not exempt under such provision, are not to be reviewed or redetermined by the Tax Court or by any other court or agency.

In administering this exemption the Board's determinations are not to be circumscribed by a narrow definition of the words "direct" and "immediate". The Board is not to determine that a contract does not have a direct and immediate connection with the national defense if the purpose of the contract is essential to the national defense, or is clearly connected with the national defense, irrespective of the fact that there may appear to be intervening mediums between the purposes of the contract and the ultimate national defense.

Amendment No. 59: This is a clerical amendment. The House recedes.

Amendment No. 60: The House bill provided for a cost allowance in renegotiation (1) for the producer of an agricultural commodity; (2) for the producer of the product of a mine, oil or gas well, or other mineral or natural deposit; and (3) for the producer of timber; when such producer has processed, refined, or treated such commodity, product, or timber beyond the exempted state provided in section 106 (a) (2), (3), and (4) of the House bill. The Senate amendment, which is identical with the cost allowance for integrated producers contained in the World War II renegotiation law, brings this cost provision into conformity with the expanded exemption of these materials effected by Senate amendments Nos. 51, 53, 54 and 55. The House recedes.

Amendment No. 61: This amendment provides that in the case of any subcontract for durable productive equipment, not purchased for the account of the United States, renegotiation shall apply only to that fraction of the receipts or accruals from such subcontract which 5 years is of the average useful life of such equipment. The term "durable productive equipment" does not include machinery, tools, or equipment having an average useful life of 5 years or less, or which becomes part of an end product or of an article incorporated in an end product.

The House recedes with clarifying amendments. These amendments make it clear that (1) the benefits of the provision do not apply to rents received or accrued under a lease of durable productive equipment; (2) the exemption does not apply in the case of the sale of second-hand durable productive equipment; and (3) the reference

to an end product is to an end product to be acquired by the Government under a contract with a Department.

Amendment No. 62: This is a clerical amendment. The House recedes.

Amendment No. 63: The House bill provided that the Board may grant permissive exemptions of contracts and subcontracts both individually and by general classes or types. The Senate amendment struck out the provision granting the Board power to exempt individual contracts and subcontracts and limited the Board to the granting of permissive exemptions of contracts and subcontracts by general classes or types only. The Senate recedes.

Amendment No. 64: The House bill provided for the creation of a Renegotiation Board to be composed of five members to be appointed by the President by and with the advice and consent of the Senate. Not less than three of the members were to be appointed from civilian life, and each member was to receive \$12,500 per annum. The Senate amendment struck out these provisions of the House bill and inserted similar provisions, the major differences being that the Secretaries of the Army, Navy, and Air Force, subject to the approval of the Secretary of Defense, and the Administrator of General Services shall each recommend to the President for his consideration one person to serve as a member of the Board and that the salary of the Chairman be at the rate of \$17,500 per annum and of the other members of the Board at the rate of \$15,000 per annum. The House recedes with an amendment requiring that the persons recommended to the President be from civilian life and with an amendment providing that the President, at the time of appointment, designate one member to serve as Chairman.

Amendment No. 65: The House bill provided that the principal office of the Board shall be at such place as may be determined from time to time by the Board. The Senate amendment provides that the principal office of the Board shall be in the District of Columbia. The House recedes.

Amendment Nos. 66 and 67: The House bill authorized the Board, subject to the civil-service laws, to employ personnel. Senate amendments Nos. 66 and 67 authorize the Board to employ personnel without regard to the civil-service laws and regulations. The House recedes.

Amendment No. 68: This amendment provides that the Board may not delegate its power to grant permissive exemptions under section 106 (d). The House recedes.

Amendment No. 69: This amendment provides that no function, power, or duty of the Board shall be delegated or redelegated to any person unless the Board has determined that such person (other than the Secretary of a Department) is responsible directly to the Board or to the person making such delegation or redelegation and is not engaged on behalf of any Department in the making of contracts for the procurement of supplies or services, or in the supervision of such activity. The amendment further provides that any such delegation or redelegation shall be revoked if the Board shall at any time thereafter determine that such delegatee (other than the Secretary of a Department) is not responsible directly to the Board or to the person making such delegation or redelegation or is engaged on behalf of any Department in the activity above described, or in the supervision of such activity. There was no corresponding provision in the House bill. The House recedes.

Amendment No. 70: The House bill provided that the filing of a petition with the Tax Court for a redetermination of excessive profits shall operate to stay the execution of the order of the Board directing the elimination of excessive profits if within 5 days after the filing of the petition the petitioner files with the Tax Court a good and sufficient bond. The Senate amendment extended from 5 to 10 days the period within which the bond may be filed. The House recedes.

Amendment No. 71: The House bill provided that the United States pay interest at the rate of 6 percent per annum on amounts collected by the United States under an order of the Renegotiation Board in excess of the amount found to be due under a determination of excessive profits by the Tax Court. The Senate amendment reduced the interest rate to 4 percent per annum. The House recedes.

Amendment No. 72: This amendment added a new section to the bill which would have required the Renegotiation Board to make a redetermination de novo of any proceedings under the World War II renegotiation law of any contract or subcontract in any case in which the amendment to section (a) (4) (B) of such law made by Senate amendment No. 79 is applicable. The House bill contained no comparable provision. The Senate recedes.

Amendments Nos. 73 to 77, inclusive: These are clerical amendments. The Senate recedes.

Amendment No. 78: The House bill contained a provision providing that nothing in title 18, United States Code, sections 281 and 283, or in section 190 of the Revised Statutes, shall be deemed to prevent any person by reason of service prior to January 1, 1954, in performance of duties or functions required by the bill, from acting as counsel, agent, or attorney for prosecuting any claim against the United States; provided such person shall not prosecute any claim against the United States (1) involving any subject matter directly connected with which such person was so employed, or (2) during the period such person is engaged in employment in a department or the Board. The Senate amendment struck out this provision and inserted a similar provision applicable with respect to service in a Department (as defined in the bill) or the Board. The House recedes.

Amendment No. 79: This amendment added to the bill a provision amending the World War II renegotiation law to require that there be allowed as an item of cost in any fiscal year any excess in the preceding fiscal year of costs paid or incurred with respect to receipts or accruals subject to the World War II renegotiation law over the amount of such receipts or accruals. The House bill contained no comparable provision. The Senate recedes.

Amendments Nos. 80 to 87, inclusive: These are clerical amendments. The Senate recedes.

R. L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
DANIEL A. REED,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.