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SETTLEMENT FOR RENT FOR UNITED STATES  
VETERANS' HOSPITAL NO. 90, MUSKOGEE, OKLA.

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FEBRUARY 15 (calendar day, FEBRUARY 18), 1929.—Ordered to be printed

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Mr. THOMAS of Oklahoma, from the Committee on Finance, submitted  
the following

REPORT

[To accompany H. R. 13199]

The Committee on Finance, to whom was referred the bill (H. R. 13199) authorizing the payment to the State of Oklahoma the sum of \$4,955.36 in settlement for rent for United States Veterans' Hospital No. 90, at Muskogee, Okla., having had the same under consideration, report it back to the Senate without amendment and recommend that the bill do pass.

Following is the House report on the bill:

[House Report No. 1902, Seventieth Congress, first session]

The Committee on World War Veterans' Legislation, to whom was referred the bill (H. R. 13199) which authorizes the payment to the State of Oklahoma the sum of \$4,955.36 in settlement for rent for United States Veterans' Hospital No. 90, at Muskogee, Okla.

At the hearings conducted before the full committee it has been shown without contradiction that this is a just claim, and that the payment thereof should be made.

The bill was ordered reported out unanimously by the full committee.

The following letter from the Director of the United States Veterans' Bureau states the bureau's position relative to this proposed law:

UNITED STATES VETERANS' BUREAU,  
Washington, May 16, 1928.

Hon. ROYAL C. JOHNSON,

Chairman Committee on World War Veterans' Legislation,  
House of Representatives, Washington, D. C.

MY DEAR MR. JOHNSON: Reference is made to your letter of April 25, 1928, transmitting a copy of H. R. 13199, "A bill authorizing the payment to the State of Oklahoma the sum of \$4,955.36 in settlement for rent for United States Veterans' Hospital No. 90, at Muskogee, Okla.," for comment and report.

The bill proposes to authorize the Secretary of the Treasury to pay to the State of Oklahoma the sum of \$4,955.36 out of any money appropriated for rent, maintenance, or support of hospitals as full settlement for rent of United States Veterans' Hospital, Muskogee, Okla., from February 11, 1925, to April 30, 1925.

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The records of the bureau show that the Government acquired occupancy and use of the hospital at Muskogee, Okla., by lease dated December 12, 1922, between the State of Oklahoma and the United States of America, at an annual rental of \$22,500. The instrument contained an option of purchase in the Government exercisable at any time during the term for a sum equal to the actual cash outlay by the lessor for construction of buildings, etc., plus interest thereon at the rate of 4½ per cent per annum for the period of actual occupancy under the lease by the lessee, and the amount paid by the lessor as insurance on the buildings, less the amount actually paid by the lessee as rental.

The Legislature of the State of Oklahoma, in chapter 55, Session Laws of 1924, fixed the purchase price of the said demised premises and property at \$275,000. This figure was accepted by the bureau subject to the approval of title by the Attorney General of the United States. The purchase was approved by the Federal Board of Hospitalization by resolution dated January 28, 1925, and on February 6, 1925, by the President of the United States. The option of purchase was exercised by the United States on February 11, 1925, and final payment was made on July 24, 1925. In March, 1926, the State of Oklahoma made claim for rental as prescribed in the lease for the period from February 11 to July 24, 1925.

It was the opinion of the bureau authorities that the bureau, under the conditions obtaining in this case, was liable for rent from February 11 to April 30, 1925, and while negotiations were in process between the authorities of the State of Oklahoma and the bureau relative to the settlement of this matter, Hon. W. W. Hastings introduced H. R. 10004, "A bill authorizing the payment to the State of Oklahoma the sum of \$10,187.50 in settlement for rent for United States Veterans' Hospital No. 90 at Muskogee, Okla." This bill was forwarded to your committee and a report thereon was furnished under date of April 22, 1926, copy of which is inclosed.

A voucher in the amount of \$4,955.36, covering rent for the period of February 11 to April 30, 1925, inclusive, was forwarded to the treasurer, State of Oklahoma, Oklahoma City, for execution. The voucher was returned to the bureau properly executed and was forwarded to the General Accounting Office for settlement. Under date of June 1, 1926, the Comptroller General of the United States disallowed this claim stating:

"It is a well founded principle of law that where the option to purchase is duly exercised by an election to purchase, the relation of landlord and tenant ceases and that of vendor and purchaser arises. The possession of the lessee becomes that of owner, and he will be entitled to such other rights as may be said to attach to his character as vendee, in so far as the rights of the parties are not peculiarly controlled by express stipulations in the lease. The lessor is not entitled to rent, after the option to purchase is exercised, unless there is an express stipulation.

"The Government exercised its option on February 11, 1925, and as there is no stipulation in lease relative to the payment of rent it must be and is decided that payment of interest subsequent to that date (February 11, 1925) is unauthorized."

The committee is advised that I am of the opinion that under the conditions presented in this case this claim is just and that provisions for the payment thereof should be made. However, I believe that this sum should not be paid out of any money appropriated for rent, maintenance, or support of hospitals of the United States Veterans' Bureau but from some other source, preferably from funds in the Treasury otherwise unappropriated.

A copy of this letter is inclosed for your use.

Very truly yours,

FRANK T. HINES, *Director.*

