
CARRYING TO THE SURPLUS FUND OF THE TREASURY CERTAIN
TRUST FUNDS DERIVED FROM COMPENSATING TAXES UPON
ARTICLES COMING INTO THE UNITED STATES

APRIL 29, 1941.—Ordered to be printed

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

REPORT

[To accompany H. R. 4239]

The Committee on Finance, to whom was referred the bill (H. R. 4239) to carry to the surplus fund of the Treasury certain trust funds derived from compensating taxes collected pursuant to section 15 (e) of title I of the act of May 12, 1933 (48 Stat. 40), as amended, upon certain articles coming into the United States, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The provisions of the bill are fully explained in the report of the House Committee on Ways and Means, which is appended to, and made a part of, this report.

[H. Rept. No. 366, 77th Cong., 1st sess.]

The Committee on Ways and Means to whom was referred the bill (H. R. 4239) to carry to the surplus fund of the Treasury certain trust funds derived from compensating taxes collected pursuant to section 15 (e) of title I of the act of May 12, 1933 (48 Stat. 40), as amended, upon certain articles coming into the United States, having considered the same, report favorably thereon without amendment, and recommend that the bill do pass.

The purpose of the proposed legislation is to carry to the surplus fund of the Treasury certain amounts collected as compensating taxes pursuant to the Agricultural Adjustment Act. Section 15 (e) of that act, as amended (U. S. C., Supp. V, title 7, sec. 615 (e)), imposed certain compensating taxes on commodities imported from the possessions of the United States and provided that the taxes collected were to be paid into the treasuries of the possessions. Compensating taxes upon such articles were collected pursuant to that statute and as a result

the following amounts are at present held in the Treasury of the United States to the credit of certain trust funds:

12X8768—Philippine trust fund (processing taxes, miscellaneous) ..	\$813, 811. 42
12X8769—Virgin Islands trust fund (processing taxes, miscellaneous) ..	929. 94
12X8770—American Samoa trust fund (processing taxes, miscellaneous) ..	1, 613. 82
12X8771—Island of Guam trust fund (processing taxes, miscellaneous) ..	83. 30
12X8772—Canal Zone trust fund (processing taxes, miscellaneous) ..	21, 218. 38

None of the amounts collected have been paid into the treasuries of the several possessions. After the ruling of the Supreme Court in the case of *United States v. Butler* ((1936) 297 U. S. 1), which held unconstitutional section 9 of title I of the Agricultural Adjustment Act, providing for processing taxes, there arose the question whether section 15 (e) of the act was separable from section 9. If it was separable, then the funds here involved could be paid to the treasuries of the various possessions, but if not separable then there would seem to be no authority for such payments.

The question was submitted to the Comptroller General by the Secretary of Agriculture. The Comptroller reached the conclusion that the payments should be made to the treasuries of the possessions. However, the Treasury Department took the opposite view and requested the advice of the Attorney General. The Attorney General advised the Treasury Department that the question was not free from doubt and suggested that the matter be submitted to the Congress for further legislation.

The Treasury Department has recommended that the above-described amounts be covered into the surplus fund of the Treasury as provided by the proposed legislation.

The compensating taxes here involved were paid by domestic importers and under the Revenue Act of 1936 are subject to claims for refund. Any refunds granted would be paid out of the general fund of the Treasury. Therefore, your committee believe that the amounts of such taxes should not be paid into the treasuries of the possessions, but should be carried to the surplus fund of the Treasury of the United States.

The proposed legislation has been approved by the Bureau of the Budget, and the Department of Agriculture has indicated that it has no objection to this method of disposing of the problem.

