

EXTENSION OF SUGAR ACT OF 1937

DECEMBER 15, 1941.—Ordered to be printed

Mr. JOHNSON of Colorado, from the Committee on Finance, submitted
the following

REPORT

[To accompany H. R. 5988]

The Committee on Finance, to whom was referred the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes, having considered the same report thereon with the recommendation that it do pass with the following amendment:

Strike out all after the enacting clause and insert the following:

That section 513 of the Sugar Act of 1937 as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act) is amended to read as follows:

"SEC. 513. The powers vested in the Secretary under this Act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

SEC. 2. Subsection (a) of section 301 of the Sugar Act of 1937, as amended, is amended by striking out "in the 1937, 1938, and 1939 crops" and inserting in lieu thereof "in the 1940 and subsequent crops".

SEC. 3. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

<i>"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value</i>	<i>Reduction in the base rate of payment per hundred weight of such portion</i>
"350 to 700.....	\$0. 05
700 to 1,000.....	. 10
1,000 to 1,500.....	. 20
1,500 to 3,000.....	. 25
3,000 to 6,000.....	. 275
6,000 to 12,000.....	. 30
12,000 to 30,000.....	. 325
More than 30,000.....	. 50"

SEC. 4. (a) Section 307 of the Sugar Act of 1937 is amended to read as follows:
"SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands."

(b) The amendment made by this section shall be applicable to the 1942 crop and subsequent crops.

SEC. 5. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"SEC. 3508. TERMINATION OF TAXES.

"No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1945."

SEC. 6. Section 503 of the Sugar Act of 1937, as amended (relating to payments to the Commonwealth of the Philippine Islands), is amended by striking out "June 30, 1942" and inserting in lieu thereof "June 30, 1945".

The present law expires December 31, 1941, and the bill, H. R. 5988, which was identical with S. 2041, was passed in the House of Representatives on December 1 by an overwhelming vote. It contained provisions for the increase of the domestic continental quota for sugar cane and sugar beets, for an amendment of the present provision of the law dealing with possible Philippine deficits and for a change of the definition of liquid sugar. Since that time, however, the United States has become involved in war and it was the sense of the committee that it would be advisable at this time not to attempt to pass judgment upon the merits of certain features of the House bill to which opposition had been expressed. It was accordingly decided, with the agreement with those who had sponsored the legislation, to delete certain portions of the bill approved by the House.

Because it is the judgment of the committee that it is essential in the public interest to maintain the utmost possible stability in the sugar industry and to secure the largest possible supply of sugar for both domestic and defense purposes, the committee has approved a substitute bill which extends the act for 3 years and increases the base conditional payment to producers of sugar beets and sugarcane, but under the terms of the bill this full increase goes only to small producers of sugar beets and sugarcane whose total output is less than 350 tons. Except for the extension of the date of termination, the increase in conditional payments and the extension of the benefits of the act to the Virgin Islands, the bill, as reported, proposes no change in the present law.

The bill as reported satisfies objections to certain provisions of the House bill as expressed by various interested groups. Continuance of the law was expressly recommended by the Department of Agriculture and urged by practically all important interests.

Admittedly, the bill does not give full recognition to the needs and ambitions of all groups in the sugar industry. These needs and ambitions were forcefully represented to the committee and with many of them the committee is sympathetic. Nevertheless, since these matters are not of immediate consequence during the period of war in which the Nation is engaged, it was deemed expedient to postpone their consideration to a time when more thorough examination of them is possible.

SECTIONAL ANALYSIS

Section 1 of the committee substitute extends the powers of the Secretary of Agriculture under the act and the conditional benefit payments for a period of 3 years.

Section 2 extends the relief provision in existing law, relating to violations of the child-labor requirements, to the 1940 and subsequent crops. The present law grants the relief only with respect to the 1937, 1938, and 1939 crops.

Section 3 increases the base rate of payment from 60 cents a hundred pounds to 80 cents. Such rate of 80 cents is to be paid on the first 350 tons produced by any one producer and a graduated scale of reductions in payments is provided for production in excess of 350 tons.

Section 4 amends section 307 of the act to include the Virgin Islands in the conditional benefit payments under title III. At the present time sugar produced in the Virgin Islands is subject to the processing tax to the same extent as sugar produced in other domestic areas; but the producers in such islands are not entitled to benefit payments. This amendment will rectify that inequitable situation.

Section 5 continues the processing and import compensating taxes for 3 years.

Section 6 extends the time within which refunds may be made of taxes collected on Philippine sugar for 3 years.

