

EXTENDING FOR 2 YEARS CERTAIN PROVISIONS OF SECTION 100 OF THE SERVICEMEN'S READJUSTMENT ACT OF 1944, AS AMENDED, RELATING TO THE AUTHORITY OF THE ADMINISTRATOR OF VETERANS' AFFAIRS TO ENTER INTO LEASES FOR PERIODS NOT EXCEEDING 5 YEARS

JUNE 9 (legislative day, JUNE 2), 1949.—Ordered to be printed

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

REPORT

[To accompany S. 2010]

The Committee on Finance, to whom was referred the bill (S. 2010) to extend for 2 years the authority of the Administrator of Veterans' Affairs respecting leases and leased property, having considered the same, report favorably thereon without amendment, and recommend that the bill do pass.

EXPLANATION OF THE BILL

The purpose of the bill is to extend to June 30, 1951, the authority of the Administrator of Veterans' Affairs to enter into leases for space for offices of the Veterans' Administration for periods not exceeding 5 years. The present authority expires June 30, 1949. The authority here sought to be extended was first granted by Public Law 424 of the Seventy-ninth Congress, in an effort to assist the Administrator in providing space for the offices of the Veterans' Administration in connection with its decentralization program. This authority was extended for an additional year by Public Law 661 of the Eightieth Congress, dated June 16, 1948.

The authority granted by the Congress has been beneficial in negotiating leases of desirable space which otherwise the Veterans' Administration would have been unable to obtain. It has been particularly helpful in connection with the installation of out-patient clinics, of which there are 197 in operation. The authority enabled the Veterans' Administration to execute 81 leases for periods of more than 1 year, amounting to approximately 40 percent of the total space under lease by the Veterans' Administration.

The present condition of the real-estate market, particularly the lack of an actual yardstick as to the fair market value of properties,

2 EXTEND SECTION 100 OF SERVICEMEN'S READJUSTMENT ACT

current costs incident to alterations and improvements, and the fact that no essential change in either field is foreseen, fully justify extending this authority until June 30, 1951.

The pressing need for the continued existence of this authority is enhanced by the approaching expiration dates of many existing leases, which should be renewed by the Veterans' Administration in the interest of good management. The letter from the Administrator of Veterans' Affairs requesting this legislation is as follows:

HON. ALBEN W. BARKLEY,
President of the Senate,
Washington 25, D. C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft of a bill to extend for 2 years the authority of the Administrator of Veterans' Affairs respecting leases and leased property.

The purpose of the proposal is to extend for 2 years the authority of the Administrator of Veterans' Affairs with respect to leases and leased property as provided by the second paragraph of section 100 of the Servicemen's Readjustment Act of 1944, as amended, the provisions of which paragraph read as follows:

"Until June 30, 1949, the Administrator is authorized to enter into leases or renewals of leases of property for any of the purposes specified in this section for periods not exceeding five years. The provisions of the Act of June 30, 1932 (47 Stat. 412), as amended by section 15 of the Act of March 3, 1933 (47 Stat. 1517; 40 U. S. C. 278a), the provisions of section 3679 of the Revised Statutes, as amended by the Act of March 3, 1905 (33 Stat. 1257), and the Act of February 27, 1906 (34 Stat. 48; 31 U. S. C. 665); and the provisions of section 3732 of the Revised Statutes (41 U. S. C. 11) shall not apply to any lease entered into by the Administrator under the authority of this section. Nothing in this section shall be construed to diminish, or in any way limit any right, power, or authority granted to the Administrator under any other law."

This purpose would be accomplished by substituting "June 30, 1951" for "June 30, 1949" in the first line.

The existing law authorizes the exercise of sound business judgment and practice in the Government's interest by permitting the execution of leases for periods not exceeding 5 years notwithstanding the fact that appropriations are not available for the entire periods when the leases are executed. Leases entered into under the authority of section 100 are not subject to the provisions of law prohibiting the execution of leases if the annual rental, in cases of rentals over \$2,000 per annum, exceeds 15 percent of the fair market value of the premises at date of the lease. Moreover, property leased under the mentioned authority is not subject to other provisions of law prohibiting alterations, repairs, and improvements to be made at Government expense where the cost would exceed 25 percent of the first year's rental.

This authority was originally granted the Administrator of Veterans' Affairs for a limited period (until June 30, 1947) by the act of June 22, 1946 (60 Stat. 299; 38 U. S. C. 693), to assist the Veterans' Administration in carrying out the duties imposed upon it by law, and the need therefor was occasioned to a large extent by the acute shortage of suitable space generally throughout the country. Similar considerations prompted the extension of the authority to June 30, 1948, by the act of June 14, 1947 (61 Stat. 133), and to June 30, 1949, by the act of June 16, 1948 (62 Stat. 472). The authority has been beneficial in negotiating leases of desirable space which otherwise the Veterans' Administration would have been unable to obtain. It has been particularly helpful in connection with the installation of out-patient clinics, of which there are 197 in operation. The authority has enabled the Veterans' Administration to execute 81 leases for periods of more than 1 year, amounting to approximately 40 percent of the total space under lease.

The present condition of the real-estate market, particularly the lack of an actual yardstick as to the fair market value of properties, current costs incident to alterations and improvements, and the fact that no essential change in either field is foreseen, make the proposed legislation essential. It is anticipated that the Administrator of Veterans' Affairs will experience for an indefinite period the same difficulty in obtaining suitable space, which difficulty resulted in the authority made available during the fiscal years 1947, 1948, and 1949. The present need for the authority is enhanced by the approaching expiration dates of many

existing leases, which should be renewed in the interest of good management. The Congress may be assured that the authorization would be used only in those instances where demanded by the best interests of the Government and the beneficiaries of laws administered by the Veterans' Administration.

In the light of savings resulting from operations under the authority of the act of June 22, 1946, as extended, it is probable that without such authority there would result an increase in the expenditure of public funds.

The extension of the authority as here requested will afford the Veterans' Administration continued assistance in rendering service to veterans and their dependents. As the current authority will expire on June 30, 1949, it is respectfully requested that the proposed legislation be introduced and given early consideration for enactment.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of the proposed legislation to the Congress.

Sincerely yours,

CARL R. GRAY, Jr., *Administrator.*

The committee is in accord with the purposes of the bill and recommends its enactment.

