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Mr. MANSFIELD. Mr. President, I ask unanimous consent that the committee amendment be considered as original Senate amendments to the House bill, so ordered.

The Acting President pro tempore. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent to have printed in the Record an explanatory statement explaining the bill (H.R. 8050).

There being no objection, the statement was ordered to be printed in the Record, as follows:

H.R. 8050, as it passed the House, would have provided an income tax exemption for certain nurses' professional registries. To be exempt from tax under the House provisions was the formation of investment companies, or associations, to which the organization must not charge any person other than the nurses who are registrants for the use of the registry.

Your committee was opposed to this provision because of information presented to it to the effect that the nurses' registries are performing essentially as profit-making employment agencies. In view of this fact, although undesirable to provide a tax exemption for these registries at this time, therefore this feature of the House bill has been deleted by your committee.

Your committee has, however, added four provisions to this bill.

The first of these provisions deals with the tax treatment of small business investment companies. These companies were provided for in legislation enacted in 1958 and were intended to make equity capital and long-term credit available to small business concerns.

In 1958, Congress also provided special tax treatment to encourage the formation and use of these small business investment companies. Under the old law, that loss was either entirely or, in part, by one of these investment companies or distributed as dividend or capital gain to the shareholders of such small business concerns would be treated as ordinary losses rather than as capital losses. Similarly, all the taxpayers investing in the stock of these small business investment companies, in certain cases, an ordinary loss deduction was allowed at the time of the investment company's stock, or upon its becoming a dividend. A third, a 100 percent, rather than the usual 85 percent, intercompany divided deduction was allowed these investment companies for dividends received from small business concerns. Later, in 1959 Congress also provided a special exemption from the personal holding company tax for small business investment companies. All of these provisions were designed to encourage the formation of investment companies to make equity capital and long-term credit available to small business concerns.

Your committee amendments in two instances affect these tax advantages previously provided for small business investment companies.

The first change relates to a provision which had been inserted in the committee version for small business investment companies from the personal holding company tax. Provisions from the personal holding company tax is provided for small business investment companies whose stockholders have less than 5 percent of the stock in a small business concern. This exemption has presented two problems. Where stockholders have a 5 percent or greater interest in the business concern, even though their holdings were in the small business investment company were men, the investment company is automatically classified, for this purpose, as a personal holding company. The Internal Revenue Service attributes to each stockholder of a small business investment company, the company's share of the stock it holds in a small business concern. Thus, where the investment company is owned by a relatively small or by any acquisition of small business stock by the investment company automatically leads to classification of the investment company as a personal holding company since the stock being acquired is one who has 10 percent or more of the outstanding stock of the company. Thus, all shareholders in the investment company, no matter what their holdings may be in the small business concern involved, cannot result in classification of the investment company as a personal holding company.

The second modification made in the tax treatment of small business investment companies permits pay out reserves for federal tax purposes, which have been taken. The more exact measure of the tax benefit derived from the initial deduction is the present value of these distributions, whereas, the more exact measure does take into account such factors as the present value of the distribution losses, where the benefit from the tax deduction was received by one corporation having stock in another corporation whose property was expropriated. In such a case, the tax on the recovery is attributed to the parent corporation if it received the initial benefit from the loss.

In addition, provision is made for taxing recoveries of foreign expropriation losses, where the benefit from the tax deduction was received by one corporation having stock in another corporation whose property was expropriated. In such a case, the tax on the recovery is attributed to the parent corporation if it received the initial benefit from the loss.

In addition, provision is made for taxing recoveries of foreign expropriation losses, where the benefit from the tax deduction was received by one corporation having stock in another corporation whose property was expropriated. In such a case, the tax on the recovery is attributed to the parent corporation if it received the initial benefit from the loss.

Another amendment made by your committee relates to the deduction of soil and water conservation expenditures. Present law, where these expenditures are made by an assessment district the assessments are levied upon the district if the district spends the funds for purposes which would have made the expenditures deductible. Similarly, all the shareholders of the investment company would be taxed on the full amount of the deduction, even though the investment company had contributed to the recovery. Also, provision is made for taxing recoveries of foreign expropriation losses, where the benefit from the tax deduction was received by one corporation having stock in another corporation whose property was expropriated. In such a case, the tax on the recovery is attributed to the parent corporation if it received the initial benefit from the loss.

In addition, provision is made for taxing recoveries of foreign expropriation losses, where the benefit from the tax deduction was received by one corporation having stock in another corporation whose property was expropriated. In such a case, the tax on the recovery is attributed to the parent corporation if it received the initial benefit from the loss.
The title was amended so as to read: "An act to amend the Internal Revenue Code of 1954, with respect to the income tax treatment of small business investment companies, with respect to the income tax treatment of recoveries of foreign expropriation losses, and for other purposes."

Mr. LONG of Louisiana. Mr. President, I move that the bill be considered today.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I move that the bill be the Senate insist upon its amendments and request a conference with the House, and that the Chair appoint the conference on the part of the Senate.

The motion was agreed to; and the President offered Mr. Byrd of Virginia, Mr. Long of Louisiana, Mr. Smitherman of Mississippi, and Mr. Cannon, of the Senate, to attend the conference on the part of the Senate.

Mr. MANSFIELD. Mr. President, I am happy once again to call up the Senate Calendar No. 1528, H.R. 1927, a bill of vital importance to our veterans of the First and Second World Wars, the Korean conflict, and their widows and children, and for other purposes.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

Mr. MANSFIELD. Mr. President, I move that the vote by which the motion to reconvene the legislative clerk proceeded to call the roll be the Senate insist upon its amendments and request a conference with the House, and that the Chair appoint the conference on the part of the House.

The motion was agreed to; and the President offered Mr. Cannon of Ohio, Mr. Long of Louisiana, Mr. Smitherman of Mississippi, and Mr. Cannon, of the House, to attend the conference on the part of the House.

Mr. MANSFIELD. Mr. President, it is with pleasure that I again call up the Senate.
Mr. JAVITS. Will this bill go to conference?

Mr. LONG of Louisiana. Yes.

Mr. JAVITS. So the House would then have an opportunity to try to reconcile their views with our views on this question?

Mr. LONG of Louisiana. The Senator is exactly correct. In other words, if this amendment is agreed to, it is entirely possible that the conferences could accept those provisions in the House bill which are most favorable to the veteran, and the provision in the Senate bill which are most favorable to the veteran. But if the amendment is not agreed to, there would be a great number of veterans who would not be benefited at all, because that matter would not be in conference between the two Houses.

Mr. JAVITS. The Senator from Louisiana says that all we are doing is continuing existing law as to eligibility and improving pension rates. The House changed eligibility by liberalizing and making some improvement in pension rates, but has not given as much as can. Mr. LONG of Louisiana. The Senator is exactly correct. He has stated the situation better than I have. I thank him for helping to put the matter in better perspective.

Mr. JAVITS. My colleague from New York [Mr. Keating] has worked very hard on this bill. I have, too, in the sense that New York has many veterans who are deeply interested in this subject. Because of the circumstances that the majority leader, the junior Senator from New York actually made a speech based on the fact that the bill had been passed. To our dismay, we found that it was not passed. So, first, I thank the Senator from Louisiana for enabling us to have the bill passed, as we anticipated shall, and, second, I appreciate the quality of his concept. However, I will say it does make sense to me. If I think it is an additional safeguard for the veteran who is interested and for the many veterans' organizations that the bill will go to conference, and that an opportunity is provided to take another look at the proposal within that context before it is finally adopted. In any case, if the veteran's organization will be pleased that the bill has passed the Senate and will go to conference and will, in some form, become law at this session.

Mr. LONG of Louisiana. I thank the Senator from New York. I shall not read any of the table, but I am unanimous consent that it be printed in the Record at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. LONG of Louisiana. It carries out the same general philosophy that there would be some additional increase for all those who would be affected and would provide benefits to three times as many people as the House bill would benefit, so far as the rate schedule is concerned.

The only case in which there would not be a rate increase would be that of a widow without a child. The House bill provides an increase of $5, and this amendment provides for an increase of $2. But in every other category there would be a greater increase. In most cases there would be an increase by this amendment whereas no increase at all is provided by the House passed bill.

In addition, in the case of a child, where there is no widow to care for the child, the House bill overlooked that situation and provided no increase. Such a child would at present receive a $35 pension. The amendment at the desk would increase this $3.

The third amendment would increase the amount provided by the existing law from $15,000 to $1,300,000, and make it a maximum so that the spouse could earn. This differs from the House proposal, which would make it possible to ignore $1,200 of the spouse's total income, or all earned income of a wife, whichever is greater. For example, a wife might possibly be earning between $10,000 and $15,000 a year, but still it would be totally ignored in determining whether she was eligible, and his wife would be. It is the position of the administration that this situation
The question is on agreeing to the amendments en bloc. The amendments were agreed to en bloc.

The motion to lay on the table was agreed to; and the Senate proceeded to consider the bill.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, was unanimous consent obtained to have the Senate convene at 12 o'clock noon tomorrow?

The motion was agreed to; and the Senate proceeded to consider the bill.

ADJOURNMENT

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate at this time, I move, pursuant to the order previously entered, that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 1 minute p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Tuesday, September 29, 1964, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate September 28:

Mr. CARLSON, and Mr. BENNETT concur on the part of the Senate.

ROLLO OSEKEY

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1131, S. 724.

The PRESIDING OFFICER. The bill will be stated by title.

The CHIEF CLERK. A bill (S. 724) for the relief of Rollo Oskey.

Mr. MANSFIELD. Mr. President, this bill is laid before the Senate as pending business. It will not remain the pending business tomorrow.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate went to executive session.

Mr. MANSFIELD. Mr. President, was unanimous consent obtained to have the Senate convene at 12 o'clock noon tomorrow?

The motion was agreed to; and the Senate proceeded to consider the bill.