The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning without my approval H. R. 1835, for the relief of the Board of Commissioners of Sedgwick County, Kansas.

This bill would have the United States accept as a binding obligation and agree to pay to Sedgwick County, Kansas, $259,925, as the unpaid balance of taxes for the tax year 1947 against certain real property formerly owned by the Reconstruction Finance Corporation. This payment is contingent upon enactment by the Kansas Legislature of a law authorizing and directing acceptance of this amount as payment in full and as a release and forgiveness of all interest, penalties, liens, and charges connected with the same.

The property in question was acquired in 1942 by the Defense Plants Corporation, a wholly owned subsidiary of the Reconstruction Finance Corporation. Effective July 1, 1943, the Defense Finance Corporation was liquidated, and the Reconstruction Finance Corporation took the position that the constitutional immunity had revived upon the date of the transfer, April 16, 1944. The transfer from the Reconstruction Finance Corporation to the War Assets Administration took place in April 1947, no tax could become due for 1947 because the constitutional immunity had revived upon the date of the transfer, April 16. The transfer from the Reconstruction Finance Corporation to the Department of the Air Force in February 1948 has continued the tax immunity. However, as an interim measure, the Congress enacted legislation (Public Law 88-84, 84th Cong., approved August 12, 1955) which is designed specifically to furnish temporary relief for the calendar years 1955 through 1958 for taxing years 1954 and 1955. The record in the case shows that this legislation, and the tax immunity, and by general legislation it was the opinion of the Department of the Air Force, which has retained jurisdiction ever since.

The Federal Government is constitutionally immune from taxation by States upon property held by the United States in its capacity as a sovereign. The Congress may waive that immunity, and by general legislation it did so on real property of the Reconstruction Finance Corporation. With respect to the property involved here, however, the Reconstruction Finance Corporation took the position that the laws of Kansas themselves exempted the property from taxation. To settle this also the Supreme Court of Kansas, in United States Department of Treasury v. Board of Commissioners of Sedgwick County, Kansas, May 22, 1956.

The transfer of the property from the Reconstruction Finance Corporation, acting on behalf of the Reconstruction Finance Corporation, dealt the property to the United States, and custody and accountability was thereafter vested in the Department of the Air Force, which has retained jurisdiction ever since.

The Federal Government is constitutionally immune from taxation by States upon property held by the United States in its capacity as a sovereign. The Congress may waive that immunity, and by general legislation it did so on real property of the Reconstruction Finance Corporation. With respect to the property involved here, however, the Reconstruction Finance Corporation took the position that the laws of Kansas themselves exempted the property from taxation. To settle this also the Supreme Court of Kansas, in United States Department of Treasury v. Board of Commissioners of Sedgwick County, Kansas, determined that there was liability for taxes for the years 1944, 1945, and 1946, but not for the year 1947. The court considered separately the question of taxes for the year 1947. It concluded, in reliance upon decisions of the Kansas Supreme Court, that there was no 1947 tax due prior to the effective date of levy, which under the law then applicable was November 1. Since the transfer from the Reconstruction Finance Corporation to the War Assets Administration took place in April 1947, no tax could become due for 1947 because the constitutional immunity had revived upon the date of the transfer, April 16. However, as an interim measure, the Congress enacted legislation (Public Law 88-84, 84th Cong., approved August 12, 1955) which is designed specifically to furnish temporary relief for the calendar years 1955 through 1958 for taxing years 1954 and 1955. The record in the case shows that this legislation, and the tax immunity, and by general legislation it was the opinion of the Department of the Air Force, which has retained jurisdiction ever since.

The motion was agreed to.