

"SEC. 104. Extension of time for making refund of overpayments of income tax resulting from erroneous inclusion of certain compensation for injuries or sickness.

"In the case of any overpayment of income tax resulting from the inclusion of an item of gross income of any amount which was excludable from gross income under section 22 (b) (5) of the Internal Revenue Code of 1939 (relating to compensation for injuries or sickness) as an amount received, through accident or health insurance, as compensation for personal injuries or sickness, if claim for credit or refund of such overpayment was filed after December 31, 1951, and within the time prescribed by law, the period prescribed by section 3772 (a) (2) of such code (relating to time for commencing suits for refunds) shall not expire prior to 1 year after the date of the enactment of this act."

After line 16, to insert:

"SEC. 105. Amounts received by certain motor carriers in settlement of claims against the United States.

"Notwithstanding the provisions of section 42 of the Internal Revenue Code of 1939, an amount received in settlement of any claim against the United States arising out of the taking by the United States (pursuant to Executive Order No. 9462, dated August 11, 1944 (3 C. F. R., 1943-48, p. 322)) of possession or control of any motor carrier transportation system owned or operated by the taxpayer shall, at the election of the taxpayer, under regulations prescribed by the Secretary of the Treasury or his delegate, be deemed to be income which was received or accrued in the taxable years during which such motor carrier transportation system was in the possession or control of the United States. The election referred to in the preceding sentence shall be made, under regulations prescribed by the Secretary of the Treasury or his delegate, within 1 year after the date of the enactment of this act, and, if made, shall be irrevocable. The period for assessment of any deficiency attributable to the inclusion of income in any taxable year of the taxpayer by reason of the application of this section shall not expire prior to 1 year after the date on which the taxpayer makes the election referred to in the first sentence, notwithstanding the provisions of section 275 of the Internal Revenue Code of 1939 or any other provision of law or rule of law which would otherwise prevent such assessment."

And, on page 227, after line 19, to insert:

"Sec. 106. Reasonable cause for failure to file return.

"The second sentence of section 106 of the Internal Revenue Code of 1939 (relating to reasonable cause for failure to file a return in cases involving certain claims against the United States) shall apply with respect to taxable years ending after December 31, 1942, in any case in which an amount is received in any taxable year ending after such date by a taxpayer in settlement of a claim arising under the same contract as a claim the settlement of which resulted in the receipt in a subsequent taxable year of an amount to which section 106 (b) of such code applies. If refund or credit of any overpayment resulting from the application of the preceding sentence is prevented on the date of enactment of this act, or at any time within 1 year after such date, by the operation of any law or rule of law (other than section 3760 of the Internal Revenue Code of 1939 or section 7121 of the Internal Revenue Code of 1954, relating to closing agreements, and other than section 3761 of the Internal Revenue Code of 1939 or section 7122 of the Internal Revenue Code of 1954, relating to compromises), refund or credit of such overpayment may, nevertheless, be

made or allowed if claim therefor is filed within 1 year after the date of enactment of this act."

**EXTENSION OF PROGRAMS ESTABLISHED UNDER DOMESTIC TUNGSTEN, ASBESTOS, FLUORSPAR, AND COLUMBIUM-TANTALUM PRODUCTION AND PURCHASE ACT OF 1956—VETO MESSAGE (S. DOC. NO. 116)**

The PRESIDING OFFICER (Mr. TALMADGE in the chair) laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on Interior and Insular Affairs, and ordered to be printed:

*To the Senate:*

I am returning without my approval S. 3186, "To extend for 1 year certain programs established under the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956."

The bill would extend to December 31, 1959, the asbestos and acid-grade fluorspar purchase programs provided for by subsections (b) and (c) of section 2 of the 1956 act (Public Law 733, 84th Cong.).

The purchase programs authorized by Public Law 733 were supported by the administration for two reasons. First, they offered the affected industries an opportunity to maintain domestic production in the period of market uncertainty resulting from termination of defense expansion programs affecting the commodities involved, and second, it was the hope that the purchase programs would permit the domestic industries to reorient their operations to normal commercial markets.

The Public Law 733 programs has satisfactorily maintained a high level of activity on the part of the domestic acid-grade fluorspar producing industry. It has not, however, achieved its objective of reorienting the industry to normal commercial markets. Because of the importance of producer-consumer relationships to the acid-grade fluorspar industry, a means whereby the close contact between producers and users could be re-established was included in the stabilization plan which is a portion of the long-range minerals program submitted to the Congress by the Secretary of the Interior. The stabilization price being considered for acid-grade fluorspar by the Congress approximates that contained in Public Law 733.

A further extension of stockpiling of acid-grade fluorspar beyond the original term of Public Law 733 would further separate domestic producers from their normal markets and thus defeat the stabilization objective. The stabilization program for acid-grade fluorspar, if enacted in this session of the Congress, will go into effect on October 1, 1958, subject to the availability of funds, just prior to the termination date of the Public Law 733 program. The maintenance of two programs for this commodity with contradictory objectives would be ill advised.

As regards asbestos, the enrolled bill would simply extend the time limitation of the program without increasing the quantitative limitation. On the basis of the present rates of delivery of this material under the Public Law 733 program, the quantitative limitation will be achieved prior to the termination of the existing legislation. Sufficient funds are now available to accomplish all authorized purchases. For this reason, no purpose would be served by a simple time extension of the asbestos program.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, August 12, 1958.

**PAYMENTS TO RAYLAINE WORSTEDS, INC.**

Mr. CARLSON obtained the floor.  
Mr. HICKENLOOPER. Mr. President—

Mr. CARLSON. Mr. President, I yield one-half minute to the Senator from Iowa [Mr. HICKENLOOPER].

Mr. HICKENLOOPER. Mr. President, during recent weeks, when the case of Raylaine Worsteds, Inc., was under investigation by the House Armed Services Committee, a number of press articles implied that Joseph Campbell, the Comptroller General of the United States, had been directly instrumental in authorizing a payment of \$41,000 to Raylaine, and that the White House may have contacted the General Accounting Office on the matter. The published hearings before the Armed Services Committee show clearly that the action taken in 1957 by the Comptroller General only placed the contractor in a position to have its appeal heard before the proper authorities—which it was entitled to have, under the terms of the contract, and by law. The Comptroller General did not direct, recommend, or even suggest that any part of the claim be allowed. The decision to allow the claimant \$41,000 was not participated in by the General Accounting Office in any respect. The Comptroller General, in appearing before the House Committee, made it clear that there was no communication, telephonic or otherwise, concerning the case from any person, office, or officer, other than the attorney for the claimant, during the time the case was under consideration by the General Accounting Office.

I ask unanimous consent to have printed in the body of the Record, as a part of my remarks, the Comptroller General's statement on the Raylaine case, which he gave before the Subcommittee for Special Investigations, of the House Armed Services Committee, on July 29, 1958.

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

STATEMENT OF JOSEPH CAMPBELL, COMPTROLLER GENERAL OF THE UNITED STATES, BEFORE THE SUBCOMMITTEE FOR SPECIAL INVESTIGATIONS OF THE HOUSE COMMITTEE ON ARMED SERVICES ON THE CASE OF RAYLAINE WORSTEDS, INC.

Mr. Chairman and members of the subcommittee, we appreciate this opportunity to appear before you to explain our part in the