

**EXEMPTIONS RELATING TO UTILIZATION AND
DISPOSAL OF SURPLUS PROPERTY**

HEARING
BEFORE A
SUBCOMMITTEE ON REORGANIZATION
OF THE
COMMITTEE ON
GOVERNMENT OPERATIONS
UNITED STATES SENATE
EIGHTY-FOURTH CONGRESS
FIRST SESSION
ON
S. 2367

A BILL RELATING TO THE AUTHORITY OF THE GENERAL
SERVICES WITH RESPECT TO THE UTILIZATION
AND DISPOSAL OF EXCESS AND SURPLUS
GOVERNMENT PROPERTY UNDER
THE CONTROL OF EXECUTIVE
AGENCIES

JULY 13, 1955

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EXEMPTIONS RELATING TO UTILIZATION AND DISPOSAL OF SURPLUS PROPERTY

WEDNESDAY, JULY 13, 1955

UNITED STATES SENATE,
SUBCOMMITTEE ON REORGANIZATION,
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met, pursuant to call, at 11 a. m. in room 155, Senate Office Building, Washington, D. C., Senator John F. Kennedy, subcommittee chairman, presiding.

Present: Senator John F. Kennedy, Democrat, Massachusetts; Senator Thomas E. Martin, Republican, Iowa.

Present also: Ann M. Grickis, assistant chief clerk; Miles Scull, Jr., professional staff member, Glenn K. Shriver, professional staff member.

Senator KENNEDY. The hearing will come to order.

Today the Reorganization Subcommittee of the Senate Committee on Government Operations is convened to hear testimony on certain aspects of the report on the use and disposal of Federal surplus property submitted to the Congress by the Commission on Organization of the Executive Branch of the Government, the Hoover Commission.

The diligent and comprehensive efforts of the Hoover Commission, chaired by former President Herbert Hoover, have resulted in approximately 360 positive recommendations contained in nearly 20 separate reports. Of these reports those dealing with paperwork management, transportation, legal services, surplus property, business enterprises, depot utilization, real property and budget and accounting have been referred to the Senate Committee on Government Operations, and to this subcommittee.

It is our intention to hold hearings on the legislative recommendations and to recommend enactment of those bills which in our judgment will result in greater governmental efficiency and economies in the Government operation. I am hopeful that it will be possible to report out a bill this session based upon the recommendations of the Commission on utilization and disposal of surplus property, and that in the early months of the next session it will be possible to continue our hearings on the other legislative proposals of the Hoover Commission reports which have been referred to this subcommittee.

In particular, the subcommittee is interested in S. 2367 introduced in the Senate on June 28, 1955, which is intended to implement recommendations Nos. 4 and 20 of the Hoover Commission report on surplus property.

The problems involved in utilizing Government-owned property in the most efficient manner and in disposing of surplus property to

the best interests of the Government are complicated and have occupied the time and talents of many congressional committees and a large number of people in the executive branch of the Government.

Because of the billions of dollars invested by the taxpayers in the property owned by the Federal Government it is important that we continue to explore these matters to the end that the taxpayers can be assured that the property purchased by their money is being wisely used and disposed of when it is necessary in such a manner most beneficial to the Government and to the people.

(S. 2367, together with the staff memorandum No. 84-1-1, Subcommittee on Reorganization, dated July 5, 1955, is as follows:)

[S. 2367, 84th Cong., 1st sess.]

A BILL Relating to the authority of the Administrator of General Services with respect to the utilization and disposal of excess and surplus Government property under the control of executive agencies:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 602 (d) of the Federal Property and Administrative Services Act of 1949, as amended, or of any other provision of law, on and after sixty days after the date of enactment of this Act, the Administrator of General Services shall have exclusive authority with respect to the utilization and disposal of excess and surplus Government property, real and personal, as defined in the Federal Property and Administrative Services Act of 1949, as amended, which is under the control of any executive agency: *Provided, however,* That the President may make such specific exemptions by Executive order from the exercise of such authority by the Administrator of General Services as he deems to be necessary in the public interest: *And provided further,* That this section shall not be applicable to property under the control of executive agencies outside of the continental limits of the United States, Hawaii, Alaska, Puerto Rico, and the Virgin Islands.

SEC. 2. All laws and parts of laws which are inconsistent with the provisions of this Act are hereby repealed.

SENATE GOVERNMENT OPERATIONS COMMITTEE,
SUBCOMMITTEE ON REORGANIZATION,
July 5, 1955.

STAFF MEMORANDUM No. 84-1-1

To: Members of Subcommittee on Reorganization.

From: Miles Scull, Jr., professional staff member.

Subject: Hearings on S. 2367, Mr. Smathers (for Mr. Kennedy); relating to the authority of the Administrator of General Services with respect to utilization and disposal of excess and surplus Government property under the control of executive agencies.

Hearings on this bill have been set for 10 a. m., Wednesday, July 13, 1955.

ANALYSIS OF BILL

S. 2367 implements recommendations of the Hoover Commission Report on Surplus Property, and the Hoover Commission Task Force Report on Surplus Property, as hereafter indicated.

If enacted into law the bill would remove statutory exemptions of certain executive departments and agencies from the General Services Administration's authority governing the utilization and disposal of surplus property, both real and personal. Specifically, the bill would make the exemptions in section 602 (d) of Public Law 152, the Federal Property and Administrative Services Act of 1949 as amended, inapplicable to section 202 (property utilization); section 203 (disposal of surplus property); and section 204 (procedures for transfer or disposition of property) of the Act.

The bill does this by giving the Administrator of General Services exclusive authority with respect to utilization and disposal of excess and surplus Government property, real and personal, (as defined by Public Law 152) * * * which is under control of any executive agency."

However, the bill gives the President authority to "make such specific exemptions from the exercise of such authority by the Administrator of General Services as he deems to be necessary in the public interest." Also, the bill is limited to the continental United States and its possessions.

In effect, therefore, the bill lifts the statutory exemptions, but empowers the President to either continue exemptions in force, (or impose new exemptions) in the interests of national security, or otherwise as he deems best.

HOOVER COMMISSION RECOMMENDATIONS

The Hoover Commission, in its Report on Surplus Property, made the following specific recommendations concerning statutory exemptions from General Services Administration authority:

Recommendation No. 4, Report on Surplus Property (p. 21)

"That the Federal Property and Administrative Services Act of 1949, as amended, be revised:

"(a) to eliminate all statutory exemptions for the executive branch of the Government from General Services Administration authority for utilization and disposal of all excess and surplus *personal* property. [Italics added.]

"(b) to authorize the President to prescribe by Executive order specific exemptions from General Services Administration authority where fully justified in the public interest."

Recommendation No. 20, Report on Surplus Property (p. 81)

"That the Federal Property and Administrative Services Act of 1949, as amended, be revised:

"(a) to eliminate all statutory exemption for the executive branch of the Government from General Services Administration authority for utilization and disposal of all excess and surplus *real* property [italics added];

"(b) to authorize the President to prescribe by Executive order specific exemptions from General Services Administration authority where fully justified in the public interest."

(The Hoover Commission's justification for the above recommendations is attached to this memorandum as appendix A.)

In addition to its Report on Surplus Property, the Hoover Commission, in its Report on Real Property Management, made the following recommendation which would remove statutory exemptions in Public Law 152 relating to all phases of real property management, as well as disposal of surplus property.

Recommendation No. 4, Report on Real Property Management (p. 15)

"That the Federal Property and Administrative Services Act of 1949, as amended, be revised--

"(a) to eliminate all statutory exemptions for the executive branch of the Government from the authority of the General Services Administration relating to *real property management* [italics added]; and

"(b) to authorize the President to prescribe by Executive order specific exemptions from the authority of the General Services Administration relating to real property management where such exemptions are fully justified in the public interest."

(The textual justification of the Hoover Commission for this recommendation is attached in appendix A.)

HOOVER COMMISSION TASK FORCE RECOMMENDATIONS

The Hoover Commission Task Force Report on Surplus Property contains the following recommendations concerning statutory exemptions of executive departments and agencies under Public Law 152:

Recommendation No. 3, Task Force Report, Chapter 2: Excess Personal Property (p. 52)

"3. That section 602 (d) of the Federal Property and Administrative Services Act of 1949, as amended, be revised to require those agencies therein exempted from the provisions of the act to report all excess personal property

in their inventory to the Material Redistribution Division for screening, except for those categories of property which are classified for security reasons or which under present regulations are classified as nonreportable."

It may be noted that this recommendation (repeated on p. 88) applies solely to the reporting of "excess personal property" to the Material Redistribution Division of the Department of Defense.¹ The following recommendations apply to disposal of surplus property, personal and real.

Recommendations Nos. 1, 2, and 3, Task Force Report, Chapter 4: Disposal of Surplus Property (p. 164)

"It is recommended:

"1. That present delegations of authority for property disposal by the Administrator of General Services to Federal departments and agencies to be continued. (See p. 119.)

"2. That agencies now exempt under provisions of Public Law 152 be made subject of General Services Administration regulation over their disposal operations, excepting for properties which are classified for security reasons. (See p. 116.)

"3. That the Administrator of General Services, under the authorities and responsibilities prescribed for him by Public Law 152, issue adequate regulations to govern disposal methods and establish uniform disposal procedures. (See p. 118.)

Recommendation No. 1, task-force report, chapter 5; real property (p. 201)

"It is recommended:

"1. Exemption from the provisions of Public Law 152 should be rescinded as follows:

"(a) Tennessee Valley Authority, Housing and Home Finance Agency, and the Government Printing Office, with respect to the disposal of real property; and

"(b) Maritime Commission with respect to the disposal of shipyards, ship sites, terminals, piers, docks, and warehouses."

AGENCIES, DEPARTMENTS, OR OFFICIALS PRESENTLY EXEMPTED

The following agencies, departments, or officials are presently exempted by section 602 (d) of Public Law 152 from authority of the General Services Administration, partial or complete, over the disposal of excess or surplus property:

602 (d) (1). The President, under the Philippine Property Act of 1946.²

602 (d) (2). Any executive agency with respect to price support, grants to farmers, stabilization, foreign aid, relief, etc.

602 (d) (4). The National Military Establishment with respect to * * * occupied territories.³

602 (d) (5). The Secretary of Defense with respect to the National Industrial Reserve Act of 1948.

602 (a) (7). The Secretary of State under the Foreign Service Buildings Act of May 7, 1926.³

602 (d) (8). The Secretaries of the Army, Navy, and Air Force with respect to the act entitled "An Act to Expedite the Strengthening of the National Defense," approved July 2, 1940 (54 Stat. 712).

602 (d) (9). The Secretary or the Department of Agriculture under (a) the National School Lunch Act, (b) the Farmers Home Administration Act of 1946, Public Law 298, 80th Congress (disposal of labor supply centers, etc.), and various other acts.

602 (d) (10). The Secretary of Agriculture, Farm Credit Administration, etc., under the Farm Credit Act of 1937.

602 (d) (11). The Housing and Home Finance Agency or any constituent agency therein, with respect to certain property under the National Housing Act.

602 (d) (12). The Tennessee Valley Authority with respect to any property acquired in connection with any program of processing, manufacture, production, or force account construction.

¹ "Excess" property is property which is not needed by one agency, but may be utilized by another agency. "Surplus" property is property which has been declared excess by one agency, is not needed or cannot be utilized by another agency (i. e., the Government has no need for it), and, therefore, may be disposed of by donation (to States, etc.), by public sale, or scrapping.

² Not affected by S. 2367, the provisions of which are limited to the United States and possessions.

- 602 (d) (13). The Atomic Energy Commission.
 602 (d) (14). Administrator of Civil Aeronautics or the Chief of the Weather Bureau, with respect to airport or airway property.
 602 (d) (16). The United States Maritime Commission.
 602 (d) (17). The Central Intelligence Agency.
 602 (d) (18). Joint Committee on Printing.

An analysis of section 602 (d) of Public Law 152, with more detailed description of the exemptions listed above will be provided members of the subcommittee in advance of the hearings.

GENERAL

Agencies were granted exemptions by the Congress from the provisions of Public Law 152, governing disposal of surplus property for a variety of reasons, among them—

(a) The agencies convinced Congress they could better dispose of their own surplus property;

(b) The Congress believed that the national security would be better served if certain agencies retained authority to dispose of certain types of property;

(c) Certain types of property (for example, contaminated materials) could best be disposed of by the owning agencies;

The Hoover Commission, as noted in the accompanying appendix, maintains that most of these statutory exemptions should be eliminated—

(a) Because the justification for exemptions made by agencies in 1949 in many instances no longer exists; and

(b) Central disposal of surplus property by General Services Administration would produce economies.

The General Services administration will favor lifting most statutory exemptions. Most of the agencies affected will not, although there is indication the administration will support S. 2367 so long as the President is given authority to exempt agencies by Executive order.

Staff investigation indicates that exemptions of certain agencies, such as Atomic Energy Commission, Central Intelligence Agency, and Maritime Commission sale of ships, partially or completely, probably should be continued, either on a statutory or executive basis. On the other hand, GSA will present testimony indicating that exemptions of many other agencies, departments, and officers should be eliminated or curtailed.

SAVINGS

It is difficult to estimate the savings that would accrue from giving GSA authority for disposal of surplus property owned by the presently exempted agencies. GSA will make a forceful argument that substantial savings would be realized based upon net recovery to the Government on its own disposals and that recovered by certain exempted agencies. The Hoover Commission task force director has been requested to present an estimate of savings to the subcommittee at the hearing.

It should be noted that S. 2367, the Hoover Commission recommendations, and the section citations from Public Law 152, apply only to statutory exemptions governing disposal of excess or surplus property. Public Law 152 also exempts agencies from General Services Administration authority over other functions.

PROBLEMS TO BE CONSIDERED IN THE ENACTMENT OF S. 2367

1. The bill does not eliminate any exemptions. It does away with statutory exemptions, but empowers the President to continue existing exemptions, modify those in existence, or impose new ones, by Executive order.

2. The removal of exemptions from GSA authority does not necessarily mean that GSA would conduct all agency surplus property disposal programs. GSA now has authority to delegate the operation of surplus property disposal programs to agencies. Points that might be raised in connection with utilization of this authority are:

(a) To what extent has the GSA delegated this authority in the past? For disposal of real property? Of personal property?

(b) Should the President (if given the authority) eliminate certain exemptions; to what extent does the GSA intend to operate the disposal programs; to what extent to delegate authority?

(c) What has been the past experience on disposal costs? Is GSA's record better than individual agencies?

(For the fiscal quarter ending March 31, 1955, GSA showed a net return of 12 percent of the initial cost of disposal items, TVA 29 percent, AEC 20 plus percent, and the Armed Services 7 percent. Source: Bureau of the Budget.)

Should GSA take over operation of large scale disposal programs, obviously that agency would require more money and more people.

(d) How many additional employees would be required if GSA assumed operational responsibility for military disposal programs—400, 500, 600? How much more money, etc.? Who would be accountable?

(It is the staff's understanding that GSA has or intends to propose a program which would give that agency operational authority for disposal of military surpluses.)

3. The President, if given the authority in S. 2367, would not at once remove exemptions granted to certain agencies, such as the Central Intelligence Agency, the Atomic Energy Commission, the Department of Agriculture (for price support programs, etc.), the Federal Housing Administration, and others.

Such across-the-board application of GSA's regulations would create serious problems with respect to certain specific programs, such as the Department of Agriculture's price or commodity-support programs, and the Federal Housing Administration's real property-disposal programs, which would probably outweigh economies which might be gained.

4. *Economies.*—As noted previously, the overall cost of the Government's present disposal programs—and economies that might accrue by greater centralization of disposal authority in GSA—are difficult to ascertain, but witnesses have been asked to project such figures, either for specific agencies, or the overall program.

MILES SCULL, JR.

APPENDIX A

RECOMMENDATIONS OF THE HOOVER COMMISSION UPON STATUTORY EXEMPTIONS FROM GENERAL SERVICES ADMINISTRATION AUTHORITY RELATIVE TO DISPOSAL OF SURPLUS PROPERTY

Report on Surplus Property

Recommendation No. 4, Hoover Commission report on surplus property (pp. 20-21)

"STATUTORY BASIS FOR UTILIZATION

"The statutory basis for efficient utilization of excess property is the Federal Property and Administrative Services Act of 1949, as amended (Public Law 152, 81st Cong.). By this act the Administrator of General Services is responsible for prescribing policies and methods to promote maximum utilization of excess property by executive agencies. Availability of such property is made known by a screening process.

"Various civilian agencies are entirely or partially exempted by law from reporting their excess property for screening or from other phases of property management. These include the Department of Agriculture, The Housing and Home Finance Agency, the Tennessee Valley Authority, the Atomic Energy Commission, the Central Intelligence Agency, and the Federal Maritime Administration. Because of such exemptions, opportunities are lost for redistribution and utilization of excesses.

"Our task force noted for example that surplus sales offerings of the Maritime Administration, included standard pipe and tubing, cable, steel beams, office equipment, building materials, industrial machinery and other common-use items.

"Public interest demands that with the exception of certain property classified for security reasons, and unless the economy of operations requires otherwise, exemptions from the responsibility to report excess property for screening by defense and civilian agencies should be held to a minimum. The exemptions now granted in the Federal Property and Administrative Services Act of 1949 should be individually reviewed with a view to requiring rejustification in each case.

"Recommendation No. 4

"That the Federal Property and Administrative Services Act of 1949, as amended, be revised:

"(a) To eliminate all statutory exemptions for the executive branch of the Government from General Services Administration authority for utilization and disposal of all excess and surplus personal property.

"(b) To authorize the President to prescribe by Executive order specific exemptions from General Services Administration authority where fully justified in the public interest."

Recommendation No. 20, Hoover Commission report on surplus property (pp. 79-81)

"STATUTORY BASIS FOR REAL PROPERTY DISPOSAL

"Prior to enactment of the Federal Property and Administrative Services Act of 1949, real property-management responsibilities were scattered among the heads of many agencies. The 1949 legislation provided a central vehicle to achieve more economical and efficient use and more orderly disposal of real property.

"However, as noted in the discussion of excess and surplus personal property, a number of agencies still are exempt from General Services Administration jurisdiction with respect to certain disposal functions. The principal agencies exempt or partially exempt for the disposal of domestic real property are:

"1. Atomic Energy Commission, completely exempt but voluntarily disposes real property through General Services Administration in certain cases.

"2. Central Intelligence Agency, completely exempt.

"3. Tennessee Valley Authority, with respect to the disposal of land and buildings.

"4. Maritime Administration, with respect to the disposal of shipyards, ship sites, terminals, piers, docks, and warehouses.

"5. Housing and Home Finance Agency, with respect to disposal of residential or other real property held or acquired in connection with housing insurance and loan activities.

"6. Civil Aeronautics Administration, with respect to airport property and airway property for use as such property.

"As in the case of recommendation No. 4 which dealt with excess and surplus personal property, we believe that the public interest also demands that, with the exception of certain real property classified for security reasons, and unless the economy of operations requires otherwise, exemptions from General Services Administration authority in connection with the reporting and screening of excess real property and the disposal of real property should be held to a minimum. The exemptions now granted by the Federal Property and Administrative Services Act of 1949, as amended, should be reviewed individually with a view to requiring rejustification in each case.

"Recommendation No. 20

"That the Federal Property and Administrative Services Act of 1949, as amended, be revised:

"(a) To eliminate all statutory exemptions for the executive branch of the Government from General Services Administration authority for utilization and disposal of all excess and surplus real property;

"(b) To authorize the President to prescribe by Executive order specific exemptions from General Services Administration authority where fully justified in the public interest."

Report On Real Property Management

Recommendation No. 4, Hoover Commission Report on Real Property Management (pp. 7-15)

"II. REAL PROPERTY MANAGEMENT

"The intent of Congress in enacting the Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Cong.) as stated in the 'declaration of policy' was to provide for the Government an economical and efficient system for: (a) the procurement and supply of personal property and nonpersonal services; (b) the utilization of available property; (c) the disposal of surplus property; and (d) records management.

"Although 'property' as defined in the act is not limited to personal property, the act contains no provision for a unified management of real property. Title II of the act is called property management but it is primarily concerned with

personal property and in no way spells out the concept of real property management.

"The act authorized the Administrator of General Services 'to make surveys of Government property and property management practices and obtain reports thereon from executive agencies.' Moreover, a Presidential directive (14 F. R. 3699) of July 1, 1949, increased the responsibility and authority of the Administrator in this respect and directed him, in consultation with the Bureau of the Budget, to establish standards, regulations, manuals, and procedures to guide the executive agencies 'in ascertaining whether their operations in the field of property and records management are efficient and economical.' * * *

"Our task force noted that those regulations on real-property management resulting from such surveys which have been issued by the Administrator of General Services are not complied with by other Government agencies and no effort is made to enforce compliance. Those manuals which have been issued have primary application to the internal activities of the General Services Administration itself and apply to other agencies only when they are tenants of buildings operated by the General Services Administration.

"The sum of all of this is that present laws touch on the subject of real property management, but no fundamental concept in this area has been developed. The Administrator of General Services appears to have far-reaching responsibilities for real property management, but his authority to accomplish these responsibilities is unclear and diffused.

"Neither the General Services Administration nor the Bureau of the Budget is charged with the responsibility of overall real property management policy and procedures, nor are the various Federal agencies obligated to follow management policy directives.

"AGENCIES EXEMPTED

"Another source of confusion is the fact that a number of executive agencies are entirely or partially exempted from the authority of the Administrator of General Services, by the Federal Property and Administrative Service Act of 1949, as amended, as follows:

"(a) *Lands exempted.*—Public domain; national forests; national parks.

"(b) *Executive agencies wholly exempted.*—The Atomic Energy Commission and the Central Intelligence Agency.

"(c) *Executive agencies exempted from certain provisions relating to real property.*—(1) Department of Defense with respect to the departmental reserve, the National Industrial Reserve, and property in foreign territories.

"(2) The Commodity Corporation of the Department of Agriculture.

"(3) Properties of the Department of States in foreign countries.

"(4) Housing and Home Finance Agency, residential properties.

"(d) *Buildings exempted.*—(1) Post office buildings used predominantly for post office purposes.

"(2) Any building located in any foreign country.

"(3) The Treasury Building and the Bureau of Engraving and Printing Building.

"(4) Buildings of the Bureau of Standards.

"(5) Buildings of the Smithsonian Institution.

"(6) Any building of the Department of Defense, unless a permit for its use by another agency or agencies shall have been issued by the Secretary of Defense.

"(7) Any building which the Director of the Bureau of the Budget finds to be a part of a group of buildings which are (a) located in the same vicinity; (b) utilized wholly or predominantly for the special purposes of the agency having custody thereof, and (c) not generally suitable for the use of other agencies.¹

"Our task force stated 'Effective execution by GSA of its responsibility under Public Law 152 (81st Cong.) becomes almost impossible under such omissions and restrictions.'

¹ However, as regards space assignment, sec. 210 (e) of the Federal Property and Administrative Services Act of 1949, as amended, provides that 'Notwithstanding any other provision of law, the Administrator is authorized, in accordance with policies and directives prescribed by the President under sec. 205 (a) and after consultation with the heads of the executive agencies affected, to assign and reassign space in all executive agencies in Government-owned and leased buildings in and outside the District of Columbia upon a determination by the Administrator that such assignment or reassignment is advantageous to the Government in terms of economy, efficiency, or national security.' This provision would appear to be in conflict with the provisions for exemption.'

"With the exception of certain real property classified for security reasons, and unless economy and efficiency of operations require otherwise, public interest demands that exemptions should be held to a minimum. For greater flexibility and effectiveness of management to meet varying circumstances, exemptions, where justifiable, should be by Executive order. The exemptions now granted by the Federal Property and Administrative Services Act of 1949, as amended, should be reviewed individually with a view to requiring a rejustification in each case.

Recommendation No. 4

"That the Federal Property and Administrative Services Act of 1949, as amended, be revised--

"(a) to eliminate all statutory exemptions from the executive branch of the Government from the authority of the General Services Administration relating to real property management; and

"(b) to authorize the President to prescribe by Executive order specific exemptions from the authority of the General Services Administration relating to real property management where such exemptions are fully justified in the public interest."

Senator KENNEDY. It is our intention to hear first this morning from Mr. Gerald S. Wise, of Baltimore, Md., who was staff director of the Hoover Commission Task Force on Utilization and Disposal of Surplus Property, who will explain the reasons for the recommendation in this field made by the task force and accepted by the Hoover Commission.

We are glad to see you, Mr. Wise.

STATEMENT OF GERALD S. WISE, EXECUTIVE DIRECTOR, HOOVER COMMISSION TASK FORCE ON FEDERAL SURPLUS PROPERTY, BALTIMORE, MD.

Mr. WISE. Mr. Chairman and members of the committee, I am making this statement in the unavoidable absence of Gen. Robert E. Wood, who is chairman of the task force referred to.

Senator KENNEDY. I want to express my regret that General Wood was not able to be here, because I know how much time and effort he gave to the task force and the report itself, and what general contributions he has made, but we are particularly glad to have you, because I know how much work you did on it, too.

Mr. WISE. This statement is made without prior consultation with General Wood, owing to the fact that he has been in Europe, but with knowledge of his concurrence with my views on the matter.

Various civilian agencies are entirely, or partially exempt from the provisions of Public Law 152 of the 81st Congress, which provides that administration over surplus Federal property shall be vested within the General Services Administration. Our task force has no knowledge as to the reasons why these exemptions were specifically provided in section 602-D of that law, but assumes from the nature of the exempt agencies that they individually felt that their various interests would be served best by the provision of such exemption, and the right to manage their own property without compromise, delay, or submission of judgment to another administration.

The agencies specifically exempted included the Department of Agriculture, Atomic Energy Commission, the Housing and Home Finance Agency, the Central Intelligence Agency, the Tennessee Valley Authority, and the Federal Maritime Administration.

In the course of our inquiry into the whole broad question of the use and disposal of surplus property, we found frequent and extensive disposals by these agencies, under their own administration; disposals obviously occurring under ground rules laid down by them, which may, or may not, have been coordinated with GSA, and which may not necessarily have been in keeping with the broad experience, and ground rules of that agency.

I do not imply that no coordination was effected by these agencies with GSA, nor that the materials which were excess to their requirements were not screened by GSA to be sure that disposal would not be effected at substantial loss to the Government, while other agencies might be buying that same material. In fact, we have reason to believe that the assistance and advice of GSA is rather generally sought by the exempt agencies. On the other hand, we did find instances of sales of substantial quantities of common-use materials such as lumber, pipe, construction materials and equipment, tools, and even of real property, which we are convinced could have been utilized by other agencies, had the disposals been positively subject to the provisions of the Federal Property and Administration Services Act of 1949.

The GSA is better able to determine the impact upon the economy of large-scale disposals. It is better equipped to determine the method of sale, and in most instances, to provide the most advantageous sales agency. GSA has approved contract sales agents; it has buyers' lists, an extensive field organization trained in procedure, and can protect the interests of the Government in any type of disposal. What is more important is that GSA is the one agency which can find the most advantageous customer for all Government surplus, through its screening processes. The greatest potential customer for Government surplus is the United States Government, and GSA is the one agency charged with the job of insuring utilization within the Government, before surplus is fed back into the national economy at a tremendous mark-down in value.

Our task force was of the opinion that if GSA was to be effective for all other agencies, including the vast complexities of the Department of Defense, that it might be equally effective for those exempt agencies, and we have so recommended. We did recognize that national security and public interest might be prejudiced if certain classified matters was indiscriminately dumped into public view.

The Hoover Commission endorsed this specific recommendation, and from their report to the Congress in April of this year, entitled "Surplus Property," on page 21 of their report, I quote:

Recommendation No. IV

That the Federal Property and Administrative Service Act of 1949, as amended, be revised:

(a) to eliminate all statutory exemptions for the executive branch of the Government from General Services Administration authority for utilization and disposal of all excess and surplus personal property.

(b) to authorize the President to prescribe by Executive order specific exemptions from General Services Administration authority where fully justified in the public interest.

Now, as I see this whole proposal, exemptions are an invitation to bureaucracy and defeat organizational and functional integration. We find a crying need for better integration of the business functions of the Government.

There are just too many watertight compartments in Government. There is too much, I might say, empire building, a tendency to be all things in all matters.

There are too many duplications of functions. There are too many cases of the right hand within the Government not knowing what the left hand is doing.

You may ask what savings might be involved in these recommendations, and I would say, first, that the committee should be aware of the fact that of all inventories of the Government in a ready-for-issue status—I am speaking of inventories of supplies, materiel, equipment of all sorts—there is approximately only three-quarters of 1 percent of this Nation's total inventory which is in the hands of all civilian executive agencies, meaning that well in excess of 99 percent of the Federal inventories are in the hands of the Department of Defense.

In respect to savings, I would say that they would occur primarily in utilization. I might stop there to say that the inventories of all civilian executive agencies as of September 1, 1954, including the stockpiles and warehouses of the General Services Administration and even including the fuel stockpiles of that Administration were very small in relation to the total held by the Government. If I remember correctly, they were somewhere in the neighborhood of \$290 billion at that time.

When you isolate that portion of that limited inventory, and I say "limited" even though it is a very large inventory, but limited in relation to the \$60 billion of personal property which the Government probably holds in total today. What proportion of that inventory might turn out to be excess to the requirements of the agencies now holding it or surplus to any requirement of the Government may be quite limited. Nevertheless we know that it is a multi-million-dollar program.

We did review the offerings and sales held during the 8 or 10 months of our inquiry into this entire subject and we found rather substantial disposals being handled.

We feel that the savings are going to occur primarily in utilization if subjected to the screening processes of the General Services Administration. We feel that you will eliminate some duplication of organization as obviously all of these agencies must maintain policy and operational personnel for the purpose of effectuating their disposals.

We feel that there will be less possibilities of market dislocation, should there occur any dumping of any substantial quantities of any particular commodity.

And we also feel there are better returns to the Government if this program is put in the hands of qualified, trained disposal personnel.

I shall be glad to answer any specific questions, Mr. Chairman.

Senator KENNEDY. We appreciate your statement very much.

Senator MARTIN. This is a very good, clear statement, giving us the information. I want to add that to your comment. I have no particular question to ask about it.

I would like to know about the departments that you list in the third paragraph. Are they the only ones?

Mr. WISE. Not necessarily. I find that the real property task force of the Hoover Commission has apparently gone into the matter a little further than we may have and has found some other partial exemp-

tions in a variety of other agencies, particularly applicable to real property.

Senator MARTIN. How are those exemptions established?

Mr. WISE. They were specifically established, I believe, in the public law of the 81st Congress, Public Law 152. And I presume they were negotiated by the presentation of factual information which the Congress saw fit to accept at that time.

Senator KENNEDY. Is there some difference between the task-force report and the recommendations of the Hoover Commission? Did the task force make a recommendation that certain exemptions be repealed, while the Hoover Commission made the recommendation that all exemptions be repealed?

Mr. WISE. No, I think we were in complete harmony on that.

We did recognize, as I stated, that there would be certain circumstances under which such agencies as the Central Intelligence Agency or the Atomic Energy Commission might have disposals which would prejudice their operations were they to be submitted to complete cross reference with the General Services Administration, and for that reason we did recommend the opportunity for the President to stipulate these exemptions, but we feel that in general they should all be rescinded.

I believe that S. 2367 as drawn provides adequately for this. I think it is in harmony both with the recommendations of the Commission and of our task force.

Senator KENNEDY. What is going to happen to the programs which have been administered, for example by the Department of Agriculture, for the disposal of surpluses? Unless the President grants an exemption, the handling of these surpluses would be removed from the Department of Agriculture and transferred to the General Services Administration, would it not?

Mr. WISE. I was so sure you were going to ask that question that I did give it some thought? Therefore, I am not just giving an off-the-cuff opinion.

Our task force did not consider the impact of this upon the administration of agricultural products. As a matter of fact, we excluded the public domain, agricultural products, and the stockpiles of the Department of Defense from any consideration in our studies. We felt that those were static factors for which there was a national reason and they were not to be thrown into the hopper of what should be done about these things, so far as our task force deliberations were concerned.

I do not believe that the General Services Administration has the field organization, nor the intelligence, nor has it had any similarity of consideration between the type of material which it has administered in the past and the huge problem of agricultural surpluses. And I do not believe that they should be included in this consideration.

I am making reference here to equipment, real property, inventories, supplies, lumber, machinery, tools.

Senator KENNEDY. In other words, there would be no program of the Department of Agriculture which involves agricultural commodities which would be affected by your recommendation or by the bill as you understand it?

Mr. WISE. Not in my personal opinion. And as far as the bill is concerned, I was not able to read into S. 2367 the fact that this would

transfer cognizance over surplus farm commodities to the General Services Administration.

Senator KENNEDY. As far as the question of whether the Congress or the President should make exemptions, why do you feel that it is going to be so much more efficient for the President to decide what agency should be granted exemptions than it is for the Congress to do it?

Mr. WISE. I think the President should have the constitutional power to referee a dispute. I think oftentimes congressional intent **may be read in two fashions**. I think it calls for a referee. I think that man should be **the President**.

Senator KENNEDY. On some of these agencies which are exempt, for example, TVA, where the disposal of the surplus would be transferred to General Services Administration, **why does the task force believe that the President can determine best whether TVA should continue to exercise these functions or the GSA should perform them, better than the Congress can?**

Mr. WISE. I do not know that I can decide that he would in that **particular case**, but I could see it if you asked about the Central Intelligence Agency or the Atomic Energy Commission. I think there might be certain occasions within either of those agencies which necessarily should be brought up for consideration by the Congress.

It is possible for certain cases to be involved here which are a matter of concern of the National Security Council, perhaps, rather than the Congress.

Senator KENNEDY. Is it the feeling of the task force that the exemptions have been granted too generously in the past by the Congress?

Mr. WISE. Yes.

Senator KENNEDY. And that if they start fresh then the President would be expected to confine his exemptions to matters involving the national security, and that all of the rest involving merely matters of efficiency would be exemptions which would not be granted by him even though they have been granted in the past by the Congress; is that correct?

Mr. WISE. Yes. Today they stand as statutory exemptions, and if we remove the statutory exemptions, there is always the opportunity for the exemption when needed by executive action of the President.

I have no strong feeling as to whether that power should be accorded to the President or left with the Congress, but it seems to me that would be a happy solution, because someone may challenge this legislation, saying, "Now, this is the thing to do with a certain highly classified matter."

Senator KENNEDY. Just one last question. Is it your task force finding that because of these exemptions many items which have been declared "excess" by these different exempted agencies and have been disposed of could have been of use to the Government in other agencies, if the procedures which you suggested were followed?

Mr. WISE. That is correct, sir.

Just witnessing the offerings of sales of road building equipment of the TVA, for instance, it seemed to us improbable that some agencies of this Government of ours could not use very expensive equipment running into millions of dollars which are being sold at auction. I do

not know that they failed in any way to clear these with the General Services Administration. They may have been screened, but nevertheless the loophole does exist today which would give them the power to dispose of this equipment without screening. And that in itself is not good organizational principle, as we see it.

Senator KENNEDY. Do you have any further questions, Senator Martin?

Senator MARTIN. I do not have any further questions.

Senator KENNEDY. Mr. Scull, would you care to ask any questions?

Mr. SCULL. Yes, Mr. Chairman.

Mr. WISE. Did the task force—or are you in a position to do so—estimate dollar savings on the elimination of exemptions? I recall the task force estimated savings of some \$2 billion if all its recommendations were enacted. I was wondering if part of that would be attributed to the removal of exemptions.

Mr. WISE. I would say that it would be relatively small. However, when this or any other committee goes into the matter of the adoption of the backbone of the report of this task force, I would be very happy to try to justify that \$2 billion, which is not just \$2 billion, but it is \$2 billion a year.

Mr. SCULL. That is all, Mr. Chairman.

Senator KENNEDY. If you have no further remarks to make, I want to thank you again for your assistance. If we do need any further information we shall be in touch with you. I want to thank you for all of your efforts in behalf of the task force and for coming here.

Mr. WISE. Thank you, sir.

Senator KENNEDY. We will next hear from Mr. Maxwell Elliott, general counsel of the General Services Administration.

STATEMENT OF MAXWELL H. ELLIOTT, GENERAL COUNSEL, ACCOMPANIED BY LEWIS C. TUTTLE, DEPUTY DIRECTOR, PERSONAL PROPERTY UTILIZATION AND DISPOSAL DIVISION, AND RAYMOND G. CHURCH, ASSISTANT DIRECTOR, REAL PROPERTY DISPOSAL DIVISION

Mr. ELLIOTT. I have Mr. Tuttle with me, deputy director of our Personal Property Utilization and Disposal Division.

Senator KENNEDY. Do you have a statement that you want to file?

Mr. ELLIOTT. I did not prepare a statement.

Senator KENNEDY. We shall be glad to hear from you.

Mr. ELLIOTT. I would like to make just one or two brief introductory remarks of the historical background that perhaps might be useful to you and Senator Martin.

The General Services Administration was created originally to be a property management agency as the result of the recommendations of the first Hoover Commission, and the legislation creating it was unanimously reported out by both the Senate and the House committees at the time, and as I recall was unanimously passed by the Senate and the House.

It was, shall we say, a trial at that point.

A lot of it was crystal ball gazing, because there never had been in the Federal Government a central property management agency. To that end, therefore, by either administrative agreement before the legislation was presented to the Congress or during the course of congress-

sional consideration, a number of exemptions were written into the act. I think perhaps that was sound at that time. It was the best guess that could be made at that time.

However, 6 years of General Services Administration existence have gone by, and it does not appear to be particularly workable to continue these relatively inflexible statutory exemptions.

There are two reasons: One is that requirements change from year to year or even sometimes from month to month. And where an agency should be exempted in a particular area, 2 years from now perhaps it should not.

Another reason is that the Congress must necessarily paint its picture with a broad brush. The exemptions must be in broad terms or not at all.

Consequently there arises a situation where parts of agency activities that are now exempt should be. Now we take care of that administratively by giving them delegations. On the other hand, there are statutory exemptions that cover far too much. There are some that should be in a particular agency and not in others.

For that reason we feel in General Services Administration that it would be helpful to our mission, which is to get greater efficiency and economy in the Government, if the statutory exemptions were removed and if there were reposed in the executive branch the power to make exemptions from time to time as the situation warrants.

We are also in complete accord with your bill that that power should rest in the President to make or not to make these exemptions.

I think, in essence, that is our general position.

Senator KENNEDY. Do you agree with Mr. Wise about the effect of this bill on the disposal of agricultural surpluses?

Mr. ELLIOTT. Mr. Tuttle is far more familiar than I with the actual operating details. He tells me that we do. He can say that more specifically.

Senator KENNEDY. Would they be affected by this bill?

Mr. TUTTLE. They could be. However, I think we agree with what Mr. Wise indicated to you that General Services Administration is not going to claim any special talent for disposing of farm commodities and other agricultural surpluses.

There is a tremendous job to be done in other personal property areas.

Senator KENNEDY. You might have the power if this bill were passed. It seems to me it might muddy the waters in the consideration of the bill by the Congress. The question then is whether we ought to write into the bill, in order to insure that you do not have the control, the exemption which is now in effect, that nothing in this act shall impair or affect any authority of any executive agency with respect to any phase including but not limited to procurement, storage, transportation, processing, and disposal of any program conducted for the purpose of resale, price support granted to farmers, stabilization, transfer to Federal Government, and so on and so forth.

In other words to insure that GSA would not have this power, because obviously the question would be raised in the Congress whether that exemption should not be written in.

Mr. ELLIOTT. If I could comment on that, sir, the language of that exemption is an illustration of what I was talking about before of being too broad. It talks about any property relating to any pro-

gram, which would include not only the actual surplus agricultural commodities, but would include the equipment and machinery and other things that might be related to the carrying on of that program, which Mr. Wise was talking about.

Certainly, I concede the wisdom of their being exempted.

I would like to raise this question. Every agency, I am sure, will feel it has its own special problem. If you start letting down the bars by giving one a statutory exemption, maybe then pressures might be brought upon you to give a lot of others statutory exemptions.

Senator KENNEDY. It would seem that the equipment for handling agricultural surpluses and the surplus products themselves are not comparable to that used by other agencies. I do not believe Congress would want to transfer to the General Services Administration, even if it is suggested that it could be transferred, the function of disposing of agricultural surpluses. I think the subcommittee will have to consider that. I know that Senator Martin would be interested in the question of disposing of agricultural products.

Mr. ELLIOTT. I would request, sir, in line with Mr. Wise's statement that if the committee does propose to make such an exemption that it change the present language, so that it is pinpointed to the agricultural commodities and does not take in the equipment.

Senator KENNEDY. We would be glad to receive any suggestion you might have.

Mr. ELLIOTT. All right, sir, we can work with the staff on that.

Senator MARTIN. When the General Services Administration was created at that time, of course, we had to meet a very serious need for concentration of that particular function. I ran into it particularly in the stockpile operation. We had some 34 different governmental agencies having a hand at some point or other in the acquisition and disposal of materials from the military stockpile, in strategic and critical materials.

We knew from that operation the importance of creating one agency that would be fully responsible and also with commensurate powers to carry out that responsibility.

I did not follow the full extent of the exemptions and the impact, but it strikes me that this question of the disposal of farm surpluses would be a very good testing point on just how far you would want it extended, whether you would want to include that.

It seems to me also that in Senator Kennedy's bill we have an adequate safeguard as to the classified material, the classified items. It would seem to me that we have an adequate safeguard there for those items that should not be turned over for any particular reason.

I believe you stated you favored complete elimination of statutory exemptions.

Mr. ELLIOTT. That is correct.

Senator MARTIN. And to leave it completely in the power of the President to specify what ones should be exempted.

Mr. ELLIOTT. That is correct, sir. If such a bill could be passed we would recommend that.

Senator MARTIN. On this point about agricultural surpluses, I got from your comment, you would not object to pinpointing that?

Mr. ELLIOTT. No, sir. I think that we would go further. We would recommend that exemption if the bill were passed.

Senator MARTIN. Are there any others that you would recommend for special treatment? Perhaps that is a little too big a question to have immediately answered. I would like to have the advantage of your consultation on that point further, because we do not want to leave out any that should be pinpointed in the bill.

Mr. ELLIOTT. I think there are a few that we will check.

Senator MARTIN. Could you supply us with that?

Mr. ELLIOTT. Yes. There are a lot of others that we could not give a categorical recommendation as to time. We could say they should be exempt now, but perhaps should not be in the future.

Agricultural commodities are the type that I think we could say, yes, that ought to be.

Another that I could think of would be merchant vessels.

Senator MARTIN. We will need that information. We should have your recommendations because of your working knowledge of this, based on several years' experience.

Mr. ELLIOTT. Yes.

Senator MARTIN. And your suggestions would be most welcome to us. We need them.

Mr. ELLIOTT. All right, sir.

(The recommendations of the General Services Administration relative to exemptions are contained in a revised bill, S. 2591, which appears on p. 32.)

Mr. TUTTLE. There is one point on the matter of classified property that I think is worth mentioning. There are other agencies, other than those that are currently exempted, which generate classified property as excess today. And General Services Administration, we feel, takes care of it adequately by regulation. We provide in the main that classified property shall not be reported as "excess" except for certain categories where transfers between this agency and that agency can be worked out to the good of the Government. And we provide some disposal coverage, so far as classified property is concerned.

Senator MARTIN. Do you have a summary of such action taken?

Mr. TUTTLE. It is by regulation.

Senator MARTIN. I mean, are those points easily outlined for us?

Mr. TUTTLE. I think probably the committee would like to have a copy of the 2 or 3 pages of the General Services Administration utilization and disposal portions of the regulations which apply to that. We would be glad to furnish those.

(The regulations referred to are as follows:)

[GSA Reg. 1-III-302.01 (March 1, 1955)]

SECTION 302.00 REPORTING EXCESS PROPERTY

302.01. *Reporting Requirements.*

a. *Reporting.* Excess property shall be reported promptly as provided in this section, subject to exceptions and modifications set forth in subsections 302.02 and 302.03 below.

b. *Form and Distribution of Reports.* Reports of excess property shall be made on Standard Forms 120, Report of Excess Personal Property, and 120a, Continuation Sheet (Exhibits 7 and 8, Appendix A), in accordance with the instructions in Exhibit 7a, Appendix A. Reports to the Administration shall be submitted in three copies to the appropriate Administration regional office for the region in which the property is located. (See Exhibit 2, Appendix C.)

c. *Typewriters.* Typewriters shall not be included on Standard Form 120 with any other personal property and the following additional descriptive information

must be provided: make, model, type (standard, silent, noiseless, portable, or electric), carriage width, type face, and serial number.

d. *Excess Personal Property on or Within Excess Real Property.* Excess related personal property shall be reported to the Administration in accordance with GSA Reg. 2-IV-201.00. Excess personal property, other than related personal property, located on or within excess real property, shall be governed by this Part. The fact of location on excess real property shall be noted on the report.

e. *Property at Installations Due to be Discontinued.* Executive agencies that have installations which are due to be discontinued, closed, or abandoned and at which there will be excess property shall, unless inadvisable in the interest of national security, give advance notice of such situations as early as possible by letter to the appropriate Administration regional office. In such cases, agencies shall state that the installation is to be discontinued, the scheduled date for the removal of personnel from the location, and the last date when the property will be needed. As soon as possible after filing the advance notice, the excess shall be reported in accordance with this section.

302.02. *Exceptions.*

a. Unless otherwise directed by the Administration, the following excess property shall not be reported:

1. All property having an acquisition cost of less than \$100 per line item, except office furniture which must be reported;

2. All property in Condition Codes N-4, E-4, O-4, R-3, and R-4, except office furniture which must be reported;

3. Perishables;

4. Property dangerous to public health and safety;

5. Scrap and salvage, provided that the property is strictly in accordance with the definitions for scrap or salvage;

6. Arms, ammunition, and implements of war listed in the currently effective proclamation under the Neutrality Act of 1939, as amended, section 12 (i), 22 U. S. C. 452 (i), in the custody of the Department of Defense (Exhibit 1, Appendix C) and the components, parts, accessories, attachments, and related items designated by subsections 75.2 through 75.10 of the Regulations of the Secretary of State, effective January 1, 1954 (Exhibit 1a, Appendix C). However, the following property, despite its inclusion in the current proclamation and/or in the further breakdown of the Department of State (Exhibit 1a, Appendix C), when determined excess, shall be reported:

(a) Store ships; ice breakers; surveying ships; transports; salvage vessels; naval lighters; naval barges; naval dredges; labor transportation barracks ships; Coast Guard Cutters; patrol crafts; cargo ships; lightships; tugs; radio ships; special vessels; auxiliary vessels; Transportation Corps tugs-100 ft.; Transportation Corps tugs-65 ft.; T-boats; barges; cranes, floating; and repair ships, floating, unless such vessels are of 1500 gross tons or more. (From Category IX, Exhibit 1, Appendix C.)

(b) Commercial electrical equipment and supplies; photographic equipment and supplies; fuel oil handling equipment; special clothing and personal equipment; shop and warehouse machinery, tools and equipment, including materials handling vehicles, and parts for such vehicles and equipment; paulins; cordage; leather and fabric; and general purpose hardware, unless items in these categories are excepted from reporting by virtue of age or condition pursuant to other subparagraphs of this subsection 302.02. (From Category X, Exhibit 1, Appendix C.)

(c) Radio communications equipment, including that bearing military designations; and parachutes for personnel, cargo and deceleration purposes. (From Category XI (a) and XI (c), Exhibit 1, Appendix C.)

7. Vessels of 1,500 gross tons or more;

8. Parts and components which have utility only on or in connection with the operation of boats or vessels;

9. Animals;

10. Technical hospital and medical supplies (except narcotics) and equipment. The term "technical" shall be construed to mean only items peculiar to hospital or medical use. Excess common use or general-purpose items, including microscopes, glassware, blankets, and beds, even though located in hospitals, laboratories, or medical depots, shall be reported;

11. Sand, gravel, and stone-quarried products;

12. Standing timber and undressed logs;

13. Property which may be transferred to other agencies in accordance with subsection 303.06 of this Part;

14. Property determined by competent authority to be classified for reasons of national security;
15. Fuel oil resulting from stripping of vessels in preparation for lay-up by the Federal Maritime Administration of Department of Commerce;
16. Components, parts and accessories peculiar and applicable only to naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines;
17. Parts for locomotives;
18. Motor vehicles that qualify for replacement under replacement standards provided in GSA Reg. 1-III-203.00;
19. Typewriters that qualify for replacement under replacement standards provided in GSA Reg. 1-III-203.00;
20. Materials-handling equipment which was manufactured 10 years or more prior to the date such equipment is determined to be excess;
21. All automotive parts in other than N-1, N-2, or E-1 condition and all automotive parts which are peculiar to models manufactured 6 or more years prior to the date such parts are determined to be excess;
22. All automotive parts peculiar to vehicles not required by GSA regulations to be reported;
23. All construction equipment parts in other than N-1, N-2, or E-1 condition and all parts which are peculiar to construction equipment manufactured 10 years or more prior to the date such parts are determined to be excess;
24. All materials handling equipment parts in other than N-1, N-2, or E-1 condition and all parts which are suitable for use only on materials handling equipment, including both warehouse and yards equipment, manufactured 10 years or more prior to the date such parts are determined to be excess;
25. Parts and components for electronic equipment;
26. Aircraft parts and components in the custody of civilian agencies;
27. Harness and other horse equipment;
28. Blank forms peculiar to the Department of Defense;
29. Forage;
30. Field ranges and stoves peculiar to military operations;
31. "Weasel," "Water Buffalo," and "Half-track" type automotive equipment;
32. Special mobile equipment of the Department of Defense of the following types: showers, bakeries, laundries, and refrigeration chambers;
33. Cartridge belts and ammunition carriers;
34. Scabbards;
35. Canvas protective coverings for firearms and other military type items. (This does not include tarpaulins.);
36. Bridge pontoons and their supporting accessories and equipment;
37. Military type headwear, leggings, Navy blue jacket jumpers and impregnated protective clothing; and
38. Antiaircraft searchlights and all parts and components thereof.

302.03. *Modifications.*

a. *Narcotics.* Excess opium and opium derivatives regardless of condition shall be reported by the holding agency to the Administration in accordance with Emergency Procurement Regulation No. 1. All other excess narcotic drugs and such excess opium and opium derivatives as have been rejected as strategic and critical material for stockpile purposes under Emergency Procurement Regulation No. 1, may be determined to be surplus by the holding agency without reporting as excess, after such agency has complied with the utilization requirements of subsections 101.03 and 301.08 of this Chapter.

b. *Reserved Materials.* Excess reserved materials shall be reported to the Atomic Energy Commission, Washington 25, D. C., in accordance with applicable regulations issued by the Atomic Energy Commission (see 10 CFR, 1949 ed., Part 40, as amended).

c. *Printing, Binding and Blank Book Equipment and Supplies.* Excess machinery, equipment, material and supplies for printing, binding and blank book work should be reported to the Public Printer for possible transfer, as provided in subsection 303.06 of this Part, prior to reporting to the Administration.

d. *Intangible Property.* Excess intangible property shall be reported to the Administration, Washington 25, D. C., and shall not be transferred or disposed of without prior approval of the Administration. Bonds, notes, or other securities

authorized to be disposed of by the Secretary of the Treasury under Section 5 of the Act of April 3, 1945 (59 Stat. 48; 31 U. S. C. 741a), in the event that such security shall be deemed to be excess intangible property, shall not be reported to the Administration.

e. *Contractor Inventory* Reports of excess contractor inventory shall be reported in accordance with section 304.00 of this Part.

302.04 *Withdrawals*. Subject to the approval of the Administration, or when in the interest of national security, reports of excess property may be withdrawn or corrected by the reporting agency at any time prior to transfer to another Federal agency or disposal. Request for withdrawals or notices of correction should be addressed to the Administration regional office to which the report of excess property was forwarded.

SECTION 304.00 CONTRACTOR INVENTORY

304.01 *General*. Subject to the limitations contained in this Part and Chapter IV, any executive agency may authorize any of its contractors or their sub-contractors to retain or dispose of any contractor inventory under such orders as such agency may prescribe.

304.02 *Utilization*.

a. Each executive agency shall provide for use of contractor inventory within such agency to the maximum extent feasible, prior to retention or disposal by a contractor. In addition, each executive agency shall comply with the utilization requirements and procedures of this Part with respect to the following types of contractor inventory:

1. Typewriting machines; office furniture, machines, equipment, and supplies; motor vehicles and automotive equipment; printing and binding equipment; construction equipment (except hand tools); and all items included in the Administration Stores Stock Catalog.

2. Types of property for which known requirements exist either in the contracting agency or other Federal agencies. Contractors shall be kept currently advised by the contracting agency of such types.

3. Excess property, the quantity or dollar amount of which is substantial, in accordance with criteria established by each agency, or as may be directed from time to time by the Administration.

4. Reserved materials.

5. Narcotics.

6. Intangible personal property.

7. Strategic and critical materials.

8. Such other types of property as may, from time to time, be designated by the Administration.

b. In the case of contractor-owned contractor inventory, compliance with the utilization requirements and procedures of this Part with respect to the categories in paragraph a. above should ordinarily occur prior to the Government's exercising the applicable option to take over such property. When utilization efforts disclose that an agency will accept transfer of such property, the appropriate agency shall take the necessary action to acquire title for the Government.

Senator MARTIN. I think that we should know what you have done by your own regulations. That would have some definite bearing on what we should do with this legislation.

Your power for such regulation is, I suppose, based on the law creating the General Services Administration?

Mr. TUTTLE. That is correct. The basic Federal Property Act of 1949.

Mr. ELLIOTT. There is one other point, I think, that I should make; that is, as we look at it, the important thing is utilization rather than disposal.

That is how the Congress looked at it when we were created. That ties into a lot of other things.

We may be in a better position to know than the declaring holding agency, where there is another use for the property through some of our other activities, our paperwork management and records-manage-

ment responsibility, for instance, or our procurement responsibility. We may be in a position to know where things are excess to one agency, can be used or can devise means of having them used.

Senator MARTIN. You are the only agency that does have the overall perspective on that.

Mr. ELLIOTT. That is correct.

Senator MARTIN. By the very nature of your organization you have that in the various departments.

Mr. ELLIOTT. That is correct, we do. I did want to point out that this matter of excess ties into new procurement and also in some cases to records and paperwork management.

Mr. TUTTLE. On the matter of agencies reporting property excess, I understand that there was some feeling back when the basic act was put together, that this screening process could take a good deal of time. We would like to say that in the last 5 years we have progressed through trial and error, and we feel that we have developed a governmentwide screening system for excess property which is economical and yet effective. This is about the way it works.

There is today a maximum of 90 days taken for the screening of any excess personal property among Government agencies. That is operated through the GSA's 10 regional offices.

At the end of the 90 days, if not sooner, if further utilization has not been found within the Government for the property, it is automatically released as surplus and can be disposed of without delay under General Services Administration regulations.

We think we have the time down to about a minimum in which we can explore productively these possible avenues for further use.

Mr. ELLIOTT. I might say the same consideration, of course, applies to real property. We have been talking about personal property.

Senator KENNEDY. Do these agencies, for example, TVA and others, which are exempted, clear with you first before they find out if there is any use for surpluses in the Government before they dispose of it?

Mr. ELLIOTT. There is no fixed pattern on that, sir. The Atomic Energy Commission is quite cooperative in their clearance with us.

The Tennessee Valley Authority, on the other hand, does not clear with us on real property at all. And rarely so on personal property.

Of course, on real property you get into another aspect, and that is the requirement in our act for obtaining the advice of the Attorney General as to consistency with the antitrust laws. That clearance is obtained under our act.

On these exempted independent disposals—in those cases they do not obtain, that is, for instance, in the case of the TVA.

Senator KENNEDY. Excluding the agricultural surpluses, what percentage of the property which is now disposed of by exempted agencies would this bill bring under the control of the General Services Administration?

Mr. ELLIOTT. I would like to break my answer into two categories, personal property and real property.

Mr. Tuttle could answer as to the personal property.

Mr. TUTTLE. Mr. Chairman, we could not give you a percentage answer on the personal property, because there is an area in these last few years where the exempted agencies have not reported to the General Services Administration at all. I mean some of their excess personal property.

We do not know the volume of it or the original acquisition costs. And they are not required to report to the GSA the value of their total generations of excess. They report only the generations of excess which they feel come under the purview of the Federal Property Act.

Mr. Elliott mentioned the Tennessee Valley Authority. The Tennessee Valley Authority reports to us quarterly on property under the Property Act. They report merely the dollar value of excess generated and surplus disposed of. And in the fiscal year 1954, according to TVA reports \$5,000 worth of property was reported to General Services Administration as excess for screening in the Government. And out of a total of \$1,909,000 generated as excess by the Tennessee Valley Authority, falling under the Property Act.

Of that \$1,909,000 none was transferred for further use in the Government, none was donated for educational purposes; and all but \$5,000, in other words, \$1,904,000, was sold as surplus.

I am just using the Tennessee Valley Authority as an example. What additional property was sold by the Tennessee Valley Authority and its value, we do not know.

Senator KENNEDY. What I was concerned about is if these exemptions are removed, excepting the agricultural surpluses, what percentage of the property that you are now discussing would you have to dispose of, because of the additional controls you would get over the property of these formerly exempted agencies? What would be the dollar value?

I am trying to get an idea of how much this would increase your work and the value of the property you have to dispose of if this bill were passed.

Mr. ELLIOTT. It would not only be disposal, but also utilization.

Senator KENNEDY. I understand.

Mr. TUTTLE. It would certainly be several million dollars worth of additional property that would be reported to the General Services Administration for utilization work. Let us assume the value to be \$10 million.

I think that would be a reasonable guess. If out of that, \$3 million were utilized through the General Services Administration efforts, we estimate the savings to be somewhere near \$3 million to the Government.

The reason for that estimate is that much of the property that is generated as "excess" is carried at its original cost to the Government. And costs today, that is, replacement costs, are so much higher than if you use acquisition costs as the savings measure on many of these transfers you are not too far from the real fact. So that pins it down a little better.

Senator KENNEDY. The savings you feel would be there—there would be some savings if this bill went into effect, because the procedures followed by the exempted agencies would not be as effective for the utilization and disposal of the property as the procedures which the General Services Administration would be able to follow?

Mr. TUTTLE. We do not know.

On property which is "excess" in the hands of an executive agency we do not know whether there are any particular utilization efforts undertaken by those agencies today. We do know that if the property were reported to the General Services Administration that we would put it through this 90-day procedure that we have.

And we feel that much good property would thereby be transferred for further use.

Senator KENNEDY. You do not know the total valuation of the property disposed of by the exempted agencies last year, do you?

Mr. TUTTLE. No, sir, we do not, because we cannot require them to tell us. They report to us only on what they dispose of and generate as excess which would fall under the act.

Mr. ELLIOTT. Let me explain one reason why that is. The General Services Administration is pretty much of a decentralized agency. The operations are carried out through the regional offices. We have 10 of those all over the country. They are the ones who do this screening to ascertain whether there is use in those regions. They basically do it. They have the machinery set up. They are equipped organizationally to do it.

An individual agency such as the Tennessee Valley Authority, located in the Tennessee Valley Authority area is not in a position to know what are the needs of the other Federal agencies elsewhere in the country. They are not organizationally set up to do that.

Senator KENNEDY. The only other point that I wanted to make was that in considering this question of exempting the agricultural surpluses, perhaps you might consider also writing language which would exempt those programs where the disposal of the surplus is part of an organized governmental program which is really in a different category.

Mr. ELLIOTT. Yes.

Senator KENNEDY. What about the subject of utilization and disposal of real property.

Mr. ELLIOTT. That is correct. On the real property, I have Mr. Raymond G. Church here who is the Assistant Director of our Real Property Disposal Division. Could you give an estimate on the amount of real property?

Mr. CHURCH. We likewise have never made a compilation of the disposals by other agencies who have the authority to dispose of it under these exemptions.

Mr. ELLIOTT. I would like to give the committee, if I might, one example.

Senator KENNEDY. Thank you very much.

Mr. ELLIOTT. I would like to give one example of what happens in the real property field when, as Mr. Wise says, the left hand does not know what the right hand of Government is doing.

There is a law on the books, known as Public Law 364, which establishes departmental reserves within the Department of Defense of various industrial plants. There is a provision in that law that permits them when they are temporarily not needed by the Department of Defense to outlease those plants.

In consequence, they are never reported to the General Services Administration. Let me give you an example of two plants.

One is a plant that was reported to General Services Administration. It was declared as surplus. That is at New Castle, Pa.

Its original cost was \$23 million. We subsequently leased it to United Engineering on a rental basis that was roughly 7 percent of gross sales which a year ago produced, or a year and a half ago, an annual rental of about \$1,600,000, which again is around 7 percent of the return on the Government's investment.

Out in Canton, Ohio, there is a \$28 million plant very similar to the plant in Pennsylvania. It is in the departmental reserve which the Navy leased to the E. W. Bliss & Co. They leased on terms roughly of 2.5 percent of gross millions over \$8 million, which gave an annual return to the Government of about \$245,000 or less than 1 percent return on the capital investment.

The consequence being that not only did the Treasury lose some money, but more important than that—and how it came to our attention was that the United came in to us and said, “Here is a competing plant, and one of our principal competitors, and we cannot live with that kind of competition when we are paying the Government \$1,600,000 and they are only paying \$245,000.”

So there is an inequity among citizens dealing with the Government as a result of that.

To me, that is almost more important, that the Government should not step in and give somebody a competitive advantage over another through the left hand not knowing what the right hand is doing.

Senator KENNEDY. Does that condition exist, and continue to exist today?

Mr. ELLIOTT. Mr. Church, would you care to fill in on that; that is, the details of that? Senator Kennedy wants to know if the situation continues today.

Mr. CHURCH. Yes. United has given up its lease and retired from that activity, and we have the property surplus available for disposal.

Mr. ELLIOTT. We have a contract broker employed who is trying very hard to find a purchaser or a new lessee.

Mr. CHURCH. Whereas the Navy is still leasing that one.

Mr. ELLIOTT. Outside of the actual difference in the return there, you do have a situation where, through inadvertence and lack of coordination, two highly competitive firms are not being treated on the same basis with the Government, with the result that one is under a competitive disadvantage.

Senator MARTIN. Have you had any experiences similar to that in property you disposed of, where you inadvertently had given advantage to one competitor over another?

Mr. ELLIOTT. I can only speak, sir, from the time since General Services Administration was created. I cannot speak of what happened prior to that in relation to its predecessors. That could have happened under the War Assets, under the tremendous pressure and volume that they had.

I would like either Mr. Church or Mr. Tuttle to correct me; if they know of any such corrections, to speak up. I do not know of any myself.

Do you know of any in the personal property field?

Mr. TUTTLE. No, sir; I do not, offhand.

Mr. CHURCH. We are going even so far as requiring these tenants who outlease the commercial or industrial plants, to pay taxes to the local authorities. It will be placing them on a competitive basis with other industries.

Mr. ELLIOTT. I think Senator Martin's question was whether or not we ourselves rented to everybody the same, so far as a lease is concerned, or whether through inadvertence the General Services Administration in its own sale was treating one different from the other.

Mr. CHURCH. No.

Senator MARTIN. It is pretty hard to dispose of some of that property without that question coming up.

Mr. ELLIOTT. Yes, it is.

Senator MARTIN. Especially in the strategic material field, where there is extreme shortages at times.

What do you—open it up for bidding?

Mr. ELLIOTT. As you know, sir, of course, actually we have made no appreciable disposals from the stockpile except on obsolescence.

Senator MARTIN. That is all you can dispose of, of course.

Mr. ELLIOTT. On those obsolescent situations what we have done, sir, is to consult the industry, either by getting representatives in ourselves, or utilizing the Department of Commerce and industry advisory committees, taking the lead with the industry in setting up terms that are fair to the whole industry, for two reasons:

We treat everybody fairly within the industry, and also to avoid any improper impact.

Senator MARTIN. I do not know how you can avoid some feeling of partiality when you dispose of some of the materials that are extremely in short supply.

Mr. ELLIOTT. Let us take as an illustration, copper, where there has not been a disposal, but there has been diversion, due to the copper shortage.

For a while we had those distributed. That was not material that came in to Government, but it was material which the Government had contracted for, but in which we let the contractors postpone the deliveries to the Government so that the material would be available to industry.

Originally we had that distribution set up by the Business and Defense Services Administration of the Department of Commerce. Currently, however, Dr. Arthur S. Flemming, who, as you know, is the Director of Defense Mobilization, makes policy guidance and directions, and has said: "Let that be distributed through normal channels of industry." So we do not attempt to direct that disposition at the present time. We merely postpone deliveries and let the copper flow through the normal industrial channels.

But where there is a direct disposal for obsolescence from the stockpile—and we have had several cases—and I could supply you later, if you wish, with documentation on it—we have called in industry and worked out the problem with the particular segment of the industry as a whole.

Senator MARTIN. You are going to run into tough situations, for example, when they dipped into the copper stockpile itself under the Presidential directive.

Mr. ELLIOTT. Yes, sir.

Senator MARTIN. There is no question that there is tremendous competition by hungry industrialists for material that was scarce.

Mr. ELLIOTT. At the time, there were actually withdrawals of copper from the stockpile, as distinguished from the diversions.

As I recall, copper was then under allocation and it was distributed under the allocation system.

Senator MARTIN. That would not ordinarily arise, but you could get into a situation where you would have a very difficult task to avoid a charge of favoritism in the disposal of those materials.

Mr. ELLIOTT. That is perfectly true.

Senator MARTIN. It applies also to the diversion of materials, more generally there, because we do not have very much dipping into the stockpiles.

Mr. ELLIOTT. That is correct. All we can do is to try to minimize it.

Senator MARTIN. That is right. I would not expect your agency to avoid all charges of favoritism under all circumstances. It is just beyond human ability to avoid such charges in a highly competitive market for some of these items.

If I might make an observation, I think it would minimize cases of that kind to have the work concentrated in one agency as much as we can.

Senator KENNEDY. How much do you anticipate it will increase the staff of the General Services Administration?

Mr. ELLIOTT. Again, I would like to refer you to Mr. Tuttle and Mr. Church in their respective fields.

Mr. TUTTLE. Well, in the field of personal property, Mr. Chairman, we can visualize, knowing fairly well the size of the exempted agencies and the areas of the exemptions which would be listed, we can anticipate perhaps about a man-year per regional office. That would be 10 man-years for the General Services Administration, nationwide.

Mr. ELLIOTT. How about real property?

Mr. CHURCH. In terms of man-years, we have never made an estimate—we have never considered that.

Mr. ELLIOTT. Could you give the committee some idea of the general order of it?

Mr. CHURCH. At the present time we have a staff of, say, 6 in a region; it might double it to the extent of 10.

Mr. ELLIOTT. Depending on where the volume of the property was located?

Mr. CHURCH. Yes.

Senator KENNEDY. Could you give us some estimate and supply these figures, as to how much it would be for the total, overall?

Mr. ELLIOTT. Yes, sir; if the committee could give us a little time to get it, I think that we can give you a much closer guess.

(The information requested was not received up to the time this hearing went to press. It will be placed on file with the subcommittee when received.)

Senator KENNEDY. Do you anticipate that the President would provide a good many of the exemptions which are now in effect, for the Atomic Energy Commission, the Secretary of Defense, et cetera?

Mr. ELLIOTT. I would think that the basic difference between the statutory exemption and the Presidential exemption would be that the Presidential exemption could be much more specific and detailed, so that instead of, as it is presently, across-the-board exemptions for the Atomic Energy Commission, there would be an exemption for the Atomic Energy Commission in some measure, particularly as to fissionable materials, let's say, but not things such as common-use items, such as office supplies—there would not be an exemption.

Senator KENNEDY. I think it would be helpful to the committee if you could perhaps write me a letter and give me some idea in these particularly sensitive agencies, particularly like Defense and Atomic Energy Commission, how it might be possible to operate under this bill.

Mr. ELLIOTT. All right, sir; we shall be glad to do so.

Senator KENNEDY. I think questions will be raised relative to eliminating exemptions for those agencies, unless we could give some assurances that the material which was important to the work of the agency would not be affected.

Mr. ELLIOTT. Of course, we could not speak for what the President would do.

Senator KENNEDY. I understand that.

Mr. ELLIOTT. We can tell the committee what we would recommend in terms of that.

Senator KENNEDY. Perhaps you could analyze these exemptions, which I think could be done, and briefly give us some sort of idea what has been done in the past and what could be done under this bill.

Mr. ELLIOTT. We shall certainly be glad to do so.

(The information requested was not received up to the time this hearing went to press, but will be placed on file with the subcommittee.)

Senator KENNEDY. We have one last question, and then perhaps we will hear from Mr. Brundage.

Mr. SCULL. I would like to ask one question.

Mr. Elliott, the General Services Administration now disposes of some military surpluses?

Mr. ELLIOTT. That is correct.

Mr. SCULL. Not to a great extent?

Mr. ELLIOTT. A certain amount is reported to us as excess.

Mr. SCULL. Reported as excess?

Mr. ELLIOTT. For utilization.

Mr. SCULL. Right.

Mr. ELLIOTT. We do very little actual disposal of the surplus, so far as personal property is concerned.

Mr. SCULL. Could you tell the subcommittee how that operation is working? For example, I understand that you are now handling a large volume of Army personnel files. If you could very briefly give us the situation on how that is working, I think it would be helpful.

Mr. ELLIOTT. All right. I would be glad to do so, with Mr. Tuttle's assistance. That is an interesting case, and it illustrates the general point I was making before about how this matter of excess ties into procurement and paperwork management.

Not too long ago the Civil Service Commission issued some regulations relative to the handling of personnel folders.

The Army decided that on the basis of those regulations, their so-called 201 folders--those are the folders that the Army uses for their personnel files--were no longer suitable or usable for the new procedure. They therefore declared "excess" to us a supply which aggregated about 7 million folders, or about 15-year supply of personnel folders.

When that reached our people, Mr. Tuttle's office, they recognized that this civil service regulation was not merely applicable to the Army but it was common to all Government agencies. They therefore got in touch with our records management people in General Services Administration and went to the Civil Service and got the civil service regulation revised, so that these folders can now be used not only by the Army but all governmental agencies.

As the result of having that stock of 201 folders, I believe, Mr. Tuttle, that we are going to stop new procurement of personnel folders in the Government until this stock is used up; is that correct?

Mr. TUTTLE. That is correct.

Mr. ELLIOTT. They will not be available only to the Army for the next 15 years, but also to some of the other agencies.

Mr. TUTTLE. The Civil Service Commission is still drafting the change, but there is agreement that this new regulation will be so worded that this folder can be used across the Government. When it is used by other agencies, there will be an overprint on it.

Senator KENNEDY. There are 15 years' worth of these folders, did you say?

Mr. TUTTLE. The Commission estimated for new employees across the Government and replacements, you would use about 400,000 folders a year. On that basis, 7-million-plus folders would give you about 15 years—15 to 18 years' supply for the Government as a whole.

Senator KENNEDY. Who would purchase these, the Department of the Defense?

Mr. TUTTLE. Well, this happens to be of that Department. These 7 million are Army folders.

Senator KENNEDY. Were they purchased by the Army, for the Army?

Mr. TUTTLE. They were purchased by the Army.

Senator KENNEDY. Then you had 15 years' supply for the Government as a whole. How many would that have provided for the Army? They were the ones who originally purchased it?

Mr. TUTTLE. How much it would be I could not say offhand.

Senator KENNEDY. What was their reasoning?

Mr. TUTTLE. They proposed to dispose of these folders, because under the civil-service regulation this became an obsolete folder.

Senator KENNEDY. I was just wondering why they bought them, in the first place.

Mr. TUTTLE. We have not checked into that aspect of it.

Senator KENNEDY. Thank you very much, Mr. Elliott and Mr. Tuttle and Mr. Church. We appreciate your being here.

Mr. ELLIOTT. Thank you.

Senator KENNEDY. We did ask for additional information on a couple of matters. If you could give us that as soon as convenient, we would like to have you do so. We would like to act on this legislation this session, so we would like to get the information as quickly as possible.

Mr. ELLIOTT. I wonder if I might make one comment. It is not especially germane to the bill, except the bill relates to the removal of exemptions from utilization and disposal.

I think either now or sometime this committee might consider the advisability of removing the exemption generally with respect to the activities under the Federal Property Act, that is, removing them with respect to procurement and transportation and other fields of supply, as well as for utilization and disposal.

I believe that is in line with some other recommendations in other reports of the Hoover Commission, notably the transportation report.

Senator KENNEDY. We will be taking those up next year, anyway.

Mr. ELLIOTT. All right.

Senator KENNEDY. Mr. Brundage, we will be glad to hear from you now. We appreciate very much your being here.

Would you care to file your statement, and then proceed orally?

STATEMENT OF PERCIVAL F. BRUNDAGE, DEPUTY DIRECTOR OF THE BUREAU OF THE BUDGET, ACCOMPANIED BY GEORGE MULLINS, BUREAU OF THE BUDGET

Mr. BRUNDAGE. I will be very happy to.

(The prepared statement of Mr. Percival F. Brundage, the Deputy Director of the Bureau of the Budget, is as follows:)

STATEMENT OF PERCIVAL F. BRUNDAGE, DEPUTY DIRECTOR OF THE BUREAU OF THE BUDGET, ON S. 2367, A BILL RELATING TO THE AUTHORITY OF THE ADMINISTRATOR OF GENERAL SERVICES WITH RESPECT TO THE UTILIZATION AND DISPOSAL OF EXCESS AND SURPLUS GOVERNMENT PROPERTY UNDER THE CONTROL OF EXECUTIVE AGENCIES

Mr. Chairman and members of the committee, I am pleased to have this opportunity to state the views of the Bureau of the Budget concerning S. 2367 which is similar to S. 2247 and H. R. 6568. All of these bills were introduced during this session of Congress for the purpose of repealing statutory exemptions from the authority of the Administrator of General Services with respect to the utilization and disposal of excess and surplus Government real and personal property. These bills also contain provisions authorizing the President to grant by Executive order such specific exemptions as he deems to be necessary in the public interest. These three bills would implement recommendations Nos. 4 and 20 in the report on surplus property submitted to the Congress in April 1955 by the Commission on Organization of the Executive Branch of the Government.

Similar recommendations pertaining to other responsibilities of the Administrator of General Services are included in reports of the Hoover Commission on Real Property Management, Depot Utilization, and Transportation. Bills to remove exemptions from authority of the Administrator in the field of transportation management have also been introduced. These include H. R. 6563, H. R. 6854, and H. R. 6885. In general, my comments regarding S. 2367 also apply to these other bills and recommendations. We believe the extent of exemptions from the authority of the Administrator should be considered all at one time rather than on a piecemeal basis.

The General Services Administration was created after many studies, including those of the first Hoover Commission, had shown the need for standardization, coordination, and centralized control in the Government's management of property and administrative services. A central authority was clearly needed which could be held responsible for regulating and controlling the so-called housekeeping functions in the Government. The Federal Property and Administrative Services Act of 1949 established the Administrator of General Services for this purpose and gave him authority either to prescribe policies and methods for managing property and other housekeeping services, or to take over the operating responsibility for these functions, after consultation with the agencies affected. His authority covered the entire executive branch of the Government except for a few agencies or programs within agencies which were explicitly exempted in section 602 (d) of the act. These included the Atomic Energy Commission, the Tennessee Valley Authority, the Central Intelligence Agency, and certain specific programs within the Housing and Home Finance Agency, and the Departments of State, Defense, Agriculture, Commerce, and Post Office. In addition, section 201 (a) of the act contained a provision that the Secretary of Defense could exempt the Department of Defense from the control of the Administrator unless directed otherwise by the President. Since this basic legislation was enacted additional statutes have assigned various property management functions to other agencies or have exempted certain programs from the control of the Administrator. An example is the Atomic Energy Act of 1954.

The effect of S. 2367 would be to repeal all of these statutory exemptions, insofar as they apply to the utilization and disposal of excess and surplus property, and to authorize the President to make similar or modified exemptions by

30 UTILIZATION AND DISPOSAL OF SURPLUS PROPERTY

Executive order. The similar bills relating to transportation would remove the exemptions but would not authorize the President to make exemptions by Executive order.

We believe the Administrator of General Services should have strong authority in the field of property and supply management. This is especially true of the utilization and disposal of excess and surplus property because uniform policies and procedures are necessary if these functions are to be performed properly.

We favor enactment of S. 2367, S. 2247, or H. R. 6568 because we believe it is entirely proper to reexamine the need for the exemptions which have been granted, to withdraw those which are no longer warranted, to modify or curtail those which are unnecessarily broad, and to grant only those which are sufficiently justified. We believe it is also proper for the executive branch to assume responsibility for conducting such examinations and acting upon them subject, of course, to the right of the Congress to obtain reports explaining reasons for exemptions granted by Executive order.

In general, the Administrator of General Services should have full authority in the management and disposal of property acquired for use by the Government. But the subcommittee understands, I am sure, that some exemptions from standard governmentwide procedures and controls will continue to be necessary or advisable. There are instances in which management and disposal of property are essential parts of a specialized program for which an agency is responsible. In such instances, we believe that these functions should not be placed under the control of an agency which assumes no responsibility for program results. For example, the procurement and sale of agricultural products are part of the price stabilization activities of the Commodity Credit Corporation. We would not favor placing such activities under the control of the General Services Administration.

There are other instances in which some form of exemption is advisable because special skills or knowledge are needed. For example, the disposal of metal scrap and equipment which has been contaminated in the atomic energy program requires special knowledge of the industrial effects and protective methods for the sale and subsequent use of such material. Regulations for utilization and disposal of ordinary supplies and equipment may not be applicable in such instances.

I am not prepared at this time to comment in detail regarding each of the exemptions now granted by statute. We would need to make further studies before we could recommend actions on specific exemptions. However, we believe some exemptions are necessary not only for excess and surplus property but also for transportation and other general services functions. If they are not provided by statute, the President should have authority to grant them when justified.

The Administrator of General Services has granted exemptions in some instances in addition to those provided by statute. We believe he should continue to have authority to make such exemptions as may from time to time prove to be desirable, in addition to the authority provided to the President in S. 2367. We believe final authority to withhold exemptions affecting an agency's basic program responsibility should not be vested in a central administrative services agency which cannot assume responsibility for the success or failure of the program.

S. 2367 provides that repeal of statutory exemptions would not take effect for 60 days, whereas the other bills do not provide a specific date. We believe that a future effective date would be highly desirable in order to permit time to obtain facts and reach decisions as to whether exemptions should be continued, modified, or withheld by Executive order. We are not certain, however, that 60 days is sufficient and would favor a 90 day period for this purpose.

In conclusion, I shall comment briefly on the fact that S. 2367 does not concern property in foreign countries. We agree with this limitation. The problem of surplus property in foreign countries requires attention but we believe it should be considered separately.

Senator KENNEDY. You may proceed.

Mr. BRUNDAGE. Mr. Chairman, we are in favor of the bills upon which you have asked our advice, S. 2367, S. 2247, and H. R. 6568.

The program of the bill is set forth in the recommendations in the Hoover Commission report; as you know, we feel that control of the utilization and disposal of excess and surplus property should be centralized in one agency. It is more efficient and can be done better.

We feel that the decision to allow the President the authority to exempt certain agencies is sound. An example of an exemption I would favor is procurement and sale of agricultural products as part of the price stabilization activities of the Commodity Credit Corporation. We would favor an exemption in that case.

Also, at the bottom of page 4 of my statement, I mention the special skills or knowledge needed in certain cases, such as the disposal of metal scrap and equipment that has been contaminated and is part of the Atomic Energy Commission program, which requires special care and knowledge as to proper utilization.

I think other exemptions would have to be the result of study as to the actual operation of the present programs.

I think that covers about the substance of my presentation.

Senator KENNEDY. Have you heard from the agencies affected by this bill?

Mr. BRUNDAGE. I do not think we have circulated them specifically on this bill.

Mr. MULLINS. We have heard from some agencies regarding the Hoover Commission recommendations, upon which these bills are based. We have had reports on S. 2247, but I do not believe any of the agencies were requested to report on this particular bill.

Senator KENNEDY. Is the Budget Bureau making any survey of what action the administration takes, that is, administrative agencies take on the recommendations of the Hoover Commission?

Mr. BRUNDAGE. We have a staff working on all of their recommendations. They are summarizing their proposals under recommendation numbers and have asked the agencies to report on them.

Senator KENNEDY. I think that the subcommittee next January would be interested in getting some sort of a report on what action the administrative agencies have taken to implement the Hoover Commission recommendations, aside from those which require legislation by the Congress—just the administrative decisions.

Of course, it is much too early, I think, now. I think next January we would like to take that up.

Mr. BRUNDAGE. We are classifying the recommendations to identify those which can be effected by Executive order, and those which can be accomplished without any specific legislation or Executive order. We will be very happy to do that.

Senator MARTIN. I have no questions.

Senator KENNEDY. I want to thank you for this information, because your position gives us a pretty good résumé of all of the departments, as to the recommendations.

Mr. BRUNDAGE. We are right in the middle of it now.

Senator KENNEDY. We need that information seriously.

Mr. BRUNDAGE. We will try to get it, and send it up as soon as we can.

Senator KENNEDY. The Bureau of the Budget is in favor of this particular bill?

Mr. BRUNDAGE. Yes.

Senator KENNEDY. We thank you for coming.

Mr. BRUNDAGE. Thank you.

Senator KENNEDY. The hearing is now adjourned.

(Whereupon, at 12:15 p. m., the subcommittee adjourned.)

(Subsequently, the following revised bill, S. 2591, was introduced by Senators Kennedy and Martin of Iowa:)

[S. 2591, 84th Cong., 1st sess.]

A BILL To amend section 602 of the Federal Property and Administrative Services Act of 1949 with respect to the utilization and disposal of excess and surplus property under the control of executive agencies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 602 of the Federal Property and Administrative Services Act of 1949 (63 Stat. 399, 40 U. S. C. 474), as amended, is hereby amended by adding at the end thereof a new subsection to read as follows:

“(g) (1) Notwithstanding the provisions of subsection (d) of this section or of any law other than this Act, the Administrator shall exercise the authority vested in him by this Act with respect to the utilization and disposal of all excess and surplus property, real and personal, which is under the control of any executive agency, except that nothing in this Act shall impair or affect any authority of—

“(A) any executive agency to dispose of property under its control when such disposal is made as specifically authorized by law in a particular manner, to a particular class or classes of persons, or for particular purposes, as part of or in furtherance of program activities of such agency, including, but not limited to, disposal by the Department of Agriculture of agricultural commodities acquired under price support or other agricultural assistance programs, and disposal by the Tennessee Valley Authority of reservoir lands, or in place power equipment facilities with appurtenant rights-of-way to power distributors, and of other property similarly disposed of by such Authority in connection with its program activities, but the agency carrying out such program shall, to the maximum extent practicable consistent with the fulfillment of the purposes of the program and the effective and efficient conduct of its business, coordinate its operations with the requirements of this Act and the policies and regulations prescribed pursuant thereto; or

“(B) the Joint Committee on Printing under the Act entitled ‘An Act providing for the public printing and binding and the distribution of public documents’, approved January 12, 1895 (58 Stat. 601), as amended, or any other Act.

“(2) The President may by Executive order make such specific exemptions from the exercise by the Administrator of General Services of his authority under this subsection with respect to the utilization and disposal of excess and surplus property as the President deems to be necessary in the public interest. Each such proposed Executive order shall be published in the Federal Register not less than thirty days prior to the issuance thereof. The President shall submit a report to the Congress in January of each year to and including the year 1960 of all Executive orders issued hereunder during the preceding calendar year and the reasons therefor.”

SEC. 2. This Act shall become effective ninety days after its enactment.

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[PUBLIC LAW 152—81ST CONGRESS]

[CHAPTER 288—1ST SESSION]

[H. R. 4754]

AN ACT

To simplify the procurement, utilization, and disposal of Government property, to reorganize certain agencies of the Government, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

That this Act may be cited as the "Federal Property and Administrative Services Act of 1949".

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DECLARATION OF POLICY

SEC. 2. It is the intent of the Congress in enacting this legislation to provide for the Government an economical and efficient system for (a) the procurement and supply of personal property and nonpersonal services, including related functions such as contracting, inspection, storage, issue, specifications, property identification and classification, transportation and traffic management, management of public utility services, repairing and converting, establishment of inventory levels, establishment of forms and procedures, and representation before Federal and State regulatory bodies; (b) the utilization of available property; (c) the disposal of surplus property; and (d) records management.

DEFINITIONS

SEC. 3. As used in this Act—

(a) The term “executive agency” means any executive department or independent establishment in the executive branch of the Government, including any wholly owned Government corporation.

(b) The term “Federal agency” means any executive agency or any establishment in the legislative or judicial branch of the Government (except the Senate and the House of Representatives).

(c) The term “Administrator” means the Administrator of General Services provided for in title I hereof.

(d) The term “property” means any interest in property of any kind except (1) the public domain and lands reserved or dedicated for national forest or national park purposes; and (2) naval vessels of the following categories: Battleships, cruisers, aircraft carriers, destroyers, and submarines.

(e) The term “excess property” means any property under the control of any Federal agency which is not required for its needs and the discharge of its responsibilities, as determined by the head thereof.

(f) The term “foreign excess property” means any excess property located outside the continental United States, Hawaii, Alaska, Puerto Rico, and the Virgin Islands.

(g) The term "surplus property" means any excess property not required for the needs and the discharge of the responsibilities of all Federal agencies, as determined by the Administrator.

(h) The term "care and handling" includes completing, repairing, converting, rehabilitating, operating, preserving, protecting, insuring, packing, storing, handling, conserving, and transporting excess and surplus property, and, in the case of property which is dangerous to public health or safety, destroying or rendering innocuous such property.

(i) The term "person" includes any corporation, partnership, firm, association, trust, estate, or other entity.

(j) The term "nonpersonal services" means such contractual services, other than personal and professional services, as the Administrator shall designate.

(k) The term "contractor inventory" means (1) any property acquired by and in the possession of a contractor or subcontractor under a contract pursuant to the terms of which title is vested in the Government, and in excess of the amounts needed to complete full performance under the entire contract; and (2) any property which the Government is obligated to take over under any type of contract as a result either of any changes in the specifications or plans thereunder or of the termination of such contract (or subcontract thereunder), prior to completion of the work, for the convenience or at the option of the Government.

TITLE I—ORGANIZATION

GENERAL SERVICES ADMINISTRATION

SEC. 101. (a) There is hereby established an agency in the executive branch of the Government which shall be known as the General Services Administration.

(b) There shall be at the head of the General Services Administration an Administrator of General Services who shall be appointed by the President by and with the advice and consent of the Senate, and perform his functions subject to the direction and control of the President.

(c) There shall be in the General Services Administration a Deputy Administrator of General Services who shall be appointed by the Administrator of General Services. The Deputy Administrator shall perform such functions as the Administrator shall designate and shall be Acting Administrator of General Services during the absence or disability of the Administrator and, unless the President shall designate another officer of the Government, in the event of a vacancy in the office of Administrator.

(d) Pending the first appointment of the Administrator under the provisions of this section, his functions shall be performed temporarily by such officer of the Government in office upon or immediately prior to the taking of effect of the provisions of this Act as the President shall designate, and such officer while so serving shall receive the salary fixed for the Administrator.

(c) Pending the effective date of other provisions of law fixing the rates of compensation of the Administrator, the Deputy Administrator and of the heads and assistant heads of the principal organizational units of the General Services Administration, and taking into consideration provisions of law governing the compensation of officers having comparable responsibilities and duties, the President shall fix for each of them a rate of compensation which he shall deem to be commensurate with the responsibilities and duties of the respective offices involved.

TRANSFER OF AFFAIRS OF BUREAU OF FEDERAL SUPPLY

Sec. 102. (a) The functions of (1) the Bureau of Federal Supply in the Department of the Treasury, (2) the Director of the Bureau of Federal Supply, (3) the personnel of such Bureau, and (4) the Secretary of the Treasury, relating to the Bureau of Federal Supply, are hereby transferred to the Administrator. The records, property, personnel, obligations, and commitments of the Bureau of Federal Supply, together with such additional records, property, and personnel of the Department of the Treasury as the Director of the Bureau of the Budget shall determine to relate primarily to functions transferred by this section or vested in the Administrator by titles II, III, and V, of this Act, are hereby transferred to the General Services Administration. The Bureau of Federal Supply and the office of Director of the Bureau of Federal Supply are hereby abolished.

(b) The functions of the Director of Contract Settlement and of the Office of Contract Settlement, transferred to the Secretary of the Treasury by Reorganization Plan Numbered 1 of 1947, are transferred to the Administrator and shall be performed by him or, subject to his direction and control, by such officers and agencies of the General Services Administration as he may designate. The Contract Settlement Act Advisory Board created by section 5 of the Contract Settlement Act of 1944 (58 Stat. 649) and the Appeal Board established under section 13 (d) of that Act are transferred from the Department of the Treasury to the General Services Administration, but the functions of these Boards shall be performed by them, respectively, under conditions and limitations prescribed by law. There shall also be transferred to the General Services Administration such records, property, personnel, obligations, commitments, and unexpended balances (available or to be made available) of appropriations, allocations, and other funds of the Treasury Department as the Director of the Bureau of the Budget shall determine to relate primarily to the functions transferred by the provisions of this subsection.

(c) Any other provision of this section notwithstanding, there may be retained in the Department of the Treasury any function referred to in subsection (a) of this section which the Director of the Bureau of the Budget shall, within ten days after the effective date of this Act, determine to be essential to the orderly administration of the affairs of the agencies of such Department, other than the Bureau of Federal Supply, together with such records, property, personnel, obligations, commitments, and unexpended balances of appropriations, allocations, and other funds, available or to be made available, of said Department, as said Director shall determine.

TRANSFER OF AFFAIRS OF THE FEDERAL WORKS AGENCY

SEC. 103. (a) All functions of the Federal Works Agency and of all agencies thereof, together with all functions of the Federal Works Administrator, of the Commissioner of Public Buildings, and of the Commissioner of Public Roads, are hereby transferred to the Administrator of General Services. There are hereby transferred to the General Services Administration the Public Roads Administration, which shall hereafter be known as the Bureau of Public Roads, and all records, property, personnel, obligations, and commitments of the Federal Works Agency, including those of all agencies of the Federal Works Agency.

(b) There are hereby abolished the Federal Works Agency, the Public Buildings Administration, the office of Federal Works Administrator, the office of Commissioner of Public Buildings, and the office of Assistant Federal Works Administrator.

RECORDS MANAGEMENT: TRANSFER OF THE NATIONAL ARCHIVES

SEC. 104. (a) The National Archives Establishment and its functions, records, property, personnel, obligations, and commitments are hereby transferred to the General Services Administration. There are transferred to the Administrator (1) the functions of the Archivist of the United States, except that the Archivist shall continue to be a member or chairman, as the case may be, of the bodies referred to in subsection (b) of this section, and (2) the functions of the Director of the Division of the Federal Register of the National Archives Establishment. The Archivist of the United States shall hereafter be appointed by the Administrator.

(b) There are also transferred to the General Services Administration the following bodies, together with their respective functions and such funds as are derived from Federal sources: (1) The National Archives Council and the National Historical Publications Commission, established by the Act of June 19, 1934 (48 Stat. 1122), (2) the National Archives Trust Fund Board, established by the Act of July 9, 1941 (55 Stat. 581), (3) the Board of Trustees of the Franklin D. Roosevelt Library, established by the Joint Resolution of July 18, 1939 (53 Stat. 1062), and (4) the Administrative Committee established by section 6 of the Act of July 26, 1935 (49 Stat. 501), which shall hereafter be known as the Administrative Committee of the Federal Register. The authority of the Administrator under section 106 hereof shall not extend to the bodies or functions affected by this subsection.

(c) The Administrator is authorized (1) to make surveys of Government records and records management and disposal practices and obtain reports thereon from Federal agencies; (2) to promote, in cooperation with the executive agencies, improved records management practices and controls in such agencies, including the central storage or disposition of records not needed by such agencies for their current use; and (3) to report to the Congress and the Director of the Bureau of the Budget from time to time the results of such activities.

TRANSFER FOR LIQUIDATION OF THE AFFAIRS OF THE WAR ASSETS
ADMINISTRATION

SEC. 105. The functions, records, property, personnel, obligations, and commitments of the War Assets Administration are hereby transferred to the General Services Administration. The functions of the War Assets Administrator are hereby transferred to the Administrator of General Services. The War Assets Administration, the office of the War Assets Administrator, and the office of Associate War Assets Administrator are hereby abolished. Personnel now holding appointments granted under the second sentence of section 5 (b) of the Surplus Property Act of 1944, as amended, may be continued in such positions or may be appointed to similar positions for such time as the Administrator may determine.

REDISTRIBUTION OF FUNCTIONS

SEC. 106. The Administrator is hereby authorized, in his discretion, in order to provide for the effective accomplishment of the functions transferred to or vested in him by this Act, and from time to time, to regroup, transfer, and distribute any such functions within the General Services Administration. The Administrator is hereby authorized to transfer the funds necessary to accomplish said functions and report such transfers of funds to the Director of the Bureau of the Budget.

TRANSFER OF FUNDS

SEC. 107. (a) All unexpended balances of appropriations, allocations, or other funds available or to be made available, for the use of the Bureau of Federal Supply, the War Assets Administration, the Federal Works Agency, and the National Archives Establishment, and so much of the other unexpended balances of appropriations, allocations, or other funds of the Department of the Treasury, available or to be made available, as the Director of the Bureau of the Budget shall determine to relate primarily to functions transferred to or vested in the Administrator by the provisions of this Act, shall be transferred to the General Services Administration for use in connection with the functions to which such balances relate, respectively.

(b) When other functions are transferred to the General Services Administration from any Federal agency, under section 201 (a) (2) or (3), or otherwise under this Act, there shall be transferred such records, property, personnel, appropriations, allocations, and other funds of such agency to the General Services Administration as the Director of the Bureau of the Budget shall determine to relate primarily to the functions so transferred.

STATUS OF TRANSFERRED EMPLOYEES

SEC. 108. Subject to other provisions of this title relating to personnel, employees transferred by the provisions of this title shall be deemed to be employees of the General Services Administration and their reappointment shall not be required by reason of the enactment of this Act.

GENERAL SUPPLY FUND

SEC. 109. (a) There is hereby authorized to be set aside in the Treasury a special fund which shall be known as the General Supply Fund. Such fund shall be composed of the assets of the general supply fund (including any surplus therein) created by section 3 of the Act of February 27, 1929 (45 Stat. 1342; 41 U. S. C. 7c), and transferred to the Administrator by section 102 of this Act, and such sums as may be appropriated thereto, and the fund shall assume all of the liabilities, obligations, and commitments of the general supply fund created by such Act of February 27, 1929. The capital of the General Supply Fund shall be in an amount not greater than \$75,000,000. The General Supply Fund shall be available for use by or under the direction and control of the Administrator (1) for procuring personal property (including the purchase from or through the Public Printer of standard forms and blankbook work for field warehouse issue) and nonpersonal services for the use of Federal agencies in the proper discharge of their responsibilities, and (2) for paying all elements of cost of the procurement, handling, and distribution thereof, except that on and after July 1, 1950, those elements of cost which are determined by the Administrator with the approval of the Director of the Bureau of the Budget to be indirect or overhead costs shall not be paid from the fund.

(b) Payment by requisitioning agencies shall be at prices fixed by the Administrator. Until July 1, 1950, such prices shall be fixed in accordance with law and regulations applicable on the date of enactment of this Act to prices fixed by the Director of the Bureau of Federal Supply. On and after such date, such prices shall be fixed at levels so as to recover so far as practicable all costs except those which are determined by the Administrator with the approval of the Director of the Bureau of the Budget to be indirect or overhead costs. Requisitioning agencies shall pay by advance of funds in all cases where it is determined by the Administrator that there is insufficient capital otherwise available in the General Supply Fund. Advances of funds also may be made by agreement between the requisitioning agencies and the Administrator. Where an advance of funds is not made, requisitioning agencies shall promptly reimburse the General Services Administration on vouchers prepared by the requisitioning agency on the basis of itemized invoices submitted by the Administrator and receiving reports evidencing the delivery to the requisitioning agency of such supplies or services: *Provided*, That in any case where payment shall not have been made by the requisitioning agency within forty-five days after the date of billing by the Administrator, reimbursement may be obtained by the Administrator by the issuance of transfer and counterwarrants supported by itemized invoices.

(c) The General Supply Fund shall be credited with all reimbursements, advances of funds, and refunds or recoveries relating to supplies or services procured through the fund, including the net proceeds of disposal of surplus supplies procured through the fund and receipts from carriers and others for loss of, or damage to, supplies procured through the fund; and the same are hereby reappropriated for the purposes of the fund.

(d) A special deposit account may be established as a part of the General Supply Fund with the Treasurer of the United States for use

by the chief disbursing officer or any regional disbursing officer, Department of the Treasury, which may be credited with (1) funds advanced from the General Supply Fund account on the books of the Division of Bookkeeping and Warrants and (2) other funds properly for credit to the General Supply Fund without being covered into the Treasury of the United States; and such special deposit account may be charged with payments properly chargeable to the General Supply Fund.

(e) The Comptroller General of the United States shall make an annual audit of the General Supply Fund as of June 30, and there shall be covered into the United States Treasury as miscellaneous receipts any surplus found therein, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund, and the Comptroller General shall report to the Congress annually the results of the audit, together with such recommendations as he may have regarding the status and operations of the fund.

(f) Subject to the requirements of subsections (a) to (e), inclusive, of this section, the General Supply Fund also may be used for the procurement of supplies and nonpersonal services authorized to be acquired by mixed-ownership Government corporations, or by the municipal government of the District of Columbia, or by a requisitioning non-Federal agency when the function of a Federal agency authorized to procure for it is transferred to the General Services Administration: *Provided*, That the prices charged by the Administrator in such cases shall be fixed at levels which he estimates will be sufficient to recover, in addition to the direct costs of the procurement, handling, and distribution of such supplies and services, the indirect and overhead costs that the Administrator determines are allocable thereto.

TITLE II—PROPERTY MANAGEMENT

PROCUREMENT, WAREHOUSING, AND RELATED ACTIVITIES

SEC. 201. (a) The Administrator shall, in respect of executive agencies, and to the extent that he determines that so doing is advantageous to the Government in terms of economy, efficiency, or service, and with due regard to the program activities of the agencies concerned—

(1) prescribe policies and methods of procurement and supply of personal property and nonpersonal services, including related functions such as contracting, inspection, storage, issue, property identification and classification, transportation and traffic management, management of public utility services, and repairing and converting; and

(2) operate, and, after consultation with the executive agencies affected, consolidate, take over, or arrange for the operation by any executive agency of warehouses, supply centers, repair shops, fuel yards, and other similar facilities; and

(3) procure and supply personal property and nonpersonal services for the use of executive agencies in the proper discharge of their responsibilities, and perform functions related to procurement and supply such as those mentioned above in subparagraph

(1): *Provided*, That contracts for public utility services may be made for periods not exceeding ten years; and

(4) with respect to transportation and other public utility services for the use of executive agencies, represent such agencies in negotiations with carriers and other public utilities and in proceedings involving carriers or other public utilities before Federal and State regulatory bodies;

Provided, That the Secretary of Defense may from time to time, and unless the President shall otherwise direct, exempt the National Military Establishment from action taken or which may be taken by the Administrator under clauses (1), (2), (3), and (4) above whenever he determines such exemption to be in the best interests of national security.

(b) The Administrator shall as far as practicable provide any of the services specified in subsection (a) of this section to any other Federal agency, mixed ownership corporation (as defined in the Government Corporation Control Act), or the District of Columbia, or the Senate, or the House of Representatives, upon its request.

(c) In acquiring personal property, any executive agency, under regulations to be prescribed by the Administrator, may exchange or sell similar items and may apply the exchange allowance or proceeds of sale in such cases in whole or in part payment for the property acquired: *Provided*, That any transaction carried out under the authority of this subsection shall be evidenced in writing.

PROPERTY UTILIZATION

SEC. 202. (a) In order to minimize expenditures for property, the Administrator shall prescribe policies and methods to promote the maximum utilization of excess property by executive agencies, and he shall provide for the transfer of excess property among Federal agencies.

(b) Each executive agency shall (1) maintain adequate inventory controls and accountability systems for the property under its control, (2) continuously survey property under its control to determine which is excess property, and promptly report such property to the Administrator, (3) perform the care and handling of such excess property, and (4) transfer or dispose of such property as promptly as possible in accordance with authority delegated and regulations prescribed by the Administrator.

(c) Each executive agency shall, as far as practicable, (1) make reassignments of property among activities within the agency when such property is determined to be no longer required for the purposes of the appropriation from which it was purchased, (2) transfer excess property under its control to other Federal agencies, and (3) obtain excess property from other Federal agencies.

(d) Under existing provisions of law and procedures defined by the Secretary of Defense, and without regard to the requirements of this section except subsection (f), excess property of one of the departments of the National Military Establishment may be transferred to another department thereof.

(e) Transfers of excess property between Federal agencies (except transfers for redistribution to other Federal agencies or for disposal

as surplus property) shall be at the fair value thereof, as determined by, or pursuant to regulations of, the Administrator, unless such transfer is otherwise authorized by any law approved subsequent to June 21, 1944, to be without reimbursement or transfer of funds.

(f) The Director of the Bureau of the Budget shall prescribe regulations providing for the reporting to said Director by executive agencies of such reassignments or transfers of property between activities financed by different appropriations as he shall deem appropriate, and the reassignments and transfers so reported shall be reported to the Congress in the annual budget or otherwise as said Director may determine.

(g) Whenever the Administrator determines that the temporary assignment or reassignment of any space in excess real property to any Federal agency for office, storage, or related facilities would be more advantageous than the permanent transfer of such property, he may make such assignment or reassignment for such period of time as he shall determine and obtain, in the absence of appropriation available to him therefor, appropriate reimbursement from the using agency for the expense of maintaining such space.

(h) The Administrator may authorize the abandonment, destruction, or donation to public bodies of property which has no commercial value or of which the estimated cost of continued care and handling would exceed the estimated proceeds from its sale.

DISPOSAL OF SURPLUS PROPERTY

SEC. 203. (a) Except as otherwise provided in this section, the Administrator shall have supervision and direction over the disposition of surplus property. Such property shall be disposed of to such extent, at such time, in such areas, by such agencies, at such terms and conditions, and in such manner, as may be prescribed in or pursuant to this Act.

(b) The care and handling of surplus property, pending its disposition, and the disposal of surplus property, may be performed by the General Services Administration or, when so determined by the Administrator, by the executive agency in possession thereof or by any other executive agency consenting thereto.

(c) Any executive agency designated or authorized by the Administrator to dispose of surplus property may do so by sale, exchange, lease, permit, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Administrator deems proper, and it may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this title.

(d) A deed, bill of sale, lease, or other instrument executed by or on behalf of any executive agency purporting to transfer title or any other interest in surplus property under this title shall be conclusive evidence of compliance with the provisions of this title insofar as concerns title or other interest of any bona fide grantee or transferee for value and without notice of lack of such compliance.

(e) Unless the Administrator shall determine that disposal by advertising will in a given case better protect the public interest, surplus property disposals may be made without regard to any provision of

existing law for advertising until 12 o'clock noon, eastern standard time, December 31, 1950.

(f) Subject to regulations of the Administrator, any executive agency may authorize any contractor with such agency or subcontractor thereunder to retain or dispose of any contractor inventory.

(g) The Administrator, in formulating policies with respect to the disposal of surplus agricultural commodities, surplus foods processed from agricultural commodities, and surplus cotton or woolen goods, shall consult with the Secretary of Agriculture. Such policies shall be so formulated as to prevent surplus agricultural commodities, or surplus food processed from agricultural commodities, from being dumped on the market in a disorderly manner and disrupting the market prices for agricultural commodities.

(h) Whenever the Secretary of Agriculture determines such action to be required to assist him in carrying out his responsibilities with respect to price support or stabilization, the Administrator shall transfer without charge to the Department of Agriculture any surplus agricultural commodities, foods, or cotton or woolen goods to be disposed of. Receipts resulting from disposal by the Department of Agriculture under this subsection shall be deposited pursuant to any authority available to the Secretary of Agriculture, except that net proceeds of any sale of surplus property so transferred shall be credited pursuant to section 204 (b), when applicable. Surplus farm commodities so transferred shall not be sold, other than for export, in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation.

(i) The United States Maritime Commission shall dispose of surplus vessels of one thousand five hundred gross tons or more which the Commission determines to be merchant vessels or capable of conversion to merchant use, and such vessels shall be disposed of only in accordance with the provisions of the Merchant Marine Act, 1936, as amended, and other laws authorizing the sale of such vessels.

(j) (1) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate for educational purposes in the States, Territories, and possessions without cost (except for costs of care and handling) such equipment, materials, books, or other supplies under the control of any executive agency as shall have been determined to be surplus property and which shall have been determined under paragraph 2 or paragraph 3 of this subsection to be usable and necessary for educational purposes.

(2) Determination whether such surplus property (except surplus property donated in conformity with paragraph 3 of this subsection) is usable and necessary for educational purposes shall be made by the Federal Security Administrator, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services to tax-supported school systems, schools, colleges, and universities, and to other nonprofit schools, colleges, and universities which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code, or to State departments of education for distribution to such tax-supported and nonprofit school systems, schools, colleges, and universities; except that in any State where another agency is designated by State law for such purpose such

transfer shall be made to said agency for such distribution within the State.

(3) In the case of surplus property under the control of the National Military Establishment, the Secretary of Defense shall determine whether such property is usable and necessary for educational activities that are of special interest to the armed services, such as maritime academies or military, naval, Air Force, or Coast Guard preparatory schools. If such Secretary shall determine that such property is usable and necessary for such purposes, he shall allocate it for transfer by the Administrator to such educational activities. If he shall determine that such property is not usable and necessary for such purposes, it may be disposed of in accordance with paragraph 2 of this subsection.

(k) (1) Under such regulations as he may prescribe, the Administrator is authorized, in his discretion, to assign to the Federal Security Administrator for disposal such surplus real property, including buildings, fixtures, and equipment situated thereon, as is recommended by the Federal Security Administrator as being needed for school, classroom, or other educational use, or for use in the protection of public health, including research.

(A) Subject to the disapproval of the Administrator within thirty days after notice to him by the Federal Security Administrator of a proposed transfer of property for school, classroom, or other educational use, the Federal Security Administrator, through such officers or employees of the Federal Security Agency as he may designate, may sell or lease such real property, including buildings, fixtures, and equipment situated thereon, for educational purposes to the States and their political subdivisions and instrumentalities, and tax-supported educational institutions, and to other nonprofit educational institutions which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(B) Subject to the disapproval of the Administrator within thirty days after notice to him by the Federal Security Administrator of a proposed transfer of property for public-health use, the Federal Security Administrator, through such officers or employees of the Federal Security Agency as he may designate, may sell or lease such real property for public-health purposes, including research, to the States and their political subdivisions and instrumentalities, and to tax-supported medical institutions, and to hospitals or other similar institutions not operated for profit which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(C) In fixing the sale or lease value of property to be disposed of under subparagraph (A) and subparagraph (B) of this paragraph, the Federal Security Administrator shall take into consideration any benefit which has accrued or may accrue to the United States from the use of such property by any such State, political subdivision, instrumentality, or institution.

(D) "States" as used in this subsection includes the District of Columbia and the Territories and possessions of the United States.

(2) Subject to the disapproval of the Administrator within thirty

days after notice to him of any action to be taken under this subsection—

(A) The Federal Security Administrator, through such officers or employees of the Federal Security Agency as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and tax-supported and other nonprofit educational institutions for school, classroom, or other educational use;

(B) the Federal Security Administrator, through such officer or employees of the Federal Security Agency as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions and instrumentalities thereof, tax-supported medical institutions, and to hospitals and other similar institutions not operated for profit, for use in the protection of public health (including research);

(C) the Secretary of the Interior, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and municipalities for use as a public park, public recreational area, or historic monument for the benefit of the public; or

(D) the Secretary of Defense, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, to States, political subdivisions, and tax-supported instrumentalities thereof for use in the training and maintenance of civilian components of the armed forces,

is authorized and directed—

(i) to determine and enforce compliance with the terms, conditions, reservations, and restrictions contained in any instrument by which such transfer was made;

(ii) to reform, correct, or amend any such instrument by the execution of a corrective, reformatory, or amendatory instrument where necessary to correct such instrument or to conform such transfer to the requirements of applicable law; and

(iii) to (I) grant releases from any of the terms, conditions, reservations, and restrictions contained in, and (II) convey, quitclaim, or release to the transferee or other eligible user any right or interest reserved to the United States by, any instrument by which such transfer was made, if he determines that the property so transferred no longer serves the purpose for which it was transferred, and that such release, conveyance, or quitclaim deed will not prevent accomplishment of the purpose for which such property was so transferred: *Provided*, That any such release, conveyance, or quitclaim deed may be granted on, or made subject to, such terms and conditions as he shall deem necessary to protect or advance the interests of the United States.

(1) The Administrator is authorized to take possession of abandoned and other unclaimed property on premises owned or leased by the Government, to determine when title thereto vested in the United States, and to utilize, transfer or otherwise dispose of such property. Former

owners of such property upon proper claim filed within three years from the date of vesting of title in the United States shall be paid the proceeds realized from the disposition of such property or, if the property is used or transferred, the fair value therefor as of the time title was vested in the United States as determined by the Administrator, less in either case the costs incident to the care and handling of such property as determined by the Administrator.

PROCEEDS FROM TRANSFER OR DISPOSITION OF PROPERTY

SEC. 204. (a) All proceeds under this title from any transfer of excess property to a Federal agency for its use, or from any sale, lease, or other disposition of surplus property, shall be covered into the Treasury as miscellaneous receipts, except as provided in subsections (b), (c), (d), and (e) of this section.

(b) Where the property transferred or disposed of was acquired by the use of funds either not appropriated from the general fund of the Treasury or appropriated therefrom but by law reimbursable from assessment, tax, or other revenue or receipts, then the net proceeds of the disposition or transfer shall be credited to the reimbursable fund or appropriation or paid to the Federal agency which determined such property to be excess: *Provided*, That the proceeds shall be credited to miscellaneous receipts in any case when the agency which determined the property to be excess shall deem it uneconomical or impractical to ascertain the amount of net proceeds. As used in this subsection, the term "net proceeds of the disposition or transfer" means the proceeds of the disposition or transfer minus all expenses incurred for care and handling and disposition or transfer.

(c) Any Federal agency disposing of surplus property under this title (1) may deposit, in a special account with the Treasurer of the United States, such amount of the proceeds of such dispositions as it deems necessary to permit appropriate refunds to purchasers when any disposition is rescinded or does not become final, or payments for breach of any warranty, and (2) may withdraw therefrom amounts so to be refunded or paid, without regard to the origin of the funds withdrawn.

(d) Where any contract entered into by an executive agency or any subcontract under such contract authorizes the proceeds of any sale of property in the custody of the contractor or subcontractor to be credited to the price or cost of the work covered by such contract or subcontract, the proceeds of any such sale shall be credited in accordance with the contract or subcontract.

(e) Any executive agency entitled to receive cash under any contract covering the lease, sale or other disposition of surplus property may in its discretion accept, in lieu of cash, any property determined by the Munitions Board to be strategic or critical material at the prevailing market price thereof at the time the cash payment or payments became or become due.

(f) Where credit has been extended in connection with any disposition of surplus property under this title or by War Assets Administration (or its predecessor agencies) under the Surplus Property Act of 1944, or where such disposition has been by lease or permit, the Administrator shall administer and manage such credit, lease, or per-

mit, and any security therefor, and may enforce, adjust, and settle any right of the Government with respect thereto in such manner and upon such terms as he deems in the best interest of the Government.

POLICIES, REGULATIONS, AND DELEGATIONS

SEC. 205. (a) The President may prescribe such policies and directives, not inconsistent with the provisions of this Act, as he shall deem necessary to effectuate the provisions of this Act, which policies and directives shall govern the Administrator and executive agencies in carrying out their respective functions hereunder.

(b) The Comptroller General after considering the needs and requirements of the executive agencies shall prescribe principles and standards of accounting for property, cooperate with the Administrator and with the executive agencies in the development of property accounting systems, and approve such systems when deemed to be adequate and in conformity with prescribed principles and standards. From time to time the General Accounting Office shall examine such property accounting systems as are established by the executive agencies to determine the extent of compliance with prescribed principles and standards and approved systems, and the Comptroller General shall report to the Congress any failure to comply with such principles and standards or to adequately account for property.

(c) The Administrator shall prescribe such regulations as he deems necessary to effectuate his functions under this Act, and the head of each executive agency shall cause to be issued such orders and directives as such head deems necessary to carry out such regulations.

(d) The Administrator is authorized to delegate and to authorize successive re delegation of any authority transferred to or vested in him by this Act (except for the authority to issue regulations on matters of policy having application to executive agencies, the authority contained in section 106, and except as otherwise provided in this Act) to any official in the General Services Administration or to the head of any other Federal agency.

(e) With respect to any function transferred to or vested in the General Services Administration or the Administrator by this Act, the Administrator may (1) direct the undertaking of its performance by the General Services Administration or by any constituent organization therein which he may designate or establish; or (2) designate and authorize any executive agency to perform such function for itself; or (3) designate and authorize any other executive agency to perform such function; or (4) provide for such performance by any combination of the foregoing methods. Any designation or assignment of functions or delegation of authority to another executive agency under this section shall be made only with the consent of the executive agency concerned or upon direction of the President.

(f) When any executive agency (including the General Services Administration and constituent organizations thereof) is authorized and directed by the Administrator to carry out any function under this Act, the Administrator may, with the approval of the Director of the Bureau of the Budget, provide for the transfer of appropriate personnel, records, property, and allocated funds of the General Services Administration, or of such other executive agency as has

theretofore carried out such function, to the executive agency so authorized and directed.

(g) The Administrator may establish advisory committees to advise with him with respect to any function transferred to or vested in the Administrator by this Act. The members thereof shall serve without compensation but shall be entitled to transportation and not to exceed \$25 per diem in lieu of subsistence, as authorized by section 5 of the Act of August 2, 1946 (5 U. S. C. 73b-2), for persons so serving.

(h) The Administrator shall advise and consult with interested Federal agencies with a view to obtaining their advice and assistance in carrying out the purposes of this title.

SURVEYS, STANDARDIZATION AND CATALOGING

SEC. 206. (a) As he may deem necessary for the effectuation of his functions under this title, and after adequate advance notice to the executive agencies affected, and with due regard to the requirements of the National Military Establishment as determined by the Secretary of Defense, the Administrator is authorized (1) to make surveys of Government property and property management practices and obtain reports thereon from executive agencies; (2) to cooperate with executive agencies in the establishment of reasonable inventory levels for property stocked by them and from time to time report any excessive stocking to the Congress and to the Director of the Bureau of the Budget; (3) to establish and maintain such uniform Federal supply catalog system as may be appropriate to identify and classify personal property under the control of Federal agencies: *Provided*, That the Administrator and the Secretary of Defense shall coordinate the cataloging activities of the General Services Administration and the National Military Establishment so as to avoid unnecessary duplication; and (4) to prescribe standardized forms and procedures, except such as the Comptroller General is authorized by law to prescribe, and standard purchase specifications.

(b) Each Federal agency shall utilize such uniform Federal supply catalog system and standard purchase specifications, except as the Administrator, taking into consideration efficiency, economy, and other interests of the Government, shall otherwise provide.

(c) The General Accounting Office shall audit all types of property accounts and transactions at such times and in such manner as determined by the Comptroller General. Such audit shall be conducted as far as practicable at the place or places where the property or records of the executive agencies are kept and shall include but not necessarily be limited to an evaluation of the effectiveness of internal controls and audits, and a general audit of the discharge of accountability for Government-owned or controlled property based upon generally accepted principles of auditing.

APPLICABILITY OF ANTITRUST LAWS

SEC. 207. Whenever any executive agency shall begin negotiations for the disposition to private interests of a plant or plants, or other property, which cost the Government \$1,000,000 or more, or of patents, processes, techniques, or inventions, irrespective of cost, the executive agency shall promptly notify the Attorney General of the proposed

disposal and the probable terms or conditions thereof. Within a reasonable time, in no event to exceed sixty days after receiving such notification, the Attorney General shall advise the Administrator and the interested executive agency whether, insofar as he can determine, the proposed disposition would tend to create or maintain a situation inconsistent with the antitrust laws. Upon the request of the Attorney General, the Administrator or interested executive agency shall furnish or cause to be furnished such information as it may possess which the Attorney General determines to be appropriate or necessary to enable him to give the advice called for by this section or to determine whether any other disposition or proposed disposition of surplus property violates the antitrust laws. Nothing in this Act shall impair, amend, or modify the antitrust laws or limit and prevent their application to persons who buy or otherwise acquire property under the provisions of this Act. As used in this section the term "antitrust laws" includes the Act of July 2, 1890 (ch. 647, 26 Stat. 209), as amended; the Act of October 15, 1914 (ch. 323, 38 Stat. 730), as amended; the Federal Trade Commission Act (38 Stat. 717), as amended; and sections 73 and 74 of the Act of August 27, 1894 (28 Stat. 570), as amended.

EMPLOYMENT OF PERSONNEL

SEC. 208. (a) The Administrator is authorized, subject to the civil-service and classification laws, to appoint and fix the compensation of such personnel as may be necessary to carry out the provisions of titles I, II, III, and V of this Act.

(b) To such extent as he finds necessary to carry out the provisions of titles I, II, III, and V of this Act, the Administrator is hereby authorized to procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil-service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended (41 U. S. C. 5).

(c) Notwithstanding the provisions of section 1222 of the Revised Statutes (10 U. S. C. 576) or of any other provision of law, the Administrator in carrying out the functions imposed upon him by this Act is authorized to utilize in his agency the services of officials, officers, and other personnel in other executive agencies, including personnel of the armed services, with the consent of the head of the agency concerned.

CIVIL REMEDIES AND PENALTIES

SEC. 209. (a) Where any property is transferred or disposed of in accordance with this Act and any regulations prescribed hereunder, no officer or employee of the Government shall (1) be liable with respect to such transfer or disposition except for his own fraud, or (2) be accountable for the collection of any purchase price for such property which is determined to be uncollectible by the Federal agency responsible therefor.

(b) Every person who shall use or engage in, or cause to be used or engaged in, or enter into an agreement, combination, or conspiracy to

use or engage in or to cause to be used or engaged in, any fraudulent trick, scheme, or device, for the purpose of securing or obtaining, or aiding to secure or obtain, for any person any payment, property, or other benefits from the United States or any Federal agency in connection with the procurement, transfer, or disposition of property hereunder—

(1) shall pay to the United States the sum of \$2,000 for each such act, and double the amount of any damage which the United States may have sustained by reason thereof, together with the cost of suit; or

(2) shall, if the United States shall so elect, pay to the United States, as liquidated damages, a sum equal to twice the consideration agreed to be given by the United States or any Federal agency to such person or by such person to the United States or any Federal agency, as the case may be; or

(3) shall, if the United States shall so elect, restore to the United States the money or property thus secured and obtained and the United States shall retain as liquidated damages any property, money, or other consideration given to the United States or any Federal agency for such money or property, as the case may be.

(c) The several district courts of the United States, the District Court of the United States for the District of Columbia, and the several district courts of the Territories and possessions of the United States, within whose jurisdictional limits the person, or persons, doing or committing such act, or any one of them, resides or shall be found, shall wheresoever such act may have been done or committed, have full power and jurisdiction to hear, try, and determine such suit, and such person or persons as are not inhabitants of or found within the district in which suit is brought may be brought in by order of the court to be served personally or by publication or in such other reasonable manner as the court may direct.

(d) The civil remedies provided in this section shall be in addition to all other criminal penalties and civil remedies provided by law.

REPORTS TO CONGRESS

SEC. 210. The Administrator shall submit a report to the Congress, in January of each year and at such other times as he may deem it desirable, regarding the administration of his functions under this Act, together with such recommendations for amendments to this Act as he may deem appropriate as the result of the administration of such functions, at which time he shall also cite the laws becoming obsolete by reason of passage or operation of the provisions of this Act.

TITLE III—PROCUREMENT PROCEDURE

DECLARATION OF PURPOSE

SEC. 301. The purpose of this title is to facilitate the procurement of supplies and services.

APPLICATION AND PROCUREMENT METHODS

SEC. 302. (a) The provisions of this title shall be applicable to purchases and contracts for supplies or services made—

(1) by the General Services Administration for the use of such agency or otherwise; and

(2) by any other executive agency (except any agency named in section 2 (a) of the Armed Services Procurement Act of 1947), to the extent of and in conformity with authority delegated by the Administrator pursuant to the provisions of this subsection.

The Administrator may delegate to the head of any other such agency authority to make purchases and contracts for supplies or services pursuant to the provisions of this title (A) for the use of two or more executive agencies or (B) in other cases upon a determination by the Administrator that by reason of circumstances set forth in such determination such delegation is advantageous to the Government in terms of economy, efficiency, or national security. Notice of every such delegation of authority so made shall be furnished to the General Accounting Office.

(b) It is the declared policy of the Congress that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. Whenever it is proposed to make a contract or purchase in excess of \$10,000 by negotiation and without advertising, pursuant to the authority of paragraph (7) or (8) of section 302 (c) of this title, suitable advance publicity, as determined by the agency head with due regard to the type of supplies involved and other relevant considerations, shall be given for a period of at least fifteen days, wherever practicable, as determined by the agency head.

(c) All purchases and contracts for supplies and services shall be made by advertising, as provided in section 303, except that such purchases and contracts may be negotiated by the agency head without advertising if—

(1) determined to be necessary in the public interest during the period of a national emergency declared by the President or by the Congress;

(2) the public exigency will not admit of the delay incident to advertising;

(3) the aggregate amount involved does not exceed \$1,000: *Provided*, That no agency other than the General Services Administration shall make any purchase of, or contract for, supplies or services in excess of \$500 under this paragraph except in the exercise of authority conferred by the Administrator to procure and furnish supplies and services for the use of two or more executive agencies;

(4) for personal or professional services;

(5) for any service to be rendered by any university, college, or other educational institution;

(6) the supplies or services are to be procured and used outside the limits of the United States and its possessions;

(7) for medicines or medical supplies;

(8) for supplies purchased for authorized resale;

(9) for supplies or services for which it is impracticable to secure competition;

(10) the agency head determines that the purchase or contract is for experimental, developmental, or research work, or for the manufacture or furnishing of supplies for experimentation, devel-

opment, research, or test: *Provided*, That beginning six months after the effective date of this title and at the end of each six-month period thereafter, there shall be furnished to the Congress a report setting forth the name of each contractor with whom a contract has been entered into pursuant to this paragraph (10) since the date of the last such report, the amount of the contract, and, with due consideration given to the national security, a description of the work required to be performed thereunder;

(11) for supplies or services as to which the agency head determines that the character, ingredients, or components thereof are such that the purchase or contract should not be publicly disclosed;

(12) for equipment which the agency head determines to be technical equipment, and as to which he determines that the procurement thereof without advertising is necessary in special situations or in particular localities in order to assure standardization of equipment and interchangeability of parts and that such standardization and interchangeability is necessary in the public interest;

(13) for supplies or services as to which the agency head determines that bid prices after advertising therefor are not reasonable (either as to all or as to some part of the requirements) or have not been independently arrived at in open competition: *Provided*, That no negotiated purchase or contract may be entered into under this paragraph after the rejection of all or some of the bids received unless (A) notification of the intention to negotiate and reasonable opportunity to negotiate shall have been given by the agency head to each responsible bidder and (B) the negotiated price is the lowest negotiated price offered by any responsible supplier; or

(14) otherwise authorized by law.

(d) If in the opinion of the agency head bids received after advertising evidence any violation of the antitrust laws he shall refer such bids to the Attorney General for appropriate action.

(e) This section shall not be construed to (A) authorize the erection, repair, or furnishing of any public building or public improvement, but such authorization shall be required in the same manner as heretofore, or (B) permit any contract for the construction or repair of buildings, roads, sidewalks, sewers, mains, or similar items to be negotiated without advertising as required by section 303, unless such contract is to be performed outside the continental United States or unless negotiation of such contract is authorized by the provisions of paragraph (1), (2), (3), (9), (10), (11), or (13) of subsection (c) of this section.

ADVERTISING REQUIREMENTS

SEC. 303. Whenever advertising is required—

(a) The advertisement for bids shall be made a sufficient time previous to the purchase or contract, and specifications and invitations for bids shall permit such full and free competition as is consistent with the procurement of types of supplies and services necessary to meet the requirements of the agency concerned.

(b) All bids shall be publicly opened at the time and place stated in the advertisement. Award shall be made with reasonable promptness by written notice to that responsible bidder whose bid, conform-

ing to the invitation for bids, will be most advantageous to the Government, price and other factors considered: *Provided*, That all bids may be rejected when the agency head determines that it is in the public interest so to do.

REQUIREMENTS OF NEGOTIATED CONTRACTS

SEC. 304. (a) Except as provided in subsection (b) of this section, contracts negotiated pursuant to section 302 (c) may be of any type which in the opinion of the agency head will promote the best interests of the Government. Every contract negotiated pursuant to section 302 (c) shall contain a suitable warranty, as determined by the agency head, by the contractor that no person or selling agency has been employed or retained to solicit or secure such contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business, for the breach or violation of which warranty the Government shall have the right to annul such contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

(b) The cost-plus-a-percentage-of-cost system of contracting shall not be used, and in the case of a cost-plus-a-fixed-fee contract the fee shall not exceed 10 per centum of the estimated cost of the contract, exclusive of the fee, as determined by the agency head at the time of entering into such contract (except that a fee not in excess of 15 per centum of such estimated cost is authorized in any such contract for experimental, developmental, or research work and that a fee inclusive of the contractor's costs and not in excess of 6 per centum of the estimated cost, exclusive of fees, as determined by the agency head at the time of entering into the contract, of the project to which such fee is applicable is authorized in contracts for architectural or engineering services relating to any public works or utility project). Neither a cost nor a cost-plus-a-fixed-fee contract nor an incentive-type contract shall be used unless the agency head determines that such method of contracting is likely to be less costly than other methods or that it is impractical to secure supplies or services of the kind or quality required without the use of a cost or cost-plus-a-fixed-fee contract or an incentive-type contract. All cost and cost-plus-a-fixed-fee contracts shall provide for advance notification by the contractor to the procuring agency of any subcontract thereunder on a cost-plus-a-fixed-fee basis and of any fixed-price subcontract or purchase order which exceeds in dollar amount either \$25,000 or 5 per centum of the total estimated cost of the prime contract; and a procuring agency, through any authorized representative thereof, shall have the right to inspect the plans and to audit the books and records of any prime contractor or subcontractor engaged in the performance of a cost or cost-plus-a-fixed-fee contract.

ADVANCE PAYMENTS

SEC. 305. (a) The agency head may make advance payments under negotiated contracts heretofore or hereafter executed in any amount

not exceeding the contract price upon such terms as the parties shall agree: *Provided*, That advance payments shall be made only upon adequate security and if the agency head determines that provision for such advance payments is in the public interest or in the interest of the national defense and is necessary and appropriate in order to procure required supplies or services under the contract.

(b) The terms governing advance payments may include as security provision for, and upon inclusion of such provision there shall thereby be created, a lien in favor of the Government, paramount to all other liens, upon the supplies contracted for, upon the credit balance in any special account in which such payments may be deposited and upon such of the material and other property acquired for performance of the contract as the parties shall agree.

WAIVER OF LIQUIDATED DAMAGES

SEC. 306. Whenever any contract made on behalf of the Government by the agency head or by officers authorized by him so to do includes a provision for liquidated damages for delay, the Comptroller General on the recommendation of the agency head is authorized and empowered to remit the whole or any part of such damages as in his discretion may be just and equitable.

ADMINISTRATIVE DETERMINATIONS AND DELEGATIONS

SEC. 307. (a) The determinations and decisions provided in this title to be made by the Administrator or other agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in subsection (b) of this section, the agency head is authorized to delegate his powers provided by this title, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the agency.

(b) The power of the agency head to make the determinations or decisions specified in paragraphs (11) and (12) of section 302 (c) and in section 305 (a) shall not be delegable, and the power to make the determinations or decisions specified in paragraph (10) of section 302 (c) shall be delegable only to a chief officer responsible for procurement and only with respect to contracts which will not require the expenditure of more than \$25,000. The power of the Administrator to make the delegations and determinations specified in section 302 (a) shall be delegable only to the Deputy Administrator or to the chief official of any principal organizational unit of the General Services Administration.

(c) Each determination or decision required by paragraphs (10), (11), (12), or (13) of section 302 (c), by section 304 or by section 305 (a) shall be based upon written findings made by the official making such determination, which findings shall be final and shall be available within the agency for a period of at least six years following the date of the determination. A copy of the findings shall be submitted to the General Accounting Office with the contract.

(d) In any case where any purchase or contract is negotiated pursuant to the provisions of section 302 (c), except in a case covered by paragraphs (2), (3), (4), (5), or (6) thereof, the data with respect

to the negotiation shall be preserved in the files of the agency for a period of six years following final payment on such contract.

STATUTES CONTINUED IN EFFECT

SEC. 308. No purchase or contract shall be exempt from the Act of June 30, 1936 (49 Stat. 2036, as amended; 41 U. S. C. 35 to 45), or from the Act of March 3, 1931 (46 Stat. 1494, as amended; 40 U. S. C. 276a to 276a-6), solely by reason of having been entered into pursuant to section 302 (c) hereof without advertising, and the provisions of said Acts and of the Act of June 19, 1912 (37 Stat. 137, as amended; 40 U. S. C. 324 and 325a), if otherwise applicable, shall apply to such purchases and contracts.

DEFINITIONS

SEC. 309. As used in this title—

(a) The term "agency head" shall mean the head or any assistant head of any executive agency, and may at the option of the Administrator include the chief official of any principal organizational unit of the General Services Administration.

(b) The term "supplies" shall mean all property except land, and shall include, by way of description and without limitation, public works, buildings, facilities, ships, floating equipment, and vessels of every character, type and description (except the categories of naval vessels named in section 3 (d)), aircraft, parts, accessories, equipment, machine tools and alteration or installation thereof.

STATUTES NOT APPLICABLE

SEC. 310. The following provisions of law shall not apply to the procurement of supplies or services (1) by the General Services Administration, or (2) within the scope of authority delegated by the Administrator to any other executive agency:

Revised Statutes, section 3709, as amended (41 U. S. C. 5);

Revised Statutes, section 3735 (41 U. S. C. 13);

Sections 1 and 2 of the Act of October 10, 1940 (54 Stat. 1109, as amended; 41 U. S. C. 6 and 6a).

TITLE IV—FOREIGN EXCESS PROPERTY

DISPOSAL OF FOREIGN EXCESS PROPERTY

SEC. 401. Each executive agency having foreign excess property shall be responsible for the disposal thereof: *Provided*, That (a) the head of each such executive agency shall, with respect to the disposition of such property, conform to the foreign policy of the United States; (b) the Secretary of State shall have the authority to use foreign currencies and credits acquired by the United States under section 402 (b) of this Act in order to effectuate the purposes of section 32 (b) (2) of the Surplus Property Act of 1944, as amended, and the Foreign Service Buildings Act of May 7, 1926, as amended (including Public Law 547, Seventy-ninth Congress (60 Stat. 663)), and for the purpose of paying any other governmental expenses payable in local currencies, and the authority to amend, modify, and renew agreements

in effect on the effective date of this Act; (c) any foreign currencies or credits acquired by the Department of State pursuant to such agreements shall be administered in accordance with procedures that may from time to time be established by the Secretary of the Treasury and, if and when reduced to United States currency, shall be covered into the Treasury as miscellaneous receipts; and (d) the Department of State shall, except to such extent as the President shall otherwise determine, continue to perform other functions with respect to agreements for the disposal of foreign excess property in effect on the effective date of this Act.

METHODS AND TERMS OF DISPOSAL.

SEC. 402. Foreign excess property may be disposed of (a) by sale, exchange, lease, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the head of the executive agency concerned deems proper; but in no event shall any property be sold without a condition forbidding its importation into the United States, unless the Secretary of Agriculture (in the case of any agricultural commodity, food, or cotton or woolen goods) or the Secretary of Commerce (in the case of any other property) determines that the importation of such property would relieve domestic shortages or otherwise be beneficial to the economy of this country, or (b) for foreign currencies or credits, or substantial benefits or the discharge of claims resulting from the compromise or settlement of such claims by any executive agency in accordance with the law, whenever the head of the executive agency concerned determines that it is in the interest of the United States to do so. Such property may be disposed of without advertising when the head of the executive agency concerned finds so doing to be most practicable and to be advantageous to the Government. The head of each executive agency responsible for the disposal of foreign excess property may execute such documents for the transfer of title or other interest in property and take such other action as he deems necessary or proper to dispose of such property; and may authorize the abandonment, destruction, or donation of foreign excess property under his control which has no commercial value or the estimated cost of care and handling of which would exceed the estimated proceeds from its sale.

PROCEEDS, FOREIGN CURRENCIES

SEC. 403. Proceeds from the sale, lease, or other disposition of foreign excess property: (a) shall, if in the form of foreign currencies or credits, be administered in accordance with procedures that may from time to time be established by the Secretary of the Treasury, and (b) shall, if in United States currency, or when any proceeds in foreign currencies or credits shall be reduced to United States currency, be covered into the Treasury as miscellaneous receipts: *Provided*, That the provisions of section 204 (b) (which by their terms apply to property disposed of under title II) shall be applicable to proceeds of foreign excess property disposed of for United States currency under this title IV: *And provided further*, That any executive agency disposing of foreign excess property under this title (1) may deposit, in a special account with the Treasurer of the United States, such

amount of the proceeds of such dispositions as it deems necessary to permit appropriate refunds to purchasers when any disposition is rescinded or does not become final, or payments for breach of any warranty, and (2) may withdraw therefrom amounts so to be refunded or paid, without regard to the origin of the funds withdrawn.

MISCELLANEOUS PROVISIONS

SEC. 404. (a) The President may prescribe such policies, not inconsistent with the provisions of this title, as he shall deem necessary to effectuate the provisions of this title, which provisions shall guide each executive agency in carrying out its functions hereunder.

(b) Any authority conferred upon any executive agency or the head thereof by the provisions of this title may be delegated, and successive redelegation thereof may be authorized, by such head to any official in such agency or to the head of any other executive agency.

(c) The head of each executive agency responsible for the disposal of foreign excess property hereunder may, as may be necessary to carry out his functions under this title, (1) subject to the civil-service and classification laws, appoint and fix the compensation of personnel, and (2) without regard to the civil-service and classification laws, appoint and fix the compensation of personnel outside the continental limits of the United States.

(d) The head of each executive agency responsible for the disposal of foreign excess property under this title shall submit a report to Congress in January of each year or at such other time or times as he may deem desirable relative to its activities under this title, together with any appropriate recommendations.

(e) There shall be transferred from the Department of State to each other executive agency affected by this title such records, property, personnel, obligations, commitments, and unexpended balances of appropriations, allocations, and other funds, available or to be made available, as the Director of the Bureau of the Budget shall determine to relate to functions of such agency under this title which have heretofore been administered by the Department of State.

TITLE V—GENERAL PROVISIONS

APPLICABILITY OF EXISTING PROCEDURES

SEC. 501. All policies, procedures, and directives prescribed—

(a) by either the Director, Bureau of Federal Supply, or the Secretary of the Treasury and relating to any function transferred to or vested in the Administrator, by the provisions of this Act;

(b) by any officer of the Government under the authority of the Surplus Property Act of 1944, as amended, or under other authority with respect to surplus property or foreign excess property;

(c) by or under authority of the Federal Works Administrator or the head of any constituent agency of the Federal Works Agency; and

(d) by the Archivist of the United States or any other officer or body whose functions are transferred by title I of this Act, in effect upon the effective date of this Act and not inconsistent here-

with, shall remain in full force and effect unless and until superseded, or except as they may be amended, under the authority of this Act or under other appropriate authority.

REPEAL AND SAVING PROVISIONS

SEC. 502. (a) There are hereby repealed—

(1) the Surplus Property Act of 1944, as amended (except sections 13 (d), 13 (g), 13 (h), 28, and 32 (b) (2)), and sections 501 and 502 of Reorganization Plan Numbered 1 of 1947: *Provided*, That, with respect to the disposal under this Act of any surplus real estate, all priorities and preferences provided for in said Act, as amended, shall continue in effect until 12 o'clock noon (eastern standard time), December 31, 1949;

(2) that portion of the Act entitled "An Act making supplemental appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1949, and for other purposes", approved June 30, 1948 (Public Law 862, Eightieth Congress), as amended, appearing under the caption "Surplus property disposal";

(3) the Act entitled "An Act to authorize the Secretary of War to dispose of material no longer needed by the Army", approved February 28, 1936 (49 Stat. 1147; 10 U. S. C. 1258);

(4) the Act entitled "An Act to authorize the Secretary of the Navy to dispose of material no longer needed by the Navy", approved May 23, 1930, as amended (46 Stat. 378; 34 U. S. C. 546c);

(5) section 5 of the Act of July 11, 1919 (41 Stat. 67; 40 U. S. C. 311);

(6) the first and second provisos contained in the fifth paragraph under the heading "Division of Supply" in section 1 of the Act of December 20, 1928 (45 Stat. 1030; 40 U. S. C. 311a);

(7) the Act entitled "An Act to authorize the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force to donate excess and surplus property for educational purposes", approved July 2, 1948 (Public Law 889, Eightieth Congress);

(8) section 203 of the Act of June 26, 1943 (57 Stat. 195, as amended; 5 U. S. C. 118d-1);

(9) the Act of April 15, 1937 (50 Stat. 64; 5 U. S. C. 118d);

(10) the second proviso contained in the paragraph of the Act of August 10, 1912 (37 Stat. 296; 5 U. S. C. 545), headed "Contingent expenses, Department of Agriculture";

(11) the second proviso contained in the twentieth paragraph of section 1 of the Act of March 2, 1917 (39 Stat. 973; 5 U. S. C. 494);

(12) the twenty-sixth paragraph under the heading "National Parks" of the Act of January 24, 1923 (42 Stat. 1215; 16 U. S. C. 9);

(13) the fifth paragraph under the heading "Experiments and demonstrations in livestock production in the cane-sugar and cotton districts of the United States" of the Act of June 30, 1914 (38 Stat. 441; 5 U. S. C. 546);

(14) the proviso contained in the second paragraph under the heading "Library, Department of Agriculture" of the Act of March 4, 1915 (38 Stat. 1107; 5 U. S. C. 548);

(15) the second proviso contained in the second paragraph under the heading "Clothing and camp and garrison equipage" of section 1 of the Act of August 29, 1916 (39 Stat. 635; 10 U. S. C. 1271);

(16) the Act of May 11, 1939 (53 Stat. 739; 10 U. S. C. 1271a);

(17) the fifth paragraph under the heading "Office of the Chief Signal Officer" of the Act of May 12, 1917 (40 Stat. 43, as amended; 10 U. S. C. 1272);

(18) the third proviso contained in the second paragraph under the heading "Office of the Chief Signal Officer" of the Act of March 4, 1915 (38 Stat. 1064; 10 U. S. C. 1273);

(19) the fourteenth paragraph under the heading "Smithsonian Institution" of section 1 of the Act of March 3, 1915 (38 Stat. 839; 20 U. S. C. 66);

(20) the second paragraph under the heading "Government hospital for the insane" of section 1 of the Act of August 1, 1914 (38 Stat. 649; 24 U. S. C. 173);

(21) the second paragraph under the heading "Saint Elizabeths Hospital" of section 1 of the Act of June 12, 1917 (40 Stat. 153; 24 U. S. C. 174);

(22) the proviso contained in the second paragraph under the heading "Bureau of Supplies and Accounts" of the Act of August 22, 1912 (37 Stat. 346; 34 U. S. C. 531a);

(23) the second proviso of the first paragraph under the heading "Bureau of Yards and Docks" of the Act of August 29, 1916 (34 U. S. C. 532);

(24) the proviso contained in the second paragraph under the heading "Maintenance, Quartermaster's Department, Marine Corps" of the Act of March 4, 1917 (39 Stat. 1189; 34 U. S. C. 723);

(25) the twentieth paragraph under the heading "Bureau of Mines" of section 1 of the Act of July 19, 1919 (41 Stat. 200; 40 U. S. C. 118);

(26) the first sentence of section 5 of the Act of March 4, 1915 (38 Stat. 1161; 41 U. S. C. 26);

(27) the third paragraph under the heading "Interstate Commerce Commission" of section 1 of the Act of August 1, 1914 (38 Stat. 627; 49 U. S. C. 58);

(28) the Act of June 6, 1941 (55 Stat. 247; 14 U. S. C. 31b);

(29) section 4 of the Act of June 17, 1910 (36 Stat. 531; 41 U. S. C. 7);

(30) the Act of February 27, 1929 (45 Stat. 1341; 41 U. S. C. 7a, 7b, 7c, and 7d); and

(31) section 1 of the Act of May 14, 1935 (49 Stat. 234; 41 U. S. C. 7c-1).

(b) The provisions of the first, third, and fifth paragraphs of section 1 of Executive Order Numbered 6166 of June 10, 1935, are hereby superseded, insofar as they relate to any function now administered by the Bureau of Federal Supply except functions with respect to standard contract forms.

(c) The authority conferred by this Act is in addition to any authority conferred by any other law and shall not be subject to the provisions of any law inconsistent herewith, except that sections 205 (b) and 206 (c) of this Act shall not be applicable to any Government corporation or agency which is subject to the Government Corporation Control Act (59 Stat. 597; 31 U. S. C. 841).

(d) Nothing in this Act shall impair or affect any authority of—

(1) the President under the Philippine Property Act of 1946 (60 Stat. 418; 22 U. S. C. 1381);

(2) any executive agency with respect to any phase (including, but not limited to, procurement, storage, transportation, processing, and disposal) of any program conducted for purposes of resale, price support, grants to farmers, stabilization, transfer to foreign governments, or foreign aid, relief, or rehabilitation: *Provided*, That the agency carrying out such program shall, to the maximum extent practicable, consistent with the fulfillment of the purposes of the program and the effective and efficient conduct of its business, coordinate its operations with the requirements of this Act and the policies and regulations prescribed pursuant thereto;

(3) any executive agency named in the Armed Services Procurement Act of 1947, and the head thereof, with respect to the administration of said Act;

(4) the National Military Establishment with respect to property required for or located in occupied territories;

(5) the Secretary of Defense with respect to the administration of the National Industrial Reserve Act of 1948;

(6) the Secretary of Defense, the Munitions Board, and the Secretaries of the Army, Navy, and Air Force with respect to the administration of the Strategic and Critical Materials Stock Piling Act (60 Stat. 596), and provided that any imported materials which the authorized procuring agency shall certify to the Commissioner of Customs to be strategic and critical materials procured under said Act may be entered, or withdrawn from warehouse, free of duty;

(7) the Secretary of State under the Foreign Service Buildings Act of May 7, 1926, as amended;

(8) the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force with respect to the administration of section 1 (b) of the Act entitled "An Act to expedite the strengthening of the national defense", approved July 2, 1940 (54 Stat. 712);

(9) the Secretary of Agriculture or the Department of Agriculture under (A) the National School Lunch Act (60 Stat. 230); (B) the Farmers Home Administration Act of 1946 (60 Stat. 1062); (C) the Act of August 31, 1947, Public Law 298, Eightieth Congress, with respect to the disposal of labor supply centers, and labor homes, labor camps, or facilities; (D) section 32 of the Act of August 24, 1935 (49 Stat. 774), as amended, with respect to the exportation and domestic consumption of agricultural products; or (E) section 201 of the Agricultural Adjustment Act of 1938 (52 Stat. 36) or section 203 (j) of the Agricultural Marketing Act of 1946 (60 Stat. 1082);

(10) the Secretary of Agriculture, Farm Credit Administration, or any farm credit board under section 6 (b) of the Farm Credit Act of 1937 (50 Stat. 706), with respect to the acquisition or disposal of property;

(11) the Housing and Home Finance Agency, or any officer or constituent agency therein, with respect to the disposal of residential property, or of other property (real or personal) held as part of or acquired for or in connection with residential property, or in connection with the insurance of mortgages, loans, or savings and loan accounts under the National Housing Act;

(12) the Tennessee Valley Authority with respect to nonpersonal services, with respect to the matters referred to in section 201 (a) (4), and with respect to any property acquired or to be acquired for or in connection with any program of processing, manufacture, production, or force account construction: *Provided*, That the Tennessee Valley Authority shall to the maximum extent that it may deem practicable, consistent with the fulfillment of the purpose of its program and the effective and efficient conduct of its business, coordinate its operations with the requirements of this Act and the policies and regulations prescribed pursuant thereto;

(13) the Atomic Energy Commission;

(14) the Administrator of Civil Aeronautics or the Chief of the Weather Bureau with respect to the disposal of airport property and airway property for use as such property. For the purpose of this paragraph the terms "airport property" and "airway property" shall have the respective meanings ascribed to them in the International Aviation Facilities Act (62 Stat. 450);

(15) the Postmaster General or the Postal Establishment with respect to the means and methods of distribution and transportation of the mails, and contracts, negotiations, and proceedings before Federal and State regulatory and rate-making bodies, relating to the transportation of the mails;

(16) the United States Maritime Commission with respect to the construction, reconstruction, and reconditioning (including outfitting and equipping incident to the foregoing), the acquisition, procurement, operation, maintenance, preservation, sale, lease, or charter of any merchant vessel or of any shipyard, ship site, terminal, pier, dock, warehouse, or other installation necessary or appropriate for the carrying out of any program of such Commission authorized by law, or nonadministrative activities incidental thereto: *Provided*, That the United States Maritime Commission shall to the maximum extent that it may deem practicable, consistent with the fulfillment of the purposes of such programs and the effective and efficient conduct of such activities, coordinate its operations with the requirements of this Act, and the policies and regulations prescribed pursuant thereto;

(17) Central Intelligence Agency;

(18) except as provided in subsections (a) and (b) hereof, any other law relating to the procurement, utilization, or disposal of property: *Provided*, That, subject to, and within the scope of authority conferred on the Administrator by other provisions of this Act, he is authorized to prescribe regulations to govern any

procurement, utilization, or disposal of property under any such law, whenever but only to the extent he deems such action necessary to effectuate the provisions of title II; nor

(19) for such period of time as the President may specify, any other authority of any executive agency which the President determines within one year after the effective date of this Act should, in the public interest, stand unimpaired by this Act.

(c) Section 3709, Revised Statutes, as amended (41 U. S. C. 5), is amended by striking out "\$100" wherever it appears therein and inserting in lieu thereof "\$500".

AUTHORIZATIONS FOR APPROPRIATIONS AND TRANSFER AUTHORITY

SEC. 503. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

(b) When authorized by the Director of the Bureau of the Budget, any Federal agency may use, for the disposition of property under this Act, and for its care and handling pending such disposition, any funds heretofore or hereafter appropriated, allocated, or available to it for purposes similar to those provided for in sections 201, 202, 203, and 205 of this Act.

SEPARABILITY

SEC. 504. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

EFFECTIVE DATE

SEC. 505. This Act shall become effective on July 1, 1949, except that the provisions of section 502 (a) (2) (repealing prior law relating to the disposition of the affairs of the War Assets Administration) shall become effective on June 30, 1949.

Approved June 30, 1949.