

Payment for work. direction of such local or State officials. Payment for work in place shall be made monthly on vouchers properly certified by local officials of the Indian Service: *Provided further*, That funds thus appropriated may be used as sponsors' contribution for the construction, extension, equipment, and improvement of the said public-school facilities approved and carried on under funds of the Work Projects Administration: *And provided further*, That any amount expended on any project hereunder shall be recouped by the United States within a period of thirty years, commencing with the date of occupancy of the project, through reducing the annual Federal payments for the education of Indian pupils enrolled in public or high schools of the district involved, or by the acceptance of Indian pupils in such schools without cost to the United States, and in computing the amount of recoupment for each project interest at 3 per centum per annum shall be included on unrecouped balances.

Approved, July 1, 1940.

[CHAPTER 498]

AN ACT

To authorize defraying cost of necessary work between the Yuma project and Boulder Dam.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provision of the Act entitled "An Act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes", approved January 21, 1927, is amended to read as follows:

"There is hereby authorized to be appropriated, out of any moneys in the Treasury of the United States not otherwise appropriated, for the fiscal year ending June 30, 1928, and annually thereafter, the sum of \$100,000, or so much thereof as may be necessary, to be spent by the Reclamation Bureau under the direction of the Secretary of the Interior to defray the cost of operating and maintaining the Colorado River front work and levee system adjacent to the Yuma Federal irrigation project in Arizona and California and to defray the cost of other necessary protection works and systems along the Colorado River between said Yuma project and Boulder Dam."

Approved, July 1, 1940.

[CHAPTER 499]

AN ACT

To provide for exercising the right with respect to red cedar shingles reserved in the trade agreement concluded November 17, 1938, between the United States of America and Canada, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the United States Tariff Commission is hereby directed to conduct an investigation as soon as practicable after the close of the calendar year 1939 and each calendar year thereafter, for the purpose of ascertaining the quantities of red cedar shingles shipped by producers in the United States and the quantities of imported red cedar shingles entered for consumption, or withdrawn from warehouse for consumption, during each of the three calendar years immediately preceding any such investigation.

(b) If the Commission finds, on the basis of an investigation under subdivision (a) of this section, that in any calendar year after 1938 the quantity of imported red cedar shingles entered for consumption, or withdrawn from warehouse for consumption, was

Sponsors' contribution.

Recoupment by U. S.

Interest on unrecouped balances.

July 1, 1940
[H. R. 7116]
[Public, No. 697]

44 Stat. 1021.

Colorado River.
Annual appropriation for front work, etc.

July 1, 1940
[H. R. 9765]
[Public, No. 698]

Red cedar shingles.
Investigation by U. S. Tariff Commission.

Report of excess imports to President.

in excess of 30 per centum of the combined total for such year of the respective quantities ascertained in such investigation, it shall so report to the President. If the President approves the report of the Commission, he shall so proclaim, and on and after the day following the filing of such proclamation with the Division of the Federal Register and so long as any trade agreement entered into under the authority of section 350 of the Tariff Act of 1930, as amended, shall be in effect with respect to the importation into the United States of red cedar shingles, there shall be a duty upon imported red cedar shingles entered for consumption, or withdrawn from warehouse for consumption, in any calendar year in excess of 30 per centum of the annual average for the preceding three calendar years of the combined total of the quantity of such shingles shipped by producers in the United States and of the quantity of such imported shingles entered for consumption, or withdrawn from warehouse for consumption. The rate of such duty shall be 25 cents per square. Any duty imposed under this Act shall be treated for the purposes of all provisions of law relating to customs revenue as a duty imposed by the Tariff Act of 1930, and shall not apply to shingles entered for consumption before the duty becomes applicable.

(c) The quantity of red cedar shingles entitled to exemption from any duty imposed pursuant to this Act shall be ascertained for each quota period by the Commission and reported to the Secretary of the Treasury.

Approved, July 1, 1940.

Approval by proclamation.

48 Stat. 943.
19 U. S. C. § 1351;
Supp. V, § 1351.
Duty.

Exemption of prior importations.

Quantity exempt from duty; report.

[CHAPTER 500]

AN ACT

Amending the Bankruptcy Act with respect to the basis of property.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That effective as of June 22, 1938, section 270 of the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended to read as follows:

"SEC. 270. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person required to use the debtor's basis in whole or in part shall be decreased by an amount equal to the amount by which the indebtedness of the debtor, not including accrued interest unpaid and not resulting in a tax benefit on any income tax return, has been canceled or reduced in a proceeding under this chapter, but the basis of any particular property shall not be decreased to an amount less than the fair market value of such property as of the date of entry of the order confirming the plan. Any determination of value in a proceeding under this chapter shall not be deemed a determination of fair market value for the purposes of this section. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as he may deem necessary in order to reflect such decrease in basis for Federal income-tax purposes and otherwise carry into effect the purposes of this section."

SEC. 2. Effective as of June 22, 1938, section 396 of such Act, as amended, is amended to read as follows:

"SEC. 396. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person

July 1, 1940

[H. R. 9864]

[Public, No. 699]

Bankruptcy Act of 1898, amendments.
52 Stat. 904.
11 U. S. C., Supp. V, § 670.

Corporate reorganizations.
Determination of basis of property for income-tax purposes.

Limitation on reduction of basis.

Regulations.

52 Stat. 915.
11 U. S. C., Supp. V, § 796.

Arrangements.
Determination of basis of property for income-tax purposes.