

the principles and procedures of the Renegotiation Act of February 25, 1944, as amended, having regard for the different economic conditions existing on or after the effective date of this Act from those prevailing during the period 1942 to 1945. In any case in which the contract price of any such contract or subcontract was based upon estimated costs, then the Secretary of Defense shall determine the difference between such estimated costs and actual costs and shall, in eliminating excessive profits, take into consideration as an element the extent to which such difference is the result of the efficiency of the contractor or subcontractor.

58 Stat. 78.
50 U. S. C. app.
§ 1191.

(g) The powers and duties hereby conferred upon the Secretary of Defense may be delegated by him to any officer (military or civilian) or agency of the National Military Establishment.

Delegation of powers.

(h) Any person who willfully fails or refuses to furnish any information, records, or data required of him under this section, or who knowingly furnishes any such information, records, or data containing information which is false or misleading in any material respect, shall, upon conviction thereof, be punished by a fine of not more than \$10,000 or imprisonment for not more than two years, or both.

Failure to furnish information.

(i) This section may be cited as the "Renegotiation Act of 1948".

Sec. 4. This Act may be cited as the "Supplemental National Defense Appropriation Act, 1948".

Short title.

Approved May 21, 1948.

[CHAPTER 334]

AN ACT

To amend the Reconstruction Finance Corporation Act, as amended, and for other purposes.

May 25, 1948
[S. 2287]
[Public Law 548]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

Reconstruction Finance Corporation Act, amendment.
47 Stat. 5.
15 U. S. C., Supp. I, § 601.

"SEC. 1. (a) There is hereby created a body corporate with the name 'Reconstruction Finance Corporation' (herein called the Corporation), with a capital stock of \$100,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the Board of Directors. This Act may be cited as the 'Reconstruction Finance Corporation Act'.

Principal office.

Short title.

"(b) Within six months after the close of each fiscal year the Corporation shall make a report to the Congress of the United States which shall contain financial statements for the fiscal year, including a balance sheet, a statement of income and expense, and an analysis of accumulated net income. The accumulated net income shall be determined after provision for reasonable reserves for uncollectibility of loans and investments outstanding. Such statements shall be prepared from the financial records of the Corporation which shall be maintained in accordance with generally accepted accounting principles applicable to commercial corporate transactions. The report shall contain schedules showing, as of the close of the fiscal year, each direct loan to any one borrower of \$100,000 or more, each loan to any one borrower of \$100,000 or more in which the Corporation has a participation or an agreement to participate, and the investments in the securities and obligations of any one borrower which total \$100,000 or more. Within six months after the end of each fiscal year, beginning with the fiscal year ended June 30, 1948, the Corporation shall pay over to the Secretary of the Treasury as miscellaneous receipts, a dividend on its capital

Report to Congress.

Payment of dividend into Treasury.

stock owned by the United States of America, in the amount by which its accumulated net income exceeds \$250,000,000.

“(c) Within sixty days after the effective date of this amendment, the Corporation shall retire all its outstanding capital stock in excess of \$100,000,000 and shall pay to the Treasury as miscellaneous receipts the par value of the stock so retired.”

SEC. 2. Section 2 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

“SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. The office of director shall be a full-time position. The term of the incumbent directors is hereby extended to June 30, 1950. As of July 1, 1950, two directors shall be appointed for a term of one year, two directors shall be appointed for a term of two years, and one director shall be appointed for a term of three years. Thereafter the term of the directors shall be for a term of three years, but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur in the office of director other than by expiration of term, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. After the confirmation of the directors by the Senate, the President shall designate one of the directors to serve as chairman for a period coextensive with his term as director. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.”

SEC. 3. Section 3 (a) of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

“SEC. 3. (a) The Corporation shall have succession through June 30, 1956, unless it is sooner dissolved by an Act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this Act or in the Government Corporation Control Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds, and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition. The Corporation shall also be entitled to the use of the United States mails in the same manner as the executive departments of the Government. Debts due the Corporation, whether heretofore or hereafter arising, shall not be entitled to the priority

Retirement of capital stock.

47 Stat. 5.
15 U. S. C., Supp. I, § 602.
Board of directors.

Terms of office.

Vacancy.

Salaries.

61 Stat. 202.
15 U. S. C., Supp. I, § 603 (a).
Period of succession.
Powers.

59 Stat. 597.
31 U. S. C. §§ 841-869; Supp. I, § 846 et seq.
Post, p. 1283.

Post, pp. 994, 995, 998, 1000.

Priority.

available to the United States pursuant to section 3466 of the Revised Statutes (U. S. C., title 31, sec. 191) except that the Corporation shall be entitled to such priority with respect to debts arising from any transaction pursuant to any of the following Acts or provisions in effect at any time: Sections 5d (1) and 5d (2) of the Reconstruction Finance Corporation Act added by section 5 of the Act entitled 'An Act to authorize the purchase by the Reconstruction Finance Corporation of stock of Federal home-loan banks; to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes', approved June 25, 1940 (54 Stat. 573); sections 4 (f) and 9 of the Act entitled 'An Act to mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for other purposes', approved June 11, 1942 (56 Stat. 354, 356); section 2 (e) of the Emergency Price Control Act of 1942 (56 Stat. 26); the Surplus Property Act of 1944 (58 Stat. 765 and the following); sections 11 and 12 of the Veterans' Emergency Housing Act of 1946 (60 Stat. 214, 215); and section 403 of the Sixth Supplemental National Defense Appropriation Act (56 Stat. 245)."

SEC. 4. Section 4 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to encourage small business, to help in maintaining the economic stability of the country, and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads engaged in interstate commerce or air carriers engaged in air transportation as defined in the Civil Aeronautics Act of 1938, as amended, or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of such railroads or air carriers which are not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) To make loans to any financial institution organized under the laws of any State or of the United States. If the Secretary of the Treasury certifies to the Corporation that any insurance company is in need of funds for capital purposes, the Corporation may subscribe for or make loans upon nonassessable preferred stock in such insurance company. In any case in which, under the laws of the State in which it is located, any such insurance company so certified is not permitted to issue nonassessable preferred stock, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, the Corporation is authorized to purchase the legally issued capital notes or debentures of such insurance company.

"(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) States, municipalities, and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political

15 U. S. C. § 606b (1) (2).

50 U. S. C. app. §§ 1104 note, 1109.

50 U. S. C. app.

§ 902 (e).

50 U. S. C. app.

§§ 1611-1646; Supp. I,

§ 1612 *et seq.*

Post, pp. 350, 1103.

50 U. S. C. app.

§§ 1831, 1832; Supp. I,

§§ 1831, 1832.

50 U. S. C. app.

§ 1191; Supp. I, § 1191.

47 Stat. 6.

15 U. S. C., Supp. I,

§ 604.

Post, p. 1209.

Purchase of obligations of business enterprises.

52 Stat. 977.
49 U. S. C. § 401.

Loans to financial institutions.

Financing of projects.

- subdivisions of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.
- Restriction.**
- Floods, etc.** “(4) To make such loans as it may determine to be necessary or appropriate because of floods or other catastrophes.
- “(b) The powers granted in section 4 (a) of this Act shall be subject to the following restrictions and limitations:
- Financial assistance.** “(1) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.
- Time limitation on loans.** “(2) No loan, including renewals or extensions thereof, may be made under sections 4 (a) (1), (2), and (4) for a period or periods exceeding ten years and no securities or obligations maturing more than ten years from date of purchase by the Corporation may be purchased thereunder: *Provided*, That the foregoing restriction on maturities shall not apply to securities or obligations received by the Corporation as a claimant in bankruptcy or equitable reorganization or as a creditor in proceedings under section 20b of the Interstate Commerce Act, as amended: *Provided further*, That any loan made or securities and obligations purchased prior to July 1, 1947, may in aid of orderly liquidation thereof or the interest of national security, be renewed or the maturity extended for such period not in excess of ten years and upon such terms as the Corporation may determine: *Provided further*, That any loan made under section 4 (a) (1) for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction. The Corporation may, in carrying out the provisions of subsection 4 (a) (3), purchase securities and obligations, or make loans, including renewals or extensions thereof, with maturity dates not in excess of forty years, as the Corporation may determine.
- Ante, p. 163.**
- Loan for construction of industrial facilities.**
- “(3) In agreements to participate in loans, wherein the Corporation’s disbursements are deferred, such participations by the Corporation shall be limited to 70 per centum of the balance of the loan outstanding at the time of the disbursement, in those cases where the total amount borrowed is \$100,000 or less, and shall be limited to 60 per centum of the balance outstanding at the time of disbursement, in those cases where the total amount borrowed is over \$100,000.
- Participation in loans, limitation.**
- “(c) The total amount of investments, loans, purchases, and commitments made subsequent to June 30, 1947, pursuant to section 4 shall not exceed \$1,500,000,000 outstanding at any one time: *Provided*, That the aggregate amount outstanding at any one time shall not exceed (1) under subsection (a) (4) \$25,000,000, (2) for construction purposes under subsection (a) (3) \$200,000,000, and (3) under the last two sentences of subsection (a) (2) \$15,000,000.
- Total amount of loans, etc.**
Post, p. 1209.
- Post, p. 1101.**
- Restriction on payment of fee.** “(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this Act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

“(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

Personal interests of officers, etc.

“(f) The powers granted to the Corporation by this section 4 shall terminate at the close of business on June 30, 1954, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

Termination of powers.

“(g) As used in this Act, the term ‘State’ includes the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands.”

“State.”

SEC. 5. Effective as of midnight June 30, 1947, the first sentence of section 8 of the Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows: “The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.”

61 Stat. 205.
15 U. S. C., Supp. I,
§ 607.
Exemption from taxation.

SEC. 6. Subsection (m) of section 206 of title II of the joint resolution entitled “Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation”, approved June 30, 1947 (Public Law 132, Eightieth Congress), is amended to read as follows:

61 Stat. 208.

“(m) The first section and sections 2, 3, 9, 11, and 13 of the Act approved January 31, 1935 (49 Stat. 1), as amended;”

15 U. S. C. §§ 603a,
604b, 605m, 713b, 605f,
607a; Supp. I, §§ 603a,
713b, 605f, 607a.

SEC. 7. Section 208 of title II of the joint resolution entitled “Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation”, approved June 30, 1947 (Public Law 132, Eightieth Congress), is hereby repealed.

61 Stat. 209.
15 U. S. C., Supp. I,
§ 618.

SEC. 8. Section 209 of title II of the joint resolution entitled “Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation”, approved June 30, 1947 (Public Law 132, Eightieth Congress), is amended to read as follows:

61 Stat. 209.
15 U. S. C., Supp. I,
§ 601 note.
Administrative expenses.

“SEC. 209. During the period between June 30, 1948, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1949, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1948, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1949.”

SEC. 9. The third paragraph of section 24 of the Federal Reserve Act, as amended by section 328 of the Banking Act of 1935, as amended, is hereby amended to read as follows:

38 Stat. 273; 49 Stat.
717.
12 U. S. C. § 371.

“Loans made to established industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this Act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation cooperates or purchases a participation

Loans to industrial or commercial businesses.

48 Stat. 1105.
12 U. S. C. § 352a.

under the provisions of the Reconstruction Finance Corporation Act, as amended, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate."

Approved May 25, 1948.

[CHAPTER 335]

AN ACT

To promote the national defense by increasing the membership of the National Advisory Committee for Aeronautics, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the eighth paragraph following the caption "Pay, miscellaneous" in the Act entitled "An Act making appropriations for the naval service for the fiscal year ending June thirtieth, nineteen hundred and sixteen, and for other purposes", approved March 3, 1915 (38 Stat. 930; U. S. C., title 49, sec. 241), as amended, is hereby amended to read as follows:

"NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

"(a) There is hereby established a National Advisory Committee for Aeronautics (hereinafter referred to as the 'Committee') to be composed of not more than seventeen members appointed by the President. Members shall serve as such without compensation, and shall include two representatives of the Department of the Air Force; two representatives of the Department of the Navy, from the office in charge of naval aeronautics; two representatives of the Civil Aeronautics Authority; one representative of the Smithsonian Institution; one representative of the United States Weather Bureau; one representative of the National Bureau of Standards; the chairman of the Research and Development Board of the National Military Establishment; and not more than seven other members selected from persons acquainted with the needs of aeronautical science, either civil or military, or skilled in aeronautical engineering or its allied sciences. Unless otherwise provided by law, each member not representing a government department or agency shall be appointed for a term of five years from the date of the expiration of the term of the member whom he succeeds, except that any member appointed to fill a vacancy occurring prior to the expiration of a term shall be appointed for the unexpired term of the member whom he succeeds.

"(b) Under such rules and regulations as shall be formulated by the Committee, with the approval of the President, for the conduct of its work, it shall be the duty of the Committee (1) to supervise and direct the scientific study of the problems of flight with a view to their practical solution, (2) to determine the problems which should be experimentally attacked, and to discuss their solution and their application to practical questions, and (3) to direct and conduct research and experiment in aeronautics in the Langley Aeronautical Laboratory, the Ames Aeronautical Laboratory, the Flight Propulsion Research Laboratory, and in such other laboratory or laboratories as may, in whole or in part, be placed under the direction of the Committee.

"(c) An annual report to the Congress shall be submitted by the Committee through the President, including an itemized statement of expenditures."

SEC. 2. Each member of the National Advisory Committee for Aeronautics not representing a government department or agency who may be appointed initially to fill any vacancy created by the increase in the membership of the Committee authorized by the amendment

May 25, 1948

[S. 1571]

[Public Law 549]

National Advisory
Committee for Aero-
nautics.

50 U. S. C. § 151.

Membership.

Term of office.

Duties.

Report to Congress.

Appointment to fill
vacancy.