

said. When the 7-percent investment tax credit was adopted, it was specifically intended to have it applicable only to operations within the United States, and not in our territorial possessions. Is that correct?

Mr. WILLIAMS of Delaware. That is correct.

Mr. LAUSCHE. That has been the law ever since the tax credit bill was passed. This year, in this session, we have suspended the operation of the 7-percent investment tax credit by appropriate legislation. Am I correct in that statement?

Mr. WILLIAMS of Delaware. That is correct.

Mr. LAUSCHE. In spite of the suspension of that law, this bill contemplates to expand the operation of it, going back to December 31, 1965. Is that correct?

Was it ever mentioned by the Treasury Department until the committee wrote the provision in the bill, as far as the Senator knows?

Mr. WILLIAMS of Delaware. To my knowledge, it was not mentioned. The Treasury Department was strongly opposed to this proposal when it was put in the bill, although as the Senator from Louisiana has pointed out, the Treasury Department later reversed its position. I understand the Treasury Department yesterday endorsed the whole package; I have not heard what their position is today.

Mr. LAUSCHE. Has the Senator identified who the specific beneficiary of the provision is?

Mr. WILLIAMS of Delaware. The Harvey Aluminum Co., in the Virgin Islands, was the particular beneficiary of this provision, and it was so tailored to give them a \$2-million windfall.

Mr. LAUSCHE. Does the Senator have any knowledge of anyone else who is to have the benefits from the provision, so far as the testimony now shows?

Mr. WILLIAMS of Delaware. Under this section, so far as I know, there are no others. I shall yield to the Senator from Louisiana [Mr. Long] in a moment. He may know of others, but I do not.

Mr. LAUSCHE. Is this another one of what we call gifts that are to be put under the Christmas tree of 1966 for [P. 27592]

specific enterprises that are contemplated to be benefited?

Mr. WILLIAMS of Delaware. This is the big red ball we see over on the side of the tree.

Mr. LAUSCHE. This is that gift. So the Senator has identified two instances.

Mr. WILLIAMS of Delaware. Yes. I am not sure whether the Senator from Louisiana supported this when it went into the bill.

I yield now to the Senator from Louisiana [Mr. Long].

Mr. LONG of Louisiana. Mr. Presi-

dent, the Senator from Delaware says he does not think it is necessary to have this for our possessions. I did not know that the Harvey Aluminum Co. was the beneficiary. It does not have investments in Louisiana that I am aware of, and I do not know the president of the company. I understand the Treasury has negotiated tax treaties with two less developed countries and are in the process of negotiating more which will grant this benefit to other less-developed countries. If this benefit is going to be given to less developed countries I think we may as well give those benefits to our possessions—Puerto Rico, Guam, American Samoa, and the Virgin Islands. Whenever such a bill is passed, it is usually made effective January 1, even though the law is not passed until July, August, or September. I remind the Senator that the same thing was done for the chickens. When that law was passed it was made effective retroactively, because that was the logical and convenient way to do it. In that case it was retroactive more than a year if I remember correctly.

Mr. WILLIAMS of Delaware. I have no objection to bringing a few chickens in this discussion. Maybe we could give the taxpayers who were forgotten a good chicken dinner. The Senator from Louisiana may have forgotten, but the measure he refers to dealt with an exchange in Selbyville, which is a cooperative and which has first been determined to be a tax-exempt cooperative. Suddenly the rules were changed. The total amount involved was around \$30,000. Those proceeds of this organization go to the University of Maryland and the University of Delaware. There are on stockholders involved, and no salaries paid to the officers. The Treasury Department supported the correction. That proposal had nothing to do with the poultrymen in Delaware.

So let us get back on the subject of the pending grab bag or Christmas tree bill, as it has been designated.

Mr. LONG of Louisiana. There was a retroactivity problem in that bill. That is all I was saying. When we fix an effective date, it is not unusual—in fact, it is almost typical—that it be effective the first of the calendar year in which we take the action.

Mr. WILLIAMS of Delaware. I want to hasten with my statement, in line with my agreement with the majority leader that I would not take long. I have already taken longer than I had intended. I shall conclude as fast as I can.

I repeat, this tailor-designed piece of legislation is designed to take care of one company on a retroactive basis, estimated to involve \$2 million to be applied as a credit against the tax on earnings created in the United States. This credit is on an investment the company is making in the islands, where it already has a