TAXABLE STATUS OF FEDERAL PROPERTY IN HANDS OF CONTRACTORS (app. III to Nov. 24, 1967, report)

State	Remarks	Type	Value of property
Arkansas	Appears subject to taxation	Personal	$3,363,900
California	Taxable under State court decision	do	64,133,700
Connecticut	Appears exempt from taxation	do	9,777,300
Illinois	Exempt under State court decision	do	3,912,200
Kansas	Both types subject to taxation	Personal	254,803,100
		Real	73,416,600
Maryland	Both types exempt from taxation if used in connection with national defense work, taxable otherwise.	Personal	15,256,900
		Real	6,002,000
Massachusetts	Both types appear subject to taxation	Personal	94,697,000
		Real	29,135,600
Michigan	Statute imposing tax voided on technical grounds by 1965 State court ruling.	Personal	5,059,400
Minnesota	Both types exempt if used in connection with production of goods for sale to Federal Government, taxable otherwise.	do	31,500,300
		Real	5,763,800
New Jersey	Both types exempt, except leased real property	Personal	92,511,300
		Real	1,191,800
New York	No personal property tax. Real property exempt by State court decision.	Personal	29,257,000
		Real	117,800
Ohio	Subject to taxation under State board of tax appeals ruling. Possibly exempt as a "public purpose" if used on defense work.	Personal	80,941,700
Pennsylvania	Both types exempt under State court decisions	do	11,546,200
		Real	10,600
Texas	Appears subject to taxation under State court decision.	Personal	7,488,300

POSSIBLE LEGISLATION

Chairman PROXMIRE. Thank you. I would like to just suggest now at the end that it would be very helpful to us, I think maybe Congressman Curtis would be interested in this, too, if you could provide two or three alternative legislative proposals to meet the problems that have developed this morning on contractors using Government-owned equipment.

I am thinking in terms of recordkeeping, in terms of rental terms, in terms of purchasing and also in terms of local tax exemptions. Maybe you might recommend against any legislative action. Maybe you feel it can and should be handled by administrative action, but I am inclined to feel on the basis of the experience we have had that it would be best to make it a matter of law.

Furthermore, isn't it true we spent $400 million for a catalog system to number everything that is procured, and we spend something like $3 billion annually for computer equipment, and yet we don't know, we don't seem to be making much progress in providing adequate inventories for the armed services. It is very frustrating.

Mr. STAATS. I feel that while we have identified many weaknesses here we would all have to recognize the magnitude of the problem.

Chairman PROXMIRE. Oh, sure, it is a great problem, but as I say we are spending an enormous amount of money to meet the problem.

Mr. STAATS. That is certainly true.

GAO'S POSITION ON NAVY DAIRY

Chairman PROXMIRE. And then there has been some conflict as to whether you have changed your position on the dairy at Annapolis, the Naval Academy, and it would be very helpful if you could put it on the record here. Have you changed your position, as was reported by one powerful Member of the House, or not? (See also, p. 220.)