

Mr. HUGHES. The equity argument I regard as a more meaningful one than the discipline.

There are some areas at the present time where payments, in lieu of taxes, are made—nothing very spectacular has happened there, with respect to disposal. The fact is, I think, that the payment, in lieu of taxes, tends to be built into the system in much the same fashion that some of the other things we have discussed get to be built into the system. And while first time around, there is some incentive value, as time passes, the tax becomes a part of the base. And, I think, personally, it is not particularly helpful, therefore, as a disposal incentive.

Representative RUMSFELD. Wouldn't it, however, act as a discipline—as a piece of property depreciates—I forget the name of the Army base in San Francisco.

Mr. HUGHES. Presidio.

Representative RUMSFELD. If you had a payment, in lieu of taxes, that would jar people, wouldn't it? Can anyone tell me that the work that is being done on the piece of property by the U.S. Army, could not be done at half the price someplace else?

Mr. HUGHES. I think some people will tell you that, not all of them in the executive branch, probably. The question has come up before as with the Navy's Annapolis dairy farm, where there is a similar kind of problem, similar emotions are aroused, and where we are kind of up against it.

Again, I simply point out to you that as far as the Bureau of the Budget is concerned, and to an extent as far as Defense is concerned, there are massive incentives, massive values to be achieved in disposing of some of these properties. Nonetheless, they are hard to move many times, particularly properties like the Presidio or Fort DeBussey, another difficult kind of situation. And there are many more.

Again, we undoubtedly will sally forth with a new lance from time to time. But, the going is hard in this area.

A congressional expression of intent, concern, and so on, it would seem to me, would be helpful in this area.

CONGRESSIONAL EXPRESSION OF INTENT WOULD HELP

There is substantial expression of executive branch policy on these matters, and it all leans in the direction of disposal for market value or otherwise for highest and best use of the property.

Chairman PROXMIRE. In our July 1967 report,¹ we had what, I think, is a good section on the use of real property holdings, real estate management. And, without objection, that page and a half will be printed in the record at this point. Beginning on page 29 it goes through the so-called general provisions, on page 30.

(The document referred to follows:)

III. REAL ESTATE MANAGEMENT

USE OF REAL PROPERTY HOLDINGS

Federal real property holdings worldwide have increased in value by \$31.3 billion or 82 percent from fiscal 1955 to 1966. In millions of acres the increase has been 11.8, or 2 percent in that period.⁶⁸

¹ "Economy in Government," report of the Subcommittee on Economy in Government, July 1967.

⁶⁸ Staff materials, 1967, pp. 11-12.