pense not actually incurred by displaced persons as a result of Federal acquisitions, is inconsistent with the general purpose of section 802(a) of the bill, and, if the provision is retained in the bill, also consider, again in the interest of uniformity of treatment, whether such provisions should be broadened to include displaced persons who move from a dwelling. If the provision is retained, we recommend that the following be substituted for "B":

"(B) if he disposes of personal property on moving his dwelling, or business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Title IX of S. 698 would bring about major changes in Federal land acquisition laws, policies, practices, and procedures. Our comments are directed to certain specific provisions which we believe could be clarified or revised to good effect.

Section 901(a)(3) provides that the head of an acquiring agency establish a fair and reasonable price for the property and make a prompt offer to the owner for the full amount so established. If it is the intent of this provision to require agencies to offer realistic prices, which if refused, could be subject to good faith bargaining, the provision would not be in conflict with GSA's present policy. GSA does not pay less than fair and reasonable prices for acquired property. On the other hand, if the provision was interpreted as establishing a one-price policy which price could not be appropriately increased by the acquiring agency should the owner refuse to accept the fixed amount, the result would be to significantly increase the number of condemnation actions, a result clearly not intended by the bill. The flexibility afforded by our present policy has proven to be in the interest of both the Government and the landowner, and GSA would not favor the more restricted one-price policy.

With respect to section 901 as a whole, we do not believe it is intended that the procedures and safeguards set forth therein are necessary or appropriate to voluntary leases obtained by the Government. In order, however, to clarify this point and provide for uniform interpretation by the various agencies concerned, it is recommended that there be inserted at the end of the section a subsection (c) to read as follows:

"(c) As used in this section, the term 'interest in real property' shall not include any leasehold interest, acquired by the Government, except where such interest is acquired by condemnation."

Section 904 would require the head of a Federal agency to reimburse owners for incidental expenses incurred in conveying their real property to the United States. Included is the payment of penalty costs for prepayment of a mortgage incident to such real property. GSA recommends that language be incorporated to require that the mortgage be in effect at or prior to the time public announcement is made of the project. This could be done by the insertion of a provision to that effect before the semicolon on line 14, page 55, of the bill.

The Bureau of the Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely yours,

Lawson B. Knott, Jr.,
*Administrator.*

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Agency Reports on Amendment 748

Comptroller General of the United States,
*Washington, D.C. May 8, 1968.*

Hon. Edmund S. Muskie,
*Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.*

Dear Mr. Chairman: Your letter of May 2, 1968, requests our views on a proposed amendment in the form of Title X—Accounting, Auditing, and Reporting of Federal Assistance Funds—to S. 698, the Intergovernmental Cooperation Act. Our views presented below are preliminary comments as suggested in your letter in order that you may have the reaction of our Office before the hearings which begin on May 9.

Our Office and other interested governmental agencies have long recognized the growing complexity and serious problems in grant administration, including the areas of accounting, auditing and financial reporting. In recognition of this