

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely yours,

STANLEY R. RESOR,
Secretary of the Army.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., July 1, 1968.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of the Bureau of the Budget on S. 752, an act "To amend sections 203(b)(5) and 220 of the Interstate Commerce Act, as amended, and for other purposes".

This Act is similar to H.R. 6530 in that it would restrict the statutory exemption from economic regulation given to transportation by agricultural cooperatives.

Unregulated transportation by cooperatives is extremely minor and limited in comparison to total for-hire truck and rail transportation and does not appear to have been abused or to have had any adverse effect on the regulated carriers. Such transportation provides revenues that are essential to the efficient operation of the cooperatives while also providing significant benefits and economies for the users.

Although we would have no objection to an amendment clarifying that transportation for the U.S. Government is "non-member business", we continue to believe, as expressed in our comments on H.R. 6530, that the present exemption properly recognizes and carefully balances the needs of agriculture, the regulated for-hire carriers and the public interest. We would therefore be opposed to enactment of S. 752.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 28, 1968.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will reply to your request of June 7, 1968, for a report on S. 752, a bill "To amend sections 203(b)(5) and 220 of the Interstate Commerce Act, as amended, and for other purposes."

This bill would amend section 203(b)(5), known as the agricultural cooperative transportation exemption, in order to limit and clarify the scope of the exemption and to assist the Interstate Commerce Commission in its enforcement operations. Specifically, there would be added to section 203(b)(5):

Provisions under which the interstate transportation that could be performed by a cooperative association or federation of cooperative associations, for nonmembers who are neither farmers, cooperative associations nor federations thereof for compensation (except motor transportation otherwise exempt) would be limited to that which is incidental to its primary transportation operation and necessary for its effective performance, but in no event more than 15 percent of its total interstate transportation services in any fiscal year, measured in terms of tonnage.

A provision that transportation performed by a cooperative association or federation for or on behalf of the United States or any agency or instrumentality thereof shall be deemed to be transportation performed for a nonmember.

A provision that a cooperative association or federation which performs interstate transportation for nonmembers who are neither farmers, cooperative associations nor federations thereof (except motor transportation other-