and Georgia, being administered by the Florida Game and Fresh Water Fish Commission;

H. R. 11702. An act to provide for the sale of lands in reservoir areas under the jurisdiction of the Department of the Army for cottage site development and use;

H. R. 11709. An act to amend Public Law 506, 84th Congress, 2d session, to increase the authorization for appropriations to the Atomic Energy Commission for acquisition or condemnation of real property or any facilities, or for plant or facility acquisition, construction, or expansion, and for other purposes;

H. R. 11834. An act to allow a charitable deduction for certain bequests;

H. J. Res. 472. Joint resolution for the relief of certain aliens;

H. J. Res. 546. Joint resolution to amend the act of August 20, 1954, establishing a commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton;

H. J. Res. 617. Joint resolution to waive certain subsections of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens, and for other purposes;

H. J. Res. 618. Joint resolution to waive the provision of section 212 (a) (6) of the Immigration and Nationality Act in behalf of certain aliens;

H. J. Res. 637. Joint resolution to waive certain subsections of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens;

H. J. Res. 667. Joint resolution to provide for the maintenance of public order and the protection of life and property in connection with the presidential inaugural ceremonies; and

H. J. Res. 681. Joint resolution to waive the provision of section 212 (a) (6) of the Immigration and Nationality Act in behalf of certain aliens.

On August 7, 1956:

H. R. 3957. An act for the relief of Pauline H. Corbett;

H. R. 7634. An act to provide that amounts which do not exceed 60 cents shall be exempt from the tax imposed upon amounts paid for the transportation of persons;

H. R. 8750. An act to amend the Watershed Protection and Flood Prevention Act;

H. R. 9874. An act to authorize Canadian vessels to be employed in the coastwise transportation of coal to Ogdensburg, N. Y.;

H. R. 11554. An act to amend certain provisions of title XI of the Merchant Marine Act, 1936, as amended, to facilitate private financing of merchant vessels in the interest of national defense, and for other purposes;

H. R. 11677. An act to provide for the advancement of Maj. Gen. Hanford MacNider, Army of the United States (retired), to the grade of lieutenant general on the retired list;

H. R. 11742. An act to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes;

H. R. 11833. An act to amend the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938 to provide for a Great Plains conservation program; and

H. R. 12152. An act to amend the Internal Revenue Code of 1954 to provide for the allowance, as deductions, of contributions to medical research organizations.

On August 8, 1956:

H. R. 11911. An act to authorize negotiations with respect to a compact to provide for a definition or relocation of the common boundary between Arizona and California, and for the appointment by the President of a Federal representative to the compact negotiations.

On August 9, 1956:

H. R. 10624. An act relating to intercorporate relations between the General Public Utilities Corp., a corporation organized and operating in the United States, and the Manila Electric Co.

On August 10, 1956:

H. R. 7049. An act to revise, codify, and enact into law, title 10 of the United States Code, entitled "Armed Forces," and title 32 of the United States Code, entitled "National Guard."

HOUSE BILLS DISAPPROVED AFTER SINE DIE ADJOURNMENT

The message further announced that the President had disapproved the following bills of the House; his reasons for such actions are as follows:

IMPROVEMENT OF PRIVATE PROPERTY, DISTRICT OF COLUMBIA

H. R. 4993. I have withheld my approval of H. R. 4993, to authorize the Board of Commissioners of the District of Columbia to permit certain improvements to two business properties situated in the District of Columbia.

The two properties involved, owned by private corporations, are occupied as gasoline filling stations in a residential use district. Under the zoning regulations promulgated pursuant to the act of March 1, 1920, as amended by the act of June 20, 1938, the two stations may be continued as such in the category of nonconforming uses because they were in existence prior to the enactment of the zoning statute. However, except under certain conditions, these nonconforming uses cannot be physically extended, enlarged, or improved. At present there are approximately 5,000 nonconforming uses in the District of Columbia.

The Board of Commissioners of the District of Columbia and the National Capital Planning Commission have had underway for the past 3 years a study looking to a complete revision of the zoning regulations for the District of Columbia. That study is almost completed, and when completed will doubtless include provisions dealing with the problem of nonconforming uses. We should not single out two of these now by special legislation and provide benefits for them which cannot be enjoyed by any of the other many nonconforming uses. To do so would constitute an invitation for other special legislative exceptions which, if enacted, could frustrate comprehensive planning and make impossible the orderly development of the Federal City.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *July 31, 1956.*

LAKE MICHIGAN, DIVERSION OF WATER

H. R. 3210. I have withheld my approval of H. R. 3210, to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test, on a 3-year basis, the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes.

This bill is substantially the same in purpose and effect as H. R. 3300 of the 83d Congress from which I also withheld my approval in that it would authorize the State of Illinois and the Sanitary District of Chicago to increase from 1,500 to 2,500 cubic feet per second the diversion of water from Lake Michigan to the Illinois Waterway for a period of 3 years. H. R. 3210 would also direct the Secretary of the Army to make a study with respect to the effect of the diversion and to make recommendations regarding its continuance. While certain conditions and limitations are imposed that were not in the earlier bill these do not deal with the fundamental reasons for my withholding approval of that measure.

In my memorandum of disapproval of H. R. 3300 I stated, among other things:

I am unable to approve the bill because * * * (2) all methods of control of lake levels and protection of property on the Great Lakes should be considered before arbitrarily proceeding with the proposed increased diversion, (3) the diversions are authorized without reference to negotiations with Canada, and (4) the legitimate interests of other States affected by the diversion may be adversely affected.

A comprehensive report by the Corps of Engineers which will include consideration of the best methods of obtaining improved control of the levels of the Great Lakes and of preventing recurrence of damage along the shores is nearing completion. I am asking the Secretary of Defense to expedite completion of this report. This report is in addition to the technical report on the effects of an increased diversion into the Illinois Waterway which has been made by the Joint Lake Ontario Engineering Board to the International Joint Commission. I think it would be unwise to proceed with the diversion in the manner proposed in H. R. 3210 until all relevant information has been obtained, particularly since objections to the proposed diversion have been registered by the Canadian Government in its note dated February 13, 1956, and additional objections filed by legal advisers of the States of Wisconsin, Ohio, and New York.

Although I am fully aware of the seriousness of some of the problems confronting the Chicago area and the State of Illinois, the record on H. R. 3210 affords no basis for me to change my position in this matter. Accordingly, under the circumstances, I am convinced that the bill should not be approved.

I am asking the State Department to engage in discussions with the Canadian Government in an attempt to work out a solution to these problems as soon as all pertinent facts are available.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 9, 1956.*

TAXES, REAL-ESTATE INVESTMENT TRUSTS

H. R. 4392. I am withholding my approval from H. R. 4392, entitled "An act to amend the Internal Revenue Code of 1954 to provide a special method of taxation for real-estate investment trusts."

Under existing law, real-estate trusts and associations with transferable shares are generally taxed as ordinary corporations on their entire taxable income. The enrolled bill would extend to such organizations, under certain conditions, the conduit or pass-through

method of taxation which present law provides for regulated investment companies. The effect would be to exclude from the corporate tax all but a small margin of retained earnings of real-estate trusts.

While the bill assumes a similarity between real-estate trusts and regulated investment companies, there are important differences between the two situations. The income of regulated investment companies is generally derived from the securities of corporations which are fully subject to the corporate income tax. In the case of regulated investment companies, therefore, the conduit treatment merely avoids an additional level of corporate taxation, which for dividend income consists of the tax on the portion of dividends remaining after the 85 percent intercorporate dividends deduction. By contrast, the conduit treatment proposed for real-estate trusts would entirely remove the corporate income tax from much of the income originating in their real-estate operations.

It is by no means clear how far a new provision of this sort might be applied. Though intended to be applicable only to a small number of trusts, it could, and might well become, available to many real-estate companies which were originally organized and have always carried on their activities as fully taxable corporations.

For these reasons, I am constrained to withhold my approval of the bill.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 10, 1956.*

TAXES, ROYALTIES ON PATENTS AND COPYRIGHTS

H. R. 7643. I am withholding my approval of H. R. 7643, "An act to amend the Internal Revenue Code of 1939 and the Internal Revenue Code of 1954 with respect to foreign tax credit for United Kingdom income tax paid with respect to royalties and other like amounts." This bill would extend to firms with a permanent establishment in the United Kingdom that receive royalties there a credit for taxes imposed by the United Kingdom on the payer of the royalties. This provision would be retroactive to 1950.

Under the income tax convention with the United Kingdom royalties received by a United States licensor are not subject to tax in the United Kingdom if the recipient has no permanent establishment there. If it does have a permanent establishment, the royalty is subject to British taxation. The American recipient reports the net amount of royalties from British sources and receives no United States tax credit for the British tax paid. This treatment under United States law arises from two court decisions (*Trico Products Corp.* (46 BTA 346, affirmed 137 F. (2d) 424, cert. den. 320 U. S. 799, reh. den. 321 U. S 801); *Irving Air Chute Co. Inc.* (1 T. C. 880, affirmed 143 F. (2d) 256, cert. den. 323 U. S. 773)).

The combined effect of the United States income tax law and the income tax convention with the United Kingdom is to produce a different combination of British and United States taxes on the royalties paid some American recipients than on others. However, the United States tax law is not the cause of this difference in treatment. It is caused by the provisions in the convention itself. The appropriate way to correct the situation would be modification of the convention. The Treasury Department currently is conducting discussions on the convention with the British and will add this problem to the agenda.

The present status of royalty payments from the United Kingdom to the United States has been well known to interested parties at least since the convention was adopted in 1945. Many arrangements between licensees and licensors have reflected existing law and the burden of British tax may not rest on United States licensors in such cases. Consequently, to allow the British tax as a credit against the United States tax on a retroactive basis would give a windfall gain to some American licensors.

The proposed change would single out for special relief a small group of taxpayers whose need for relief has not been demonstrated. Tax relief should not be given in this way.

For these reasons, I am constrained to withhold my approval of the bill.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 10, 1956.*

PUBLIC WORKS, RIVER AND HARBOR PROJECTS

H. R. 12080. I have withheld my approval of H. R. 12080, which would authorize appropriations totaling about $1.6 billion for 99 projects or project modifications and 14 river-basin authorizations involving improvements for navigation, shore protection, flood control, and related purposes. I regret that this action is necessary, because I believe that the periodic enactment of river and harbor and flood-control legislation is an important step in the formulation of a sound Federal program for the wise development of the Nation's water resources.

This bill does not appropriate funds. It only authorizes certain projects or project modifications, so that the next Congress can consider them for appropriation. So my action on the bill need cause no delay in starting the many worthwhile projects in the bill.

While the majority of the projects which this bill would authorize have been given adequate study and review within the executive branch and by the affected States, there are still a large number which have not been reviewed in accordance with the orderly procedures set forth in the applicable laws. Therefore, it is not possible at this time for me to determine whether their authorization would be in the public interest. Still others have, after review, been found not to be in the public interest.

Existing law requires that before a report of the Chief of Engineers recommending authorization of a project is submitted to the Congress the affected States be afforded an opportunity to comment on the proposal. In addition, procedures for review consistent with other statutory requirements have been established under Executive Order 9384. These procedures provide for review of project reports within the executive branch before they are submitted to the Congress. For 32 of the projects which the bill would authorize, involving financial commitments of over $530 million, all of these requirements have not been met. Without such review, the Congress must necessarily have acted on the basis of incomplete information. Some of these projects have not even been studied and reported on by the Chief of Engineers, and in a few cases field studies have not yet been completed.

Section 202 of the River and Harbor and Flood Control Act of 1954 declares it to be the policy of Congress that:

> No project or any modification not authorized, of a project for flood control or rivers and harbors, shall be authorized by the Congress unless a report for such project or modification has been previously submitted by the Chief of Engineers, United States Army, in conformity with existing law.

I regard this as being a wise policy, and I believe that it is very unfortunate that this traditional statement was not followed in H. R. 12080.

In various messages to the Congress I have clearly stated my view that our vital water resources can best be conserved and utilized in the public interest if the Federal Government cooperates with State and local governments and with private interests in the development of those resources, and does not undertake such development as though it were a matter of exclusive Federal interest. In order to carry out such a policy properly and effectively, it is necessary that the views of affected States be given adequate consideration in formulating proposals for water resources projects. This has not been accomplished for a number of projects included in this bill.

In addition, other projects in this bill would be authorized on a basis which would result in a lesser degree of local participation than was agreed to by the local interests and recommended by the executive branch. I believe that authorization of water resources projects on such terms would represent a serious backward step in the desirable development of the Nation's water resources, and would result in the loss of the best test yet devised for insuring that a project is sound—the willingness of local people to invest their own money in a joint enterprise with the Federal Government.

In the weeks before the Congress convenes a careful, orderly review will be undertaken of those projects and other provisions of the bill which have not been fully studied or reviewed at the present time. This should enable the Congress to base its action on a full knowledge of all the facts involved. I believe that the people of the United States are entitled to expect that these procedures will be followed before new water resources projects, involving large future financial commitments, are authorized in law.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 10, 1956.*