

member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 4. This Act may be cited as the "Mutual Security Appropriation Act, 1952".

Approved October 31, 1951.

Short title.

Public Law 250

CHAPTER 660

AN ACT

For the relief of the Fort Pierce Port District.

October 31, 1951
[H. R. 2176]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Fort Pierce Port District, Fort Pierce, Florida, the sum of \$235,286.08, in full satisfaction of its claim against the United States for compensation for the use by the Navy Department during the period January 3, 1943, to March 1, 1946, of the Fort Pierce harbor, port, and channel, which were developed at the expense of the taxpayers residing within the taxing jurisdiction of the Fort Pierce Port District: *Provided*, That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Approved October 31, 1951.

Public Law 251

CHAPTER 661

AN ACT

Relating to the income-tax treatment of gain realized on an involuntary conversion of property.

October 31, 1951
[H. R. 3590]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 112 (f) of the Internal Revenue Code (relating to involuntary conversions) is hereby amended to read as follows:

"(f) INVOLUNTARY CONVERSION.—If property (as a result of its destruction in whole or in part, theft, seizure, or requisition or condemnation or threat or imminence thereof) is compulsorily or involuntarily converted—

"(1) CONVERSION INTO SIMILAR PROPERTY.—Into property similar or related in service or use to the property so converted, no gain shall be recognized.

Internal Revenue
Code, amendments.
53 Stat. 39.
26 U. S. C. § 112 (f).

"(2) CONVERSION INTO MONEY WHERE DISPOSITION OCCURRED PRIOR TO 1951.—Into money, and the disposition of the converted property occurred before January 1, 1951, no gain shall be recognized if such money is forthwith in good faith, under regulations prescribed by the Secretary, expended in the acquisition of other property similar or related in service or use to the property so converted, or in the acquisition of control of a corporation owning such other property, or in the establishment of a replacement fund. If any part of the money is not so expended, the gain shall be recognized to the extent of the money which is not so expended (regardless of whether such money is received in one or more taxable years and regardless of whether or not the money which is not so expended constitutes gain). For the purposes of this paragraph and paragraph (3), the term 'disposition of the converted property' means the destruction, theft, seizure, requisition, or condemnation of the converted property, or the sale or exchange of such property under threat or imminence of requisition or condemnation.

"(3) CONVERSION INTO MONEY WHERE DISPOSITION OCCURRED AFTER 1950.—Into money or into property not similar or related in service or use to the converted property, and the disposition of the converted property (as defined in paragraph (2)) occurred after December 31, 1950, the gain (if any) shall be recognized except to the extent hereinafter provided in this paragraph:

"(A) Nonrecognition of Gain.—If the taxpayer during the period specified in subparagraph (B), for the purpose of replacing the property so converted, purchases other property similar or related in service or use to the property so converted, or purchases stock in the acquisition of control of a corporation owning such other property, at the election of the taxpayer the gain shall be recognized only to the extent that the amount realized upon such conversion (regardless of whether such amount is received in one or more taxable years) exceeds the cost of such other property or such stock. Such election shall be made at such time and in such manner as the Secretary may by regulations prescribe. For the purposes of this paragraph—

"(i) no property or stock acquired before the disposition of the converted property shall be considered to have been acquired for the purpose of replacing such converted property unless held by the taxpayer on the date of such disposition; and

"(ii) the taxpayer shall be considered to have purchased property or stock only if, but for the provisions of section 113 (a) (9), the unadjusted basis of such property or stock would be its cost within the meaning of section 113 (a).

"(B) Period Within Which Property Must Be Replaced.—The period referred to in subparagraph (A) shall be the period beginning with the date of the disposition of the converted property, or the earliest date of the threat or imminence of requisition or condemnation of the converted property, whichever is the earlier, and ending—

"(i) one year after the close of the first taxable year in which any part of the gain upon the conversion is realized, or

"(ii) subject to such terms and conditions as may be specified by the Secretary, at the close of such later date as the Secretary may designate upon application by

53 Stat. 42.
26 U. S. C. § 113 (a)
(9).

the taxpayer. Such application shall be made at such time and in such manner as the Secretary may by regulations prescribe.

“(C) Time for Assessment of Deficiency Attributable to Gain Upon Conversion.—If a taxpayer has made the election provided in subparagraph (A), then (i) the statutory period for the assessment of any deficiency, for any taxable year in which any part of the gain upon such conversion is realized, attributable to such gain shall not expire prior to the expiration of three years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of the replacement of the converted property or of an intention not to replace, and (ii) such deficiency may be assessed prior to the expiration of such three-year period notwithstanding the provisions of section 272 (f) or the provisions of any other law or rule of law which would otherwise prevent such assessment.

53 Stat. 83.
26 U. S. C. § 272 (f).

“(D) Time for Assessment of Other Deficiencies Attributable to Election.—If the election provided in subparagraph (A) is made by the taxpayer and such other property or such stock was purchased prior to the beginning of the last taxable year in which any part of the gain upon such conversion is realized, any deficiency, to the extent resulting from such election, for any taxable year ending before such last taxable year may be assessed (notwithstanding the provisions of section 272 (f) or 275 or the provisions of any other law or rule of law which would otherwise prevent such assessment) at any time before the expiration of the period within which a deficiency for such last taxable year may be assessed.

This subsection shall not apply, in the case of property used by the taxpayer as his principal residence, if the destruction, theft, seizure, requisition, or condemnation of residence, or the sale or exchange of such residence under threat or imminence thereof, occurred after December 31, 1950.”

(b) Section 276 of the Internal Revenue Code (relating to period of limitation upon assessment and collection) is hereby amended by adding at the end thereof the following:

53 Stat. 87.
26 U. S. C. § 276.

“(f) INVOLUNTARY CONVERSION.—In the case of a deficiency described in section 112 (f) (3) (C) or (D), such deficiency may be assessed at any time prior to the expiration of the time therein provided.”

Ante, p. 733.

SEC. 2. Paragraph (9) of section 113 (a) of the Internal Revenue Code (relating to unadjusted basis of property acquired as the result of an involuntary conversion) is hereby amended by striking out “section 112 (f)” and inserting in lieu thereof “section 112 (f) (1) or (2)”, and by adding at the end of such paragraph the following new sentence: “In the case of property purchased by the taxpayer which resulted, under the provisions of section 112 (f) (3), in the nonrecognition of any part of the gain realized as the result of a compulsory or involuntary conversion, the basis shall be the cost of such property decreased in the amount of the gain not so recognized; and if the property purchased consists of more than one piece of property, the basis determined under this sentence shall be allocated to the purchased properties in proportion to their respective costs.”

53 Stat. 42.
26 U. S. C. § 113 (a)
(9).

SEC. 3. The amendments made by the first two sections of this Act shall be applicable only with respect to taxable years ending after December 31, 1950, except that the provisions of section 112 (f) (3), and the provisions of section 113 (a) (9), of the Internal Revenue Code as amended by this Act shall also be applicable to any taxable year ending prior to January 1, 1951, in which (a) any gain was real-

Applicability of designated sections.

ized upon the conversion of property and the disposition of such converted property occurred (within the meaning of such section 112 (f) (3)) after December 31, 1950, or (b) the basis of property is affected by an election made under the provisions of section 112 (f) (3) of such code.

Ante, p. 537.

SEC. 4. Notwithstanding the provisions of section 490 of the Revenue Act of 1951, the effective date of so much of the amendment made by section 485 of such Act to section 3406 (a) (3) of the Internal Revenue Code as relates to electric heating pads shall be April 1, 1952.

Approved October 31, 1951.

Public Law 252

CHAPTER 663

AN ACT

November 1, 1951
[H. R. 4288]

Granting the consent of the Congress to the negotiation of a compact relating to the waters of the Sabine River by the States of Texas and Louisiana.

Sabine River.
Consent of Congress
to interstate compact.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of the Congress is hereby given to the States of Texas and Louisiana to negotiate and enter into a compact, providing for an equitable apportionment among the said States of the waters of the Sabine River and its tributaries, upon the condition that one suitable person, not a resident of, not living in, and having no interests in, either Texas, or Louisiana, who shall be appointed by the President of the United States, shall participate in said negotiations as the representative of the United States and shall make a report to the Congress of the proceedings and of any compact entered into. Said compact shall not be binding or obligatory upon any of the parties thereto unless and until the same shall have been ratified by the legislature of each of the States aforesaid and approved by the Congress of the United States.

Approved November 1, 1951.

Public Law 253

CHAPTER 664

AN ACT

November 1, 1951
[H. R. 5215]

Making supplemental appropriations for the fiscal year ending June 30, 1952, and for other purposes.

Supplemental A P-
ropriation Act, 1952.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1952, and for other purposes, namely:

CHAPTER I

DISTRICT OF COLUMBIA

(Out of revenues of the District of Columbia)

REGULATORY AGENCIES

OFFICE OF ADMINISTRATOR OF RENT CONTROL

SALARIES AND EXPENSES

For necessary expenses for "Office of Administrator of Rent Control", \$136,650.